

**A MARKET FEASIBILITY**

**STUDY OF:**

**MILL CREEK  
APARTMENTS**

# A MARKET FEASIBILITY STUDY OF:

# **MILL CREEK**

# **APARTMENTS**

Located at:  
201 Mill Creek Parkway  
Chesapeake, Virginia 23323

Effective Date: April 8, 2022  
Report Date: May 3, 2022

Prepared for:  
Wade Wood  
Investment Officer  
Involve Communities  
2231 20<sup>th</sup> Avenue South  
Birmingham, AL 35223

Prepared by:  
Novogradac Consulting LLP  
6700 Antioch Road, Suite 450  
Merriam, KS 66204  
913-677-4600





May 3, 2022

Wade Wood  
Investment Officer  
Involve Communities  
2231 20th Avenue South  
Birmingham, AL 35223

Re: Market Study for Mill Creek Apartments, located in Chesapeake, Virginia

Dear Wade Wood:

At your request, Novogradac Consulting LLP has performed a market study of the multifamily rental market in the Chesapeake, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project. It should be noted that we are also preparing a HUD MAP appraisal on the Subject, with an effective date of April 19, 2022.

The purpose of this market study is to assess the viability of Mill Creek Apartments (Subject), a proposed acquisition/rehabilitation development. The Subject consists of 120 LIHTC units restricted at 60 percent of the Area Median Income (AMI). Units include two and three-bedroom garden-style units in 10 three-story residential buildings, in addition to a one-story community building, one storage building, and one maintenance building, that were originally built in 1995 with LIHTC funding. Post-renovation, the Subject's units will continue to be LIHTC restricted to households with incomes of 60 percent of the AMI, or less.

We have been asked to test achievable rents. We assume all information provided by the client correctly reflects the Subject. Any material changes from the development scheme provided may affect the conclusions shown in this report. 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. Involve Communities is the client in this engagement. We understand that they will submit this document to the Virginia Housing (formerly known as VHDA) for tax credit application. 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.
- Project Description
- Supply Analysis
- Market Area Analysis
- Demand Analysis
- Absorption Analysis
- Conclusions and Recommendations
- Required Appendices

**MILL CREEK APARTMENTS  
MARKET STUDY  
MAY 2022  
PAGE 2**

The depth of discussion contained in the report is specific to the needs of the client, specifically the requirements of Virginia Housing pursuant to the 2022 market study requirements. Novogradac Consulting LLP adheres to market study guidelines promulgated by the National Council of Housing Market Analysts (NCHMA). NCHMA is a professional organization chartered to promote the development of high-quality market analysis for the affordable housing industry. Novogradac is a charter member of this organization. NCHMA has compiled model content standards for market studies. This report, which Novogradac certifies as a NCHMA-compliant comprehensive market analysis full narrative report, conforms to those standards; any slight modifications or departures from those standards are considered incidental. Novogradac is a disinterested third party. The report and the conclusions are subject to the *Assumptions and Limiting Conditions* attached

Involve Communities is the client in this engagement and intended user of this report. We understand that they will use this document to assist in obtaining tax credits. Intended users are those transaction participants who are interested parties and have knowledge of the Section 42 LIHTC program. These could include local housing authorities, state allocating agencies (including Virginia Housing), state lending authorities, LIHTC construction and permanent lenders, and LIHTC syndicators. As our client, Involve Communities 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 users under a separate agreement.

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.

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



Rachel B. Denton, MAI  
Partner  
Rachel.Denton@novoco.com  
(913) 312-4612



Sara Nachbar  
Manager  
Sara.Nachbar@novoco.com  
(913) 312-4616



Erin Weber  
Analyst

# TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY AND CONCLUSIONS.....	1
II.	PROJECT DESCRIPTION .....	5
III.	LOCATION, MARKET AREA DEFINITION & PROPERTY CHARACTERISTICS.....	12
IV.	EMPLOYMENT AND ECONOMY .....	29
V.	DEMOGRAPHIC CHARACTERISTICS.....	37
VI.	COMPETITIVE ENVIRONMENT .....	45
VII.	DEMAND ANALYSIS / CONCLUSIONS.....	102
VIII.	LOCAL PERSPECTIVE OF RENTAL HOUSING AND HOUSING ALTERNATIVES .....	115

ADDENDUM A - ASSUMPTIONS AND LIMITING CONDITIONS

ADDENDUM B - STATEMENT OF QUALIFICATIONS

ADDENDUM C - DATA SOURCES

ADDENDUM D - NCHMA CERTIFICATION AND CHECKLIST

ADDENDUM E - UTILITY ALLOWANCE SCHEDULE

# **I. EXECUTIVE SUMMARY AND CONCLUSIONS**

## EXECUTIVE SUMMARY AND CONCLUSIONS

The Subject is located at 201 Mill Creek Parkway in Chesapeake, Virginia 23323. The property consists of 120 two and three-bedroom LIHTC units in 10 garden-style three-story buildings that were originally built in 1995 with LIHTC funding.

The Subject is proposed for renovation with LIHTC equity. Renovations proposed include a complete interior renovation as well as new siding and windows, with estimated completion in 2023. Post-renovation, the Subject’s units will continue to be LIHTC restricted to households with incomes of 60 percent of the Area Median Income (AMI), or less.

The Subject’s proposed rents are detailed in the following table.

PROPOSED RENTS							
Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents
@60%							
2BR / 1BA	963	2	\$1,101	\$162	\$1,263	\$1,263	\$1,147
2BR / 2BA	990	82	\$1,101	\$162	\$1,263	\$1,263	\$1,147
3BR / 2BA	1,185	36	\$1,264	\$194	\$1,458	\$1,458	\$1,618
		<b>120</b>					

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

In general, we believe there is demand in the marketplace for the Subject as conceived. We recommend no changes to the development scheme.

### Strengths

- Post-renovation, the Subject will exhibit improved condition.
- The Subject has historically been well accepted in the market. Further, all tenants are expected to remain income qualified post-renovation, and renovations will occur with tenants in place.
- All of the LIHTC comparables reported 100 percent occupancy at the time of our interview and four of the five maintain waiting lists.
- The Subject is located within three miles of many locational amenities including public transportation, public services, schools, and retail.

### Weaknesses

- There are no notable weaknesses for the Subject, as renovated.

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

<b>CAPTURE RATE</b>	4.8%
<b>ABSORPTION PERIOD</b>	Less than 5 months (if hypothetically 100% vacant)

It should be noted that this absorption period assumes the Subject is hypothetically 100 percent vacant. In actuality, renovations will be done with tenants in place and all tenants will remain income-qualified. As such, we expect minimal turnover, of 25 units or less, related to the proposed renovations and increased rents.



## **II. PROJECT DESCRIPTION**

## PROJECT DESCRIPTION

**Location:** The Subject is located at 201 Mill Creek Parkway, Chesapeake, Virginia 23323.

**Site Description:** The Subject site is 7.474 acres, or 325,567 square feet, in size, is rectangular in shape and is generally level. It is improved with 120 two and three-bedroom units contained in 10 three-story residential buildings, in addition to a one-story community building, one storage building, and one maintenance building.

**Aerial of Subject:**



Source: Google Earth, retrieved May 2022

**Proposed Rents and Unit Mix:** The following table details the proposed rents and unit mix for the Subject. The utility structure will remain the same for the Subject as renovated.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents	
@60%								
2BR / 1BA	963	2	\$1,101	\$162	\$1,263	\$1,263	\$1,147	
2BR / 2BA	990	82	\$1,101	\$162	\$1,263	\$1,263	\$1,147	
3BR / 2BA	1,185	36	\$1,264	\$194	\$1,458	\$1,458	\$1,618	
		<b>120</b>						

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

Post-renovation, the Subject’s units will continue to be LIHTC-restricted to households with incomes of 60 percent of the Area Median Income (AMI), or less. The Subject is currently in its extended use period and is bound by a LURA that restricts all units to 60 percent of the AMI until 2036.

**Current Asking and Achieved Rents:**

The Subject is an existing LIHTC development. The following tables detail the Subject’s current unit mix and tenant-paid rents.

**CURRENT RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2021 Maximum Allowable LIHTC Rent	2022 Maximum Allowable LIHTC Rent	
@60% AMI								
2BR/1BA	963	1	\$895	\$150	\$1,045	\$1,141	\$1,263	
2BR/1BA	963	1	\$921	\$158	\$1,079	\$1,141	\$1,263	
2BR/2BA	990	24	\$921	\$150	\$1,071	\$1,141	\$1,263	
2BR/2BA	990	58	\$921	\$158	\$1,079	\$1,141	\$1,263	
3BR/2BA	1185	8	\$1,052	\$185	\$1,237	\$1,318	\$1,458	
3BR/2BA	1185	28	\$1,052	\$193	\$1,245	\$1,318	\$1,458	
		<b>120</b>						

Notes (1) Based on the client-provided rent roll dated February 28, 2022

**CURRENT TENANT PAID RENTS**

Unit Type	Unit Size	Number of Units	Asking Rent	Minimum Tenant Paid Rent	Maximum Tenant Paid Rent	Average Tenant Paid Rent	Most Recent Lease Rate	
@60% AMI								
2BR/1BA	963	2	\$921	\$138	\$921	\$530	\$921	
2BR/2BA	990	82	\$921	\$0	\$983	\$777	\$983	
3BR/2BA	1185	36	\$1,052	\$0	\$1,125	\$907	\$1,125	
		<b>120</b>						

According to a rent roll dated February 28, 2022, the Subject is 95.8 percent occupied and has a waiting list of 162 households. There are currently 25 households, or 21.7 percent of all occupied units, utilizing

Housing Choice Vouchers, which skews the average tenant paid rents downward. The most recent leased units have been rented at rates at or above the noted asking rent, with the most recently rented two-bedroom two bath unit and three-bedroom unit both being leased at the maximum allowable levels. The Subject’s historical financials (2019 to 2021) indicate vacancy ranging from zero to 5.8 percent, with an average of 2.1 percent.

**Target Population:** The Subject will continue to target households of two to five persons earning 60 percent of the AML or less.

**Utility Structure:** Tenants at the Subject are responsible for electric cooking, electric water heating, electric heating, and general electric expenses, as well as cold water and sewer expenses. The landlord is responsible for trash expenses, and all common area utilities. The utility structure varies among the comparable properties; we have adjusted the comparables rents in accordance with the amounts outlined on the local utility schedule, obtained from the Chesapeake Redevelopment and Housing Authority, effective June 2022, which is the most recent available. The developer has provided us with the utility allowance they intend to use post-renovation. Following the renovations, the utility structure will remain the same.

**Unit Mix:** The following table illustrates the Subject’s unit mix and sizes as provided by the developer.

UNIT MIX AND SQUARE FOOTAGE			
Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
2BR / 1BA	2	963	1,926
2BR / 2BA	82	990	81,180
3BR / 2BA	36	1,185	42,660
<b>TOTAL</b>	<b>120</b>		<b>125,766</b>

**NLA:** Approximately 125,766 square feet as outlined in the table above.

**Unit Amenities:** The Subject’s unit amenities include hardwood flooring, blinds, patio/balcony, basic cable (free of charge), ceiling fan, range/oven, refrigerator, and dishwasher. Post-renovation, unit amenities will remain the same.

**Common Amenities:** The Subject’s community amenities include a clubhouse/community room, central laundry, on-site management, recreation area, and a swimming pool. Post-renovation, the property amenities will remain the same.

**Security Features:** The Subject offers a courtesy patrol and video surveillance as security features. Post-renovation, the security features will remain the same.

**Parking:** The Subject offers 253 off-street surface parking, or 2.1 spaces per unit. The amount of parking appears adequate.

**Number of Stories:** The Subject units are contained in 10 three-story residential buildings, in addition to a one-story community building, a storage building, and a maintenance building.

**Date of Construction:** The Subject was originally constructed in 1995. The Subject is proposed for LIHTC financed renovations, which are expected to begin in December 2022, with an estimated completion date in December 2023.

**Scope of Renovations:** According to information provided by the developer, the total renovation hard costs are estimated to be approximately \$4,812,008, or \$40,100 per unit. Based on the information from the developer, renovations will occur with limited tenant displacement. The scope of renovations includes, but is not limited to:

**Site Work**

- New building signage
- Plumbing upgrades (piping, water heaters, etc.)
- Landscaping
- New dumpster enclosure
- Downspouts
- Concrete work

**Common Areas and Shared Components**

- Modify laundry room door

**Building Exterior**

- Blown insulation in attics
- Repair gutters and downspouts as needed
- Masonry and vinyl siding pressure washing
- Stair repair
- Repair/replace windows, soffits, and fascia


**Residential Unit Interiors**

- New entry doors and interior doors
- Drywall repair
- New vinyl plank flooring in kitchen, bathrooms, and entryway
- New paint in kitchen, bathrooms, mechanical closets, and as needed
- New unit signage
- New bathroom and kitchen accessories and fixtures
- New kitchen cabinets, bathroom cabinets, countertops
- New kitchen appliances (refrigerator, range, dishwasher, range hood). New fire detectors.
- New blinds
- Cleaning tubs/surrounds, replacing 30 tubs/surrounds

**Target Population and**

<b>Occupancy Type:</b>	The Subject will continue to target households generally ranging from two to five persons. Annual incomes for the Subject’s units will range from \$43,303 to \$60,600
<b>Americans with Disabilities Act of 1990:</b>	We assume the property does not have any violations of the Americans with Disabilities Act of 1990.
<b>Quality of Construction Condition and Deferred Maintenance:</b>	The Subject appears to have been constructed using average-quality materials and the structures/units are in average condition and exhibit minimal deferred maintenance. Post-renovation, the Subject will be in good condition with no deferred maintenance.
<b>Functional Utility:</b>	Based upon a site inspection of the Subject property, the units are functional and market-oriented.
<b>Conclusion:</b>	The Subject property is a 120-unit LIHTC development that is currently in average condition. The Subject is proposed for renovation financed in part with LIHTC equity and will be in good condition post-renovation. The Subject is currently in its extended use period and is bound by a LURA that restricts all units to 60 percent of the AMI until 2036. The Subject does not suffer from functional obsolescence and provides average utility for its intended use. The proposed renovations will enable the Subject to maintain and/or improve its competitive position in the market.

**MILL CREEK APARTMENTS – CHESAPEAKE, VIRGINIA – MARKET STUDY**

Mill Creek Apartments											
<b>Location</b>	201 Mill Creek Pkwy Chesapeake, VA 23323 Chesapeake County										
<b>Units</b>	120										
<b>Vacant Units</b>	5										
<b>Vacancy Rate</b>	4.20%										
<b>Type</b>	Garden (3 stories)										
<b>Year Built / Renovated</b>	1995 / 2023										
Market											
<b>Program</b>	@60%			<b>Leasing Pace</b>			n/a				
<b>Annual Turnover Rate</b>	3%			<b>Change in Rent (Past Year)</b>			n/a				
<b>Units/Month Absorbed</b>	n/a			<b>Concession</b>			none				
<b>Section 8 Tenants</b>	22%										
Utilities											
<b>A/C</b>	not included – central			<b>Other Electric</b>			not included				
<b>Cooking</b>	not included – electric			<b>Water</b>			not included				
<b>Water Heat</b>	not included – electric			<b>Sewer</b>			not included				
<b>Heat</b>	not included – electric			<b>Trash Collection</b>			included				
Unit Mix (face rent)											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
2	1	Garden (3 stories)	2	963	\$1,101	\$0	@60%	Yes	0	0.0%	yes
2	2	Garden (3 stories)	82	990	\$1,101	\$0	@60%	Yes	4	4.9%	yes
3	2	Garden (3 stories)	36	1,185	\$1,264	\$0	@60%	Yes	1	2.8%	yes
Amenities											
<b>In-Unit</b>	Balcony/Patio			<b>Property</b>			Clubhouse/Meeting Room/Community Room				
	Blinds						Exercise Facility				
	Cable/Satellite/Internet						Central Laundry				
	Carpet/Hardwood						Off-Street Parking				
	Central A/C						On-Site Management				
	Dishwasher						Picnic Area				
	Ceiling Fan						Recreation Areas				
	Oven						Swimming Pool				
	Refrigerator										
	Washer/Drver hookup										
<b>Security</b>	Patrol			<b>Premium</b>			none				
	Video Surveillance										
<b>Services</b>	none			<b>Other</b>			none				
Comments											
<p>Mill Creek Apartments is currently in its extended use period and is bound by a LURA that restricts all units to 60 percent of AMI until 2036. The property is proposed for rehabilitation (\$40,100 per unit), with completion expected in 2023. Security cameras are present at the community building only. As of a rent roll dated February 28, 2022, there are four vacant 990 square foot two-bedroom units, and one vacant three-bedroom unit. Basic cable is included in the monthly rent.</p>											

### **III. LOCATION, MARKET AREA DEFINITION, & PROPERTY CHARACTERISTICS**



## **LOCATION, MARKET AREA, DEFINITION, & PROPERTY CHARACTERISTICS**

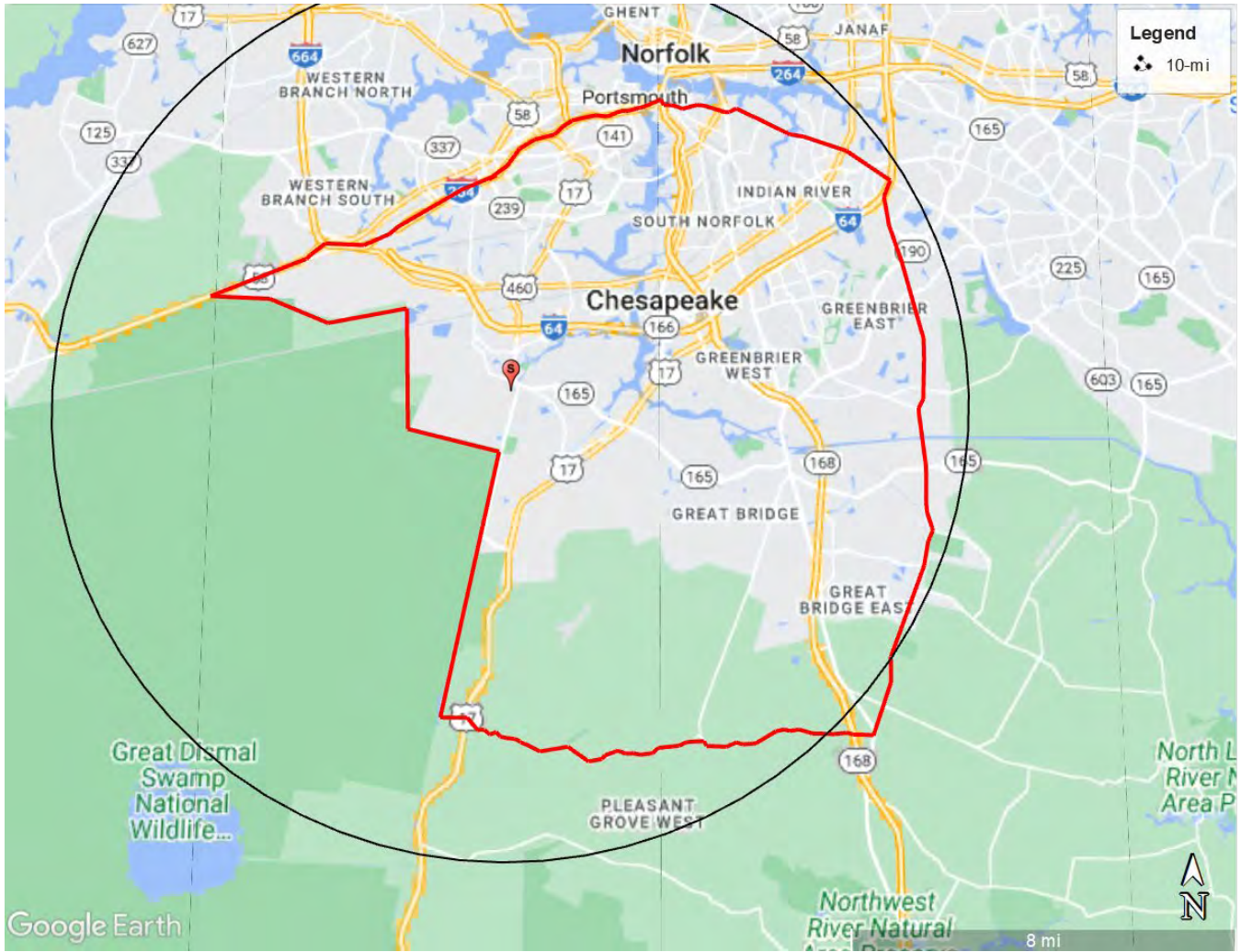
### **Primary Market Area**

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. Ninety percent of the Subject’s potential tenants are expected to hail from the PMA; however, demand estimates will not be adjusted to reflect the potential for “leakage,” as the demand template published in the 2022 Virginia Housing Market Study Guidelines does not explicitly permit an allowance for demand originating outside the PMA.

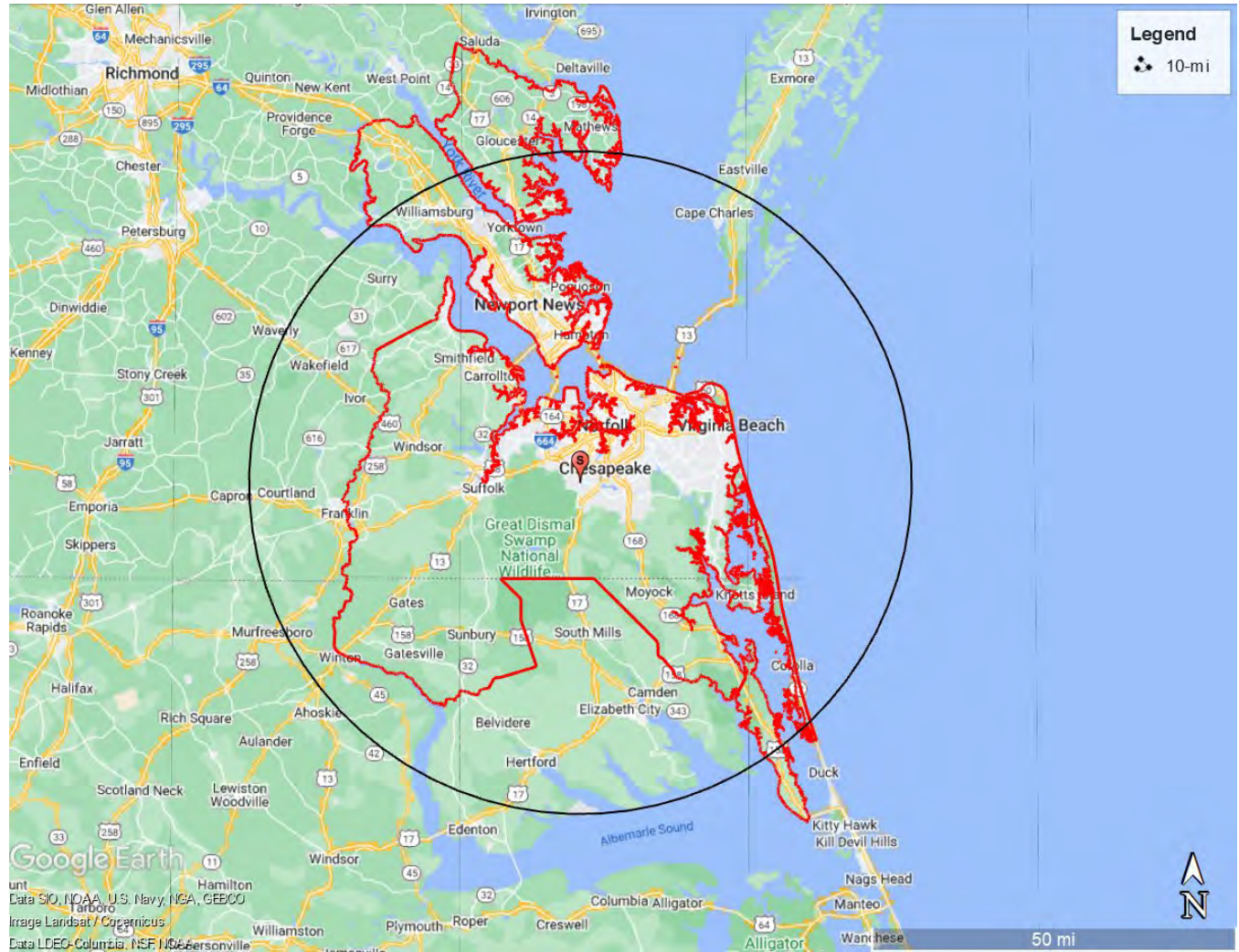
The Subject is located in the southwestern portion of Chesapeake, Virginia. The Primary Market Area (PMA) for the Subject covers approximately 140 square miles and consists of the city of Chesapeake, in addition to the southern portion of Portsmouth. General boundaries of the PMA include Indian River Road/East Berkley Avenue/Interstate 264 to the north, Centerville Turnpike to the east, Benefit Road/Douglas Road to the south, and the Great Dismal Swamp Wildlife Preserve to the west. Based on the Subject’s tenancy, we would expect most of the tenants to originate from the defined PMA; however, we also believe with some tenants originate from other areas in the surrounding MSA as well as from out of state.

Per Virginia Housing guidelines, analysts are to include secondary or tertiary markets. The secondary market in this case is the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA), which is comprised of Gloucester, Isle of Wight, James City, Mathews, Southampton, and York Counties and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg in Virginia and Camden, Currituck, and Gates Counties in North Carolina. We have utilized the MSA as the SMA in our analysis which encompasses approximately 3,023 square miles. Maps of both the PMA and MSA can be found on the following pages.

