

VILLAGE SOUTH

Richmond, VA



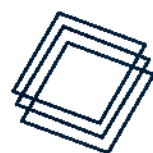
Market Study

Submitted to:

Ed Solarz

January 25, 2022

Prepared By:



AREAPROBE



January 25, 2022

Mr. Ed Solarz
101 W Commerce Road, 2nd FL
Richmond, VA 23224

Dear Mr. Solarz:

Attached is our market study for the proposed renovation of Village South Apartments in Richmond, Virginia for submittal to officials of VHDA. The report shows full market support for the acquisition and renovation of this project. The report is prepared according to the 2022 VHDA market study requirements.

Sincerely,

C.M. Leatham

Curvin M. Leatham, CRE
AreaProbe Inc.
Chief Executive Officer & Founder
NCHMA Member
Approved VHDA Housing Analyst



ANALYST STATEMENT

The purpose of this report is to provide an analysis of the primary market area to evaluate demand for Village South; a multi-site LIHTC project located at:

- 3448 ½ Maury Street
- 3600 & 3601 E Broad Rock Road

This report was prepared after a site visit to the Subject property on November 21, 2021. During this visits, Curvin Leatham walked the property without any representatives from the Development team from Genesis Properties or Virginia Housing Development Authority. We made visual observations of the grounds, exterior walls, public corridors, parking, supportive retail, and neighborhood activity.

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

C.M. Leatham

2/25/2022

Market Analyst

Date

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EXECUTIVE SUMMARY

The following provides a summary of the major sections of this market analysis. The Subject property known as Village South Apartments is an established low-income housing community in Richmond, Virginia.

The Subject (Village South) is made up of two communities known as SouthGate and Swansboro. Each property is located within a 3-minute drive of each other. SouthGate offers 112 units, and Swansboro offers 62 two-bedroom units. The Subject will target households earning up to 60% AMI when renovations are completed. Proposed rents for the Subject property as conveyed by the team will be \$950 for a two-bedroom floor plan with a \$152 utility allowance to be paid by the tenant for Swansboro, and the rents listed in the table below reflect the proposed pricing for SouthGate. The rent at each floor plan is significantly below the maximum monthly LIHTC rent at 50% & 60% AMI for the Richmond, VA MSA. The proposed rents are also lower than the LIHTC average rents in the market, however, the proposed units are smaller than the comparable rental units.

Proposed Rental Rate – Village South

Village South Properties				Proposed Rent	
Property Name	Bedroom	Bath	SF	50%	60%
SouthGate	1 Bedroom	1 Bath	687	\$ 749	-
SouthGate	2 Bedrooms	1 Bath	740	\$ 890	-
SouthGate	3 Bedrooms	1 Bath	965	\$ 1,021	\$ 1,255
Swansboro	2 Bedrooms	1 Bath	688.5	-	\$ 950
Swansboro	2 Bedrooms	1 Bath	701	-	\$ 950
Swansboro	2 Bedrooms	1.5 Bath	837	-	\$ 950

Source: Genesis Properties

Unit Mix Distribution

Property Name	Bedroom	Bath	Total Units	50%	60%
SouthGate	1 Bedroom	1 Bath	16	16	-
SouthGate	2 Bedrooms	1 Bath	80	80	-
SouthGate	3 Bedrooms	1 Bath	16	6	10
Swansboro	2 Bedrooms	1 Bath	44	-	44
Swansboro	2 Bedrooms	1.5 Bath	18	-	18
Total			174	102	72

Source: Genesis Properties

EXECUTIVE SUMMARY

Monthly Rent Restriction

Monthly Rent Restriction by AMI							
Bedrooms (People)	30%	40%	45%	50%	55%	60%	70%
1 Bedroom (1.5)	\$ 506	\$ 675	\$ 759	\$ 843	\$ 928	\$ 1,012	\$ 1,181
2 Bedrooms (3.0)	\$ 607	\$ 810	\$ 911	\$ 1,012	\$ 1,113	\$ 1,215	\$ 1,417
3 Bedrooms (4.5)	\$ 702	\$ 936	\$ 1,053	\$ 1,170	\$ 1,287	\$ 1,404	\$ 1,638

source: HUD

LIHTC Rental Rates

Map Order	Property Name	Yr Built	1 BD Rent	1 BD SF	1 BD PSF	2 BD Rent	2 BD SF	2 BD PSF	3 BD Rent	3 BD SF	3 BD PSF
1	Subject Property - SouthGate	1975	\$ 749	687	\$ 1.09	\$ 890	740	\$ 1.20	\$ 1,255	965	\$ 1.30
2	Subject Property - Swansboro	1963	-	-	-	\$ 950	760	\$ 1.25	-	-	-
3	The Belt Atlantic	1977	-	-	-	\$ 830	857	\$ 0.97	\$ 1,150	1046	\$ 1.10
4	Townes at River South I & II	1920	-	-	-	\$ 923	985	\$ 0.94	\$ 1,062	1201	\$ 0.88
5	Tuscany Townhomes	1971/2014	-	-	-	\$ 1,000	1250	\$ 0.80	-	-	-
6	Belle Summit	2015	\$ 773	556	\$ 1.39	\$ 908	899	\$ 1.01	\$ 1,037	1106	\$ 0.94
7	Miller Lofts	2015	\$ 882	652	\$ 1.35	\$ 1,037	980	\$ 1.06	\$ 1,062	980	\$ 1.08
8	Hatcher Tobacco Flats	2015	\$ 737	-	-	\$ 876	965	\$ 0.91	\$ 1,001	1084	\$ 0.92
9	City View Place	2012	-	-	-	\$ 824	927	\$ 0.89	\$ 938	1207	\$ 0.78
Total/Average			\$ 797	604	1.37	\$ 914	980	\$ 0.94	\$ 1,042	1104	\$ 0.95

Source: AreaProbe Inc.

Household Annual Income Restrictions

Income Restriction by AMI Distribution							
HH Size	30%	40%	45%	50%	55%	60%	70%
1 Person	\$ 18,900	\$ 25,200	\$ 28,350	\$ 31,500	\$ 34,650	\$ 37,800	\$ 44,100
2 Person	\$ 21,600	\$ 28,800	\$ 32,400	\$ 36,000	\$ 39,600	\$ 43,200	\$ 50,400
3 Person	\$ 24,300	\$ 32,400	\$ 36,450	\$ 40,500	\$ 44,550	\$ 48,600	\$ 56,700
4 Person	\$ 27,000	\$ 36,000	\$ 40,500	\$ 45,000	\$ 49,500	\$ 54,000	\$ 63,000
5 Person	\$ 29,160	\$ 38,880	\$ 43,740	\$ 48,600	\$ 53,460	\$ 58,320	\$ 68,040

source: HUD

EXECUTIVE SUMMARY

Demand Analysis - SouthGate 50 Percent AMI

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	50% AMI	50% AMI	50% AMI	50% AMI
Proposed Rent	-	\$ 749	\$ 890	\$ 1,021
Multiply by 12	-	12	12	12
Minimum Income to Afford Rent (35% of Inc.)	-	\$ 25,680	\$ 30,514	\$ 35,006
Maximum Income Limit	-	\$ 33,750	\$ 40,500	\$ 46,800
Renter HHs	-	-	-	-
# of Eligible Renters HHs	-	1905	1418	670
Proposed Units	-	16	80	6
Renter HH Capture Rate	-	0.8%	5.6%	0.9%

source: HUD, AreaProbe Inc.

Demand Analysis - SouthGate 60 Percent AMI

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	60% AMI	60% AMI	60% AMI	60% AMI
Proposed Rent	-	-	-	\$ 1,255
Multiply by 12	-	-	-	12
Minimum Income to Afford Rent (35% of Inc.)	-	-	-	\$ 43,029
Maximum Income Limit	-	-	-	\$ 56,160
Renter HHs	-	-	-	-
# of Eligible Renters HHs	-	-	-	1003
Proposed Units	-	-	-	10
Renter HH Capture Rate	-	-	-	1.0%

source: HUD, AreaProbe Inc.

EXECUTIVE SUMMARY

Demand Analysis - Swansboro 60 Percent AMI

	Studio 60% AMI	1 Bedroom 60% AMI	2 Bedroom 60% AMI	3 Bedroom 60% AMI
Proposed Rent	-	-	\$ 950	-
Multiply by 12	-	-	12	-
Minimum Income to Afford Rent (35% of Inc.)	-	-	\$ 32,571	-
Maximum Income Limit	-	-	\$ 48,600	-
Renter HHs	-	-	-	-
# of Eligible Renters HHs	-	-	1285	-
Proposed Units	-	-	62	-
Renter HH Capture Rate	-	-	4.8%	-

source: HUD, AreaProbe Inc.

Market Rate Advantage

The Subject property proposed rental rates are vastly more affordable than the market rate apartment rentals in the PMA. The table below shows, the Subject is above the 10% market rate advantage threshold.

Property	1 BD Rent	2 BD Rent	3 BD Rent
Subject Property - SouthGate	\$ 749	\$ 890	\$ 1,255
Subject Property - Swansboro	-	\$ 950	-
Avg. Market Rate	\$ 1,407	\$ 1,889	\$ 2,496
\$ Difference - SouthGate	\$ 658	\$ 999	\$ 1,241
% Difference - SouthGate	61%	72%	66%
\$ Difference - Swansboro	-	\$ 939	-
% Difference - Swansboro	-	72%	-

Source: AreaProbe Inc.

Occupancy & Absorption

We surveyed 11 existing LIHTC properties to support this research study. The existing LIHTC properties within the primary market area had an average occupancy rate of 99 percent which is a favorable performance indicator. Recently developed LIHTC properties such as Hatcher Tobacco Flats, Belle Summit Apartments, and City View Place leased between 25 to 43 units per month after opening. Absorption for older LIHTC properties (over 7 years old) range from 6 to 20 units per month. We expect the Subject to lease within 2-4 months upon renovation. Market

EXECUTIVE SUMMARY

rate apartment units have also performed well as absorption statistics depict an absorption rate of 15-25 leased units per month, with an average occupancy of 94 percent.

Project Visibility

Swansboro is located along E Broad Rock Road which is a mixed-use area that consists of industrial/commercial uses and residential townhomes, while SouthGate has properties along Maury Street; a residential community that consists of townhomes and single-family detached homes.

Demand Analysis

The results of our demand analysis showed a project capture rate of 6.4 percent. This calculation evaluates net demand with subsidies. Without subsidies, the project achieved a capture rate of 8.6. We expect the client to retain at least 80 percent of the existing tenants at the Subject property. The existing rents at Village South is priced at the bottom end of rents for LIHTC properties in the marketplace based on our observation of the competitive environment.

Penetration Rate

The results of the penetration rate analysis show the market is still underserved with regards to affordable housing options for residents within the PMA. From the 1166 units surveyed and the 96 units in the pipeline, we derived a penetration rate of 43 percent. A penetration rate below 100% is favorable and demonstrates low levels of competition.

Recommendation & Conclusion

We recommend the client proceed with the project as proposed. There are approximately 3,000 people on the waitlist for Vouchers according to the Virginia Redevelopment Authority; the waitlist has been closed since 2005. Serving this population will help support the growing demand for affordable housing in Richmond, Virginia.

PROJECT DESCRIPTION

Scope of Renovations

Project Type: Rehabilitation

The scope of the renovation plans for Village South includes a substantial makeover of each property.

Interior: New washer and dryers for each unit at the three properties, new window blinds, new flooring, new countertops, new fixtures, refinish hardwood floors, HVAC systems and new doors.

Exterior Renovations Include: Landscaping plan for each site, new roof, new gutters and downspouts, new exterior lights, upgraded electrical panels, new door frames, new exterior lights, repairs to front steps, and repairs to the exterior wood siding.

Purpose

Genesis Properties has commissioned AreaProbe to conduct a market study to examine the proposed redevelopment plan for Village South Apartments; a 174-unit scattered site community targeting households earning up to 60 percent AMI in Richmond, Virginia.

In-Unit Amenities:

- In-Unit Washers & Dryers
- Energy Star Refrigerator
- Oven/Range
- Refinished Flooring
- Window Coverings
- Air Conditioning
- Dishwasher

Property Amenities:

- Picnic Area
- Surface Lot Parking

Construction Timeline

The client expects to start renovations in 2022 and will commence 12-18 months after securing financing.

PROJECT DESCRIPTION

Requirements

The market study will be structured to meet the standard of NCHMA's model and VHDA standards.

Methodology

AreaProbe conducted a visit on October 21, 2021 (inspection date) to examine the neighborhood. Curvin Leatham was responsible for collecting primary information and communicating with the local stakeholders. Mr. Leatham also reviewed the project plans provided by the client.

