

A MARKET FEASIBILITY STUDY OF:

MILLER'S REST APARTMENTS PHASE II

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MILLER'S REST APARTMENTS PHASE II

6100 Old Mill Road
Lynchburg, Virginia 24502

Effective Date: December 9, 2020
Report Date: March 17, 2021

Prepared for:
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The Lawson Companies
373 Edwin Drive
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Prepared by:
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March 17, 2021

Mr. Austin Pittman
Development Manager
The Lawson Companies
373 Edwin Drive
Virginia Beach, VA 23462

Re: Market Study - Application for proposed Miller's Rest Apartments Phase II, located in Lynchburg, VA.

Dear Mr. Pittman:

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

The purpose of this market study is to assess the viability of the proposed new construction of Miller's Rest Apartments Phase II (Subject), a proposed new construction development. The Subject will consist of 40 one, two, and three-bedroom units restricted at 30, 40, 50, and 60 percent of the area median income (AMI). Additionally, five units at 40 and 50 percent of AMI will have Section 8 Project-based Vouchers (PBV). The Subject will be new construction with an anticipated 15-month construction timeframe starting January 2022. Note that the Subject will be located adjacent north of Miller's Rest Apartments Phase I, a proposed 80-unit LIHTC development restricted at 40, 50, and 60 percent of the AMI. The development, which was allocated LIHTC funding in 2020, represents the first phase of the Subject development, with construction anticipated to begin July 2021. Additionally, the Subject will be developed concurrently with Miller's Rest Apartments Phase II-4%, which will be financed through the four-percent LIHTC program. The 75-unit LIHTC development will offer one, two, and three-bedroom units at 60 percent of AMI, and will be located adjacent west of the Subject. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions.

The scope of this report meets the requirements of Virginia Housing, 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.

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

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

The COVID-19 coronavirus has caused an international pandemic and we have seen governments across the globe take dramatic efforts to slow the spread and flatten the infection curve in order to reduce the strain on our health care system. We are already seeing these efforts result in extensive impacts to economic activity. However, governments are also implementing or discussing the implementation of significant economic stimulus packages to help with the economic impact. At this point, 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 housing market, although some general trends are observed:

- *Clients and market participants throughout the country report April through December collections that were better than expected for all types of multifamily properties. According to a report from the National Multifamily Housing Council, December 2020 rent collections were down by 7.8 percentage points year over-year from December 2019. According to Apartment List's housing payment survey, 75.4 percent of renters made an on-time rent payment in the first week of December. A significant change in the market is not yet discernible and we continue to be relatively optimistic about the market's ability to weather the current economic storm. The Subject is a proposed LIHTC/Section 8 development with an anticipated completion date of August 2023.*
- *Based upon various conversations with market participants and published articles and webinars many believe that multifamily real estate will be impacted but significantly less so than other sectors. Further, the impact is expected be shorter lived. Many view multifamily as a safer haven during this period of uncertainty.*
- *Novogradac maintains a proprietary database of operating results from our surveys of affordable and market rate properties. The database was implemented in 2005 and contains over 100,000 individual properties. The national occupancy rate for two-bedroom, 60 percent LIHTC properties dipped slightly during the Great Recession, but began a rebound after 2009. In 2008, the occupancy rate was at 96.3 percent and it dropped less than one percentage point during the slowdown, dropping to 95.4 percent in 2009 before beginning a gradual increase that slowed between 2016 and 2018 but continued through 2019. While this recession will undoubtedly be different than the last, this performance supports the points made above and illustrates the resilience in the affordable housing sector.*
- *Most states have ended stay at home orders, and many have shifted to phased reopening. The Commonwealth of Virginia ended its stay-at-home order in May 2020. Currently, the City of Lynchburg*

has a mask mandate, with limited occupancy in restaurants and area businesses. Overall, based on the local economy's comparative performance during the Great Recession, as well as its year-over-year decline in employment and increase in unemployment, we maintain that the local economy will experience slightly more severe impacts, and a more prolonged recovery, as a result of the COVID-19 pandemic than the nation.

- There have been affordable transactions that commenced prior to shut-down that have recently closed without adjustment. The multifamily market, both in terms of new development and acquisition, remains very active throughout the country.*
- We have also surveyed the comparable properties to assess the impact of the COVID-19 pandemic on turnover and tenant inability to pay rent as a result of furloughs and job losses. One property, Wyndhurst Villas declined to comment on the impact of the COVID-19 pandemic. However, six of the comparable properties utilized in this analysis reported some turnover as a direct result of recent employment losses, though the specific amount of turnover was not provided. The remaining comparables reported no turnover due to COVID-19. One property, Legacy at Linden Park, noted that some tenants are delinquent on rent due to COVID-19; however, they were unable to specify the percentage of the tenant population that is currently delinquent. None of the remaining properties reported any issues with delinquencies due to COVID-19. The properties experiencing issues with turnover and delinquency in the market have developed a variety of payment plans or payment deferrals, which vary in length, to limit turnover and to alleviate the current strain on tenants. The comparable properties reporting adverse impacts from COVID-19 do not expect the number of tenants experiencing difficulties to increase in the following months. However, the properties are handling issues on a month-to-month basis.*

The authors of this report certify that we are not part of the development team, owner of the Subject property, general contractor, nor are we affiliated with any member of the development team engaged in the development of the Subject property or the development's partners or intended partners.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac Consulting LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac Consulting LLP



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A. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Subject Site Description: The Subject will be located at 6100 Old Mill Road in Lynchburg, Virginia 24502.

Surrounding Land Uses: The Subject will be located in a mixed-use neighborhood southwest of Downtown Lynchburg. The Subject site is rated as “Car Dependent” by Walk Score with a score of three, indicating that almost all errands require a car. Note that the Subject site is located adjacent north of the site for Miller’s Rest Apartments I, a proposed 80-unit LIHTC development that is the first Phase of the Subject. Additionally, the Subject site is adjacent east of the site for Miller’s Rest Apartments II-4%, a proposed 75-unit LIHTC development that will be developed concurrently with the Subject. Land use to the north of the Subject consists of vacant wooded land, followed further north by single-family homes in good condition. Land uses east of the Subject consist of vacant wooded land, followed by single-family homes in good condition. Uses south consist of vacant land, followed further south by multifamily properties and commercial uses. Multifamily properties south of the Subject include Old Mill Townhomes, a 156-unit, market rate development offering one through four-bedroom units, which has been excluded from our analysis due to its inferior condition to the proposed Subject; Mill’s Crossing, a 72-unit market rate property offering one and two-bedroom units which that has been included as a comparable in our analysis; and Mill Woods Apartments, a 128-unit Section 8 property that has been excluded due to its subsidized tenancy. Land use west of the Subject consist of vacant wooded land, followed by commercial properties and educational uses further west. Overall, the majority of surrounding land uses are in average to good condition.

Subject Property Description: Novogradac Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Lynchburg, Virginia area relative to Miller’s Rest Apartments II, a proposed new construction development. Construction of the Subject will begin in January 2022 and is expected to last for 15 months. Following construction, the Subject’s units will be LIHTC restricted at 30, 40, 50, and 60 percent of AMI. Additionally, five of the units at 40 and 50 percent of AMI will operate with Project-based Vouchers (PBV). As such, tenants in these units will pay 30 percent of their income towards rent. The proposed LIHTC and contract rents are set below the maximum allowable levels. In the event that the Subject were to lose its subsidy, the PBV contract rents would be LIHTC compliant. The Subject will consist of a four-story, walk-up building design with four one, two, and three-bedroom units.

It should be noted that the Subject, which is proposed to be financed through the competitive nine percent LIHTC program, will be developed concurrently with Miller’s Rest II-4%, which will be financed through the four percent LIHTC program. Miller’s Rest II-4% is a proposed 75-unit development offering one, two, and three-

bedroom units at 60 percent of AMI. The Subject and Miller's Rest Apartments Phase II-4% will share parking with Phase I of the development. The properties will offer a total of 266 parking spaces, which will equate to a parking ratio of 1.36 spaces per unit. Overall, the parking offered at the Subject is reasonable.

We previously completed a market study in February 2020 for Miller's Rest Apartments I, a proposed 80-unit LIHTC/Section 8 development, which is located on the same parcel as the Subject and represents the first phase of the Subject. We have not performed any other services in the past three years for the Subject property.

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	2021 HUD Fair Market Rents	
@30%								
1BR / 1BA	703	1	\$315	\$89	\$404	\$407	\$660	
2BR / 2BA	948	2	\$372	\$112	\$484	\$489	\$784	
3BR / 2BA	1,168	1	\$422	\$136	\$558	\$564	\$1,053	
@40% (Section 8)								
1BR / 1BA	703	1	\$451	\$89	\$540	\$543	\$660	
2BR / 2BA	948	2	\$534	\$112	\$646	\$652	\$784	
3BR / 2BA	1,168	1	\$610	\$136	\$746	\$753	\$1,053	
@50%								
1BR / 1BA	703	2	\$587	\$89	\$676	\$679	\$660	
2BR / 2BA	948	7	\$698	\$112	\$810	\$815	\$784	
3BR / 2BA	1,168	2	\$799	\$136	\$935	\$941	\$1,053	
@50% (Section 8)								
2BR / 2BA	948	1	\$698	\$112	\$810	\$815	\$784	
@60%								
1BR / 1BA	703	4	\$723	\$89	\$812	\$815	\$660	
2BR / 2BA	948	12	\$850	\$112	\$962	\$978	\$784	
3BR / 2BA	1,168	4	\$980	\$136	\$1,116	\$1,129	\$1,053	
		40						

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

The Subject's proposed LIHTC rents are set below the maximum allowable rents. Additionally, the proposed contract rents are set below the 2020 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would be LIHTC-compliant.

Note that the sites for Miller’s Rest Apartments I and Miller’s Rest Apartments II-4% are located on the same parcel as the Subject. Miller’s Rest Apartments I represents the first phase of the Subject. The proposed development is an 80-unit LIHTC/Section 8 development with one, two, and three-bedroom rents restricted at 40, 50, and 60 percent of AMI. The proposed 40 and 50 percent AMI rents for this development are set at the 2020 maximum allowable levels, while the proposed 60 percent AMI rents are set below the maximum levels. Miller’s Rest Apartments II-4% will be developed concurrently with the Subject, offering 75 one, two, and three-bedroom LIHTC units at 60 percent of AMI. All of the proposed rents at this development are set below the 2020 maximum levels.

Target Household Income Levels: Based on the proposed restrictions, the range of annual household income levels is depicted below.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@40%		@50%		@50% (Section 8)		@60%	
1BR	\$13,851	\$17,400	\$0	\$23,200	\$23,177	\$29,000	-	-	\$27,840	\$34,800
2BR	\$16,594	\$19,560	\$0	\$26,080	\$27,771	\$32,600	\$0	\$32,600	\$32,983	\$39,120
3BR	\$19,131	\$23,460	\$0	\$31,280	\$32,057	\$39,100	-	-	\$38,263	\$46,920

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@40%		@50%		@60%	
1BR	\$13,851	\$17,400	\$18,514	\$23,200	\$23,177	\$29,000	\$27,840	\$34,800
2BR	\$16,594	\$19,560	\$22,149	\$26,080	\$27,771	\$32,600	\$32,983	\$39,120
3BR	\$19,131	\$23,460	\$25,577	\$31,280	\$32,057	\$39,100	\$38,263	\$46,920

Economic Conditions

Employment within the PMA is concentrated in the healthcare/social assistance, retail trade, and educational services industries. Together, these industries comprise 39.0 percent of total employment in the PMA. The large share of PMA employment in retail trade is notable as these industries are historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which are historically known to exhibit greater stability during recessionary periods. The effects of the recession were more pronounced in the MSA, which suffered a greater percentage contraction in employment compared to the overall nation. As of October 2020, total employment in the MSA is below record levels, and declined 8.5 percent over the past year, compared to a 5.4 percent decline across the overall nation. Overall, based on the local economy’s comparative performance during the Great Recession, as well as its year-over-year decline in employment and increase in unemployment, we maintain that the local economy will experience similar impacts from, and a similar recovery, to the nation as a result of the COVID-19 pandemic.

Primary Market Area

The Subject property is located in Lynchburg, Virginia. The PMA is generally defined as the city of Lynchburg. The PMA boundaries are: Richmond Highway and the James River to the northeast; State Route 24 to the southeast and south; Blackwater Road and State Route 706 to the west; and Forest Road and Boonsboro Road to the east. The PMA was determined based on input from area property managers. Management at the

majority of the rent comparables noted that most of their tenants originate from within the city of Lynchburg. We have estimated that 10 percent of the Subject's tenants will come from outside of these boundaries.

The Lynchburg, VA Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA), which includes the cities of Lynchburg and Bedford, as well as Bedford, Campbell, Amherst, and Appomattox Counties

Demographic Data

Since 2000, PMA population and households have grown overall. Furthermore, both population and households are expected to grow through 2025. As of 2020, approximately 56.8 percent of renter households within the PMA have annual incomes below \$40,000, compared to 56.2 percent in the MSA. As proposed, the incomes for the Subject will range from \$0 to \$54,740. With a large percentage of renters with low income, we project that there will be substantial demand for new construction affordable housing units.

Vacancy

The following table illustrates vacancy rates at the comparable properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Jobbers Overall Apartments	LIHTC	Family	44	0	0.0%
Timber Ridge Apartments	LIHTC	Family	96	0	0.0%
Timber Ridge Apartments II	LIHTC	Family	72	0	0.0%
Vistas At Dreaming Creek	LIHTC/ Market	Family	176	6	3.4%
Waters At James Crossing	LIHTC/ Section 8	Family	288	8	2.8%
Eleven 25	Market	Family	160	4	2.5%
Grand Vistas Apartments	Market	Family	104	7	6.7%
Legacy At Linden Park	Market	Family	408	24	5.9%
Mill's Crossing	Market	Family	144	7	4.9%
The Overlook At Stonemill	Market	Family	216	5	2.3%
Wyndhurst Villas	Market	Family	150	7	4.7%
Total LIHTC			676	14	2.1%
Total Market Rate			1,182	54	4.6%
Overall Total			1,858	68	3.7%

The comparables reported vacancy rates ranging from zero to 6.7 percent, with an average of 3.7 percent. The average vacancy rate reported by the affordable comparables was 2.1 percent, while the average vacancy rate reported by the market rate comparables was 4.6 percent. Two properties, Grand Vistas Apartments and Legacy at Linden Park, reported slightly elevated vacancy rates. The contact at Grand Vistas Apartments declined to comment on the elevated vacancy rate; however, the property only reported seven vacant units, and reported a vacancy rate of 4.8 percent from our prior survey of the property in February 2020. Further, the contact at Legacy at Linden Park attributed the elevated vacancy rate to a slight increase in turnover as a result of the COVID-19 pandemic, as well as typical annual turnover. The contact noted that a typical vacancy rate for the property is 5.0 percent or less. Based on the performance of the LIHTC comparables, we expect the Subject will operate at a vacancy rate of 5.0 percent or less.

We have also surveyed the comparable properties to assess the impact of the COVID-19 pandemic on turnover and tenant inability to pay rent as a result of furloughs and job losses. One property, Wyndhurst Villas declined to comment on the impact of the COVID-19 pandemic. However, six of the comparable properties utilized in this analysis reported some turnover as a direct result of recent employment losses, though the specific amount of turnover was not provided. The remaining comparables reported no turnover due to COVID-19. One property, Legacy at Linden Park, noted that some tenants are delinquent on rent due to COVID-19; however, they were unable to specify the percentage of the tenant population that is currently delinquent. None of the

remaining properties reported any issues with delinquencies due to COVID-19. The properties experiencing issues with turnover and delinquency in the market have developed a variety of payment plans or payment deferrals, which vary in length, to limit turnover and to alleviate the current strain on tenants. The comparable properties reporting adverse impacts from COVID-19 do not expect the number of tenants experiencing difficulties to increase in the following months. However, the properties are handling issues on a month-to-month basis.

Absorption

Only one of the comparable properties, Eleven 25, was able to report recent absorption data. For support, we have listed recent absorption data for other properties in the Subject’s general broader market as follows.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Eleven 25	Market	Family	2018	160	20
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

*Comparable property; the property will add an additional 40 units, which are not included in the total unit count

The properties leased-up at rates ranging from 11 to 20 units per month, with an average of 16 units per month. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 15 units per month, for an absorption period of approximately two to three months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well.

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 0.8 percent “As Proposed” scenario and 1.1 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 1.5 percent for the first year of operation as a LIHTC property “As Proposed.” Additionally, the annual Novoco capture rate is 2.2 percent for the first year of operation as a LIHTC 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 7,164 and 5,057 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 38 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 Virginia Housing 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*	2.4%
Project Wide Absorption Period (Months)	2-3 months

*The proposed units include the Subject's 75 Phase II 4% units that all target 60% AMI

This capture rate is below the overall Novoco capture rate both As Proposed and Absent Subsidy. The capture rate is considered low and indicative of adequate demand for the Subject.

Strengths

- The Subject will be new construction and will be among the newest multifamily developments in the market. Upon completion, the property will be similar to slightly superior to the comparable properties in terms of condition.
- Vacancy rates among the LIHTC properties range from zero to 3.4 percent, with an average of 2.1 percent. Further, three LIHTC comparables reported no vacancies and three maintain waiting lists for their LIHTC units, indicating strong demand for affordable housing in the market.
- The Subject site is located in close proximity to many services, public transportation, and retailers.

Weaknesses

- The Subject will offer a four-story, walk-up design, with access only from the first floor and no elevator service. The Subject and its first Phase will be the first multifamily properties to offer this design in the market. Jobbers Overall Apartments offers a three-story, elevator-serviced design, which will be superior to the Subject. Nine of the comparable properties offer two and three-story, garden-style units, and one comparable - Vistas at Dreaming Creek - offers a four-story, garden-style design.

Note that Vistas at Dreaming Creek has ground level access from both the first and second floors of their buildings, as the property is built into a hill. Tenants can park and enter the building from either the first or second floor and walk up the stairs to the fourth floor. Management at the Vistas at Dreaming Creek explained that it is somewhat common for tenants to walk up three flights of stairs and there have been no issues with occupancy nor complaints made by tenants regarding living on the fourth floor.

We also discussed units on higher floors with the contact at Legacy at Linden Park. The contact at this property noted that the property has never had issues filling units on the third floor of the development. Furthermore, he maintained that if the property were to offer fourth floor walk-up units, there would be no issue in filling these units. Tenants at Legacy at Linden Park are more concerned with good management, upkeep of property amenities, and general maintenance of the property. The remaining comparable properties featuring three-stories were unable to comment on the feasibility of additional stories in garden-style buildings. However, none of the comparable properties reported discounted rents on third-story units. Therefore, we believe that the Subject's proposed design will be marketable.

Recommendations

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

B. INTRODUCTION AND SCOPE OF WORK

INTRODUCTION AND SCOPE OF WORK

Report Description:

Novogradac Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Lynchburg, Virginia area relative to Miller's Rest Apartments II, a proposed new construction development. Construction of the Subject will begin in January 2022 and is expected to last for 15 months. Following construction, the Subject's units will be LIHTC restricted at 30, 40, 50, and 60 percent of AMI. Additionally, five of the units at 40 and 50 percent of AMI will operate with Project-based Vouchers (PBV). As such, tenants in these units will pay 30 percent of their income towards rent. The proposed LIHTC and contract rents are set below the maximum allowable levels. In the event that the Subject were to lose its subsidy, the PBV contract rents would be LIHTC compliant. The Subject will consist of a four-story, walk-up building design with four one, two, and three-bedroom units.

It should be noted that the Subject, which is proposed to be financed through the competitive nine percent LIHTC program, will be developed concurrently with Miller's Rest II-4%, which will be financed through the four percent LIHTC program. Miller's Rest II-4% is a proposed 75-unit development offering one, two, and three-bedroom units at 60 percent of AMI. The Subject and Miller's Rest Apartments Phase II-4% will share parking with Phase I of the development. The properties will offer a total of 266 parking spaces, which will equate to a parking ratio of 1.36 spaces per unit. Overall, the parking offered at the Subject is reasonable.

We previously completed a market study in February 2020 for Miller's Rest Apartments I, a proposed 80-unit LIHTC/Section 8 development, which is located on the same parcel as the Subject and represents the first phase of the Subject. We have not performed any other services in the past three years for the Subject property.

Developer/Client Information:

The Lawson Companies.

Intended Use and Users of the Report:

The report will be submitted to the Virginia Housing for application purposes. The intended user of the report is Virginia Housing.

Scope of the Report:

- Inspecting the site of the to-be-developed Subject and its general location.
- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.
- Investigating the general economic health and conditions of the rental market.
- Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.

- Reviewing relevant public records and contacting appropriate public agencies.
- Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject's Primary Market Area, if applicable.
- Surveying competing projects, both LIHTC and market-rate.

Effective Date:

The Subject site was most recently inspected by Mark Shelburne on December 9, 2020, which shall be the effective date of this report.

Primary Contact for the Report:

David Boisture, AM, CRE (David.Boisture@novoco.com) and K. David Adamescu (David.Adamescu@novoco.com).

C. PROJECT DESCRIPTION

PROJECT DESCRIPTION

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

Subject Property Description:

Novogradac Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Lynchburg, Virginia area relative to Miller's Rest Apartments II, a proposed new construction development. Construction of the Subject will begin in January 2022 and is expected to last for 15 months. Following construction, the Subject's units will be LIHTC restricted at 30, 40, 50, and 60 percent of AMI. Additionally, five of the units at 40 and 50 percent of AMI will operate with Project-based Vouchers (PBV). As such, tenants in these units will pay 30 percent of their income towards rent. The proposed LIHTC and contract are set below the 2020 maximum allowable levels. In the event that the Subject were to lose its subsidy, the PBV contract rents would be LIHTC compliant. The Subject will consist of a four-story, walk-up building design with four one, two, and three-bedroom units.

It should be noted that the Subject, which is proposed to be financed through the competitive nine percent LIHTC program, will be developed concurrently with Miller's Rest II-4%, which will be financed through the four percent LIHTC program. Miller's Rest II-4% is a proposed 75-unit development offering one, two, and three-bedroom units at 60 percent of AMI. The Subject and Miller's Rest Apartments Phase II-4% will share parking with Phase I of the development. The properties will offer a total of 266 parking spaces, which will equate to a parking ratio of 1.36 spaces per unit. Overall, the parking offered at the Subject is reasonable.

We previously completed a market study in February 2020 for Miller's Rest Apartments I, a proposed 80-unit LIHTC/Section 8 development, which is located on the same parcel as the Subject and represents the first phase of the Subject. We have not performed any other services in the past three years for the Subject property.

Construction Type:

The Subject is a proposed four-story, garden-style, walk-up new construction LIHTC/PBV development to be constructed with funding under the LIHTC program.

Occupancy Type:

The Subject targets family households.

Proposed Rents:

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

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2020 LIHTC Maximum Allowable Gross Rent	2021 HUD Fair Market Rents
@30%							
1BR / 1BA	703	1	\$315	\$89	\$404	\$407	\$660
2BR / 2BA	948	2	\$372	\$112	\$484	\$489	\$784
3BR / 2BA	1,168	1	\$422	\$136	\$558	\$564	\$1,053
@40% (Section 8)							
1BR / 1BA	703	1	\$451	\$89	\$540	\$543	\$660
2BR / 2BA	948	2	\$534	\$112	\$646	\$652	\$784
3BR / 2BA	1,168	1	\$610	\$136	\$746	\$753	\$1,053
@50%							
1BR / 1BA	703	2	\$587	\$89	\$676	\$679	\$660
2BR / 2BA	948	7	\$698	\$112	\$810	\$815	\$784
3BR / 2BA	1,168	2	\$799	\$136	\$935	\$941	\$1,053
@50% (Section 8)							
2BR / 2BA	948	1	\$698	\$112	\$810	\$815	\$784
@60%							
1BR / 1BA	703	4	\$723	\$89	\$812	\$815	\$660
2BR / 2BA	948	12	\$850	\$112	\$962	\$978	\$784
3BR / 2BA	1,168	4	\$980	\$136	\$1,116	\$1,129	\$1,053

40

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

The Subject's proposed LIHTC and contract rents are set below the maximum allowable rents. In the event that the Subject were to lose its subsidy, these rents would be LIHTC-compliant.

Note that the site for Miller's Rest Apartments I, as well as Millers Rest Apartments II-4%, are located on the same parcel as the Subject. Miller's Rest Apartments I represents the first phase of the Subject. The proposed development is an 80-unit LIHTC/Section 8 development with one, two, and three-bedroom rents restricted at 40, 50, and 60 percent of AMI. The proposed 40 and 50 percent AMI rents for this development are set at the 2020 maximum allowable levels, while the proposed 60 percent AMI rents are set below the maximum levels. Miller's Rest Apartments II-4%, which will be developed concurrently with the Subject, is a proposed 75-unit LIHTC development offering one, two, and three-bedroom units at 60 percent of AMI.

Assisted Housing Program:

Of the 40 total units, five will operate with Project Based Voucher subsidies.

Construction Date: Construction of the Subject will begin in January 2022 and is expected to last for 15 months.

Target Household Income Levels: Based on the proposed restrictions, the range of annual household income levels is depicted below.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@40%		@50%		@50% (Section 8)		@60%	
1BR	\$13,851	\$17,400	\$0	\$23,200	\$23,177	\$29,000	-	-	\$27,840	\$34,800
2BR	\$16,594	\$19,560	\$0	\$26,080	\$27,771	\$32,600	\$0	\$32,600	\$32,983	\$39,120
3BR	\$19,131	\$23,460	\$0	\$31,280	\$32,057	\$39,100	-	-	\$38,263	\$46,920

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@40%		@50%		@60%	
1BR	\$13,851	\$17,400	\$18,514	\$23,200	\$23,177	\$29,000	\$27,840	\$34,800
2BR	\$16,594	\$19,560	\$22,149	\$26,080	\$27,771	\$32,600	\$32,983	\$39,120
3BR	\$19,131	\$23,460	\$25,577	\$31,280	\$32,057	\$39,100	\$38,263	\$46,920

Utility Structure: The tenant will be responsible for electric cooking, heating, hot water, and other electric expenses, as well as water and sewer expenses. The landlord will be responsible for trash expenses and common area amenities. The Subject utilizes project-specific utility allowances, which are \$89, \$112, and \$136 for its one, two, and three-bedroom units, respectively. The utility structure varies among the comparable properties; we have adjusted the comparables’ rents in accordance with the utility schedule obtained from the Virginia Housing, effective July 1, 2020. It should be noted that the developer’s project-specific utility allowance which differs from the total tenant-paid utilities listed below.

HOUSING AUTHORITY UTILITY ALLOWANCE

UTILITY AND SOURCE	Paid By	1BR	2BR	3BR
Heating - Electric	Tenant	\$25	\$32	\$40
Cooking - Electric	Tenant	\$4	\$5	\$7
Other Electric	Tenant	\$15	\$19	\$23
Air Conditioning	Tenant	\$7	\$9	\$11
Water Heating - Electric	Tenant	\$13	\$16	\$20
Water	Tenant	\$22	\$29	\$35
Sewer	Tenant	\$27	\$34	\$42
Trash	Landlord	\$12	\$12	\$12
TOTAL - Paid By Landlord		\$12	\$12	\$12
TOTAL - Paid By Tenant		\$113	\$144	\$178
TOTAL - Paid By Tenant Provided by Developer		\$89	\$112	\$136
DIFFERENCE		79%	78%	76%

Source: Virginia Housing Development Authority, 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
1BR / 1BA	8	703	5,624
2BR / 2BA	24	948	22,752
3BR / 2BA	8	1,168	9,344
TOTAL	40		37,720

Net Leasable Area: Approximately 37,720 square feet as outlined in the table above.

Unit Amenities: The Subject's units will offer a balcony/patio, blinds, coat closets, central a/c, carpeting, ceiling fans, walk-in closets, and washer/dryer hookups. Appliances will include a dishwasher, range/oven, and refrigerator. Washers and dryers will be available for rent for \$50 per month.

Common Area Amenities: The subject will feature a clubroom, onsite management and off-street parking, and will have access to a clubhouse, central laundry, a playground, a picnic area, an exercise facility, and recreation areas. Note that the clubhouse, central laundry, playground, picnic areas will be shared with Miller's Rest Apartments Phase I and Miller's Rest Apartments Phase II-4%.

Parking: The Subject will share parking with Phase I and Phase II-4% of the development. The properties will offer a total of 266 parking spaces, which will equate to a parking ratio of 1.36 spaces per unit. Overall, the parking offered at the Subject is reasonable.

Number of Stories and Buildings: The Subject will offer a four-story, walk-up design, with access only from the first floor. The Subject, as well as Phase I and Phase II-4% of the development, will be the first multifamily properties to offer this design in the market. However, through conversations with area property managers, we have determined that this proposed design will be marketable.

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

Quality of Construction Condition and Deferred Maintenance: We expect the Subject to be constructed using good-quality materials. As new construction, the Subject will not suffer from deferred maintenance and will be in excellent condition.

Functional Utility: We have reviewed the Subject's floor plans and determined them to be reasonable.

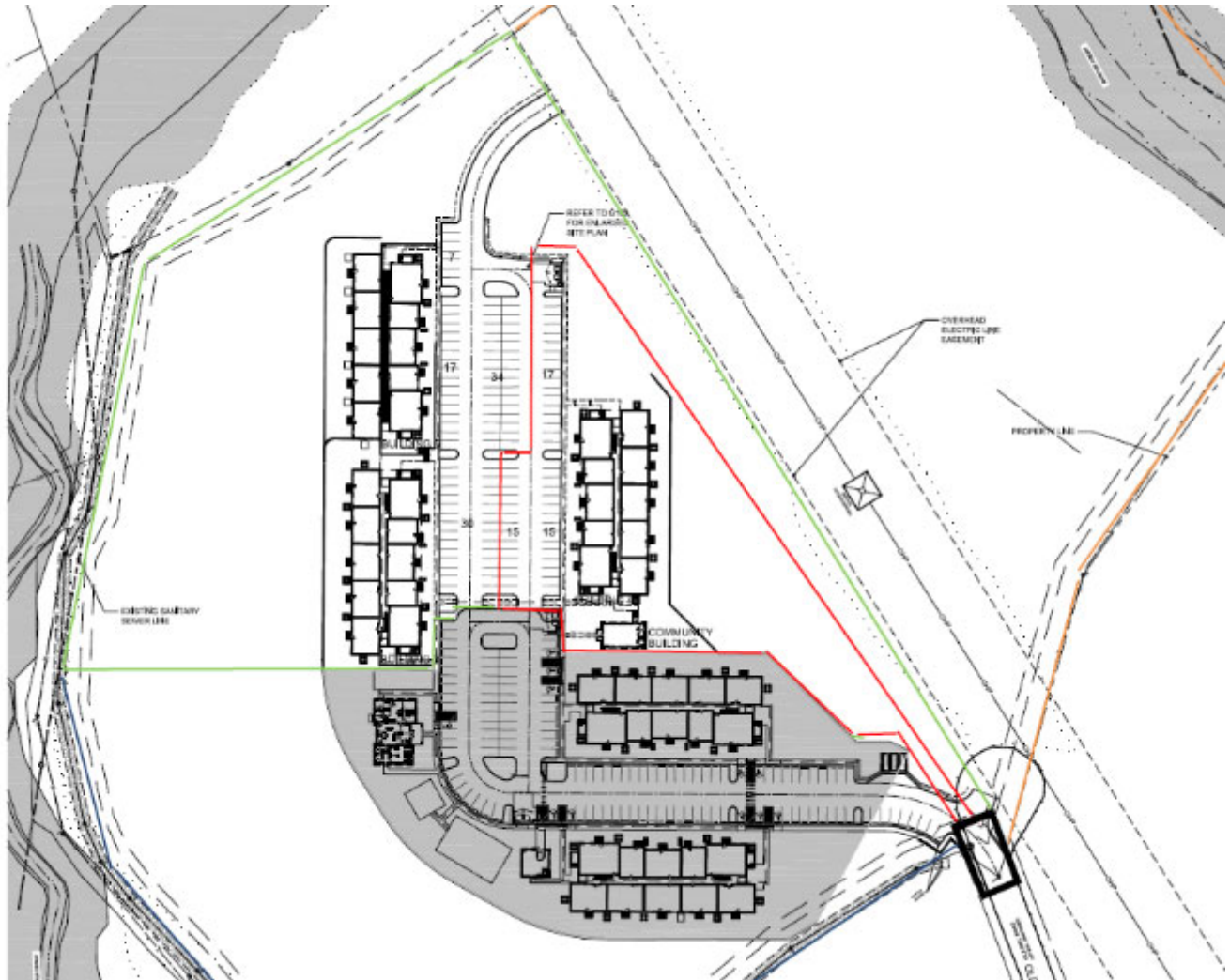
Conclusion:

The Subject property is a proposed 40-unit LIHTC development and will be in excellent condition following construction. As new construction with market-oriented floor plans, the Subject will not suffer from functional obsolescence and will provide good utility for its intended use. Additionally, the Subject will be amongst the newest supply in the market and will be generally similar to superior to the existing supply.

Site Plans:

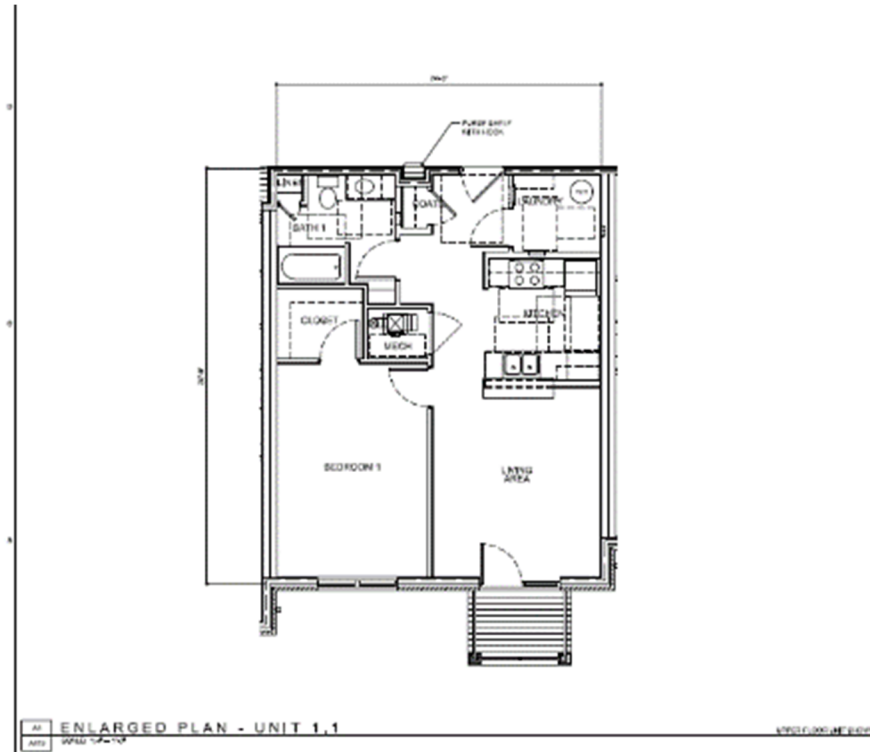
We have reviewed the Subject's floor plans and the overall site plan and determined them to be market-oriented.