**Primary Market Area (PMA) Map**



### Secondary Market Area (SMA) Map



## DESCRIPTION OF THE SITE

The location of an apartment community can have a substantial negative or positive impact upon the performance, safety and appeal of the property. The following site description discusses the physical features of the site, as well as the layout, access issues, and traffic flow, etc.



Source: Google Earth, retrieved May 2022

- Size:** The Subject site is 7.474 acres, or 325,567 square feet, in size.
- Shape:** The Subject site is generally rectangular in shape.
- Frontage:** The Subject has frontage along the east side of Mill Creek Parkway.
- Topography:** The site is generally level.
- Utilities:** All utilities are available to the site.
- Visibility/Views:** The Subject has visibility from Mill Creek Parkway. Views to the north of the Subject consist of an accounting office. Views to the west of the Subject consist of a house of worship and its parking lot. Views to the south consist of single-family homes in good condition. Views to the

east of the Subject consist of wooded land. Overall, visibility and views are considered good.

**Surrounding Uses:**

The Subject is located in a mixed-use neighborhood in southwest Chesapeake, consisting primarily of single-family residential uses in addition to religious, office, and retail uses. Immediately surrounding uses include single-family homes in average to good condition to the south, a house of worship to the west, an accounting office to the north, and undeveloped wooded land followed by Deep Creek to the east. Many locational amenities including schools, public transportation, recreation areas, fire and police stations, and grocery/dollar stores, are located within 3.0 miles of the Subject site. Commercial and retail uses in the Subject’s immediate neighborhood appeared to be 85 percent occupied at the time of our inspection. According to Zillow, single-family homes in the Subject’s neighborhood are currently listed for sale between \$320,000 and \$499,990 and the median home value in the Subject’s neighborhood is \$364,000. Overall, the Subject site is a good location for multifamily use.

**Access and Traffic Flow:**

The Subject is accessible from Mill Creek Parkway, which is a lightly traveled four-lane road. Access to U.S. Highway 17 and State Route 165 is less than 0.1 miles north of the Subject. Highway 17 runs the length of eastern Virginia, between Chesapeake and Winchester, and State Route 165 connects Chesapeake with Norfolk. Additionally, access to Interstate 64 is 1.4 miles north of the Subject. Interstate 64 provides access between Chesapeake at its east end and Wentzville, Missouri at its west end. Overall, access is considered average, and traffic flow is considered light.

**Layout and Curb Appeal:**

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

**Site Characteristics:**

The following table outlines various characteristics.

SUMMARY OF SUBJECT SITE	
Visibility	Good
Views	Good
Access/Traffic Flow	Average/Light
Layout/Curb Appeal	Average

**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.

**Environmental Assessment:**

We requested but were not provided with a Phase I Environmental Report for the Subject. During our site inspection, we walked the

Subject's grounds and buildings and did not observe any obvious indicators of environmental contamination or adverse property condition issues. However, Novogradac & Company LLP does not offer expertise in this field and cannot opine as to the adequacy of the soil conditions, drainage, or existence of adverse environmental conditions. Should the presence of such materials be discovered, the value estimates reported herein could be materially affected by remediation costs. It is an extraordinary assumption of this report that there are no environmental issues at the site.

**Flood Plain:**

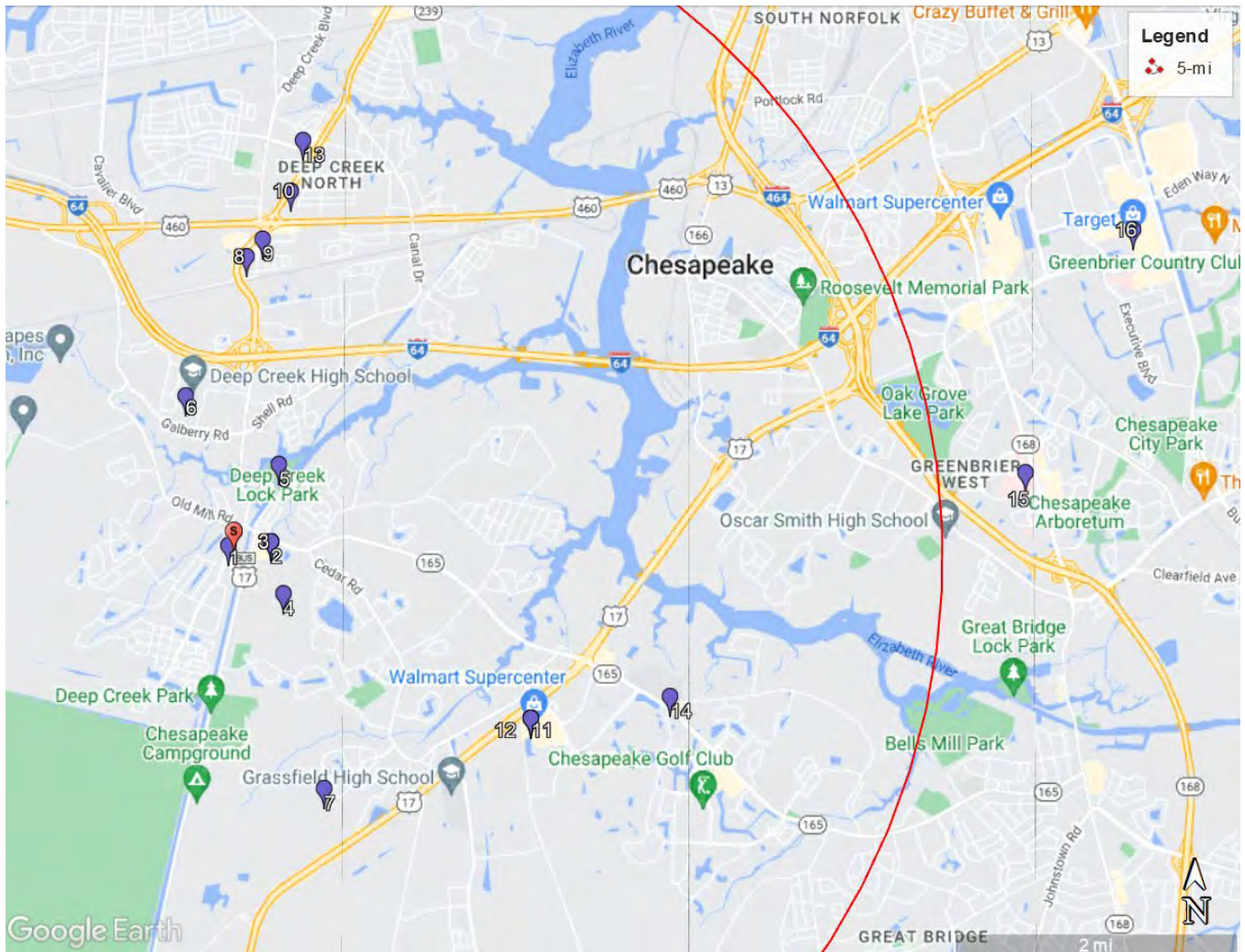
According to Flood Insights and Flood Insurance Rate Map Community Panel Number 5100340034D, dated December 16, 2014, the Subject site is located in Zone X, which is defined as an area outside of the 100- and 500-year flood plains. Further analysis by Novogradac is beyond the scope of the report.

**Detrimental Influences:**

We are not aware of any detrimental influences that would impact the marketability of the Subject.

**Proximity to Local Services**

The Subject is located in close proximity to services including area retail, medical facilities, and schools. The distances of various services from the Subject and a map of the locations are provided following.



**LOCAL AMENITIES**

Map #	Service or Amenity	Distance from Subject (Crow)	Map #	Service or Amenity	Distance from Subject (Crow)
1	Bus Stop	Adjacent	9	US Post Office	2.1 miles
2	Food Lion	0.4 miles	10	Chesapeake City Police Department	2.5 miles
3	Dollar General	0.4 miles	11	Woodforest National Bank	2.5 miles
4	Hugo A. Owens Middle School	0.6 miles	12	Walmart Supercenter	2.5 miles
5	Deep Creek Lock Park	0.7 miles	13	Chesapeake Fire Station 9	2.9 miles
6	Deep Creek High School	1.0 miles	14	Walgreens Pharmacy	3.4 miles
7	Grassfield Elementary School	1.9 miles	15	Chesapeake Regional Medical Center	5.7 miles
8	Major Hillard Library	2.0 miles	16	Target	6.8 miles

### **Public Transportation**

Public transportation is provided by Hampton Roads Transit, which is a public transportation service serving the cities of Norfolk, Virginia Beach, Chesapeake, Portsmouth, Hampton, Newport News, Williamsburg (Colonial Williamsburg), and Smithfield. One-way fares are \$2.00, with discounted one-way fares of \$1.00 for low-income riders, seniors, or youth. There are no bus stops in the Subject's immediate area, with the nearest bus stops located at Canal and Military (2.7 miles northeast) and Grassfield and Cahoon (2.8 miles southeast).

### **Conclusion**

The Subject is located in a mixed-use neighborhood in southwest Chesapeake, consisting primarily of single-family residential uses in addition to religious and office uses and retail uses. Immediately surrounding uses include single-family homes in average to good condition to the south, a house of worship to the west, an accounting office to the north, and vacant wooded land followed by Deep Creek to the east. Many locational amenities including schools, public transportation, recreation areas, fire and police stations, and grocery/dollar stores, are located within 3.0 miles of the Subject site. Commercial and retail uses in the Subject's immediate neighborhood appeared to be 85 percent occupied at the time of our inspection. Overall, the site is a good location for multifamily use.



**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



Subject exterior



Subject exterior



Subject exterior



Subject signage



Subject exterior/picnic area



Subject clubhouse exterior/parking lot



Subject fitness center



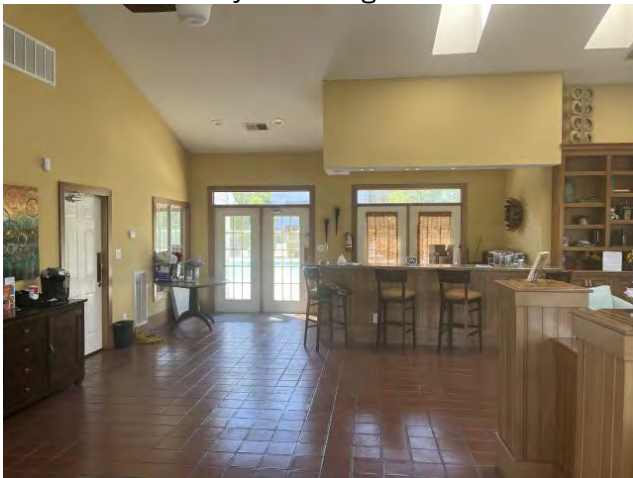
Subject laundry facility



Subject leasing office



Subject community room



Subject community room



Subject swimming pool



Subject mailboxes



Subject bus stop



Typical kitchen



Typical kitchen



Typical kitchen



Typical kitchen



Typical dining area



Typical laundry area



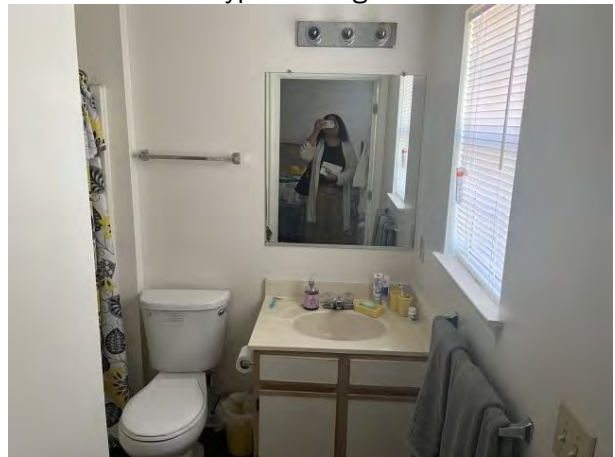
Typical living room



Typical living room



Typical bathroom



Typical bathroom



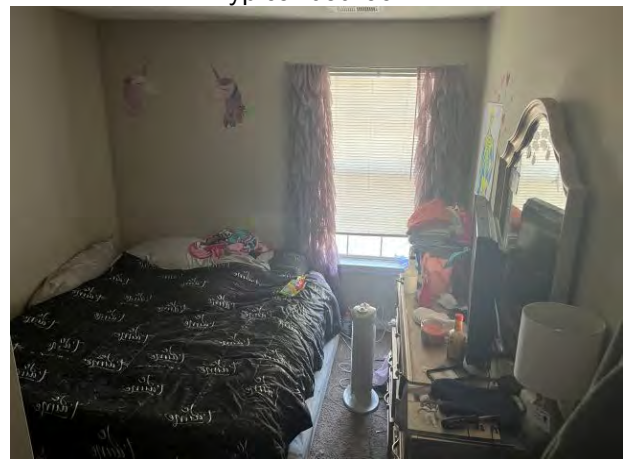
Typical bedroom



Typical bedroom



Typical bedroom



Typical bedroom



Typical closet



Typical closet



Typical closet



Typical closet



Typical balcony



Typical unit entrance door



Typical single-family home in neighborhood



Typical single-family home in neighborhood



Typical single-family home in neighborhood



Typical single-family home in neighborhood



Retail in Subject's neighborhood



Restaurant in Subject's neighborhood



House of worship adjacent to Subject



Pharmacy in Subject's neighborhood



View north on Mill Creek Parkway



View south on Mill Creek Parkway

### Crime Risk

A crime index below 100 is below the national average and anything over 100 is above the nation’s crime index average. A crime index of 75 in a PMA would be 25 percent below the national average while a crime rate of 200 would be twice that of the national average. The following table illustrates crime statistics for the PMA and the MSA as compared to the nation.

#### 2021 CRIME INDICES

	PMA	Virginia Beach-Norfolk-Newport News, VA-NC MSA
<b>Total Crime*</b>	<b>138</b>	<b>125</b>
<b>Personal Crime*</b>	<b>130</b>	<b>106</b>
Murder	181	159
Rape	103	111
Robbery	173	143
Assault	110	86
<b>Property Crime*</b>	<b>139</b>	<b>128</b>
Burglary	111	99
Larceny	152	142
Motor Vehicle Theft	113	92

Source: Esri Demographics 2021, Novogradac Consulting LLP, March 2022

\*Unweighted aggregations

Total crime indices in the PMA are slightly above the MSA and above the national average. The Subject offers a courtesy patrol and video surveillance as security features. Post-renovation, the Subject’s security features will remain the same. Four of the comparables offer some form of security, similar to the Subject. The remaining comparables do not offer security features and are inferior to the Subject. Conversations with local property managers, including Subject management, indicate that crime is not a major concern in the area.



## **IV. EMPLOYMENT AND ECONOMY**

## ECONOMIC ANALYSIS

The following sections will provide an analysis of the economic and demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) are areas of growth or contraction.

### Employment and Unemployment Trends

The table below illustrates the total employed and unemployment rates for the MSA and nation.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)								
Year	Virginia Beach-Norfolk-Newport News, VA-NC MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2006	773,600	-	3.7%	-	144,427,000	-	4.6%	-
2007	786,515	1.7%	3.5%	-0.2%	146,047,000	1.1%	4.6%	0.0%
2008	789,022	0.3%	4.5%	1.0%	145,363,000	-0.5%	5.8%	1.2%
2009	762,845	-3.3%	7.0%	2.5%	139,878,000	-3.8%	9.3%	3.5%
2010	770,312	1.0%	7.8%	0.7%	139,064,000	-0.6%	9.6%	0.3%
2011	777,300	0.9%	7.3%	-0.5%	139,869,000	0.6%	9.0%	-0.7%
2012	781,692	0.6%	6.7%	-0.6%	142,469,000	1.9%	8.1%	-0.9%
2013	791,554	1.3%	6.1%	-0.6%	143,929,000	1.0%	7.4%	-0.7%
2014	800,300	1.1%	5.6%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	796,773	-0.4%	4.9%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016	800,416	0.5%	4.5%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	818,039	2.2%	4.1%	-0.5%	153,337,000	1.3%	4.4%	-0.5%
2018	828,119	1.2%	3.2%	-0.8%	155,761,000	1.6%	3.9%	-0.4%
2019	838,915	1.3%	3.0%	-0.3%	157,538,000	1.1%	3.7%	-0.2%
2020	790,395	-5.8%	7.1%	4.2%	147,795,000	-6.2%	8.1%	4.4%
2021	788,058	-0.3%	4.6%	-2.5%	152,581,000	3.2%	5.4%	-2.7%
2022 YTD Average*	792,493	0.6%	3.9%	-0.7%	156,280,000	2.4%	4.3%	-1.1%
Jan-2021	772,987	-	6.5%	-	148,383,000	-	6.8%	-
Jan-2022	792,493	2.5%	3.9%	-2.6%	155,618,000	4.9%	4.4%	-2.4%

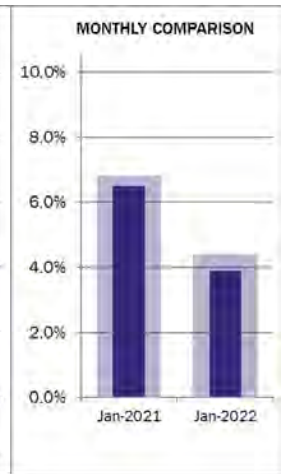
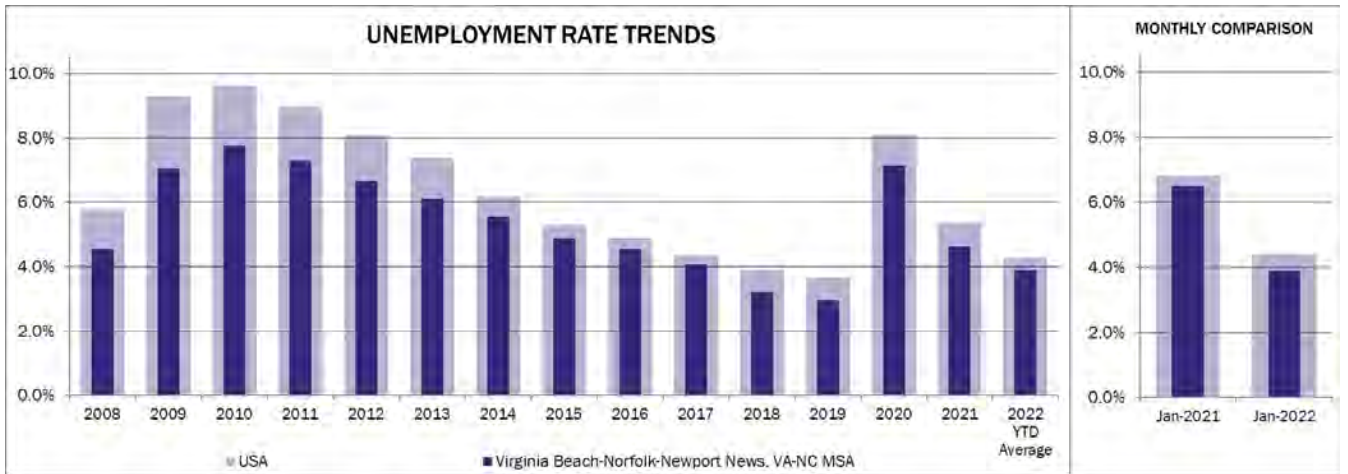
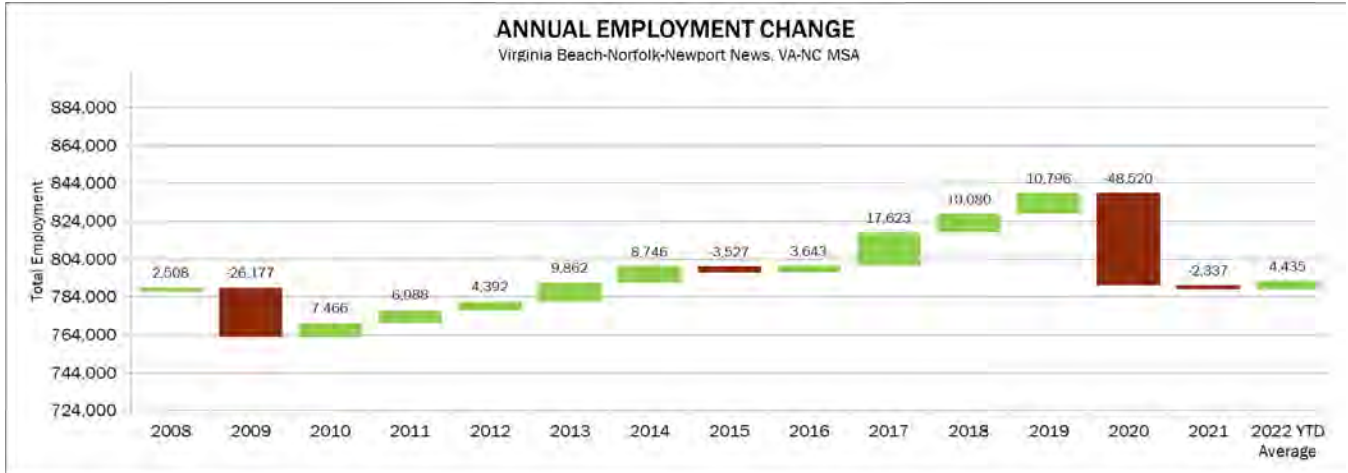
Source: U.S. Bureau of Labor Statistics, May 2022

\*2022 data is through January

Since 2012, job growth in the MSA generally lagged behind the nation. Total employment in the MSA peaked in 2019, prior to the onset of COVID-19. Between January 2021 and January 2022, total employment in the MSA increased by 2.5 percent, compared to a 4.9 percent increase across the overall nation. Though lower than the nationwide rise, the contraction in total employment in 2020 in the MSA was also lower at 5.8 percent relative to 6.2 percent nationwide. The contractions in both the MSA and the nation as a whole are directly attributed to the ongoing COVID-19 pandemic, and total employment in both geographies remain below the peaks achieved in 2019.

Since 2006, the MSA has experienced a lower unemployment rate relative to the nation in every year. As of January 2022, the unemployment rate in the MSA is 3.9 percent compared to 4.4 percent in the nation as a whole. This represents a moderate decrease from the January 2021 unemployment rates of the MSA and nation which were 6.5 percent and 6.8 percent, respectively. Although the unemployment rate in the MSA remains above pre-COVID-19 levels, recent trends indicate slow, but steady declines in unemployment month-over-month, and the current unemployment rate is comparable to what may economists refer to as full employment, which suggests continued improving economic conditions following the most severe impacts from the COVID-19 pandemic.

The charts following provide more illustration of the changes in employment and unemployment rate trends in the MSA.



**Employment by Industry**

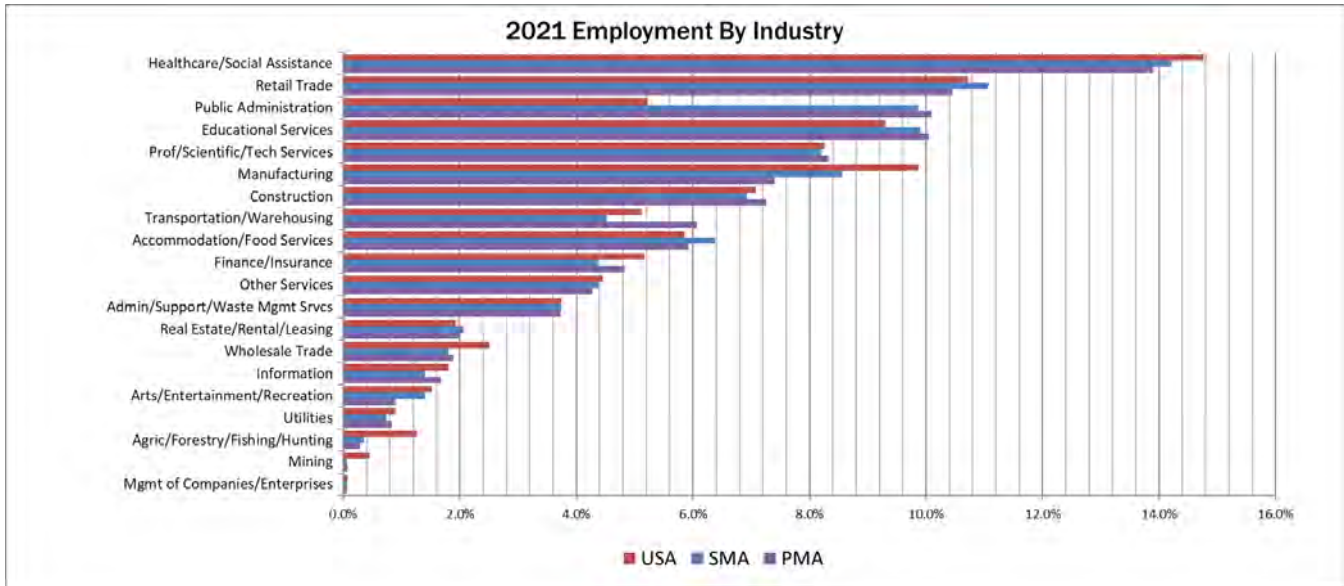
The following table illustrates employment by industry for the PMA and the nation as of 2021.