Utility Allowance

Utility Allowance					
Allowances by Bedroom Size					
Utilities	0-BR	1-BR	2-BR	3-BR	4-BR
Heating	0	0	\$ 36	0	0
Air Conditioning	0	0	\$ 9	0	0
Cooking	0	0	\$ 5	0	0
Lighting	0	0	\$ 18	0	0
Hot Water	0	0	\$ 15	0	0
Water	0	0	\$ 31	0	0
Sewer	0	0	\$ 38	0	0
Trash	0	0	\$ -	0	0
Total utility allowance for costs paid by tenant	\$0	\$0	\$ 152	\$0	\$0

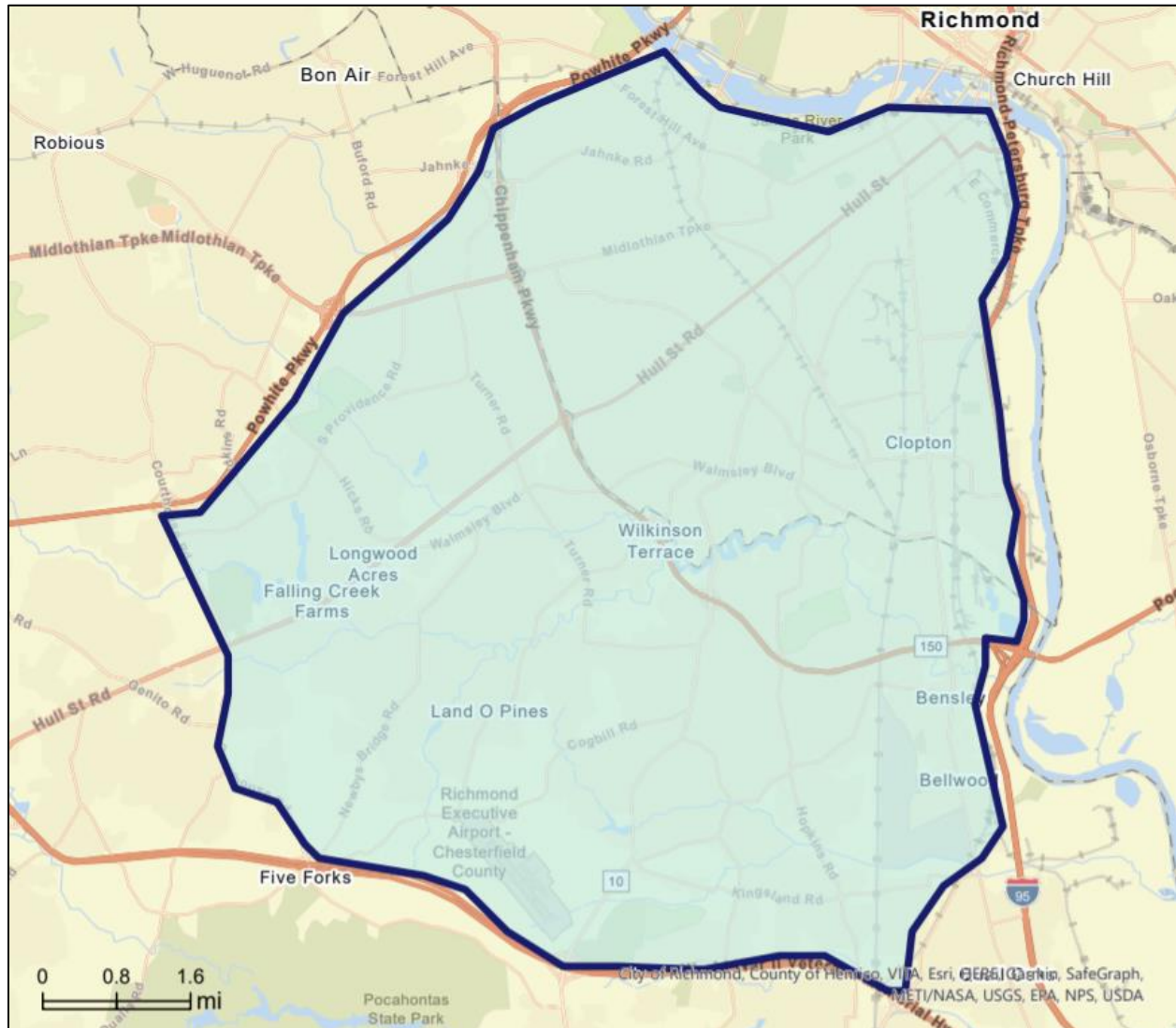
Source: Genesis Properties



PRIMARY MARKET AREA

PRIMARY MARKET AREA

The primary market area was determined through conversation with local property managers, and via interactions with the residents.



Source: ESRI

PMA Boundaries

North: W 6th Street

East: Richmond Petersburg Pike

West: Powhite Parkway

South: WWII Veterans Memorial Hwy



DEMOGRAPHIC CHARACTERISTICS

DEMOGRAPHIC ANALYSIS

In this section of the report we will discuss the demographic make-up of the primary market area (PMA) and assess how it compares to the growth of the City of Richmond and the State of Virginia.

Household Population

From 2010 – 2021 the PMA added 17,648 new households which equates to a growth rate of 11.7 percent over an eleven-year period. By 2026, household population is estimated to grow by an additional 8,495 new households, adding 1,699 households per year or 4.7 households per day.

The City of Richmond grew at a rate of 11.5 percent from 2010 to 2021. This trend is expected to continue but at a slightly slower growth projection. In 2024, the City will add an additional 14,313 households or 4,771 new households per year. The daily growth rate of 13 new households in the City of Richmond each year.

The State of Virginia added 258,639 new households from 2010-2021. The state is projected to grow by 70,958 new households through 2024 which equates to an annual growth rate of 23,652 new households per year or 64 new households per day.

Year	PMA		Richmond		Virginia		United States	
	Number	% Change	Number	% Change	Number	% Change	Number	%
2010	58,727		460,950		3,056,058		116,716,292	
2021	64,897	10.5%	514,109	11.5%	3,314,697	8.5%	126,470,675	8.4%
2024	66,815	3.0%	528,422	2.8%	3,385,655	2.1%	129,216,688	2.2%
2026	68,093	4.9%	537,964	4.6%	3,432,960	3.6%	131,047,364	3.6%

Source: AreaProbe Inc., ESRI

General Population

Year	PMA		Richmond		Virginia		United States	
	Number	% Change	Number	% Change	Number	% Change	Number	%
2010	150,801		1,186,501		8,001,024		308,745,538	-
2021	168,449	11.7%	1,320,409	11.3%	8,695,186	8.7%	333,934,112	8.2%
2024	173,546	3.0%	1,357,094	2.8%	8,888,313	2.2%	341,106,142	2.1%
2026	176,944	5.0%	1,381,551	4.6%	9,017,064	3.7%	345,887,495	3.6%

Source: AreaProbe Inc., ESRI

The general population estimates, and projections resembles the household population growth rate shown in the table above. The PMA and the City of Richmond are growing at a faster pace than the State of Virginia.

DEMOGRAPHIC ANALYSIS

Median Age

The City of Richmond has a slightly older demographic population than the PMA, and the State. By 2024, the median age of residents in the City of Richmond is expected to be 40, while the PMA will be three years younger.

Year	PMA		Richmond		Virginia		United States	
	Number	% Change	Number	% Change	Number	% Change	Number	%
2010	34.4		37.6		37.4		37.1	-
2021	36.6	6.4%	39.5	5.1%	39.2	4.8%	38.8	4.6%
2024	37.0	1.1%	40.0	1.2%	39.7	1.2%	39.2	1.1%
2026	37.3	1.9%	40.3	2.0%	40.0	2.0%	39.5	1.8%

Source: AreaProbe Inc., ESRI

Household Size

The household size in the PMA more closely resembles the general size of the State, although this is not significant.

Year	PMA		Richmond		Virginia		United States	
	Number	% Change	Number	% Change	Number	% Change	Number	%
2010	2.55		2.50		2.54		2.58	-
2021	2.58	1.2%	2.50	0.0%	2.56	0.8%	2.58	0.0%
2024	2.58	0.0%	2.51	0.2%	2.56	0.0%	2.58	0.0%
2026	2.58	0.0%	2.51	0.4%	2.56	0.0%	2.58	0.0%

Source: AreaProbe Inc., ESRI

Vacant Housing Units

Blithe in the PMA has consistently improved as shown in the data below. Through 2024, this pattern is expected to continue.

Year	PMA		Richmond		Virginia		United States	
	Number	% Change	Number	% Change	Number	% Change	Number	%
2010	9.2%		7.6%		9.2%		11.40%	-
2021	8.2%	-10.9%	6.9%	-9.2%	9.4%	2.2%	11.50%	0.9%
2024	8.0%	-2.2%	7.0%	0.9%	9.7%	3.2%	11.7%	1.6%
2026	7.9%	-3.7%	7.0%	1.4%	9.9%	5.3%	11.80%	2.6%

Source: AreaProbe Inc., ESRI

DEMOGRAPHIC ANALYSIS

In July of 2019, WalletHub ranked Richmond 42nd for U.S. MSAs with the highest level of education attainment. 40 percent of the population over the age of 25 in the City of Richmond has a bachelor's or graduate degree according to the latest estimates by ESRI which is slightly above the estimates for the State of Virginia. The level education attainment in the PMA does not reflect the same favorable statistics as the city or the state.

Education Attainment

Education Attainment - 2021 Population, Age 25+				
Category	PMA	Richmond	Virginia	United States
Attainment Level	Percentage	Percentage	Percentage	Percentage
Less than 9th Grade	7.4%	3.2%	6.3%	4.7%
9th - 12th Grade, No Diploma	8.5%	6.3%	6.1%	6.4%
High School Graduate	24.3%	20.1%	19.5%	22.9%
GED/Alternative Credential	5.2%	4.3%	3.9%	4.0%
Some College, No Degree	20.3%	19.5%	18.8%	19.8%
Associate Degree	8.6%	7.7%	8.1%	8.7%
Bachelor's Degree	16.6%	23.8%	22.5%	20.6%
Graduate/Professional Degree	9.1%	15.1%	17.5%	13.0%
Total w/Bachelor or Adv Degree	25.7%	38.9%	40.0%	33.6%

Source: AreaProbe Inc., ESRI

Renters vs. Homeowners (PMA Only)

The housing stock in the PMA is made up of mostly homeowners. This will be the expectation in 2024 as well.

	Housing Tenure							
	2010		2021		2024		2026	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	64,704	100%	70,716	100%	72,626	100%	73,900	100%
Occupied	58,727	91%	64,897	92%	66,815	92%	68,093	92%
Owner	32,797	56%	36,582	56%	37,667	56%	38,391	56%
Renter	25,930	44%	28,315	44%	29,147	44%	29,702	44%

Source: AreaProbe Inc., ESRI

DEMOGRAPHIC ANALYSIS

Household Income

Primary Market Area								
Households by Income	2021		2024		2026		5 YR % Change	
	Number	Percent	Number	Percent	Number	Percent	Difference	Percent
<\$15,000	8,080	11.2%	7677	10.1%	7,576	9.0%	-504	-1.8%
\$15,000 - \$24,999	7,218	5.3%	6990	9.2%	6,933	4.0%	-285	-1.1%
\$25,000 - \$34,999	8,194	5.1%	8122	10.6%	8,104	4.0%	-90	-1.0%
\$35,000 - \$49,999	10,574	9.1%	10644	13.9%	10,661	9.0%	87	-0.1%
\$50,000 - \$74,999	15,063	12.8%	15462	20.2%	15,562	12.0%	499	-0.3%
\$75,000 - \$99,999	8,963	11.1%	9713	12.7%	9,900	11.0%	937	-0.4%
\$100,000 - \$149,999	10,012	16.5%	11213	14.7%	11,513	17.0%	1,501	0.7%
\$150,000 - \$199,999	3,213	10.8%	3965	5.2%	4,153	12.0%	940	1.2%
\$200,000+	2,150	18.1%	2587	3.4%	2,696	21.0%	546	2.8%
Total	73,467	100%	76372	100%	77,098	100%	3,631	8.7%

Source: AreaProbe Inc., ESRI

Age Distribution

The age segment with the largest growth are individuals over the age of 75. This segment is expected to grow by 1,554 households by 2024

Age Distribution - Primary Market Area				
Age Range	2021	2024	2026	Difference
0-4	11,162	11531	11,777	615
5-9	11,012	11135	11,217	205
10-14	10,771	11039	11,218	447
15-19	9,759	10336	10,720	961
20-24	11,041	11228	11,352	311
25-29	13,553	13058	12,728	-825
30-34	13,046	13284	13,442	396
35-39	11,990	12574	12,963	973
40-44	11,213	11650	11,942	729
45-49	9,919	10658	11,151	1,232
50-54	9,846	9897	9,931	85
55-59	10,260	9962	9,763	-497
60-64	10,369	10122	9,957	-412
65-69	8,803	9230	9,514	711
70-74	6,765	7351	7,742	977
75-79	4,129	5139	5,812	1,683
80-84	2,443	2853	3,127	684
85+	2,366	2500	2,589	223
Total	168,447	173546	176,945	8,498

Source: AreaProbe Inc., ESRI



PROPERTY CHARACTERISTICS

PROPERTY DESCRIPTION – PROPERTY PHOTOS

SouthGate – Property Photos



Source: AreaProbe Inc.



Source: AreaProbe Inc.

PROPERTY DESCRIPTION – PROPERTY PHOTOS

SWANSBORO



Village South Townhomes (Swansboro) E Broad Rock Road View



Village South Townhomes (Swansboro) E Broad Rock Road View

PROPERTY DESCRIPTION – PROPERTY PHOTOS

SURROUNDING NEIGHBORHOOD



Maury Street – Single Family Homes



Maury Street – Single Family Homes

PROPERTY DESCRIPTION – PROPERTY PHOTOS

SURROUNDING NEIGHBORHOOD



Maury Street – Single Family Homes



Maury Street – Single Family Homes

PROPERTY DESCRIPTION – PROPERTY PHOTOS

SURROUNDING NEIGHBORHOOD



Holly Springs Road & Maury Street Intersection



Holly Springs Road – Property Across from Holly Springs Townhome Site

PROPERTY DESCRIPTION – PROPERTY PHOTOS

SURROUNDING NEIGHBORHOOD



Single Family Homes on E 36th Street

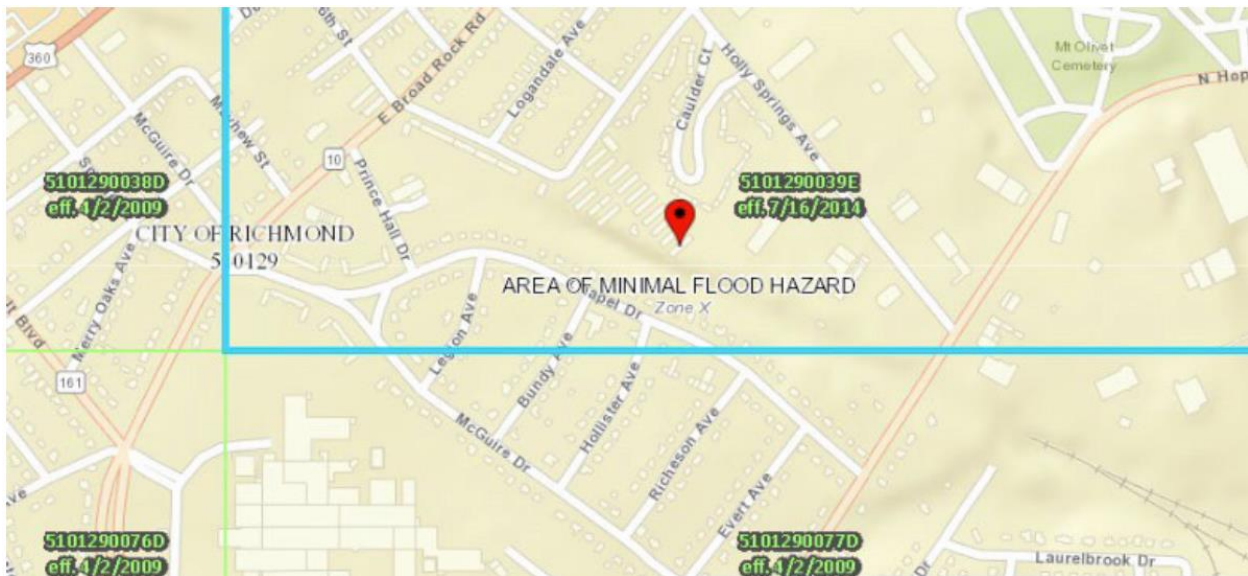


Commercial Business Along E 36th Street

FLOOD ZONE MAP

FLOOD ZONE MAP

SouthGate



Source: FEMA Flood Zone Maps

Flood Zone Analysis:

According to the flood zone map displayed above, the Subject property is located in an area that is a minimal flood hazard.