Subject Site Plan

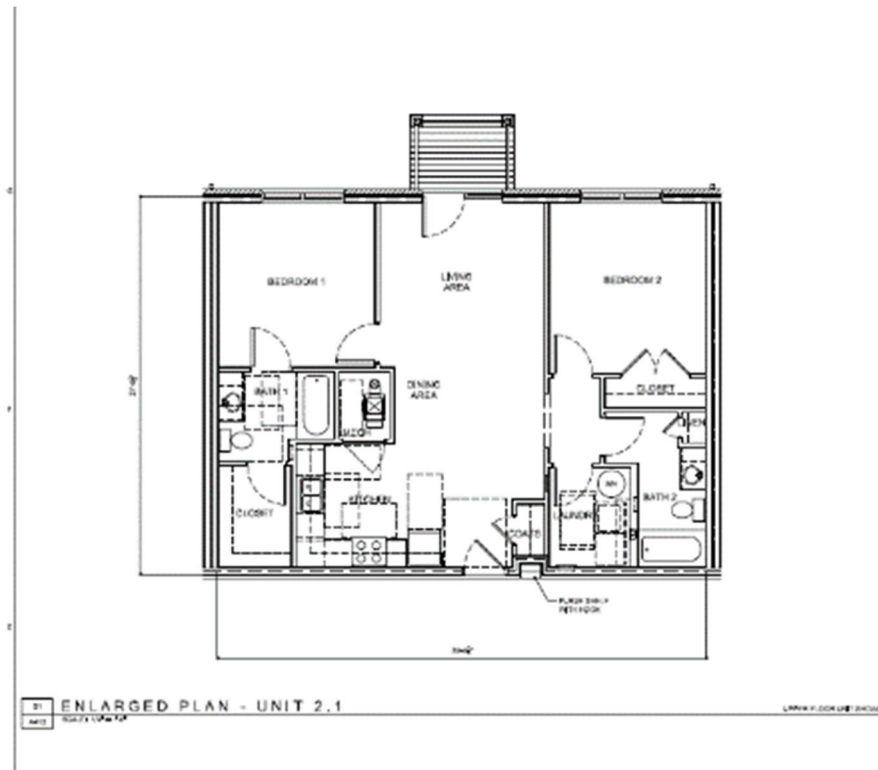


Source: Sponsor, March 2021

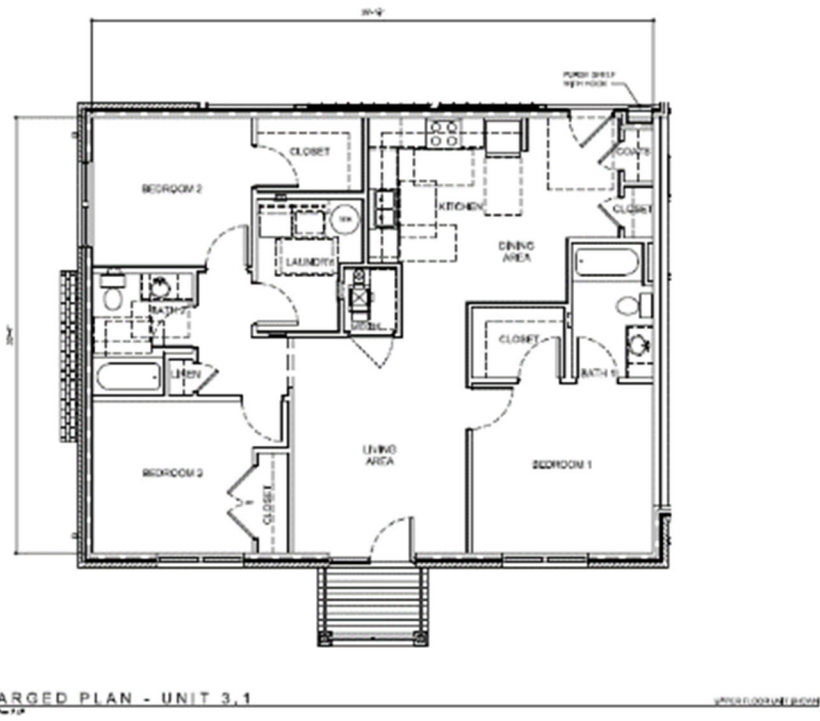
Subject Floor Plans



Source: Sponsor, December 2020




Source: Sponsor, December 2020



Source: Sponsor, December 2020

MILLER'S REST APARTMENTS II – LYNCHBURG, VIRGINIA – MARKET STUDY

Property Profile Report																	
Miller's Rest II																	
Comp #	Subject		6100 Old Mill Rd														
Location	Units		40														
Type	Year Built / Renovated		2022 / n/a														
Market			LIHTC										Leasing Pace		n/a		
Annual Turnover Rate			N/A										Change in Rent (Past Year)		n/a		
Units/Month Absorbed			n/a		Concession												
Section 8 Tenants			N/A		Utilities												
A/C			not included – central		Other Electric		not included										
Cooking			not included – electric		Water		not included										
Water Heat			not included – electric		Sewer		not included										
Heat			not included – electric		Trash Collection		included										
Unit Mix (face rent)																	
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?						
1	1	Garden (4 stories)	1	703	\$315	\$0	@30%	n/a	N/A	N/A	No						
1	1	Garden (4 stories)	1	703	\$451	\$0	@40% (Section 8)	n/a	N/A	N/A	No						
1	1	Garden (4 stories)	2	703	\$587	\$0	@50%	n/a	N/A	N/A	No						
1	1	Garden (4 stories)	4	703	\$723	\$0	@60%	n/a	N/A	N/A	No						
2	2	Garden (4 stories)	2	948	\$372	\$0	@30%	n/a	N/A	N/A	No						
2	2	Garden (4 stories)	2	948	\$534	\$0	@40% (Section 8)	n/a	N/A	N/A	No						
2	2	Garden (4 stories)	1	948	\$698	\$0	@50% (Section 8)	n/a	N/A	N/A	No						
2	2	Garden (4 stories)	7	948	\$698	\$0	@50%	n/a	N/A	N/A	No						
2	2	Garden (4 stories)	12	948	\$850	\$0	@60%	n/a	N/A	N/A	No						
3	2	Garden (4 stories)	1	1,168	\$422	\$0	@30%	n/a	N/A	N/A	No						
3	2	Garden (4 stories)	1	1,168	\$610	\$0	@40% (Section 8)	n/a	N/A	N/A	No						
3	2	Garden (4 stories)	2	1,168	\$799	\$0	@50%	n/a	N/A	N/A	No						
3	2	Garden (4 stories)	4	1,168	\$980	\$0	@60%	n/a	N/A	N/A	No						
Amenities																	
In-Unit	Balcony/Patio		Security		Patrol												
	Blinds																
	Cable/Satellite/Internet																
	Carpeting																
	Central A/C																
	Dishwasher																
	Ceiling Fan																
	Oven																
Property	Clubhouse/Meeting		Premium		none												
	Room/Community Room																
	Exercise Facility																
	Central Laundry																
	Off-Street Parking																
	On-Site Management																
	Picnic Area																
	Playground																
	Recreation Areas																
Services	none		Other		none												
Comments																	
The property will share off-street parking with Phase I and Phase II-B of the development; the properties will offer a combined 266 parking spaces. Washer/dryers will be available for \$50 per month.																	

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 Earth, December 2020. Note that Old Mill Road extends north through wooded area.

Subject Site Description:

The Subject will be located at 6100 Old Mill Road in Lynchburg, Virginia 24502. Note that the Subject and Miller's Rest Apartments will utilize the same entry point.

Size:

The Subject will consist of a portion of a 24.928 acre, or 1,085,864 square feet site. Note that the overall site consists of the proposed site for Miller's Rest Apartments adjacent to the south and Miller's Rest Apartments II-4% adjacent west, as well as land that is utilized for public utilities, and land that will be held for potential future use.

- Shape:** The overall site is generally irregular in shape.
- Frontage:** The Subject will be accessible via Old Mill Road. Note that Old Mill Road extends beyond map illustrations (via Google), as the north portion of the road is currently blocked from public access and is inaccessible via car. As part of the development of the Subject, Miller's Rest Apartments I, and Miller's Rest Apartments II-4%, the road barrier will be removed and Old Mill Road will dead-end into the southeastern portion of the Miller's Rest Apartments I, which will offer the same access point as the Subject. Therefore, the property will have limited direct frontage along the northern portion of Old Mill Road. We assume marketing signage will be made available along Old Mill Road.
- Topography:** The Subject site slopes downhill to the northeast and east.
- Utilities:** All utilities are provided to the site.
- Visibility/Views:** The Subject site has minimal visibility from Old Mill Road. Views in all directions consist of vacant wooded land. Overall, visibility and views are considered average.
- Surrounding Uses:** The Subject is located in a mixed-use neighborhood southwest of Downtown Lynchburg. The Subject site is rated as "Car Dependent" by Walk Score with a score of 3, indicating that almost all errands require a car. The following depicts the surrounding uses of the Subject. Note that the Subject site is located adjacent north of the site for Miller's Rest Apartments I, a proposed 80-unit LIHTC development that is the first Phase of the Subject, and adjacent east of the site for Miller's Rest Apartments II-4%, a proposed 75-unit LIHTC development that will be developed concurrently with the Subject.



Single-family homes north of Subject site



Single-family homes north of Subject site

North: Land use to the north consists of vacant wooded land, followed further north by single-family homes in good condition.



Valley View Retirement Community southeast of Subject site



Electrical lines east of Subject site

East: Land uses east of the Subject consist of vacant wooded land, followed by single-family homes in good condition.



Old Mill Townhomes (excluded) south of Subject site



Mill's Crossing (comparable property) south of Subject site

South: Uses south consist of vacant land, followed further south by multifamily properties and commercial uses. Multifamily properties south of the Subject include Old Mill Townhomes, a 156-unit, market rate development offering one through four-bedroom units, which has been excluded from our analysis due to its inferior condition to the proposed Subject; Mill's Crossing, a 72-unit market rate property offering one and two-bedroom units which has been included as a comparable in our analysis; and Mill Woods Apartments, a 128-unit Section 8 property that has been excluded due to its subsidized tenancy.



Commercial Property in Subject neighborhood



Commercial property in Subject Neighborhood

West: Land uses west of the Subject consist of vacant wooded land, followed by commercial properties and educational uses further west.

Access and Traffic Flow:

The Subject will be accessible via Old Mill Road, which is a two-lane, lightly traveled residential road that provides access to Graves Mill Road to the south. Note that Old Mill Road extends beyond map illustrations (via Google), as the north portion of the road is currently blocked from public access and is inaccessible via car. As part of the development of the Subject, Miller's Rest Apartments (Phase I), and Miller's Rest Apartments II-4%, the road barrier will be removed and Old Mill Road will dead-end into the southeastern portion of the Miller's Rest Apartments, which will offer the same access point as the Subject. Graves Mill Road is moderately trafficked two-lane road traversing north and south through southwestern Lynchburg. Graves Mill Road provides access to the Lynchburg Expressway approximately 1.0 mile southeast of the site. The Lynchburg expressway provides access northwest to Lexington, VA, and northeast through to Downtown Lynchburg. Overall, traffic in the Subject's immediate area is considered light, and access is considered average.

Layout and Curb Appeal:

Based on our review of the floor plans provided by the developer, the Subject will have a functional layout and good 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:

Note that there are electrical lines that run east of the Subject site. However, the lines run southeast past Old Mill Townhomes and Mill Woods Apartments. Both multifamily developments reported no issues with the electrical lines, and both reported stabilized occupancies. Therefore, we maintain the lines do not represent a detrimental influence. No other potential detrimental influences were identified.

Flood Plain:

According to Flood Insights and Flood Insurance Rate Map Community Panel Number 51019C0240D, dated September 2010, the Subject site is located in Zone X. Zone X is defined as an area outside 500-year floodplain, which is determined to be outside the .02 percent annual chance floodplains. Novogradac & Company LLP does not offer expertise in this field and cannot opine on this issue. Further analysis by Novogradac is beyond the scope of the report.



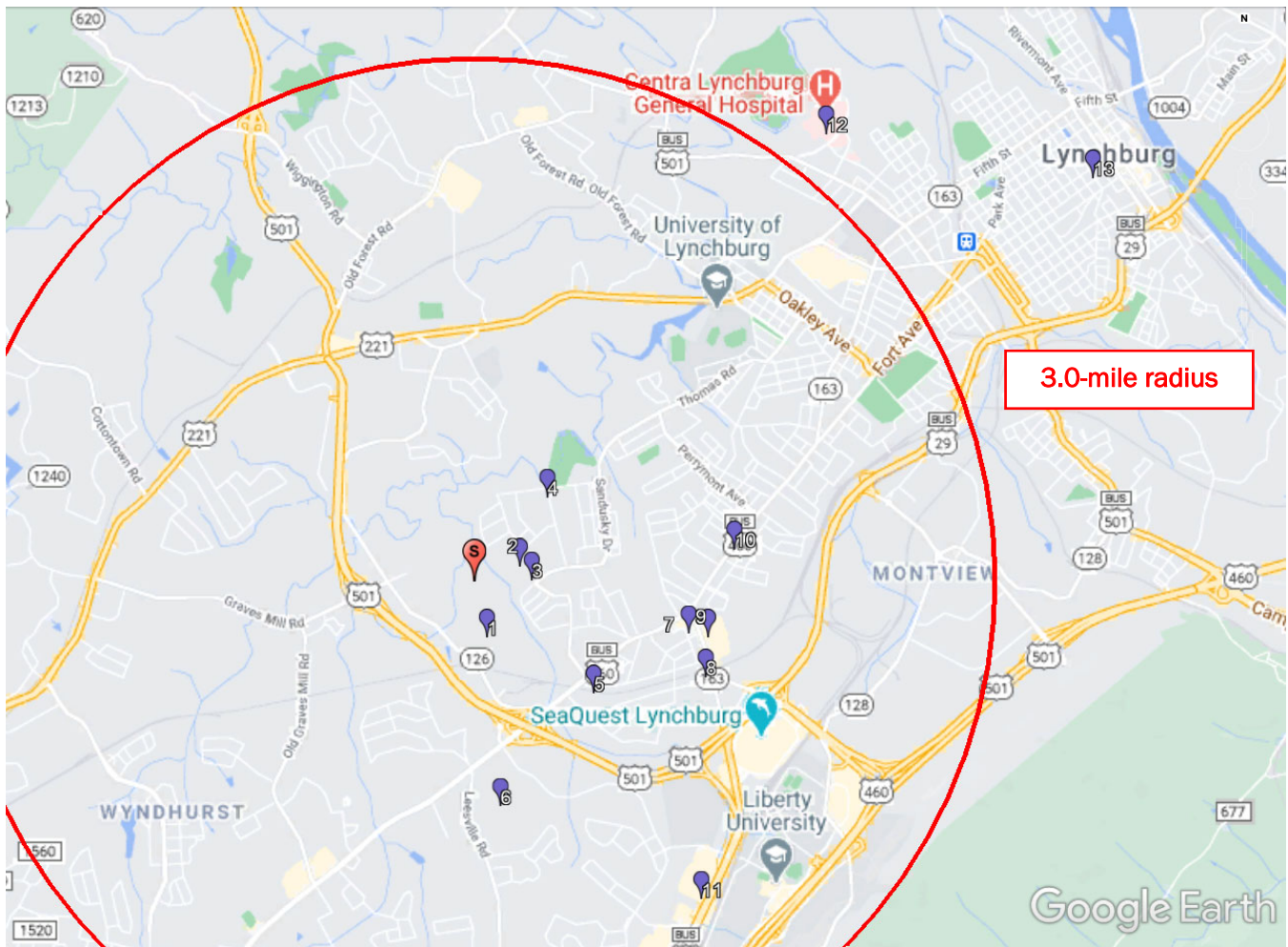
Source: FEMA Flood Map Service Center

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	Bus Stop 91	0.2 miles
2	Sandusky Elementary School	0.3 miles
3	Sandusky Middle School	0.3 miles
4	Sandusky Park	0.7 miles
5	U.S. Post Office	0.9 miles
6	Heritage High School	1.2 miles
7	CVS Pharmacy	1.2 miles
8	Bank of America	1.4 miles
9	Kroger	1.4 miles
10	Lynchburg Fire Station 3	1.5 miles
11	Walmart Supercenter	2.2 miles
12	Centra Lynchburg General Hospital	3.3 miles
13	Lynchburg Police Station	4.3 miles



Source: Google Earth, March 2021

Public Transportation:

Greater Lynchburg Transit Company operates a series of bus routes in the greater Lynchburg area. The closest stop, Bus Stop 91, is served by the Route 6 bus line and is located 0.2 miles from the Subject site along Old Mill Road. It provides access to the River Ridge Mall Lynchburg approximately 2.7 miles southeast.

Crime Statistics:

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

2020 CRIME INDICES

	PMA	Lynchburg, VA Metropolitan Statistical Area
Total Crime*	78	53
Personal Crime*	78	50
Murder	76	73
Rape	78	60
Robbery	59	33
Assault	88	56
Property Crime*	77	54
Burglary	61	47
Larceny	88	59
Motor Vehicle Theft	39	28

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

*Unweighted aggregations

The table above illustrates the crime risk as an index where 100 represents the national average. Indices above 100 are above the national average, and indices below 100 are below the national average. Total, personal, and property crime indices in the PMA are above that of the MSA, but below the nation. The Subject will offer a courtesy patrol. Four of the comparable properties offer some form of security feature, while the remaining comparables do not offer security features. We believe that the Subject's security features will be competitive and market oriented.

Conclusion:

The Subject's neighborhood appears to be a good location for a multifamily development. The majority of the local amenities are located within approximately 4.3 miles of the Subject. The Subject is located in a mixed-use neighborhood with multifamily housing, commercial and retail uses, and multifamily homes. The Subject is a compatible use within the existing neighborhood.

PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD



View of Subject site facing north



View of Subject site facing northeast



View of Subject site facing north



View of Subject site facing east



View of Subject site facing west



View of Subject site facing south



View north along Old Mill Road



View south along Old Mill Road



Mill Wood Apartments (excluded) south of Subject



Old Mill Townhomes (excluded) south of Subject



Mill's Crossing Apartments (comparable) south of Subject



Recreation center in Subject neighborhood



Event Center in Subject neighborhood



Commercial property in Subject neighborhood



Commercial Property in Subject neighborhood



Commercial property in Subject neighborhood



U.S. Marine Corps Reserve Center



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

E. MARKET AREA DEFINITION

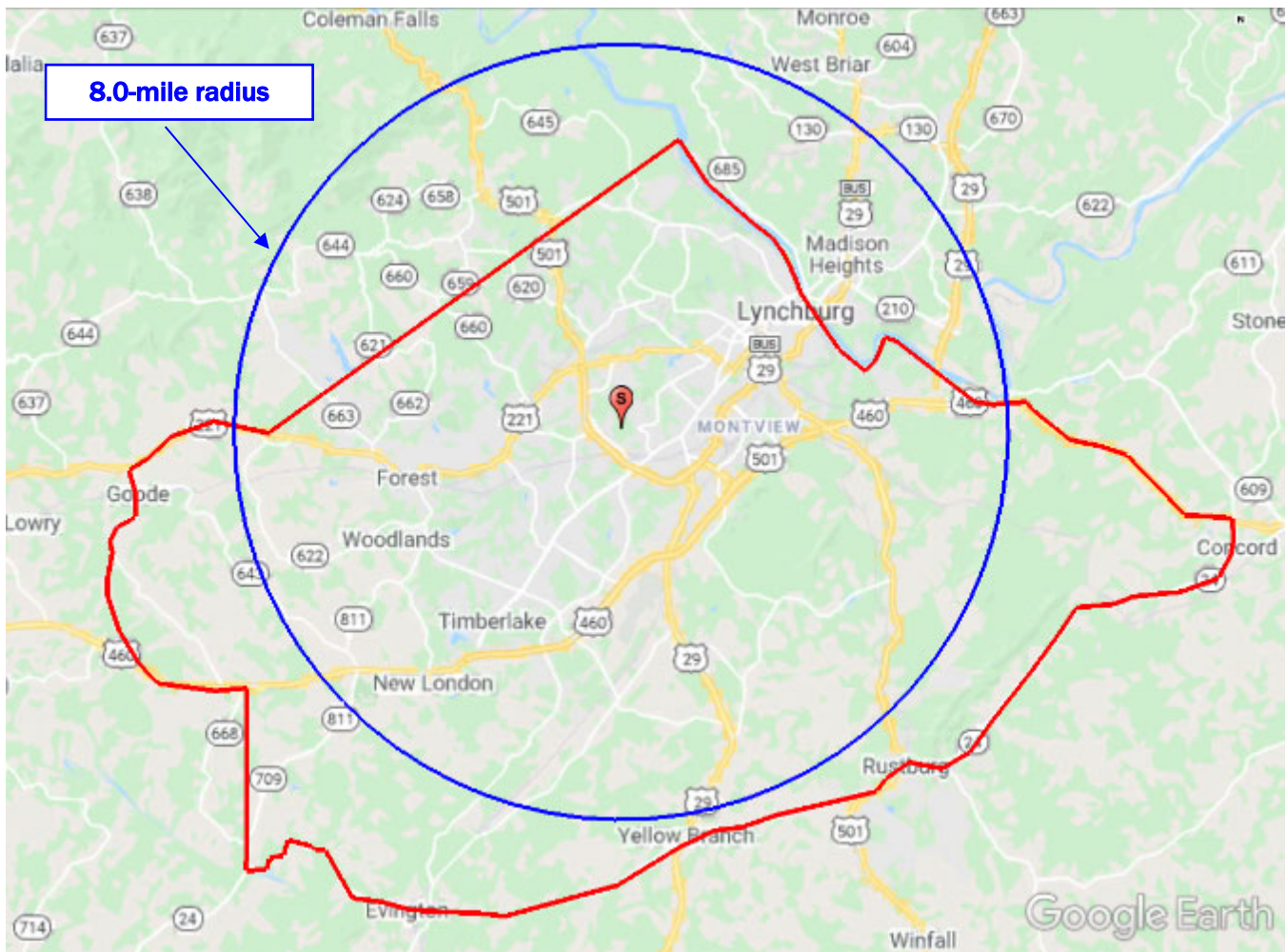
MARKET AREA

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 property is located in Lynchburg, Virginia. The PMA is generally defined as the city of Lynchburg. The PMA boundaries are: Richmond Highway and the James River to the northeast; State Route 24 to the southeast and south; Blackwater Road and State Route 706 to the west; and Forest Road and Boonsboro Road to the east. The PMA was determined based on input from area property managers. Management at the majority of the rent comparables noted that most of their tenants originate from within the city of Lynchburg. We have estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries.

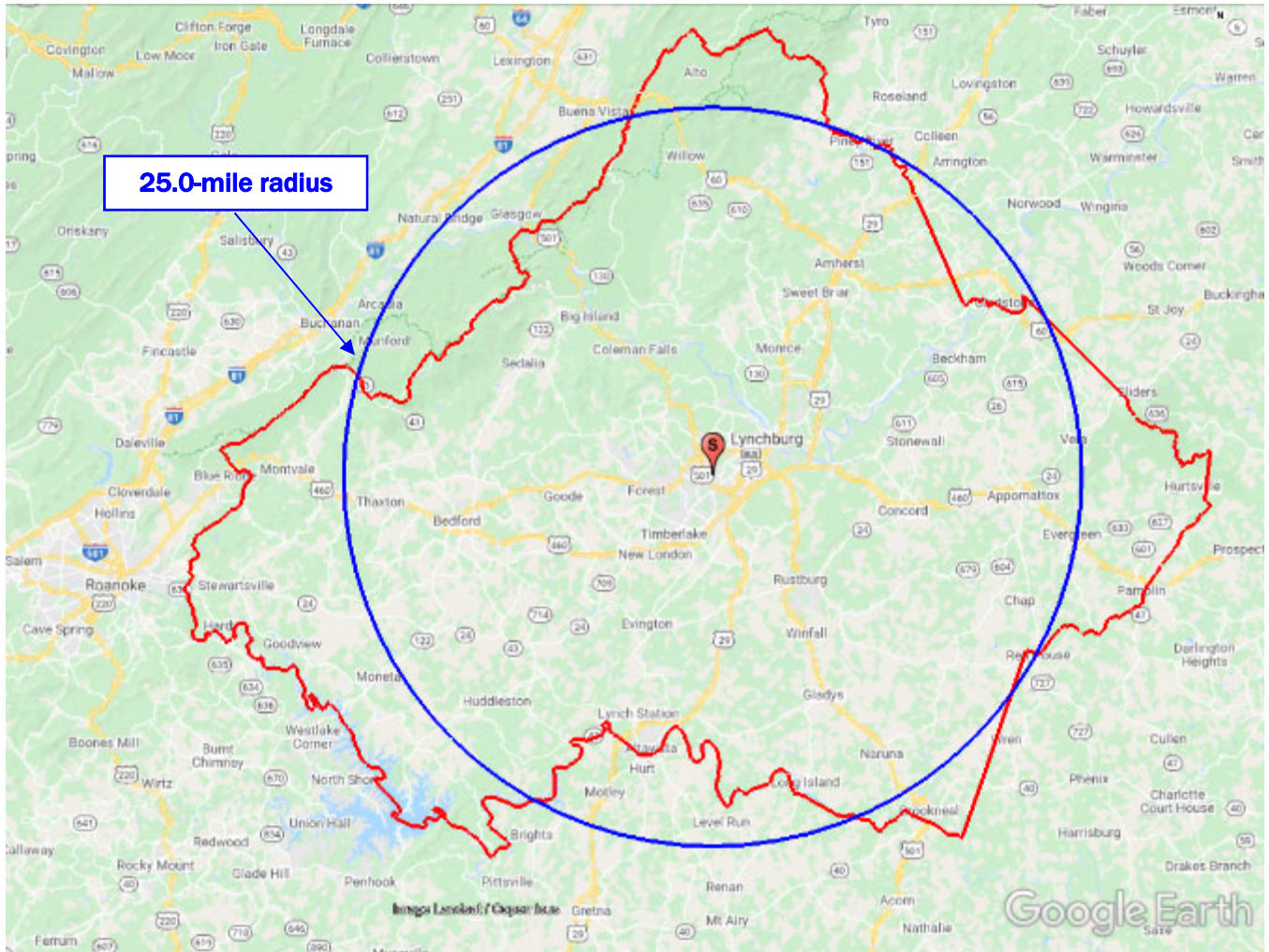
The Lynchburg, VA Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA), which includes the cities of Lynchburg and Bedford, as well as Bedford, Campbell, Amherst, and Appomattox Counties

Primary Market Area Map



Source: Google Earth, December 2020

Metropolitan Statistical Area (MSA) Map



Source: Google Earth, December 2020

F. EMPLOYMENT AND ECONOMY

ECONOMIC ANALYSIS

The Lynchburg area has a diverse economy that has employment concentrated in the healthcare/social assistance, professional/scientific/technical services, and retail trade sectors. Additionally, Lynchburg is a primarily residential area that benefits from its close proximity to the state capital, Richmond.

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
Educational Services	10,508	17.3%	14,320,448	9.7%
Healthcare/Social Assistance	9,747	16.1%	22,313,586	15.1%
Manufacturing	7,698	12.7%	15,550,554	10.6%
Retail Trade	6,039	10.0%	14,356,334	9.7%
Prof/Scientific/Tech Services	4,128	6.8%	12,049,828	8.2%
Construction	3,699	6.1%	10,829,187	7.4%
Accommodation/Food Services	3,330	5.5%	8,202,612	5.6%
Other Services	3,044	5.0%	6,772,309	4.6%
Public Administration	2,323	3.8%	7,071,492	4.8%
Admin/Support/Waste Mgmt Svcs	2,140	3.5%	5,786,624	3.9%
Finance/Insurance	1,883	3.1%	7,169,665	4.9%
Transportation/Warehousing	1,434	2.4%	6,959,787	4.7%
Wholesale Trade	1,068	1.8%	3,744,789	2.5%
Information	999	1.6%	2,723,217	1.8%
Arts/Entertainment/Recreation	860	1.4%	2,329,497	1.6%
Real Estate/Rental/Leasing	707	1.2%	3,082,197	2.1%
Utilities	581	1.0%	1,274,383	0.9%
Agric/Forestry/Fishing/Hunting	285	0.5%	1,852,333	1.3%
Mining	105	0.2%	729,605	0.5%
Mgmt of Companies/Enterprises	10	0.0%	210,175	0.1%
Total Employment	60,588	100.0%	147,328,622	100.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

Employment in the PMA is concentrated in the educational services, healthcare/social assistance, and manufacturing industries, which collectively comprise 46.1 percent of local employment. The large share of PMA employment in manufacturing is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. It should be noted that educational services are a historically stable industry; however, there is significant uncertainty about the stability of the educational services industry, given the increase in remote learning. Relative to the overall nation, the PMA features comparatively greater employment in the educational services, manufacturing, and healthcare/social assistance industries. Conversely, the PMA is underrepresented in the transportation/warehousing, finance/insurance, and construction industries.

Manufacturing Sector Trends

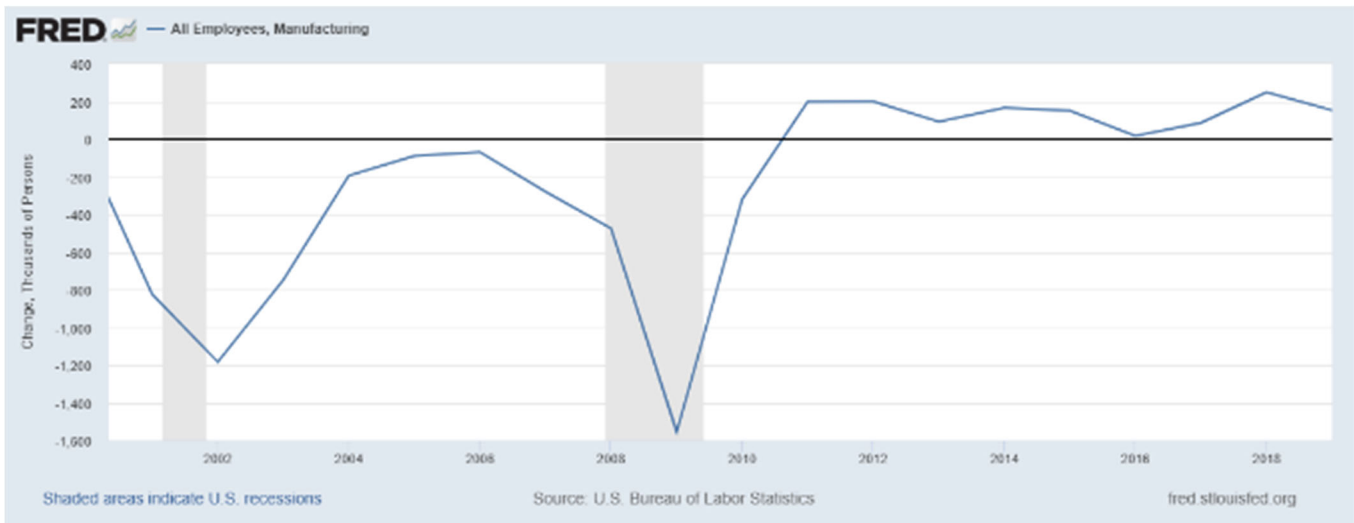
In recent years, manufacturing in the U.S. has grown at a faster rate than the overall economy, a rarity with respect to recent declines in national manufacturing. Unfortunately, U.S. manufacturing has struggled with the

onset of globalization and increased foreign manufacturing. Prior to the rapid expansion and refinement of technological capabilities in the late 1990s and the accelerated pace of globalization that accompanied it, foreign countries enjoyed a comparative advantage in manufacturing by leveraging their low labor costs. However, as global markets have become more integrated over time, the foreign labor cost advantage has minimized significantly. Furthermore, the U.S. enjoys relatively low costs of capital, raw materials, and transportation.

U.S. manufacturing output growth is expected to increase modestly through 2021. The Manufacturers Alliance for Productivity and Innovation (MAPI), a non-profit organization that produces research and projections for the manufacturing industry, publishes periodic economic forecasts. According to their March 2018 publication, U.S. manufacturing is expected to grow at an average of 2.8 percent through 2021.

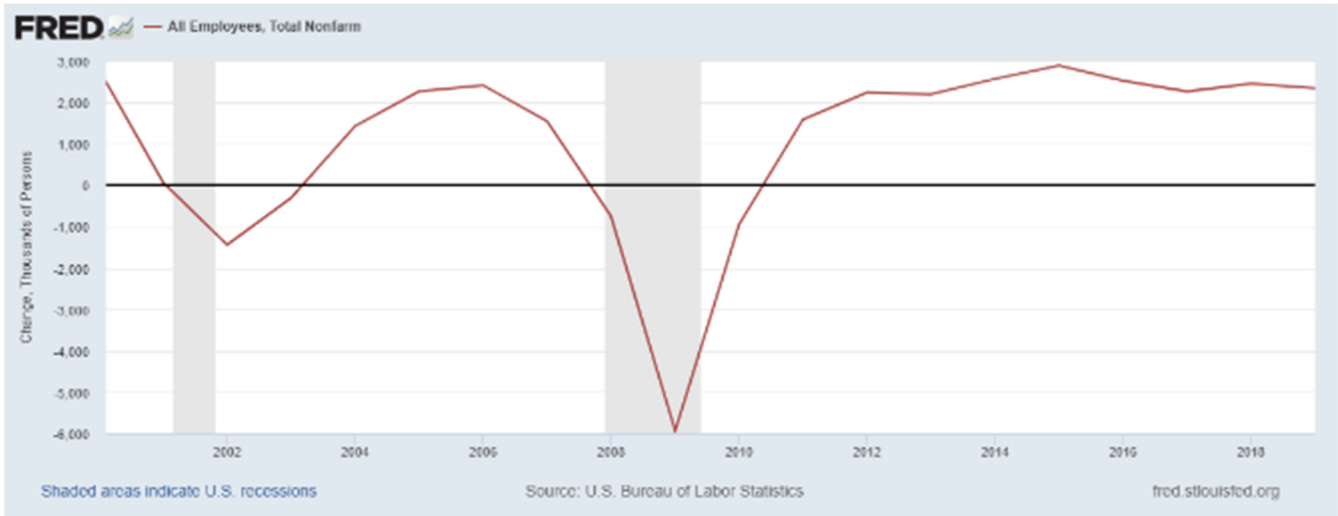
Although recent employment growth in the U.S. manufacturing sector bodes well for the MSA, the manufacturing sector is still not quite as strong as in the past. With manufacturing accounting for close to 10 percent of the U.S. economy and as a major source of employment for the MSA manufacturing employment should continue to be monitored closely.

The following graphs details total employment trends in both manufacturing and all industries (non-farm) in the nation since 2000.

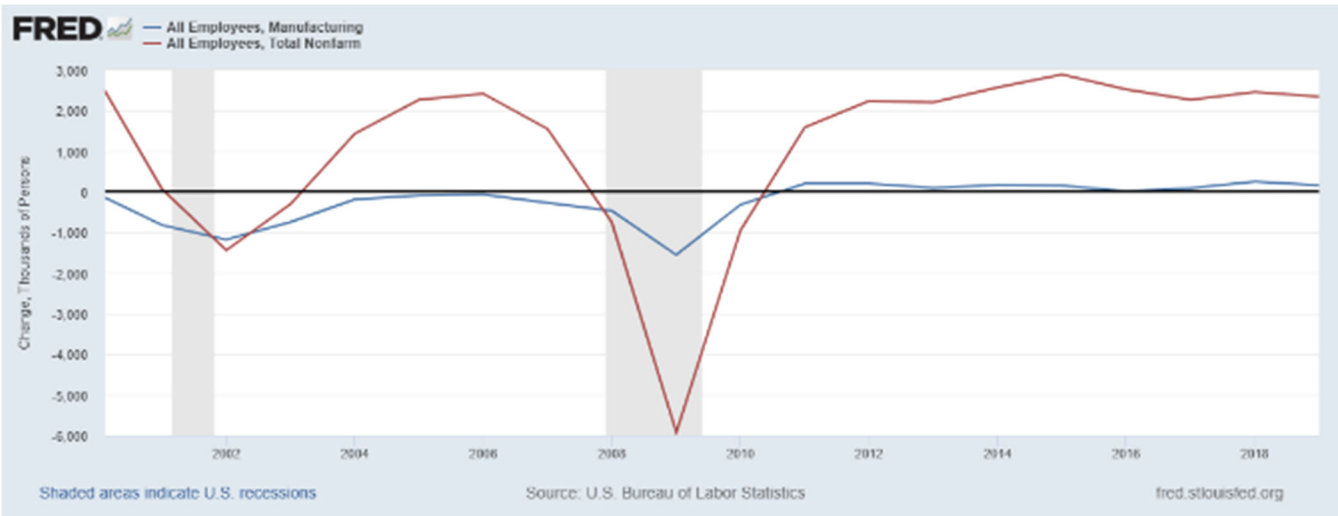


Source: Federal Reserve Bank of St. Louis, 1/2020.