**2021 EMPLOYMENT BY INDUSTRY**

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	15,796	13.9%	23,217,292	14.8%
Retail Trade	11,875	10.4%	16,864,485	10.7%
Public Administration	11,474	10.1%	8,215,705	5.2%
Educational Services	11,415	10.0%	14,629,096	9.3%
Prof/Scientific/Tech Services	9,467	8.3%	13,005,287	8.3%
Manufacturing	8,405	7.4%	15,526,471	9.9%
Construction	8,250	7.3%	11,127,591	7.1%
Transportation/Warehousing	6,905	6.1%	8,044,029	5.1%
Accommodation/Food Services	6,743	5.9%	9,207,610	5.9%
Finance/Insurance	5,475	4.8%	8,123,688	5.2%
Other Services	4,859	4.3%	7,014,785	4.5%
Admin/Support/Waste Mgmt Svcs	4,239	3.7%	5,887,329	3.7%
Real Estate/Rental/Leasing	2,251	2.0%	3,044,245	1.9%
Wholesale Trade	2,149	1.9%	3,934,179	2.5%
Information	1,907	1.7%	2,846,142	1.8%
Arts/Entertainment/Recreation	1,009	0.9%	2,388,480	1.5%
Utilities	952	0.8%	1,412,381	0.9%
Agric/Forestry/Fishing/Hunting	325	0.3%	1,973,200	1.3%
Mining	89	0.1%	705,964	0.4%
Mgmt of Companies/Enterprises	67	0.1%	116,402	0.1%
<b>Total Employment</b>	<b>113,652</b>	<b>100.0%</b>	<b>157,284,361</b>	<b>100.0%</b>

Source: Esri Demographics 2021, Novogradac Consulting LLP, March 2022

Employment in the PMA is concentrated in the healthcare/social assistance, retail trade, and public administration industries, which collectively comprise 34.4 percent of local employment. The large share of PMA employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has significant share of employment in the healthcare and public administration industries, which are historically known to offer greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the public administration, transportation/warehousing, and educational services industries. Conversely, the PMA is underrepresented in the manufacturing, agriculture/forestry/fishing/hunting, and healthcare/social assistance industries.



**Major Employers**

The table below shows the largest employers in Chesapeake, VA.

**MAJOR EMPLOYERS  
CHESAPEAKE CITY**

Employer Name	Industry	# Of Employees
Chesapeake City Public Schools	Educational Services	1,000+
City of Chesapeake	Local Government	1,000+
Chesapeake General Hospital	Healthcare and Social Assistance	1,000+
Walmart	Retail Trade	1,000+
Sentara Healthcare	Healthcare and Social Assistance	1,000+
QVC Chesapeake	Retail Trade	1,000+
Cox Communications	Information	500-999
MAC Services	Administrative and Support Services	500-999
Food Lion	Retail Trade	500-999
Capitol One Bank	Finance and Insurance	500-999
Dollar Tree Management	Management of Companies and Enterprises	500-999
United Services Automobile Association	Finance and Insurance	500-999
Anteon Corporation	Professional, Scientific, and Technical Services	500-999
The Home Depot	Retail Trade	500-999

Source: Hampton Roads Alliance, retrieved April 2022

The largest employers in Chesapeake are concentrated in the healthcare and social assistance, education, government, and retail trade sectors. The healthcare sector is considered to be stable in times of economic downturn. However, the retail trade industry is historically volatile during times of recession. This has been evident during the COVID-19 pandemic. The retail trade industry has experienced a negative impact due to nationwide closures early on in the pandemic, as most retail trade jobs are on-site and cannot be carried out remotely. The MSA is home to many large companies including the headquarters of three Fortune 500 companies: Norfolk Southern, Dollar Tree Inc., and Smithfield Foods. Other major companies headquartered in the area include CMA CGM, Zim Integrated Shipping Services, Maersk Line Limited, Landmark Media Enterprises, FHC Health Systems, and Portfolio Recovery Associates. The region’s large port facilities also

support thousands of jobs. It is among the few deep- water ports on the eastern seaboard, which can accommodate large ships that can pass through the recently expanded Panama Canal.

### **Employment Expansion/Contraction**

We tried to contact representatives from the Chesapeake Economic Development Department about any recent business expansion announcements in the Chesapeake area. As of the writing of this report, our phone calls and emails have not been returned. However, we conducted online research and were able to find the following business expansions:

- In March 2022, Perdue Agribusiness announced it is expanding its Chesapeake plant with a \$59 million investment.
- Several expansion projects are on the horizon for Chesapeake Regional Medical Center, including a new critical care tower, a heart center building, expanded delivery rooms, and a new outpatient clinic for veterans.
- Summit Pointe, a new, mixed-use, urban lifestyle center that includes the 2018 delivery of the new Dollar Tree, Inc. headquarters, has recently delivered several new dining and entertainment options, including a Wasserhund Brewery, First Watch, and Luce's.
- In March 2021, Plasser American, an Austrian-based rail track maintenance company, broke ground of a new 45,000 square foot office expected to add 98 new jobs.
- In August 2021, Prism Maritime announced a \$4 million investment in its Chesapeake headquarters that is expected to create 166 new jobs.

### **WARN NOTICES**

We have reviewed publications by Virginia Employment Commission WARN (Worker Adjustment and Retraining Notification Act) filings since January 2020 for layoffs occurring within the Chesapeake area. We found only one layoff in Chesapeake during this time period. Aramark, a food service company, reported a layoff of 17 employees in January 2020 at the start of the COVID-19 pandemic.

## Wages by Occupation

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

### VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA - 2ND QTR 2020 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All Occupations</b>	<b>719,480</b>	<b>\$25.08</b>	<b>\$52,170</b>
Management Occupations	29,420	\$56.67	\$117,870
Computer and Mathematical Occupations	24,520	\$44.25	\$92,040
Legal Occupations	4,580	\$43.48	\$90,440
Architecture and Engineering Occupations	21,500	\$42.13	\$87,630
Healthcare Practitioners and Technical Occupations	44,430	\$38.48	\$80,030
Business and Financial Operations Occupations	46,030	\$37.66	\$78,340
Life, Physical, and Social Science Occupations	6,670	\$37.51	\$78,020
Arts, Design, Entertainment, Sports, and Media Occupations	9,100	\$28.50	\$59,280
Educational Instruction and Library Occupations	43,560	\$27.81	\$57,840
Installation, Maintenance, and Repair Occupations	35,240	\$24.84	\$51,660
Community and Social Service Occupations	11,730	\$24.43	\$50,810
Protective Service Occupations	19,000	\$23.43	\$48,740
Construction and Extraction Occupations	38,580	\$22.91	\$47,640
Production Occupations	35,340	\$21.01	\$43,710
Office and Administrative Support Occupations	91,080	\$19.10	\$39,730
Sales and Related Occupations	68,030	\$18.27	\$38,010
Transportation and Material Moving Occupations	61,030	\$18.12	\$37,690
Farming, Fishing, and Forestry Occupations	760	\$18.03	\$37,510
Healthcare Support Occupations	28,810	\$14.02	\$29,170
Building and Grounds Cleaning and Maintenance Occupatio	21,360	\$14.00	\$29,120
Personal Care and Service Occupations	16,280	\$13.65	\$28,400
Food Preparation and Serving Related Occupations	62,430	\$12.16	\$25,290

Source: Department Of Labor, Occupational Employment Statistics, 5/2020, retrieved 3/2022

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 \$12.16 per hour. The highest average hourly wage, of \$56.67, is for those in management occupations. An element not reflected in the wage rate 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 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	1,542	1.4%
Travel Time 5-9 min	7,437	6.7%
Travel Time 10-14 min	12,531	11.3%
Travel Time 15-19 min	17,336	15.6%
Travel Time 20-24 min	18,523	16.7%
Travel Time 25-29 min	9,930	9.0%
Travel Time 30-34 min	20,336	18.3%
Travel Time 35-39 min	3,789	3.4%
Travel Time 40-44 min	4,343	3.9%
Travel Time 45-59 min	10,268	9.3%
Travel Time 60-89 min	3,234	2.9%
Travel Time 90+ min	1,656	1.5%
<b>Weighted Average</b>	<b>28 minutes</b>	

Source: US Census 2021, Novogradac Consulting LLP, March 2022

As shown, the highest percentage of commuters travel between 30 and 34 minutes. More than 51 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. Overall, it appears that most residents work in Chesapeake and nearby areas, including Portsmouth and Norfolk.

## Conclusion

Employment in the PMA is concentrated in the healthcare/social assistance, retail trade, and public administration industries, which collectively comprise 34.4 percent of local employment. The large share of PMA employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has significant share of employment in the healthcare and public administration industries, which are historically known to offer greater stability during recessionary periods. Total employment in the MSA peaked in 2019, prior to the onset of COVID-19. Between January 2021 and January 2022, total employment in the MSA increased by 2.5 percent, compared to a 4.9 percent increase across the overall nation. As of January 2022, the unemployment rate in the MSA is 3.9 percent compared to 4.4 percent in the nation as a whole. This represents a moderate decrease from the January 2021 unemployment rates of the MSA and nation which were 6.5 percent and 6.8 percent, respectively. Although the unemployment rate in the MSA remains above pre-COVID-19 levels, recent trends indicate slow, but steady declines in unemployment month-over-month, and the current unemployment rate is comparable to what may economists refer to as full employment, which suggests continued improving economic conditions following the most severe impacts from the COVID-19 pandemic. Overall, the contraction in total employment and rise in unemployment of 2020 was directly related to the COVID-19 pandemic, and current economic data suggests ongoing improvement and recovery in both total employment and unemployment in the MSA as well as the nation.



# **V. DEMOGRAPHIC CHARACTERISTICS**

## DEMOGRAPHIC CHARACTERISTICS

According to Virginia Housing market study requirements, current year’s estimate (2022) and a five-year projection is required to be shown among the demographic data. As of the date of this report, 2022 data is unavailable. As such, we have utilized 2021 data for the current year estimate.

### Population and Household Trends

The following tables illustrate general population and households in the PMA, the MSA and the nation from 2000 through 2026.

Year	POPULATION					
	PMA		Virginia Beach-Norfolk-Newport News, VA-NC MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	236,869	-	1,549,208	-	280,304,282	-
2010	227,096	-0.4%	1,675,603	0.8%	308,745,538	1.0%
2021	250,057	0.9%	1,761,451	0.5%	333,934,112	0.7%
2026	261,161	0.9%	1,800,539	0.4%	345,887,495	0.7%

Source: Esri Demographics 2021, Novogradac Consulting LLP, April 2022

From 2010 to 2021 the population in the PMA increased, at a faster rate than both the MSA and nation as a whole. Similarly, from 2021 to 2026 the population in the PMA is projected to continue to increase, at a faster rate than both the MSA and nation overall.

Year	HOUSEHOLDS					
	PMA		Virginia Beach-Norfolk-Newport News, VA-NC MSA		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	83,179	-	576,971	-	105,081,032	-
2010	82,492	-0.1%	629,949	0.9%	116,716,293	1.1%
2021	90,769	0.9%	662,948	0.5%	126,470,651	0.7%
2026	94,829	0.9%	678,115	0.5%	131,047,367	0.7%

Source: Esri Demographics 2021, Novogradac Consulting LLP, April 2022

Similar to trends in population growth, the total number of households in the PMA increased from 2010 to 2021, and is projected to continue increasing through 2026. Total households in the surrounding MSA and the nation as a whole also increased from 2010 to 2021, albeit at a slower rate, and these trends are projected to continue to through 2026 as well. Overall, the PMA is outperforming the MSA and nation in terms of population and household growth.

### Average Household Size

The following table is a summary of the average household size in the PMA, the MSA and the nation from 2000 through 2026.

Year	AVERAGE HOUSEHOLD SIZE					
	PMA		Virginia Beach-Norfolk-Newport News, VA-NC MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.76	-	2.57	-	2.59	-
2010	2.65	-0.4%	2.56	-0.1%	2.57	-0.1%
2021	2.71	0.2%	2.55	0.0%	2.58	0.0%
2026	2.71	0.0%	2.55	0.0%	2.58	0.0%

Source: Esri Demographics 2021, Novogradac Consulting LLP, April 2022

The average household size in the PMA is 2.71 persons as of 2021, above the MSA (2.55 persons) and the nation (2.58 persons). The average household size in the PMA is projected to remain relatively stable through 2026.

### Household Tenure

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

Year	TENURE PATTERNS PMA			
	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	61,072	73.4%	22,107	26.6%
2010	55,281	67.0%	27,211	33.0%
2021	58,624	64.6%	32,145	35.4%
2026	61,769	65.1%	33,060	34.9%

Source: Esri Demographics 2021, Novogradac Consulting LLP, April 2022

As illustrated, the majority of occupied housing units in the PMA are owner-occupied rather than renter-occupied. However, the number and percentage of renter-occupied housing units increased from 2010 to 2021. From 2021 to 2026 the number of renter-occupied housing units is projected to increase slightly in the PMA, while the overall percentage of renter-occupied units is expected to decrease slightly.

### Renter Household Size Distribution

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

Household Size	PMA RENTER HOUSEHOLD SIZE DISTRIBUTION					
	2000		2021		2026	
	Total	Percent	Total	Percent	Total	Percent
1 persons	6,324	28.6%	10,534	32.8%	11,092	33.6%
2 persons	5,996	27.1%	8,551	26.6%	8,572	25.9%
3 persons	4,377	19.8%	6,189	19.3%	6,372	19.3%
4 persons	3,201	14.5%	3,634	11.3%	3,711	11.2%
5+ persons	2,209	10.0%	3,237	10.1%	3,313	10.0%
<b>Total</b>	<b>22,107</b>	<b>100.0%</b>	<b>32,145</b>	<b>100.0%</b>	<b>33,060</b>	<b>100.0%</b>

Source: Esri Demographics 2021, Novogradac Consulting LLP, April 2022

The majority of renter households in the PMA consist of one, two, and three-person households. The household size composition of renter households in the PMA is a positive indicator for the Subject’s units.

**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 2026.

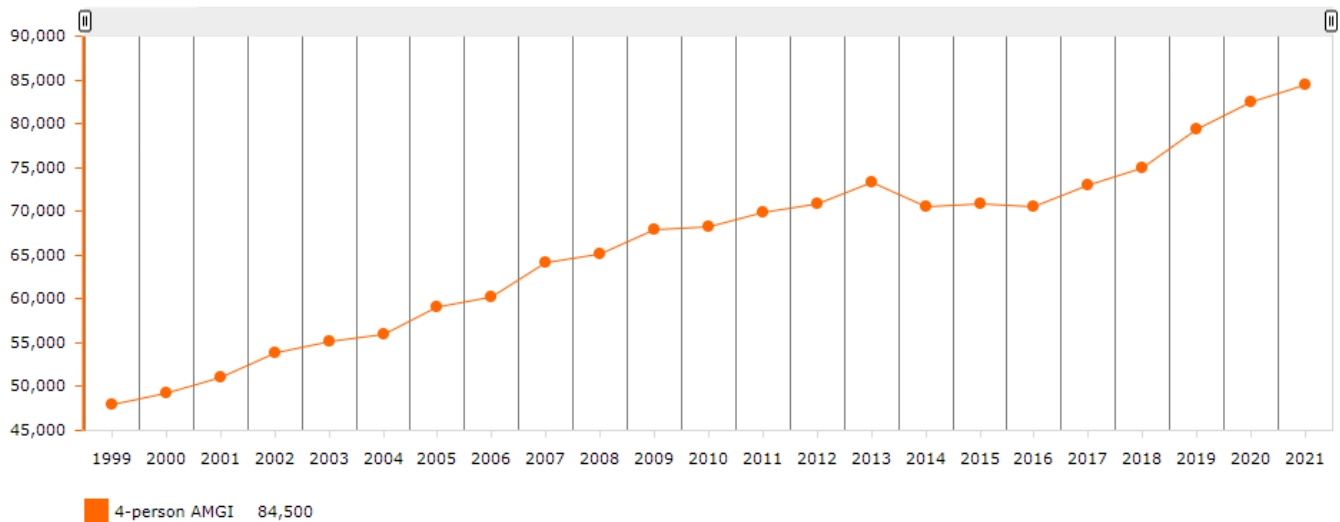
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$48,182	-	\$43,111	-	\$44,333	-
2021	\$67,674	1.9%	\$68,460	2.8%	\$64,730	2.2%
2026	\$74,192	1.9%	\$75,019	1.9%	\$72,932	2.5%

Source: Esri Demographics 2021, Novogradac Consulting LLP, April 2022

As of 2021, the median household income in the PMA is generally similar to that of the surrounding MSA and slightly above that of the nation. All three geographies are projected to grow healthily through 2026, with the median household income in the PMA remaining generally similar to the MSA and only slightly above the nation overall.

**Area Household Income Levels**

The following chart illustrates the area median gross income (AMGI) of a four-person household in the Virginia Beach-Norfolk-Newport News, VA-NC MSA between 1999 and 2021.



Source: Novogradac Consulting LLP, May 2022

Overall, the AMI in the MSA has increased by an average of 2.6 percent annually between 1999 and 2021. Most recently, sizeable increases have accrued nationwide with the release of the 2020 and 2021 limits. The AMI peaked locally in 2021 at \$84,500. Data has since been released for 2022, which indicates that the AMI in the MSA has increased 10.7 percent since 2021, to \$93,500.

## Household Income Distribution

The following tables illustrate the household income distribution for the PMA and MSA for 2021 and 2026.

### HOUSEHOLD INCOME PMA

Income Cohort	2021		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,557	5.0%	4,300	4.5%	-51	-1.1%
\$10,000-19,999	6,727	7.4%	6,102	6.4%	-125	-1.9%
\$20,000-29,999	6,574	7.2%	6,408	6.8%	-33	-0.5%
\$30,000-39,999	6,475	7.1%	6,013	6.3%	-92	-1.4%
\$40,000-49,999	6,694	7.4%	5,986	6.3%	-142	-2.1%
\$50,000-59,999	7,212	7.9%	6,937	7.3%	-55	-0.8%
\$60,000-74,999	9,583	10.6%	9,546	10.1%	-7	-0.1%
\$75,000-99,999	12,372	13.6%	12,650	13.3%	56	0.4%
\$100,000-124,999	10,127	11.2%	10,459	11.0%	66	0.7%
\$125,000-149,999	7,233	8.0%	8,266	8.7%	207	2.9%
\$150,000-199,999	6,695	7.4%	8,604	9.1%	382	5.7%
\$200,000+	6,520	7.2%	9,558	10.1%	608	9.3%
<b>Total</b>	<b>90,769</b>	<b>100.0%</b>	<b>94,829</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2021, Novogradac Consulting LLP, May 2022

### HOUSEHOLD INCOME SMA

Income Cohort	2021		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	36,201	5.5%	33,686	5.0%	-503	-1.4%
\$10,000-19,999	47,106	7.1%	43,089	6.4%	-803	-1.7%
\$20,000-29,999	51,780	7.8%	48,157	7.1%	-725	-1.4%
\$30,000-39,999	51,548	7.8%	47,776	7.0%	-754	-1.5%
\$40,000-49,999	53,158	8.0%	48,992	7.2%	-833	-1.6%
\$50,000-59,999	51,035	7.7%	49,329	7.3%	-341	-0.7%
\$60,000-74,999	70,802	10.7%	68,808	10.1%	-399	-0.6%
\$75,000-99,999	92,483	14.0%	93,311	13.8%	166	0.2%
\$100,000-124,999	70,103	10.6%	73,380	10.8%	655	0.9%
\$125,000-149,999	47,105	7.1%	53,693	7.9%	1,318	2.8%
\$150,000-199,999	45,839	6.9%	55,379	8.2%	1,908	4.2%
\$200,000+	45,788	6.9%	62,515	9.2%	3,345	7.3%
<b>Total</b>	<b>662,948</b>	<b>100.0%</b>	<b>678,115</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2021, Novogradac Consulting LLP, May 2022

As of 2021, the highest concentrations of households in the PMA were concentrated in the \$75,000 to \$99,999 and \$100,000 to \$124,999 cohorts, followed by the \$60,000 to \$74,999 cohort. Within the PMA, 42.1 percent of all households have incomes below \$60,000; this compares to 43.9 percent in the MSA.

### Renter Household Income Distribution

The following tables illustrate the renter household income distribution for the PMA and MSA for 2021 and 2026.

RENTER HOUSEHOLD INCOME						
Income Cohort	2021		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,217	10.0%	3,015	9.1%	-40	-1.3%
\$10,000-19,999	3,998	12.4%	3,580	10.8%	-84	-2.1%
\$20,000-29,999	3,711	11.5%	3,648	11.0%	-13	-0.3%
\$30,000-39,999	3,126	9.7%	3,015	9.1%	-22	-0.7%
\$40,000-49,999	2,944	9.2%	2,720	8.2%	-45	-1.5%
\$50,000-59,999	2,994	9.3%	2,933	8.9%	-12	-0.4%
\$60,000-74,999	3,436	10.7%	3,544	10.7%	22	0.6%
\$75,000-99,999	3,429	10.7%	3,855	11.7%	85	2.5%
\$100,000-124,999	2,311	7.2%	2,588	7.8%	55	2.4%
\$125,000-149,999	1,429	4.4%	1,829	5.5%	80	5.6%
\$150,000-199,999	887	2.8%	1,279	3.9%	78	8.8%
\$200,000+	663	2.1%	1,054	3.2%	78	11.8%
<b>Total</b>	<b>32,145</b>	<b>100.0%</b>	<b>33,060</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2021, Novogradac Consulting LLP, May 2022

RENTER HOUSEHOLD INCOME						
Income Cohort	2021		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	25,276	9.9%	23,290	9.2%	-397	-1.6%
\$10,000-19,999	28,347	11.1%	25,606	10.1%	-548	-1.9%
\$20,000-29,999	30,759	12.1%	28,329	11.2%	-486	-1.6%
\$30,000-39,999	28,239	11.1%	25,951	10.2%	-458	-1.6%
\$40,000-49,999	26,638	10.5%	24,881	9.8%	-351	-1.3%
\$50,000-59,999	23,298	9.2%	22,427	8.8%	-174	-0.7%
\$60,000-74,999	25,886	10.2%	25,823	10.2%	-13	0.0%
\$75,000-99,999	27,335	10.7%	28,925	11.4%	318	1.2%
\$100,000-124,999	15,329	6.0%	17,458	6.9%	426	2.8%
\$125,000-149,999	9,235	3.6%	11,501	4.5%	453	4.9%
\$150,000-199,999	7,630	3.0%	9,903	3.9%	455	6.0%
\$200,000+	6,629	2.6%	9,627	3.8%	600	9.0%
<b>Total</b>	<b>254,601</b>	<b>100.0%</b>	<b>253,721</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2021, Novogradac Consulting LLP, May 2022

As of 2021, the highest concentrations of renter households in the PMA are concentrated in the \$10,000 to \$19,999 and \$20,000 to \$29,999 cohorts, with approximately 62.2 percent of households earning less than \$60,000 annually. This compares to 63.8 percent in the MSA.

**Age of Housing Stock**

**HOUSING STOCK BY YEAR BUILT**

	PMA		Virginia Beach-Norfolk-Newport News, VA-NC MSA		USA	
Built 2010 or later	4,407	4.9%	24,268	3.5%	3,690,038	2.8%
Built 2000 to 2009	11,436	12.7%	90,593	12.9%	19,186,932	14.3%
Built 1990 to 1999	19,311	21.4%	109,572	15.7%	19,072,607	14.2%
Built 1980 to 1989	17,114	19.0%	136,735	19.5%	18,455,307	13.8%
Built 1970 to 1979	13,795	15.3%	113,259	16.2%	20,877,555	15.6%
Built 1960 to 1969	8,387	9.3%	85,256	12.2%	14,526,829	10.8%
Built 1950 to 1959	8,566	9.5%	69,721	10.0%	14,142,147	10.6%
Built 1940 to 1949	3,308	3.7%	30,202	4.3%	6,748,599	5.0%
Built 1939 or earlier	3,729	4.1%	40,195	5.7%	17,329,130	12.9%
<b>Total Housing Units</b>	<b>90,053</b>	<b>100.0%</b>	<b>699,801</b>	<b>100.0%</b>	<b>134,029,144</b>	<b>100.0%</b>

Source: US Census American Community Estimates, April 2022

Approximately 42.0 percent of the housing stock in the PMA was constructed before 1980. The largest percentage of housing stock was built between 1990 and 1999, followed by housing stock built between 1980 and 1989. According to Zillow, the majority of single-family homes in the Subject’s neighborhood were built after 1980 and range from average to good condition based on our field observation. Additionally, there a number of newly built homes, including some under construction and lots still for sale, located to the south of the Subject.

**Building Permits**

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

**BUILDING PERMITS: CHESAPEAKE CITY, VA 2007 - 2020**

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2007	762	0	0	762
2008	595	0	216	811
2009	647	0	164	811
2010	738	0	347	1,085
2011	653	0	391	1,044
2012	762	0	687	1,449
2013	917	8	735	1,660
2014	846	0	40	886
2015	1,103	4	218	1,325
2016	979	0	86	1,065
2017	1,077	0	0	1,077
2018	921	0	110	1,031
2019	991	0	0	991
2020	1,128	0	0	1,128
<b>Total</b>	<b>12,119</b>	<b>12</b>	<b>2,994</b>	<b>15,125</b>
<b>Average</b>	<b>866</b>	<b>1</b>	<b>214</b>	<b>1,080</b>

Source: US Census Bureau Building Permits, April 2022

As shown, multifamily permits (5+ units) have accounted for 19.8 percent of all permits issued since 2007. More recently, multifamily permits for larger multifamily development have slowed following peaks in 2012 and 2013.

### **Conclusion**

From 2010 to 2021 the population and number of households in the PMA increased at a faster rate than both the MSA and nation as a whole. Similarly, from 2021 to 2026 the population in the PMA is projected to increase at a faster rate than both the MSA and nation overall. The median household income in the PMA is generally similar to that of the surrounding MSA and slightly above that of the nation. All three geographies are projected to grow healthily through 2026, with the median household income in the PMA remaining generally similar to the MSA and only slightly above the nation overall. Further, PMA has a similar percentage of renter-occupied housing units as the nation overall, and renter households in the PMA generally have lower incomes than their owner-household counterparts. As of 2021, the highest concentrations of renter households in the PMA are concentrated in the \$10,000 to \$19,999 and \$20,000 to \$29,999 cohorts, with approximately 62.2 percent of households earning less than \$60,000 annually. This compares to 63.8 percent in the MSA. The expected population growth in the PMA, along with the large concentration of renter-households in the lowest income cohorts, indicates a need for the preservation of affordable rental units.