Visibility and Accessibility:

SouthGate can be accessed via Maury Street. The units are located in a mixed-use community that consist of industrial commercial uses, single family residential homes, and townhomes. The Subject is nestled in the residential area surrounded by single family homes, a church and townhomes. Visibility to the main road is poor.

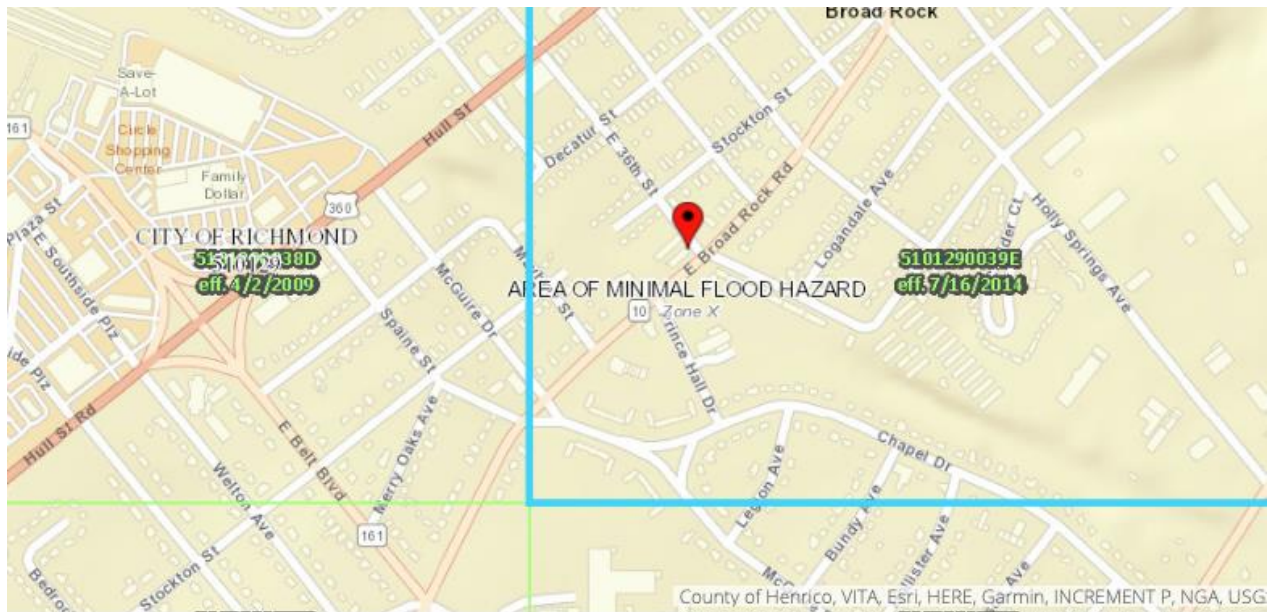
Environmental Analysis:

AreaProbe does not provide expertise with regards to environmental evaluations

FLOOD ZONE MAP

FLOOD ZONE MAP

Swansboro



Source: FEMA Flood Zone Maps

Flood Zone Analysis:

According to the flood zone map displayed above, the Subject property is located in an area that is a minimal flood hazard.

Visibility and Accessibility:

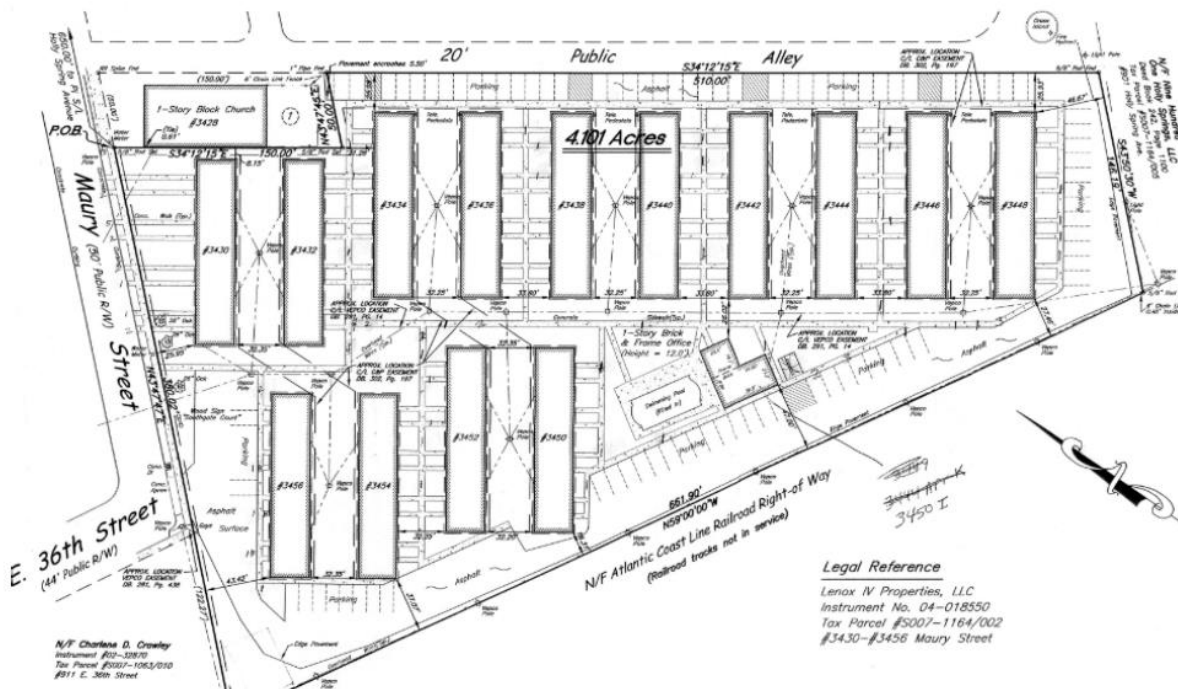
Swansboro can be accessed via E 36th Street or E Broad Rock Road. The units are located in a mixed-use community that consist of industrial commercial uses, single family residential homes, and townhomes. The Subject is located on E Broad Rock Road which is a thoroughfare made up commercial and residential use. Visibility to the main road is excellent.

Environmental Analysis:

AreaProbe does not provide expertise with regards to environmental evaluations.

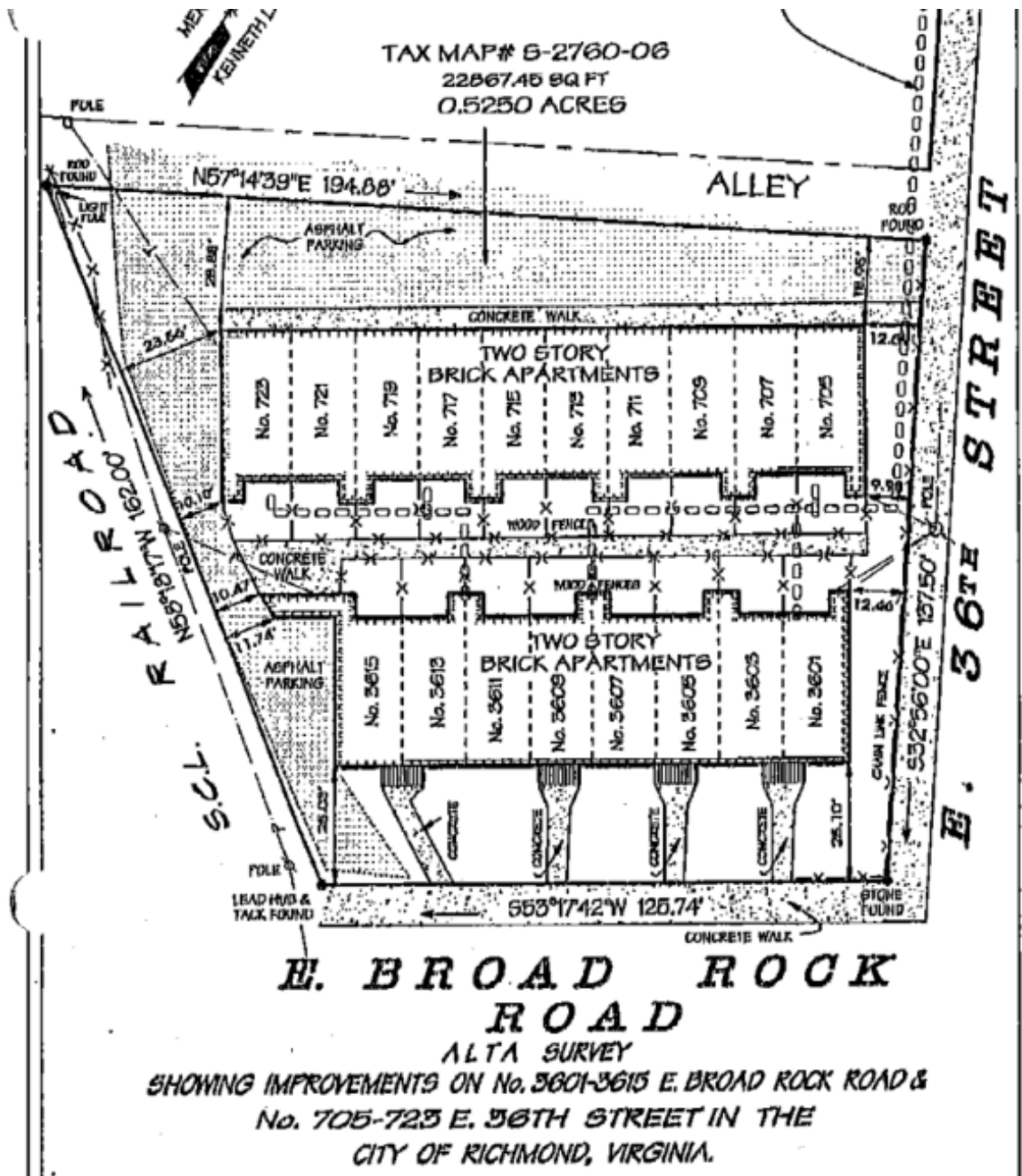
SITE DESCRIPTION – SOUTHGATE SITE PLAN

SOUTHGATE SITE PLAN



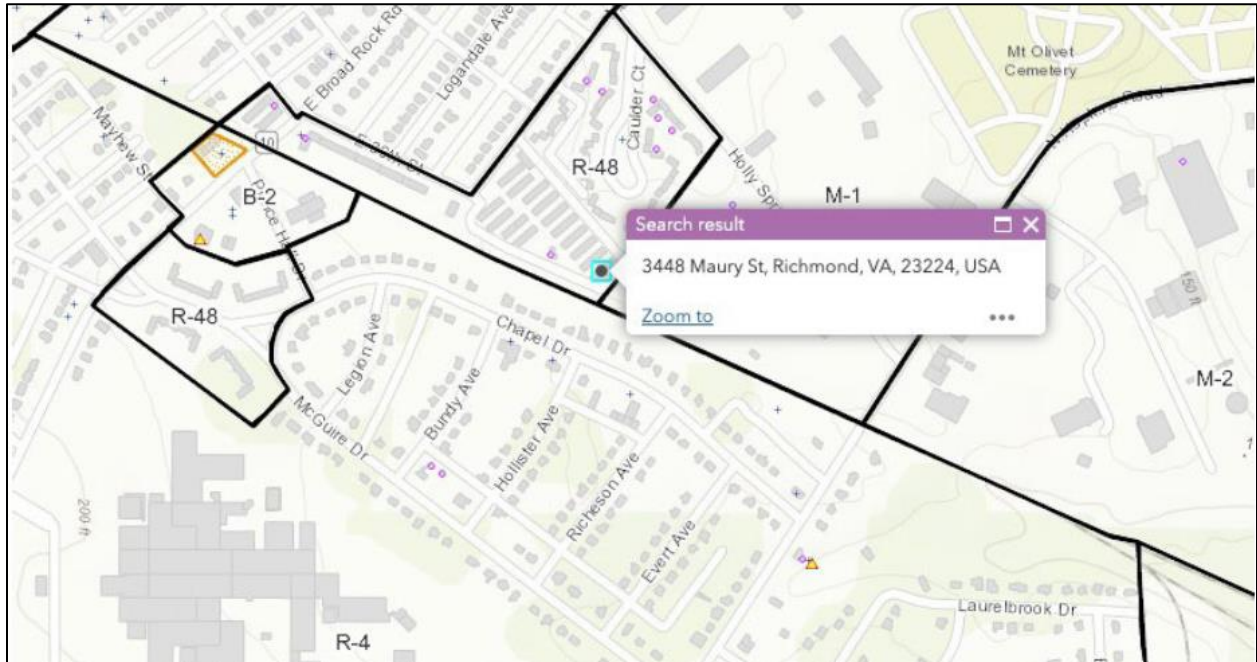
PROPERTY SITE PLAN

SWANSBORO SITE PLAN



ZONING ORDINANCE – SOUTHGATE

SouthGate - Zoned R-48 -



Permitted Use According to the City of Richmond:

Accessory uses and structures, including the following, which are customarily incidental and clearly subordinate to permitted principal uses shall be permitted in the R-48 multifamily residential district (see article VI, division 9, of this chapter):