Note: Shaded area indicates U.S. recessions. The employment data is seasonally adjusted.



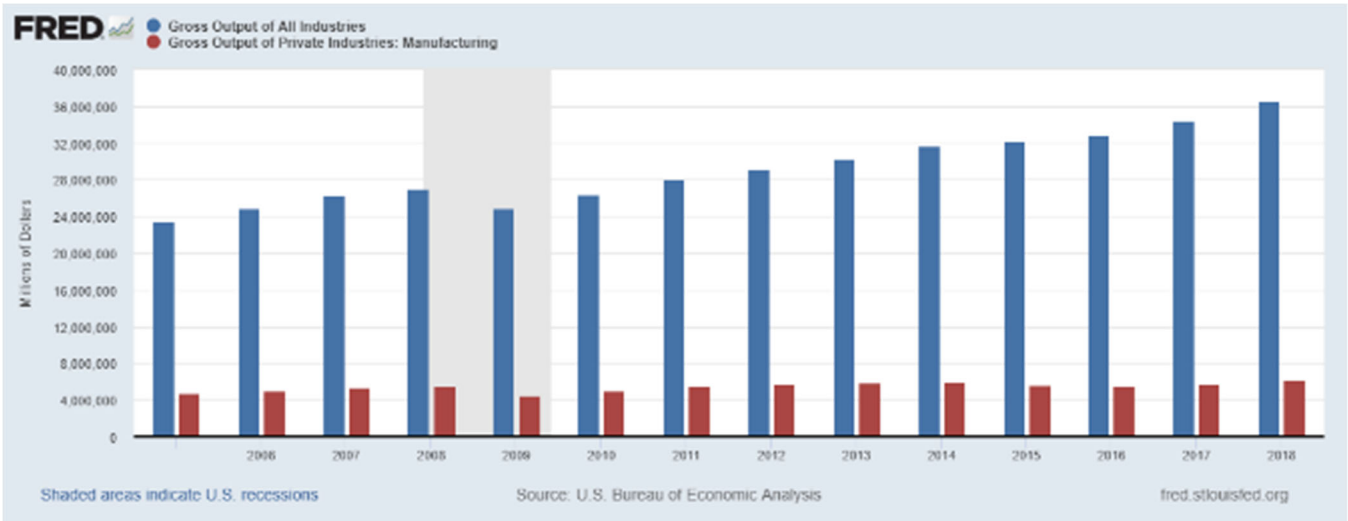
Source: Federal Reserve Bank of St. Louis, 1/2020.
 Note: Shaded area indicates U.S. recessions. The employment data is seasonally adjusted.



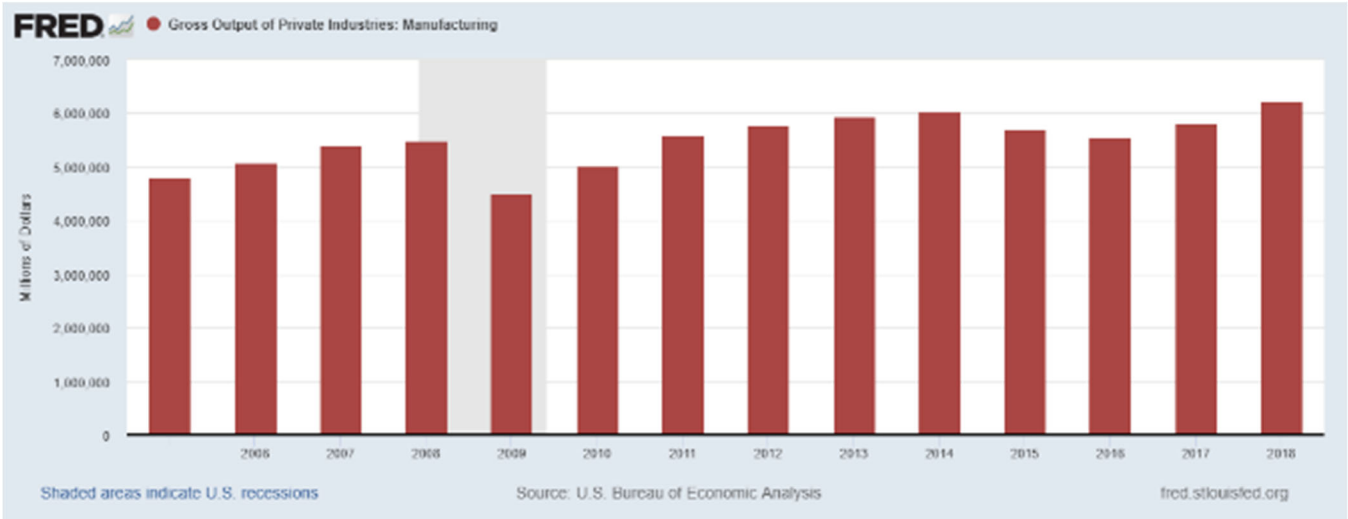
Source: Federal Reserve Bank of St. Louis, 1/2020.
 Note: Shaded area indicates U.S. recessions. The employment data is seasonally adjusted.

Total employment in the manufacturing sector, as well as the overall non-farm industry sector, declined from 2007 to 2009. Due to the most recent recession, all non-farm industries in the nation, including manufacturing, experienced significant loss. Since the most recent recession, total employment in non-farm industries has steadily increased, though the manufacturing sector has experienced a slower recovery than other non-farm industries.

The following charts illustrate U.S. manufacturing gross output compared to that across all industries since 2005.



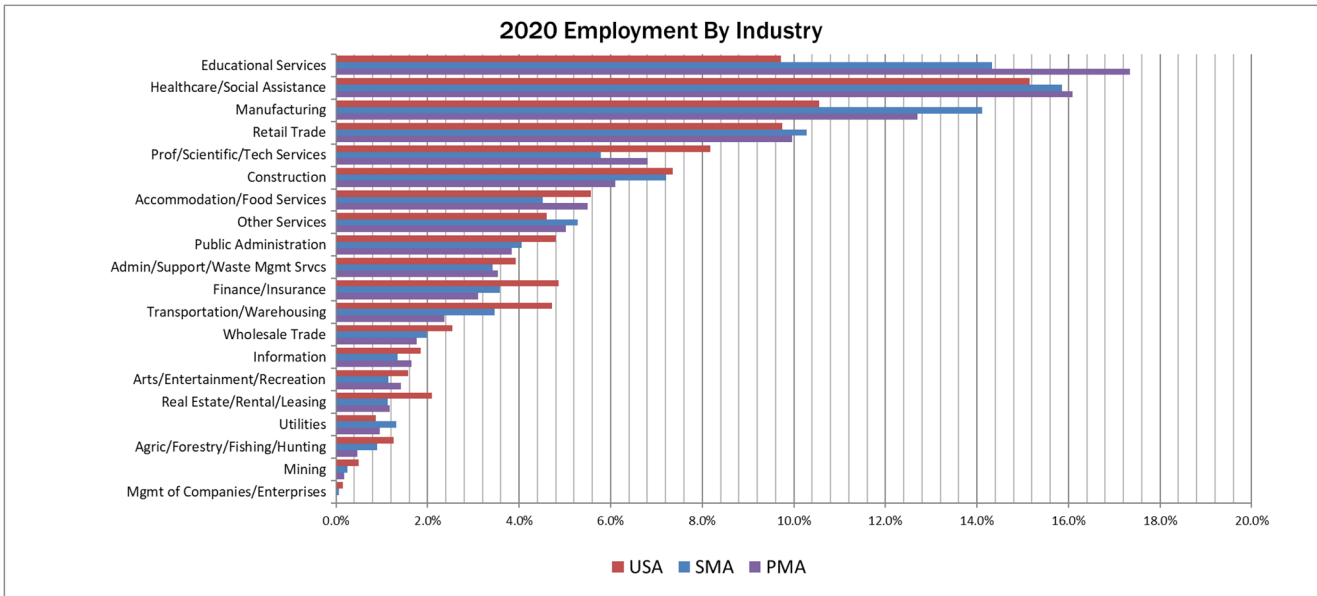
Source: Federal Reserve Bank of St. Louis, 1/2020.
Note: Shaded area indicates U.S. recessions.



Source: Federal Reserve Bank of St. Louis, 1/2020.
Note: Shaded area indicates U.S. recessions.

As illustrated by the previous graphs, manufacturing constitutes approximately 17 percent of the gross output of all private industries and experienced five years of consistent growth starting in 2009. Manufacturing output also surpassed pre-recessionary output levels in 2011, three years following the most recent national recession. However, manufacturing output decreased for both 2015 and 2016.

While the rebound in manufacturing output is noteworthy, this has not necessarily turned into job creation for the national economy. Since the most recent recession, job creation in the manufacturing sector continues to lag the overall economy. According to a November 18, 2016 article published by the *MIT Technology Review*, automation in the manufacturing sector has curtailed employment growth- a trend that is likely to continue through the coming years. As illustrated in the following graph, national employment in the manufacturing sector has been steadily declining since the 1980s, while production has increased. Overall, we believe it is reasonable to assume that the Lynchburg area, similar to the rest of the nation, will continue to be negatively impacted by automation in the manufacturing sector, leading to a continued decline in manufacturing employment.



Growth by Industry

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

2010-2020 CHANGE IN EMPLOYMENT - PMA

Industry	2010		2020		2010-2020	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Educational Services	5,272	10.1%	10,508	17.3%	5,236	9.9%
Healthcare/Social Assistance	7,484	14.3%	9,747	16.1%	2,263	3.0%
Manufacturing	7,011	13.4%	7,698	12.7%	687	1.0%
Retail Trade	6,637	12.7%	6,039	10.0%	-598	-0.9%
Prof/Scientific/Tech Services	3,157	6.0%	4,128	6.8%	971	3.1%
Construction	3,986	7.6%	3,699	6.1%	-287	-0.7%
Accommodation/Food Services	3,707	7.1%	3,330	5.5%	-377	-1.0%
Other Services	3,068	5.9%	3,044	5.0%	-24	-0.1%
Public Administration	2,285	4.4%	2,323	3.8%	38	0.2%
Admin/Support/Waste Mgmt Svcs	1,920	3.7%	2,140	3.5%	220	1.1%
Finance/Insurance	1,980	3.8%	1,883	3.1%	-97	-0.5%
Transportation/Warehousing	1,635	3.1%	1,434	2.4%	-201	-1.2%
Wholesale Trade	1,249	2.4%	1,068	1.8%	-181	-1.4%
Information	930	1.8%	999	1.6%	69	0.7%
Arts/Entertainment/Recreation	381	0.7%	860	1.4%	479	12.6%
Real Estate/Rental/Leasing	627	1.2%	707	1.2%	80	1.3%
Utilities	372	0.7%	581	1.0%	209	5.6%
Agric/Forestry/Fishing/Hunting	468	0.9%	285	0.5%	-183	-3.9%
Mining	48	0.1%	105	0.2%	57	11.9%
Mgmt of Companies/Enterprises	10	0.0%	10	0.0%	0	0.0%
Total Employment	52,227	100.0%	60,588	100.0%	8,361	1.6%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

Total employment in the PMA increased at an annualized rate of 1.6 percent between 2010 and 2020. The industries which expanded most substantially during this period include educational services, healthcare/social assistance, and prof/scientific/tech services. Conversely, the retail trade, accommodation/food services, and construction sectors experienced the least growth.

Major Employers

The following table details the major employers within the greater Lynchburg area. It is the most recent data available from the Lynchburg Regional Business Alliance.

**MAJOR EMPLOYERS
LYNCHBURG**

Employer Name	Industry	# Of Employees
Liberty University Schools	Educational Services	6,401
Centra Hospitals	Healthcare/Social Assitance	3,096
BWX Technologies, Inc.	Utilities/Manufacturing	2,500
Lynchburg City Schools	Educational Services	1,875
Shentel	Communications Services	1,605
City of Lynchburg	Public Administration	1,500
Barton Malow	Construction	1,076
Genworth Financial	Finance/Insurance	1,000
Southern Air, Inc.	Retail Trade	960
Horizon Behavioral Health	Healthcare/Social Assitance	830
J. Crew	Retail Trade	705
HARRIS Corporation, RF Communications Division	Utilities/Manufacturing	640
Kroger Office	Food Services	620
Meriwether-Godsey, Inc.	Food Services	543
University of Lynchburg	Educational Services	500
Mary Baldwin University, Roanoke Center	Educational Services	489
Delta Star, Inc.	Manufacturing	440
Totals		24,780

Source: Lynchburg Regional Business Alliance, Retrieved December 2020

As seen in the previous table, the largest employers within Lynchburg are concentrated in the education, health care, and utilities/manufacturing industries. The largest employer in Lynchburg, Liberty University, operates a residential campus in Lynchburg, as well as offering educational programs online. The university has approximately 13,000 resident students in the area. Additional employers in the region include a mix of retail trade, support, financial, insurance, and manufacturing companies.

Employment Expansion/Contractions

The table that follows on the next page lists business closures and layoffs within Lynchburg from 2016 to year-to-date 2020, according to Virginia Workforce Network’s Worker Adjustment and Retraining Notification (WARN) filings.

**WARN LISTINGS
LYNCHBURG, VA**

Company	Industry	Employees Affected	Layoff Date
Bloomin's Brands (Outback Steakhouse)	Food Services	76	3/21/2020
Super Shoes	Retail	8	3/20/2020
Bluffwalk Center	Civic	98	3/17/2020
LSC Communications	Media	369	3/25/2019
Avante-Lynchburg	Nursing Home	11	5/31/2018
Dollar Express	Retail	11	6/30/2017
Areva	Nuclear Power	300	2014-2016
Genworth Financial	Insurance/Financial	42	8/16/2016
Genworth Financial	Insurance/Financial	336	4/10/2016
Nationwide Mutual Insurance	Insurance/Financial	85	3/16/2016
Total		1,336	

Source: Virginia Employment Commission, Retrieved December 2020

As seen in the previous table, there have been a total of 1,336 positions affected by WARN filings since 2016. It should be noted that WARN notices after January 1, 2020 are generally a result of the economic shutdown from COVID-19 and are expected to be temporary.

We attempted to contact the Lynchburg Economic Development Authority (EDA) 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.

- Star Hill Brewery opened a new location in Downtown Lynchburg in June 2020.
- Thomasville, Georgia-based Flower Foods announced in January 2020 that it will invest \$25 million to expand its Lynchburg, VA bakery into an organic facility. The expansion will create 15 jobs in the area.
- Tessy Plastics expanded its operations in Lynchburg, VA in March 2018 with a \$9.2 million reinvestment of its existing facilities. The reinvestment created an estimated 34 jobs.

Employment and Unemployment Trends

The table below illustrates the total workforce, total employed, and unemployment rate for the Lynchburg, VA MSA from 2004 to 2020 (year to date) with comparisons between October 2019 to October 2020.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Lynchburg, VA Metropolitan Statistical Area				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2004	108,477	-	4.5%	-	139,252,000	-	5.5%	-
2005	111,806	3.1%	4.1%	-0.5%	141,730,000	1.8%	5.1%	-0.5%
2006	115,282	3.1%	3.3%	-0.7%	144,427,000	1.9%	4.6%	-0.5%
2007	116,981	1.5%	3.4%	0.1%	146,047,000	1.1%	4.6%	0.0%
2008	119,788	2.4%	4.1%	0.7%	145,363,000	-0.5%	5.8%	1.2%
2009	113,346	-5.4%	7.4%	3.3%	139,878,000	-3.8%	9.3%	3.5%
2010	116,454	2.7%	7.8%	0.4%	139,064,000	-0.6%	9.6%	0.3%
2011	116,502	0.0%	7.3%	-0.6%	139,869,000	0.6%	9.0%	-0.7%
2012	115,993	-0.4%	6.7%	-0.6%	142,469,000	1.9%	8.1%	-0.9%
2013	116,118	0.1%	6.3%	-0.4%	143,929,000	1.0%	7.4%	-0.7%
2014	116,775	0.6%	5.6%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	116,381	-0.3%	4.9%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016	115,673	-0.6%	4.6%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	117,019	1.2%	4.3%	-0.3%	153,337,000	1.3%	4.4%	-0.5%
2018	118,155	1.0%	3.5%	-0.8%	155,761,000	1.6%	3.9%	-0.4%
2019	119,803	1.4%	3.3%	-0.3%	157,538,000	1.1%	3.7%	-0.2%
2020 YTD Average*	112,958	-5.7%	6.1%	2.8%	147,629,455	-6.3%	8.2%	4.6%
Oct-2019	121,397	-	2.9%	-	159,067,000	-	3.3%	-
Oct-2020	111,101	-8.5%	4.8%	1.9%	150,433,000	-5.4%	6.6%	3.3%

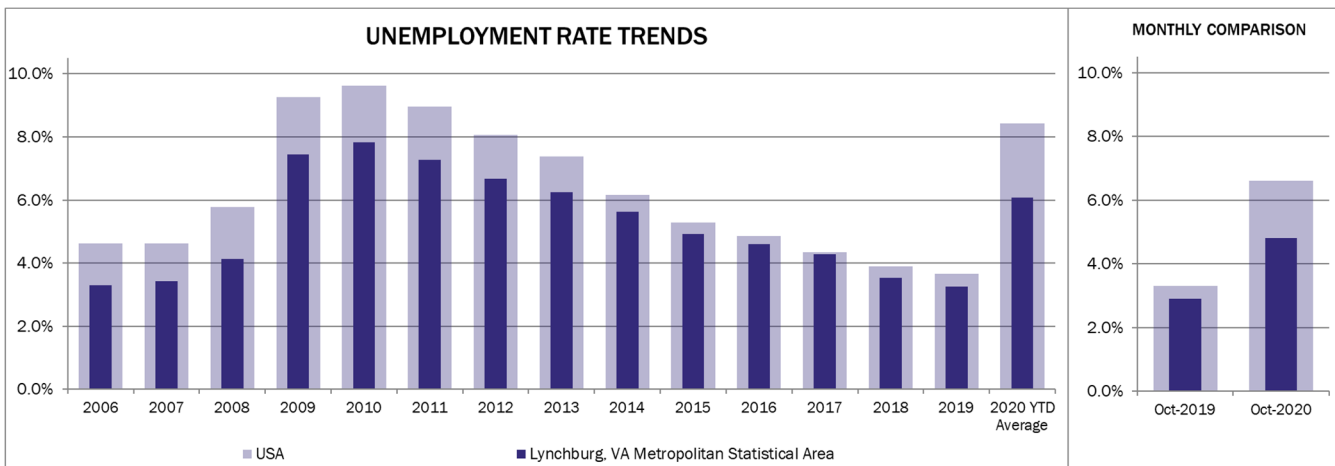
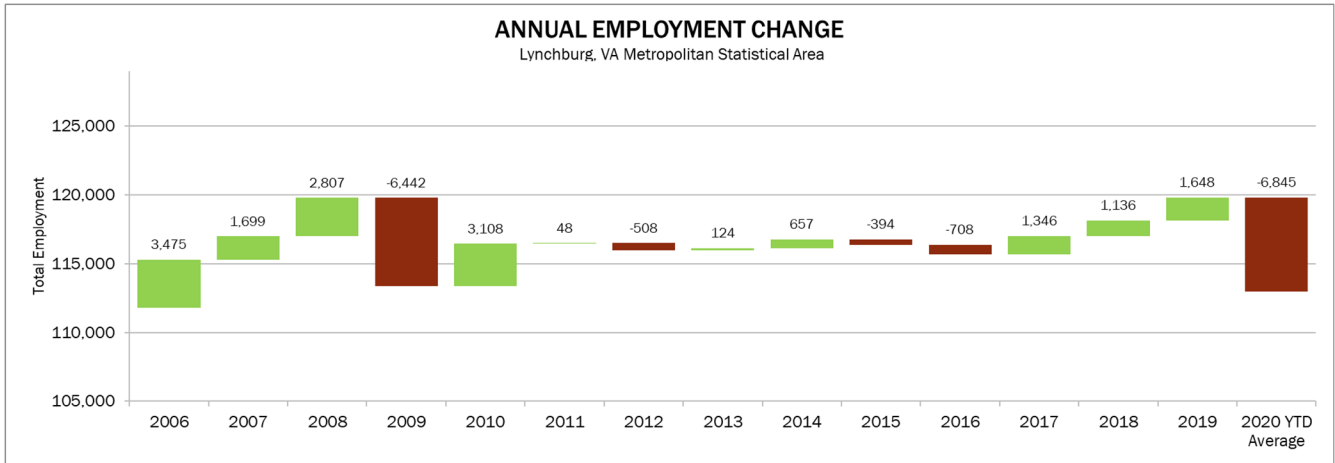
Source: U.S. Bureau of Labor Statistics, December 2020

*2020 data is through September

Prior to the Great Recession, average employment growth in the MSA generally exceeded the nation. Annual job growth in the MSA outpaced the nation in three of the four years between 2004 and 2007. However, the effects of the Great Recession were particularly pronounced in the MSA, which suffered a greater percentage contraction in employment than that of the nation as a whole. Since 2012, average employment growth in the MSA trailed the nation in all but one year. As of October 2020, MSA employment is below record levels, and declined 8.5 percent over the past year, compared to a 5.4 percent decline across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding the Great Recession. Unemployment in the MSA reached a historic low in 2006, a year before the overall nation. The local labor market demonstrated relative strength during the Great Recession, as the rate of unemployment increased by less than the overall nation. Since 2012, the MSA generally experienced a lower unemployment rate compared to the overall nation. According to the most recent labor statistics, the unemployment rate in the MSA is 4.8 percent, lower than the current national unemployment rate of 6.6 percent. Overall, based on the local economy's comparative performance during the Great Recession, as well as its year-over-year decline in employment and increase in unemployment, we maintain that the local economy will experience slightly more severe impacts, and a more prolonged recovery, as a result of the COVID-19 pandemic than the nation.

MILLER'S REST APARTMENTS II – LYNCHBURG, VIRGINIA – MARKET STUDY



Wages by Occupation

The following table illustrates the wages by occupation for the Lynchburg, VA MSA.

LYNCHBURG, VA METROPOLITAN STATISTICAL AREA - 2ND QTR 2019 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
All Occupations	103,170	\$21.54	\$44,790
Management Occupations	3,600	\$54.43	\$113,220
Computer and Mathematical Occupations	2,250	\$44.30	\$92,140
Architecture and Engineering Occupations	2,170	\$39.37	\$81,880
Healthcare Practitioners and Technical Occupations	7,150	\$37.01	\$76,980
Legal Occupations	380	\$36.87	\$76,700
Business and Financial Operations Occupations	3,610	\$32.99	\$68,610
Life, Physical, and Social Science Occupations	830	\$31.86	\$66,270
Arts, Design, Entertainment, Sports, and Media Occupations	670	\$24.48	\$50,910
Educational Instruction and Library Occupations	6,310	\$23.11	\$48,080
Protective Service Occupations	2,040	\$22.46	\$46,720
Installation, Maintenance, and Repair Occupations	4,720	\$22.31	\$46,400
Community and Social Service Occupations	2,040	\$21.02	\$43,730
Production Occupations	10,720	\$19.01	\$39,550
Construction and Extraction Occupations	4,590	\$18.75	\$39,000
Farming, Fishing, and Forestry Occupations	250	\$18.41	\$38,300
Sales and Related Occupations	10,070	\$16.97	\$35,290
Office and Administrative Support Occupations	13,460	\$16.76	\$34,870
Transportation and Material Moving Occupations	9,410	\$15.34	\$31,910
Healthcare Support Occupations	4,490	\$13.57	\$28,220
Building and Grounds Cleaning and Maintenance Occupations	3,110	\$12.75	\$26,520
Personal Care and Service Occupations	1,860	\$12.53	\$26,060
Food Preparation and Serving Related Occupations	9,430	\$10.74	\$22,340

Source: Department Of Labor, Occupational Employment Statistics, 5/2018, retrieved 12/2020

The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$10.74 per hour. The highest average hourly wage, of \$54.43, is for those in management occupations. Qualifying income for the Subject's affordable units will range between \$0 and \$54,740. Additionally, the minimum income for the Subject will be \$13,851 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.

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	1,672	2.9%
Travel Time 5-9 min	7,836	13.7%
Travel Time 10-14 min	12,515	21.9%
Travel Time 15-19 min	12,984	22.7%
Travel Time 20-24 min	9,677	16.9%
Travel Time 25-29 min	3,322	5.8%
Travel Time 30-34 min	4,106	7.2%
Travel Time 35-39 min	692	1.2%
Travel Time 40-44 min	488	0.9%
Travel Time 45-59 min	1,462	2.6%
Travel Time 60-89 min	1,369	2.4%
Travel Time 90+ min	1,005	1.8%
Weighted Average	24 minutes	

Source: US Census 2020, Novogradac Consulting LLP, December 2020

As shown in the preceding table, the weighted average commute time in the PMA is approximately 24 minutes. More than 78 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The average commute time across the overall nation is approximately 28 minutes.

Conclusion

Employment within the PMA is concentrated in the healthcare/social assistance, retail trade, and educational services industries. Together, these industries comprise 39.0 percent of total employment in the PMA. The large share of PMA employment in retail trade is notable as these industries are historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which are historically known to exhibit greater stability during recessionary periods. The effects of the recession were more pronounced in the MSA, which suffered a greater percentage contraction in employment compared to the overall nation. As of October 2020, total employment in the MSA is below record levels, and declined 8.5 percent over the past year, compared to a 5.4 percent decline across the overall nation. Overall, based on the local economy's comparative performance during the Great Recession, as well as its year-over-year decline in employment and increase in unemployment, we maintain that the local economy will experience similar impacts from, and a similar recovery, to the nation as a result of the 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 2025.

POPULATION

Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	<i>Number</i>	<i>Annual</i>	<i>Number</i>	<i>Annual</i>	<i>Number</i>	<i>Annual</i>
2000	105,519	-	211,459	-	280,304,282	-
2010	121,519	1.5%	252,634	1.9%	308,745,538	1.0%
2020	132,546	0.9%	266,851	0.5%	333,793,107	0.8%
2025	136,762	0.6%	272,612	0.4%	346,021,282	0.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

HOUSEHOLDS

Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	<i>Number</i>	<i>Annual</i>	<i>Number</i>	<i>Annual</i>	<i>Number</i>	<i>Annual</i>
2000	40,972	-	82,214	-	105,081,032	-
2010	46,886	1.4%	99,567	2.1%	116,716,293	1.1%
2020	51,089	0.9%	105,373	0.6%	126,083,847	0.8%
2025	52,855	0.7%	107,795	0.5%	130,658,491	0.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

Historical population growth in the PMA trailed the MSA between 2000 and 2010. However, population growth in both the PMA and MSA exceeded the nation during the same time period. Population growth in the PMA declined between 2010 and 2020, though it grew at a rate above the MSA and the nation. According to ESRI demographic projections, annualized PMA growth is expected to decrease slightly at a rate of 0.6 percent through 2025, slightly above the MSA and slightly below the nation.

Historical household growth in the PMA trailed the MSA between 2000 and 2010, though household growth in both the PMA and the MSA was above the nation. Household growth in the PMA declined between 2010 and 2020, though it grew at a rate above the MSA and the nation. According to ESRI demographic projections, annualized PMA growth is expected to decline slightly to 0.7 percent through 2025, above the MSA and similar to the nation.

Population by Age

POPULATION BY AGE IN 2020

Age Cohort	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	6,999	5.3%	13,292	5.0%	19,889,287	6.0%
5-9	6,996	5.3%	14,046	5.3%	20,473,059	6.1%
10-14	7,010	5.3%	14,509	5.4%	20,951,714	6.3%
15-19	11,212	8.5%	18,345	6.9%	21,057,396	6.3%
20-24	12,905	9.7%	19,554	7.3%	22,236,205	6.7%
25-29	10,037	7.6%	17,852	6.7%	23,934,075	7.2%
30-34	9,421	7.1%	17,395	6.5%	22,819,624	6.8%
35-39	7,633	5.8%	15,124	5.7%	21,955,092	6.6%
40-44	6,604	5.0%	13,892	5.2%	20,132,896	6.0%
45-49	7,101	5.4%	15,759	5.9%	20,512,248	6.1%
50-54	7,328	5.5%	16,615	6.2%	20,952,941	6.3%
55-59	8,049	6.1%	18,918	7.1%	22,326,129	6.7%
60-64	8,056	6.1%	18,838	7.1%	21,103,108	6.3%
65-69	7,018	5.3%	16,668	6.2%	18,229,243	5.5%
70-74	5,956	4.5%	13,921	5.2%	14,441,592	4.3%
75-79	4,173	3.1%	9,596	3.6%	9,667,836	2.9%
80-84	2,846	2.1%	6,234	2.3%	6,323,871	1.9%
85+	3,203	2.4%	6,293	2.4%	6,786,791	2.0%
Total	132,547	100.0%	266,851	100.0%	333,793,107	100.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

POPULATION BY AGE IN 2025 ESTIMATE

Age Cohort	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,205	5.3%	13,436	4.9%	20,619,393	6.0%
5-9	7,080	5.2%	13,962	5.1%	20,660,136	6.0%
10-14	7,232	5.3%	15,009	5.5%	21,328,050	6.2%
15-19	11,326	8.3%	18,909	6.9%	21,628,463	6.3%
20-24	12,767	9.3%	18,512	6.8%	21,572,719	6.2%
25-29	8,810	6.4%	14,769	5.4%	22,364,042	6.5%
30-34	8,914	6.5%	16,838	6.2%	24,582,813	7.1%
35-39	9,294	6.8%	17,787	6.5%	23,598,049	6.8%
40-44	7,691	5.6%	15,675	5.7%	22,271,886	6.4%
45-49	6,889	5.0%	14,643	5.4%	20,292,996	5.9%
50-54	7,192	5.3%	16,153	5.9%	20,273,270	5.9%
55-59	7,245	5.3%	16,772	6.2%	20,524,276	5.9%
60-64	8,166	6.0%	19,071	7.0%	21,571,245	6.2%
65-69	7,890	5.8%	18,520	6.8%	20,174,621	5.8%
70-74	6,736	4.9%	15,552	5.7%	16,697,532	4.8%
75-79	5,508	4.0%	12,436	4.6%	12,734,832	3.7%
80-84	3,449	2.5%	7,769	2.8%	7,847,591	2.3%
85+	3,369	2.5%	6,799	2.5%	7,279,368	2.1%
Total	136,763	100.0%	272,612	100.0%	346,021,282	100.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

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	3,749	7.3%	3,636	6.9%	-23	-0.6%
\$10,000-19,999	5,086	10.0%	4,874	9.2%	-42	-0.8%
\$20,000-29,999	5,414	10.6%	5,198	9.8%	-43	-0.8%
\$30,000-39,999	5,567	10.9%	5,254	9.9%	-63	-1.1%
\$40,000-49,999	4,956	9.7%	5,106	9.7%	30	0.6%
\$50,000-59,999	4,269	8.4%	4,262	8.1%	-1	0.0%
\$60,000-74,999	5,041	9.9%	5,227	9.9%	37	0.7%
\$75,000-99,999	6,657	13.0%	6,796	12.9%	28	0.4%
\$100,000-	4,003	7.8%	4,573	8.7%	114	2.8%
\$125,000-	2,231	4.4%	2,765	5.2%	107	4.8%
\$150,000-	2,006	3.9%	2,425	4.6%	84	4.2%
\$200,000+	2,110	4.1%	2,739	5.2%	126	6.0%
Total	51,089	100.0%	52,855	100.0%		

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

HOUSEHOLD INCOME SMA

Income Cohort	2020		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	6,681	6.3%	6,356	5.9%	-65	-1.0%
\$10,000-19,999	9,945	9.4%	9,228	8.6%	-143	-1.4%
\$20,000-29,999	10,429	9.9%	9,828	9.1%	-120	-1.2%
\$30,000-39,999	11,187	10.6%	10,349	9.6%	-168	-1.5%
\$40,000-49,999	9,473	9.0%	9,755	9.0%	56	0.6%
\$50,000-59,999	8,428	8.0%	8,214	7.6%	-43	-0.5%
\$60,000-74,999	11,349	10.8%	11,062	10.3%	-57	-0.5%
\$75,000-99,999	14,265	13.5%	14,581	13.5%	63	0.4%
\$100,000-	9,253	8.8%	10,224	9.5%	194	2.1%
\$125,000-	5,609	5.3%	6,673	6.2%	213	3.8%
\$150,000-	4,350	4.1%	5,689	5.3%	268	6.2%
\$200,000+	4,404	4.2%	5,836	5.4%	286	6.5%
Total	105,373	100.0%	107,795	100.0%		

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

As of 2020, approximately 38.8 percent of households within the PMA have annual incomes below \$40,000, compared to 36.2 percent for the MSA.

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		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Annual	Number	Annual	Number	Annual Change
2000	2.44	-	2.47	-	2.59	-
2010	2.41	-0.1%	2.42	-0.2%	2.57	-0.1%
2020	2.38	-0.1%	2.40	-0.1%	2.58	0.0%
2025	2.38	0.0%	2.40	0.0%	2.59	0.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

As shown in the previous table, the average household size in the PMA decreased slightly from 2000 to 2020, and is projected to remain stable through 2025. The average household size in the MSA has decreased from 2000 to 2020, though it is projected to remain the same through 2025. Overall, the average household size in the PMA is below that of the MSA and the nation, a trend which will continue through 2025.

General Household Tenure

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

Year	TENURE PATTERNS PMA			
	Owner-Occupied	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	27,907	68.1%	13,065	31.9%
2010	29,170	62.2%	17,716	37.8%
2020	29,661	58.1%	21,428	41.9%
2025	30,455	57.6%	22,400	42.4%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

As of 2020, approximately 41.9 percent of households in the PMA reside in renter-occupied housing units. Through 2025, the percentage and number of renter-occupied housing units is projected to increase.