## **VI. COMPETITIVE ENVIRONMENT**

## COMPETITIVE ENVIRONMENT

### HOUSING SUMMARY

The Subject is located in the Chesapeake multifamily submarket. There are currently over 9,600 rental units in the submarket and overall vacancy is near an all-time low, at 2.3 percent. The vacancy rate is projected to increase slightly, with an average of 3.1 percent expected over the next five years. The following charts summarize key market characteristics.

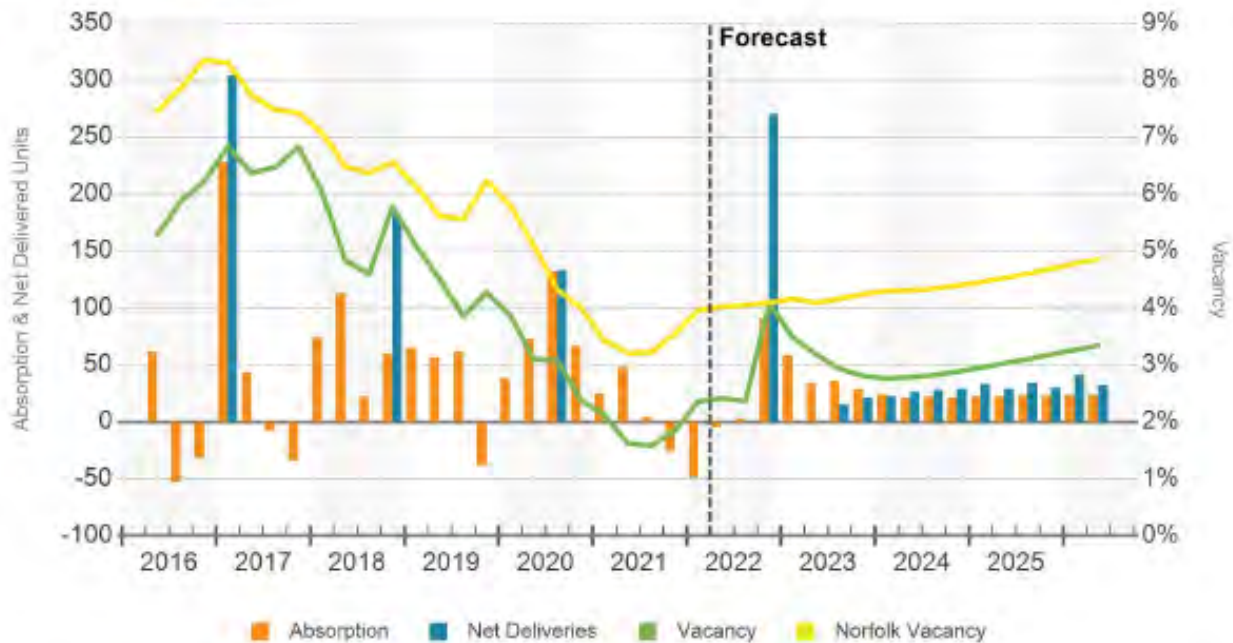
#### KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,646	3.2%	\$1,734	\$1,728	2	0	270
3 Star	3,894	1.9%	\$1,395	\$1,390	0	0	0
1 & 2 Star	2,141	1.8%	\$1,116	\$1,113	0	0	0
<b>Submarket</b>	<b>9,681</b>	<b>2.3%</b>	<b>\$1,465</b>	<b>\$1,461</b>	<b>2</b>	<b>0</b>	<b>270</b>

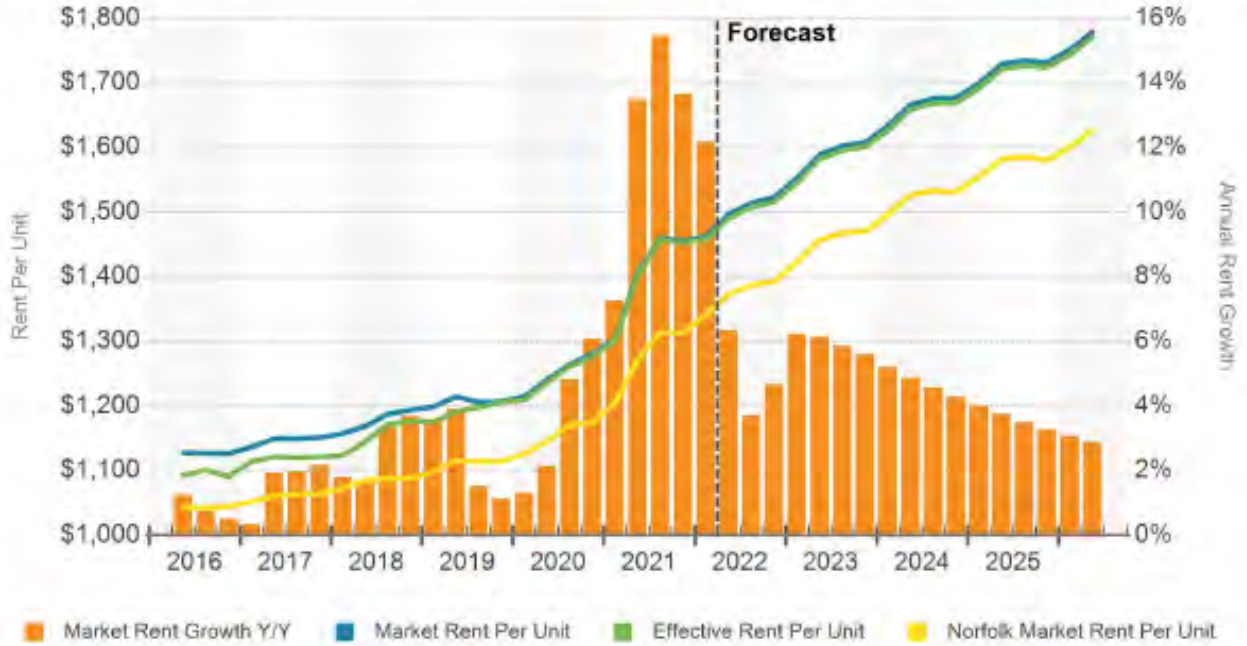
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.3%	5.5%	3.1%	9.3%	2014 Q4	1.6%	2021 Q3
Absorption Units	(29)	188	91	751	2013 Q2	(187)	2004 Q1
Delivered Units	0	188	132	855	2012 Q3	0	2022 Q1
Demolished Units	0	0	6	0	2022 Q1	0	2022 Q1
Asking Rent Growth (YOY)	11.2%	3.2%	4.3%	15.5%	2021 Q3	-0.4%	2011 Q3
Effective Rent Growth (YOY)	11.0%	3.2%	4.2%	15.5%	2021 Q3	-2.0%	2015 Q1
Sales Volume	\$56.8M	\$45.5M	N/A	\$130.7M	2012 Q3	\$0	2010 Q3

#### ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, retrieved April 2022

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar, retrieved April 2022

According to CoStar, units in the Chesapeake submarket command rents approximately \$130 higher than the overall Norfolk metro area. Additionally, rents in the submarket grew by a record 11.1 percent over the past year, bringing the three-year average rent growth up to 7.2 percent per year. The forecasted average rent growth for the next five years is expected to average 4.3 percent.

## **SURVEY OF COMPARABLE PROJECTS**

Comparable properties are examined on the basis of physical characteristics; i.e., building type, property age/quality, level of common amenities, and absorption rates, as well as 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 local rental market.

### **Description of Property Types Surveyed**

To evaluate the competitive position of the Subject, we surveyed a total of 1,502 units in nine rental properties. The LIHTC data is considered average. We included five affordable developments located between 2.8 and 8.7 miles from the Subject site, three of which are located within the PMA. The market rate data is considered good. We included four market rate properties located between 0.7 and 5.6 miles from the Subject site, all of which are located within the PMA. Several properties were excluded as we were unable to interview them. Property managers were interviewed for information on unit mix, size, absorption, unit features and project amenities; tenant profiles; and market trends in general. Overall, we believe the availability of data is more than adequate to support our conclusions.

MILL CREEK APARTMENTS – CHESAPEAKE, VIRGINIA – MARKET STUDY

EXCLUDED PROPERTIES

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Biltmore Commons	LIHTC	Family	Unable to contact
Dominion Pines	LIHTC	Family	No three-bedroom units
Eastwyck Village	LIHTC	Family	Unable to contact
Woodbridge Apts (Chesapeake)	LIHTC	Family	No three-bedroom units
Acorn Grove	LIHTC	Family	Unable to contact
Victory Village	LIHTC	Family	Unable to contact
Chesapeake Crossing Seniors I	LIHTC	Senior	Dissimilar tenancy
Governor's Pointe Apts	LIHTC	Family	No three-bedroom units
Greenbrier Seniors	LIHTC	Senior	Dissimilar tenancy
Jamestown Commons I	LIHTC	Senior	Dissimilar tenancy
Jamestown Commons II	LIHTC	Senior	Dissimilar tenancy
Tallwood	LIHTC	Family	Unable to contact
Westbridge Commons	LIHTC	Family	Unable to contact
Commons At Chesapeake	LIHTC	Senior	Dissimilar tenancy
Waverton Place Chesapeake	LIHTC	Family	Unable to contact
Ansell Gardens	LIHTC	Family	No three-bedroom units
Forest Cove Apts III	LIHTC / Section 8	Family	Subsidized rents
Forest Cove Apts III	LIHTC / Section 8	Family	Subsidized rents
Forest Cove Apts II	LIHTC / Section 8	Family	Subsidized rents
Hunters Point Apts I	LIHTC / Section 8	Family	Subsidized rents
Hunters Point Apts II	LIHTC / Section 8	Family	Subsidized rents
Independence Square	LIHTC	Family	Unable to contact
Cottages At Great Bridge I	LIHTC	Senior	Dissimilar tenancy
Cottages At Great Bridge II	LIHTC	Senior	Dissimilar tenancy
Oakdale Square	LIHTC	Family	Dissimilar income restrictions
Landmark Apts II	LIHTC	Family	Unable to contact
Canterbury Crossing	LIHTC	Family	Unable to contact
Cloverleaf	LIHTC/Section 8	Homeless	Dissimilar tenancy
Effingham Plaza	LIHTC / Section 8	Senior	Dissimilar tenancy
Arbor Glen	LIHTC	Family	No three-bedroom units
Rivers Apts	LIHTC	Family	No three-bedroom units/dissimilar income restrictions
Southside Gardens	LIHTC/Section 8	Family	Dissimilar income restrictions/subsidized rents
New Sands Apartments	LIHTC / Section 8	Senior	Dissimilar tenancy/subsidized rents
Campostella Commons	LIHTC	Family	Dissimilar income restrictions
Heron's Landing	LIHTC / Section 8	Homeless	Dissimilar tenancy
Hope Village	LIHTC / Section 8	Homeless	Dissimilar tenancy
Shire	LIHTC	Family	Unable to contact
Bainbridge Commons	LIHTC / Section 8	Family	Subsidized rents
Campostella At Clairmont I	LIHTC	Family	Unable to contact
Campostella At Clairmont II	LIHTC	Family	Unable to contact
Bell Diamond Manor	Section 8	Family	Subsidized rents
Cambridge Square Apartments	Section 8	Family	Subsidized rents
Kemet House	Section 8	Senior	Dissimilar tenancy
Forest Cove Apts I	Section 8	Family	Subsidized rents
Oak Park Apts	Section 8	Family	Subsidized rents
Sumler Terrace	Section 8	Family	Subsidized rents
Wingfield Group Home	Section 8	Senior/Disabled	Dissimilar tenancy
Haverford Home	Section 8	Senior/Disabled	Dissimilar tenancy
Woodland Street	Section 8	Senior/Disabled	Dissimilar tenancy
The Sanderling	Section 8	Senior/Disabled	Dissimilar tenancy
Ross Court Group Home	Section 8	Senior/Disabled	Dissimilar tenancy

### LIHTC Competition / Recent and Proposed Construction

According to the Virginia Housing allocation lists, there have been three developments allocated tax credits in the PMA since 2018; these developments are summarized in the following table.

RECENT LIHTC ALLOCATIONS IN PMA 2018 to 2021

Property Name	Type	Tenancy	Year Allocated	Status	Total Units	Total LIHTC Units	Total Competitive
Cross Creek Apartments	LIHTC/Section 8	Family	2021 9% Competitive	Existing / Rehab	78	78	0
925 Apartments	LIHTC/Section 8	Family	2021 9% Competitive	Planned	128	128	128
Lexington Place Phase I	LIHTC/Section 8	Family	2018 9% Competitive	Completed	72	72	0
<b>Total</b>					<b>278</b>	<b>278</b>	<b>128</b>
<b>Total in Pipeline</b>					<b>128</b>	<b>128</b>	<b>128</b>

Source: Virginia Housing, April 2022

As illustrated, all recently awarded LIHTC properties in the PMA target a general tenancy. Additionally, all are also subsidized developments, which will not be competitive with the Subject, as a LIHTC-only property. It should be noted; however, that we were unable to determine how many of the units at 925 Apartments will operate with subsidy, and as such we have conservatively accounted for all 128 units at that property in the Demand Analysis.

### City Planning and Development Department

We attempted to contact the Chesapeake Planning Department regarding new, planned, or under construction multifamily developments in the PMA; however, our calls and emails were not returned as of the date of this report. We also reviewed CoStar’s list of proposed and under construction developments in the PMA. Details of properties in the pipeline in the PMA based on our review of CoStar data are summarized below.

- Mosaic, a luxury multifamily development located in Summit Pointe, will offer 270 one, two, and three-bedroom units. The property broke ground in Spring 2021 and an estimated date of completion was not available.
- The Belaire Summit Pointe, is a proposed 100-unit luxury multifamily development that will also be located in Summit Pointe. A timeline is not yet available for this development.
- Multifamily is proposed for 929 South Battlefield Boulevard in Chesapeake; however, our research did not return additional information regarding the number of units proposed, construction timeline, or product-type.

### Chesapeake Redevelopment and Housing Authority (CRHA)

The Chesapeake Redevelopment and Housing Authority (CRHA) is the agency responsible for managing the Housing Choice Voucher Program in Chesapeake, Virginia. We spoke to Stephanie Wright, the Director of the Housing Choice Voucher program with CRHA. According to Stephanie Wright, the CRHA is allocated 1,603 Housing Choice Vouchers (Section 8), with funding available for 1,423 vouchers. The waiting list is currently closed, and is just under 9,700 households in length. The current gross payment standards are illustrated in the following table.

PAYMENT STANDARDS

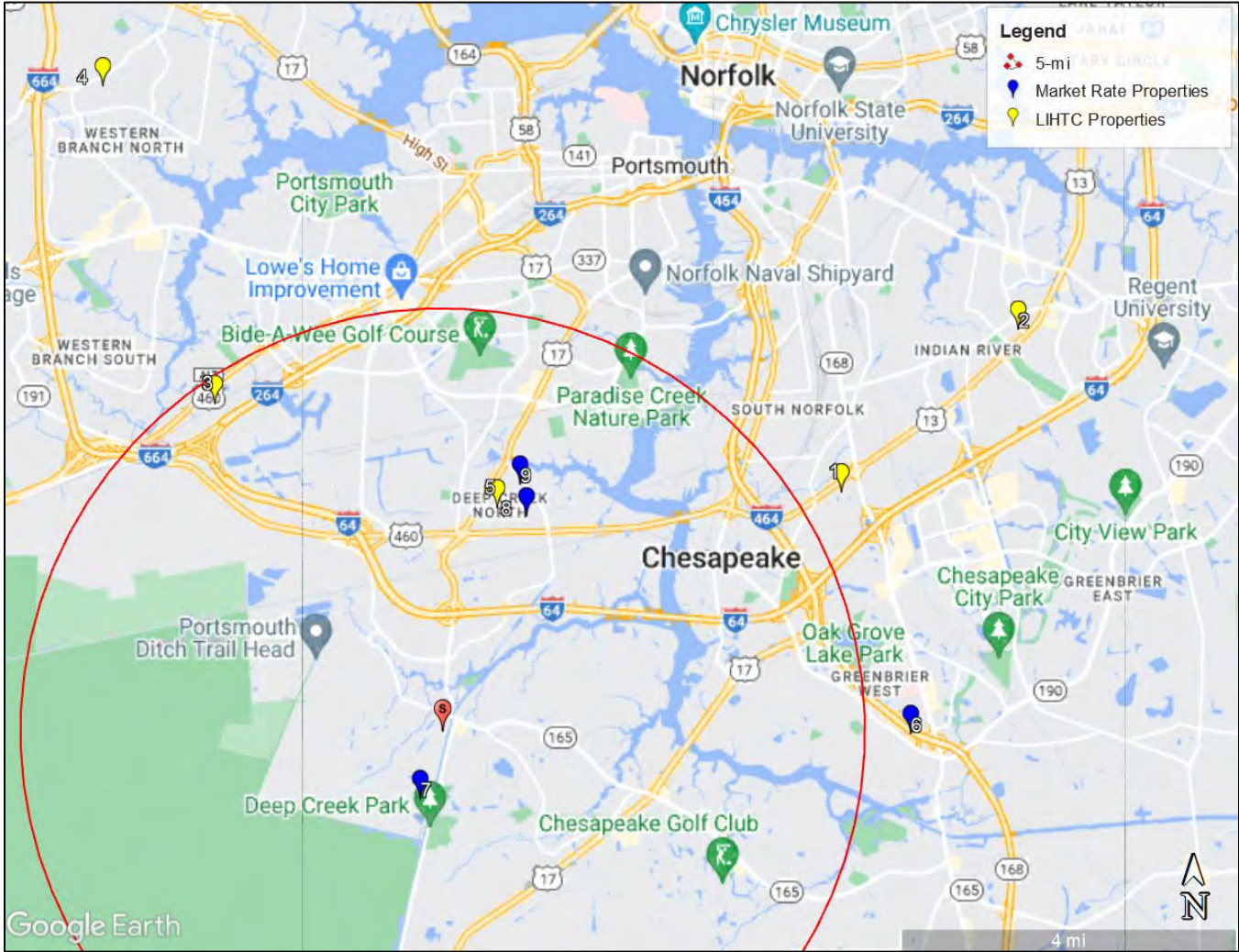
Unit Type	Current Gross Payment Standard	Subject Highest Current Gross Rent	Subject Highest Proposed Gross Rent
Two-Bedroom	\$1,312	\$1,079	\$1,263
Three-Bedroom	\$1,676	\$1,245	\$1,458

Source: Chesapeake Redevelopment & Housing Authority, effective October 2021

The Subject’s current and proposed highest gross rents are below the payment standards. As such, voucher holding tenants will not be required to pay additional money out of pocket to reside at the Subject.

**Comparable Properties Map**

A map illustrating the location of the Subject in relation to the comparable properties is located on the following page. 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.



**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
<b>S</b>	<b>Mill Creek Apartments</b>	<b>Chesapeake</b>	<b>@60%</b>	<b>Family</b>	<b>-</b>
1	Catalina Crossing	Chesapeake	@60%	Family	5.6 miles
2	Crosswinds Apartments	Chesapeake	@60%	Family	8.4 miles
3	Maplewood Apartments*	Chesapeake	@60%	Family	4.8 miles
4	Taylor Pointe Apartments*	Chesapeake	@60%	Family	8.7 miles
5	Thrive Apartments	Chesapeake	@60%	Family	2.8 miles
6	Adalay Bay Apartments	Chesapeake	Market	Family	5.6 miles
7	Cottage Trails At Culpepper Landing	Chesapeake	Market	Family	0.7 miles
8	Lake Village Apartments I And II	Chesapeake	Market	Family	2.9 miles
9	Marina Point Apartments	Chesapeake	Market	Family	3.2 miles

\*Located outside PMA

## MILL CREEK APARTMENTS – CHESAPEAKE, 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		
<b>Subject</b>	Mill Creek Apartments 201 Mill Creek Pkwy Chesapeake, VA 23323 Chesapeake County	-	Garden 3-stories 1995 / 2023 Family	@60%	2BR / 1BA	2	1.7%	963	@60%	\$1,101	Yes	Yes	0	0.0%		
					2BR / 2BA	82	68.3%	990	@60%	\$1,101	Yes	Yes	4	4.9%		
					3BR / 2BA	36	30.0%	1,185	@60%	\$1,264	Yes	Yes	1	2.8%		
					<u>120</u>										5	4.2%
1	Catalina Crossing 2081 South Military Highway Chesapeake, VA 23320 Chesapeake County	5.6 miles	Garden 4-stories 2016 / n/a Family	@60%	1BR / 1BA	26	21.0%	775	@60%	\$848	Yes	Yes	0	0.0%		
					2BR / 2BA	62	50.0%	925	@60%	\$991	Yes	Yes	0	0.0%		
					3BR / 2BA	36	29.0%	1,072	@60%	\$1,130	Yes	Yes	0	0.0%		
					<u>124</u>										0	0.0%
2	Crosswinds Apartments 910 Providence Road Chesapeake, VA 23325 County	8.4 miles	Lowrise 2-stories 1975 / 2003 Family	@60%	1BR / 1BA	24	22.0%	670	@60%	\$796	No	Yes	0	0.0%		
					2BR / 1BA	29	26.6%	836	@60%	\$920	No	Yes	0	0.0%		
					2BR / 1BA	40	36.7%	987	@60%	\$952	No	Yes	0	0.0%		
					3BR / 1BA	16	14.7%	1,070	@60%	\$1,143	No	Yes	0	0.0%		
<u>109</u>										0	0.0%					
3	Maplewood Apartments 3824 Maplefield Drive Chesapeake, VA 23321 Chesapeake City County	4.8 miles	Townhouse 2-stories 1994 / 2011 Family	@60%	2BR / 1BA	280	87.5%	900	@60%	\$924	Yes	No	0	0.0%		
					3BR / 2BA	40	12.5%	1,200	@60%	\$1,048	Yes	Yes	0	0.0%		
					<u>320</u>										0	0.0%
					<u>320</u>										0	0.0%
4	Taylor Pointe Apartments 3245 Meadows Way Chesapeake, VA 23321 Chesapeake County	8.7 miles	Garden 3-stories 1996 / n/a Family	@60%	1BR / 1BA	12	10.0%	654	@60%	\$819	Yes	Yes	0	0.0%		
					2BR / 1.5BA	78	65.0%	880	@60%	\$982	Yes	No	0	0.0%		
					3BR / 2BA	30	25.0%	1,025	@60%	\$1,126	Yes	Yes	0	0.0%		
					<u>120</u>										0	0.0%
5	Thrive Apartments 2516 Gilmerton Road Chesapeake, VA 23323 County	2.8 miles	Various 1-stories 1972 / 2016 Family	@60%	2BR / 1BA	63	61.8%	975	@60%	-	Yes	No	0	0.0%		
					3BR / 1.5BA	39	38.2%	1,200	@60%	\$1,050	Yes	No	0	0.0%		
					<u>102</u>										0	0.0%
					<u>102</u>										0	0.0%
6	Adalay Bay Apartments 101 Sabal Palm Lane Chesapeake, VA 23320 Chesapeake County	5.6 miles	Garden 3-stories 2002 / n/a Family	Market	1BR / 1BA	36	15.0%	833	Market	\$1,873	N/A	No	0	0.0%		
					1BR / 1BA	36	15.0%	650	Market	\$1,718	N/A	No	7	19.4%		
					2BR / 2BA	40	16.7%	1,090	Market	\$1,418	N/A	No	2	5.0%		
					2BR / 2BA	40	16.7%	1,139	Market	\$2,063	N/A	No	0	0.0%		
					2BR / 2BA	40	16.7%	1,041	Market	\$1,943	N/A	No	7	17.5%		
					3BR / 2BA	48	20.0%	1,304	Market	\$2,403	N/A	No	4	8.3%		
<u>240</u>										20	8.3%					
7	Cottage Trails At Culpepper Landing 3000 Conservancy Drive Chesapeake, VA 23323 County	0.7 miles	Garden 3-stories 2011 / n/a Family	Market	1BR / 1BA	30	16.4%	780	Market	\$1,350	N/A	No	1	3.3%		
					2BR / 2BA	48	26.2%	1,086	Market	\$1,695	N/A	No	6	12.5%		
					2BR / 2BA	75	41.0%	1,099	Market	\$1,695	N/A	No	1	1.3%		
					3BR / 2BA	30	16.4%	1,386	Market	\$1,904	N/A	No	1	3.3%		
<u>183</u>										9	4.9%					
8	Lake Village Apartments I And II 908 Lake Village Drive Chesapeake, VA 23323 Chesapeake County	2.9 miles	Garden 2-stories 1971 / 2016/2021 Family	Market	2BR / 1BA	60	32.6%	925	Market	\$1,734	N/A	No	3	5.0%		
					2BR / 1BA	92	50.0%	925	Market	\$1,434	N/A	No	3	3.3%		
					3BR / 1BA	N/A	N/A	1,120	Market	\$1,934	N/A	No	0	N/A		
					3BR / 1BA	32	17.4%	1,120	Market	\$1,500	N/A	No	0	0.0%		
<u>184</u>										6	3.3%					
9	Marina Point Apartments 1301 Canal Drive Chesapeake, VA 23323 County	3.2 miles	Garden 2-stories 1972 / 2018 Family	Market	1BR / 1BA	27	22.5%	750	Market	\$1,025	N/A	No	2	7.4%		
					1.5BR / 1BA	9	7.5%	850	Market	\$1,100	N/A	No	1	11.1%		
					2BR / 1BA	40	33.3%	950	Market	\$1,200	N/A	No	1	2.5%		
					2.5BR / 1BA	12	10.0%	1,040	Market	\$1,340	N/A	No	0	0.0%		
					3BR / 1BA	16	13.3%	1,050	Market	\$1,506	N/A	No	0	0.0%		
					3BR / 1.5BA	16	13.3%	1,140	Market	\$1,561	N/A	No	0	0.0%		
<u>120</u>										4	3.3%					