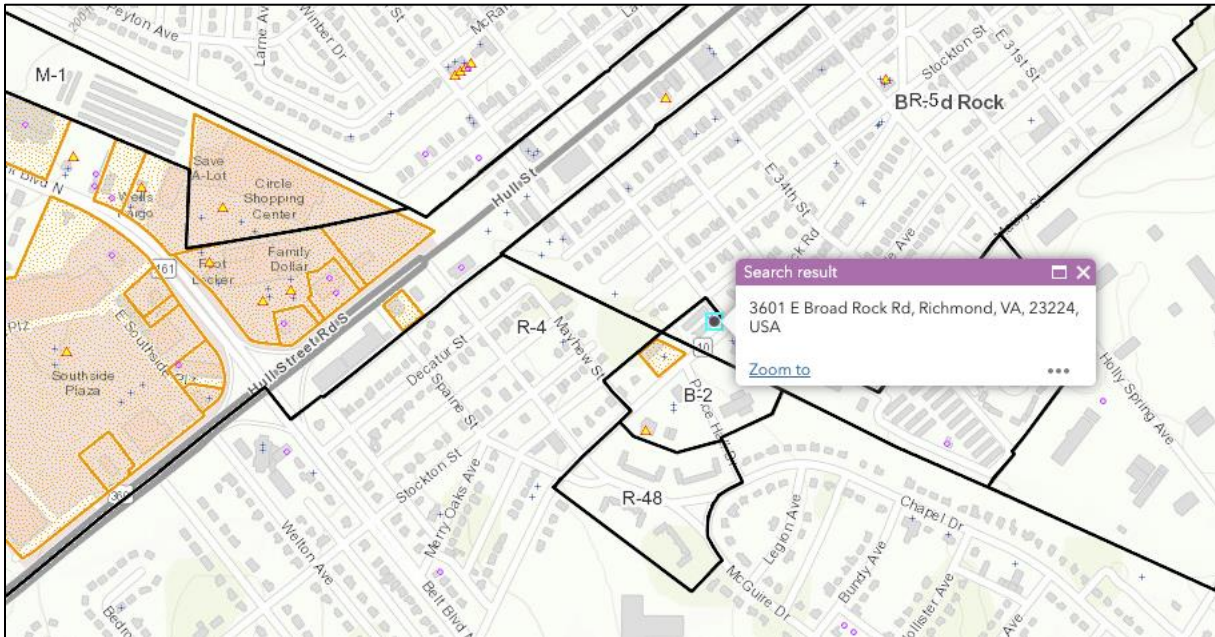
- (1) Any accessory use or structure permitted in the R-1 district as set forth in section 30-402.2.
- (2) Guest units in multifamily developments available for short-term occupancy by guests of regular tenants of such developments, provided that the total number of such guests shall not exceed one for each 50 dwelling units within the development.
- (3) One dwelling unit located in an accessory building, containing two or more stories, which is existing at the effective date of the ordinance from which this subsection is derived and which is located on the same lot as a single-family, two-family or multifamily dwelling, provided that:

ZONING ORDINANCE – SOUTHGATE

- a. The main building shall not contain any lodging units;
- b. There shall be no enlargement of the accessory building, except for ingress or egress improvements required by the Virginia Uniform Statewide Building Code;
- c. Lot area requirements shall be met for the total number of dwelling units in the main building and the accessory building as though all units were contained in the main building;
- d. Usable open space requirements shall be applicable only where the main building is devoted to multifamily use. Required usable open space may be reduced to the extent necessary to provide required parking for the dwelling unit in the accessory building and to provide ingress or egress improvements to the accessory building required by the Virginia Uniform Statewide Building Code;
- e. Not less than one off-street parking space shall be provided for such dwelling unit in addition to spaces required for other use of the property; and
- f. Emergency vehicle access to the accessory building shall be provided in accordance with requirements of the department of public works and department of fire and emergency services.

ZONING ORDINANCE – SWANSBORO

Swansboro – Zoned B-2 –



Source: City of Richmond

PERMITTED USE B-2 COMMUNITY BUSINESS DISTRICT Sec. 30-436.1.

The following uses of buildings and premises shall be permitted in the B-2 district, provided that no use which includes a drive-up facility shall be located on a transitional site.

Dwelling units contained within the same building as other permitted principal uses, provided that such dwelling units shall be located above the ground floor of the building or to the rear of other permitted principal uses so as not to interrupt commercial frontage in the district, and provided further that the ground floor area devoted to other permitted principal uses shall be a minimum of one-third or 1,000 square feet, whichever is greater, of the floor area of the ground floor of the building and shall be not less than 20 feet in depth along the entire length of a principal street frontage, except for ingress and egress.

A plan of development shall be required as set forth in article X of this chapter for construction of any new building containing more than ten dwelling units (see section 30-800.1 for provisions for nonconforming dwelling uses); (Ord. No. 2013-237-225, § 1, 12-9-2013).

No building or structure in the B-2 community business district shall exceed 35 feet in height.



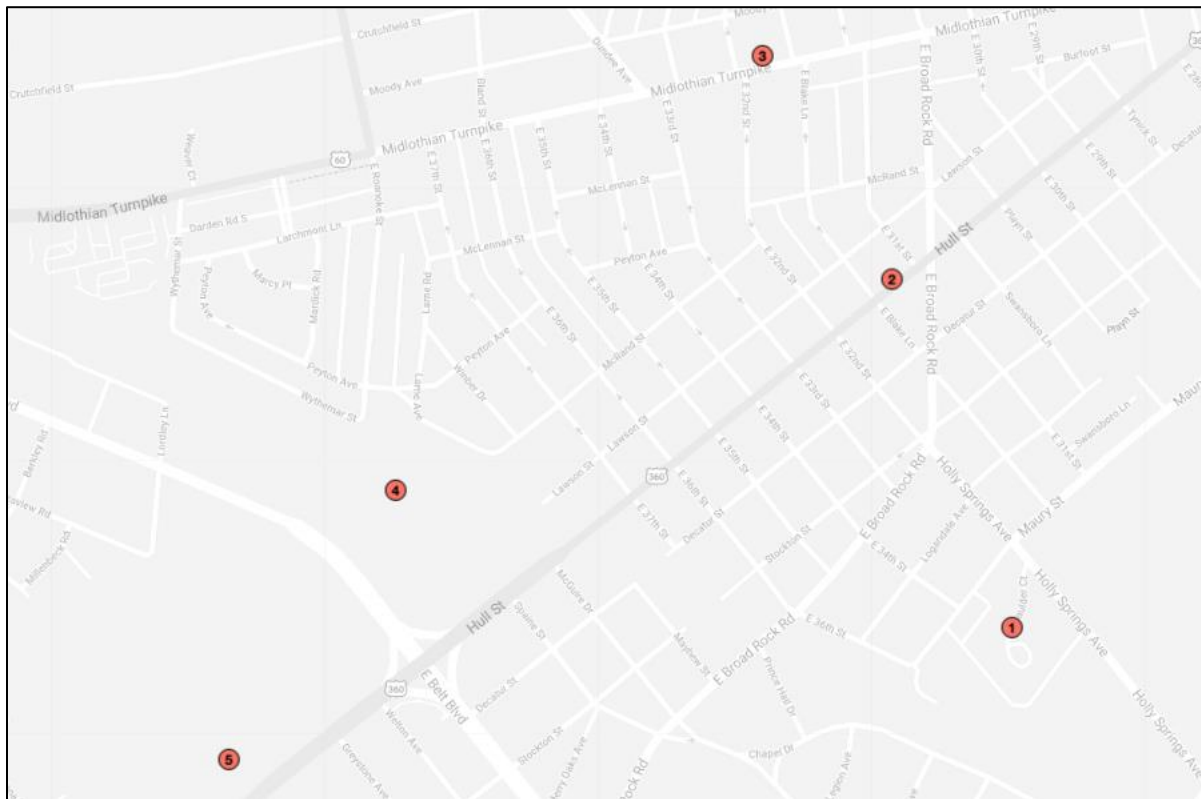
NEIGHBORHOOD ANALYSIS

NEIGHBORHOOD AMENITIES – SOUTHGATE

Access to Grocery Stores

The USDA defines a food desert as “parts of a country vapid of fresh fruit, vegetables, and other healthful whole foods, usually found in impoverished areas.” The USDA explanation goes on to say,

“food deserts are often short on whole food providers, especially fresh fruits and vegetables, instead they are heavy on local quickie marts that provide a wealth of processed, sugar, and fat laden foods that are known contributors to our nations obesity epidemic. Food deserts are considered low-access communities where at least 500 people and/or at least 33 percent of the census tract’s population reside more than one mile from a supermarket.



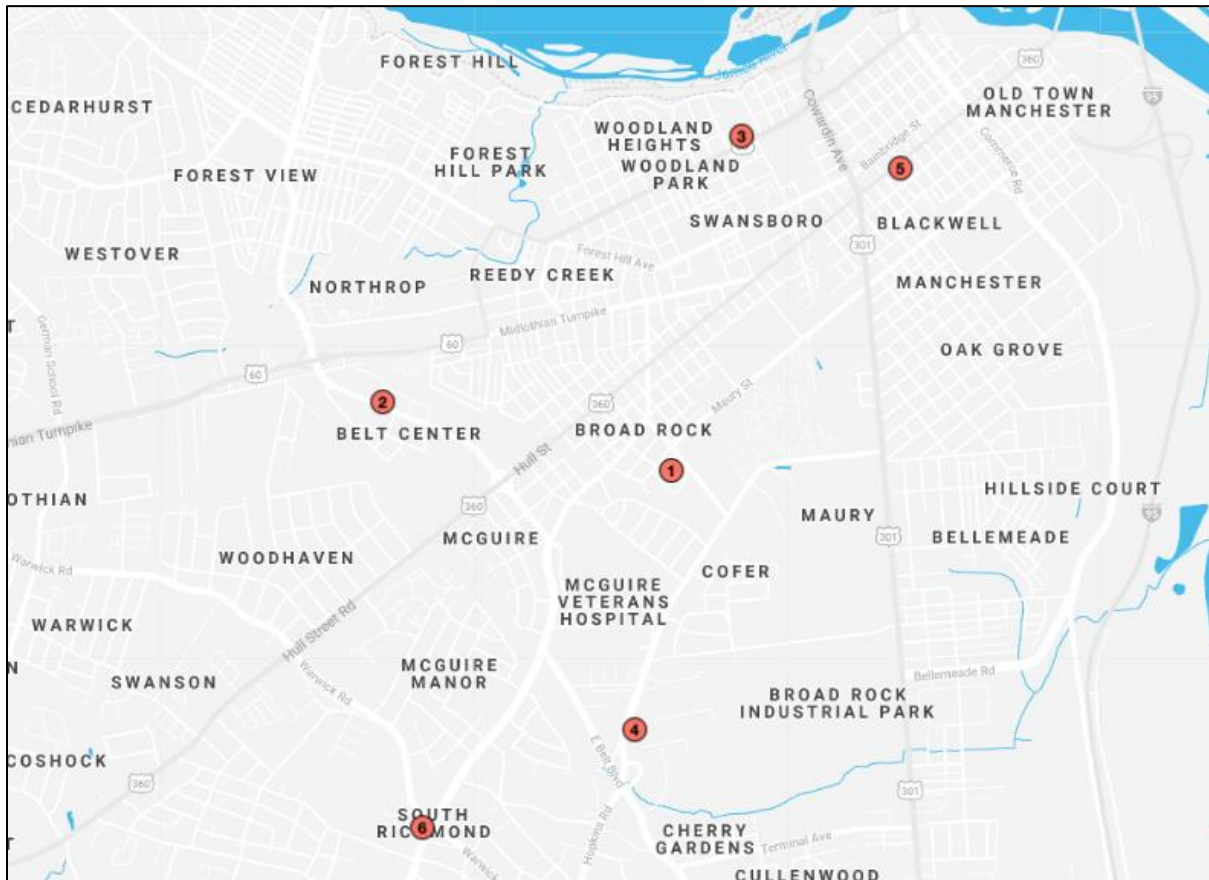
Source: AreaProbe & BatchGeo

Map Order	Name	Address	City	State	Zip	Distance	Drive Time
1	Subject Property	3448 1/2 Maury Street	Richmond	VA	23224	-	-
2	Family Value	3111 Hull Street	Richmond	VA	23224	0.7 mile	4 min
3	K Food Store	3159 Midlothian Turnpike	Richmond	VA	23224	1.0 mile	5 min
4	Save A Lot	441 E Belt Blvd Avenue	Richmond	VA	23224	0.8 mile	5 min
5	Super Fresh	640 E Southside Plaza	Richmond	VA	23224	1.0 mile	5 min

NEIGHBORHOOD AMENITIES – SOUTHGATE

The Save A Lot grocery store is the closest grocery store for residents at SouthGate. The retailer is 5 minutes from the Subject property. Although Save-A-Lot is not known for fresh product as Whole Foods, the store is known to be a bargain option for grocery shoppers. Super Fresh is part of Kim & Kim Supermarkets. The small chain offers 20,000 products and offer to drive patrons home if they spend over \$40.