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	2,653	12.4%	2,597	11.6%	-11	-0.4%		
\$10,000-19,999	3,383	15.8%	3,259	14.5%	-25	-0.7%		
\$20,000-29,999	3,203	14.9%	3,139	14.0%	-13	-0.4%		
\$30,000-39,999	2,941	13.7%	2,849	12.7%	-18	-0.6%		
\$40,000-49,999	2,283	10.7%	2,495	11.1%	42	1.9%		
\$50,000-59,999	1,472	6.9%	1,560	7.0%	18	1.2%		
\$60,000-74,999	1,451	6.8%	1,611	7.2%	32	2.2%		
\$75,000-99,999	2,105	9.8%	2,311	10.3%	41	2.0%		
\$100,000-	775	3.6%	993	4.4%	44	5.6%		
\$125,000-	349	1.6%	507	2.3%	32	9.1%		
\$150,000-	382	1.8%	487	2.2%	21	5.5%		
\$200,000+	431	2.0%	592	2.6%	32	7.5%		
Total	21,428	100.0%	22,400	100.0%				

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

RENTER HOUSEHOLD INCOME

Income Cohort	2020		Lynchburg, VA Metropolitan Statistical Area		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,884	11.9%	3,725	11.1%	-32	-0.8%		
\$10,000-19,999	5,257	16.1%	4,963	14.8%	-59	-1.1%		
\$20,000-29,999	4,632	14.2%	4,497	13.4%	-27	-0.6%		
\$30,000-39,999	4,544	14.0%	4,312	12.8%	-46	-1.0%		
\$40,000-49,999	3,149	9.7%	3,474	10.3%	65	2.1%		
\$50,000-59,999	2,227	6.8%	2,261	6.7%	7	0.3%		
\$60,000-74,999	2,405	7.4%	2,552	7.6%	29	1.2%		
\$75,000-99,999	3,042	9.3%	3,343	10.0%	60	2.0%		
\$100,000-	1,226	3.8%	1,501	4.5%	55	4.5%		
\$125,000-	778	2.4%	999	3.0%	44	5.7%		
\$150,000-	703	2.2%	914	2.7%	42	6.0%		
\$200,000+	711	2.2%	1,040	3.1%	66	9.3%		
Total	32,558	100.0%	33,581	100.0%				

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

As of 2020, approximately 56.8 percent of renter households within the PMA have annual incomes below \$40,000, compared to 56.2 percent of renter households in the MSA.

Household Size Distribution

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

PMA HOUSEHOLD SIZE DISTRIBUTION						
Household Size	2000		2020		2025	
	Total	Percent	Total	Percent	Total	Percent
1 persons	11,341	27.7%	15,881	31.1%	16,547	31.3%
2 persons	13,849	33.8%	17,196	33.7%	17,724	33.5%
3 persons	7,280	17.8%	8,357	16.4%	8,642	16.4%
4 persons	5,116	12.5%	5,696	11.1%	5,833	11.0%
5+ persons	3,386	8.3%	3,959	7.7%	4,109	7.8%
Total	40,972	100.0%	51,089	100.0%	52,855	100.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

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

Renter Household Size Distribution

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

PMA RENTER HOUSEHOLD SIZE DISTRIBUTION						
Household Size	2000		2020		2025	
	Total	Percent	Total	Percent	Total	Percent
1 persons	5,083	12.4%	15,881	31.1%	16,547	31.3%
2 persons	3,414	8.3%	17,196	33.7%	17,724	33.5%
3 persons	2,108	5.1%	8,357	16.4%	8,642	16.4%
4 persons	1,302	3.2%	5,696	11.1%	5,833	11.0%
5+ persons	1,158	2.8%	3,959	7.7%	4,109	7.8%
Total	13,065	31.9%	51,089	100.0%	52,855	100.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

Historically, the majority of renter households in the PMA have consisted of one and two-person households. In 2020, approximately 64.8 percent of renter-households were one or two-persons. The number of three-person and larger renter households has increased since 2000 and is projected to grow slightly 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.

Year	MEDIAN HOUSEHOLD INCOME					
	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Amount	Annual	Amount	Annual	Amount	Annual Change
2000	\$36,137	-	\$40,603	-	\$44,333	-
2020	\$48,889	1.7%	\$51,151	1.3%	\$62,203	2.0%
2025	\$51,019	0.9%	\$53,154	0.8%	\$67,325	1.6%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

As of 2020, the median household income of the PMA is below the MSA and the nation. Through 2025, the PMA median household income is projected to increase at a slightly higher rate than the MSA and slightly lesser rate than the nation, though it will remain below both.

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.

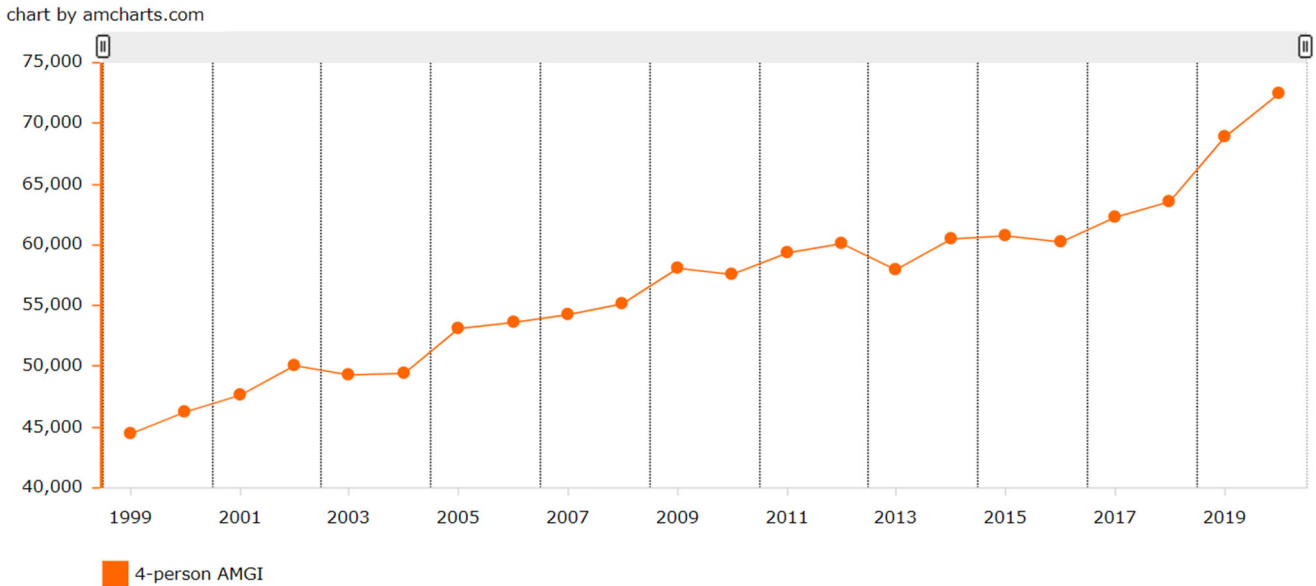
Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2020	7,358	47.0%	10,549	43.6%	16,610,566	42.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

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

Area Median Income

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



Source: Novogradac Consulting LLP, December 2020

The AMI increased at an annual rate of 2.3 percent between 1999 and 2019. Over 84 percent of counties in the nation experienced an increase in AMI in 2017. This was also true in Lynchburg County, which also increased in 2018 and 2019 and is at peak level. Rising AMI levels bode well for future rent growth at affordable developments, such as the proposed Subject. However, future growth in AMI levels is uncertain given the impact of the COVID-19 pandemic. The following table details the change in AMI over the past five years.

LYNCHBURG CITY COUNTY AMI GROWTH (2013-2020)

Year	2013	2014	2015	2016	2017	2018	2019	2020
AMI	\$57,900	\$60,500	\$60,800	\$60,300	\$62,300	\$63,600	\$68,900	\$72,400
Percentage	-3.7%	4.5%	0.5%	-0.8%	3.3%	2.1%	8.3%	5.1%

The Subject’s proposed rents at 30 and 50 percent of AMI, as well as the proposed one-bedroom rents at 60 percent of AMI are set at the maximum allowable levels. Further, the remaining proposed rents are set below the maximum allowable levels. Thus, the Subject’s rent increases will be dependent on future increases in AMI for the rents at 30 and 50 percent of AMI, as well as the proposed one-bedroom rents at 60 percent of AMI.

Conclusion

Since 2000, PMA population and households have grown overall. Furthermore, both population and households are expected to grow through 2025. As of 2020, approximately 56.8 percent of renter households within the PMA have annual incomes below \$40,000, compared to 56.2 percent in the MSA. As proposed, the incomes for the Subject will range from \$0 to \$54,740. With a large percentage of renters with low income, we project that there will be substantial demand for new construction affordable housing units.

H. COMPETITIVE ENVIRONMENT

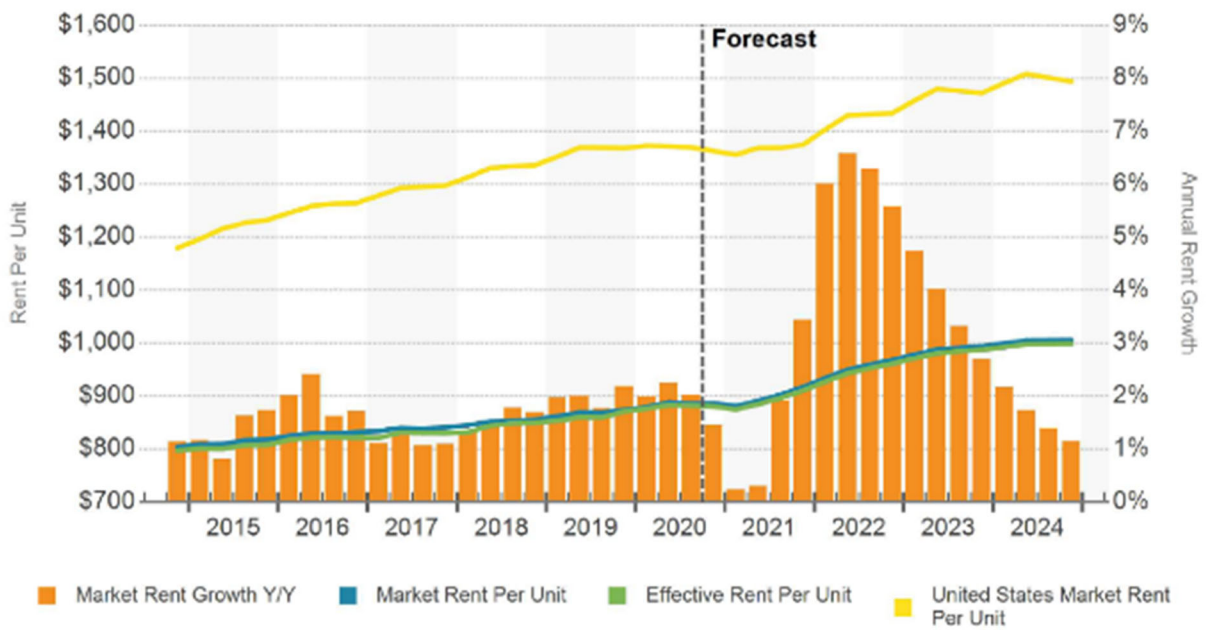
HOUSING SUMMARY

Based on the third quarter 2020 report from CoStar, Lynchburg experienced an increase of 1.6 percentage points in vacancy rates between the third quarter of 2019 and third first quarter of 2020.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	2,697	9.3%	\$1,023	\$1,013	78	0	450
3 Star	3,007	5.6%	\$871	\$866	(2)	0	0
1 & 2 Star	2,777	4.1%	\$737	\$734	3	0	0
Market	8,481	6.3%	\$885	\$879	79	0	450

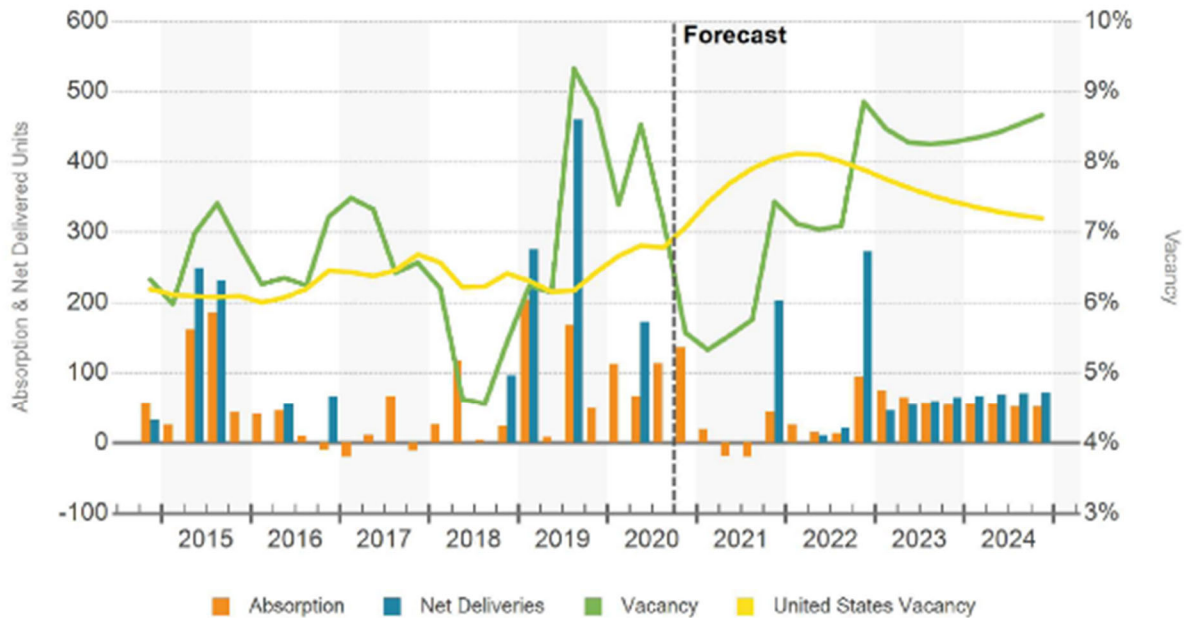
Source: CoStar, December 2020

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar, December 2020

ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, December 2020

As illustrated in the tables and charts above, the vacancy rate for the Lynchburg City submarket is currently 6.3 percent and is projected to decrease through 2021, before increasing to above 8.0 percent through 2025. Average asking rents increased 1.4 percent over the last year, and are expected to continue to increase through 2025. Note there were a high number of net deliveries in 2019 within Lynchburg. As discussed later in our building permit analysis, we have identified a large number of market rate deliveries, which will not be directly competitive with the Subject. Furthermore, the projected increase in vacancies through 2025 coincides with a high number of net deliveries at the end of 2021 and 2022.

Age of Housing Stock

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

HOUSING STOCK BY YEAR BUILT

	PMA		Lynchburg, VA Metropolitan Statistical		USA	
Built 2010 or later	1,910	3.6%	3,403	3.0%	3,480,297	2.6%
Built 2000 to 2009	7,943	15.1%	17,586	15.4%	19,435,745	14.5%
Built 1990 to 1999	7,607	14.4%	18,490	16.2%	19,018,824	14.2%
Built 1980 to 1989	6,546	12.4%	15,602	13.7%	18,425,173	13.7%
Built 1970 to 1979	9,106	17.3%	20,148	17.6%	20,898,334	15.6%
Built 1960 to 1969	5,816	11.0%	11,892	10.4%	14,571,755	10.9%
Built 1950 to 1959	5,124	9.7%	10,501	9.2%	14,169,107	10.6%
Built 1940 to 1949	2,700	5.1%	5,332	4.7%	6,834,743	5.1%
Built 1939 or earlier	5,990	11.4%	11,276	9.9%	17,407,947	13.0%
Total Housing Units	52,742	100.0%	114,230	100.0%	134,241,925	100.0%

Source: US Census American Community Estimates, December 2020

Of the housing stock in the PMA, 66.9 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	Lynchburg, VA Metropolitan Statistical Area	USA
	Percentage	Percentage	Percentage
2020	1.67%	1.47%	1.70%

Source: Esri Demographics 2020, Novogradac Consulting LLP, December 2020

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: LYNCHBURG COUNTY 2000 - 2019				
Year	Single-family and Duplex	Three and Four- Family	Five or More Family	Total Units
2000	166	0	198	364
2001	278	8	0	286
2002	275	48	0	323
2003	395	0	0	395
2004	210	8	0	218
2005	471	0	25	496
2006	434	0	0	434
2007	396	0	104	500
2008	249	0	0	249
2009	125	0	0	125
2010	120	0	24	144
2011	61	0	0	61
2012	117	0	119	236
2013	152	0	0	152
2014	92	0	0	92
2015	77	3	201	281
2016	60	0	94	154
2017	108	0	48	156
2018	116	0	160	276
2019*	67	0	580	647
Total	3,969	67	1,553	5,589
Average*	205	4	51	260

Source: US Census Bureau Building Permits, December 2020

As illustrated in the previous table, since 2000, approximately 71.0 percent of the residential units permitted in the city of Lynchburg have been single-family and duplex homes. Overall, single-family building permitting in Lynchburg have significantly outpaced multifamily permitting since 2000. Notably, however, the number of multifamily permits has exceeded single-family permits in each of the past two years. We have identified two recently constructed multifamily properties, Eleven 25 and Mill's Crossing, that opened in 2018 and are in the process of constructing additional units. These properties offer market rate units and are utilized as comparable properties in our analysis. In total, these properties will offer approximately 316 units. Furthermore, through a CoStar search, we have identified 622 planned or under construction, market rate properties within the PMA. None of the recently permitted units will be directly comparable with the Subject, upon completion.

Rent/Buy Analysis

We performed a rent/buy analysis for three-bedroom units at the Subject. Our inputs assume a three-bedroom home on www.zillow.com in the Subject's neighborhood with a purchase price of \$184,300 and an interest rate of 2.63 percent with a 10 percent down payment. This was compared to the cost to rent the Subject's three-bedroom proposed LIHTC units. This analysis indicates that with a monthly differential of \$129. It is slightly 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 \$23,959 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:	Three-Bedroom Single Family Home			
Sale Price	\$184,300			
Down Payment at 10%	\$18,430			
Mortgage Amount	\$165,870			
Current Interest Rate	2.63%			
<i>Homeownership Costs</i>		<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment	\$667			\$8,000
Property Taxes	\$192	1.25%		\$2,304
Private Mortgage Insurance ¹	\$69	0.50%		\$829
Maintenance	\$307	2.00%		\$3,686
Utility Costs ²	\$12			\$144
Tax Savings	-\$138			-\$1,655
Cost Comparison				
		<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership		\$1,109		\$13,307
Cost of Renting At Subject	-	\$980		\$11,760
Differential		\$129		\$1,547
Cost of Occupancy				
<i>Homeownership</i>				
Closing Costs			3.0%	\$5,529
Down Payment at 10%			10.0%	\$18,430
Total				\$23,959
<i>Subject Rental</i>				
First Month's Rent		\$980		
Security Deposit		\$980		
Total		\$1,960		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

Additions to Supply

To determine the amount of competitive new supply entering the market, we consulted a December 2020 CoStar report and performed an internet search. We also attempted to contact the City of Lynchburg Planning Department regarding the development pipeline in the city. To date, our calls have not been returned. The following table illustrates proposed, planned, under construction, and recently completed developments in the Subject's PMA according to CoStar.

PLANNED DEVELOPMENT						
Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status	Distance to Subject
1040 Gables Dr	Market	Family	8	0	Under Construction	3.4 miles
English Commons	Market	Family	239	0	Under Construction	5.4 miles
Logan's Landing	Market	Family	172	0	Proposed	1.0 miles
West Edge Complex	Market	Family	203	0	Under Construction	2.3 miles
Totals			622	0		

Source: CoStar, December 2020

The above summary list excludes the LIHTC new construction developments that are summarized below. The table illustrates the new construction pipeline, which are all family market rate properties. Therefore, these developments will not be directly competitive with the Subject.

According to the Virginia Housing website, there have been three properties allocated tax credits in the PMA since 2016.

In 2020, tax credits were awarded to Miller's Rest Apartments I for new construction of an 80-unit LIHTC and Section 8 development offering one, two, and three-bedroom units. Upon completion the property will be LIHTC restricted with eight units at 40 percent, 32 units at 50 percent, and 40 units at 60 percent of AMI. Additionally, all eight units at 40 percent of AMI will operate with subsidies. Note that this development represents the first phase of the Subject development. The property's units will be competitive with the Subject's units upon completion.

In 2018, tax credits were awarded to Burton Creek for the acquisition/rehabilitation of an existing 85-unit Section 8 development offering two and three-bedroom units. Following renovations, the property will be LIHTC restricted with nine units at 40, 62 units at 50, and 15 units at 60 percent of AMI. Additionally, all units will continue to operate with subsidies. These units will be competitive with the subsidized units at the Subject upon completion.

In 2017, tax credits were awarded to Old Forest Village for a new construction development. Old Forest Village will offer 28 fully handicapped-accessible, low-income units to disabled households. Additionally, all units will be HOME restricted. According to the property website, this development began leasing in 2018. Given its tenancy, we do not consider the proposed Old Forest Village to be competitive to the Subject.

The Subject will be developed concurrently with Miller's Rest Apartments Phase II-4%, a proposed 75-unit LIHTC development offering one, two, and three-bedroom units at 60 percent of AMI that will be located adjacent west of the Subject. All of the units at this property will be competitive 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 several market rate and LIHTC properties in depth. We have utilized four general tenancy LIHTC properties, one mixed-income property, and six family market rate properties, all of which are located within the PMA. We also visited and surveyed other properties that were excluded from the market survey because they are not considered comparable to the Subject or would not participate in the survey.

The Subject will offer a four-story, walk-up design, with access only from the first floor. The Subject, as well as Phase I of the development, will be the first multifamily properties to offer this design in the market. Jobbers Overall Apartments offers a three-story, elevator-serviced design, which will be superior to the Subject. Nine of the comparable properties offer two and three-story, garden-style units, and one comparable - Vistas at Dreaming Creek - offers a four-story, garden-style design.

Note that Vistas at Dreaming Creek has ground level access from both the first and second floors of their buildings, as the property is built into a hill. Tenants can park and enter the building from either the first or second floor and walk up the stairs to the fourth floor. Management at the Vistas at Dreaming Creek explained that it is somewhat common for tenants to walk up three flights of stairs and there have been no issues with occupancy nor complaints made by tenants regarding living on the fourth floor.

We also discussed units on higher floors with the contact at Legacy at Linden Park. The contact at this property noted that the property has never had issues filling units on the third floor of the development. Furthermore, he maintained that if the property were to offer fourth floor walk-up units, there would be no issue in filling these units. Tenants at Legacy at Linden Park are more concerned with good management, upkeep of property amenities, and general maintenance of the property. The remaining comparable properties featuring three-stories were unable to comment on the feasibility of additional stories in garden-style buildings. However, none of the comparable properties reported discounted rents on third-story units. Therefore, we believe that the Subject's proposed design will be marketable.

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 affordable properties in the PMA.

Excluded properties include, but are not limited to the properties located in the following table. Note there are three multifamily properties located within 0.1 miles of the Subject, which include Old Mill Townhomes, Mill's Crossing, and Mill Woods Apartments. Old Mill Townhomes is 156-unit, market rate development offering one through four-bedroom units. The property has been excluded from our analysis due to its inferior condition to the proposed Subject. However, the property is 95.1 percent occupied and maintains a waiting list on its one and three-bedroom units. Mill's Crossing is a 144-unit market rate property offering one and two-bedroom units. The property has been included as a comparable in our analysis. Finally, Mill Woods Apartments is a 128-unit Section 8 property that has been excluded due to its subsidized tenancy. However, the property is currently fully occupied and maintains a waiting list.

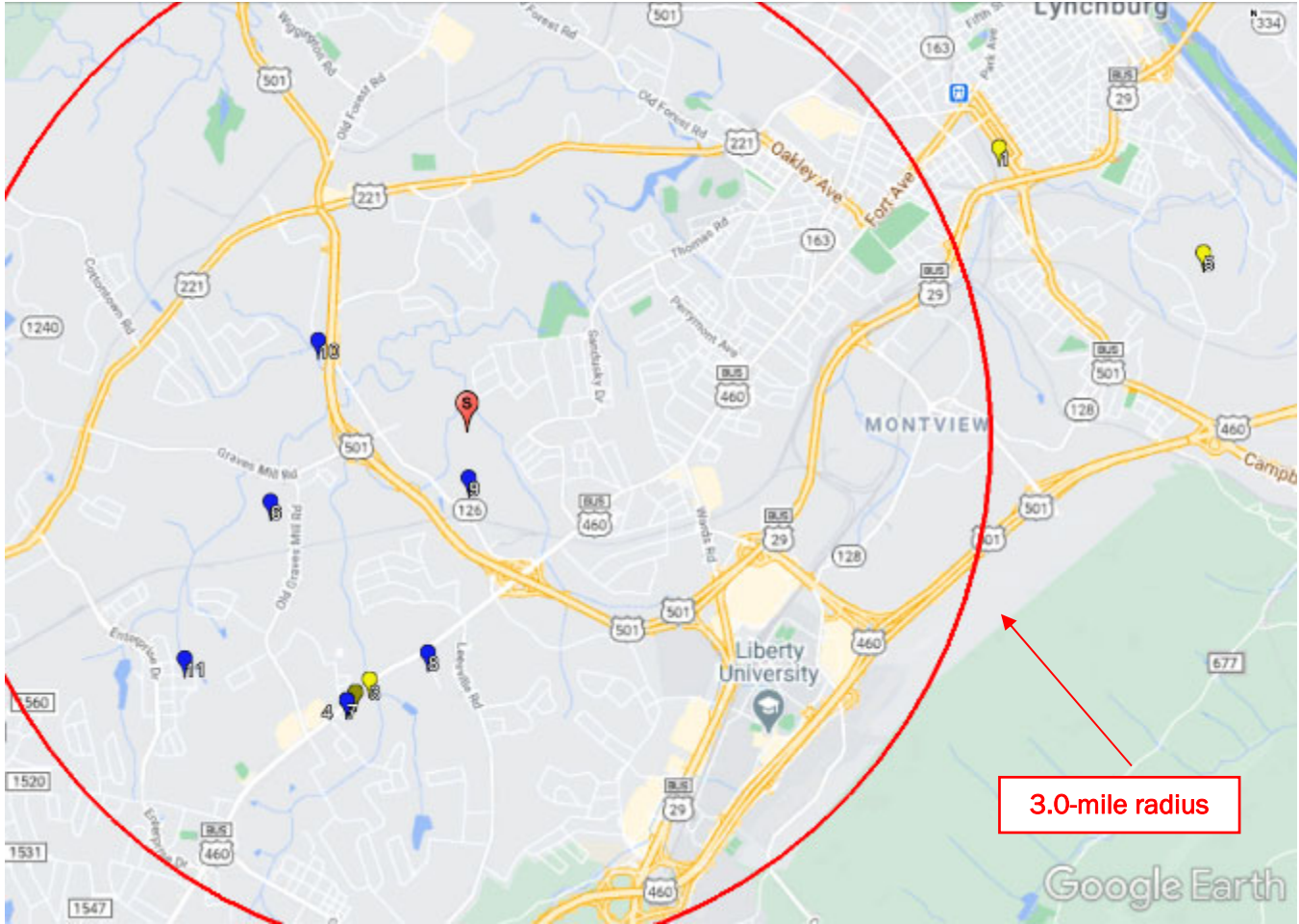
EXCLUDED AFFORDABLE HOUSING IN THE PMA

Property Name	Rent Structure	Tenancy	Units	Reason for Exclusion
Central City Homes	LIHTC	Family	34	Dissimilar Design (Single-Family Units)
College Hill Homes	LIHTC	Family	28	Dissimilar Design (Single-Family Units)
Kemper Lofts	LIHTC	Family	41	Could not contact for rental survey
Wesley Apartments	LIHTC	Senior	150	Dissimilar Tenancy
Jefferson House	LIHTC	Senior	101	Dissimilar Tenancy
Burton Creek Apartments	LIHTC/ Section 8	Family	85	Subsidized Tenancy
The Virginian	LIHTC/ Section 8	Family	100	Subsidized Tenancy
College Hill Townhouses	Section 8	Senior	90	Subsidized Tenancy
Frank Roane Apts.	Section 8	Family	26	Subsidized Tenancy
Hillcrest Elderly	Section 8	Family	103	Subsidized Tenancy
Mcgurk House	Section 8	Family	89	Subsidized Tenancy
Mill Woods Apts	Section 8	Family	128	Subsidized Tenancy
The Meadows	Section 8	Family	66	Subsidized 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.

MILLER'S REST APARTMENTS II – LYNCHBURG, VIRGINIA – MARKET STUDY



Source: Google Earth, December 2020

COMPARABLE PROPERTIES

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
1	Jobbers Overall Apartments	Lynchburg	LIHTC	Family	3.4 miles
2	Timber Ridge Apartments	Lynchburg	LIHTC	Family	1.6 miles
3	Timber Ridge Apartments II	Lynchburg	LIHTC	Family	1.6 miles
4	Vistas At Dreaming Creek	Lynchburg	LIHTC/Market	Family	1.7 miles
5	Waters at James Crossing (FKA James River Crossing)	Lynchburg	LIHTC/Section 8	Family	4.3 miles
6	Eleven 25	Lynchburg	Market	Family	1.2 miles
7	Grand Vistas Apartments	Lynchburg	Market	Family	1.7 miles
8	Legacy At Linden Park	Lynchburg	Market	Family	1.3 miles
9	Mill's Crossing	Lynchburg	Market	Family	0.3 miles
10	The Overlook At Stonemill	Lynchburg	Market	Family	1.0 miles
11	Wyndhurst Villas	Lynchburg	Market	Family	2.1 miles

MILLER'S REST APARTMENTS II – LYNCHBURG, VIRGINIA – MARKET STUDY

SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
Subject	Miller's Rest II 6100 Old Mill Rd Lynchburg, VA 24502 Lynchburg County	-	Garden 4-stories 2022 / n/a Family	@30%, @40% (Section 8), @50%, @50% (Section 8), @60%	1BR / 1BA	1	1.7%	703	@30%	\$315	No	N/A	N/A	N/A
					1BR / 1BA	1	1.7%	703	@40% (Section 8)	\$451	No	N/A	N/A	N/A
					1BR / 1BA	2	6.1%	703	@50%	\$587	No	N/A	N/A	N/A
					1BR / 1BA	4	7.8%	703	@60%	\$723	No	N/A	N/A	N/A
					2BR / 2BA	2	7.0%	948	@30%	\$372	No	N/A	N/A	N/A
					2BR / 2BA	2	7.0%	948	@40% (Section 8)	\$534	No	N/A	N/A	N/A
					2BR / 2BA	7	17.4%	948	@50%	\$698	No	N/A	N/A	N/A
					2BR / 2BA	1	7.0%	948	@50% (Section 8)	\$698	No	N/A	N/A	N/A
					2BR / 2BA	12	23.5%	948	@60%	\$850	No	N/A	N/A	N/A
					3BR / 2BA	1	1.7%	1,168	@30%	\$422	No	N/A	N/A	N/A
					3BR / 2BA	1	1.7%	1,168	@40% (Section 8)	\$610	No	N/A	N/A	N/A
					3BR / 2BA	2	6.1%	1,168	@50%	\$799	No	N/A	N/A	N/A
					3BR / 2BA	4	7.8%	1,168	@60%	\$980	No	N/A	N/A	N/A
					40									
1	Jobbers Overall Apartments 1423 & 1503 Kemper Street Lynchburg, VA 24501 County	3.4 miles	Lowrise 4-stories 1920 / 2012 Family	@40%, @50%	2BR / 2BA	3	6.8%	972	@40%	\$464	No	Yes	0	0.0%
					2BR / 2BA	17	38.6%	972	@50%	\$588	No	Yes	0	0.0%
					3BR / 2BA	2	4.6%	1,205	@40%	\$527	No	Yes	0	0.0%
					3BR / 2BA	22	50.0%	1,205	@50%	\$664	No	Yes	0	0.0%
					44									
2	Timber Ridge Apartments 7500 Timberlake Road Lynchburg, VA 24502 Lynchburg County	1.6 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA	3	3.1%	744	@40%	\$436	No	No	0	0.0%
					1BR / 1BA	9	9.4%	744	@50%	\$546	No	No	0	0.0%
					2BR / 2BA	6	6.3%	1,076	@40%	\$505	No	No	0	0.0%
					2BR / 2BA	54	56.3%	1,076	@50%	\$647	No	No	0	0.0%
					3BR / 2BA	1	1.0%	1,283	@40%	\$561	No	No	0	0.0%
					3BR / 2BA	23	24.0%	1,283	@50%	\$715	No	No	0	0.0%
96													0	0.0%
3	Timber Ridge Apartments II 7502 Timberlake Road Lynchburg, VA 24502 County	1.6 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA	2	2.8%	744	@40%	\$436	No	No	0	0.0%
					1BR / 1BA	10	13.9%	744	@50%	\$546	No	No	0	0.0%
					2BR / 2BA	4	5.6%	1,076	@40%	\$505	No	No	0	0.0%
					2BR / 2BA	38	52.8%	1,076	@50%	\$647	No	No	0	0.0%
					3BR / 2BA	2	2.8%	1,283	@40%	\$561	No	No	0	0.0%
3BR / 2BA	16	22.2%	1,283	@50%	\$715	No	No	0	0.0%					
72													0	0.0%
4	Vistas At Dreaming Creek 7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County	1.7 miles	Garden 4-stories 2001 / n/a Family	@60%, Market	1BR / 1BA	8	4.6%	790	@60%	\$721	Yes	Yes	0	0.0%
					1BR / 1BA	8	4.6%	790	Market	\$795	N/A	Yes	0	0.0%
					2BR / 2BA	60	34.1%	960	@60%	\$840	Yes	No	2	3.3%
					2BR / 2BA	84	47.7%	950	Market	\$905	N/A	No	4	4.8%
					3BR / 2BA	8	4.6%	1,159	@60%	\$990	Yes	No	0	0.0%
3BR / 2BA	8	4.6%	1,159	Market	\$1,020	N/A	No	0	0.0%					
176													6	3.4%
5	Waters At James Crossing 808 Greenfield Drive Lynchburg, VA 24501 Lynchburg County	4.3 miles	Garden 2-stories 1970 / 2004 Family	@60%, Section 8	1BR / 1BA	9	3.1%	557	@60%	\$250	No	Yes	0	0.0%
					1BR / 1BA	27	9.4%	557	Section 8	\$781	N/A	Yes	0	0.0%
					2BR / 1BA	1	0.4%	751	@60%	\$336	No	Yes	0	0.0%
					2BR / 1BA	1	0.4%	751	Non-Rental	-	N/A	N/A	N/A	N/A
					2BR / 1BA	35	12.2%	751	Section 8	\$842	N/A	Yes	0	0.0%
					2BR / 1BA	107	37.2%	785	Section 8	\$847	N/A	Yes	0	0.0%
					3BR / 1.5BA	1	0.4%	916	@60%	\$422	No	Yes	0	0.0%
3BR / 1.5BA	107	37.2%	916	Section 8	\$943	N/A	Yes	0	0.0%					
288													8	2.8%
6	Eleven 25 1125 Old Graves Mill Road Lynchburg, VA 24502 Lynchburg County	1.2 miles	Garden 3-stories 2018 / n/a Family	Market	1BR / 1BA	N/A	N/A	980	Market	\$950	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,355	Market	\$1,130	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,730	Market	\$1,270	N/A	No	N/A	N/A
					160									
7	Grand Vistas Apartments 7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County	1.7 miles	Garden 3-stories 2008 / n/a Family	Market	1BR / 1BA	11	10.6%	965	Market	\$875	N/A	No	1	9.1%
					1.5BR / 1BA	11	10.6%	1,196	Market	\$915	N/A	No	0	0.0%
					2BR / 2BA	30	28.9%	1,263	Market	\$999	N/A	No	2	6.7%
					2.5BR / 2BA	30	28.9%	1,494	Market	\$1,030	N/A	No	3	10.0%
					3BR / 2BA	22	21.2%	1,421	Market	\$1,130	N/A	No	1	4.6%
104													7	6.7%
8	Legacy At Linden Park 1000 Misty Mountain Road Lynchburg, VA 24502 County	1.3 miles	Garden 3-stories 2008 / n/a Family	Market	1BR / 1BA	132	32.4%	826	Market	\$796	N/A	No	4	3.0%
					2BR / 2BA	75	18.4%	1,065	Market	\$906	N/A	No	14	18.7%
					2BR / 2BA	54	13.2%	1,173	Market	\$942	N/A	No	0	0.0%
					2BR / 2BA	75	18.4%	1,023	Market	\$907	N/A	No	2	2.7%
					3BR / 2BA	72	17.7%	1,283	Market	\$1,337	N/A	No	4	5.6%
408													24	5.9%
9	Mill's Crossing 6231 Old Mill Road Lynchburg, VA 24502 Lynchburg County	0.3 miles	Garden 3-stories 2018 / n/a Family	Market	1BR / 1BA	N/A	N/A	755	Market	\$800	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	770	Market	\$825	N/A	No	1	N/A
					2BR / 2BA	N/A	N/A	1,109	Market	\$900	N/A	No	2	N/A
					2BR / 2BA	N/A	N/A	1,125	Market	\$925	N/A	No	0	N/A
144													7	4.9%
10	The Overlook At Stonemill 112 Stonemill Drive Lynchburg, VA 24502 Lynchburg County	1.0 miles	Garden 3-stories 2001 / n/a Family	Market	1BR / 1BA	27	12.5%	775	Market	\$812	N/A	Yes	0	0.0%
					2BR / 1BA	9	4.2%	925	Market	\$867	N/A	Yes	0	0.0%
					2BR / 2BA	138	63.9%	1,050	Market	\$912	N/A	Yes	3	2.2%
					3BR / 2BA	42	19.4%	1,210	Market	\$1,012	N/A	Yes	2	4.8%
216													5	2.3%
11	Wyndhurst Villas 301 Northwynd Circle Lynchburg, VA 24502 Lynchburg County	2.1 miles	Garden 3-stories 2006 / n/a Family	Market	2BR / 2BA	114	76.0%	970	Market	\$835	N/A	No	N/A	N/A
					3BR / 2BA	36	24.0%	1,160	Market	\$945	N/A	No	N/A	N/A
150													7	4.7%

Location

LOCATION COMPARISON SUMMARY

#	Property Name	City	Tenancy	Rent Structure	Distance to Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Vacant Housing
S	Miller's Rest II	Lynchburg	Family	LIHTC/ Section 8	-	\$49,328	\$159,200	\$901	128	3	2.7%
1	Jobbers Overall Apartments	Lynchburg	Family	LIHTC	3.4 miles	\$28,566	\$109,300	\$710	123	43	19.3%
2	Timber Ridge Apartments	Lynchburg	Family	LIHTC	1.6 miles	\$51,677	\$159,200	\$901	81	45	7.3%
3	Timber Ridge Apartments II	Lynchburg	Family	LIHTC	1.6 miles	\$47,206	\$159,200	\$901	81	44	9.3%
4	Vistas At Dreaming Creek	Lynchburg	Family	LIHTC/ Market	1.7 miles	\$45,132	\$159,200	\$901	81	50	8.8%
5	Waters At James Crossing	Lynchburg	Family	LIHTC/ Section 8	4.3 miles	\$14,554	\$109,300	\$710	108	13	9.2%
6	Eleven 25	Lynchburg	Family	Market	1.2 miles	\$61,126	\$159,200	\$901	116	6	12.8%
7	Grand Vistas Apartments	Lynchburg	Family	Market	1.7 miles	\$45,132	\$159,200	\$901	81	50	8.8%
8	Legacy At Linden Park	Lynchburg	Family	Market	1.3 miles	\$42,197	\$159,200	\$901	81	33	10.6%
9	Mill's Crossing	Lynchburg	Family	Market	0.3 miles	\$48,143	\$159,200	\$901	115	12	3.0%
10	The Overlook At Stonemill	Lynchburg	Family	Market	1.0 miles	\$53,875	\$159,200	\$901	128	9	15.4%
11	Wyndhurst Villas	Lynchburg	Family	Market	2.1 miles	\$73,673	\$159,200	\$901	91	52	6.8%

The Subject’s location has a lower median household income to two comparables, similar household income to seven comparables, and a superior household income to two comparables. Additionally, the Subject location offers similar to superior median home values and median rents. Crime indices in the neighborhood around the Subject are similar to higher than the comparables, and six comparables are located in areas with crime indices below national levels. Finally, the Subject location has a lower Walk Score than all of the comparables; however, all of the comparables are located in areas that require cars for some to all daily errands. Based on the locational data, Jobbers Overall Apartments appears to be located in an inferior area. However, the property is located on the edge of Downtown Lynchburg, which offers greater access to employment and retail. We maintain that the location of this comparable is similar to the Subject. Furthermore, Waters at James River Crossing is located in a generally inferior location to the Subject. The remaining comparables are located in generally similar areas to the Subject.