MILL CREEK APARTMENTS – CHESAPEAKE, VIRGINIA – MARKET STUDY

AMENITY MATRIX

	Subject	Catalina Crossing	Crosswinds Apartments	Maplewood Apartments	Taylor Pointe Apartments	Thrive Apartments	Adalay Bay Apartments	Cottage Trails At	Lake Village Apartments I	Marina Point Apartments
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market
<b>Building</b>										
Property Type	Garden	Garden	Lowrise	Townhouse	Garden	Various	Garden	Garden	Garden	Garden
# of Stories	3–stories	4–stories	2–stories	2–stories	3–stories	2–stories	3–stories	3–stories	2–stories	2–stories
Year Built	1995	2016	1975	1994	1996	1972	2002	2011	1971	1972
Year Renovated	2023	n/a	2003	2011	n/a	2016	n/a	n/a	2016/2021	2018
<b>Utility Structure</b>										
Cooking	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no
Water	no	no	no	yes	no	yes	no	no	no	no
Sewer	no	no	no	yes	yes	yes	no	no	no	no
Trash	yes	yes	yes	yes	yes	yes	no	no	yes	yes
<b>Unit Amenities</b>										
Balcony/Patio	yes	yes	yes	yes	yes	no	yes	yes	no	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	yes	no	no	no	no	no	no	no	no	no
Carpeting	no	no	yes	yes	yes	yes	yes	no	yes	no
Hardwood	yes	yes	no	no	no	no	no	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	yes	no	yes	yes	no	no	yes	no	no	yes
Coat Closet	no	yes	yes	yes	yes	no	yes	no	yes	no
Exterior Storage	no	no	no	no	yes	no	no	yes	yes	no
Walk-In Closet	no	yes	yes	yes	no	yes	yes	yes	yes	yes
Washer/Dryer	no	yes	no	yes	no	no	yes	yes	yes	no
W/D Hookup	yes	yes	no	yes	yes	yes	yes	yes	yes	no
<b>Kitchen</b>										
Dishwasher	yes	yes	yes	yes	yes	yes	no	yes	no	yes
Disposal	no	yes	yes	yes	yes	yes	yes	yes	no	yes
Microwave	no	yes	no	no	yes	no	no	yes	no	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Community</b>										
Business Center	no	no	no	yes	no	no	yes	yes	no	no
Community Room	yes	yes	no	yes	yes	no	no	yes	no	no
Central Laundry	yes	no	yes	no	yes	yes	no	no	yes	yes
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Recreation</b>										
Exercise Facility	yes	yes	no	no	yes	no	yes	yes	no	no
Playground	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Swimming Pool	yes	no	no	yes	yes	no	yes	yes	no	no
Picnic Area	yes	no	no	yes	no	no	yes	no	yes	no
Sauna	no	no	no	no	no	no	no	yes	no	no
Recreational Area	yes	no	no	yes	no	no	no	no	no	no
Non-Shelter	no	no	no	no	no	no	no	yes	no	no
<b>Security</b>										
Intercom (Buzzer)	no	no	yes	no	no	no	no	no	no	no
Limited Access	no	yes	yes	no	no	no	no	no	no	no
Patrol	yes	no	no	yes	no	no	no	no	yes	no
Video Surveillance	yes	no	no	no	no	no	no	no	no	no
<b>Parking</b>										
Garage	no	no	no	no	no	no	yes	no	no	no
Garage Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$0	\$0	\$0
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**MILL CREEK APARTMENTS – CHESAPEAKE, VIRGINIA – MARKET STUDY**

<b>RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.</b>				
	Units Surveyed:	1,502	Weighted Occupancy:	97.4%
	Market Rate	727	Market Rate	94.6%
	Tax Credit	775	Tax Credit	100.0%
	<b>Two Bedroom One Bath</b>		<b>Three Bedroom Two Bath</b>	
	<b>Property</b>	<b>Average</b>	<b>Property</b>	<b>Average</b>
<b>RENT</b>	Adalay Bay Apartments (Market)(2BA)	\$2,063	Adalay Bay Apartments (Market)	\$2,403
	Adalay Bay Apartments (Market)(2BA)	\$1,943	Cottage Trails At Culpepper Landing (Market)	\$1,904
	Cottage Trails At Culpepper Landing (Market)(2BA)	\$1,695	Marina Point Apartments (Market)(1.5BA)	\$1,561
	Cottage Trails At Culpepper Landing (Market)(2BA)	\$1,695	Marina Point Apartments (Market)(1BA)	\$1,506
	Adalay Bay Apartments (Market)(2BA)	\$1,418	<b>Mill Creek Apartments (@60%)</b>	<b>\$1,264</b>
	Marina Point Apartments (Market)	\$1,200	Crosswinds Apartments (@60%)(1BA)	\$1,143
	<b>Mill Creek Apartments (@60%)</b>	<b>\$1,101</b>	Catalina Crossing (@60%)	\$1,130
	<b>Mill Creek Apartments (@60%)(2BA)</b>	<b>\$1,101</b>	Taylor Pointe Apartments (@60%)	\$1,126
	Catalina Crossing (@60%)(2BA)	\$991	Thrive Apartments (@60%)(1.5BA)	\$1,050
	Taylor Pointe Apartments (@60%)(1.5BA)	\$982	Maplewood Apartments (@60%)	\$1,048
	Crosswinds Apartments (@60%)	\$952		
	Maplewood Apartments (@60%)	\$924		
	Crosswinds Apartments (@60%)	\$920		
	<b>SQUARE FOOTAGE</b>	Adalay Bay Apartments (Market)(2BA)	1,139	Cottage Trails At Culpepper Landing (Market)
Cottage Trails At Culpepper Landing (Market)(2BA)		1,099	Adalay Bay Apartments (Market)	1,304
Adalay Bay Apartments (Market)(2BA)		1,090	Maplewood Apartments (@60%)	1,200
Cottage Trails At Culpepper Landing (Market)(2BA)		1,086	Thrive Apartments (@60%)(1.5BA)	1,200
Adalay Bay Apartments (Market)(2BA)		1,041	<b>Mill Creek Apartments (@60%)</b>	<b>1,185</b>
<b>Mill Creek Apartments (@60%)(2BA)</b>		<b>990</b>	Marina Point Apartments (Market)(1.5BA)	1,140
Crosswinds Apartments (@60%)		987	Catalina Crossing (@60%)	1,072
Thrive Apartments (@60%)		975	Crosswinds Apartments (@60%)(1BA)	1,070
<b>Mill Creek Apartments (@60%)</b>		<b>963</b>	Marina Point Apartments (Market)(1BA)	1,050
Marina Point Apartments (Market)		950	Taylor Pointe Apartments (@60%)	1,025
Catalina Crossing (@60%)(2BA)		925		
Maplewood Apartments (@60%)		900		
Taylor Pointe Apartments (@60%)(1.5BA)		880		
Crosswinds Apartments (@60%)		836		
<b>RENT PER SQUARE FOOT</b>	Adalay Bay Apartments (Market)(2BA)	\$1.87	Adalay Bay Apartments (Market)	\$1.84
	Adalay Bay Apartments (Market)(2BA)	\$1.81	Marina Point Apartments (Market)(1BA)	\$1.43
	Cottage Trails At Culpepper Landing (Market)(2BA)	\$1.56	Cottage Trails At Culpepper Landing (Market)	\$1.37
	Cottage Trails At Culpepper Landing (Market)(2BA)	\$1.54	Marina Point Apartments (Market)(1.5BA)	\$1.37
	Adalay Bay Apartments (Market)(2BA)	\$1.30	Taylor Pointe Apartments (@60%)	\$1.10
	Marina Point Apartments (Market)	\$1.26	Crosswinds Apartments (@60%)(1BA)	\$1.07
	<b>Mill Creek Apartments (@60%)</b>	<b>\$1.14</b>	<b>Mill Creek Apartments (@60%)</b>	<b>\$1.07</b>
	Taylor Pointe Apartments (@60%)(1.5BA)	\$1.12	Catalina Crossing (@60%)	\$1.05
	<b>Mill Creek Apartments (@60%)(2BA)</b>	<b>\$1.11</b>	Thrive Apartments (@60%)(1.5BA)	\$0.88
	Crosswinds Apartments (@60%)	\$1.10	Maplewood Apartments (@60%)	\$0.87
	Catalina Crossing (@60%)(2BA)	\$1.07		
	Maplewood Apartments (@60%)	\$1.03		
	Crosswinds Apartments (@60%)	\$0.96		

# PROPERTY PROFILE REPORT

## Catalina Crossing

Effective Rent Date	4/11/2022
Location	2081 South Military Highway Chesapeake, VA 23320 Chesapeake County
Distance	5.6 miles
Units	124
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (4 stories)
Year Built/Renovated	2016 / N/A
Marketing Began	4/01/2016
Leasing Began	6/01/2016
Last Unit Leased	8/01/2016
Major Competitors	Crescent Place
Tenant Characteristics	Mix of local area singles, couples, small families, and some seniors
Contact Name	Jazon
Phone	757-251-6417



### Market Information

Program	@60%
Annual Turnover Rate	20%
Units/Month Absorbed	62
HCV Tenants	21%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Kept at max
Concession	None
Waiting List	Yes - One year

### 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)	26	775	\$848	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (4 stories)	62	925	\$991	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (4 stories)	36	1,072	\$1,130	\$0	@60%	Yes	0	0.0%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$848	\$0	\$848	\$0	\$848
2BR / 2BA	\$991	\$0	\$991	\$0	\$991
3BR / 2BA	\$1,130	\$0	\$1,130	\$0	\$1,130

## Catalina Crossing, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpet/Hardwood	Central A/C		
Coat Closet	Dishwasher		
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		
Playground			

### Comments

In-unit washer/dryer is included with rent. The contact noted that all units are at the max allowable level for 2021 and will be moving to the 2022 max within the coming 6 months. All units are pre-leased.

## Catalina Crossing, continued

### Trend Report

#### Vacancy Rates

4Q17	4Q18	1Q19	2Q22
0.0%	0.8%	0.0%	0.0%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	N/A	\$745	\$0	\$745	\$745
2018	4	0.0%	\$767	\$0	\$767	\$767
2019	1	0.0%	\$767	\$0	\$767	\$767
2022	2	0.0%	\$848	\$0	\$848	\$848

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	N/A	\$865	\$0	\$865	\$865
2018	4	0.0%	\$892	\$0	\$892	\$892
2019	1	0.0%	\$892	\$0	\$892	\$892
2022	2	0.0%	\$991	\$0	\$991	\$991

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	N/A	\$981	\$0	\$981	\$981
2018	4	2.8%	\$1,012	\$0	\$1,012	\$1,012
2019	1	0.0%	\$1,012	\$0	\$1,012	\$1,012
2022	2	0.0%	\$1,130	\$0	\$1,130	\$1,130

### Trend: Comments

4Q17	N/A
4Q18	The property provides an in-unit washer/dryer in each unit.
1Q19	In-unit washer/dryer is included with rent. The contact noted that the property absorbed rapidly after opening in 2016.
2Q22	In-unit washer/dryer is included with rent. The contact noted that all units are at the max allowable level for 2021 and will be moving to the 2022 max within the coming 6 months. All units are pre-leased.

Photos



# PROPERTY PROFILE REPORT

## Crosswinds Apartments

Effective Rent Date	4/11/2022
Location	910 Providence Road Chesapeake, VA 23325 County
Distance	8.4 miles
Units	109
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (2 stories)
Year Built/Renovated	1975 / 2003
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Acorn Grove, Dominion Pines.
Tenant Characteristics	Mixed tenancy, families
Contact Name	India
Phone	757-420-8308



### Market Information

Program	@60%
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	25%
Leasing Pace	Within one week
Annual Chg. in Rent	Increased
Concession	None
Waiting List	Yes- 10HH

### 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 (2 stories)	24	670	\$796	\$0	@60%	Yes	0	0.0%	yes	None
2	1	Garden (2 stories)	29	836	\$920	\$0	@60%	Yes	0	0.0%	no	None
2	1	Garden (2 stories)	40	987	\$952	\$0	@60%	Yes	0	0.0%	yes	None
3	1	Garden (2 stories)	16	1,070	\$1,143	\$0	@60%	Yes	0	0.0%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$796	\$0	\$796	\$0	\$796
2BR / 1BA	\$920 - \$952	\$0	\$920 - \$952	\$0	\$920 - \$952
3BR / 1BA	\$1,143	\$0	\$1,143	\$0	\$1,143

## Crosswinds Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet			
Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
On-Site Management	Playground		

### Comments

The contact reported occupancy rates have remained at or near 100 percent during 2021 and 2022. All units are pre-leased. Contact noted that not all rents are at the max allowable level and the contact does not anticipate that rents will increase to the 2022 max.



## Crosswinds Apartments, continued

### Trend Report

#### Vacancy Rates

3Q15	2Q16	4Q18	2022
3.7%	3.7%	0.9%	0.0%

Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	0.0%	\$685	\$0	\$685	\$685
2016	2	0.0%	\$685	\$0	\$685	\$685
2018	4	4.2%	\$696	\$0	\$696	\$696
2022	2	0.0%	\$796	\$0	\$796	\$796

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	4.3%	\$800 - \$815	\$0	\$800 - \$815	\$800 - \$815
2016	2	4.3%	\$800 - \$815	\$0	\$800 - \$815	\$800 - \$815
2018	4	0.0%	\$832	\$0	\$832	\$832
2022	2	0.0%	\$920 - \$952	\$0	\$920 - \$952	\$920 - \$952

#### 3BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	2	6.2%	\$900	\$0	\$900	\$900
2018	4	0.0%	\$943	\$0	\$943	\$943
2022	2	0.0%	\$1,143	\$0	\$1,143	\$1,143

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	3	6.2%	\$900	\$0	\$900	\$900

### Trend: Comments

3Q15	The contact reported a waiting list of three households for the one-bedroom units.
2Q16	The contact had no additional comments.
4Q18	The contact reported occupancy rates have remained at or near 100 percent during 2018. She noted a slight rent increase during this year but was unsure of the amount.
2022	The contact reported occupancy rates have remained at or near 100 percent during 2021 and 2022. All units are pre-leased. Contact noted that not all rents are at the max allowable level and the contact does not anticipate that rents will increase to the 2022 max.

Photos



# PROPERTY PROFILE REPORT

## Maplewood Apartments

Effective Rent Date	4/11/2022
Location	3824 Maplefield Drive Chesapeake, VA 23321 Chesapeake City County
Distance	4.8 miles
Units	320
Vacant Units	0
Vacancy Rate	0.0%
Type	Townhouse (2 stories)
Year Built/Renovated	1994 / 2011
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Mallard Cove
Tenant Characteristics	Mostly families from the Chesapeake area
Contact Name	Latoya
Phone	757-465-2001



### Market Information

Program	@60%
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	36%
Leasing Pace	Within one week
Annual Chg. in Rent	Increased one percent
Concession	None
Waiting List	Yes, 3BR units only 5HH.

### 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	1	Townhouse (2 stories)	280	900	\$1,053	\$0	@60%	No	0	0.0%	yes	None
3	2	Townhouse (2 stories)	40	1,200	\$1,211	\$0	@60%	Yes	0	0.0%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$1,053	\$0	\$1,053	-\$129	\$924
3BR / 2BA	\$1,211	\$0	\$1,211	-\$163	\$1,048

## Maplewood Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Patrol	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Off-Street Parking	On-Site Management		
Picnic Area	Playground		
Recreation Areas	Swimming Pool		

### Comments

The contact reported occupancy rates have remained at or near 100 percent during the past year. The washer/dryer is included in the rent. The contact reported that the rents are currently at the 2021 max allowable level but could not provide any indication as to when or if they would increase to the 2022 max.

## Maplewood Apartments, continued

### Trend Report

#### Vacancy Rates

3Q16	1Q17	4Q18	2Q22
0.3%	0.3%	0.3%	0.0%

### Trend: @60%

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	3	0.4%	\$855	\$0	\$855	\$726
2017	1	0.4%	\$855	\$0	\$855	\$726
2018	4	0.4%	\$915	\$0	\$915	\$786
2022	2	0.0%	\$1,053	\$0	\$1,053	\$924

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	3	0.0%	\$1,018	\$0	\$1,018	\$855
2017	1	0.0%	\$1,018	\$0	\$1,018	\$855
2018	4	0.0%	\$1,050	\$0	\$1,050	\$887
2022	2	0.0%	\$1,211	\$0	\$1,211	\$1,048

### Trend: Comments

3Q16	The contact stated that there was a waiting list of approximately 10 households. The washer/dryer is included in the rent.
1Q17	The contact stated that there is no longer a waiting list kept for two-bedroom units but that the waiting list for three-bedroom units is four households. The contact indicated that turnover at the property had slightly increased in the past few months, which has reduced the waiting list. The contact indicated that rents will increase this year in congruence with the maximum allowable rents. The washer/dryer is included in the rent.
4Q18	The contact reported occupancy rates have remained at or near 100 percent during the past year. The washer/dryer is included in the rent.
2Q22	The contact reported occupancy rates have remained at or near 100 percent during the past year. The washer/dryer is included in the rent. The contact reported that the rents are currently at the 2021 max allowable level but could not provide any indication as to when or if they would increase to the 2022 max.

Photos



# PROPERTY PROFILE REPORT

## Taylor Pointe Apartments

Effective Rent Date	4/11/2022
Location	3245 Meadows Way Chesapeake, VA 23321 Chesapeake County
Distance	8.7 miles
Units	120
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	1996 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Majority families
Contact Name	Ms. Bales
Phone	(757) 484-7203



### Market Information

Program	@60%
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	16%
Leasing Pace	Within a week
Annual Chg. in Rent	Increased two percent
Concession	None
Waiting List	Yes, 6 months long for one- and three-bedroom units only

### 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	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)	12	654	\$880	\$0	@60%	Yes	0	0.0%	yes	None
2	1.5	Garden (3 stories)	78	880	\$1,066	\$0	@60%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	30	1,025	\$1,233	\$0	@60%	Yes	0	0.0%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$880	\$0	\$880	-\$61	\$819
2BR / 1.5BA	\$1,066	\$0	\$1,066	-\$84	\$982
3BR / 2BA	\$1,233	\$0	\$1,233	-\$107	\$1,126

## Taylor Pointe Apartments, continued

### Amenities

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

### Comments

The contact reported that occupancy has been close to 100% within the past year with all units pre-leased. The contact reported that all rents are at the 2021 max allowable level, and will move to the 2022 max allowable level by the end of summer.



## Trend Report

## Vacancy Rates

1Q16	2Q18	4Q18	2022
2.5%	1.7%	0.0%	0.0%

## Trend: @60%

## 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	8.3%	\$760	\$0	\$760	\$699
2018	2	0.0%	\$775	\$0	\$775	\$714
2018	4	0.0%	\$775	\$0	\$775	\$714
2022	2	0.0%	\$880	\$0	\$880	\$819

## 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	1.3%	\$905	\$0	\$905	\$821
2018	2	2.6%	\$924	\$0	\$924	\$840
2018	4	0.0%	\$924	\$0	\$924	\$840
2022	2	0.0%	\$1,066	\$0	\$1,066	\$982

## 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	3.3%	\$1,038	\$0	\$1,038	\$931
2018	2	0.0%	\$1,063	\$0	\$1,063	\$956
2018	4	0.0%	\$1,063	\$0	\$1,063	\$956
2022	2	0.0%	\$1,233	\$0	\$1,233	\$1,126

## Trend: Comments

1Q16	N/A
2Q18	This property mainly houses people who work in healthcare, education, and retail sectors. There is a waiting list of undisclosed length for one and three-bedroom units. The contact did state that washers/dryers are available to rent for \$40 per month.
4Q18	This property mainly houses people who work in healthcare, education, and retail sectors. The contact did state that washers/dryers are available to rent for \$40 per month. Exterior storage is off the balcony and included in the rent.
2Q22	The contact reported that occupancy has been close to 100% within the past year with all units pre-leased. The contact reported that all rents are at the 2021 max allowable level, and will move to the 2022 max allowable level by the end of summer.

Photos



# PROPERTY PROFILE REPORT

## Thrive Apartments

Effective Rent Date	4/11/2022
Location	2516 Gilmerton Road Chesapeake, VA 23323 County
Distance	2.8 miles
Units	102
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	1972 / 2016
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Did not disclose
Contact Name	Jackie
Phone	757-558-4111



### Market Information

Program	@60%
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	5%
Leasing Pace	1 week
Annual Chg. in Rent	Increased 3%
Concession	Reduced deposits and app. fees
Waiting List	No

### 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	1	Garden (2 stories)	63	975	\$1,084	\$0	@60%	No	0	0.0%	yes	None
3	1.5	Townhouse (2 stories)	39	1,200	\$1,213	\$0	@60%	No	0	0.0%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$1,084	\$0	\$1,084	-\$129	\$955
3BR / 1.5BA	\$1,213	\$0	\$1,213	-\$163	\$1,050

### Amenities

In-Unit	Security	Services
Blinds	None	None
Central A/C		
Garbage Disposal		
Refrigerator		
Washer/Dryer hookup		
Property	Premium	Other
Central Laundry	None	None
On-Site Management	Off-Street Parking Playground	

### Comments

The contact reported that the property has been operating at above 95% occupancy for the past year. Contact reported that the area is in high demand for LIHTC units, so all units are pre-leased after move outs. Contact stated that rents are always kept at the max allowable level, so she anticipated that rates will increase to the 2022 max within the next few months.

Trend Report

Vacancy Rates

3Q12	4Q18	2Q22
9.8%	6.9%	0.0%

Trend: @60%

2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	9.5%	\$924	\$132	\$792	\$663
2022	2	0.0%	\$1,084	\$0	\$1,084	\$955

3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	2.6%	\$1,063	\$0	\$1,063	\$900
2022	2	0.0%	\$1,213	\$0	\$1,213	\$1,050

Trend: Comments

- 3Q12 The contact reported occupancy typically ranges between 90 and 94 percent and noted the renter traffic has been particularly slower this year than last year at the same time.
- 4Q18 The property was FKA Deep Creek Crossing and was purchased in 2016 and was renovated using LIHTC funding. The property began operating under the LIHTC guidelines in late 2016 after renovations which included new flooring, new counters and cabinetry, fresh paint, and new appliances. Occupancy rates have been typically above 95 percent during the past year but the contact noted several recent move outs have pushed the vacancy rate higher. The property has been operating on a first come, first served basis.
- 2Q22 The contact reported that the property has been operating at above 95% occupancy for the past year. Contact reported that the area is in high demand for LIHTC units, so all units are pre-leased after move outs. Contact stated that rents are always kept at the max allowable level, so she anticipated that rates will increase to the 2022 max within the next few months.

# PROPERTY PROFILE REPORT

## Adalay Bay Apartments

Effective Rent Date	4/11/2022
Location	101 Sabal Palm Lane Chesapeake, VA 23320 Chesapeake County
Distance	5.6 miles
Units	240
Vacant Units	20
Vacancy Rate	8.3%
Type	Garden (3 stories)
Year Built/Renovated	2002 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Mix of professionals and some military families
Contact Name	Dan
Phone	757-638-1155



### Market Information

Program	Market
Annual Turnover Rate	33%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	Fluctuates daily-LRO
Concession	None
Waiting List	No

### 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)	36	833	\$1,873	\$0	Market	No	0	0.0%	N/A	HIGH*
1	1	Garden (3 stories)	36	650	\$1,718	\$0	Market	No	7	19.4%	N/A	LOW*
2	2	Garden (3 stories)	40	1,090	\$1,418	\$0	Market	No	2	5.0%	N/A	None
2	2	Garden (3 stories)	40	1,139	\$2,063	\$0	Market	No	0	0.0%	N/A	HIGH*
2	2	Garden (3 stories)	40	1,041	\$1,943	\$0	Market	No	7	17.5%	N/A	LOW*
3	2	Garden (3 stories)	48	1,304	\$2,403	\$0	Market	No	4	8.3%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,718 - \$1,873	\$0	\$1,718 - \$1,873	\$0	\$1,718 - \$1,873
2BR / 2BA	\$1,418 - \$2,063	\$0	\$1,418 - \$2,063	\$0	\$1,418 - \$2,063
3BR / 2BA	\$2,403	\$0	\$2,403	\$0	\$2,403

## Adalay Bay Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Exercise Facility	None	None
Garage(\$100.00)	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

### Comments

The contact stated that rates vary by unit type and square footage. Contact stated that five of the three-bedroom units are set to become available on May 23, 2022.