Access to Civic Services



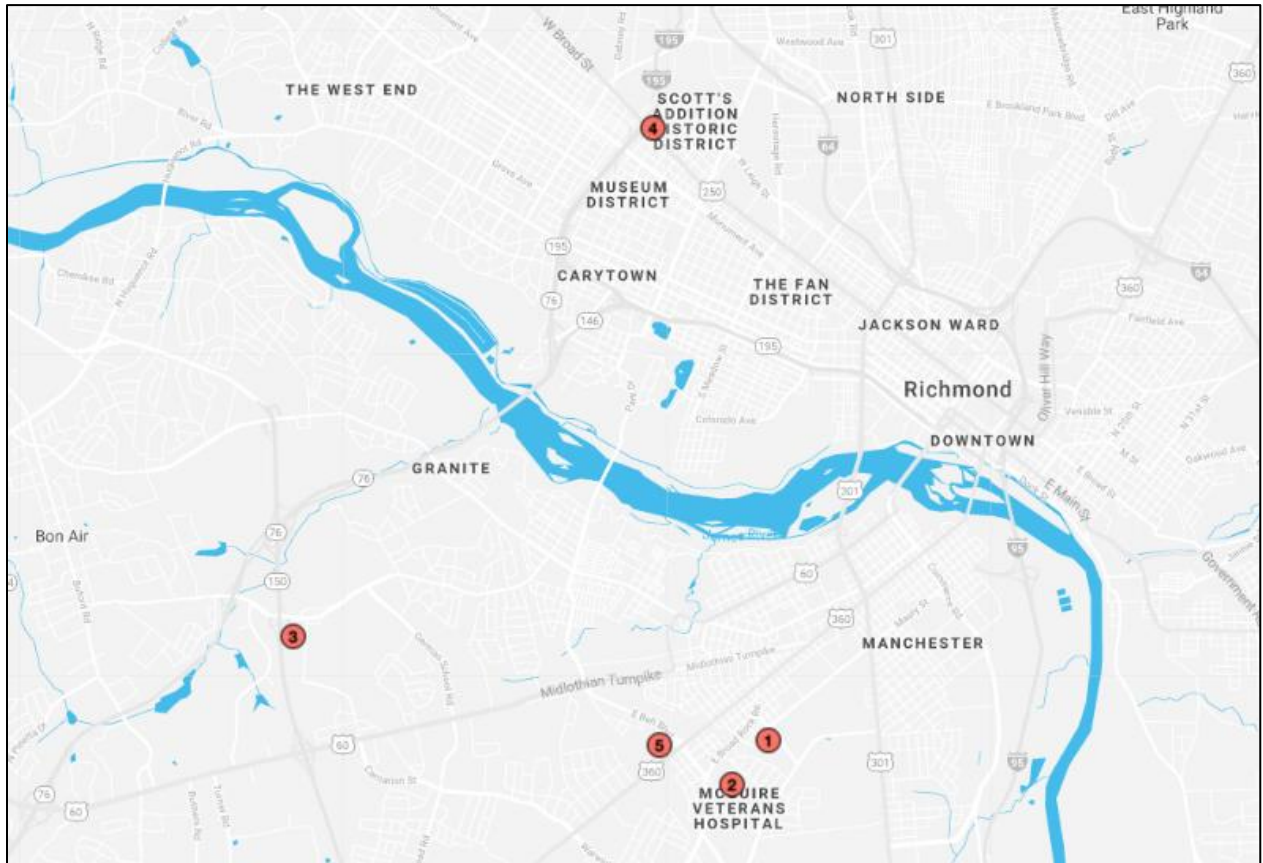
Source: AreaProbe Inc. & BatchGeo

Map Order	Type	Name	Address	City	Distance	Drive Time
1	Subject	SouthGate	3448 1/2 Maury Street	Richmond	-	-
2	Police Station	Richmond Police Department 2nd Precinct	177 E Belt Blvd	Richmond	1.6 miles	5 min
3	Fire Station	Richmond Fire Station	2211 Semmes Ave	Richmond	2.1 miles	6 min
4	Post Office	Post Office	2101 Hopkins Road	Richmond	1.2 miles	3 min
5	Library	Hull Street Branch	1400 Hull St	Richmond	1.6 miles	4 min
6	Library	Broad Rock Branch	4820 Old Warwick Rd	Richmond	2.2 miles	7 min

NEIGHBORHOOD AMENITIES – SOUTHGATE

The Subject property is located within 10 minutes to the civic services listed in the table above. We believe this to be an attractive feature for SouthGate.

Access to Hospitals



Source: AreaProbe Inc. & BatchGeo

Map Order	Name	Address	City	State	Zip	Distance	Drive Time
1	SouthGate	3448 1/2 Maury Street	Richmond	VA	23224	-	-
2	Hunter Holmes McGuire Veterans Hospital	1201 Broad Rock Blvd	Richmond	VA	23249	1 mile	5 mins
3	Chippenham Hospital	7101 Jahnke Road	Richmond	VA	23225	5 miles	14 mins
4	VCU Medical Center	3600 W. Broad Street	Richmond	VA	23230	7.3 miles	14 mins
5	Hayes E. Willis Health Center	4730 North Southside Plaza	Richmond	VA	23224	1.2 miles	5 mins

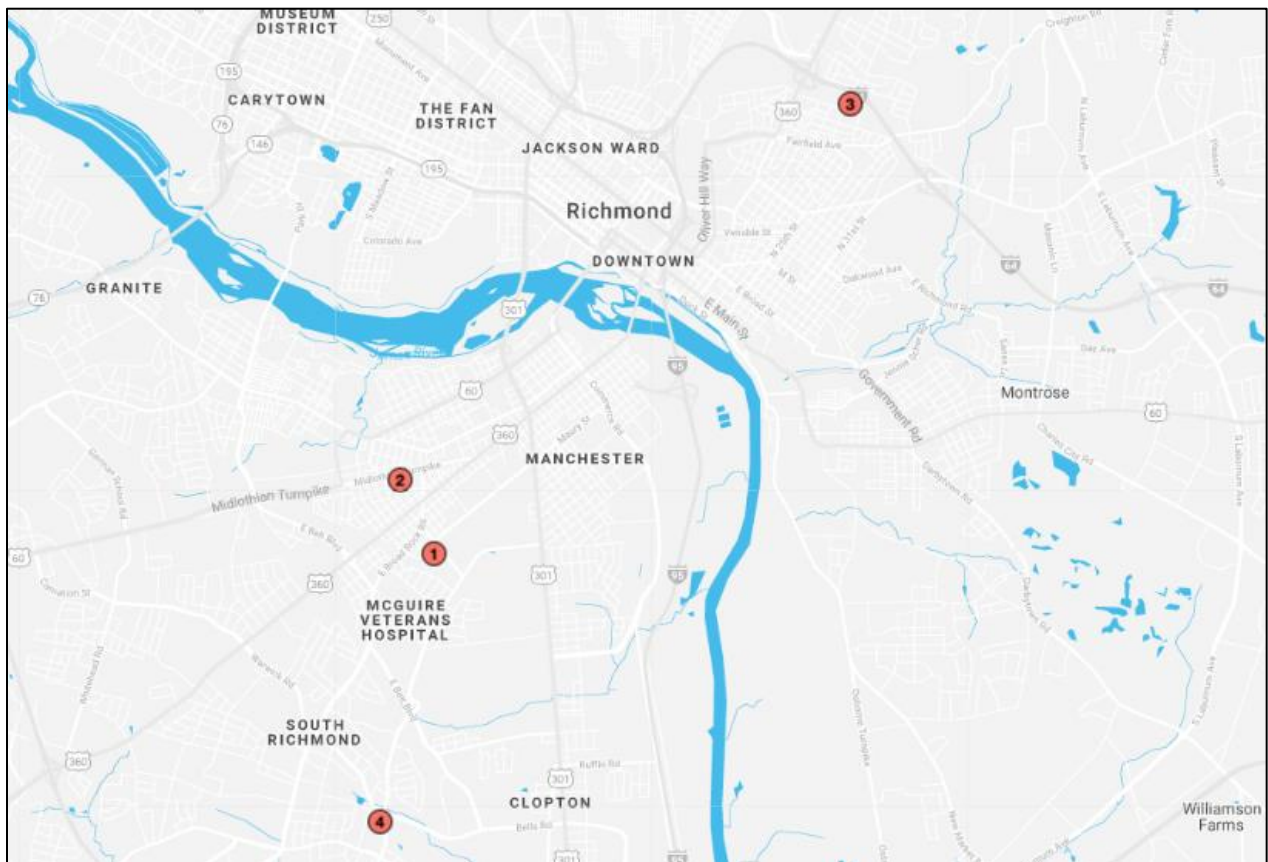
NEIGHBORHOOD AMENITIES – SOUTHGATE

Eligibility for Veterans Medical Center

If you served in the active military, naval or air service and are separated under any condition other than dishonorable, you may qualify for VA health care benefits. Current and former members of the Reserves or National Guard who were called to active duty (other than for training only) by a federal order and completed the full period for which they were called or ordered to active duty may be eligible for VA health care as well.

The Veterans Medical Center is limited to veterans. Thus, the options that are more widely available to residents within proximity to SouthGate are Chippenhaum Hospital and Hayes E. Willis Health Center.

Access to Education



Source: AreaProbe Inc, BatchGeo, GreatSchools

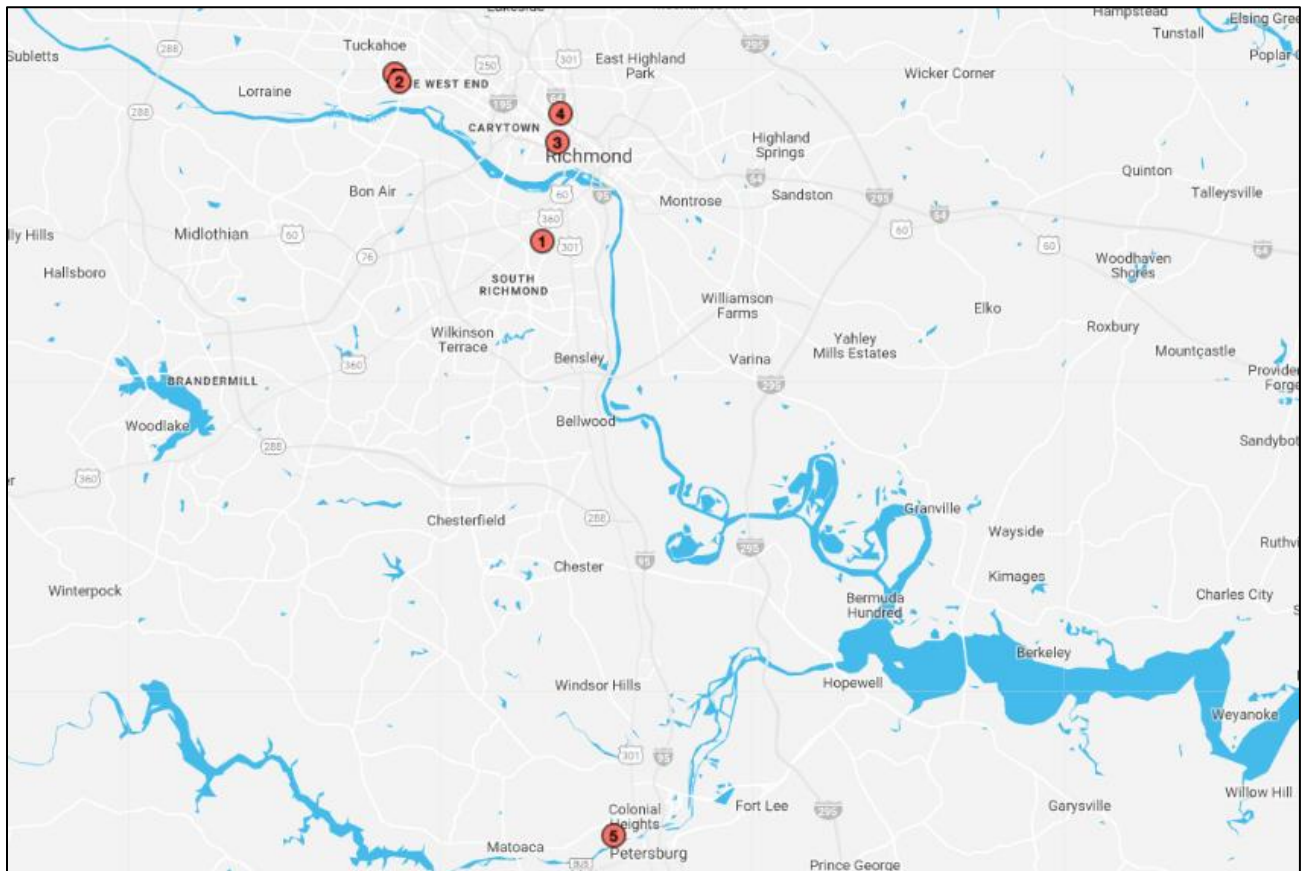
NEIGHBORHOOD AMENITIES - SOUTHGATE

Map Order Name	Address	City	State	Distance	Grades	Enrollment	Eng. Proficiency	Math Proficiency
1 Subject Property	3448 1/2 Maury Street	Richmond	VA	-	-	-	-	-
2 Swansboro Elementary	3160 Midlothian TurnPike	Richmond	VA	1.1	PK-5	256	36%	22%
3 Armstrong High School	2300 Cool Lane	Richmond	VA	6.9	9th - 12th	974	49%	34%
4 Thomas C. Boushall Middle School	3400 Hopkins Road	Richmond	VA	2.6	6th - 8th	601	42%	40%
Average							42%	32%

State Average	Alegbra I	Biology I	History
Elementary School	78%	78%	79%
Middle School	79%	76%	80%
High School	82%	83%	86%

The schools assigned to the residents of SouthGate perform at a lower proficiency percentage based than the average which indicates the students do not perform at grade level.

Access to Universities



Source: AreaProbe Inc., BatchGeo, US News

NEIGHBORHOOD AMENITIES - SOUTHGATE

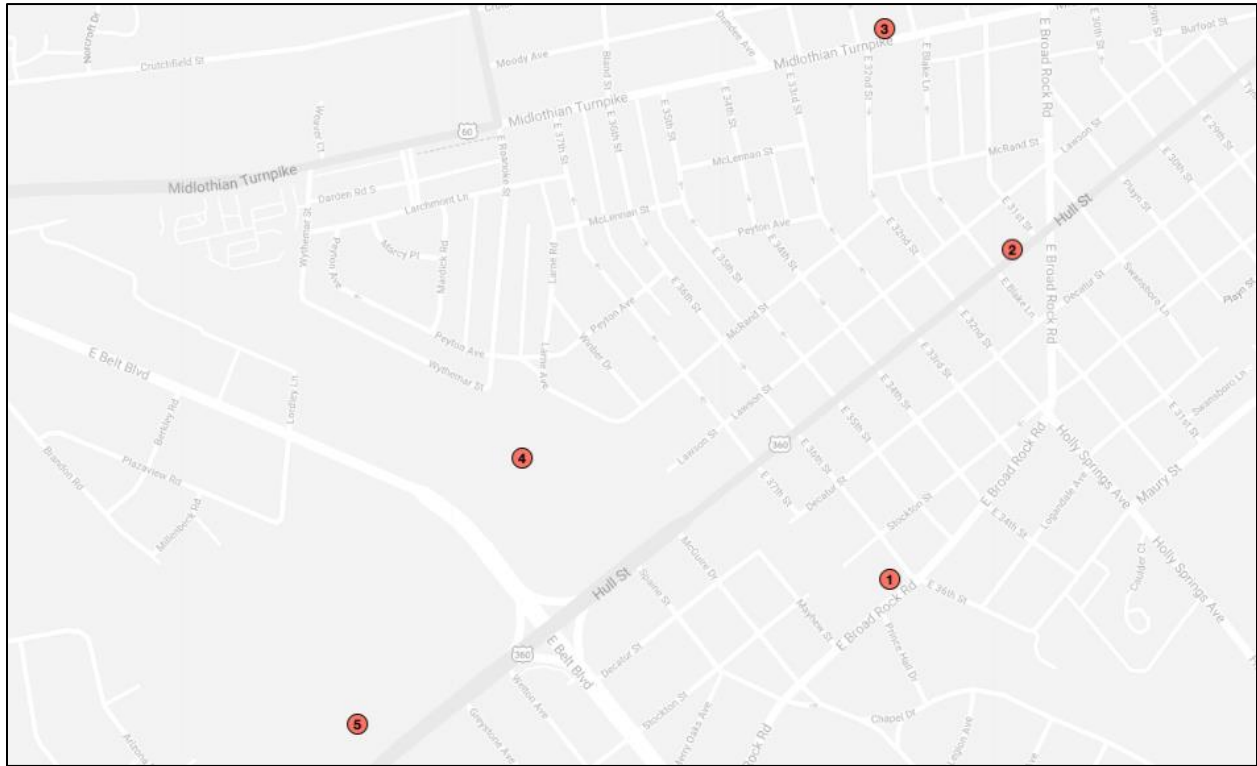
Access to Universities (continued)

Map Order	College/University	Address	City	State	Population	Distance (miles)
1	Subject	3348 1/2 Maury Street	Richmond	VA	-	-
2	University of Richmond	28 Westhampton Way	Richmond	VA	4002	11
3	VCU	907 Floyd Avenue	Richmond	VA	31,076	3.7
4	Virginia Union	1500 N Lombardy St	Richmond	VA	1,561	4.9
5	Virginia State	1 Hayden Street	Richmond	VA	4,385	25.7
6	Randolph-Macon College	114 College Avenue	Richmond	VA	1,488	11

The Subject is located within proximity (less than 15 miles) from four academic institutions. Virginia Commonwealth University is the largest of the four with 31,076 attendees.