Age, Condition, and Design

The Subject will represent new construction and will be in excellent condition. Eleven 25 and Mill’s Crossing were built between 2018 and 2019 and exhibit excellent condition, similar to the Subject upon completion. The remaining nine comparables were built or renovated between 2001 and 2012 and represent good condition, slightly inferior to the Subject upon completion.

The LIHTC and mixed-income properties range in size from 44 to 288 units, with an average development size of 135 units, while the market rate developments range from 104 to 408 units, with an average development size of 197 units. The Subject is within the range of development sizes for LIHTC and market rate properties.

The Subject will offer a four-story, walk-up design, with access only from the first floor. The Subject, as well as Phase I of the development, will be the first multifamily properties to offer this design in the market. Jobbers Overall Apartments offers a four-story, elevator-serviced design, which will be superior to the Subject. Nine of the comparable properties offer two and three-story, garden-style units, and one comparable - Vistas at Dreaming Creek - offers a four-story, garden-style design.

Note that Vistas at Dreaming Creek has ground level access from both the first and second floors of their buildings, as the property is built into a hill. Tenants can park and enter the building from either the first or second floor and walk up the stairs to the fourth floor. Management at the Vistas at Dreaming Creek explained

that it is somewhat common for tenants to walk up three flights of stairs and there have been no issues with occupancy nor complaints made by tenants regarding living on the fourth floor.

We also discussed units on higher floors with the contact at Legacy at Linden Park. The contact at this property noted that the property has never had issues filling units on the third floor of the development. Furthermore, he maintained that if the property were to offer fourth floor walk-up units, there would be no issue in filling these units. Tenants at Legacy at Linden Park are more concerned with good management, upkeep of property amenities, and general maintenance of the property. The remaining comparable properties featuring three-stories were unable to comment on the feasibility of additional stories in garden-style buildings. However, none of the comparable properties reported discounted rents on third-story units. Therefore, we believe that the Subject's proposed design will be marketable.

Unit Size

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

UNIT SIZE COMPARISON			
Bedroom Type	1BR	2BR	3BR
Subject	703	948	1,168
Average	796	1,045	1,233
Min	557	751	916
Max	1,196	1,494	1,730
Advantage/Disadvantage	-12%	-9%	-5%

The Subject will offer one, two, and three-bedroom unit sizes that are below the average unit sizes of the comparables. However, all of the Subject's unit sizes are within the range of the comparable unit sizes. Note that Waters at James Crossing offers the smallest one (557 SF), two (751 SF), and three-bedroom (916 SF) units in the market. However, the property is currently 97.2 percent occupied with a waiting list, indicating their unit sizes are accepted in the market. Based on the overall stable vacancy rate among comparables, we believe that the Subject's unit sizes are reasonable and will be accepted in the market. We have considered the Subject's unit sizes in our achievable rent determination.

MILLER'S REST APARTMENTS II – LYNCHBURG, VIRGINIA – MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.						
	Units Surveyed:	1,958	Weighted Occupancy:	96.3%		
	Market Rate	1,182	Market Rate	95.4%		
	Tax Credit	676	Tax Credit	97.9%		
	One Bedroom One Bath Property	Average	Two Bedroom Two Bath Property	Average	Three Bedroom Two Bath Property	
RENT	Eleven 25 (Market)	\$950	Eleven 25 (Market)	\$1,130	Legacy At Linden Park (Market)	\$1,337
	Grand Vistas Apartments (Market)	\$875	Grand Vistas Apartments (Market)	\$999	Eleven 25 (Market)	\$1,270
	Mill's Crossing (Market)	\$825	Legacy At Linden Park (Market)	\$942	Grand Vistas Apartments (Market)	\$1,130
	The Overlook At Stonemill (Market)	\$812	Mill's Crossing (Market)	\$925	Vistas At Dreaming Creek (Market)	\$1,020
	Mill's Crossing (Market)	\$800	The Overlook At Stonemill (Market)	\$912	The Overlook At Stonemill (Market)	\$1,012
	Legacy At Linden Park (Market)	\$796	Legacy At Linden Park (Market)	\$907	Vistas At Dreaming Creek (@60%)	\$990
	Vistas At Dreaming Creek (Market)	\$795	Legacy At Linden Park (Market)	\$906	Miller's Rest II (@60%)	\$980
	Miller's Rest II (@60%)	\$723	Vistas At Dreaming Creek (Market)	\$905	Wyndhurst Villas (Market)	\$945
	Waters At James Crossing (Section 8)	\$781	Mill's Crossing (Market)	\$900	Waters At James Crossing (Section 8)(1.5BA)	\$943
	Vistas At Dreaming Creek (@60%)	\$721	The Overlook At Stonemill (Market)(1BA)	\$867	Miller's Rest II (@50%)	\$799
	Miller's Rest II (@50%)	\$587	Miller's Rest II (@60%)	\$850	Timber Ridge Apartments II (@50%)	\$715
	Timber Ridge Apartments (@50%)	\$546	Waters At James Crossing (Section 8)(1BA)	\$847	Timber Ridge Apartments (@50%)	\$715
	Timber Ridge Apartments II (@50%)	\$546	Waters At James Crossing (Section 8)(1BA)	\$842	Jobbers Overall Apartments (@50%)	\$664
	Miller's Rest II (@40%)	\$451	Vistas At Dreaming Creek (@60%)	\$840	Timber Ridge Apartments (@40%)	\$651
	Timber Ridge Apartments II (@40%)	\$436	Wyndhurst Villas (Market)	\$835	Miller's Rest II (@40%)	\$610
	Timber Ridge Apartments (@40%)	\$436	Miller's Rest II (@50%)	\$698	Timber Ridge Apartments II (@40%)	\$561
	Miller's Rest II (@30%)	\$315	Miller's Rest II (@50%)	\$698	Jobbers Overall Apartments (@40%)	\$527
	Waters At James Crossing (@60%)	\$250	Timber Ridge Apartments (@50%)	\$647	Waters At James Crossing (@60%)(1.5BA)	\$422
			Timber Ridge Apartments II (@50%)	\$647	Miller's Rest II (@30%)	\$422
			Jobbers Overall Apartments (@50%)	\$588		
		Miller's Rest II (@40%)	\$534			
		Timber Ridge Apartments (@40%)	\$505			
		Timber Ridge Apartments II (@40%)	\$505			
		Jobbers Overall Apartments (@40%)	\$464			
		Miller's Rest II (@30%)	\$372			
		Waters At James Crossing (@60%)(1BA)	\$336			
SQUARE FOOTAGE	Eleven 25 (Market)	980	Eleven 25 (Market)	1,355	Eleven 25 (Market)	1,730
	Grand Vistas Apartments (Market)	965	Grand Vistas Apartments (Market)	1,263	Grand Vistas Apartments (Market)	1,421
	Legacy At Linden Park (Market)	826	Legacy At Linden Park (Market)	1,173	Timber Ridge Apartments II (@40%)	1,283
	Vistas At Dreaming Creek (Market)	790	Mill's Crossing (Market)	1,125	Timber Ridge Apartments II (@50%)	1,283
	Vistas At Dreaming Creek (@60%)	790	Mill's Crossing (Market)	1,109	Timber Ridge Apartments (@50%)	1,283
	The Overlook At Stonemill (Market)	775	Timber Ridge Apartments II (@40%)	1,076	Legacy At Linden Park (Market)	1,283
	Mill's Crossing (Market)	770	Timber Ridge Apartments (@50%)	1,076	Timber Ridge Apartments (@40%)	1,283
	Mill's Crossing (Market)	755	Timber Ridge Apartments (@40%)	1,076	The Overlook At Stonemill (Market)	1,210
	Timber Ridge Apartments (@50%)	744	Timber Ridge Apartments II (@50%)	1,076	Jobbers Overall Apartments (@40%)	1,205
	Timber Ridge Apartments II (@40%)	744	Legacy At Linden Park (Market)	1,065	Jobbers Overall Apartments (@50%)	1,205
	Timber Ridge Apartments II (@50%)	744	The Overlook At Stonemill (Market)	1,050	Miller's Rest II (@30%)	1,168
	Timber Ridge Apartments (@40%)	744	Legacy At Linden Park (Market)	1,023	Miller's Rest II (@40%)	1,168
	Miller's Rest II (@60%)	703	Jobbers Overall Apartments (@40%)	972	Miller's Rest II (@50%)	1,168
	Miller's Rest II (@50%)	703	Jobbers Overall Apartments (@50%)	972	Miller's Rest II (@60%)	1,168
	Miller's Rest II (@40%)	703	Wyndhurst Villas (Market)	970	Wyndhurst Villas (Market)	1,160
	Miller's Rest II (@30%)	703	Vistas At Dreaming Creek (@60%)	960	Vistas At Dreaming Creek (Market)	1,159
	Waters At James Crossing (Section 8)	557	Vistas At Dreaming Creek (Market)	950	Vistas At Dreaming Creek (@60%)(1.5BA)	1,159
	Waters At James Crossing (@60%)	557	Miller's Rest II (@50%)	948	Waters At James Crossing (Section 8)(1.5BA)	916
			Miller's Rest II (@50%)	948	Waters At James Crossing (@60%)(1.5BA)	916
			Miller's Rest II (@30%)	948		
		Miller's Rest II (@60%)	948			
		Miller's Rest II (@40%)	948			
		The Overlook At Stonemill (Market)(1BA)	925			
		Waters At James Crossing (Section 8)(1BA)	785			
		Waters At James Crossing (Section 8)(1BA)	751			
		Waters At James Crossing (@60%)(1BA)	751			
		Waters At James Crossing (Non-Rental)(1BA)	751			
RENT PER SQUARE FOOT	Waters At James Crossing (Section 8)	\$1.40	Waters At James Crossing (Section 8)(1BA)	\$1.12	Legacy At Linden Park (Market)	\$1.04
	Mill's Crossing (Market)	\$1.07	Waters At James Crossing (Section 8)(1BA)	\$1.08	Waters At James Crossing (Section 8)(1.5BA)	\$1.03
	Mill's Crossing (Market)	\$1.06	Vistas At Dreaming Creek (Market)	\$0.95	Vistas At Dreaming Creek (Market)	\$0.88
	The Overlook At Stonemill (Market)	\$1.05	The Overlook At Stonemill (Market)(1BA)	\$0.94	Vistas At Dreaming Creek (@60%)	\$0.85
	Miller's Rest II (@60%)	\$1.03	Miller's Rest II (@60%)	\$0.90	Miller's Rest II (@60%)	\$0.84
	Vistas At Dreaming Creek (Market)	\$1.01	Legacy At Linden Park (Market)	\$0.89	The Overlook At Stonemill (Market)	\$0.84
	Eleven 25 (Market)	\$0.97	Vistas At Dreaming Creek (@60%)	\$0.88	Wyndhurst Villas (Market)	\$0.81
	Legacy At Linden Park (Market)	\$0.96	The Overlook At Stonemill (Market)	\$0.87	Grand Vistas Apartments (Market)	\$0.80
	Vistas At Dreaming Creek (@60%)	\$0.91	Wyndhurst Villas (Market)	\$0.86	Eleven 25 (Market)	\$0.73
	Grand Vistas Apartments (Market)	\$0.91	Legacy At Linden Park (Market)	\$0.85	Miller's Rest II (@50%)	\$0.68
	Miller's Rest II (@50%)	\$0.83	Eleven 25 (Market)	\$0.83	Timber Ridge Apartments (@50%)	\$0.56
	Timber Ridge Apartments (@50%)	\$0.73	Mill's Crossing (Market)	\$0.82	Timber Ridge Apartments II (@50%)	\$0.56
	Timber Ridge Apartments II (@50%)	\$0.73	Mill's Crossing (Market)	\$0.81	Jobbers Overall Apartments (@50%)	\$0.55
	Miller's Rest II (@40%)	\$0.64	Legacy At Linden Park (Market)	\$0.80	Miller's Rest II (@40%)	\$0.52
	Timber Ridge Apartments II (@40%)	\$0.59	Grand Vistas Apartments (Market)	\$0.79	Timber Ridge Apartments (@40%)	\$0.51
	Timber Ridge Apartments (@40%)	\$0.59	Miller's Rest II (@50%)	\$0.74	Waters At James Crossing (@60%)(1.5BA)	\$0.46
	Waters At James Crossing (@60%)	\$0.45	Miller's Rest II (@50%)	\$0.74	Jobbers Overall Apartments (@40%)	\$0.44
	Miller's Rest II (@30%)	\$0.45	Jobbers Overall Apartments (@50%)	\$0.60	Timber Ridge Apartments II (@40%)	\$0.44
			Timber Ridge Apartments (@50%)	\$0.60	Miller's Rest II (@30%)	\$0.36
			Timber Ridge Apartments II (@50%)	\$0.60		
		Miller's Rest II (@40%)	\$0.56			
		Jobbers Overall Apartments (@40%)	\$0.48			
		Timber Ridge Apartments (@40%)	\$0.47			
		Timber Ridge Apartments II (@40%)	\$0.47			
		Waters At James Crossing (@60%)(1BA)	\$0.45			
		Miller's Rest II (@30%)	\$0.39			

In-Unit Amenities

Subject	Jobbers Overall	Timber Ridge Apartments	Timber Ridge Apartments	Vistas At Dreaming	Waters At James	Eleven 25	Grand Vistas Apartments	Legacy At Linden Park	Mill's Crossing	The Overlook At Stonemill	Wyndhurst Villas	
LIHTC/	LIHTC	LIHTC	LIHTC	LIHTC/	LIHTC/	Market	Market	Market	Market	Market	Market	
Unit Amenities												
Balcony/Patio	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	no	no	no	no	no	no	no	no	no	no	no	no
Carpeting	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Hardwood	no	yes	no	no	no	no	no	no	no	no	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	yes	yes	no	no	no	no	yes	no	yes	yes	yes	no
Coat Closet	no	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes
Exterior Storage	no	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes
Fireplace	no	no	no	no	no	no	yes	yes	no	no	no	no
Vaulted Ceilings	no	no	no	no	no	no	no	no	no	no	no	yes
Walk-In Closet	yes	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes
Washer/Dryer	no	no	no	no	yes	no	yes	yes	no	yes	yes	no
W/D Hookup	yes	yes	yes	yes	no	no	yes	yes	yes	yes	yes	yes
Kitchen												
Dishwasher	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes
Disposal	no	yes	yes	yes	yes	no	no	yes	yes	yes	yes	yes
Microwave	no	yes	no	no	yes	no	yes	yes	yes	yes	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

The Subject's units will offer balconies/patios, blinds, central a/c, walk-in closets, ceiling fans, and washer/dryer hookups. Appliances will include dishwashers, range/oven, and refrigerator. For a detailed comparison between the Subject and the comparables, please refer to the amenity matrix in the addendum of this report. Regarding in-unit amenities, the Subject will not offer in-unit washer/dryers, which five comparables include. However, washer/dryer units will be available to rent at the Subject for \$50 per month. Timber Ridge I and II rent washer/dryer units for \$50 per month, though the contact could not provide utilization rates. Additionally, we researched pricing for washer/dryer rentals in the Lynchburg area. Rent-A-Center offers rent to own programs for washers at \$15 per week, and dryers at \$20 per week for a total of \$35 per week, paid out over a 72-week period. This equates to approximately \$155 per month (assuming 31 days in the month). The Subject does not offer rent-to-own options. However, the monthly price represents a significant discount over area rental rates. Furthermore, the Subject offers the convenience of renting from the property, as opposed to paying the cost of having washer/dryer units delivered. We believe that washer/dryer rentals for \$50 per month is appropriate. The Subject will not offer garbage disposals, which nine of the comparables include. Overall, the Subject's unit-amenities are considered slightly superior to slightly inferior to the LIHTC and market rate comparables. We believe that the unit amenities will be competitive.

Property Amenities

PROPERTY AMENITIES												
Subject	Jobbers Overall	Timber Ridge Apartments	Timber Ridge Apartments	Vistas At Dreaming	Waters At James	Eleven 25	Grand Vistas Apartments	Legacy At Linden Park	Mill's Crossing	The Overlook At Stonemill	Wyndhurst Villas	
LIHTC/	LIHTC	LIHTC	LIHTC	LIHTC/	LIHTC/	Market	Market	Market	Market	Market	Market	
Community												
Business Center	no	yes	no	no	yes	no	yes	yes	yes	no	no	yes
Community Room	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central Laundry	yes	yes	yes	yes	no	yes	no	no	yes	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes
Recreation												
Exercise Facility	yes	no	no	no	yes	no	yes	yes	yes	yes	yes	yes
Playground	yes	no	yes	yes	yes	yes	yes	no	no	yes	yes	yes
Swimming Pool	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	yes	no	no	no	no	no	no	yes	no	yes	yes	yes
Sauna	no	no	no	no	no	no	yes	no	no	no	no	no
Theatre	no	no	no	no	no	no	yes	no	no	no	no	no
Recreational Area	yes	no	no	no	no	no	no	no	no	no	no	no
Volleyball Court	no	no	no	no	yes	no	no	yes	no	no	no	no
WiFi	no	no	no	no	no	no	no	yes	no	no	no	no

The subject will feature a clubroom, onsite management and off-street parking, and will have access to a clubhouse, central laundry, a playground, a picnic area, an exercise facility, and recreation areas. Note that the clubhouse, central laundry, playground, picnic areas will be shared with Miller’s Rest Apartments Phase I and Miller’s Rest Apartments Phase II-4%. For a detailed comparison between the Subject and the comparables, please refer to the amenity matrix in the addendum of this report. Regarding community amenities, the Subject is considered generally similar to superior to the LIHTC comparables, as well as the market rate comparables. We believe that the common area amenities will be competitive as an affordable property.

Security Features

SECURITY AMENITIES												
	Subject	Jobbers Overall	Timber Ridge Apartments	Timber Ridge Apartments	Vistas At Dreaming	Waters At James	Eleven 25	Grand Vistas Apartments	Legacy At Linden Park	Mill's Crossing	The Overlook At Stonemill	Wyndhurst Villas
Rent Structure	LIHTC/	LIHTC	LIHTC	LIHTC	LIHTC/	LIHTC/	Market	Market	Market	Market	Market	Market
Crime Risk Index	128	123	81	81	81	108	116	81	81	115	128	91
Security												
In-Unit Alarm	no	no	no	no	no	no	no	no	yes	no	no	no
Intercom (Buzzer)	no	yes	no	no	yes	no	no	no	no	no	no	no
Limited Access	no	yes	no	no	yes	no	no	no	no	no	no	no
Patrol	yes	no	no	no	no	yes	no	no	no	no	no	no
Video Surveillance	no	no	no	no	no	yes	no	no	no	no	no	no

The Subject will offer a patrol. Only four of the comparables offer security features, such as an intercom system, limited access, patrol, perimeter fencing, or video surveillance. We believe that the security feature will be competitive within the market.

Utility Structure

UTILITIES												
	Subject	Jobbers Overall	Timber Ridge Apartments	Timber Ridge Apartments	Vistas At Dreaming	Waters At James	Eleven 25	Grand Vistas Apartments	Legacy At Linden Park	Mill's Crossing	The Overlook At Stonemill	Wyndhurst Villas
Rent Structure	LIHTC/	LIHTC	LIHTC	LIHTC	LIHTC/	LIHTC/	Market	Market	Market	Market	Market	Market
Utility Structure												
Cooking	no	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no
Water	no	yes	no	no	no	yes	no	no	no	no	no	no
Sewer	no	yes	no	no	no	yes	no	no	no	no	no	no
Trash	yes	yes	yes	yes	yes	yes	no	yes	no	yes	no	yes

The tenant is responsible for electric cooking, heating, hot water, and general electric expenses, as well as cold water and sewer expenses. The landlord is responsible for trash expenses and common area amenities. The utility structure varies among the comparable properties; we have adjusted the comparables’ rents in accordance with the utility schedule obtained from the Virginia Housing, effective July 1, 2020.

Parking

PARKING AMENITIES												
	Subject	Jobbers Overall	Timber Ridge Apartments	Timber Ridge Apartments	Vistas At Dreaming	Waters At James	Eleven 25	Grand Vistas Apartments	Legacy At Linden Park	Mill's Crossing	The Overlook At Stonemill	Wyndhurst Villas
Rent Structure	LIHTC/	LIHTC	LIHTC	LIHTC	LIHTC/	LIHTC/	Market	Market	Market	Market	Market	Market
Walk Score	3	43	45	44	50	13	6	50	33	12	9	52
Parking												
Carport	no	no	yes	yes	no	no	no	no	no	no	no	no
Carport Fee	n/a	\$0	\$20	\$20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage	no	no	yes	yes	yes	no	no	yes	yes	no	no	yes
Garage Fee	n/a	\$0	\$50	\$50	\$135	\$0	\$0	\$100	\$80	\$0	\$0	\$50
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	n/a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The Subject will share parking with Phase I of the development. The properties will offer a total of 266 parking spaces, which will equate to a parking ratio of 1.36 spaces per unit. Overall, the parking offered at the Subject is reasonable. Overall, the parking offered at the Subject is competitive, particularly given the proximity to public transportation. All of the comparable properties offer free off-street parking, similar to the Subject. The

comparable properties were unable to provide specific parking ratios; however, most properties estimated that they offer between one and two spaces per unit. In addition, Timber Ridge I and II offers carport parking for \$20 per month and garage parking for \$50 per month. Three more comparables offer garage parking for fees ranging from \$50 to \$100 per month. The Subject will be considered similar to slightly inferior all of the comparables in terms of parking.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Turnover

The following table details turnover rates at comparable properties.

TURNOVER			
Property Name	Rent Structure	Tenancy	Annual Turnover
Jobbers Overall Apartments	LIHTC	Family	13%
Timber Ridge Apartments	LIHTC	Family	36%
Timber Ridge Apartments II	LIHTC	Family	36%
Vistas At Dreaming Creek	LIHTC/ Market	Family	24%
Waters At James Crossing	LIHTC/ Section 8	Family	42%
Eleven 25	Market	Family	N/A
Grand Vistas Apartments	Market	Family	35%
Legacy At Linden Park	Market	Family	38%
Mill's Crossing	Market	Family	N/A
The Overlook At Stonemill	Market	Family	35%
Wyndhurst Villas	Market	Family	30%
Average Turnover			32%

Turnover rates in the market range from 10 to 50 percent, with an average of 32 percent. The LIHTC properties averaged 30 percent turnover and the market rate properties averaged 35 percent turnover annually. Overall, we expect that the Subject will experience a turnover rate of 30 percent or less.

Vacancy Levels

The following table illustrates vacancy rates at the comparable properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Jobbers Overall Apartments	LIHTC	Family	44	0	0.0%
Timber Ridge Apartments	LIHTC	Family	96	0	0.0%
Timber Ridge Apartments II	LIHTC	Family	72	0	0.0%
Vistas At Dreaming Creek	LIHTC/ Market	Family	176	6	3.4%
Waters At James Crossing	LIHTC/ Section 8	Family	288	8	2.8%
Eleven 25	Market	Family	160	4	2.5%
Grand Vistas Apartments	Market	Family	104	7	6.7%
Legacy At Linden Park	Market	Family	408	24	5.9%
Mill's Crossing	Market	Family	144	7	4.9%
The Overlook At Stonemill	Market	Family	216	5	2.3%
Wyndhurst Villas	Market	Family	150	7	4.7%
Total LIHTC			676	14	2.1%
Total Market Rate			1,182	54	4.6%
Overall Total			1,858	68	3.7%

The comparables reported vacancy rates ranging from zero to 6.7 percent, with an average of 3.7 percent. The average vacancy rate reported by the affordable comparables was 2.1 percent, while the average vacancy rate reported by the market rate comparables was 4.6 percent. Two properties, Grand Vistas Apartments and Legacy at Linden Park, reported reported slightly elevated vacancy rates. The contact at Grand Vistas Apartments declined to comment on the elevated vacancy rate; however, the property only reported seven vacant units, and reported a vacancy rate of 4.8 percent from our prior survey of the property in February 2020. Further, the contact at Legacy at Linden Park attributed the elevated vacancy rate to a slight increase in turnover as a result of the COVID-19 pandemic, as well as typical annual turnover. The contact noted that a typical vacancy rate for the property is 5.0 percent or less. Based on the performance of the LIHTC comparables, we expect the Subject will operate at a vacancy rate of 5.0 percent or less.

We have also surveyed the comparable properties to assess the impact of the COVID-19 pandemic on turnover and tenant inability to pay rent as a result of furloughs and job losses. One property, Wyndhurst Villas declined to comment on the impact of the COVID-19 pandemic. However, six of the comparable properties utilized in this analysis reported some turnover as a direct result of recent employment losses, though the specific amount of turnover was not provided. The remaining comparables reported no turnover due to COVID-19. One property, Legacy at Linden Park, noted that some tenants are delinquent on rent due to COVID-19; however, they were unable to specify the percentage of the tenant population that is currently delinquent. None of the remaining properties reported any issues with delinquencies due to COVID-19. The properties experiencing issues with turnover and delinquency in the market have developed a variety of payment plans or payment deferrals, which vary in length, to limit turnover and to alleviate the current strain on tenants. The comparable properties reporting adverse impacts from COVID-19 do not expect the number of tenants experiencing difficulties to increase in the following months. However, the properties are handling issues on a month-to-month basis.

VACANCY BY BEDROOM TYPE

Property Name	Rent Structure	Tenancy	1BR	2BR	3BR	Overall
Jobbers Overall Apartments	LIHTC	Family	-	0.0%	0.0%	0.0%
Timber Ridge Apartments	LIHTC	Family	0.0%	0.0%	0.0%	0.0%
Timber Ridge Apartments II	LIHTC	Family	0.0%	0.0%	0.0%	0.0%
Vistas At Dreaming Creek	LIHTC/ Market	Family	0.0%	4.2%	0.0%	3.4%
Waters At James Crossing	LIHTC/ Section 8	Family	0.0%	0.0%	0.0%	2.8%
Eleven 25	Market	Family	-	-	-	3.3%
Grand Vistas Apartments	Market	Family	4.5%	8.3%	4.5%	6.7%
Legacy At Linden Park	Market	Family	3.0%	7.8%	5.6%	5.9%
Mill's Crossing	Market	Family	-	-	-	4.9%
The Overlook At Stonemill	Market	Family	0.0%	2.0%	4.8%	2.3%
Wyndhurst Villas	Market	Family	-	-	-	4.7%
Average			1.1%	2.8%	1.9%	3.1%

The Subject will consist of one, two, and three-bedroom units. Three comparables were unable to provide vacancy by bedroom type. Among the remaining comparables, vacancy rates in the market for one-bedroom units range from zero to 4.5 percent, from zero to 8.3 percent for the two-bedroom units, and from zero to 5.6 percent for the three-bedroom. Further, the average vacancy by bedroom type was 1.1, 2.8, and 1.9 percent for the one, two, and three-bedroom comparable units, respectively. Overall, the vacancy rates in the market are stable. Given the projected household growth rates, we believe the Subject will not negatively impact the existing properties in the market.

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 reported at the comparable properties.

WAITING LIST

Property Name	Rent Structure	Tenancy	Waiting List Length
Jobbers Overall Apartments	LIHTC	Family	Yes; 5+ HH
Timber Ridge Apartments	LIHTC	Family	None
Timber Ridge Apartments II	LIHTC	Family	None
Vistas At Dreaming Creek	LIHTC/ Market	Family	Yes, 9 HH
Waters At James Crossing	LIHTC/ Section 8	Family	Yes, 82 HH
Eleven 25	Market	Family	None
Grand Vistas Apartments	Market	Family	None
Legacy At Linden Park	Market	Family	None
Mill's Crossing	Market	Family	None
The Overlook At Stonemill	Market	Family	Yes, unknown length
Wyndhurst Villas	Market	Family	None

Three of the five LIHTC properties maintain waiting lists, while one of the market rate comparables maintains a waiting list. Timber Ridge Apartments I and II are fully occupied, and the contact reported that the property receives a high number of daily inquiries. The property deliberately does not maintain a waiting list, though the contact noted that keeping a waiting list would be feasible. The waiting lists at the LIHTC comparables

indicate demand for affordable housing. We anticipate that the Subject could maintain a short waiting list to facilitate leasing upon turnover.

Absorption

Only one of the comparable properties, Eleven 25, was able to report recent absorption data. For support, we have listed recent absorption data for other properties in the Subject’s general broader market as follows.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Eleven 25	Market	Family	2018	160	20
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

*Comparable property; the property will add an additional 40 units, which are not included in the total unit count

The properties leased-up at rates ranging from 11 to 20 units per month, with an average of 16 units per month. Note that Eleven 25 staggered the opening of its units by building, which each contain 20 units. The property has opened and leased eight buildings for a total of 160 units. The contact noted that each building leased in approximately one month, indicating an absorption pace of 20 units per month. Further, the contact noted that absorption has not changed due to COVID-19. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 15 units per month, for an absorption period of approximately two to three months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well.

Rental Rate Increases

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

RENT GROWTH

Property Name	Rent Structure	Tenancy	Rent Growth
Jobbers Overall Apartments	LIHTC	Family	Increased 4.0 to 10.0 percent
Timber Ridge Apartments	LIHTC	Family	Increased 1.0 to 4.5 percent
Timber Ridge Apartments II	LIHTC	Family	Increased 1.0 to 4.5 percent
Vistas At Dreaming Creek	LIHTC/ Market	Family	Kept at max; Increased 1.0 to 4.0 percent
Waters At James Crossing	LIHTC/ Section 8	Family	Increased 1.0 to 3.2 percent
Eleven 25	Market	Family	Increased 3.0 to 4.9 percent
Grand Vistas Apartments	Market	Family	Increased 1.0 to 1.5 percent
Legacy At Linden Park	Market	Family	Fluctuates Daily
Mill's Crossing	Market	Family	N/A
The Overlook At Stonemill	Market	Family	Increased 1.6 to 2.5 percent
Wyndhurst Villas	Market	Family	Remained the same

Only one of the LIHTC comparables reported achieving rents at the maximum allowable levels. Three LIHTC comparables reported rent increases, while Waters at James Crossing reported no change in rents for their LIHTC units. The market rate properties reported a mix of rent growth and rent decreases over the past year. We believe that slight to moderate annual rent growth within the allowable limits will be achievable.

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	2021 HUD Fair Market Rents
@30%							
1BR / 1BA	703	1	\$315	\$89	\$404	\$407	\$660
2BR / 2BA	948	2	\$372	\$112	\$484	\$489	\$784
3BR / 2BA	1,168	1	\$422	\$136	\$558	\$564	\$1,053
@40% (Section 8)							
1BR / 1BA	703	1	\$451	\$89	\$540	\$543	\$660
2BR / 2BA	948	2	\$534	\$112	\$646	\$652	\$784
3BR / 2BA	1,168	1	\$610	\$136	\$746	\$753	\$1,053
@50%							
1BR / 1BA	703	2	\$587	\$89	\$676	\$679	\$660
2BR / 2BA	948	7	\$698	\$112	\$810	\$815	\$784
3BR / 2BA	1,168	2	\$799	\$136	\$935	\$941	\$1,053
@50% (Section 8)							
2BR / 2BA	948	1	\$698	\$112	\$810	\$815	\$784
@60%							
1BR / 1BA	703	4	\$723	\$89	\$812	\$815	\$660
2BR / 2BA	948	12	\$850	\$112	\$962	\$978	\$784
3BR / 2BA	1,168	4	\$980	\$136	\$1,116	\$1,129	\$1,053
40							

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

Note that the site for Miller’s Rest Apartments I and Miller’s Rest Apartments II-4% are located on the same parcel as the Subject. Miller’s Rest Apartments I represents the first phase of the Subject. The proposed development is an 80-unit LIHTC/Section 8 development with one, two, and three-bedroom rents restricted at 40, 50, and 60 percent of AMI. The proposed 40 and 50 percent AMI rents for this development are set at the 2020 maximum allowable levels, while the proposed 60 percent AMI rents are set below the maximum levels. Miller’s Rest Apartments II-4% will be developed concurrently with the Subject. The proposed 60 percent rents for the development are set below the maximum levels.