# Adalay Bay Apartments, continued

## Trend Report

### Vacancy Rates

3Q17	1Q18	4Q18	2Q22
0.4%	0.4%	5.0%	8.3%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	N/A	\$1,098 - \$1,500	\$0	\$1,098 - \$1,500	\$1,098 - \$1,500
2018	1	N/A	\$1,053 - \$1,200	\$0	\$1,053 - \$1,200	\$1,053 - \$1,200
2018	4	2.8%	\$1,118 - \$1,248	\$0	\$1,118 - \$1,248	\$1,118 - \$1,248
2022	2	9.7%	\$1,718 - \$1,873	\$0	\$1,718 - \$1,873	\$1,718 - \$1,873

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	N/A	\$1,168 - \$1,700	\$0	\$1,168 - \$1,700	\$1,168 - \$1,700
2018	1	N/A	\$1,303 - \$1,403	\$0	\$1,303 - \$1,403	\$1,303 - \$1,403
2018	4	5.8%	\$1,363 - \$1,438	\$0	\$1,363 - \$1,438	\$1,363 - \$1,438
2022	2	7.5%	\$1,418 - \$2,063	\$0	\$1,418 - \$2,063	\$1,418 - \$2,063

### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	N/A	\$1,400 - \$2,000	\$0	\$1,400 - \$2,000	\$1,400 - \$2,000
2018	1	N/A	\$1,523	\$0	\$1,523	\$1,523
2018	4	6.2%	\$1,468	\$0	\$1,468	\$1,468
2022	2	8.3%	\$2,403	\$0	\$2,403	\$2,403

## Trend: Comments

3Q17	This market rate property features optional garage parking at \$100 per month. Currently, management is offering free garage parking for two months for a 12 month lease. No rent concessions on the apartment units themselves are being offered. All units have carpeting, while some include high-end vinyl flooring in certain areas. There is also a coffee house on the property.
1Q18	This property operates on an LRO system where rents can change on a daily basis. This market rate property features optional garage parking at \$100 per month. No rent concessions on the apartment units themselves are being offered. All units have carpeting, while some include high-end vinyl flooring in certain areas. There is also a coffee house on the property. Rents at this property have varied widely in the past year, decreasing by 20 percent for some bedroom types to increasing by 15 percent for others.
4Q18	The contact reported occupancy rates have remained in the mid to high 90 percent range during 2018.
2Q22	The contact stated that rates vary by unit type and square footage. Contact stated that five of the three-bedroom units are set to become available on May 23, 2022.



Photos



# PROPERTY PROFILE REPORT

## Cottage Trails At Culpepper Landing

Effective Rent Date	4/11/2022
Location	3000 Conservancy Drive Chesapeake, VA 23323 County
Distance	0.7 miles
Units	183
Vacant Units	9
Vacancy Rate	4.9%
Type	Garden (3 stories)
Year Built/Renovated	2011 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None Identified
Tenant Characteristics	Mix of professionals, young families. Many work in Norfolk or Hampton
Contact Name	Jordan
Phone	757-967-9675



### Market Information

Program	Market
Annual Turnover Rate	27%
Units/Month Absorbed	9.5
HCV Tenants	0%
Leasing Pace	N/A
Annual Chg. in Rent	Fluctuate often
Concession	None
Waiting List	No

### 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)	30	780	\$1,350	\$0	Market	No	1	3.3%	N/A	None
2	2	Garden (3 stories)	48	1,086	\$1,695	\$0	Market	No	6	12.5%	N/A	None
2	2	Garden (3 stories)	75	1,099	\$1,695	\$0	Market	No	1	1.3%	N/A	None
3	2	Garden (3 stories)	30	1,386	\$1,904	\$0	Market	No	1	3.3%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,350	\$0	\$1,350	\$0	\$1,350
2BR / 2BA	\$1,695	\$0	\$1,695	\$0	\$1,695
3BR / 2BA	\$1,904	\$0	\$1,904	\$0	\$1,904

## Cottage Trails At Culpepper Landing, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpet/Hardwood	Central A/C		
Dishwasher	Exterior Storage		
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	Dog park
Exercise Facility	Non-shelter Services		
Off-Street Parking	On-Site Management		
Playground	Sauna		
Swimming Pool			

### Comments

The contact reported overall occupancy rates have fluctuated sharply during 2018 ranging between 94 and 98 percent. Concessions are offered periodically but there are no specials offered at this time. Units offer exterior storage off the patio or balcony.

## Cottage Trails At Culpepper Landing, continued

### Trend Report

#### Vacancy Rates

3Q17	1Q18	4Q18	2Q22
2.2%	2.2%	5.5%	4.9%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	3.3%	\$1,060	\$88	\$972	\$972
2018	1	3.3%	\$1,060	\$88	\$972	\$972
2018	4	6.7%	\$1,229	\$0	\$1,229	\$1,229
2022	2	3.3%	\$1,350	\$0	\$1,350	\$1,350

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	1.6%	\$1,300	\$108	\$1,192	\$1,192
2018	1	1.6%	\$1,300	\$108	\$1,192	\$1,192
2018	4	4.9%	\$1,390 - \$1,494	\$0	\$1,390 - \$1,494	\$1,390 - \$1,494
2022	2	5.7%	\$1,695	\$0	\$1,695	\$1,695

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	3.3%	\$1,671	\$134	\$1,537	\$1,537
2018	1	3.3%	\$1,671	\$134	\$1,537	\$1,537
2018	4	6.7%	\$1,704	\$0	\$1,704	\$1,704
2022	2	3.3%	\$1,904	\$0	\$1,904	\$1,904

### Trend: Comments

3Q17	This attractive market rate property is located in a newly developing residential area of Chesapeake. The contact stated that property offers 10 percent off per month for tenants working in the healthcare, government, and military sectors.
1Q18	This property is located in a newly developing area of Chesapeake. The contact was only able to confirm the rent rates and occupancy rates. The contact stated that property offers three percent off per month for tenants working in the healthcare, government, and military sectors.
4Q18	The contact reported overall occupancy rates have fluctuated sharply during 2018 ranging between 94 and 98 percent. Concessions are offered periodically but there are no specials offered at this time. Units offer exterior storage off the patio or balcony.
2Q22	N/A

Photos



# PROPERTY PROFILE REPORT

## Lake Village Apartments I And II

Effective Rent Date	4/11/2022
Location	908 Lake Village Drive Chesapeake, VA 23323 Chesapeake County
Distance	2.9 miles
Units	184
Vacant Units	6
Vacancy Rate	3.3%
Type	Garden (2 stories)
Year Built/Renovated	1971 / 2016/2021
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Deep Creek Crossing, Marina Point, Crosswell TH's
Tenant Characteristics	Did not disclose
Contact Name	Rondell
Phone	757-487-5122



### Market Information

Program	Market
Annual Turnover Rate	28%
Units/Month Absorbed	N/A
HCV Tenants	20%
Leasing Pace	Within two to three weeks
Annual Chg. in Rent	Increased 12 to 36%
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- gas
Water Heat	not included -- gas
Heat	not included -- gas
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	1	Garden (2 stories)	60	925	\$1,734	\$0	Market	No	3	5.0%	N/A	HIGH
2	1	Garden (2 stories)	92	925	\$1,434	\$0	Market	No	3	3.3%	N/A	LOW
3	1	Garden (2 stories)	N/A	1,120	\$1,934	\$0	Market	No	0	N/A	N/A	HIGH
3	1	Garden (2 stories)	32	1,120	\$1,500	\$0	Market	No	0	0.0%	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$1,434 - \$1,734	\$0	\$1,434 - \$1,734	\$0	\$1,434 - \$1,734
3BR / 1BA	\$1,500 - \$1,934	\$0	\$1,500 - \$1,934	\$0	\$1,500 - \$1,934

## Lake Village Apartments I And II, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpet/Hardwood	Patrol	None
Carpeting	Central A/C		
Coat Closet	Exterior Storage		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Central Laundry	Off-Street Parking	None	Dog Park
On-Site Management	Picnic Area		
Playground			

### Comments

The contact reported the development began renovating units in 2016 as they turnover with new faux-wood flooring, new carpet, new paint and trim, new cabinetry, and new appliances. However, they were unable to approximate what percent of the units have been renovated to date. Note that the higher end of the rental ranges reflected in the profile indicate the rental rates for renovated units. Further, they noted that the property has been unaffected by the COVID-19 pandemic.

# Lake Village Apartments I And II, continued

## Trend Report

### Vacancy Rates

3Q12	4Q18	2Q21	2Q22
3.8%	3.8%	3.8%	3.3%

## Trend: Market

### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	3	3.9%	\$765	\$0	\$765	\$765
2018	4	3.9%	\$899 - \$1,024	\$0	\$899 - \$1,024	\$899 - \$1,024
2021	2	3.9%	\$1,000 - \$1,400	\$0	\$1,000 - \$1,400	\$1,000 - \$1,400
2022	2	3.9%	\$1,434 - \$1,734	\$0	\$1,434 - \$1,734	\$1,434 - \$1,734

### 3BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2012	3	3.1%	\$875	\$0	\$875	\$875
2018	4	3.1%	\$1,009	\$0	\$1,009	\$1,009
2021	2	N/A	\$1,100 - \$1,500	\$0	\$1,100 - \$1,500	\$1,100 - \$1,500
2022	2	N/A	\$1,500 - \$1,934	\$0	\$1,500 - \$1,934	\$1,500 - \$1,934

## Trend: Comments

3Q12	The contact reported current occupancy has been typical during the past year.
4Q18	The contact reported approximately 40 percent of the two-bedroom units have been upgraded since 2016 with new faux-wood flooring, new carpet, new paint and trim, new cabinetry, and new appliances. She noted only a small number of units are being renovated each year.
2Q21	The contact reported the development began renovating units in 2016 as they turnover with new faux-wood flooring, new carpet, new paint and trim, new cabinetry, and new appliances. However, they were unable to approximate what percent of the units have been renovated to date. Note that the higher end of the rental ranges reflected in the profile indicate the rental rates for renovated units. Further, they noted that the property has been unaffected by the COVID-19 pandemic.
2Q22	N/A



Photos



# PROPERTY PROFILE REPORT

## Marina Point Apartments

Effective Rent Date	4/11/2022
Location	1301 Canal Drive Chesapeake, VA 23323 County
Distance	3.2 miles
Units	120
Vacant Units	4
Vacancy Rate	3.3%
Type	Garden (2 stories)
Year Built/Renovated	1972 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Shamrock Gardens
Tenant Characteristics	Mix of young families mostly from the area. 15% out of state
Contact Name	Elle
Phone	757-487-0516



### Market Information

Program	Market
Annual Turnover Rate	33%
Units/Month Absorbed	N/A
HCV Tenants	5%
Leasing Pace	Within one week
Annual Chg. in Rent	No change to inc. 12.7 percent since 3Q2019
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 (2 stories)	27	750	\$1,025	\$0	Market	No	2	7.4%	N/A	None
1.5	1	Garden (2 stories)	9	850	\$1,100	\$0	Market	No	1	11.1%	N/A	None
2	1	Garden (2 stories)	40	950	\$1,200	\$0	Market	No	1	2.5%	N/A	None
2.5	1	Garden (2 stories)	12	1,040	\$1,340	\$0	Market	No	0	0.0%	N/A	None
3	1	Garden (2 stories)	16	1,050	\$1,506	\$0	Market	No	0	0.0%	N/A	None
3	1.5	Garden (2 stories)	16	1,140	\$1,561	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,025	\$0	\$1,025	\$0	\$1,025
1.5BR / 1BA	\$1,100	\$0	\$1,100	\$0	\$1,100
2BR / 1BA	\$1,200	\$0	\$1,200	\$0	\$1,200
2.5BR / 1BA	\$1,340	\$0	\$1,340	\$0	\$1,340
3BR / 1BA	\$1,506	\$0	\$1,506	\$0	\$1,506
3BR / 1.5BA	\$1,561	\$0	\$1,561	\$0	\$1,561

## Marina Point Apartments, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpet/Hardwood	None	None
Central A/C	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Property		Premium	Other
Central Laundry	Off-Street Parking	None	None
On-Site Management	Playground		

### Comments

The property has been under new ownership since late 2016 and the contact stated renovations began in 2017 as units became available. Renovations were completed in early 2019 and include new carpet, hardwood flooring, light fixtures, adding built in microwaves, fresh paint, trim, and new appliances. The Subject offers one and two-bedroom units with dens, which typically rent for a \$50 to \$75 premium over the standard unit. Management noted that the property has been slightly affected by the COVID-19 pandemic, as they have seen an increase in turnover. However, demand has remained relatively consistent according to the contact at the property.

# Marina Point Apartments, continued

## Trend Report

### Vacancy Rates

4Q18	3Q19	2Q21	2022
9.6%	5.8%	3.8%	3.3%

## Trend: Market

### 1.5BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$950	\$0	\$950	\$950
2019	3	11.1%	\$950	\$0	\$950	\$950
2021	2	11.1%	\$1,000	\$0	\$1,000	\$1,000
2022	2	11.1%	\$1,100	\$0	\$1,100	\$1,100

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$895	\$0	\$895	\$895
2019	3	7.4%	\$895	\$0	\$895	\$895
2021	2	7.4%	\$925	\$0	\$925	\$925
2022	2	7.4%	\$1,025	\$0	\$1,025	\$1,025

### 2.5BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,100	\$0	\$1,100	\$1,100
2019	3	0.0%	\$1,100	\$0	\$1,100	\$1,100
2021	2	0.0%	\$1,240	\$0	\$1,240	\$1,240
2022	2	0.0%	\$1,340	\$0	\$1,340	\$1,340

### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,025	\$0	\$1,025	\$1,025
2019	3	7.5%	\$1,025	\$0	\$1,025	\$1,025
2021	2	2.5%	\$1,100	\$0	\$1,100	\$1,100
2022	2	2.5%	\$1,200	\$0	\$1,200	\$1,200

### 3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,350	\$0	\$1,350	\$1,350
2019	3	0.0%	\$1,350	\$0	\$1,350	\$1,350
2021	2	0.0%	\$1,350	\$0	\$1,350	\$1,350
2022	2	0.0%	\$1,561	\$0	\$1,561	\$1,561

### 3BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2022	2	0.0%	\$1,506	\$0	\$1,506	\$1,506

Trend: Comments

4Q18	The property has been under new ownership since late 2016 and the contact stated renovations began in 2017 as units became available. She noted the majority of the property has been renovated with new carpet and flooring, light fixtures, adding built in microwaves, fresh paint and trim, and new appliances. The contact expects all units to have been renovated by early 2019.
3Q19	The property has been under new ownership since late 2016 and the contact stated renovations began in 2017 as units became available. Renovations were completed in early 2019 and include new carpet, hardwood flooring, light fixtures, adding built in microwaves, fresh paint, trim, and new appliances. The Subject offers one and two-bedroom units with dens, which typically earns \$50 to \$75 premium over the standard unit.
2Q21	The property has been under new ownership since late 2016 and the contact stated renovations began in 2017 as units became available. Renovations were completed in early 2019 and include new carpet, hardwood flooring, light fixtures, adding built in microwaves, fresh paint, trim, and new appliances. The Subject offers one and two-bedroom units with dens, which typically rent for a \$50 to \$75 premium over the standard unit. Management noted that the property has been slightly affected by the COVID-19 pandemic, as they have seen an increase in turnover. However, demand has remained relatively consistent according to the contact at the property.
2Q22	N/A

Photos



**PROPERTY CHARACTERISTICS**

Following are relevant characteristics of comparable properties surveyed:

**Location**

The Subject is located in a mixed-use neighborhood in southwestern Chesapeake. The comparables are located between 0.7 and 8.7 miles from the Subject site.

**LOCATION COMPARISON**

No.	Property Name	Zip Code	Median Income	Median Rent	Median Home Value	Rent Differential
<b>S</b>	<b>Mill Creek Apartments</b>	<b>23323</b>	<b>\$75,569</b>	<b>\$1,103</b>	<b>\$244,200</b>	<b>-</b>
1	Catalina Crossing	23320	\$70,685	\$1,320	\$247,000	16.4%
2	Crosswinds Apartments	23325	\$61,771	\$1,115	\$204,500	1.1%
3	Maplewood Apartments*	23321	\$69,915	\$1,217	\$248,100	9.4%
4	Taylor Pointe Apartments*	23321	\$69,915	\$1,217	\$248,100	9.4%
5	Thrive Apartments	23323	\$75,569	\$1,103	\$244,200	0.0%
6	Adalay Bay Apartments	23320	\$70,685	\$1,320	\$247,000	16.4%
7	Cottage Trails At Culpepper Landing	23323	\$75,569	\$1,103	\$244,200	0.0%
8	Lake Village Apartments I And II	23323	\$75,569	\$1,103	\$244,200	0.0%
9	Marina Point Apartments	23323	\$75,569	\$1,103	\$244,200	0.0%

\* Located outside of the PMA

As illustrated, one of the LIHTC comparables and four of the market rate comparables are located in the same zip code with relatively similar demographics to the Subject. The remaining comparables are generally located in areas with similar to slightly inferior median household incomes, similar to slightly higher median rents, and generally similar median homes values. All are located in suburban areas of Chesapeake with generally similar access to area amenities and access to employment. As a result, the Subject’s location is considered similar to that of the comparables.

**Size, Age and Condition**

The Subject was originally constructed in 1995 and is proposed for renovation in 2023. Based on our inspection of the Subject, units are currently in average condition. The Subject is proposed for renovations with LIHTC equity and will exhibit good condition post-renovation. The LIHTC comparables were built or last renovated between 1996 and 2016 and range from average to excellent condition. In comparison, the market rate comparables were constructed or most recently renovated between 1973 and 2021, and range from fair to good condition. The majority of comparables exhibit similar or slightly inferior condition relative to the Subject’s anticipated condition upon completion.

The Subject’s units are all located in three-story garden-style buildings. The majority of the comparables also offer garden-style units; however, Maplewood Apartments offers townhome-style units, which are considered slightly superior to the Subject in terms of design. Additionally, Thrive Apartments offers garden-style two-bedroom units but townhome-style three-bedroom units. We have considered the Subject's design and condition in our determination of achievable rents.

**Unit Size**

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

UNIT SIZE COMPARISON		
Bedroom Type	2BR	3BR
<b>Subject</b>	<b>963 – 990</b>	<b>1,185</b>
Average	987	1,153
Min	836	1,025
Max	1,139	1,386
<b>Advantage/Disadvantage</b>	<b>-2% : 0%</b>	<b>3%</b>

The Subject’s units are generally similar in size to the surveyed average of comparable units. We have taken the Subject’s unit sizes into account in our determination of achievable rents.

**Unit Amenities**

The Subject’s unit amenities include balconies/patios, hardwood flooring, blinds, basic cable, central air conditioning, ceiling fans, dishwashers, range/ovens, refrigerators, and washer/dryer hookups. Post-renovation, unit amenities will remain the same. The majority of the surveyed comparables offer unit amenities ranging from similar to slightly inferior relative to the Subject, as none offer basic cable and several do not offer balconies/patios and/or dishwashers. Overall, we believe the Subject's unit amenities are competitive in the market and present a slight marketing advantage to several of the comparables.

**Community Amenities**

The Subject’s community amenities include a clubhouse/community room, central laundry, on-site management, exercise facility, swimming pool, picnic area, and recreation area. Post-renovation, the property amenities will remain the same. The amenity packages the comparables offer vary in quality and quantity, ranging from inferior to similar relative to the Subject. Overall, we believe the Subject's property amenities are competitive in the market and present a slight marketing advantage to several of the comparables.

**Security Features**

The Subject offers a security patrol and video surveillance as security features. Post-renovation, security features will remain the same. Four of the comparables offer some form of security, similar to the Subject. The remaining comparables do not offer security features and are inferior to the Subject. As such, we believe the Subject’s security features appear appropriate.

**Utility Structure**

Tenants at the Subject are responsible for electric cooking, electric water heating, electric heating, and general electric expenses, as well as cold water and sewer expenses. The landlord is responsible for trash expenses, and all common area utilities. The utility structure varies among the comparable properties; we have adjusted the comparables rents in accordance with the amounts outlined on the local utility schedule, obtained from the Chesapeake Redevelopment and Housing Authority, effective June 2022, which is the most recent available. The developer has provided us with the utility allowance they intend to use post-renovation. Following the renovations, the utility structure will remain the same.

**Parking**

The Subject offers 253 off-street surface parking, or 2.1 spaces per unit. The Subject offers off-street surface parking for no additional fee, similar to all of the comparables. One of the comparables offers off-street parking as well as garage parking for an additional fee of \$100 per month. Overall, the Subject’s parking appears adequate, and is similar to the majority of the comparables.



### **Summary of Property Characteristics**

All of the comparables are located within the PMA, within 8.7 miles of the Subject. The comparables are generally located in similar neighborhoods when compared to the Subject in terms of demographics, and access to area amenities and employment. The Subject is currently in average condition and will be in good overall condition post-renovation, similar to slightly superior to the majority of the comparable properties. The Subject's unit sizes are generally in line with the comparables. Further, the Subject's amenities range from similar to superior to the comparables. We believe the Subject's unit sizes and amenities will continue to be well received post-renovation, as the property's condition will be improved.

## MARKET CHARACTERISTICS

Following are relevant market characteristics for comparable properties surveyed.

### Vacancy Levels

The following table details vacancy levels at comparable properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Catalina Crossing	LIHTC	Family	124	0	0.0%
Crosswinds Apartments	LIHTC	Family	109	0	0.0%
Maplewood Apartments*	LIHTC	Family	320	0	0.0%
Taylor Pointe Apartments*	LIHTC	Family	120	0	0.0%
Thrive Apartments	LIHTC	Family	102	0	0.0%
Adalay Bay Apartments	Market	Family	240	20	8.3%
Cottage Trails At Culpepper Landing	Market	Family	183	9	4.9%
Lake Village Apartments I And II	Market	Family	184	6	3.3%
Marina Point Apartments	Market	Family	120	4	3.3%
<b>Total LIHTC</b>			<b>775</b>	<b>0</b>	<b>0.0%</b>
<b>Total Market Rate</b>			<b>727</b>	<b>39</b>	<b>5.4%</b>
<b>Overall Total</b>			<b>1,502</b>	<b>39</b>	<b>2.6%</b>

\*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 8.3 percent, with an overall weighted average of 2.6 percent. Managers at all five of the LIHTC properties reported being fully occupied. The average weighted vacancy rate reported by the market rate properties appears slightly elevated, at 5.4 percent; however, only Adalay Bay Apartments reported an elevated vacancy rate of 8.3 percent, with all of the other market rate comparables reporting vacancy rates ranging from 3.3 to 4.9 percent. The average LIHTC vacancy rate of zero percent is considered exceptionally low, and indicative of supply constrained conditions in the affordable housing market.

The Subject's historical financials (2019 to 2021) indicate vacancy ranging from zero to 5.8 percent, with an average of 2.1 percent. According to a rent roll dated February 28, 2022, the Subject is currently 95.8 percent occupied, with a waiting list of 162 households. Overall, based on the vacancy rates at the rent comparables and the Subject's current and historical performance, we expect the Subject to operate with vacancy and collection loss of 5.0 percent or less post-renovation.

### Concessions

None of the comparables are currently offering concessions. However, Thrive Apartments noted that they are currently offering reduced security deposits and application fees. Given the limited presence of concessions in the market, we do not believe that the Subject will need to offer concessions to remain stabilized.

**Turnover**

The following table details turnover rates at comparable properties.

<b>TURNOVER</b>			
<b>Property Name</b>	<b>Rent Structure</b>	<b>Tenancy</b>	<b>Annual Turnover</b>
Catalina Crossing	LIHTC	Family	20%
Crosswinds Apartments	LIHTC	Family	20%
Maplewood Apartments*	LIHTC	Family	20%
Taylor Pointe Apartments*	LIHTC	Family	30%
Thrive Apartments	LIHTC	Family	30%
Adalay Bay Apartments	Market	Family	33%
Cottage Trails At Culpepper Landing	Market	Family	27%
Lake Village Apartments I And II	Market	Family	28%
Marina Point Apartments	Market	Family	33%
<b>Average Turnover</b>			<b>27%</b>

\*Located outside of the PMA

The comparables reported turnover rates ranging from 20 to 33 percent, with an overall average of 27 percent. The LIHTC comparables operate with an average turnover rate of 24 percent, which is slightly below the 30 percent average reported by the market rate properties. The Subject’s turnover rate has been less than 16 percent annually since 2017. Based on the historical performance of the Subject and the performance of the comparables, we expect the Subject will operate with a turnover rate of approximately 20 percent or less.

**Waiting Lists**

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

<b>WAITING LIST</b>			
<b>Property Name</b>	<b>Rent Structure</b>	<b>Tenancy</b>	<b>Waiting List Length</b>
Catalina Crossing	LIHTC	Family	Yes; one year
Crosswinds Apartments	LIHTC	Family	Yes; 10 households
Maplewood Apartments*	LIHTC	Family	Yes; 5 households for 3BR units only
Taylor Pointe Apartments*	LIHTC	Family	Yes, 6 months long for 1 & 3BR units only
Thrive Apartments	LIHTC	Family	None
Adalay Bay Apartments	Market	Family	None
Cottage Trails At Culpepper Landing	Market	Family	None
Lake Village Apartments I And II	Market	Family	None
Marina Point Apartments	Market	Family	None

\*Located outside of the PMA

As shown, four of the affordable comparables maintain waiting lists, similar to the Subject. As previously mentioned, the Subject currently operates with a waiting list of 162 households. Post-renovation, we believe the Subject will continue to maintain a waiting list.

## Rental Rate Increases

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

RENT GROWTH			
Property Name	Rent Structure	Tenancy	Rent Growth
Catalina Crossing	LIHTC	Family	Kept at max
Crosswinds Apartments	LIHTC	Family	Increased
Maplewood Apartments*	LIHTC	Family	Increased one percent
Taylor Pointe Apartments*	LIHTC	Family	Increased two percent
Thrive Apartments	LIHTC	Family	Increased 3%
Adalay Bay Apartments	Market	Family	Fluctuates daily
Cottage Trails At Culpepper Landing	Market	Family	Fluctuate
Lake Village Apartments I And II	Market	Family	None
Marina Point Apartments	Market	Family	0 to 12.7% since 3Q2019

\*Located outside of the PMA

As shown, changes in rents range from no change to slight increases. According to CoStar, rents in the Subject’s Chesapeake submarket increased by 11.1 percent in the past year, well above the historical average of 3.2 percent annual growth. Further, rent growth is projected to continue to be strong over the next five years averaging 4.3 percent through 2026. The Subject’s rents will likely be able to achieve annual rent increases in line with increases in the AMI and associated rent limits.