NEIGHBORHOOD AMENITIES – SWANSBORO

Access to Grocery Stores



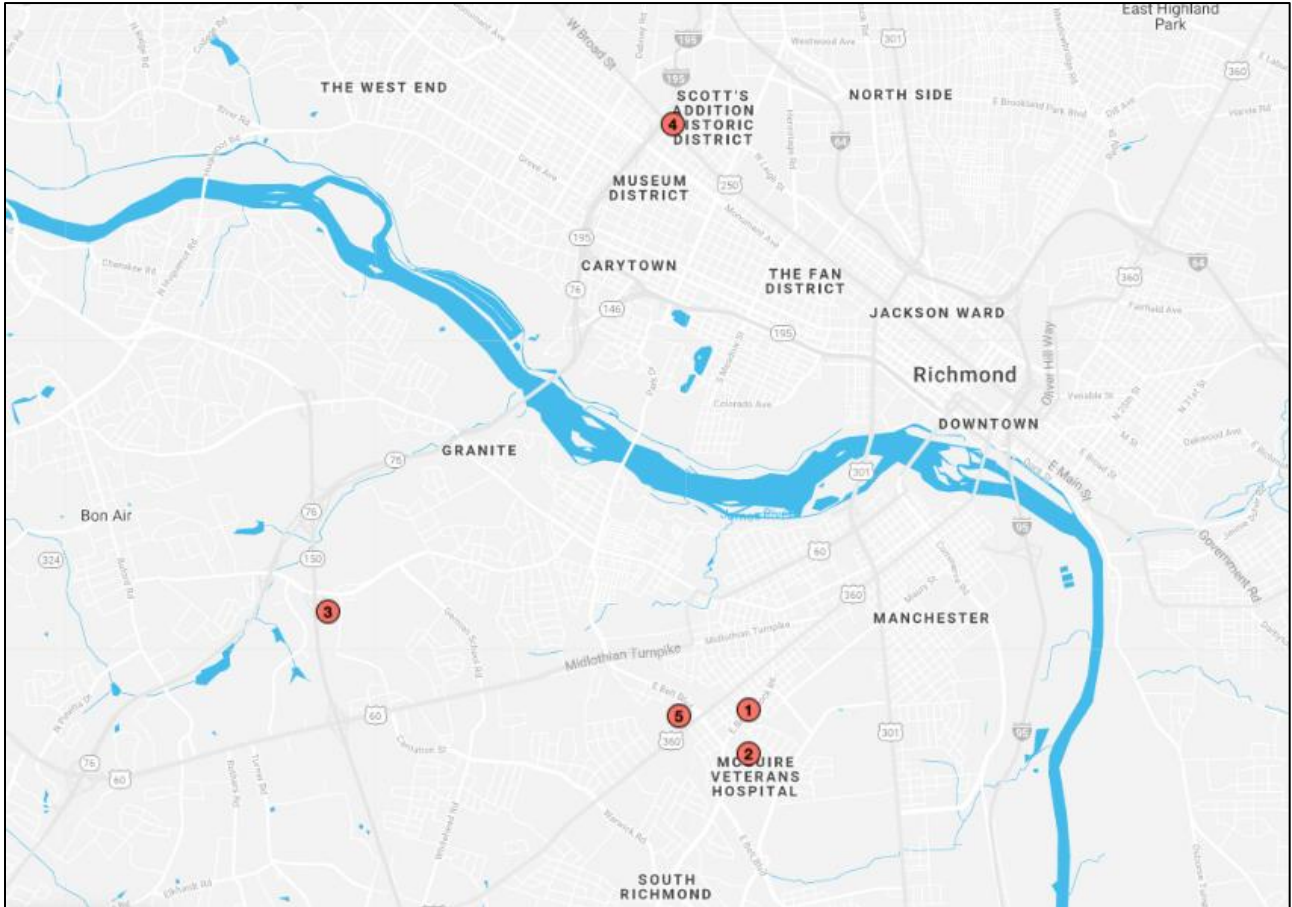
Source: AreaProbe Inc. & BatchGeo

Map Order	Name	Address	City	State	Zip	Distance	Drive Time
1	Subject Property	3601 E Broad Rock Road	Richmond	VA	23224	-	-
2	Family Value	3111 Hull Street	Richmond	VA	23224	0.5 mile	2 min
3	K Food Store	3159 Midlothian Turnpike	Richmond	VA	23224	0.9 mile	5 min
4	Save A Lot	441 E Belt Blvd Avenue	Richmond	VA	23224	0.8 mile	5 min
5	Super Fresh	640 E Southside Plaza	Richmond	VA	23224	1.0 mile	3 min

The two largest options for groceries are Save A Lot, and Super Fresh. Both can be reached within a five-minute drive.

NEIGHBORHOOD AMENITIES – SWANSBORO

Access to Hospitals

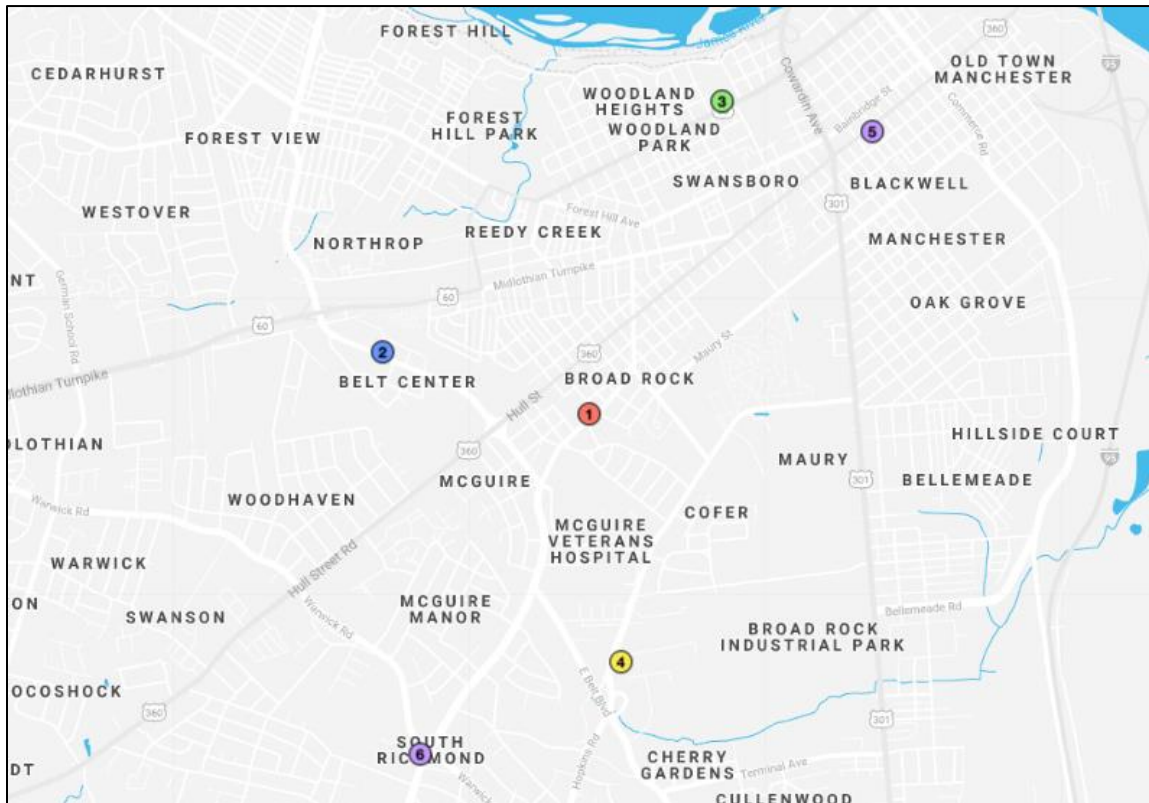


Source: AreaProbe Inc. & BatchGeo

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NEIGHBORHOOD AMENITIES – SWANSBORO

Access to Civic Services

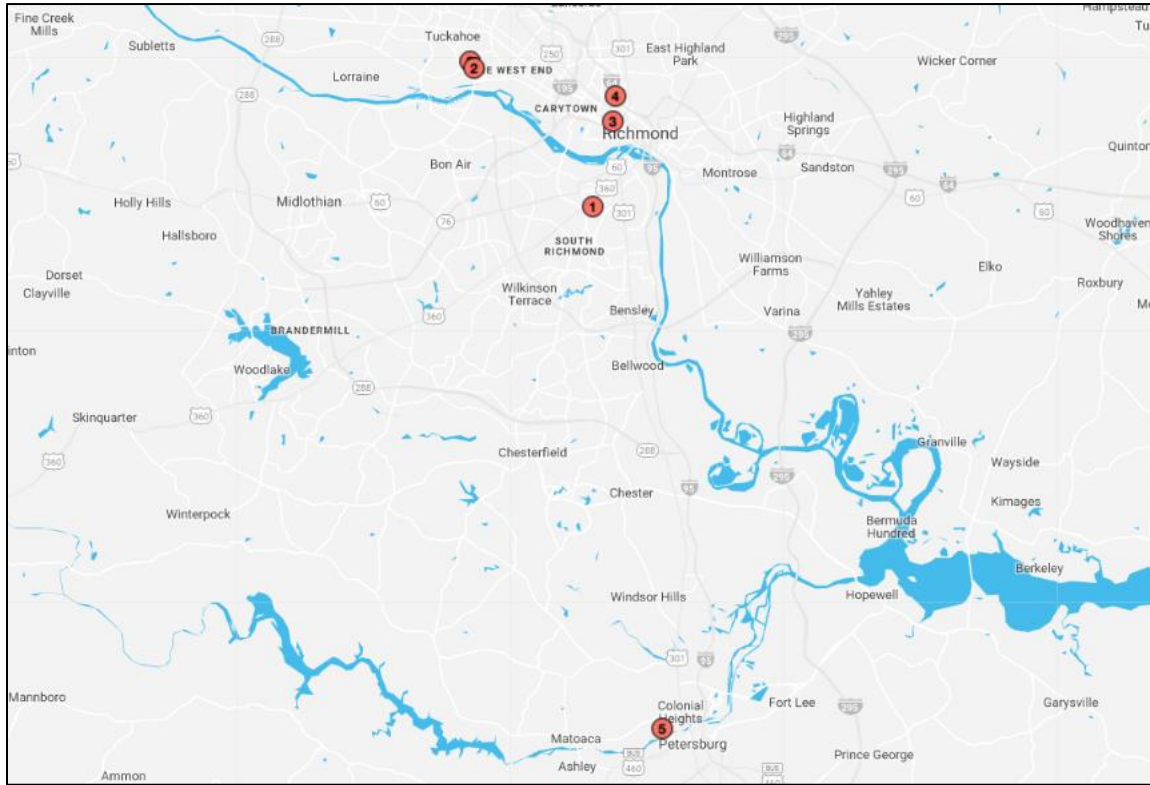


Source: AreaProbe Inc. & BatchGeo

Map Order	Type	Name	Address	City	Distance	Drive Time
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2	Police Station	Richmond Police Department 2nd Precinct	177 E Belt Blvd	Richmond	1.6 miles	5 min
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NEIGHBORHOOD AMENITIES – SWANSBORO

Access to Universities



Source: AreaProbe Inc. & BatchGeo

Map Order	College/University	Address	City	State	Total Student Population	Distance
1	Subject Property	3601 E Broad Rock Road	Richmond	VA	-	
2	University of Richmond	28 Westhampton Way	Richmond	VA	4002	9.0
3	Virginia Commonwealth University	907 Floyd Avenue	Richmond	VA	31076	4.1
4	Virginia Union University	1500 N Lombardy St	Richmond	VA	1561	5.2
5	Virginia State University	1 Hayden St	Richmond	VA	4385	10.8
6	Randolph-Macon College	114 College Ave	Richmond	VA	1488	9.0

The Subject is within proximity to Virginia Commonwealth University. The University has over 31,000 enrolled students and has been consistently growing in the Richmond market.