Comparable LIHTC Rents

The following tables compare the Subject’s and the comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents. Additionally, it is important to note that we compared to concessured rent levels at the comparable properties. Note that some of the comparable property’s LIHTC rents appear to be above the maximum levels; however, these are the result of differing utility

allowances at the comparables. The Subject will offer 12 units with Project-Based Voucher subsidies. Were the Subject to lose its subsidy, these units would be restricted to 50 percent of AMI rents.

30% AMI

LIHTC RENT COMPARISON @30%

Property Name	County	Tenancy	1BR	2BR	3BR	Rents at Max?
Miller's Rest II-A	Lynchburg	Family	\$315	\$372	\$422	No
LIHTC Maximum Rent (Net)	Lynchburg		\$318	\$377	\$428	
Achievable LIHTC Rent	Lynchburg	Family	\$318	\$377	\$428	

The Subject's proposed rents are at 30 percent of the AMI are at the 2020 maximum allowable levels. Following construction, the Subject will be in excellent condition. None of the comparable properties offer units at 30 percent of the AMI. However, 30 percent AMI rents are among the lowest in the market and offer a substantial discount relative to market rents. Therefore, we have concluded to achievable 30 percent AMI rents at the maximum allowable levels.

40% AMI

LIHTC RENT COMPARISON @40%

Property Name	County	Tenancy	1BR	2BR	3BR	Rents at Max?
Miller's Rest II-A	Lynchburg	Family	\$451	\$534	\$610	No
LIHTC Maximum Rent (Net)	Lynchburg city		\$454	\$540	\$617	
Jobbers Overall Apartments	Lynchburg	Family	-	\$464	\$527	No
Timber Ridge Apartments	Lynchburg	Family	\$436	\$505	\$561	No
Timber Ridge Apartments II	Lynchburg	Family	\$436	\$505	\$561	No
Average			\$436	\$491	\$580	
Achievable LIHTC Rent			\$454	\$540	\$617	

50% AMI

LIHTC RENT COMPARISON @50%

Property Name	County	Tenancy	1BR	2BR	3BR	Rents at Max?
Miller's Rest II-A	Lynchburg	Family	\$587	\$698	\$799	No
LIHTC Maximum Rent (Net)	Lynchburg		\$590	\$703	\$805	
Jobbers Overall Apartments	Lynchburg	Family	-	\$588	\$664	No
Timber Ridge Apartments	Lynchburg	Family	\$546	\$647	\$715	No
Timber Ridge Apartments II	Lynchburg	Family	\$546	\$647	\$715	No
Average			\$546	\$627	\$698	
Achievable LIHTC Rent			\$590	\$703	\$805	

60% AMI

LIHTC RENT COMPARISON @60%

Property Name	County	Tenancy	1BR	2BR	3BR	Rents at Max?
Miller's Rest II-A	Lynchburg	Family	\$723	\$850	\$980	No
LIHTC Maximum Rent (Net)	Lynchburg		\$726	\$866	\$993	
Vistas At Dreaming Creek	Lynchburg	Family	\$721	\$840	\$990	Yes
Waters At James Crossing	Lynchburg	Family	\$250	\$336	\$422	No
Average			\$486	\$588	\$706	
Achievable LIHTC Rent			\$726	\$866	\$993	

The Subject’s proposed rents at 30, 40, 50, and 60 percent of AMI are set slightly below the 2020 maximum allowable rents. One comparable property, Vistas at Dreaming Creek, reported rents at the 2020 maximum allowable levels. The remaining four comparable reported rents below the maximum allowable levels for their units at 40, 50, and 60 percent AMI. Management at Timber Ridge Apartments I and II reported rents below the maximum allowable levels at 50 percent of AMI. However, management for both properties plan to increase rents to the 2020 maximum levels in January 2021. Timber Ridge Apartments I and II are fully occupied. The property operates on a first-come, first-served basis, and the contact reported that the property receives a high number of daily inquiries. Management at Jobbers Overall Apartments reported that the property has historically been below the maximum allowable levels. The property incentivizes high occupancy and low turnover, as opposed to achieving high rents. However, the property is fully occupied and keeps a short waiting list, and management stated that higher rents would be achievable. Waters at James River Crossing is owned by a non-profit. The contact for the property reported that rents are kept intentionally well below the maximum allowable levels, as they are mission motivated to keep rents low in order to serve more households. The contact was unable to state whether the LIHTC rents at the property were secondarily restricted by a separate affordability program. Overall, the LIHTC vacancy rate is 2.1 percent, and three of the LIHTC properties are fully occupied.

The Subject will be the most similar to Vistas at Dreaming Creek, upon completion. Vistas at Dreaming Creek is a 176-unit mixed-income property offering one, two, and three-bedroom garden-style units. The Subject will offer a generally similar design to this property, as well as a similar location. Vistas at Dreaming Creek was built in 2001 and is in good condition, slightly inferior to the Subject upon completion. Additionally, Vistas at Dreaming Creek offers slightly superior in-unit amenities, similar property amenities, and similar unit sizes. Overall, we believe that the Subject will be similar to this property, upon completion.

The Subject will offer washer/dryer hookups, which will be similar to four LIHTC comparables and slightly superior to the remaining LIHTC comparable. Generally, the Subject will offer slightly superior to slightly inferior in-unit amenities to the LIHTC comparables. Furthermore, the Subject will offer similar to superior property amenities, as the development will include a picnic area, recreational areas, a playground, and an exercise facility, which most comparables do not offer. The Subject will be slightly superior in condition to the LIHTC comparables, which were built or renovated between 2001 and 2012 and exhibit good condition. Furthermore, we maintain that the Subject will be most similar to Vistas at Dreaming Creek, which is currently achieving maximum allowable rents on its 60 percent AMI units. Overall, given the high occupancy rates for affordable properties in the market, we believe the Subject would be able to achieve rents at the maximum allowable levels for its units at 30, 40, 50, and 60 percent of AMI.

Achievable Market Rents

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

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Rent Level	Subject Pro Forma Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
1BR / 1BA	@30%	\$315	\$795	\$950	\$836	\$815	61%
1BR / 1BA	@40% (Section 8)	\$451	\$795	\$950	\$836	\$815	45%
1BR / 1BA	@50%	\$587	\$795	\$950	\$836	\$815	28%
1BR / 1BA	@60%	\$723	\$795	\$950	\$836	\$815	11%
2BR / 2BA	@30%	\$372	\$835	\$1,130	\$930	\$930	60%
2BR / 2BA	@40% (Section 8)	\$534	\$835	\$1,130	\$930	\$930	43%
2BR / 2BA	@50%	\$698	\$835	\$1,130	\$930	\$930	25%
2BR / 2BA	@50% (Section 8)	\$698	\$835	\$1,130	\$930	\$930	25%
2BR / 2BA	@60%	\$850	\$835	\$1,130	\$930	\$930	9%
3BR / 2BA	@30%	\$422	\$945	\$1,337	\$1,119	\$1,200	65%
3BR / 2BA	@40% (Section 8)	\$610	\$945	\$1,337	\$1,119	\$1,200	49%
3BR / 2BA	@50%	\$799	\$945	\$1,337	\$1,119	\$1,200	33%
3BR / 2BA	@60%	\$980	\$945	\$1,337	\$1,119	\$1,200	18%

The comparable market properties will be similar to superior to the proposed Subject, upon completion. The location of the Subject will be similar to the market rate comparable properties, and the condition of the Subject will be generally similar to superior to the market rate comparables. The Subject will offer generally inferior in-unit amenities, as it will not include in-unit washers and dryers or garbage disposals, and similar to inferior community amenities package in comparison to the market rate comparable properties. The Subject will offer competitive security features. The Subject's unit sizes will be smaller than the average unit size, but within the range of the comparable unit sizes. Overall, the Subject will be most similar to the Mill's Crossing and Legacy at Linden Park.

Mill's Crossing offers one and two-bedroom market rate units. Management reported that the property was 95.1 percent occupied. Note that the property is in the process of adding additionally buildings. The property recently completed the seventh building of the development; however, the vacancy rate does not account for this newly completed building. The buildings at the property have staggered openings and the contact could not say when each of the buildings opened in order to provide absorption data. The comparable, which was constructed in 2018, exhibits excellent condition and will be similar to the Subject's anticipated condition following construction. Mill's Crossing is located approximately 0.3 miles from the Subject in a similar location. The unit amenities at Mill's Crossing are slightly superior to the Subject, while the community amenities are slightly inferior. Mill's Crossing offers a garden-style, walk-up design, similar to the Subject's design. Additionally, the Subject's unit sizes will be slightly inferior to the units at the Mill's Crossing. Overall, relative to the Subject, the Mill's Crossing will be similar, and, therefore, we believe the Subject could achieve market rents similar to this comparable, as an unrestricted property.

Legacy at Linden Park offers one, two, and three-bedroom market rate units. Management reported that the property was 94.1 percent occupied. The comparable was constructed in 2008 and exhibits good condition, which will be slightly inferior to the Subject's anticipated condition following construction. Legacy at Linden Park is located approximately 1.3 miles from the Subject in a slightly superior location. In terms of amenities, the comparable will offer slightly superior unit amenities and similar community amenities. Legacy at Linden Park's garden-style, walk-up design will be similar to the Subject's design. The comparables' unit sizes will be

slightly superior to superior to those of the Subject. Overall, we believe the Subject could achieve rents similar to this comparable as an unrestricted property.

The following tables compare the Subject's rents (Novoco achievable LIHTC rents) with the rents achieved at the Mill's Crossing and Legacy at Linden.

SUBJECT COMPARISON TO LEGACY AT LINDEN PARK

Unit Type	Rent Level	Subject Pro Forma Rent	Square Feet	Subject RPSF	Legacy At Linden Park Rent	Square Feet	Legacy At Linden Park RPSF	Subject Rent Advantage
1BR / 1BA	@30%	\$315	703	\$0.45	\$796	826	\$0.96	60%
1BR / 1BA	@40% (Section 8)	\$451	703	\$0.64	\$796	826	\$0.96	43%
1BR / 1BA	@50%	\$587	703	\$0.83	\$796	826	\$0.96	26%
1BR / 1BA	@60%	\$723	703	\$1.03	\$796	826	\$0.96	9%
2BR / 2BA	@30%	\$372	948	\$0.39	\$906	1,065	\$0.85	59%
2BR / 2BA	@40% (Section 8)	\$534	948	\$0.56	\$906	1,065	\$0.85	41%
2BR / 2BA	@50%	\$698	948	\$0.74	\$906	1,065	\$0.85	23%
2BR / 2BA	@50% (Section 8)	\$698	948	\$0.56	\$906	1,065	\$0.85	23%
2BR / 2BA	@60%	\$850	948	\$0.90	\$906	1,065	\$0.85	6%
3BR / 2BA	@30%	\$422	1,168	\$0.36	\$1,337	1,283	\$1.04	68%
3BR / 2BA	@40% (Section 8)	\$610	1,168	\$0.52	\$1,337	1,283	\$1.04	54%
3BR / 2BA	@50%	\$799	1,168	\$0.68	\$1,337	1,283	\$1.04	40%
3BR / 2BA	@60%	\$980	1,168	\$0.84	\$1,337	1,283	\$1.04	27%

SUBJECT COMPARISON TO MILL'S CROSSING

Unit Type	Rent Level	Subject Pro Forma Rent	Square Feet	Subject RPSF	Mill's Crossing Rent	Square Feet	Mill's Crossing RPSF	Subject Rent Advantage
1BR / 1BA	@30%	\$315	703	\$0.45	\$800	755	\$1.06	61%
1BR / 1BA	@50% (Section 8)	\$451	703	\$0.64	\$800	755	\$1.06	44%
1BR / 1BA	@50%	\$587	703	\$0.83	\$800	755	\$1.06	27%
1BR / 1BA	@60%	\$723	703	\$1.03	\$800	755	\$1.06	10%
2BR / 2BA	@30%	\$372	948	\$0.39	\$925	1,125	\$0.82	60%
2BR / 2BA	@40% (Section 8)	\$534	948	\$0.56	\$925	1,125	\$0.82	42%
2BR / 2BA	@50%	\$698	948	\$0.74	\$925	1,125	\$0.82	25%
2BR / 2BA	@50% (Section 8)	\$698	948	\$0.56	\$925	1,125	\$0.82	25%
2BR / 2BA	@60%	\$850	948	\$0.90	\$925	1,125	\$0.82	8%

The average market rate vacancy rate is 4.7 percent, which indicates a stable market. We have placed the Subject's achievable market rents slightly below the surveyed average rent in the market for the one and two-bedroom units, above the surveyed average for three-bedroom rents, and within the range of the comparable properties. 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 at 30, 40, 50, and 60 percent of AMI represent advantages of nine to 65 percent over the achievable market rents for the Subject's one, two, and three-bedroom units. The following table displays the concluded achievable market rents at the Subject.

SUBJECT ACHIEVABLE MARKET RENTS

Unit Type	Subject Achievable Market Rents	Square Feet	Subject Achievable RPSF
1 BR/ 1 BA	\$815	703	\$1.16
2 BR/ 2 BA	\$930	948	\$0.98
3 BR/ 2 BA	\$1,200	1,168	\$1.03

Summary Evaluation

The Subject will be well-positioned in the market. As a newly constructed property, the Subject will be in generally similar to superior condition to the comparable properties. Vacancy rates among the LIHTC properties range from zero to 3.4 percent, with an average of 2.1 percent. Additionally, three of the LIHTC comparables reported no vacancies. Vacancy at the Subject is expected to be no more than five percent over the long term. Based on the comparable data, rental rates at the maximum allowable levels are achievable. Overall, the Subject will be well-accepted in the market as a LIHTC property. It should be noted that the rent advantage for the proposed two-bedroom rent at 60 percent of AMI is slightly below a 10 percent rent advantage in comparison to the achievable market rent.

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 1,858 units at 11 properties. The affordable properties in the area reported occupancy rates of 97.9 percent or higher, with three of the five properties reporting no vacancies. Three of the LIHTC comparables reported maintaining waiting lists on their LITHC units. Management at Timber Ridge I and II reported that the property receives a high number of daily inquiries. Further, the property deliberately does not maintain a waiting list, though the contact noted that keeping a waiting list would be feasible. 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 construction 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 purposes of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood-oriented” and are generally very reluctant to move from the area in which they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below-market rents. A certain percent of the Subject’s tenants are expected to hail from the PMA; demand estimates will be adjusted to reflect the potential for “leakage.”

The Subject property is located in Lynchburg, Virginia. The PMA is generally defined as the City of Lynchburg. The PMA boundaries are: Interstate 64, Interstate 564, and Terminal Boulevard to the north; Interstate 64 to the east; Interstate 264 to the south; and the Elizabeth River to the west. The PMA was determined based on input from area property managers.

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 Lynchburg, VA
AMI for four-person household:	\$72,400
Tenancy (Family vs Senior):	Family
Affordability percentage:	35 percent
Leakage:	10 percent

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

First, we estimate the Subject’s minimum and maximum income levels (income bands) for the proposed LIHTC project. HUD determines maximum income guidelines for tax credit properties, based on the AMI. This provides the upper end of the income band as illustrated below. However, the minimum income is not established by HUD and must be estimated. Often, lower-income families pay a higher percentage of gross income toward housing costs. The industry standard is 35 percent for LIHTC-only calculations for family-oriented properties. For senior properties this number increases to 40 percent based upon the nature of senior household economics. The lower end of the income band is calculated by taking the proposed rent by bedroom type multiplying by 12 and dividing by the application percentage to determine an income level. For example, if a property has a one-bedroom unit with proposed gross rents of \$500, the estimated low end of the income range would be \$17,143 based on the family 35 percent or \$15,000 based on the senior 40 percent. *It should be noted that the five of the Subject’s units will operate with Project-Based Vouchers (PBV). Additionally, we have accounted for the proposed LIHTC units at Miller’s Rest II-4% in our capture rate analysis, which are all restricted at 60 percent of AMI.*

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@40%		@50%		@50% (Section 8)		@60%	
1BR	\$13,851	\$17,400	\$0	\$23,200	\$23,177	\$29,000	-	-	\$27,840	\$34,800
2BR	\$16,594	\$19,560	\$0	\$26,080	\$27,771	\$32,600	\$0	\$32,600	\$32,983	\$39,120
3BR	\$19,131	\$23,460	\$0	\$31,280	\$32,057	\$39,100	-	-	\$38,263	\$46,920

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@40%		@50%		@60%	
1BR	\$13,851	\$17,400	\$18,514	\$23,200	\$23,177	\$29,000	\$27,840	\$34,800
2BR	\$16,594	\$19,560	\$22,149	\$26,080	\$27,771	\$32,600	\$32,983	\$39,120
3BR	\$19,131	\$23,460	\$25,577	\$31,280	\$32,057	\$39,100	\$38,263	\$46,920

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

RENTER HOUSEHOLD INCOME

Income Cohort	PMA					
	2020		2025		Annual Change 2020 to 2025	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
\$0-9,999	2,653	12.4%	2,597	11.6%	-11	-0.4%
\$10,000-19,999	3,383	15.8%	3,259	14.5%	-25	-0.7%
\$20,000-29,999	3,203	14.9%	3,139	14.0%	-13	-0.4%
\$30,000-39,999	2,941	13.7%	2,849	12.7%	-18	-0.6%
\$40,000-49,999	2,283	10.7%	2,495	11.1%	42	1.9%
\$50,000-59,999	1,472	6.9%	1,560	7.0%	18	1.2%
\$60,000-74,999	1,451	6.8%	1,611	7.2%	32	2.2%
\$75,000-99,999	2,105	9.8%	2,311	10.3%	41	2.0%
\$100,000-124,999	775	3.6%	993	4.4%	44	5.6%
\$125,000-149,999	349	1.6%	507	2.3%	32	9.1%
\$150,000-199,999	382	1.8%	487	2.2%	21	5.5%
\$200,000+	431	2.0%	592	2.6%	32	7.5%
Total	21,428	100.0%	22,400	100.0%		

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

Step Three – Income Distribution

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

MILLER'S REST APARTMENTS II – LYNCHBURG, VIRGINIA – MARKET STUDY

FAMILY INCOME DISTRIBUTION 2020 - AS PROPOSED

Income Cohort	Total Renter Households	@30%			@40%			@50%			@50% (Section 8)			@60%			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	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	2,653				9,999	100.0%	2,653				9,999	100.0%	2,653				9,999	100.0%	2,653
\$10,000-19,999	3,383	6,148	61.5%	2,080	9,999	100.0%	3,383				9,999	100.0%	3,383				9,999	100.0%	3,383
\$20,000-29,999	3,203	3,460	34.6%	1,108	9,999	100.0%	3,203	6,822	68.2%	2,185	9,999	100.0%	3,203	2,159	21.6%	692	9,999	100.0%	3,203
\$30,000-39,999	2,941				1,280	12.8%	376	9,100	91.0%	2,677	2,600	26.0%	765	9,999	100.0%	2,941	9,999	100.0%	2,941
\$40,000-49,999	2,283										6,920	69.2%	1,580	6,920	69.2%	1,580	6,920	69.2%	1,580
\$50,000-59,999	1,472																		
\$60,000-74,999	1,451																		
\$75,000-99,999	2,105																		
\$100,000-124,999	775																		
\$125,000-149,999	349																		
\$150,000-199,999	382																		
\$200,000+	431																		
Total	21,428		14.9%	3,188		44.9%	9,615		22.7%	4,862		46.7%	10,004		24.3%	5,213		64.2%	13,760

FAMILY INCOME DISTRIBUTION 2020 - ABSENT SUBSIDY

Income Cohort	Total Renter Households	@30%			@40%			@50%			@60%			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	cohort overlap	% in cohort	# in cohort
\$0-9,999	2,653															
\$10,000-19,999	3,383	6,148	61.5%	2,080	1,485	14.9%	502							6,148	61.5%	2,080
\$20,000-29,999	3,203	3,460	34.6%	1,108	9,999	100.0%	3,203	6,822	68.2%	2,185	2,159	21.6%	692	9,999	100.0%	3,203
\$30,000-39,999	2,941				1,280	12.8%	376	9,100	91.0%	2,677	9,999	100.0%	2,941	9,999	100.0%	2,941
\$40,000-49,999	2,283										6,920	69.2%	1,580	6,920	69.2%	1,580
\$50,000-59,999	1,472															
\$60,000-74,999	1,451															
\$75,000-99,999	2,105															
\$100,000-124,999	775															
\$125,000-149,999	349															
\$150,000-199,999	382															
\$200,000+	431															
Total	21,428		14.9%	3,188		19.0%	4,082		22.7%	4,862		24.3%	5,213		45.8%	9,804

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

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

Step Five – Unit Size Appropriate

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

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

HOUSEHOLD DISTRIBUTION		
1 BR	90%	Of one-person households in 1BR units
	20%	Of two-person households in 1BR units
2 BR	10%	Of one-person households in 2BR units
	80%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
	30%	Of four-person households in 2BR units
3 BR	40%	Of three-person households in 3BR units
	40%	Of four-person households in 3BR units
	50%	Of five-person households in 3BR units

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

Step Six – Capture Rate by Bedroom Mix

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

CAPTURE RATE ANALYSIS BY UNIT TYPE

In order to determine demand for the proposed market mix, we also analyzed the demand capture rates expected at the Subject by bedroom type. This analysis illustrates demand for all AMI levels. *Note that we have accounted for the 75 proposed LIHTC units at Miller’s Rest II-4% in our capture rate analysis, which are all restricted at 60 percent of AMI.*

30% 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x	14.9%
2 persons	5,509	x	14.9%
3 persons	3,099	x	14.9%
4 persons	1,849	x	14.9%
5+ persons	1,650	x	14.9%
Total	21,428		3,188

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	1,412
2BR	1,154
3BR	417
Total	2,983

Capture Rate Analysis - @30% - As Proposed

	Developer's Unit Mix	Capture Rate
1BR	1	0.07%
2BR	2	0.17%
3BR	1	0.24%
Total/Overall	4	0.13%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.06%
2BR	2	0.16%
3BR	1	0.22%
Total/Overall	4	0.12%

40% 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x 44.9%	4,183
2 persons	5,509	x 44.9%	2,472
3 persons	3,099	x 44.9%	1,391
4 persons	1,849	x 44.9%	830
5+ persons	1,650	x 44.9%	740
Total	21,428		9,615

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	4,259
2BR	3,479
3BR	1,258
Total	8,996

Capture Rate Analysis - @40% - As Proposed

	Developer's Unit Mix	Capture Rate
1BR	1	0.02%
2BR	2	0.06%
3BR	1	0.08%
Total/Overall	4	0.04%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.02%
2BR	2	0.05%
3BR	1	0.07%
Total/Overall	4	0.04%

50% 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x	2,115
2 persons	5,509	x	1,250
3 persons	3,099	x	703
4 persons	1,849	x	420
5+ persons	1,650	x	374
Total	21,428		4,862

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,153
2BR	1,759
3BR	636
Total	4,549

Capture Rate Analysis - @50% - As Proposed

	Developer's Unit Mix	Capture Rate
1BR	2	0.09%
2BR	7	0.40%
3BR	2	0.31%
Total/Overall	11	0.24%

Adjusted for Leakage from Outside of the PMA

10%

1BR	2	0.08%
2BR	7	0.36%
3BR	2	0.28%
Total/Overall	11	0.22%

50% 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x	46.7%	4,352
2 persons	5,509	x	46.7%	2,572
3 persons	3,099	x	46.7%	1,447
4 persons	1,849	x	46.7%	863
5+ persons	1,650	x	46.7%	770
Total	21,428			10,004

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	4,431
2BR	3,620
3BR	1,309
Total	9,360

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

	Developer's Unit Mix	Capture Rate
1BR	0	0.00%
2BR	1	0.03%
3BR	0	0.00%
Total/Overall	1	0.01%

Adjusted for Leakage from Outside of the PMA

10%

1BR	0	0.00%
2BR	1	0.02%
3BR	0	0.00%
Total/Overall	1	0.01%

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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x	24.3%	2,267
2 persons	5,509	x	24.3%	1,340
3 persons	3,099	x	24.3%	754
4 persons	1,849	x	24.3%	450
5+ persons	1,650	x	24.3%	401
Total	21,428			5,213

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,309
2BR	1,886
3BR	682
Total	4,877

Capture Rate Analysis - @60% - As Proposed

	Developer's Unit Mix	Capture Rate
1BR	18	0.78%
2BR	59	3.13%
3BR	18	2.64%
Total/Overall	95	1.95%

Adjusted for Leakage from Outside of the PMA

10%

1BR	18	0.70%
2BR	59	2.82%
3BR	18	2.37%
Total/Overall	95	1.75%

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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x	5,985
2 persons	5,509	x	3,538
3 persons	3,099	x	1,990
4 persons	1,849	x	1,187
5+ persons	1,650	x	1,060
Total	21,428		13,760

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	6,094
2BR	4,979
3BR	1,801
Total	12,874

Capture Rate Analysis - All Units As Proposed

	Developer's Unit Mix	Capture Rate
1BR	22	0.36%
2BR	71	1.43%
3BR	22	1.22%
Total/Overall	115	0.89%

Adjusted for Leakage from Outside of the PMA

10%

1BR	22	0.32%
2BR	71	1.28%
3BR	22	1.10%
Total/Overall	115	0.80%

40% 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x 22.7%	2,115
2 persons	5,509	x 22.7%	1,250
3 persons	3,099	x 22.7%	703
4 persons	1,849	x 22.7%	420
5+ persons	1,650	x 22.7%	374
Total	21,428		4,862

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,153
2BR	1,759
3BR	636
Total	4,549

Capture Rate Analysis - @40% - As Proposed

	Developer's Unit Mix	Capture Rate
1BR	1	0.05%
2BR	2	0.11%
3BR	1	0.16%
Total/Overall	4	0.09%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.04%
2BR	2	0.10%
3BR	1	0.14%
Total/Overall	4	0.08%

50% 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x 24.3%	2,267
2 persons	5,509	x 24.3%	1,340
3 persons	3,099	x 24.3%	754
4 persons	1,849	x 24.3%	450
5+ persons	1,650	x 24.3%	401
Total	21,428		5,213

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,309
2BR	1,886
3BR	682
Total	4,877

Capture Rate Analysis - @50% - As Proposed

	Developer's Unit Mix	Capture Rate
1BR	2	0.09%
2BR	8	0.42%
3BR	2	0.29%
Total/Overall	12	0.25%

Adjusted for Leakage from Outside of the PMA 10%

1BR	2	0.08%
2BR	8	0.38%
3BR	2	0.26%
Total/Overall	12	0.22%

All Unit 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	43.5%	9,321
2 persons	25.7%	5,509
3 persons	14.5%	3,099
4 persons	8.6%	1,849
5+ persons	7.7%	1,650
Total	100.0%	21,428

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	9,321	x 45.8%	4,265
2 persons	5,509	x 45.8%	2,521
3 persons	3,099	x 45.8%	1,418
4 persons	1,849	x 45.8%	846
5+ persons	1,650	x 45.8%	755
Total	21,428		9,804

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	4,342
2BR	3,547
3BR	1,283
Total	9,173

Capture Rate Analysis - All Units Absent Subsidy

	Developer's Unit Mix	Capture Rate
1BR	22	0.51%
2BR	71	2.00%
3BR	22	1.71%
Total/Overall	115	1.25%

Adjusted for Leakage from Outside of the PMA 10%

1BR	22	0.46%
2BR	71	1.80%
3BR	22	1.54%
Total/Overall	115	1.13%

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

According to the Virginia Housing website, there have been three properties allocated tax credits in the PMA since 2016.

In 2020, tax credits were awarded to Miller's Rest Apartments I for new construction of an 80-unit LIHTC and Section 8 development offering one, two, and three-bedroom units. Upon completion the property will be LIHTC restricted with eight units at 40 percent, 32 units at 50 percent, and 40 units at 60 percent of AMI. Additionally, all eight units at 40 percent of AMI will operate with subsidies. Note that this development represents the first phase of the Subject development. The property's units will be competitive with the Subject's units upon completion.

In 2018, tax credits were awarded to Burton Creek for the acquisition/rehabilitation of an existing 85-unit Section 8 development offering two and three-bedroom units. Following renovations, the property will be LIHTC restricted with nine units at 40, 62 units at 50, and 15 units at 60 percent of AMI. Additionally, all units will continue to operate with subsidies. These units will be competitive with the subsidized units at the Subject upon completion.

In 2017, tax credits were awarded to Old Forest Village for a new construction development. Old Forest Village will offer 28 fully handicapped-accessible, low-income units to disabled households. Additionally, all units will be HOME restricted. According to the property website, this development began leasing in December 2018. Given its tenancy, we do not consider the proposed Old Forest Village to be competitive to the Subject.

The Subject will be developed concurrently with Miller's Rest Apartments Phase II-4%, a proposed 75-unit LIHTC development offering one, two, and three-bedroom units at 60 percent of AMI that will be located adjacent west of the Subject. All of the units at this property will be competitive with the Subject.

Therefore, we have removed 165 proposed units that are expected to be competitive with the Subject both "As Proposed" and "Absent Subsidy," from our *Demand Analysis*. Further, we have accounted for the 75 proposed LIHTC units at Miller's Rest II-4% as part of the proposed Subject's units.

Annual Demand Table – As Proposed

ANNUAL DEMAND - AS PROPOSED		
Calculation		PMA
Number of Renter Households in 2020		21,428
Increase in Number of Renter Households		972
Number of Renter Households in 2025		22,400
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		41.9%
Percentage of Income-Qualified Renter Households		64.2%
Number of Income-Qualified Renter Households		13,760
Percentage of Rent-Overburdened		47.0%
Existing Income-Qualified Renter Household Turnover		6,471
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		194
Percentage of Income-Qualified Renter Households		64.2%
New Rental Income Qualified Households		125
<i>Capture Rate Analysis</i>		
Number of Units in Subject*		115
Occupied Units at Subject With Vacancy of:	5%	109
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		6,596
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		7,329
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	165	
Total Demand after Competition (Turnover and Growth)		7,164
Yielded Annual Capture Rate of Available Demand in 2020		1.5%

*Includes the proposed units at Miller's Rest II-4%

The yielded capture rate is approximately 1.5 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		21,428
Increase in Number of Renter Households		972
Number of Renter Households in 2025		22,400
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		41.9%
Percentage of Income-Qualified Renter Households		45.8%
Number of Income-Qualified Renter Households		9,804
Percentage of Rent-Overburdened		47.0%
Existing Income-Qualified Renter Household Turnover		4,611
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		194
Percentage of Income-Qualified Renter Households		45.8%
New Rental Income Qualified Households		89
<i>Capture Rate Analysis</i>		
Number of Units in Subject*		115
Occupied Units at Subject With Vacancy of:	5%	109
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		4,700
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		5,222
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	165	
Total Demand after Competition (Turnover and Growth)		5,057
Yielded Annual Capture Rate of Available Demand in 2020		2.2%

*Includes the proposed units at Miller's Rest II-4%

The yielded capture rate is approximately 2.2 percent of available demand per annum, for the Subject's units absent the subsidy, which is low and indicative of strong demand.

VIRGINIA HOUSING DEMAND ANALYSIS

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

For the following Virginia Housing demand analysis, we have considered all of the Subject’s 115 proposed units, including 40 nine-percent LIHTC units and 75 four-percent LIHTC units. Further, we have determined that there are 17 LIHTC units at 40 percent, 93 LIHTC units at 50 percent, and 55 LIHTC units at 60 percent for a total of 165 units. Additionally, we have accounted for 10 vacant units at the comparable LIHTC properties, which are considered directly competitive with the Subject’s LIHTC units. We have accounted for the vacant units under 60 percent of AMI.

Regarding sub-standard housing, U.S. Census information was referenced in regard to the general number of housing units lacking complete plumbing facilities in the City of Lynchburg. Of the total occupied housing units in the PMA, approximately 0.2 percent lacked adequate plumbing facilities.

The table below illustrates the resulting capture rates for demand currently proposed in PMA.

VHDA DEMAND ANALYSIS					
Income Restrictions	Up to 30% (min. income to max. income)	Up to 40% (min. income to max. income)	Up to 50% (min. income to max. income)	Up to 60% (min. income to max. income)	Project Total (min. income to max. income)
New Rental Households	29	37	44	47	157
+					
Existing Households - Overburdened	1,499	1,920	2,286	2,451	4,611
+					
Existing Households - Substandard Housing	53	68	81	87	164
+					
Senior Households - Likely to Convert to Rental Housing	0	0	0	0	0
+					
Existing Qualifying Tenants - to Remain After Renovation	0	0	0	0	0
Total Demand	1,582	2,025	2,412	2,586	4,932
-					
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	0	17	93	65	175
Net Demand	1,582	2,008	2,319	2,521	4,757
Proposed Units	4	4	12	95	115
Capture Rate	0.3%	0.2%	0.5%	3.8%	2.4%
Absorption Period	1 month	1 month	1-2 months	2-3 months	2-3 months

*The proposed units include the Subject's 75 Phase II 4% units that all target 60% AMI

We believe there is ample demand for the Subject as proposed, especially given the high occupancy rates among comparable affordable properties, as well as the prevalence of waiting lists at the majority of LITHC properties. Our concluded capture rate and absorption period are shown in the table below.

Project Wide Capture Rate - All Units*	2.4%
Project Wide Absorption Period (Months)	2-3 months

*The proposed units include the Subject's 75 Phase II 4% units that all target 60% AMI

PENETRATION RATE ANALYSIS

Per Virginia Housing 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, two, and three-bedroom family units at 30, 40, 50, and 60 percent of AMI as competitive. *The total number of proposed affordable units at the Subject includes the Subject's 75 Phase II four-percent LIHTC units.*

PENETRATION RATE - AS PROPOSED	
Number of Proposed Competitive Affordable Units in the PMA	165
	+
Number of Existing Competitive Family Affordable Units in the PMA	1,167
	+
Number of Proposed Affordable Units at the Subject*	115
	=
Total	1,447
	/
Income Eligible Households - All AMI Levels	13,760
	=
Overall Penetration Rate	10.5%

*Includes the proposed units at Miller's Rest II-4%

PENETRATION RATE - ABSENT SUBSIDY	
Number of Proposed Competitive LIHTC Units in the PMA	165
	+
Number of Existing Competitive Family LIHTC Units in the PMA	485
	+
Number of Proposed Affordable Units at the Subject*	115
	=
Total	765
	/
Income Eligible Households - All AMI Levels	9,804
	=
Overall Penetration Rate	7.8%

*Includes the proposed units at Miller's Rest II-4%

The overall penetration rate is derived by taking the number of LIHTC units proposed or under construction within the PMA, combined with the number of existing LIHTC units, and the number of the Subject's units divided by the number of income eligible households. The following table illustrates the LIHTC properties within the PMA that offer similar unit types and AMI levels, and are family oriented.

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.