## Absorption

We were able to obtain absorption information from eight properties located within 50 miles of the Subject, including two that have been utilized as comparables in this report. The following table details our findings.

ABSORPTION						
Property Name	Location	Rent	Tenancy	Year	Total Units	Absorption (units/month)
The Arbors At Towne Park	Williamsburg, VA	LIHTC	Senior	2019	130	12
October Station	Suffolk, VA	LIHTC	Family	2018	48	24
Meridian Obici	Suffolk, VA	Market	Family	2016	224	14
Catalina Crossing*	Chesapeake, VA	LIHTC	Family	2016	124	62
Woodlands Apartments At Phoebus	Hampton, VA	LIHTC	Senior	2015	132	20
Commonwealth At York	Yorktown, VA	Market	Family	2015	384	34
The Residences At October	Suffolk, VA	LIHTC	Family	2013	72	20
Cottage Trails at Culpepper Landing*	Chesapeake, VA	Market	Family	2011	183	10

\*Utilized as a comparable in this report

As shown, the properties reported absorption rates between 10 and 62 units per month, with an overall average of 25 units. We estimate the Subject would achieve an absorption rate of approximately 25 units per month. This equates to an absorption period of less than five months if it were hypothetically 100 percent vacant.

However, the Subject’s proposed renovations will occur with tenants in place. Further, all tenants are expected to remain income qualified post-renovation; however, increases in asking rents are expected to have some impact on tenants. As such, we believe the Subject will reach stabilized occupancy (95 percent or greater) within one month of completion of renovation, with minimal turnover of 25 units or less due to the renovation and increased asking rents.

## AFFORDABLE PROPERTIES IN THE PMA

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

### EXISTING AFFORDABLE PROPERTIES IN PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive LIHTC Units
Biltmore Commons	LIHTC	Family	89	89
Dominion Pines	LIHTC	Family	118	118
Eastwyck Village	LIHTC	Family	96	96
Woodbridge Apts (Chesapeake)	LIHTC	Family	152	152
Mill Creek I	LIHTC	Family	72	0
Acorn Grove	LIHTC	Family	107	107
Mill Creek II	LIHTC	Family	48	0
Victory Village	LIHTC	Family	112	112
Chesapeake Crossing Seniors I	LIHTC	Senior	159	0
Governor's Pointe Apts	LIHTC	Family	88	88
Greenbrier Seniors	LIHTC	Senior	92	0
Jamestown Commons I	LIHTC	Senior	132	0
Jamestown Commons II	LIHTC	Senior	132	0
Tallwood	LIHTC	Family	120	120
Westbridge Commons	LIHTC	Family	60	60
Commons At Chesapeake	LIHTC	Senior	101	0
Waverton Place Chesapeake	LIHTC	Family	304	304
Ansell Gardens	LIHTC	Family	74	74
Crosswinds Place	LIHTC	Family	109	109
Forest Cove Apts III	LIHTC / Section 8	Family	101	0
Forest Cove Apts III	LIHTC / Section 8	Family	101	0
Forest Cove Apts II	LIHTC / Section 8	Family	100	0
Hunters Point Apts I	LIHTC / Section 8	Family	124	0
Hunters Point Apts II	LIHTC / Section 8	Family	32	0
Independence Square	LIHTC	Family	152	152
Cottages At Great Bridge I	LIHTC	Senior	96	0
Cottages At Great Bridge II	LIHTC	Senior	32	0
Oakdale Square	LIHTC	Family	40	40
Landmark Apts II	LIHTC	Family	120	120
Canterbury Crossing	LIHTC	Family	30	30
Cloverleaf	LIHTC	Family	60	60
Effingham Plaza	LIHTC / Section 8	Senior	178	0
Arbor Glen	LIHTC	Family	240	240
Rivers Apts	LIHTC	Family	240	240
Southside Gardens	LIHTC/Section 8	Family	134	0
New Sands Apartments	LIHTC / Section 8	Senior	120	0
Campostella Commons	LIHTC	Family	132	132
Heron's Landing	LIHTC / Section 8	Homeless	60	0
Hope Village	LIHTC / Section 8	Homeless	48	0
Shire	LIHTC	Family	40	40
Bainbridge Commons	LIHTC / Section 8	Family	92	0
Campostella At Clairmont I	LIHTC	Family	84	84
Campostella At Clairmont II	LIHTC	Family	68	68
Catalina Crossing	LIHTC	Family	124	124
Thrive	LIHTC	Family	102	102
Bell Diamond Manor	Section 8	Family	128	0
Cambridge Square Apartments	Section 8	Family	150	0
Kemet House	Section 8	Senior	38	0
Forest Cove Apts I	Section 8	Family	101	0
Oak Park Apts	Section 8	Family	40	0
Sumler Terrace	Section 8	Family	126	0
Wingfield Group Home	Section 8	Senior/Disabled	4	0
Haverford Home	Section 8	Senior/Disabled	4	0
Woodland Street	Section 8	Senior/Disabled	4	0
The Sanderling	Section 8	Senior/Disabled	19	0
Ross Court Group Home	Section 8	Senior/Disabled	5	0
<b>Total</b>			<b>5,434</b>	<b>2,861</b>

## Reasonability of Rents

The tables below illustrate the Subject’s current and proposed asking rents.

The Subject is an existing LIHTC development. The following tables detail the Subject’s current unit mix and tenant-paid rents.

### CURRENT RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2021 Maximum Allowable LIHTC Rent	2022 Maximum Allowable LIHTC Rent	
<b>@60% AMI</b>								
2BR/1BA	963	1	\$895	\$150	\$1,045	\$1,141	\$1,263	
2BR/1BA	963	1	\$921	\$158	\$1,079	\$1,141	\$1,263	
2BR/2BA	990	24	\$921	\$150	\$1,071	\$1,141	\$1,263	
2BR/2BA	990	58	\$921	\$158	\$1,079	\$1,141	\$1,263	
3BR/2BA	1185	8	\$1,052	\$185	\$1,237	\$1,318	\$1,458	
3BR/2BA	1185	28	\$1,052	\$193	\$1,245	\$1,318	\$1,458	
		<b>120</b>						

Notes (1) Based on the client-provided rent roll dated February 28, 2022

### CURRENT TENANT PAID RENTS

Unit Type	Unit Size	Number of Units	Asking Rent	Minimum Tenant Paid Rent	Maximum Tenant Paid Rent	Average Tenant Paid Rent	Most Recent Lease Rate	
<b>@60% AMI</b>								
2BR/1BA	963	2	\$921	\$138	\$921	\$530	\$921	
2BR/2BA	990	82	\$921	\$0	\$983	\$777	\$983	
3BR/2BA	1185	36	\$1,052	\$0	\$1,125	\$907	\$1,125	
		<b>120</b>						

According to a rent roll dated February 28, 2022, the Subject is 95.8 percent occupied and has a waiting list of 162 households. There are currently 25 households, or 21.7 percent of all occupied units, utilizing Housing Choice Vouchers, which skews the average tenant paid rents downward. The most recent leased units have been rented at rates at or above the noted asking rent, with the most recently rented two-bedroom two bath unit and three-bedroom unit both being leased at the maximum allowable levels. The Subject’s historical financials (2019 to 2021) indicate vacancy ranging from zero to 5.8 percent, with an average of 2.1 percent.

The Subject is proposed for renovation with LIHTC equity. Post-renovation, the Subject’s units will continue to be LIHTC restricted to households with incomes of 60 percent of the Area Median Income (AMI). The following table details the proposed rents and unit mix for the Subject.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents	
@60%								
2BR / 1BA	963	2	\$1,101	\$162	\$1,263	\$1,263	\$1,147	
2BR / 2BA	990	82	\$1,101	\$162	\$1,263	\$1,263	\$1,147	
3BR / 2BA	1,185	36	\$1,264	\$194	\$1,458	\$1,458	\$1,618	
		<b>120</b>						

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

**Comparable LIHTC Rents**

Post-renovation the Subject will offer 120 two and three-bedroom LIHTC units restricted at the 60 percent AMI level. The following table illustrates the 60 percent AMI rents being achieved by the LIHTC comparables.

**LIHTC RENT COMPARISON @60%**

Property Name	County	Tenancy	2BR	3BR	Rents at Max?
Mill Creek Apartments	Chesapeake city	Family	\$1,101	\$1,264	Yes (2022)
LIHTC Maximum Rent (Net) 2022	Chesapeake city		\$1,101	\$1,264	
LIHTC Maximum Rent (Net) 2021	Chesapeake city		\$991	\$1,133	
Catalina Crossing	Chesapeake City	Family	\$991	\$1,130	Yes (2021)
Crosswinds Apartments	Chesapeake City	Family	\$952	\$1,143	Yes (2021)
Maplewood Apartments	Chesapeake City	Family	\$924	\$1,048	Yes (2021)
Taylor Pointe Apartments	Chesapeake City	Family	\$982	\$1,126	Yes (2021)
Thrive Apartments	Chesapeake City	Family	-	\$1,050	Yes (2021)
<b>Average</b>			<b>\$962</b>	<b>\$1,099</b>	
<b>Achievable LIHTC Rent</b>			<b>\$1,101</b>	<b>\$1,264</b>	

It should be noted that the Subject’s proposed rents are set at the maximum allowable 2022 level, which has recently been released. All of the five LIHTC comparables are reportedly achieving maximum allowable 2021 rents, though some of the rents appear to be slightly above or below the maximum allowable rents. The Subject’s asking rents are currently below the maximum allowable level; however, the most recently rented units have been leased for rates above these asking rents, at the maximum allowable 2021 level. Additionally, there are currently 25 households, or 21.7 percent of all occupied units, utilizing Housing Choice Vouchers, which skews the average tenant paid rents downward. The Subject will offer a similar location with regard to demographics and access to area amenities and employment options, and a similar to slightly superior age/condition relative to the majority of the LIHTC supply. Further, the Subject’s two and three-bedroom units are competitive in terms of size among surveyed market. Finally, the Subject’s amenities range from similar to superior to those offered at the LIHTC comparables. Of the included LIHTC comparables, the Subject will be most similar to Catalina Crossing, which is located 5.6 miles from the Subject site, and Maplewood Apartments, which is 4.8 miles from the Subject site. Both of these developments reported similar rents, at the 2021 maximum allowable levels. Additionally, given these properties, and all of the LIHTC comparables, reported no vacancy and all but one of the LIHTC properties reported a waiting list, we believe the maximum allowable rents are achievable for the Subject as well. Additionally, three of the five comparable properties with rents at the maximum allowable 2021 reported they would be increasing their rents to the maximum allowable 2022 level by the end of summer, with management at Maplewood Apartments and Crosswinds Apartments unable to commit to a timeline for increasing rents.

**Achievable Market Rents**

Based on the quality of the surveyed comparable properties and the anticipated quality of the renovated Subject, we conclude that the Subject’s rental rates are below the achievable market rates for the Subject’s area. The following table shows both market rent comparisons and achievable market rents.

**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
2BR / 1BA	@60%	\$1,101	\$1,200	\$2,063	\$1,648	\$1,550	29%
2BR / 2BA	@60%	\$1,101	\$1,200	\$2,063	\$1,648	\$1,600	31%
3BR / 2BA	@60%	\$1,264	\$1,500	\$2,403	\$1,801	\$2,000	37%

The Subject’s achievable LIHTC rents are well below the achievable market rents. The Subject’s achievable LIHTC rents represent a rent advantage of 29 to 37 percent over the achievable market rents. We concluded that achievable market rents for the Subject’s units are generally between those achieved at Adalay Bay Apartments and Cottage Trails at Culpepper Landing, which are the most similar properties. Additionally, we have determined that the two two-bedroom units with only one bathroom at the Subject have achievable market rents \$50 less than its two-bedroom units with two bathrooms.

The Subject will be considered most similar to Adalay Bay Apartments. This property is a 240-unit, garden-style development located 5.6 miles east of the Subject site, in a neighborhood considered generally similar relative to the Subject's location. The property was built in 2002, and currently exhibits slightly inferior condition relative to the Subject, which was built in 1995 and will be renovated in 2023. The manager at Adalay Bay Apartments reported a vacancy rate of 8.3 percent, which appears to be unusually high for the property; however, management was unable to provide a reason for the elevated vacancy rate. According to our records, this property has typically experienced occupancy ranging from 95.0 to 99.6 percent between 2017 and the present. The following table compares the Subject with Adalay Bay Apartments.

**SUBJECT COMPARISON TO ADALAY BAY APARTMENTS**

Unit Type	Rent Level	Subject Pro Forma Rent	Square Feet	Subject RPSF	Adalay Bay Apartments Rent	Square Feet	Adalay Bay Apartments RPSF	Subject Rent Advantage
2BR / 1BA	@60%	\$1,101	963	\$1.14	\$1,418	1,090	\$1.30	22.4%
2BR / 2BA	@60%	\$1,101	990	\$1.11	\$1,418	1,090	\$1.30	22.4%
3BR / 2BA	@60%	\$1,264	1,185	\$1.07	\$2,403	1,304	\$1.84	47.4%

Adalay Bay Apartments offers walk-in closets, washer/dryers, disposals, a business center, a playground, and garages, all of which the proposed Subject will lack. However, the Subject will offer complimentary basic cable, hardwood flooring, dishwashers, a community room, and recreational areas, none of which are provided by Adalay Bay Apartments. The in-unit and property amenity packages offered by Adalay Bay Apartments are both considered generally similar relative to the Subject's amenities. In overall terms, we believe the Subject will be similar product relative to the Adalay Bay Apartments. The Subject’s pro forma LIHTC rents are 22.4 to 47.7 percent below the rents reported by Adalay Bay Apartments.

The Subject will also be similar to Cottage Trails at Culpepper Landing. This property is a 183-unit, garden-style development located 0.7 miles south of the Subject site, in a neighborhood considered generally similar relative to the Subject's location. The property was built in 2011, and currently exhibits similar condition relative to the Subject, which was built in 1995 and will be renovated in 2023. The manager at Cottage Trails at Culpepper Landing reported a vacancy rate of 4.9 percent, indicating the current rents are accepted in the market. The following table compares the Subject with Cottage Trails At Culpepper Landing.



**SUBJECT COMPARISON TO COTTAGE TRAILS AT CULPEPPER LANDING**

Unit Type	Rent Level	Subject Pro Forma Rent	Square Feet	Subject RPSF	Cottage Trails At Culpepper Landing Rent	Square Feet	Cottage Trails At Culpepper Landing RPSF	Subject Rent Advantage
2BR / 1BA	@60%	\$1,101	963	\$1.14	\$1,695	1,086	\$1.56	35.0%
2BR / 2BA	@60%	\$1,101	990	\$1.11	\$1,695	1,086	\$1.56	35.0%
3BR / 2BA	@60%	\$1,264	1,185	\$1.07	\$1,904	1,386	\$1.37	33.6%

Cottage Trails At Culpepper Landing offers exterior storage, walk-in closets, washer/dryers, disposals, microwaves, a business center, and a playground, all of which the proposed Subject will lack. However, the proposed Subject will offer complimentary basic cable and recreational areas, neither of which are offered by Cottage Trails At Culpepper Landing. The in-unit and property amenity packages offered by Cottage Trails At Culpepper Landing are both considered generally similar relative to the Subject's amenities. In overall terms, we believe the Subject will be similar product relative to the Cottage Trails At Culpepper Landing. The Subject's pro forma LHTC rents are 35.0 to 36.6 percent below the rents reported by Cottage Trails At Culpepper Landing.

**Conclusions and Recommendations**

Based on our analysis, the Subject will continue to be well positioned in the market post-renovation. As a newly-renovated property, the Subject will be exhibit similar to slightly superior condition relative to the majority of the comparables, and will continue to offer competitive amenities and unit sizes. The comparables reported vacancy rates ranging from zero to 8.3 percent, with an overall weighted average of 2.5 percent. Further, all of the LIHTC properties reported being fully occupied, and four of the five reported a waiting list. Additionally, the Subject's historical financials (2019 to February 2022) the Subject is 95.8 percent occupied. Overall, based on the vacancy rates at the rent comparables and the Subject's current and historical performance, we expect the Subject to operate with vacancy and collection loss of 5.0 percent or less. Overall, we believe the Subject's pro forma rents, at the 2022 maximum allowable 60 percent AMI level, are achievable.

## **VII. DEMAND ANALYSIS / CONCLUSIONS**

## DEMAND ANALYSIS/CONCLUSIONS

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 defines 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*.”

### Introduction

Post-renovation, all units will continue to be rent and income-restricted at the 60 percent AMI level. We calculated the number of income-eligible residents in this section of the analysis. LIHTC rents are based upon a percentage of the AMI, adjusted for household size and utilities. HUD estimates the relevant income levels, with annual updates. Rents are calculated by HUD assuming that the maximum net rent a household will pay is 30 percent of its income at the appropriate AMI levels.

Household size for family developments is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes.

To assess the likely number of tenants in the market area eligible to live in the Subject, we used Census information as provided by ESRI Business Information Solutions.

### 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. Ninety percent of the Subject’s potential tenants are expected to hail from the PMA; however, demand estimates will not be adjusted to reflect the potential for “leakage,” as the demand template published in the 2022 Virginia Housing Market Study Guidelines does not explicitly permit an allowance for demand originating outside the PMA.

The Subject is located in the southwestern portion of Chesapeake, Virginia. The Primary Market Area (PMA) for the Subject covers approximately 140 square miles and consists of the city of Chesapeake, in addition to the southern portion of Portsmouth. General boundaries of the PMA include Indian River Road/East Berkley Avenue/Interstate 264 to the north, Centerville Turnpike to the east, Benefit Road/Douglas Road to the south, and the Great Dismal Swamp Wildlife Preserve to the west.

## 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 & Company 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:	Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area
AMI for four-person household:	\$93,500
Tenancy (Family vs Senior):	Family
Affordability percentage:	35 percent
Leakage:	0 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.

**FAMILY INCOME LIMITS**

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	@60%	
2BR	\$43,303	\$50,520
3BR	\$49,989	\$60,600

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

**HOUSEHOLD INCOME PMA**

Income Cohort	2021		PMA 2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,557	5.0%	4,300	4.5%	-51	-1.1%
\$10,000-19,999	6,727	7.4%	6,102	6.4%	-125	-1.9%
\$20,000-29,999	6,574	7.2%	6,408	6.8%	-33	-0.5%
\$30,000-39,999	6,475	7.1%	6,013	6.3%	-92	-1.4%
\$40,000-49,999	6,694	7.4%	5,986	6.3%	-142	-2.1%
\$50,000-59,999	7,212	7.9%	6,937	7.3%	-55	-0.8%
\$60,000-74,999	9,583	10.6%	9,546	10.1%	-7	-0.1%
\$75,000-99,999	12,372	13.6%	12,650	13.3%	56	0.4%
\$100,000-124,999	10,127	11.2%	10,459	11.0%	66	0.7%
\$125,000-149,999	7,233	8.0%	8,266	8.7%	207	2.9%
\$150,000-199,999	6,695	7.4%	8,604	9.1%	382	5.7%
\$200,000+	6,520	7.2%	9,558	10.1%	608	9.3%
<b>Total</b>	<b>90,769</b>	<b>100.0%</b>	<b>94,829</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, April 2022

**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.

**FAMILY INCOME DISTRIBUTION 2021**

Income Cohort	Total Renter Households	@60%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	3,217						
\$10,000-19,999	3,998						
\$20,000-29,999	3,711						
\$30,000-39,999	3,126						
\$40,000-49,999	2,944	6,696	67.0%	1,971	6,696	67.0%	1,971
\$50,000-59,999	2,994	9,999	100.0%	2,994	9,999	100.0%	2,994
\$60,000-74,999	3,436	601	4.0%	138	601	4.0%	138
\$75,000-99,999	3,429						
\$100,000-124,999	2,311						
\$125,000-149,999	1,429						
\$150,000-199,999	887						
\$200,000+	663						
<b>Total</b>	<b>32,145</b>		<b>15.9%</b>	<b>5,103</b>		<b>15.9%</b>	<b>5,103</b>

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

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

Step Five – Unit Size Appropriate

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

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

**HOUSEHOLD DISTRIBUTION**

HOUSEHOLD DISTRIBUTION		
<b>2 BR</b>	80%	Of two-person households in 2BR units
	100%	Of three-person households in 2BR units
	30%	Of four-person households in 2BR units
<b>3 BR</b>	70%	Of four-person households in 3BR units
	100%	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.

**Demand – 60% AMI**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2021*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	32.8%	10,534
2 persons	26.6%	8,551
3 persons	19.3%	6,189
4 persons	11.3%	3,634
5+ persons	10.1%	3,237
<b>Total</b>	<b>100.0%</b>	<b>32,145</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	10,534	x	15.9%	1,672
2 persons	8,551	x	15.9%	1,358
3 persons	6,189	x	15.9%	983
4 persons	3,634	x	15.9%	577
5+ persons	3,237	x	15.9%	514
<b>Total</b>	<b>32,145</b>			<b>5,103</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	2,242
3BR	918
<b>Total</b>	<b>3,159</b>

*Capture Rate Analysis - @60%*

	Developer's Unit Mix	Capture Rate
2BR	84	3.75%
3BR	36	3.92%
<b>Total/Overall</b>	<b>120</b>	<b>3.80%</b>

*Adjusted for Leakage from Outside of the PMA*

0%

2BR	84	3.75%
3BR	36	3.92%
<b>Total/Overall</b>	<b>120</b>	<b>3.80%</b>

**Annual Demand Table**

<b>ANNUAL DEMAND</b>		
<b>Calculation</b>		<b>PMA</b>
<b>Number of Renter Households in 2021</b>		32,145
<b>Increase in Number of Renter Households</b>		915
<b>Number of Renter Households in 2026</b>		33,060
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		35.4%
Percentage of Income-Qualified Renter Households		15.9%
Number of Income-Qualified Renter Households		5,103
Percentage of Rent-Overburdened		45.6%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>2,327</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		183
Percentage of Income-Qualified Renter Households		15.9%
<b>New Rental Income Qualified Households</b>		<b>29</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		120
Occupied Units at Subject With Vacancy of:	5%	114
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		2,356
Portion Originating within PMA		100%
Total Demand (Turnover and Growth) from within PMA		2,356
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	128	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>2,228</b>
<b>Yielded Annual Capture Rate of Available Demand in 2022</b>		<b>5.1%</b>



## VIRGINIA HOUSING DEMAND

We have also included the required demand table from the Virginia Housing market study guidelines. The following table illustrates the total demand and the net demand for the Subject’s affordable units, as well as the absorption period for all of the Subject’s unit. The supply illustrates all proposed or under construction units in the PMA. More specifically, according to the Virginia Housing allocation lists, there have been three developments allocated tax credits in the PMA since 2018; these developments are summarized in the following table.

**RECENT LIHTC ALLOCATIONS IN PMA 2018 to 2021**

Property Name	Type	Tenancy	Year Allocated	Status	Total Units	Total LIHTC Units	Total Competitive
Cross Creek Apartments	LIHTC/Section 8	Family	2021 9% Competitive	Existing / Rehab	78	78	0
925 Apartments	LIHTC/Section 8	Family	2021 9% Competitive	Planned	128	128	128
Lexington Place Phase I	LIHTC/Section 8	Family	2018 9% Competitive	Completed	72	72	0
<b>Total</b>					<b>278</b>	<b>278</b>	<b>128</b>
<b>Total in Pipeline</b>					<b>128</b>	<b>128</b>	<b>128</b>

Source: Virginia Housing, April 2022

As illustrated, all recently awarded LIHTC properties in the PMA target a general tenancy. Additionally, all are also subsidized developments, which will not be competitive with the Subject, as a LIHTC-only property. It should be noted; however, that we were unable to determine how many of the units at 925 Apartments will operate with subsidy, and as such we have conservatively accounted for all 128 units at that property in the *Demand Analysis*.

Within the PMA, we are unaware of any vacant units among the comparable, as detailed in the following table.

**OVERALL VACANCY**

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Catalina Crossing	LIHTC	Family	124	0	0.0%
Crosswinds Apartments	LIHTC	Family	109	0	0.0%
Maplewood Apartments*	LIHTC	Family	320	0	0.0%
Taylor Pointe Apartments*	LIHTC	Family	120	0	0.0%
Thrive Apartments	LIHTC	Family	102	0	0.0%
<b>Total LIHTC</b>			<b>775</b>	<b>0</b>	<b>0.0%</b>

\*Located outside of the PMA

According to Esri Demographics, 45.6 percent of renter households are considered overburdened (defined by Virginia Housing as paying more than 35 percent of gross income for gross rent), which equates to 2,327 income-qualified renter households in the PMA. Further, 0.58 percent of households, or 187 households, are living in substandard housing (defined by Virginia Housing as housing that is overcrowded and/or lack of plumbing).

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

Income Restriction (General Tenancy)	Up to 60% (\$43,303 to \$60,600)
New Rental Households	29
+	
Existing Households - Overburdened	2,327
+	
Existing Households - Substandard Housing	187
+	
Senior Households - Likely to Convert to Rental Housing (N/Ap)	0
+	
Qualified Tenants - To Remain After Renovation	95
<b>TOTAL DEMAND</b>	<b>2,638</b>
-	
Supply (includes directly comparable vacant units or in pipeline in PMA)	128
<b>NET DEMAND</b>	<b>2,510</b>
PROPOSED UNITS	120
<b>CAPTURE RATE</b>	<b>4.8%</b>
ABSORPTION PERIOD	Less than 5 months (if hypothetically 100% vacant)

**Conclusion**

The 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 4.8 percent as proposed.