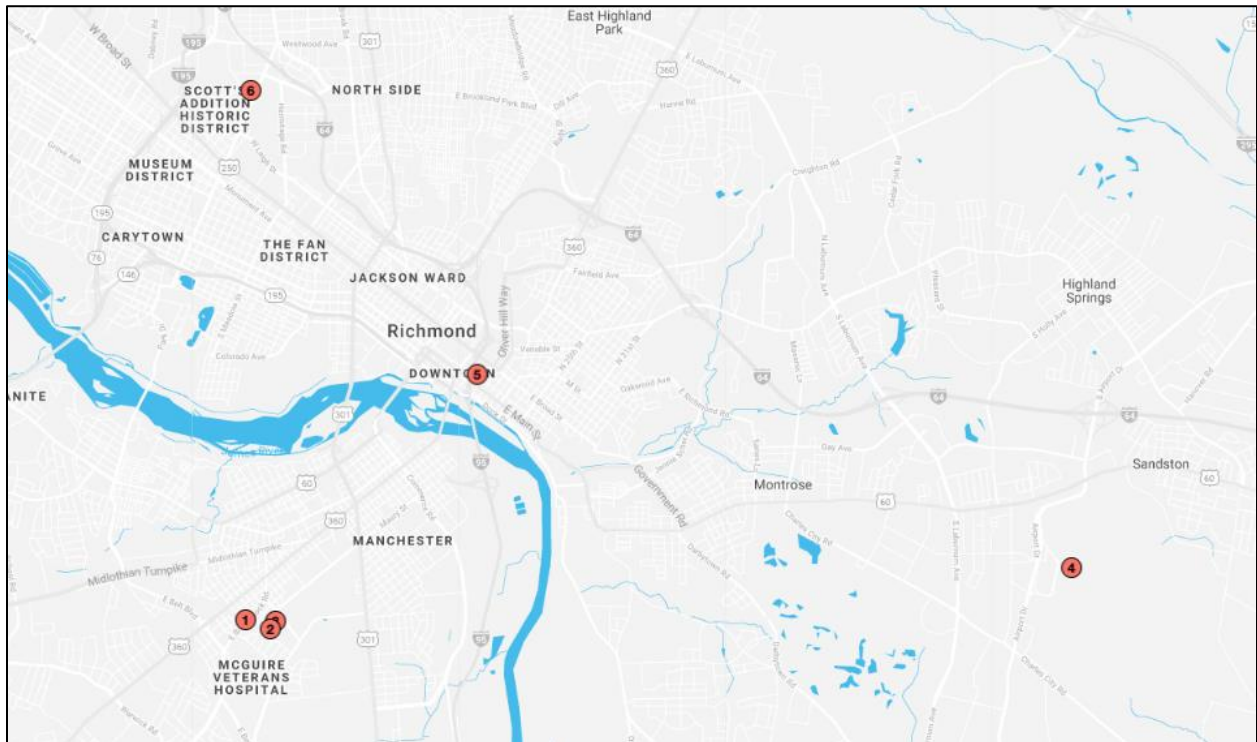
REGIONAL TRANSPORTATION

The Subject is within proximity to the Richmond International Airport, and the local Amtrak station as shown in the table below.

Richmond International Airport (RIA) services American Airlines, United Airlines, Delta, JetBlue, Southwest, Spirit, and Allegiant. In September of 2019, RIA serviced 347,267 passengers. Year-over-year, the number of passengers serviced has increased by 5.1%.

There are three Amtrak stations in the Richmond area. However, the closest train station to the Subject is the Main Street Station located at 1500 East Main Street.

Greyhound departs from the Richmond Bus Station located at 2910 N Arthur Ashe Blvd. The station is open 24 hours a day, 7 days a week.



Map Order	Name	Address	City	State	Distance	Drive Time
1	Swansboro	3601 E Broad Rock Road	Richmond	VA	-	-
2	SouthGate	3448 1/2 Maury Street	Richmond	VA	-	-
3	Holly Spring	801 Holly Spring Avenue	Richmond	VA	-	-
4	Richmond International Airport	1 Richard E. Byrd Terminal Drive	Richmond	VA	13.4	27 mins
5	Amtrak	1500 East Main Street	Richmond	VA	3.2	14 mins
6	Greyhound	2910 N Arthur Ashe Blvd	Richmond	VA	6.4	20 mins

COMMUTE PATTERN

86 percent of residents in zip code 23224 drive to work with most of these commuters (64 percent) reaching their place of work within 10-24 minutes of leaving their home.

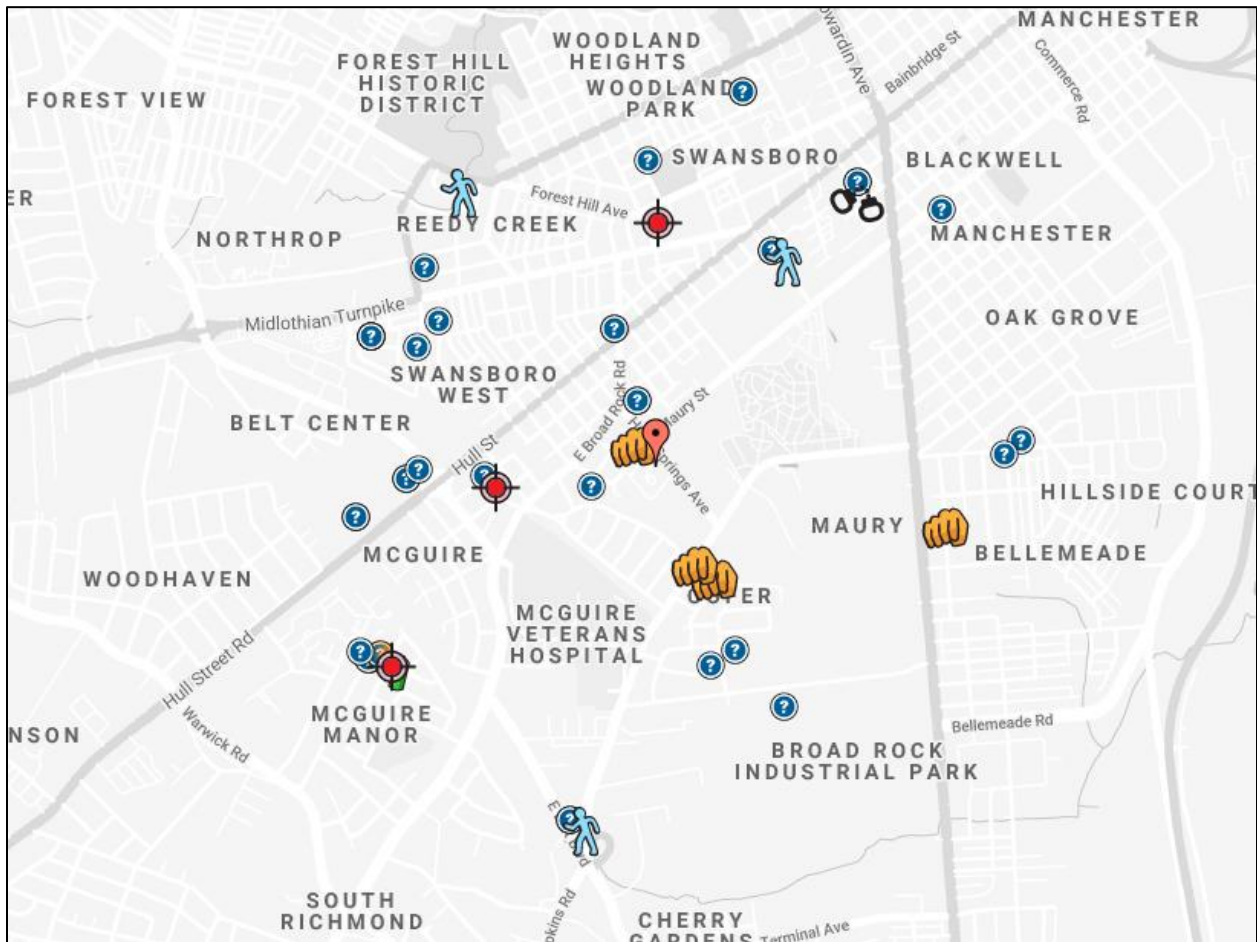
Subject	ZCTA5 23224					
	Total		Male		Female	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Workers 16 years and over	16,969	+/-885	8,232	+/-670	8,737	+/-675
MEANS OF TRANSPORTATION TO WORK						
Car, truck, or van	85.7%	+/-3.0	85.8%	+/-3.3	85.6%	+/-4.5
Drove alone	67.6%	+/-3.5	61.8%	+/-4.6	73.0%	+/-4.5
Carpooled	18.1%	+/-2.6	24.0%	+/-4.3	12.6%	+/-3.1
In 2-person carpool	12.2%	+/-2.0	13.7%	+/-2.9	10.7%	+/-2.9
In 3-person carpool	3.4%	+/-1.3	5.3%	+/-2.2	1.6%	+/-1.2
In 4-or-more person carpool	2.5%	+/-1.1	4.9%	+/-2.2	0.2%	+/-0.2
Workers per car, truck, or van	1.14	+/-0.02	1.20	+/-0.04	1.08	+/-0.02
Public transportation (excluding taxicab)	5.9%	+/-2.1	4.7%	+/-2.0	7.1%	+/-3.1
Walked	2.9%	+/-1.0	5.2%	+/-1.9	0.7%	+/-0.7
Bicycle	0.9%	+/-0.5	1.5%	+/-1.0	0.3%	+/-0.3
Taxicab, motorcycle, or other means	2.2%	+/-0.9	1.9%	+/-1.4	2.4%	+/-1.3
Worked at home	2.5%	+/-1.1	0.9%	+/-0.6	3.9%	+/-2.0
PLACE OF WORK						
Worked in state of residence	99.2%	+/-0.7	98.6%	+/-1.4	99.7%	+/-0.4
Worked in county of residence	53.5%	+/-3.4	51.0%	+/-4.9	55.9%	+/-4.4
Worked outside county of residence	45.7%	+/-3.3	47.6%	+/-4.7	43.9%	+/-4.4
Worked outside state of residence	0.8%	+/-0.7	1.4%	+/-1.4	0.3%	+/-0.4
Living in a place	91.4%	+/-1.8	92.7%	+/-2.0	90.1%	+/-2.6
Worked in place of residence	49.2%	+/-3.5	48.3%	+/-4.9	50.1%	+/-4.6
Worked outside place of residence	42.1%	+/-3.4	44.4%	+/-4.7	40.0%	+/-4.2
Not living in a place	8.6%	+/-1.8	7.3%	+/-2.0	9.9%	+/-2.6
Living in 12 selected states	0.0%	+/-0.2	0.0%	+/-0.4	0.0%	+/-0.4
Worked in minor civil division of residence	0.0%	+/-0.2	0.0%	+/-0.4	0.0%	+/-0.4
Worked outside minor civil division of residence	0.0%	+/-0.2	0.0%	+/-0.4	0.0%	+/-0.4
Not living in 12 selected states	100.0%	+/-0.2	100.0%	+/-0.4	100.0%	+/-0.4
Workers 16 years and over who did not work at home	16,552	+/-834	8,158	+/-672	8,394	+/-628
TIME LEAVING HOME TO GO TO WORK						
12:00 a.m. to 4:59 a.m.	3.6%	+/-1.3	4.4%	+/-1.8	2.8%	+/-1.6
5:00 a.m. to 5:29 a.m.	5.1%	+/-1.3	7.0%	+/-2.1	3.3%	+/-1.6
5:30 a.m. to 5:59 a.m.	5.3%	+/-1.7	6.5%	+/-2.8	4.1%	+/-2.0
6:00 a.m. to 6:29 a.m.	10.9%	+/-2.4	14.5%	+/-3.5	7.5%	+/-2.8
6:30 a.m. to 6:59 a.m.	10.5%	+/-2.2	7.7%	+/-2.0	13.1%	+/-3.9
7:00 a.m. to 7:29 a.m.	12.0%	+/-2.0	13.3%	+/-3.1	10.7%	+/-2.7
7:30 a.m. to 7:59 a.m.	8.1%	+/-1.7	6.4%	+/-2.3	9.8%	+/-2.7
8:00 a.m. to 8:29 a.m.	9.3%	+/-2.0	8.9%	+/-2.7	9.8%	+/-2.5
8:30 a.m. to 8:59 a.m.	5.6%	+/-1.4	3.5%	+/-1.2	7.6%	+/-2.4
9:00 a.m. to 11:59 p.m.	29.6%	+/-2.8	27.8%	+/-4.1	31.3%	+/-3.6
TRAVEL TIME TO WORK						
Less than 10 minutes	8.2%	+/-2.1	9.0%	+/-3.2	7.4%	+/-2.3
10 to 14 minutes	10.9%	+/-2.0	9.6%	+/-2.8	12.2%	+/-2.8
15 to 19 minutes	17.6%	+/-2.5	16.9%	+/-3.4	18.2%	+/-3.4
20 to 24 minutes	23.9%	+/-2.9	21.9%	+/-3.2	25.9%	+/-4.4
25 to 29 minutes	6.8%	+/-1.8	6.5%	+/-2.4	7.1%	+/-2.3
30 to 34 minutes	20.2%	+/-2.4	23.3%	+/-3.1	17.2%	+/-3.1
35 to 44 minutes	3.7%	+/-1.2	4.5%	+/-2.0	3.0%	+/-1.4
45 to 59 minutes	2.0%	+/-0.8	1.6%	+/-0.8	2.4%	+/-1.3
60 or more minutes	6.6%	+/-2.0	6.6%	+/-2.5	6.7%	+/-3.0
Mean travel time to work (minutes)	24.8	+/-1.4	25.4	+/-1.9	24.1	+/-2.1
VEHICLES AVAILABLE						
Workers 16 years and over in households	16,924	+/-881	8,201	+/-671	8,723	+/-673
No vehicle available	7.1%	+/-1.5	7.6%	+/-2.2	6.7%	+/-2.0
1 vehicle available	39.8%	+/-3.7	36.7%	+/-4.8	42.8%	+/-4.9
2 vehicles available	33.5%	+/-3.4	35.1%	+/-4.9	31.9%	+/-3.9
3 or more vehicles available	19.6%	+/-3.3	20.5%	+/-3.9	18.7%	+/-3.8
PERCENT ALLOCATED						
Means of transportation to work	15.9%	(X)	(X)	(X)	(X)	(X)
Private vehicle occupancy	18.6%	(X)	(X)	(X)	(X)	(X)
Place of work	20.1%	(X)	(X)	(X)	(X)	(X)
Time leaving home to go to work	24.1%	(X)	(X)	(X)	(X)	(X)
Travel time to work	24.2%	(X)	(X)	(X)	(X)	(X)
Vehicles available	1.2%	(X)	(X)	(X)	(X)	(X)



CRIME STATISTICS

CRIME STATISTICS

Each point on the map below exemplifies a reported incident. Crime near the Subject property over the course of the past month consists of three shootings, two robberies, one arrests, and four reported assaults.