EXISTING AFFORDABLE PROPERTIES IN PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive Units - As Proposed	Competitive Units - Absent Subsidy
Jobbers Overall Apartments*	LIHTC	Family	44	44	44
Timber Ridge Apartments I*	LIHTC	Family	96	96	96
Timber Ridge Apartments II*	LIHTC	Family	72	72	72
Central City Homes	LIHTC	Family	34	33	33
College Hill Homes	LIHTC	Family	28	22	22
Kemper Lofts	LIHTC	Family	41	41	41
Wesley Apartments	LIHTC	Senior	150	0	0
Jefferson House	LIHTC	Senior	101	0	0
Vistas At Dreaming Creek*	LIHTC/ Market	Family	176	76	76
James River Crossing*	LIHTC/ Section 8	Family	288	288	11
The Virginian	LIHTC/ Section 8	Family	100	90	90
College Hill Townhouses	Section 8	Senior	90	0	0
Frank Roane Apts.	Section 8	Family	26	25	0
Hillcrest Elderly	Section 8	Family	103	103	0
Mcgurk House	Section 8	Family	89	89	0
Mill Woods Apts	Section 8	Family	128	128	0
The Meadows	Section 8	Family	66	60	0
Total			1,632	1,167	485

*Utilized as comparable properties

Only one of the comparable properties, Eleven 25, was able to report recent absorption data. For support, we have listed recent absorption data for other properties in the Subject’s general broader market as follows.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Eleven 25*	Market	Family	2018	160	20
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

*Comparable property; in lease-up

The properties leased-up at rates ranging from 11 to 20 units per month, with an average of 16 units per month. Note that Eleven 25 staggered the opening of its units by building, which each contain 20 units. The property has opened and leased eight buildings for a total of 160 units. The contact noted that each building leased in approximately one month, indicating an absorption pace of 20 units per month. Further, the contact noted that absorption has not changed due to COVID-19. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 15 units per month,

for an absorption period of approximately two to three months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well.

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

We spoke with Ms. Lisa Reynolds of the Lynchburg Redevelopment and Housing Authority, who administers Section 8 Housing Choice Vouchers (HCV) in Lynchburg. Ms. Reynolds informed us that the Housing Authority waiting list was opened in December 2020, but is currently closed. Lynchburg is allocated 900 vouchers, of which 702 are in use. Furthermore, the HCV waiting list is over 400 applications. The payment standards for the Lynchburg Redevelopment and Housing Authority are as follows.

PAYMENT STANDARDS

Unit Type	Standard
One-Bedroom	\$676
Two-Bedroom	\$821
Three-Bedroom	\$1,106

Source: Lynchburg Redevelopment and Housing Authority, effective January 2020

The payment standards are above the Subject’s proposed gross LIHTC rents, with the exception of the two-bedroom rents at 60 percent of AMI. Tenants in these units utilizing HCV may have to pay additional rent out of pocket.

Planning Discussion

To determine the amount of competitive new supply entering the market, we consulted a December 2020 CoStar report and performed an internet search. We also attempted to contact the City of Lynchburg Planning Department regarding the development pipeline in the city. To date, our calls have not been returned. The following table illustrates proposed, planned, under construction, and recently completed developments in the Subject’s PMA.

PLANNED DEVELOPMENT

Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status	Distance to Subject
1040 Gables Dr	Market	Family	8	0	Under Construction	3.4 miles
English Commons	Market	Family	239	0	Under Construction	5.4 miles
Logan's Landing	Market	Family	172	0	Proposed	1.0 miles
West Edge Complex	Market	Family	203	0	Under Construction	2.3 miles
Totals			622	0		

Source: CoStar, December 2020

The above summary list excludes the LIHTC new construction developments that were summarized previously. The table illustrates the construction pipeline, which are all family market rate properties. These developments will not be directly competitive with the Subject.

According to the Virginia Housing website, there have been two properties allocated tax credits in the PMA besides the Subject since 2016.

In 2020, tax credits were awarded to Miller’s Rest Apartments I for new construction of an 80-unit LIHTC and Section 8 development offering one, two, and three-bedroom units. Upon completion the property will be LIHTC restricted with eight units at 40 percent, 32 units at 50 percent, and 40 units at 60 percent of AMI. Additionally, all eight units at 40 percent of AMI will operate with subsidies. Note that this development represents the first phase of the Subject development. The property’s units will be competitive with the Subject’s units upon completion.

In 2018, tax credits were awarded to Burton Creek for the acquisition/rehabilitation of an existing 85-unit Section 8 development offering two and three-bedroom units. Following renovations, the property will be LIHTC restricted with nine units at 40, 62 units at 50, and 15 units at 60 percent of AMI. Additionally, all units will continue to operate with subsidies. These units will be competitive with the subsidized units at the Subject upon completion.

In 2017, tax credits were awarded to Old Forest Village for a new construction development. Old Forest Village will offer 28 fully handicapped-accessible, low-income units to disabled households. Additionally, all units will be HOME restricted. According to the property website, this development began leasing in December 2018. Given its tenancy, we do not consider the proposed Old Forest Village to be competitive to the Subject.

The Subject will be developed concurrently with Miller's Rest Apartments Phase II-4%, a proposed 75-unit LIHTC development offering one, two, and three-bedroom units at 60 percent of AMI that will be located adjacent west of the Subject. All of the units at this property will be competitive with the Subject.

Therefore, we have removed 165 proposed units that are expected to be competitive with the Subject from our *Demand Analysis*. Additionally, we accounted for the proposed units at Miller's Rest Phase II-4% under the proposed affordable units at the Subject.

K. ANALYSIS/CONCLUSIONS

Recommendations

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

Demand Summary

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

Project Wide Capture Rate - All Units*	2.4%
Project Wide Absorption Period (Months)	2-3 months

*The proposed units include the Subject's 75 Phase II 4% units that all target 60% AMI

Additionally, the overall penetration rate for the Subject is 2.4 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

- The Subject will be new construction and will be among the newest multifamily developments in the market. Upon completion, the property will be similar to slightly superior to the comparable properties in terms of condition.
- Vacancy rates among the LIHTC properties range from zero to 3.4 percent, with an average of 2.1 percent. Further, three LIHTC comparables reported no vacancies and three maintain waiting lists for its LIHTC units, indicating strong demand for affordable housing in the market.
- The Subject site 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

Only one of the comparable properties, Eleven 25, was able to report recent absorption data. For support, we have listed recent absorption data for other properties in the Subject's general broader market as follows.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
Eleven 25	Market	Family	2018	160	20
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

*Comparable property; the property will add an additional 40 units, which are not included in the total unit count

The properties leased-up at rates ranging from 11 to 20 units per month, with an average of 16 units per month. Note that Eleven 25 staggered the opening of its units by building, which each contain 20 units. The property has opened and leased eight buildings for a total of 160 units. The contact noted that each building leased in approximately one month, indicating an absorption pace of 20 units per month. Further, the contact noted that absorption has not changed due to COVID-19. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 15 units per month, for an absorption period of approximately two to three months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well.

L. OTHER REQUIREMENTS

1. Mark Shelburne 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 Virginia Housing.
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 Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.



K. David Adamescu
Manager

March 17, 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



View of Subject site facing north



View of Subject site facing northeast



View of Subject site facing north



View of Subject site facing east



View of Subject site facing west



View of Subject site facing south



View north along Old Mill Road



View south along Old Mill Road



Mill Wood Apartments (excluded) south of Subject



Old Mill Townhomes (excluded) south of Subject



Mill's Crossing Apartments (comparable) south of Subject



Recreation center in Subject neighborhood



Event Center in Subject neighborhood



Commercial property in Subject neighborhood



Commercial Property in Subject neighborhood



Commercial property in Subject neighborhood



U.S. Marine Corps Reserve Center



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

PROPERTY PROFILE REPORT

Jobbers Overall Apartments

Effective Rent Date	12/04/2020
Location	1423 & 1503 Kemper Street Lynchburg, VA 24501 County
Distance	3.4 miles
Units	44
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (4 stories)
Year Built/Renovated	1920 / 2012
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Kemper Lofts, James Crossing
Tenant Characteristics	Majority families, some seniors
Contact Name	Ashley
Phone	434-847-0800



Market Information

Program	@40%, @50%
Annual Turnover Rate	13%
Units/Month Absorbed	4
HCV Tenants	27%
Leasing Pace	Within one week
Annual Chg. in Rent	Increased 4.0 to 10.0 percent
Concession	None
Waiting List	Yes; 5+ HH

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Lowrise (4 stories)	17	972	\$651	\$0	@50%	Yes	0	0.0%	no	None
2	2	Lowrise (4 stories)	3	972	\$527	\$0	@40%	Yes	0	0.0%	no	None
3	2	Lowrise (4 stories)	2	1,205	\$604	\$0	@40%	Yes	0	0.0%	no	None
3	2	Lowrise (4 stories)	22	1,205	\$741	\$0	@50%	Yes	0	0.0%	no	None

Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$527	\$0	\$527	-\$63	\$464	2BR / 2BA	\$651	\$0	\$651	-\$63	\$588
3BR / 2BA	\$604	\$0	\$604	-\$77	\$527	3BR / 2BA	\$741	\$0	\$741	-\$77	\$664

Jobbers Overall Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Covered Community Porch
Elevators	Central Laundry		
Off-Street Parking	On-Site Management		

Comments

Rents increased four to 10 percent over the past year, though the property is not achieving maximum allowable rents. Management reported that the property has historically been below the maximum allowable levels. The property incentivizes high occupancy and low turnover, as opposed to achieving higher rents. However, the property is fully occupied with a waiting list. The contact stated no changes in rent collections or vacancies from the ongoing COVID-19 pandemic. Traffic at the property has remained stable since before the pandemic began.

Photos



PROPERTY PROFILE REPORT

Timber Ridge Apartments

Effective Rent Date	11/19/2020
Location	7500 Timberlake Road Lynchburg, VA 24502 Lynchburg County
Distance	1.6 miles
Units	96
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	6/01/2008
Leasing Began	6/01/2008
Last Unit Leased	5/31/2009
Major Competitors	Vistas at Dreaming Creek
Tenant Characteristics	Mixed tenancy
Contact Name	Ramond
Phone	434-237-3560



Market Information

Program	@40%, @50%
Annual Turnover Rate	36%
Units/Month Absorbed	8
HCV Tenants	24%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 1.0 to 4.5 percent
Concession	None
Waiting List	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	3	744	\$436	\$0	@40%	No	0	0.0%	no	None
1	1	Garden (3 stories)	9	744	\$546	\$0	@50%	No	0	0.0%	no	None
2	2	Garden (3 stories)	6	1,076	\$505	\$0	@40%	No	0	0.0%	no	None
2	2	Garden (3 stories)	54	1,076	\$647	\$0	@50%	No	0	0.0%	no	None
3	2	Garden (3 stories)	1	1,283	\$651	\$0	@40%	No	0	0.0%	no	None
3	2	Garden (3 stories)	23	1,283	\$715	\$0	@50%	No	0	0.0%	no	None

Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$436	\$0	\$436	\$0	\$436	1BR / 1BA	\$546	\$0	\$546	\$0	\$546
2BR / 2BA	\$505	\$0	\$505	\$0	\$505	2BR / 2BA	\$647	\$0	\$647	\$0	\$647
3BR / 2BA	\$651	\$0	\$651	\$0	\$651	3BR / 2BA	\$715	\$0	\$715	\$0	\$715

Timber Ridge Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Carport(\$20.00)	Clubhouse/Meeting Room/Community	None	None
Garage(\$50.00)	Central Laundry		
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

Washers and dryers can be rented for an additional \$50 per month. The property has 22 garage units, though the utilization rate was not available. The rents are not currently at the maximum allowable level; however, they will be increasing to the maximum allowable level in January 2021. According to the contact, the property has seen an increase in tenants moving to single-family residences in order to not live in an apartment during the ongoing COVID-19 pandemic. A few tenants have been affected by job loss or furloughs due to the ongoing pandemic; however, the property is waiving late fees for residents having difficulty paying their rent. The establishment of rents below max allowable levels and the waiving of late fees has helped many tenants pay their rent in full each month; however, several tenants are still on unemployment and are not able to keep up with the payment plans. Traffic at the property has been strong since the pandemic began, and the property has been receiving a significant number of inquiries.

Photos



PROPERTY PROFILE REPORT

Timber Ridge Apartments II

Effective Rent Date	11/19/2020
Location	7502 Timberlake Road Lynchburg, VA 24502 County
Distance	1.6 miles
Units	72
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	5/01/2009
Leasing Began	11/01/2009
Last Unit Leased	7/15/2010
Major Competitors	Vistas at Dreaming Creek
Tenant Characteristics	Mixed tenancy
Contact Name	Ramond
Phone	434-237-3560



Market Information

Program	@40%, @50%
Annual Turnover Rate	36%
Units/Month Absorbed	8
HCV Tenants	24%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 1.0 to 4.5 percent
Concession	None
Waiting List	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	2	744	\$436	\$0	@40%	No	0	0.0%	no	None
1	1	Garden (3 stories)	10	744	\$546	\$0	@50%	No	0	0.0%	no	None
2	2	Garden (3 stories)	4	1,076	\$505	\$0	@40%	No	0	0.0%	no	None
2	2	Garden (3 stories)	38	1,076	\$647	\$0	@50%	No	0	0.0%	no	None
3	2	Garden (3 stories)	2	1,283	\$561	\$0	@40%	No	0	0.0%	no	None
3	2	Garden (3 stories)	16	1,283	\$715	\$0	@50%	No	0	0.0%	no	None

Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$436	\$0	\$436	\$0	\$436	1BR / 1BA	\$546	\$0	\$546	\$0	\$546
2BR / 2BA	\$505	\$0	\$505	\$0	\$505	2BR / 2BA	\$647	\$0	\$647	\$0	\$647
3BR / 2BA	\$561	\$0	\$561	\$0	\$561	3BR / 2BA	\$715	\$0	\$715	\$0	\$715

Timber Ridge Apartments II, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Carport(\$20.00)	Clubhouse/Meeting Room/Community	None	None
Garage(\$50.00)	Central Laundry		
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The rents are not currently at the maximum allowable level; however, they will be increasing to the maximum allowable level in January 2021. Washers and dryers can be rented for an additional \$50 per month. According to the contact, the property has seen an increase in tenants moving to single-family residences in order to not live in an apartment during the ongoing COVID-19 pandemic. The property has 22 garage units, though the utilization rate was not available. According to the contact, the property has seen an increase in tenants buying homes in order to not live in an apartment during the ongoing COVID-19 pandemic. A few tenants have been affected by job loss or furloughs due to the ongoing pandemic; however, the property is waiving late fees for residents having difficulty paying their rent. These programs have helped many tenants pay their rent in full each month; however, several tenants are still on unemployment and are not able to keep up with the payment plans. Traffic at the property has been strong since the pandemic began, and the property has been receiving a significant number of inquires.

Photos



PROPERTY PROFILE REPORT

Vistas At Dreaming Creek

Effective Rent Date	11/19/2020
Location	7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County
Distance	1.7 miles
Units	176
Vacant Units	6
Vacancy Rate	3.4%
Type	Garden (4 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Stone Mill, Willow Brook
Tenant Characteristics	Mixed local tenancy
Contact Name	Jasmine
Phone	434-582-4748



Market Information

Program	@60%, Market
Annual Turnover Rate	24%
Units/Month Absorbed	N/A
HCV Tenants	15%
Leasing Pace	Within one month
Annual Chg. in Rent	Kept at max; Increased 1.0 to 4.0 percent
Concession	None
Waiting List	Yes; 9 HH for one bedroom units

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (4 stories)	8	790	\$721	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Garden (4 stories)	8	790	\$795	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (4 stories)	60	960	\$840	\$0	@60%	No	2	3.3%	yes	None
2	2	Garden (4 stories)	84	950	\$905	\$0	Market	No	4	4.8%	N/A	None
3	2	Garden (4 stories)	8	1,159	\$990	\$0	@60%	No	0	0.0%	yes	None
3	2	Garden (4 stories)	8	1,159	\$1,020	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$721	\$0	\$721	\$0	\$721	1BR / 1BA	\$795	\$0	\$795	\$0	\$795
2BR / 2BA	\$840	\$0	\$840	\$0	\$840	2BR / 2BA	\$905	\$0	\$905	\$0	\$905
3BR / 2BA	\$990	\$0	\$990	\$0	\$990	3BR / 2BA	\$1,020	\$0	\$1,020	\$0	\$1,020

Vistas At Dreaming Creek, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Exterior Storage(\$25.00)	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Garage(\$135.00)		
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		
Volleyball Court			

Comments

The property consists of four-story buildings, which do not offer elevators. However, the buildings are set on a hill, wherein the first and second floors are both considered ground level and units are accessible via an entrance on the second floor. Tenants can park at level with the first or second floors. Therefore, tenants on the third or fourth floors may only have to climb one to two flights of stairs, depending on parking. The LIHTC rents are kept at the maximum allowable level, while the one, two, and three-bedroom market rate units increased by one to four percent over the last year. Some tenants at the property have been affected by job losses and furloughs due to the ongoing COVID-19 pandemic. The property is waiving late fees for residents having difficulty paying their rent. Traffic at the property has remained strong since the pandemic began.

Photos



PROPERTY PROFILE REPORT

Waters At James Crossing

Effective Rent Date	12/08/2020
Location	808 Greenfield Drive Lynchburg, VA 24501 Lynchburg County
Distance	4.3 miles
Units	288
Vacant Units	8
Vacancy Rate	2.8%
Type	Garden (2 stories)
Year Built/Renovated	1970 / 2004
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy from the area, few seniors
Contact Name	Keisha
Phone	434-845-2274



Market Information

Program	@60%, Non-Rental, Section 8
Annual Turnover Rate	42%
Units/Month Absorbed	N/A
HCV Tenants	1%
Leasing Pace	Within two weeks
Annual Chg. in Rent	No change
Concession	None
Waiting List	Yes; 82 households

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	9	557	\$299	\$0	@60%	Yes	0	0.0%	no	None
1	1	Garden (2 stories)	27	557	\$830	\$0	Section 8	Yes	0	0.0%	N/A	None
2	1	Garden (2 stories)	1	751	\$399	\$0	@60%	Yes	0	0.0%	no	None
2	1	Garden (2 stories)	1	751	N/A	\$0	Non-Rental	N/A	N/A	N/A	N/A	None
2	1	Garden (2 stories)	35	751	\$905	\$0	Section 8	Yes	0	0.0%	N/A	None
2	1	Garden (2 stories)	107	785	\$910	\$0	Section 8	Yes	0	0.0%	N/A	None
3	1.5	Garden (2 stories)	1	916	\$499	\$0	@60%	Yes	0	0.0%	no	None
3	1.5	Garden (2 stories)	107	916	\$1,020	\$0	Section 8	Yes	0	0.0%	N/A	None

Waters At James Crossing, continued

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Non-Rental	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$299	\$0	\$299	-\$49	\$250	2BR / 1BA	N/A	\$0	N/A	-\$63	N/A
2BR / 1BA	\$399	\$0	\$399	-\$63	\$336						
3BR / 1.5BA	\$499	\$0	\$499	-\$77	\$422						

Section 8	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$830	\$0	\$830	-\$49	\$781
2BR / 1BA	\$905 - \$910	\$0	\$905 - \$910	-\$63	\$842 - \$847
3BR / 1.5BA	\$1,020	\$0	\$1,020	-\$77	\$943

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Patrol	None
Central A/C	Coat Closet	Video Surveillance	
Oven	Refrigerator		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Central Laundry	None	None
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The property, which was FKA as James Crossing Apartments, recently changed ownership. The property is owned and managed by a non-profit; rents are kept intentionally below the maximum allowable levels, as they are mission motivated to keep rents low in order to serve more households. The property is proposed for renovation, which will include new plumbing, appliances, septic system, air conditioning, the addition of dishwashers to units, security doors with fob access, and some buildings will be adapted to allow for handicapped access. Tenants at the property have been affected by job losses and furloughs due to the ongoing COVID-19 pandemic. The property is waiving late fees for residents having difficulty paying their rent and are not evicting tenants if they cannot pay rent. Rents reflect the current rents for the property.

Photos



PROPERTY PROFILE REPORT

Eleven 25

Effective Rent Date	12/05/2020
Location	1125 Old Graves Mill Road Lynchburg, VA 24502 Lynchburg County
Distance	1.2 miles
Units	160
Vacant Units	4
Vacancy Rate	2.5%
Type	Garden (3 stories)
Year Built/Renovated	2018 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Christina
Phone	434-333-7287



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	6
HCV Tenants	N/A
Leasing Pace	Pre-leased to within two weeks
Annual Chg. in Rent	Increased 3.0 to 4.9 percent
Concession	None
Waiting List	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	980	\$938	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,355	\$1,118	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,730	\$1,258	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$938	\$0	\$938	\$12	\$950
2BR / 2BA	\$1,118	\$0	\$1,118	\$12	\$1,130
3BR / 2BA	\$1,258	\$0	\$1,258	\$12	\$1,270

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Fireplace	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Off-Street Parking		
On-Site Management	Playground		
Sauna	Swimming Pool		
Theatre			

Comments

The property currently consists of eight buildings featuring 160 units ; the property will add two more buildings for a total of 228 units. The occupancy and total units listed in the unit mix reflects the completed units. The first building opened in September 2018; however, the contact noted that there have been gaps in time of multiple months between buildings opening. Each building offers 20 units, and the contact estimated that with appropriate pre-leasing efforts, buildings fill within approximately one month, indicating an absorption rate of 20 units per month for the first eight buildings. The property does not accept HCV. Units at the property feature "smart" locks and thermostats. The contact noted that the property has not been affected by the impact of the COVID-19 pandemic as there has been no significant change in turnover or leasing pace.

Photos



PROPERTY PROFILE REPORT

Grand Vistas Apartments

Effective Rent Date	12/07/2020
Location	7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County
Distance	1.7 miles
Units	104
Vacant Units	7
Vacancy Rate	6.7%
Type	Garden (3 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	8/01/2008
Leasing Began	8/01/2008
Last Unit Leased	4/01/2009
Major Competitors	Vistas at Dreaming Creek
Tenant Characteristics	Mixture of local working professionals
Contact Name	Dorothy
Phone	434.582.4748



Market Information

Program	Market
Annual Turnover Rate	35%
Units/Month Absorbed	20
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	Increased one to 1.5 percent
Concession	None
Waiting List	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	11	965	\$875	\$0	Market	No	1	9.1%	N/A	None
1.5	1	Garden (3 stories)	11	1,196	\$915	\$0	Market	No	0	0.0%	N/A	None
2	2	Garden (3 stories)	30	1,263	\$999	\$0	Market	No	2	6.7%	N/A	None
2.5	2	Garden (3 stories)	30	1,494	\$1,030	\$0	Market	No	3	10.0%	N/A	None
3	2	Garden (3 stories)	22	1,421	\$1,130	\$0	Market	No	1	4.5%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$875	\$0	\$875	\$0	\$875
1.5BR / 1BA	\$915	\$0	\$915	\$0	\$915
2BR / 2BA	\$999	\$0	\$999	\$0	\$999
2.5BR / 2BA	\$1,030	\$0	\$1,030	\$0	\$1,030
3BR / 2BA	\$1,130	\$0	\$1,130	\$0	\$1,130

Grand Vistas Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Fireplace		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Garage(\$100.00)		
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The property reported that it has generally been unaffected by the impact of the COVID-19 pandemic as there has been no significant changes related to turnover or leasing pace. Additionally management reported that there are no delinquencies at this time.

Photos



PROPERTY PROFILE REPORT

Legacy At Linden Park

Effective Rent Date	12/04/2020
Location	1000 Misty Mountain Road Lynchburg, VA 24502 County
Distance	1.3 miles
Units	408
Vacant Units	24
Vacancy Rate	5.9%
Type	Garden (3 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Willowbrook, Walden Pond
Tenant Characteristics	Families and young professionals, college students
Contact Name	Melissa
Phone	434-239-5006



Market Information

Program	Market
Annual Turnover Rate	38%
Units/Month Absorbed	2
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	Fluctuates Daily
Concession	None
Waiting List	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	132	826	\$784	\$0	Market	No	4	3.0%	N/A	None
2	2	Garden (3 stories)	75	1,065	\$894	\$0	Market	No	14	18.7%	N/A	AVG*
2	2	Garden (3 stories)	54	1,173	\$930	\$0	Market	No	0	0.0%	N/A	HIGH*
2	2	Garden (3 stories)	75	1,023	\$895	\$0	Market	No	2	2.7%	N/A	LOW*
3	2	Garden (3 stories)	72	1,283	\$1,325	\$0	Market	No	4	5.6%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$784	\$0	\$784	\$12	\$796
2BR / 2BA	\$894 - \$930	\$0	\$894 - \$930	\$12	\$906 - \$942
3BR / 2BA	\$1,325	\$0	\$1,325	\$12	\$1,337

Legacy At Linden Park, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage(\$55.00)	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Car Wash	None	None
Clubhouse/Meeting Room/Community	Exercise Facility		
Garage(\$80.00)	Central Laundry		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		
Volleyball Court	Wi-Fi		

Comments

The property does not accept Housing Choice Vouchers. The property uses YieldStar and rents change daily. The contact reported a strong demand for multifamily housing in the area. Management noted that the property has been slightly affected by the impact of the COVID-19 pandemic as they have seen a increase in turnover and a lag in leasing pace. However, the overall vacancy level has decreased since the spring. The property has delinquent tenants at this time, although the contact was unable to specify how many. It was noted that payment plans are being offered to those tenants affected by the impact of the COVID-19 pandemic.

Photos





PROPERTY PROFILE REPORT

Mill's Crossing

Effective Rent Date	12/08/2020
Location	6231 Old Mill Road Lynchburg, VA 24502 Lynchburg County
Distance	0.3 miles
Units	144
Vacant Units	7
Vacancy Rate	4.9%
Type	Garden (3 stories)
Year Built/Renovated	2018 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Megan
Phone	833-712-3021



Market Information

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

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	755	\$800	\$0	Market	No	N/A	N/A	N/A	None
1	1	Garden (3 stories)	N/A	770	\$825	\$0	Market	No	1	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,109	\$900	\$0	Market	No	2	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,125	\$925	\$0	Market	No	0	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$800 - \$825	\$0	\$800 - \$825	\$0	\$800 - \$825
2BR / 2BA	\$900 - \$925	\$0	\$900 - \$925	\$0	\$900 - \$925

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Dishwasher	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking	On-Site Management		
Swimming Pool			

Comments

The property recently completed construction on its seventh building and has begun leasing these units. However, the unit mix and occupancy reflects the six complete buildings, which feature 144 units (24 units per building). The buildings at the property have staggered openings and the contact could not say when each of the buildings opened or provide absorption data. The property will consist of nine buildings upon completion. The property does not accept HCV. Management noted that the property has been unaffected by the impact of the COVID-19 pandemic, as there has been no significant change in turnover or leasing pace. Additionally, newly completed units have leased up consistently upon completion.

Photos



PROPERTY PROFILE REPORT

The Overlook At Stonemill

Effective Rent Date	12/05/2020
Location	112 Stonemill Drive Lynchburg, VA 24502 Lynchburg County
Distance	1 mile
Units	216
Vacant Units	5
Vacancy Rate	2.3%
Type	Garden (3 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Vistas at Dreaming Creek, Willowbrook
Tenant Characteristics	Mixed tenancy; many students.
Contact Name	Erica
Phone	434-582-5666



Market Information

Program	Market
Annual Turnover Rate	35%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 1.6 to 2.5 percent
Concession	None
Waiting List	Yes, unknown length

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	27	775	\$800	\$0	Market	Yes	0	0.0%	N/A	None
2	1	Garden (3 stories)	9	925	\$855	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Garden (3 stories)	138	1,050	\$900	\$0	Market	Yes	3	2.2%	N/A	None
3	2	Garden (3 stories)	42	1,210	\$1,000	\$0	Market	Yes	2	4.8%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$800	\$0	\$800	\$12	\$812
2BR / 1BA	\$855	\$0	\$855	\$12	\$867
2BR / 2BA	\$900	\$0	\$900	\$12	\$912
3BR / 2BA	\$1,000	\$0	\$1,000	\$12	\$1,012

The Overlook At Stonemill, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	View-\$10; Vaulted Ceiling-\$10;
Off-Street Parking	Picnic Area		
Playground	Swimming Pool		

Comments

The property maintains a waiting list on its units, but the contact could not provide the length of the list. Management noted that the property has been slightly affected by the impact of the COVID-19 pandemic. The property has not noticed a significant change in leasing pace, however, there has been a slight increase in turnover. They stated that they were unaware of any delinquent tenants at this time.

Photos



PROPERTY PROFILE REPORT

Wyndhurst Villas

Effective Rent Date	12/05/2020
Location	301 Northwynd Circle Lynchburg, VA 24502 Lynchburg County
Distance	2.1 miles
Units	150
Vacant Units	7
Vacancy Rate	4.7%
Type	Garden (3 stories)
Year Built/Renovated	2006 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Mixture from area
Contact Name	Melissa
Phone	434-832-1151



Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one to two months
Annual Chg. in Rent	Remained the same
Concession	None
Waiting List	None

Utilities

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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (3 stories)	114	970	\$835	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (3 stories)	36	1,160	\$945	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$835	\$0	\$835	\$0	\$835
3BR / 2BA	\$945	\$0	\$945	\$0	\$945

Amenities

In-Unit Balcony/Patio Carpeting Coat Closet Exterior Storage Microwave Refrigerator Walk-In Closet	Blinds Central A/C Dishwasher Garbage Disposal Oven Vaulted Ceilings Washer/Dryer hookup	Security None	Services None
Property Business Center/Computer Lab Clubhouse/Meeting Room/Community Garage(\$50.00) On-Site Management Playground	Car Wash Exercise Facility Off-Street Parking Picnic Area Swimming Pool	Premium None	Other Washer/dryer at \$30/mo.

Comments

The contact had no additional comments, and declined to comment on COVID-19.

Photos



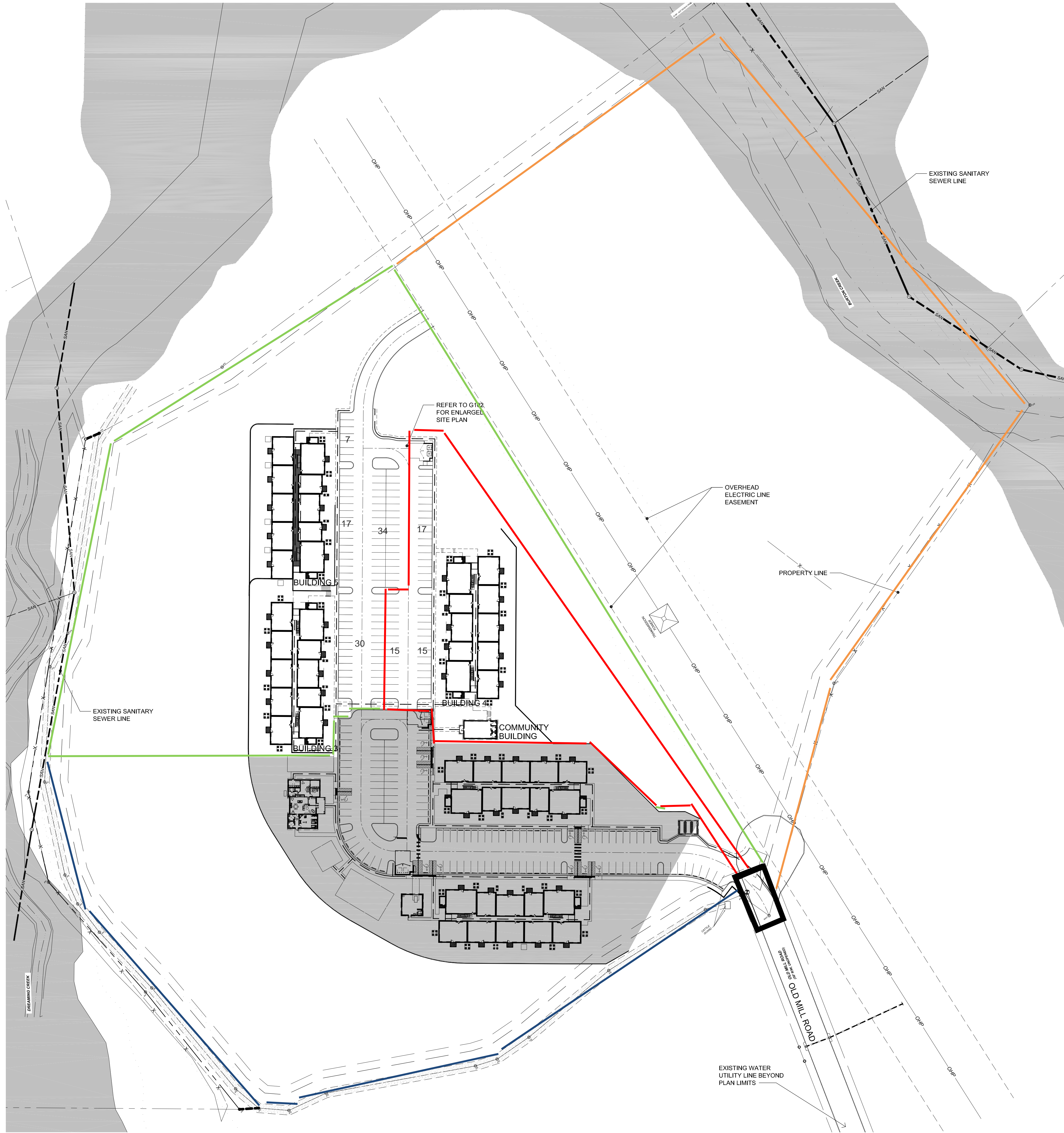
SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
Subject	Miller's Rest II 6100 Old Mill Rd Lynchburg, VA 24502 Lynchburg County	-	Garden 4-stories 2022 / n/a Family	@30%, @40% (Section 8), @50%, @50% (Section 8), @60%	1BR / 1BA 1BR / 1BA 1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA 3BR / 2BA 3BR / 2BA	1 1 2 4 2 2 7 1 12 1 1 2 2 4	1.7% 1.7% 6.1% 7.8% 7.0% 7.0% 17.4% 7.0% 23.5% 1.7% 1.7% 6.1% 7.8%	703 703 703 703 948 948 948 948 948 1,168 1,168 1,168 1,168	@30% @40% (Section 8) @50% @60% @30% @40% (Section 8) @50% @50% (Section 8) @60% @30% @40% (Section 8) @50% @60%	\$315 \$451 \$587 \$723 \$372 \$534 \$698 \$698 \$850 \$422 \$610 \$799 \$980	No No No No No No No No No No No No No	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
<u>40</u>													N/A	N/A
1	Jobbers Overall Apartments 1423 & 1503 Kemper Street Lynchburg, VA 24501 County	3.4 miles	Lowrise 4-stories 1920 / 2012 Family	@40%, @50%	2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA	3 17 2 22	6.8% 38.6% 4.6% 50.0%	972 972 1,205 1,205	@40% @50% @40% @50%	\$464 \$588 \$527 \$664	No No No No	Yes Yes Yes Yes	0 0 0 0	0.0% 0.0% 0.0% 0.0%
<u>44</u>													0	0.0%
2	Timber Ridge Apartments 7500 Timberlake Road Lynchburg, VA 24502 Lynchburg County	1.6 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA	3 9 6 54 1 23	3.1% 9.4% 6.3% 56.3% 1.0% 24.0%	744 744 1,076 1,076 1,283 1,283	@40% @50% @40% @50% @40% @50%	\$436 \$546 \$505 \$647 \$561 \$715	No No No No No No	No No No No No No	0 0 0 0 0 0	0.0% 0.0% 0.0% 0.0% 0.0% 0.0%
<u>96</u>													0	0.0%
3	Timber Ridge Apartments II 7502 Timberlake Road Lynchburg, VA 24502 County	1.6 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA	2 10 4 38 2 16	2.8% 13.9% 5.6% 52.8% 2.8% 22.2%	744 744 1,076 1,076 1,283 1,283	@40% @50% @40% @50% @40% @50%	\$436 \$546 \$505 \$647 \$561 \$715	No No No No No No	No No No No No No	0 0 0 0 0 0	0.0% 0.0% 0.0% 0.0% 0.0% 0.0%
<u>72</u>													0	0.0%
4	Vistas At Dreaming Creek 7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County	1.7 miles	Garden 4-stories 2001 / n/a Family	@60%, Market	1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 3BR / 2BA 3BR / 2BA	8 8 60 84 8 8	4.6% 4.6% 34.1% 47.7% 4.6% 4.6%	790 790 960 950 1,159 1,159	@60% Market @60% Market @60% Market	\$721 \$795 \$840 \$905 \$990 \$1,020	Yes N/A Yes N/A Yes N/A	Yes Yes No No No No	0 0 2 4 0 0	0.0% 0.0% 3.3% 4.8% 0.0% 0.0%
<u>176</u>													6	3.4%
5	Waters At James Crossing 808 Greenfield Drive Lynchburg, VA 24501 Lynchburg County	4.3 miles	Garden 2-stories 1970 / 2004 Family	@60%, Section 8	1BR / 1BA 1BR / 1BA 2BR / 1BA 2BR / 1BA 2BR / 1BA 2BR / 1BA 3BR / 1.5BA 3BR / 1.5BA	9 27 1 1 35 107 1 107	3.1% 9.4% 0.4% 0.4% 12.2% 37.2% 0.4% 37.2%	557 557 751 751 751 785 916 916	@60% Section 8 @60% Non-Rental Section 8 Section 8 @60% Section 8	\$250 \$781 \$336 - \$842 \$847 \$422 \$943	No N/A No N/A N/A N/A No N/A	Yes Yes Yes N/A Yes Yes Yes Yes	0 0 0 N/A 0 0 0 0	0.0% 0.0% 0.0% N/A 0.0% 0.0% 0.0% 0.0%
<u>288</u>													8	2.8%
6	Eleven 25 1125 Old Graves Mill Road Lynchburg, VA 24502 Lynchburg County	1.2 miles	Garden 3-stories 2018 / n/a Family	Market	1BR / 1BA 2BR / 2BA 3BR / 2BA	N/A N/A N/A	N/A N/A N/A	980 1,355 1,730	Market Market Market	\$950 \$1,130 \$1,270	N/A N/A N/A	No No No	N/A N/A N/A	N/A N/A N/A
<u>160</u>													4	2.5%
7	Grand Vistas Apartments 7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County	1.7 miles	Garden 3-stories 2008 / n/a Family	Market	1BR / 1BA 1.5BR / 1BA 2BR / 2BA 2.5BR / 2BA 3BR / 2BA	11 11 30 30 22	10.6% 10.6% 28.9% 28.9% 21.2%	965 1,196 1,263 1,494 1,421	Market Market Market Market Market	\$875 \$915 \$999 \$1,030 \$1,130	N/A N/A N/A N/A N/A	No No No No No	1 0 2 3 1	9.1% 0.0% 6.7% 10.0% 4.6%
<u>104</u>													7	6.7%
8	Legacy At Linden Park 1000 Misty Mountain Road Lynchburg, VA 24502 County	1.3 miles	Garden 3-stories 2008 / n/a Family	Market	1BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 3BR / 2BA	132 75 54 75 72	32.4% 18.4% 13.2% 18.4% 17.7%	826 1,065 1,173 1,023 1,283	Market Market Market Market Market	\$796 \$906 \$942 \$907 \$1,337	N/A N/A N/A N/A N/A	No No No No No	4 14 0 2 4	3.0% 18.7% 0.0% 2.7% 5.6%
<u>408</u>													24	5.9%
9	Mill's Crossing 6231 Old Mill Road Lynchburg, VA 24502 Lynchburg County	0.3 miles	Garden 3-stories 2018 / n/a Family	Market	1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA	N/A N/A N/A N/A	N/A N/A N/A N/A	755 770 1,109 1,125	Market Market Market Market	\$800 \$825 \$900 \$925	N/A N/A N/A N/A	No No No No	N/A 1 2 0	N/A N/A N/A N/A
<u>144</u>													7	4.9%
10	The Overlook At Stonemill 112 Stonemill Drive Lynchburg, VA 24502 Lynchburg County	1.0 miles	Garden 3-stories 2001 / n/a Family	Market	1BR / 1BA 2BR / 1BA 2BR / 2BA 3BR / 2BA	27 9 138 42	12.5% 4.2% 63.9% 19.4%	775 925 1,050 1,210	Market Market Market Market	\$812 \$867 \$912 \$1,012	N/A N/A N/A N/A	Yes Yes Yes Yes	0 0 3 2	0.0% 0.0% 2.2% 4.8%
<u>216</u>													5	2.3%
11	Wyndhurst Villas 301 Northwynd Circle Lynchburg, VA 24502 Lynchburg County	2.1 miles	Garden 3-stories 2006 / n/a Family	Market	2BR / 2BA 3BR / 2BA	114 36	76.0% 24.0%	970 1,160	Market Market	\$835 \$945	N/A N/A	No No	N/A N/A	N/A N/A
<u>150</u>													7	4.7%