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 is a subset of the income-eligible renter households used previously. The annual Novoco capture rate is 4.8 percent as proposed for the first year of operation. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 2,228 units of demand in the first year of the Subject’s operation after completion as proposed. Based on the data, there is more than sufficient demand for the Subject, even if it was hypothetically 100 percent vacant. However, the Subject is an existing LIHTC property, all tenants are expected to remain income-qualified to reside at the Subject, and renovations will occur with tenants in place. As such limited, if any, tenant displacement is expected to occur.

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.

<b>CAPTURE RATE</b>	4.8%
ABSORPTION PERIOD	Less than 5 months (if hypothetically 100% vacant)

The capture rate as proposed is low and indicative of adequate demand for the Subject.

### **Penetration Rate Analysis**

As previously mentioned, according to the Virginia Housing allocation lists, there have been three developments allocated tax credits in the PMA since 2018. All recently awarded LIHTC properties in the PMA target a general tenancy. Additionally, all are also subsidized developments, which will not be competitive with the Subject, as a LIHTC-only property. It should be noted; however, that we were unable to determine how many of the units at 925 Apartments will operate with subsidy, and as such we have conservatively accounted for all 128 units at that property in the *Demand Analysis*.

The following table illustrates the existing affordable supply in the PMA, as well as the number of competitive units as proposed.

MILL CREEK APARTMENTS – CHESAPEAKE, VIRGINIA – MARKET STUDY

EXISTING AFFORDABLE PROPERTIES IN PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive LIHTC Units
Biltmore Commons	LIHTC	Family	89	89
Dominion Pines	LIHTC	Family	118	118
Eastwyck Village	LIHTC	Family	96	96
Woodbridge Apts (Chesapeake)	LIHTC	Family	152	152
Mill Creek I	LIHTC	Family	72	0
Acorn Grove	LIHTC	Family	107	107
Mill Creek II	LIHTC	Family	48	0
Victory Village	LIHTC	Family	112	112
Chesapeake Crossing Seniors I	LIHTC	Senior	159	0
Governor's Pointe Apts	LIHTC	Family	88	88
Greenbrier Seniors	LIHTC	Senior	92	0
Jamestown Commons I	LIHTC	Senior	132	0
Jamestown Commons II	LIHTC	Senior	132	0
Tallwood	LIHTC	Family	120	120
Westbridge Commons	LIHTC	Family	60	60
Commons At Chesapeake	LIHTC	Senior	101	0
Waverton Place Chesapeake	LIHTC	Family	304	304
Ansell Gardens	LIHTC	Family	74	74
Crosswinds Place	LIHTC	Family	109	109
Forest Cove Apts III	LIHTC / Section 8	Family	101	0
Forest Cove Apts III	LIHTC / Section 8	Family	101	0
Forest Cove Apts II	LIHTC / Section 8	Family	100	0
Hunters Point Apts I	LIHTC / Section 8	Family	124	0
Hunters Point Apts II	LIHTC / Section 8	Family	32	0
Independence Square	LIHTC	Family	152	152
Cottages At Great Bridge I	LIHTC	Senior	96	0
Cottages At Great Bridge II	LIHTC	Senior	32	0
Oakdale Square	LIHTC	Family	40	40
Landmark Apts II	LIHTC	Family	120	120
Canterbury Crossing	LIHTC	Family	30	30
Cloverleaf	LIHTC	Family	60	60
Effingham Plaza	LIHTC / Section 8	Senior	178	0
Arbor Glen	LIHTC	Family	240	240
Rivers Apts	LIHTC	Family	240	240
Southside Gardens	LIHTC/Section 8	Family	134	0
New Sands Apartments	LIHTC / Section 8	Senior	120	0
Campostella Commons	LIHTC	Family	132	132
Heron's Landing	LIHTC / Section 8	Homeless	60	0
Hope Village	LIHTC / Section 8	Homeless	48	0
Shire	LIHTC	Family	40	40
Bainbridge Commons	LIHTC / Section 8	Family	92	0
Campostella At Clairmont I	LIHTC	Family	84	84
Campostella At Clairmont II	LIHTC	Family	68	68
Catalina Crossing	LIHTC	Family	124	124
Thrive	LIHTC	Family	102	102
Bell Diamond Manor	Section 8	Family	128	0
Cambridge Square Apartments	Section 8	Family	150	0
Kemet House	Section 8	Senior	38	0
Forest Cove Apts I	Section 8	Family	101	0
Oak Park Apts	Section 8	Family	40	0
Sumler Terrace	Section 8	Family	126	0
Wingfield Group Home	Section 8	Senior/Disabled	4	0
Haverford Home	Section 8	Senior/Disabled	4	0
Woodland Street	Section 8	Senior/Disabled	4	0
The Sanderling	Section 8	Senior/Disabled	19	0
Ross Court Group Home	Section 8	Senior/Disabled	5	0
<b>Total</b>			<b>5,434</b>	<b>2,861</b>

As shown, we have estimated a total of 5,434 total affordable units of which 2,861 are unsubsidized and will compete with the Subject directly. These units have been deducted from our penetration rate calculations.

**Penetration Rate Analysis**

Per Virginia Housing guidelines, we also performed a penetration rate analysis for the Subject’s units as proposed, as illustrated in the following tables.

<b>PENETRATION RATE - Methodology Two (Market Focus - NCHMA)</b>	
Number of Proposed Competitive LIHTC Units in the PMA	128
	+
Number of Existing Competitive Family LIHTC Units in the PMA	2,861
	+
Number of Proposed LIHTC Units at the Subject	120
	=
<b>Total</b>	<b>3,109</b>
	/
Income Eligible Households - All AMI Levels	5,103
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>60.9%</b>

The overall penetration rate for the Subject is 60.9 percent as proposed. This calculation is considered elevated. The penetration rate we have presented is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA). Further, the Subject does not account for new units in the market, as it represents an existing, stabilized LIHTC development. It is clear the market is able to support the Subject and all other existing product at present, therefore, the elevated penetration rate is not cause for particular concern.

**Absorption Estimate**

We were able to obtain absorption information from eight properties located within 50 miles of the Subject, including two that have been utilized as comparables in this report. The following table details our findings.

**ABSORPTION**

Property Name	Location	Rent	Tenancy	Year	Total Units	Absorption (units/month)
The Arbors At Towne Park	Williamsburg, VA	LIHTC	Senior	2019	130	12
October Station	Suffolk, VA	LIHTC	Family	2018	48	24
Meridian Obici	Suffolk, VA	Market	Family	2016	224	14
Catalina Crossing*	Chesapeake, VA	LIHTC	Family	2016	124	62
Woodlands Apartments At Phoebus	Hampton, VA	LIHTC	Senior	2015	132	20
Commonwealth At York	Yorktown, VA	Market	Family	2015	384	34
The Residences At October	Suffolk, VA	LIHTC	Family	2013	72	20
Cottage Trails at Culpepper Landing*	Chesapeake, VA	Market	Family	2011	183	10

\*Utilized as a comparable in this report

As shown, the properties reported absorption rates between 10 and 62 units per month, with an overall average of 25 units. We estimate the Subject would achieve an absorption rate of approximately 25 units per month. This equates to an absorption period of less than five months if it were hypothetically 100 percent vacant.

However, the Subject’s proposed renovations will occur with tenants in place. Further, all tenants are expected to remain income qualified post-renovation; however, increases in asking rents are expected to have some impact on tenants. As such, we believe the Subject will reach stabilized occupancy (95 percent or greater)

within one month of completion of renovation, with minimal turnover of 25 units or less due to the renovation and increased asking rents.

# **VIII. LOCAL PERSPECTIVE OF RENTAL HOUSING AND HOUSING ALTERNATIVES**

## LOCAL PERSPECTIVE OF RENTAL HOUSING ALTERNATIVES

### INTERVIEWS/DISCUSSION

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

### LIHTC Competition / Recent and Proposed Construction

According to the Virginia Housing allocation lists, there have been three developments allocated tax credits in the PMA since 2018; these developments are summarized in the following table.

RECENT LIHTC ALLOCATIONS IN PMA 2018 to 2021

Property Name	Type	Tenancy	Year Allocated	Status	Total Units	Total LIHTC Units	Total Competitive
Cross Creek Apartments	LIHTC/Section 8	Family	2021 9% Competitive	Existing / Rehab	78	78	0
925 Apartments	LIHTC/Section 8	Family	2021 9% Competitive	Planned	128	128	128
Lexington Place Phase I	LIHTC/Section 8	Family	2018 9% Competitive	Completed	72	72	0
<b>Total</b>					<b>278</b>	<b>278</b>	<b>128</b>
<b>Total in Pipeline</b>					<b>128</b>	<b>128</b>	<b>128</b>

Source: Virginia Housing, April 2022

As illustrated, all recently awarded LIHTC properties in the PMA target a general tenancy. Additionally, all are also subsidized developments, which will not be competitive with the Subject, as a LIHTC-only property. It should be noted; however, that we were unable to determine how many of the units at 925 Apartments will operate with subsidy, and as such we have conservatively accounted for all 128 units at that property in the *Demand Analysis*.

### City Planning and Development Department

We attempted to contact the Chesapeake Planning Department regarding new, planned, or under construction multifamily developments in the PMA; however, our calls and emails were not returned as of the date of this report. We also reviewed CoStar’s list of proposed and under construction developments in the PMA. Details of properties in the pipeline in the PMA based on our review of CoStar data are summarized below.

- Mosaic, a luxury multifamily development located in Summit Pointe, will offer 270 one, two, and three-bedroom units. The property broke ground in Spring 2021 and an estimated date of completion was not available.
- The Belaire Summit Pointe, is a proposed 100-unit luxury multifamily development that will also be located in Summit Pointe. A timeline is not yet available for this development.
- Multifamily is proposed for 929 South Battlefield Boulevard in Chesapeake; however, our research did not return additional information regarding the number of units proposed, construction timeline, or product-type.

### Chesapeake Redevelopment and Housing Authority (CRHA)

The Chesapeake Redevelopment and Housing Authority (CRHA) is the agency responsible for managing the Housing Choice Voucher Program in Chesapeake, Virginia. We spoke to Stephanie Wright, the Director of the Housing Choice Voucher program with CRHA. According to Stephanie Wright, the CRHA is allocated 1,603 Housing Choice Vouchers (Section 8), with funding available for 1,423 vouchers. The waiting list is currently closed, and is just under 9,700 households in length. The current gross payment standards are illustrated in the following table.



**PAYMENT STANDARDS**

Unit Type	Current Gross Payment Standard	Subject Highest Current Gross Rent	Subject Highest Proposed Gross Rent
Two-Bedroom	\$1,312	\$1,079	\$1,263
Three-Bedroom	\$1,676	\$1,245	\$1,458

Source: Chesapeake Redevelopment & Housing Authority, effective October 2021

The Subject’s current and proposed highest gross rents are below the payment standards. As such, voucher holding tenants will not be required to pay additional money out of pocket to reside at the Subject. There are currently 25 units at the Subject occupied by tenants utilizing Housing Choice Vouchers.

***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 appraiser 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 appraiser 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 appraisal 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 appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.

12. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
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 appraisal 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 appraiser and contained in this report.
20. The party for whom this report is prepared has reported to the appraiser 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 appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
22. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser 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 appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
24. Estimates presented in this report are assignable to parties to the development's financial structure.

April 25, 2022

I affirm the following:

1. Novogradac 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.
7. Evidence of my NCHMA membership is included.

This report was written according to the 2022 Virginia Housing market study guidelines. The recommendations and conclusions are based solely on professional opinion and best efforts.

Respectfully submitted,

Novogradac Consulting LLP



Rachel B. Denton, MAI  
Partner  
Rachel.Denton@novoco.com  
(913) 312-4612



Sara Nachbar  
Manager  
Sara.Nachbar@novoco.com  
(913) 312-4616



Erin Weber  
Analyst

***Addendum B***  
***Statement of Qualifications***

**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
RACHEL BARNES DENTON, MAI**

**I. EDUCATION**

Cornell University, Ithaca, NY  
School of Architecture, Art & Planning, Bachelor of Science in City & Regional Planning

**II. LICENSING AND PROFESSIONAL AFFILIATION**

Designated Member of the Appraisal Institute  
Member of National Council of Housing Market Analysts (NCHMA)  
Member of Commercial Real Estate Women (CREW) Network  
    2011 and 2012 Communications Committee Co-Chair for the Kansas City CREW Chapter  
    2013 Director of Communications and Board Member for Kansas City CREW  
    2014 Secretary and Board Member for Kansas City CREW  
    2015 and 2016 Treasurer and Board Member for Kansas City CREW

State of Arkansas Certified General Real Estate Appraiser No. CG3527  
State of California Certified General Real Estate Appraiser No. AG044228  
State of Colorado Certified General Real Estate Appraiser No. 100031319  
State of Hawaii Certified General Real Estate Appraiser No. CGA1048  
State of Illinois Certified General Real Estate Appraiser No. 553.002012  
State of Kansas Certified General Real Estate Appraiser No. G-2501  
State of Minnesota Certified General Real Estate Appraiser No. 40420897  
State of Missouri Certified General Real Estate Appraiser No. 2007035992  
State of New Mexico Certified General Real Estate Appraiser No. 03424-G  
State of Oklahoma Certified General Real Estate Appraiser No. 13085CGA  
State of Oregon Certified General Real Estate Appraiser No. C000951  
State of Texas Certified General Real Estate Appraiser No. 1380396

**III. PROFESSIONAL EXPERIENCE**

Novogradac & Company LLP, Partner  
Novogradac & Company LLP, Principal  
Novogradac & Company LLP, Manager  
Novogradac & Company LLP, Senior Real Estate Analyst

**IV. PROFESSIONAL TRAINING**

Educational requirements successfully completed for the Appraisal Institute:  
    Appraisal Principals, September 2004  
    Basic Income Capitalization, April 2005  
    Uniform Standards of Professional Appraisal Practice, various  
    Advanced Income Capitalization, August 2006  
    General Market Analysis and Highest & Best Use, July 2008  
    Advanced Sales Comparison and Cost Approaches, June 2009  
    Advanced Applications, June 2010  
    General Appraiser Report Writing and Case Studies, July 2014  
    Standards and Ethics (USPAP and Business Practices and Ethics)  
    MAI Designation General Comprehensive Examination, January 2015  
    MAI Demonstration of Knowledge Report, April 2016

Completed HUD MAP Training, Columbus, Ohio, May 2010

Have presented and spoken at both national Novogradac conferences and other industry events, including the National Council of Housing Market Analysts (NCHMA) Annual Meetings and FHA Symposia, National Housing and Rehabilitation Association Conferences, Institute for Professional and Executive Development (IPED) conferences, and state housing conferences, such as Housing Colorado and Missouri Workforce Housing Association.

## V. REAL ESTATE ASSIGNMENTS

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

In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2003, with an emphasis on affordable multifamily housing.

Conducted and managed appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, HUD MAP Section 221(d)(4) and 223(f) properties, USDA Rural Development, and market rate multifamily developments on a national basis. Analysis includes property screenings, economic and demographic analysis, determination of the Highest and Best Use, consideration and application of the three traditional approaches to value, and reconciliation to a final value estimate. Both tangible real estate values and intangible values in terms of tax credit valuation, beneficial financing, and PILOT are considered. Additional appraisal assignments completed include commercial land valuation, industrial properties for estate purposes, office buildings for governmental agencies, and leasehold interest valuation. Typical clients include developers, lenders, investors, and state agencies.

Managed and conducted market studies for proposed Low-Income Housing Tax Credit, HUD MAP, 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 expense analysis. Property types include proposed multifamily, senior independent living, large family, acquisition/rehabilitation, historic rehabilitation, adaptive reuse, and single family developments. Typical clients include developers, state agencies, syndicators, investors, and lenders.

Completed and have overseen numerous Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Performed and managed market studies and appraisals of proposed new construction and existing properties insured and processed under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.

Performed and have overseen numerous market study/appraisal assignments for USDA RD properties in several states in conjunction with acquisition/rehabilitation redevelopments. Documents are used by states, lenders, USDA, and the developer in the underwriting process. Market studies are compliant to State, lender, and USDA requirements. Appraisals are compliant to lender requirements and USDA HB-1-3560 Chapter 7 and Attachments.

Performed appraisals for estate valuation and/or donation purposes for various types of real estate, including commercial office, industrial, and multifamily assets. These engagements were conducted in accordance with the Internal Revenue Service's Real Property Valuation Guidelines, Section 4.48.6 of the Internal Revenue Manual.

Performed analyses of various real estate asset types subject to USDA 4279-B, Business and Industry Guaranteed Loans, Section 4279.150 guidelines.

Conducted various Highest and Best Use Analyses for proposed development sites nationwide. Completed an analysis of existing and proposed senior supply of all types of real estate, and conducted various



demand and feasibility analyses in order to determine level of need and ultimate highest and best use of the site.

Prepared a three-year Asset Management tracking report for a 16-property portfolio in the southern United States. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.

Performed various community-wide affordable housing market analyses and needs assessments for communities and counties throughout the Midwest and Western states. Analysis included demographic and demand forecasts, interviews with local stakeholders, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.

Managed a large portfolio of Asset Management reports for a national real estate investor. Properties were located throughout the nation, and were diverse in terms of financing, design, tenancy, and size. Information compiled included income and expenses, vacancy, and analysis of property's overall position in the market.

Performed appraisals of LIHTC assets for Year 15 purposes; valuations of both the underlying real estate asset and partnership interests have been completed. These reports were utilized to assist in potential disposition options for the property, including sale of the asset, buyout of one or more partners, or potential conversion to market rate.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## SARA N. NACHBAR

### I. EDUCATION

Missouri State University – Springfield, MO  
*Bachelor of Science – Finance*

### II. PROFESSIONAL EXPERIENCE

*Manager, Novogradac & Company LLP*  
*Executive Assistant, Helzberg Entrepreneurial Mentoring Program*  
*Claims Associate, Farmers Insurance Group*

### III. REAL ESTATE ASSIGNMENTS

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

- 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, assisted living, large family, and acquisition with rehabilitation.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low Income Housing Tax Credit properties. Analysis included property screenings, valuation analysis, capitalization rate analysis, expense comparability analysis, determination of market rents, and general market analysis.
- Prepared market studies and assisted in appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7/Appendix 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.
- Conducted more than 40 site inspections for market studies and appraisals throughout the United States for various reports including proposed new construction and rehabilitation multifamily projects.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Erin L. Weber

### I. Education

DePaul University, Chicago, Illinois  
Bachelor of Arts in Environmental Studies  
Minor and Certificate in GIS

### II. Professional Experience

Analyst, Smithweb Group, LLC  
Analyst, Novogradac & Company LLP  
Real Estate Market Analyst, Circle K, d.b.a. The Pantry  
Research Analyst, DDR Corp.  
Research Assistant, DePaul University

### III. Real Estate Assignments

A representative sample of work on various types of projects:

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

***Addendum C***  
***Data Sources***

## **DATA SOURCES**

Sources used in this study include data that is both written and oral, published and unpublished, and proprietary and non-proprietary. Real estate developers, housing officials, local housing, and planning authority employees, property managers and other housing industry participants were interviewed. In addition, we conducted a survey of existing, comparable properties.

This report incorporates published data supplied by various agencies and organizations including:

- U.S. Census Bureau
- ESRI, Business Information Solutions
- Ribbon Demographics
- US Department of Commerce, Bureau of Labor Statistics
- Department of Housing and Urban Development (HUD)
- City of Chesapeake
- Chesapeake Redevelopment and Housing Authority (CRHA)
- Virginia Housing
- Virginia Employment Commission
- CoStar
- USAfacts.org

***Addendum D***  
***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.

Rachel B. Denton, MAI  
Partner  
913-312-4612  
Rachel.Denton@novoco.com

## 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. 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. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

		Section(s)
<b>Executive Summary</b>		
1	Executive Summary	
<b>Scope of Work</b>		
2	Scope of Work	
<b>Project Description</b>		
3	Unit mix including bedrooms, bathrooms, square footage, rents, and income targeting	
4	Utilities (and utility sources) included in rent	
5	Target market/population description	
6	Project description including unit features and community amenities	
7	Date of construction/preliminary completion	
8	If rehabilitation, scope of work, existing rents, and existing vacancies	
<b>Location</b>		
9	Concise description of the site and adjacent parcels	
10	Site photos/maps	
11	Map of community services	
12	Site evaluation/neighborhood including visibility, accessibility, and crime	
<b>Market Area</b>		
13	PMA description	
14	PMA Map	
<b>Employment and Economy</b>		
15	At-Place employment trends	
16	Employment by sector	
17	Unemployment rates	
18	Area major employers/employment centers and proximity to site	
19	Recent or planned employment expansions/reductions	
<b>Demographic Characteristics</b>		
20	Population and household estimates and projections	
21	Area building permits	
22	Population and household characteristics including income, tenure, and size	
23	For senior or special needs projects, provide data specific to target market	
<b>Competitive Environment</b>		
24	Comparable property profiles and photos	
25	Map of comparable properties	
26	Existing rental housing evaluation including vacancy and rents	
27	Comparison of subject property to comparable properties	
28	Discussion of availability and cost of other affordable housing options including homeownership, if applicable	
29	Rental communities under construction, approved, or proposed	
30	For senior or special needs populations, provide data specific to target market	



## 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. 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. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

		Section(s)
<b>Affordability, Demand, and Penetration Rate Analysis</b>		
31	Estimate of demand	
32	Affordability analysis with capture rate	
33	Penetration rate analysis with capture rate	
<b>Analysis/Conclusions</b>		
34	Absorption rate and estimated stabilized occupancy for subject	
35	Evaluation of proposed rent levels including estimate of market/achievable rents.	
36	Precise statement of key conclusions	
37	Market strengths and weaknesses impacting project	
38	Product recommendations and/or suggested modifications to subject	
39	Discussion of subject property's impact on existing housing	
40	Discussion of risks or other mitigating circumstances impacting subject	
41	Interviews with area housing stakeholders	
<b>Other Requirements</b>		
42	Certifications	
43	Statement of qualifications	
44	Sources of data not otherwise identified	

***Addendum E***  
***Utility Allowance Schedule***

# Utility Allowance Schedule

See Public Reporting and Instructions on back.

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

OMB Approval  
No. 25577-0169  
exp.7/31/2022

The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.

Date (mm/dd/yyyy): **June 1, 2022**

Locality: <b>Chesapeake Redevelopment &amp; Housing Authority, VA</b>		Unit Type: <b>Apartment</b>				
Utility or Service:	<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>5 BR</b>
Monthly Dollar Allowances						
<b>Heating</b>						
a. Natural Gas	\$25.00	\$30.00	\$34.00	\$39.00	\$42.00	\$46.00
b. Bottle Gas/Propane	\$71.00	\$83.00	\$94.00	\$105.00	\$116.00	\$128.00
c. Electric	\$13.00	\$16.00	\$20.00	\$25.00	\$30.00	\$35.00
d. Electric Heat Pump	\$12.00	\$14.00	\$16.00	\$18.00	\$20.00	\$22.00
e. Oil	\$49.00	\$56.00	\$65.00	\$72.00	\$78.00	\$88.00
<b>Cooking</b>						
a. Natural Gas	\$4.00	\$4.00	\$7.00	\$9.00	\$12.00	\$13.00
b. Bottle Gas/Propane	\$11.00	\$11.00	\$19.00	\$26.00	\$34.00	\$38.00
c. Electric	\$5.00	\$6.00	\$8.00	\$11.00	\$13.00	\$15.00
<b>Other Electric &amp; Cooling</b>						
Other Electric (Lights & Appliances)	\$18.00	\$21.00	\$29.00	\$37.00	\$46.00	\$54.00
Air Conditioning	\$7.00	\$8.00	\$12.00	\$15.00	\$18.00	\$21.00
<b>Water Heating</b>						
a. Natural Gas	\$9.00	\$10.00	\$16.00	\$21.00	\$25.00	\$31.00
b. Bottle Gas/Propane	\$26.00	\$30.00	\$45.00	\$56.00	\$71.00	\$86.00
c. Electric	\$11.00	\$13.00	\$17.00	\$21.00	\$24.00	\$28.00
d. Oil	\$16.00	\$20.00	\$29.00	\$39.00	\$49.00	\$59.00
<b>Water, Sewer, Trash Collection</b>						
Water	\$33.00	\$35.00	\$45.00	\$56.00	\$67.00	\$78.00
Sewer	\$59.00	\$61.00	\$84.00	\$107.00	\$130.00	\$153.00
Trash Collection	N/A	N/A	N/A	N/A	N/A	N/A
<b>Tenant-supplied Appliances</b>						
Range / Microwave Tenant-supplied	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Refrigerator Tenant-supplied	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
<b>Other--specify: Monthly Charges</b>						
Electric Charge \$6.58	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Natural Gas Charge \$13.70	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
<b>Actual Family Allowances</b>		Utility or Service		per month cost		
To be used by the family to compute allowance. Complete below for the actual unit rented.		Heating		\$		
		Cooking		\$		
Name of Family		Other Electric		\$		
		Air Conditioning		\$		
		Water Heating		\$		
		Water		\$		
Address of Unit		Sewer		\$		
		Trash Collection		\$		
		Range / Microwave		\$		
		Refrigerator		\$		
		Other		\$		
Number of Bedrooms		Other		\$		
		Total		\$		