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

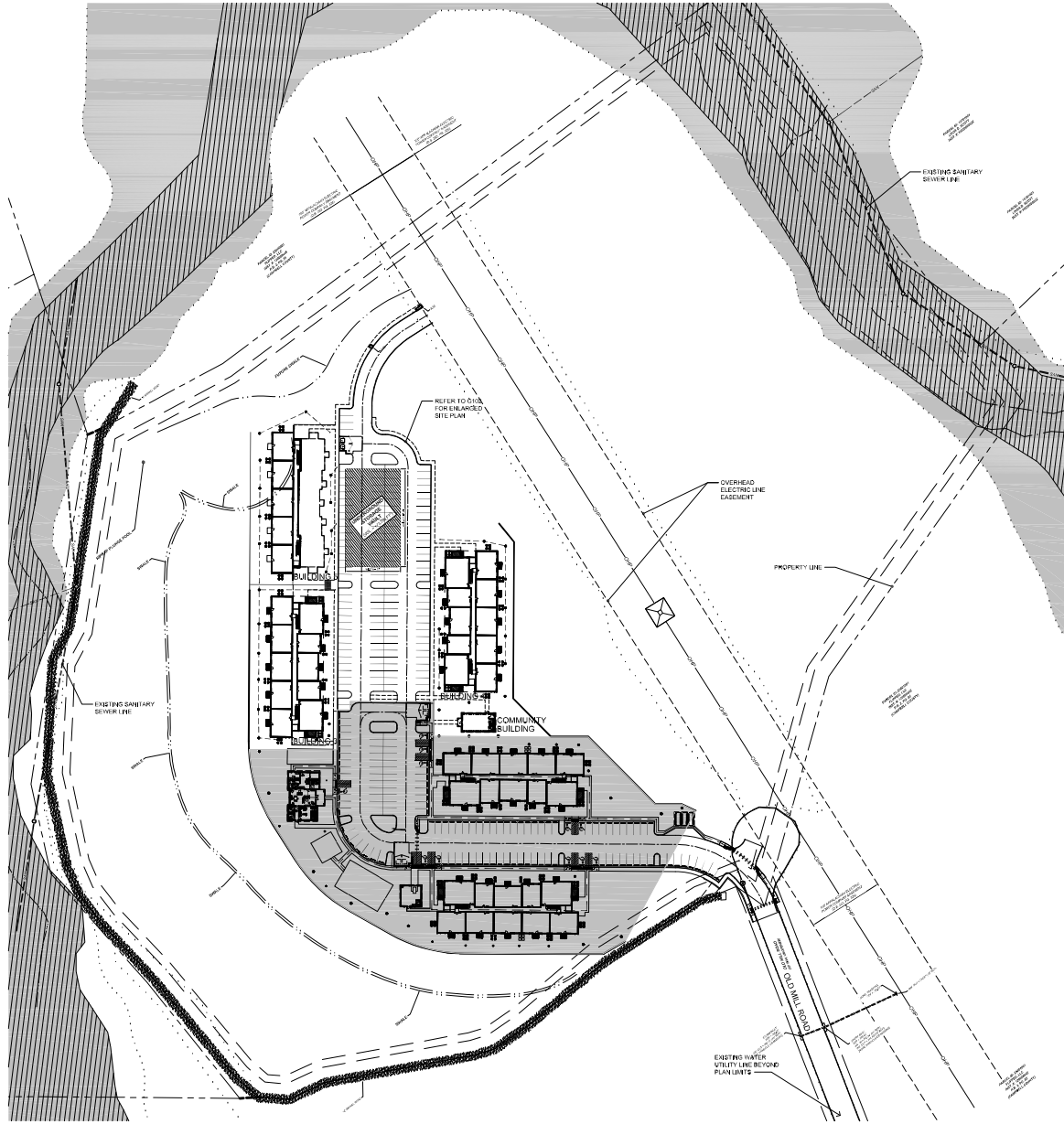
		Units Surveyed:	1,858	Weighted Occupancy:	96.3%	
		Market Rate	1,182	Market Rate	95.4%	
		Tax Credit	676	Tax Credit	97.9%	
		One Bedroom One Bath Property	Average	Two Bedroom Two Bath Property	Average	
		Property	Average	Property	Average	
		Three Bedroom Two Bath Property	Average	Property	Average	
RENT	Eleven 25 (Market)	\$950	Eleven 25 (Market)	\$1,130	Legacy At Linden Park (Market)	\$1,337
	Grand Vistas Apartments (Market)	\$875	Grand Vistas Apartments (Market)	\$999	Eleven 25 (Market)	\$1,270
	Mill's Crossing (Market)	\$825	Legacy At Linden Park (Market)	\$942	Grand Vistas Apartments (Market)	\$1,130
	The Overlook At Stonemill (Market)	\$812	Mill's Crossing (Market)	\$925	Vistas At Dreaming Creek (Market)	\$1,020
	Mill's Crossing (Market)	\$800	The Overlook At Stonemill (Market)	\$912	The Overlook At Stonemill (Market)	\$1,012
	Legacy At Linden Park (Market)	\$796	Legacy At Linden Park (Market)	\$907	Vistas At Dreaming Creek (@60%)	\$990
	Vistas At Dreaming Creek (Market)	\$795	Legacy At Linden Park (Market)	\$906	Miller's Rest II (@60%)	\$980
	Miller's Rest II (@60%)	\$723	Vistas At Dreaming Creek (Market)	\$905	Wyndhurst Villas (Market)	\$945
	Waters At James Crossing (Section 8)	\$781	Mill's Crossing (Market)	\$900	Waters At James Crossing (Section 8)(1.5BA)	\$943
	Vistas At Dreaming Creek (@60%)	\$721	The Overlook At Stonemill (Market)(1BA)	\$867	Miller's Rest II (@50%)	\$799
	Miller's Rest II (@50%)	\$587	Miller's Rest II (@60%)	\$850	Timber Ridge Apartments II (@50%)	\$715
	Timber Ridge Apartments (@50%)	\$546	Waters At James Crossing (Section 8)(1BA)	\$847	Timber Ridge Apartments (@50%)	\$715
	Timber Ridge Apartments II (@50%)	\$546	Waters At James Crossing (Section 8)(1BA)	\$842	Jobbers Overall Apartments (@50%)	\$664
	Miller's Rest II (@40%)	\$451	Vistas At Dreaming Creek (@60%)	\$840	Timber Ridge Apartments (@40%)	\$651
	Timber Ridge Apartments II (@40%)	\$436	Wyndhurst Villas (Market)	\$835	Miller's Rest II (@40%)	\$610
	Timber Ridge Apartments (@40%)	\$436	Miller's Rest II (@50%)	\$698	Timber Ridge Apartments II (@40%)	\$561
	Miller's Rest II (@30%)	\$315	Miller's Rest II (@50%)	\$698	Jobbers Overall Apartments (@40%)	\$527
	Waters At James Crossing (@60%)	\$250	Timber Ridge Apartments (@50%)	\$647	Waters At James Crossing (@60%)(1.5BA)	\$422
			Timber Ridge Apartments II (@50%)	\$647	Miller's Rest II (@30%)	\$422
			Jobbers Overall Apartments (@50%)	\$588		
			Miller's Rest II (@40%)	\$534		
			Timber Ridge Apartments (@40%)	\$505		
			Timber Ridge Apartments II (@40%)	\$505		
			Jobbers Overall Apartments (@40%)	\$464		
			Miller's Rest II (@30%)	\$372		
		Waters At James Crossing (@60%)(1BA)	\$336			
SQUARE FOOTAGE	Eleven 25 (Market)	980	Eleven 25 (Market)	1,355	Eleven 25 (Market)	1,730
	Grand Vistas Apartments (Market)	965	Grand Vistas Apartments (Market)	1,263	Grand Vistas Apartments (Market)	1,421
	Legacy At Linden Park (Market)	826	Legacy At Linden Park (Market)	1,173	Timber Ridge Apartments II (@40%)	1,283
	Vistas At Dreaming Creek (Market)	790	Mill's Crossing (Market)	1,125	Timber Ridge Apartments II (@50%)	1,283
	Vistas At Dreaming Creek (@60%)	790	Mill's Crossing (Market)	1,109	Timber Ridge Apartments (@50%)	1,283
	The Overlook At Stonemill (Market)	775	Timber Ridge Apartments II (@40%)	1,076	Legacy At Linden Park (Market)	1,283
	Mill's Crossing (Market)	770	Timber Ridge Apartments (@50%)	1,076	Timber Ridge Apartments (@40%)	1,283
	Mill's Crossing (Market)	755	Timber Ridge Apartments (@40%)	1,076	The Overlook At Stonemill (Market)	1,210
	Timber Ridge Apartments (@50%)	744	Timber Ridge Apartments II (@50%)	1,076	Jobbers Overall Apartments (@40%)	1,205
	Timber Ridge Apartments II (@40%)	744	Legacy At Linden Park (Market)	1,065	Jobbers Overall Apartments (@50%)	1,205
	Timber Ridge Apartments II (@50%)	744	The Overlook At Stonemill (Market)	1,050	Miller's Rest II (@30%)	1,168
	Timber Ridge Apartments (@40%)	744	Legacy At Linden Park (Market)	1,023	Miller's Rest II (@40%)	1,168
	Miller's Rest II (@60%)	703	Jobbers Overall Apartments (@40%)	972	Miller's Rest II (@50%)	1,168
	Miller's Rest II (@50%)	703	Jobbers Overall Apartments (@50%)	972	Miller's Rest II (@60%)	1,168
	Miller's Rest II (@40%)	703	Wyndhurst Villas (Market)	970	Wyndhurst Villas (Market)	1,160
	Miller's Rest II (@30%)	703	Vistas At Dreaming Creek (@60%)	960	Vistas At Dreaming Creek (Market)	1,159
	Waters At James Crossing (Section 8)	557	Vistas At Dreaming Creek (Market)	950	Vistas At Dreaming Creek (@60%)(1.5BA)	1,159
	Waters At James Crossing (@60%)	557	Miller's Rest II (@50%)	948	Waters At James Crossing (Section 8)(1.5BA)	916
			Miller's Rest II (@50%)	948	Waters At James Crossing (@60%)(1.5BA)	916
			Miller's Rest II (@30%)	948		
			Miller's Rest II (@60%)	948		
			Miller's Rest II (@40%)	948		
			The Overlook At Stonemill (Market)(1BA)	925		
			Waters At James Crossing (Section 8)(1BA)	785		
			Waters At James Crossing (Section 8)(1BA)	751		
		Waters At James Crossing (@60%)(1BA)	751			
		Waters At James Crossing (Non-Rental)(1BA)	751			
RENT PER SQUARE FOOT	Waters At James Crossing (Section 8)	\$1.40	Waters At James Crossing (Section 8)(1BA)	\$1.12	Legacy At Linden Park (Market)	\$1.04
	Mill's Crossing (Market)	\$1.07	Waters At James Crossing (Section 8)(1BA)	\$1.08	Waters At James Crossing (Section 8)(1.5BA)	\$1.03
	Mill's Crossing (Market)	\$1.06	Vistas At Dreaming Creek (Market)	\$0.95	Vistas At Dreaming Creek (Market)	\$0.88
	The Overlook At Stonemill (Market)	\$1.05	Vistas At Dreaming Creek (@60%)	\$0.94	Vistas At Dreaming Creek (@60%)	\$0.85
	Miller's Rest II (@60%)	\$1.03	Miller's Rest II (@60%)	\$0.90	Miller's Rest II (@60%)	\$0.84
	Vistas At Dreaming Creek (Market)	\$1.01	Legacy At Linden Park (Market)	\$0.89	The Overlook At Stonemill (Market)	\$0.84
	Eleven 25 (Market)	\$0.97	Vistas At Dreaming Creek (@60%)	\$0.88	Wyndhurst Villas (Market)	\$0.81
	Legacy At Linden Park (Market)	\$0.96	The Overlook At Stonemill (Market)	\$0.87	Grand Vistas Apartments (Market)	\$0.80
	Vistas At Dreaming Creek (@60%)	\$0.91	Wyndhurst Villas (Market)	\$0.86	Eleven 25 (Market)	\$0.73
	Grand Vistas Apartments (Market)	\$0.91	Legacy At Linden Park (Market)	\$0.85	Miller's Rest II (@50%)	\$0.68
	Miller's Rest II (@50%)	\$0.83	Eleven 25 (Market)	\$0.83	Timber Ridge Apartments (@50%)	\$0.56
	Timber Ridge Apartments (@50%)	\$0.73	Mill's Crossing (Market)	\$0.82	Timber Ridge Apartments II (@50%)	\$0.56
	Timber Ridge Apartments II (@50%)	\$0.73	Mill's Crossing (Market)	\$0.81	Jobbers Overall Apartments (@50%)	\$0.55
	Miller's Rest II (@40%)	\$0.64	Legacy At Linden Park (Market)	\$0.80	Miller's Rest II (@40%)	\$0.52
	Timber Ridge Apartments II (@40%)	\$0.59	Grand Vistas Apartments (Market)	\$0.79	Timber Ridge Apartments (@40%)	\$0.51
	Timber Ridge Apartments (@40%)	\$0.59	Miller's Rest II (@50%)	\$0.74	Waters At James Crossing (@60%)(1.5BA)	\$0.46
	Waters At James Crossing (@60%)	\$0.45	Miller's Rest II (@50%)	\$0.74	Jobbers Overall Apartments (@40%)	\$0.44
	Miller's Rest II (@30%)	\$0.45	Jobbers Overall Apartments (@50%)	\$0.60	Timber Ridge Apartments II (@40%)	\$0.44
			Timber Ridge Apartments (@50%)	\$0.60	Miller's Rest II (@30%)	\$0.36
			Timber Ridge Apartments II (@50%)	\$0.60		
			Miller's Rest II (@40%)	\$0.56		
			Jobbers Overall Apartments (@40%)	\$0.48		
			Timber Ridge Apartments (@40%)	\$0.47		
			Timber Ridge Apartments II (@40%)	\$0.47		
			Waters At James Crossing (@60%)(1BA)	\$0.45		
		Miller's Rest II (@30%)	\$0.39			

ADDENDUM D
Site and Floor Plans



ARCHITECTURAL SITE PLAN
SCALE: 1" = 60'-0"

<p>CONSULTANTS</p>	<p>NOT FOR CONSTRUCTION VHDA TAX CREDIT APPLICATION MARCH 18, 2021 NOT FOR CONSTRUCTION</p>	<p>1228 PERIMETER PARKWAY SUITE 101 VIRGINIA BEACH, VIRGINIA 23454 www.ts3architects.com 757.689.2899</p>	<p>PROJECT TITLE MILLER'S REST APARTMENTS II, LP 6100 OLD MILL ROAD LYNCHBURG, VIRGINIA 24502</p>
		<p>100-0001-0010-000-001 VIRGINIA CORPORATION NO. 405001837</p>	<p>PROJECT NUMBER TS320066.00</p>
		<p>REVISIONS / SUBMISSIONS</p>	<p>CONTRACT DRAWING DATE</p>
			<p>DRAWING TITLE ARCHITECTURAL SITE PLAN</p>
			<p>DRAWING NUMBER</p>
			<p>G101</p>
			<p>SHEET 1 OF 00</p>



ARCHITECTURAL SITE PLAN
SCALE: 1" = 400'

		1224 PENNINGTON PARKWAY SUITE 100 GREENSBORO, NORTH CAROLINA 27409 (336) 853-1100	PROJECT TITLE MILLERS REST APARTMENTS PHASE 1 1100 OLD MILL ROAD GREENSBORO, NC 27409 PROJECT NUMBER TS3000600
		DATE OF PREPARED DRAWING 10/20/2017	CONTRACT DRAWING DATE 10/20/2017
CONSULTANTS TS3 ARCHITECTURAL	ARCHITECT TS3 ARCHITECTURAL	DRAWING TITLE ARCHITECTURAL SITE PLAN	DRAWING NUMBER G101 SHEET 1 OF 03

FLIPPED, LLC
 PARCEL ID: 28060002
 INST. #: 12008445
 25.229 ACRES
 P.B. 2, PG. 85
 (CAMPELL COUNTY)

SWALE

UNDERGROUND
 STORAGE
 VAULT
 (VOL. = 373,700 FT³)
 LENGTH = 128'
 WIDTH = 72'

FLIPPED, LLC
 PARCEL ID: 28060002
 INST. #: 12008445
 25.229 ACRES
 P.B. 2, PG. 85
 (CAMPELL COUNTY)

PROJECT UNIT MATRIX

BY UNITS - 3 BUILDINGS	
20.00%	16 ONE BEDROOM
30.00%	48 TWO BEDROOM
20.00%	16 THREE BEDROOM
TOTAL: 80 UNITS	

UNIT MATRIX

	1 BEDROOM	2 BEDROOM	3 BEDROOM	TOTAL
BUILDING 3				
BUILDING 4				
BUILDING 5				
TOTAL				
PERCENTAGE OF TOTAL				

**ACCESSIBLE UNITS:
 TYPE 'A' / UFAS / ADA / UD**

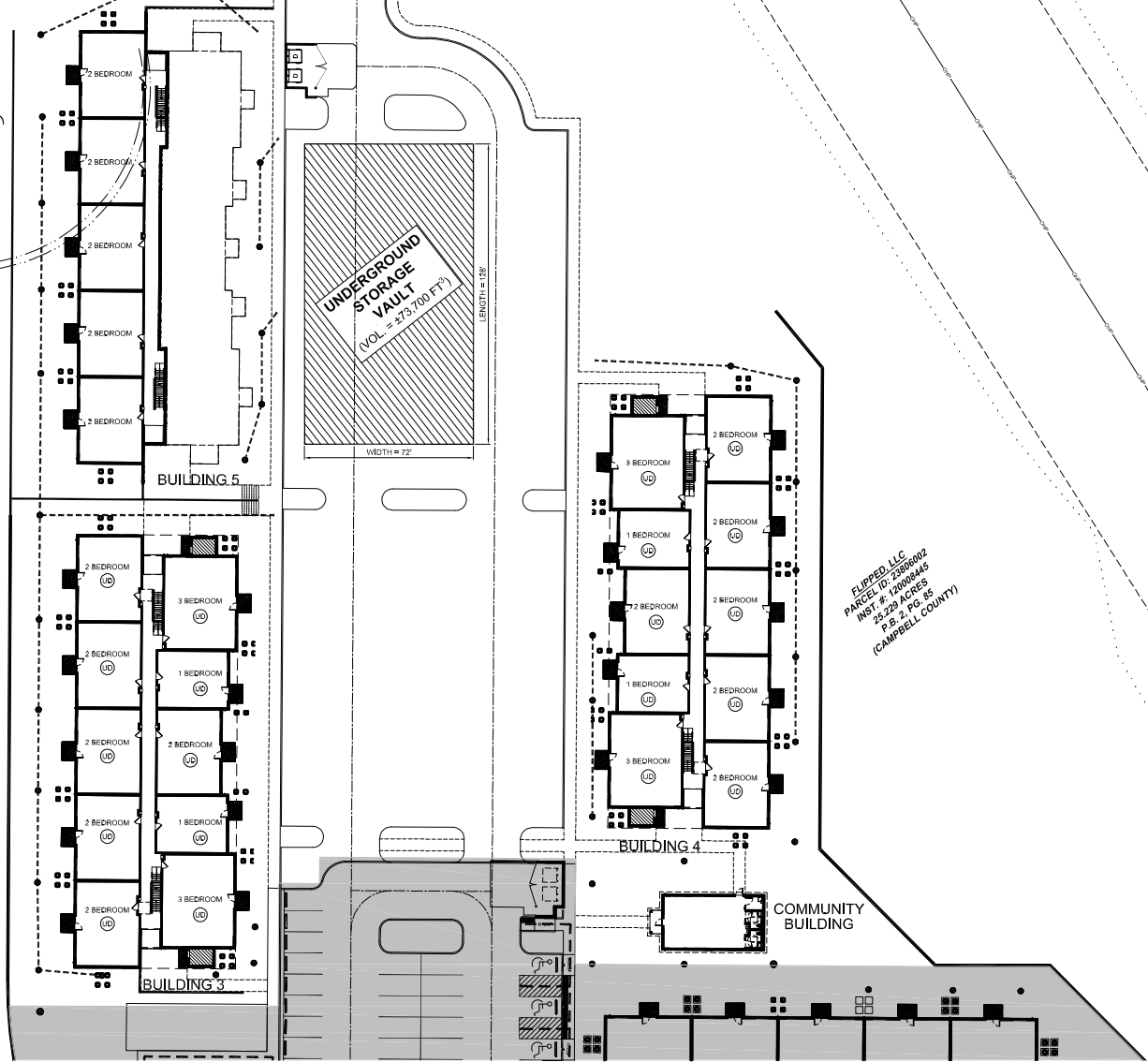
	1 BEDROOM	2 BEDROOM	3 BEDROOM	TOTAL
BUILDING 3				
BUILDING 4				
BUILDING 5				
TOTAL				
PERCENTAGE OF TOTAL				

**ACCESSIBLE UNITS:
 TYPE 'B' / UNIVERSAL DESIGN**

	1 BEDROOM	2 BEDROOM	3 BEDROOM	TOTAL
BUILDING 3				
BUILDING 4				
BUILDING 5				
TOTAL				
PERCENTAGE OF TOTAL				

- UNIVERSAL DESIGN NOTES**
- 123 PARKING SPACES TOTAL ON SITE
 TOTAL ACCESSIBLE SPACES = 11 (9%)
 EXCEPTION 1:
 THE TOTAL NUMBER OF ACCESSIBLE PARKING SPACES FOR UD QUALIFYING UNITS MAY BE REDUCED TO 5% OF THE TOTAL NUMBER OF PARKING SPACES.
 - WIDTH OF DRIVEWAY ADJACENT TO PARKING: MINIMUM 8'-0"; ALL OTHER DRIVEWAYS: MINIMUM 4'-0".
 - ALL CURB CUTS SHALL BE UD COMPLIANT.
 - ACCESSIBLE ROUTE SHALL NOT TRAVEL BEHIND OR THROUGH PARKING SPACES.

- SITE LAYOUT LEGEND**
- SYMBOL
 - DESCRIPTION
 - LOCATION OF TYPE 'A', UFAS, ADA AND UD UNITS ON FIRST FLOOR
 - LOCATION OF TYPE 'B' AND UNIVERSAL DESIGN UNITS ON FIRST FLOOR
 - FRONT
 - INDICATES PLUMB SLOPE ORIENTATION FOR PURPOSES OF THE CONSTRUCTION DOCUMENTS
 - ACCESSIBLE ROUTE - MAX RAMPING SLOPE 5%, MAX CROSS SLOPE 2%
 - LOCATION OF ADA COMMUNICATION UNIT



TRUE NORTH
 ENLARGED ARCHITECTURAL SITE PLAN
 SCALE: 1" = 20'-0"

TS3 ARCHITECTS

1224 PENNINGTON PARKWAY
 SUITE 101
 GREENSBORO, NORTH CAROLINA
 27409-3800
 (336) 853-8800
 www.ts3architects.com

PROJECT TITLE
 MILLERS NEST APARTMENTS
 PHASE 1
 1100 OLD MILL ROAD
 LYNNHURST, VIRGINIA
 22089

PROJECT NUMBER
 TS32006600

DATE OF CONSTRUCTION DOCUMENTS
 10/20/2023

CONTRACT COMMENCEMENT DATE
 10/20/2023

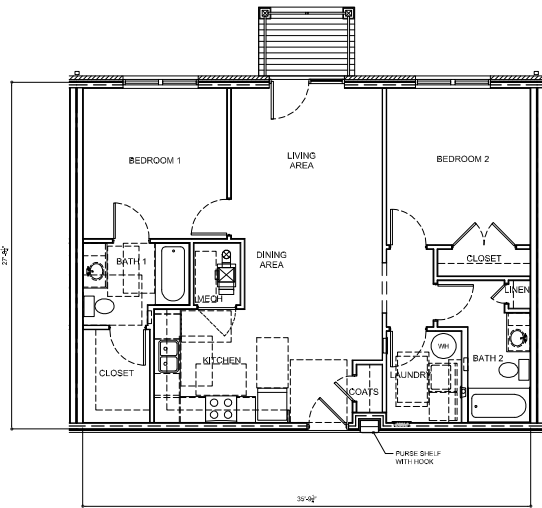
DESIGNED BY
 TS3 ARCHITECTS

DRAWING TITLE
 ENLARGED ARCHITECTURAL SITE PLAN

DATE
 10/20/2023

PROJECT NUMBER
 G102

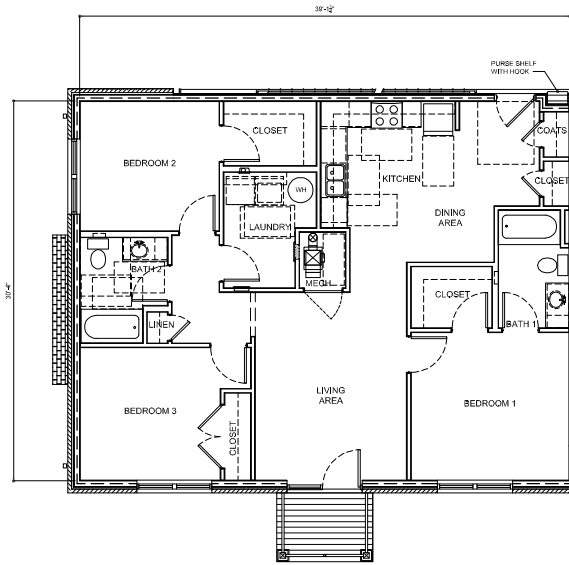
SHEET 1 OF 03



D1 ENLARGED PLAN - UNIT 2.1

A413 SCALE: 1/4" = 1'-0"

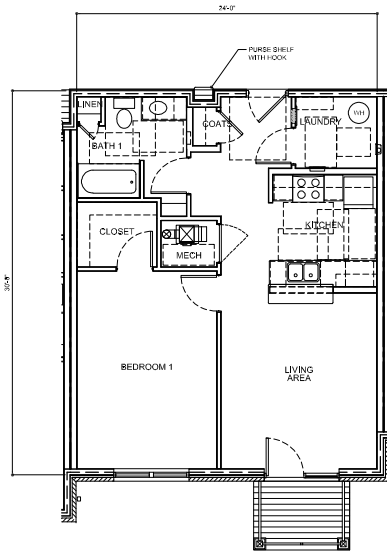
UPPER FLOOR UNIT SHOWN



D5 ENLARGED PLAN - UNIT 3.1

A413 SCALE: 1/4" = 1'-0"

UPPER FLOOR UNIT SHOWN



A1 ENLARGED PLAN - UNIT 1.1

A413 SCALE: 1/4" = 1'-0"

UPPER FLOOR UNIT SHOWN

		1224 PENNINGTON PARKWAY	PROJECT TITLE
		2 FLOORS 3000 RICHMOND AVENUE DUBLIN, VA 22029	MILLING REST APARTMENTS PHASE 1 1100 OLD MILL ROAD LYNCHBURG, VIRGINIA 24502
		DATE: 11/11/2022	PROJECT NUMBER
		1224 PENNINGTON PARKWAY	TS32006600
		DATE: 11/11/2022	CONTRACT DRAWING DATE
		1224 PENNINGTON PARKWAY	APPROVED BY: ENGINEERING
		1224 PENNINGTON PARKWAY	DRAWING TITLE
		1224 PENNINGTON PARKWAY	UNIT PLANS

A413

SHEET 1 OF 50

ADDENDUM E
Utility Allowance



Virginia Housing Development Authority
Housing Choice Voucher Program

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

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

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

ADDENDUM F
Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS

DAVID BOISTURE, AM

I. Education

Ohio University, Athens, Ohio
Masters of Public Administration

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

II. Professional Experience

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

III. Professional Affiliation

Accredited Member of the American Society of Appraisers
Designated Member of the National Council of Housing Market Analysts (NCHMA)
LEED Green Associate

IV. Professional Training

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

V. Real Estate Assignments

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

- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, 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

K. DAVID ADAMESCU

I. Education

The Ohio State University, Columbus, OH
Masters of City and Regional Planning (MCRP)
Bachelors of Arts, Economics

II. Professional Experience

Manager, Novogradac & Company LLP
Real Estate Analyst, Novogradac & Company LLP
Project Director, VWB Research
Field Analyst, The Danter Company

III. Real Estate Assignments

A summary of assignments relating to market feasibility studies and appraisals includes:

- Written and supervised the production of over 1,000 rental housing market studies for projects located throughout 47 states as well as Puerto Rico and Virgin Islands. The preponderance of experience is with affordable housing developments, particularly those that operate with Section 42 Low-income Housing Tax Credit, HUD Section 8/202, and/or USDA Rural Development financing. Scope of analysis typically has included physical inspection of the property and market (have conducted over 400 property inspections throughout the United States and Puerto Rico), concept analysis, demographic and economic analysis, demand and absorption projections, comparable surveying, supply analysis and rent determination.
- Assisted in over 200 appraisals of multifamily rental housing, commercial office, and commercial retail properties. Analysis has included assisting with supply analysis and rent determination, operating expense analysis, capitalization rate determination, valuation utilizing the three approaches to value, insurable value estimation, and LIHTC equity valuation.
- Additional experience authoring market feasibility analyses for condominium housing, single-family housing, senior-oriented housing, seasonal housing, retail, office, golf course/marina resorts, and mixed-use developments.
- Conducted special research for highest and best use evaluations, the impact of “green” development principals on marketability, and seasonal housing dynamics.
- Reviewed third-party market studies and appraisals for investors in the secondary market.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Robert McCarthy

I. Education

The Ohio State University, Columbus, Ohio
Bachelor of Science in Economics, Bachelor of Arts in Public Affairs

II. Professional Experience

Analyst, Novogradac & Company LLP, January 2020 – Present
Junior Analyst, Novogradac & Company LLP, August 2017 – December 2019
Regional Field Organizer, AARP Take a Stand Campaign, June 2016 – December 2016

III. Real Estate Assignments

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

- Assisted with market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, rental rate analysis, competitive property surveying, and overall market analysis.
- Assisted with appraisals of new construction and existing LIHTC and market-rate properties, as well as solar farm developments.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

JACOB PELLEGRINO

I. Education

University of Kansas– Lawrence, KS
Master of Urban Planning, Housing and Community Development and Sustainable Land Use
Bachelor of Arts in Architectural Studies

II. Professional Experience

Junior Analyst, *Novogradac & Company LLP* – September 2020 - Present
Planning and Urban Design Intern, *Unified Government of Wyandotte County/Kansas City, KS*
– June 2019 – August 2020

III. Research Assignments

A representative sample of work on various types of projects:

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

ADDENDUM G
NCHMA Certification and Checklist



Formerly known as
National Council of Affordable
Housing Market Analysts

NCHMA MEMBER CERTIFICATION

This market study has been prepared by **Novogradac 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.

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

NCHMA Market Study Index

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

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