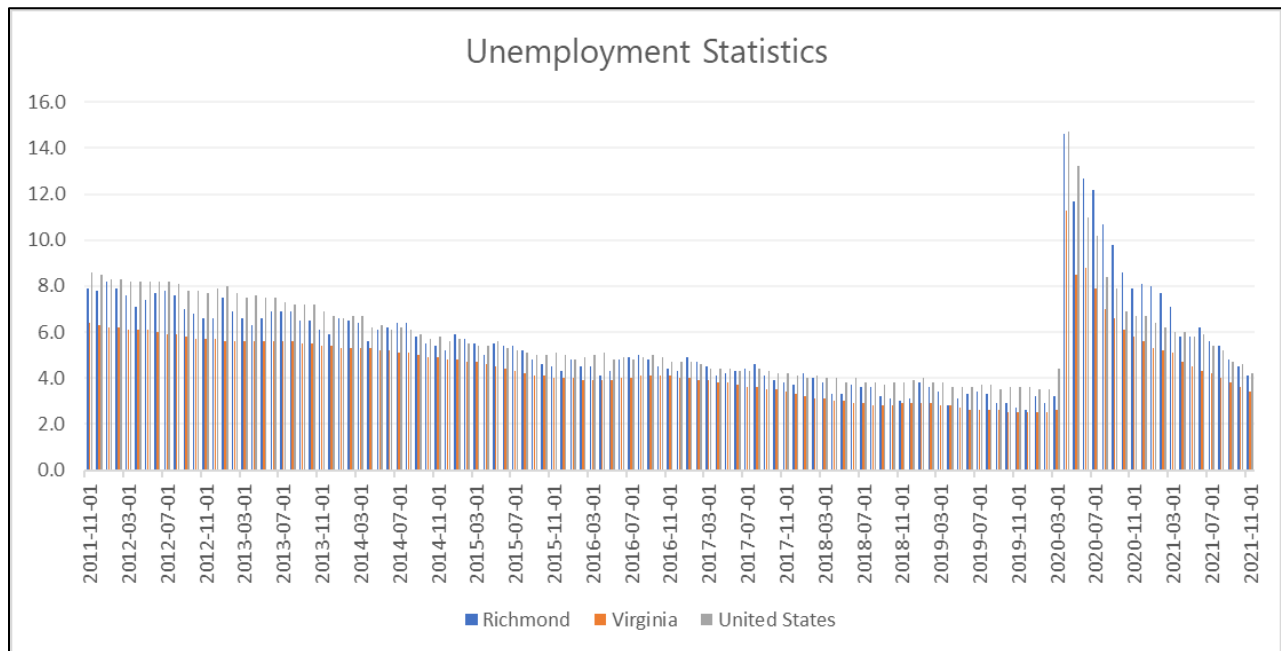
Source: SpotCrime



ECONOMIC ENVIRONMENT

EMPLOYMENT STATISTICS

According to the Bureau of Labor Statistics current population survey (CPS), the unemployment rate for Richmond fell 0.4 percentage points in November 2021 to 4.1% from 4.5% in October. The City of Richmond unemployment rate was 0.1 percentage points lower than the national average in November (4.1% v. 4.2%), and 70 basis points higher than the state average (4.1% v. 3.4%). The unemployment rate in Richmond peaked in April of 2020 at 14.6% due to the COVID 19 pandemic; comparatively the state unemployment rate rose to 11.3% during the same period.



Source: U.S. Bureau of Labor Statistics

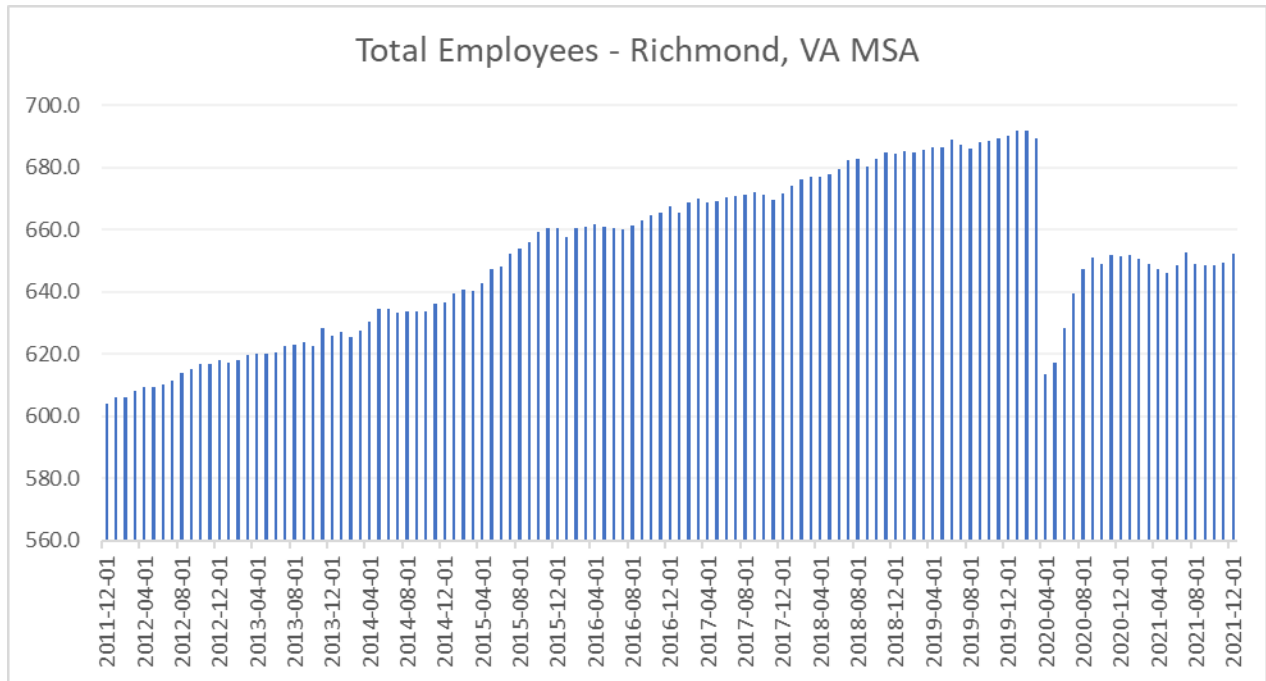
Based on the data above, Virginia has generally performed better than the national average. Virginia and the City of Richmond have been in lockstep with one another as unemployment rates have precipitously declined, and the economic environment continues to improve.

Unemployment Rate	November 1 2021	Month-Over-Month	Year-Over-Year
United States	4.2%	-0.04	-0.025
Virginia	3.4%	-0.02	-0.024
Richmond	4.1%	-0.04	-0.038

Source: U.S. Bureau of Labor Statistics

EMPLOYMENT STATISTICS

The number of people unemployed peaked in April of 2020 due to the COVID-19 pandemic, but the economic environment has bounded back to 2014 levels; we have observed tremendous employment growth since peak pandemic levels, the MSA has added 38,900 jobs since April of 2020. Year-Over-Year, the Richmond MSA has added 1,000 new jobs.



Source: U.S. Bureau of Labor Statistics

The Census ACS 1-year survey reports that the median household income for the Richmond Virginia metro area was \$67,633 in 2017, the latest figures available. Richmond median household income is \$3,902 lower than the median Virginia household income and \$7,297 greater than the US median household income. The real median family income for Richmond is shown below.

EMPLOYMENT STATISTICS

Historical Inflation Adjusted Median Family Income for Richmond

Date	US	Virginia	Richmond
2017	\$73,891	\$86,279	\$84,197
2016	\$72,591	\$85,098	\$83,027
2015	\$70,627	\$83,191	\$81,713
2014	\$68,313	\$81,144	\$79,069
2013	\$67,488	\$79,603	\$74,307
2012	\$66,880	\$79,671	\$75,423
2011	\$67,126	\$81,375	\$76,528
2010	\$68,289	\$81,660	\$78,291
2009	\$69,958	\$81,626	\$78,404
2008	\$72,321	\$83,536	\$83,524
2007	\$72,500	\$84,021	\$81,993
2006	\$71,330	\$81,519	\$80,139

Source: U.S. Bureau of Labor Statistics

In the Richmond Virginia region, the largest employer by far is Capital One Financial Corp., which employs 13,000 people. Capital One is a leading financial services company headquartered in McLean, VA. Although Capital One is the largest employer, Richmond has a diverse representation of various industry sectors. In the table below, the ten largest employers in the Richmond Virginia MSA are captured.

Rank	Company Name	Line of Business	Employees
1	Capital One Financial Corp.	Financial services, call center	13,000
2	Virginia Cmnrwth. Univ. Health Syst	Health care	9,313
3	HCA Virginia Health System	Health care	7,628
4	Bon Secours Richmond	Health care	7,136
5	Dominion Virginia Power	Energy	5,433
6	SunTrust Banks Inc.	Banking	3,810
7	Altria Group Inc.	Cigarettes and wine	3,800
7	Amazon.com	Online retail	3,800
9	Wells Fargo	Banking	2,902
10	Anthem Blue Cross and Blue Shield	Health Insurance	2,655

Source: Greater Richmond Partnership

EMPLOYMENT STATISTICS

According to the U.S. Bureau of Labor Statistics, the following sectors have the most employed persons:

- Trade, Transportation and Utilities
- Professional and Business Services
- Government
- Education and Health Services

All of the aforementioned sectors have grown year over year although modest with the exception Trade, Transportation and Utilities which experienced a 1.1% decrease. See the chart below for additional data.

Occupation	Richmond area	United States
Total, all occupations	\$24.68	\$24.98
Financial examiners	45.75	43.42
Management analysts	39.53	45.38
Accountants and auditors	38.32	37.89
Logisticians	36.96	37.85
Registered nurses	34.24	36.30
Real estate sales agents	29.46	29.67
Substance abuse, behavioral disorder, and mental health counselors	22.85	23.04
Private detectives and investigators	21.59	27.31
Loan interviewers and clerks	21.39	19.86
Construction laborers	14.24	19.40
Retail salespersons	13.00	13.61
Cooks, fast food	9.19	10.89

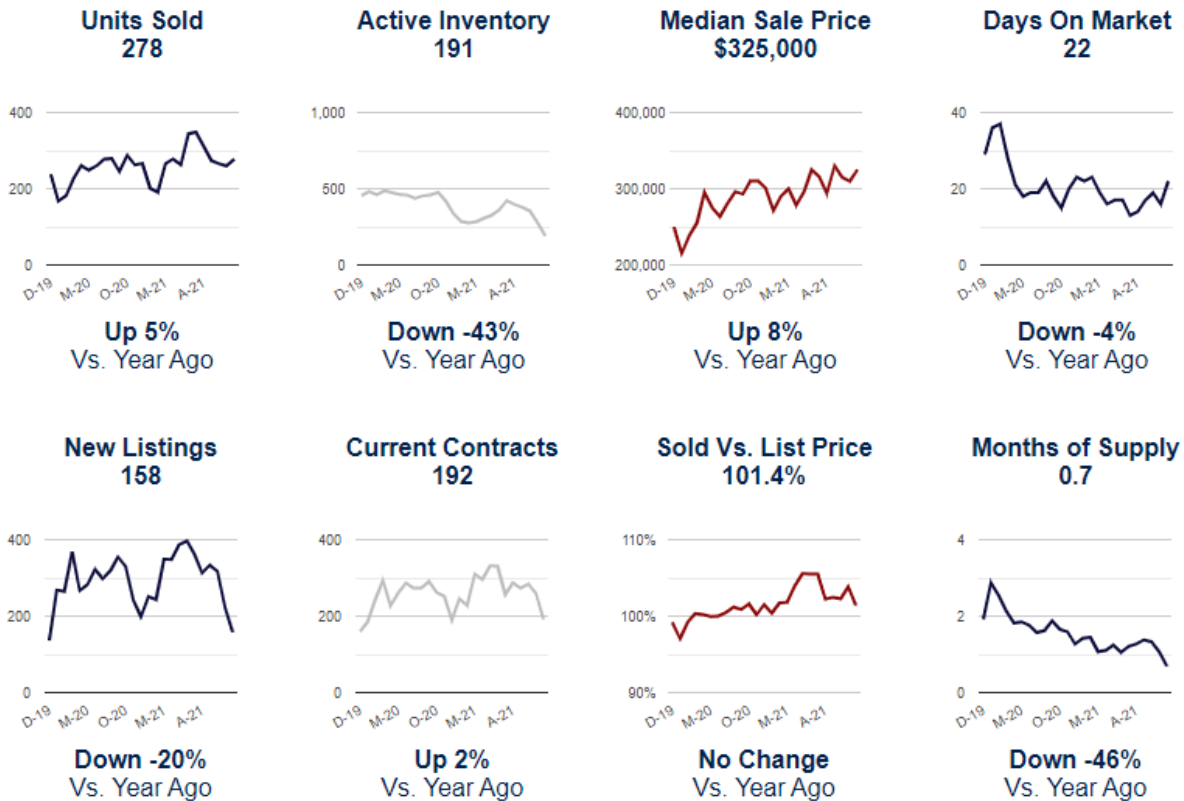
Source: U.S. Bureau of Labor Statistics

After analyzing the average hourly wages for selected occupations for Richmond MSA, it is evident that wages are very closely aligned with the National average. As the graphic below suggest, the higher paying occupations are within the professional services, education and health services sectors.

FOR SALE HOMES

Focus On: Richmond City Housing Market

December 2021



Source: Long & Foster Market Minute

The median housing sales price has increased year-over-year by 8 percent, the number of days on the market has decreased, and sold v. list price has increased. These are all factors of a sellers' market. The market is performing well with regards to the for-sale homes; given our intimate knowledge of the market, this has been the trend for the past 2-3 years. Given the low interest rate environment, we expect the trends to continue. May through August of each year seem to be the best months for selling houses, which is like most urban markets in the United States.

BUILDING PERMITS

The section below reflects the number of building permits filed in the City of Richmond over the past five years. We do not see any significant concerns with the overall market environment based on the statistics shown. Real estate development continues to thrive in the marketplace even through tough market conditions with the pandemic still very present in our daily lives.

HUD BUILDING PERMITS FILED					
	2017	2018	2019	2020	2021
Total Units	1,301	563	1,240	892	1,009
Units in Single-Family Structures	326	273	353	294	444
Units in All Multi-Family Structures	975	290	887	598	565
Units in 2-unit Multi-Family Structures	2	20	0	4	2
Units in 3- and 4-unit Multi-Family Structure	10	0	15	0	0
Units in 5+ Unit Multi-Family Structures	963	270	872	594	563

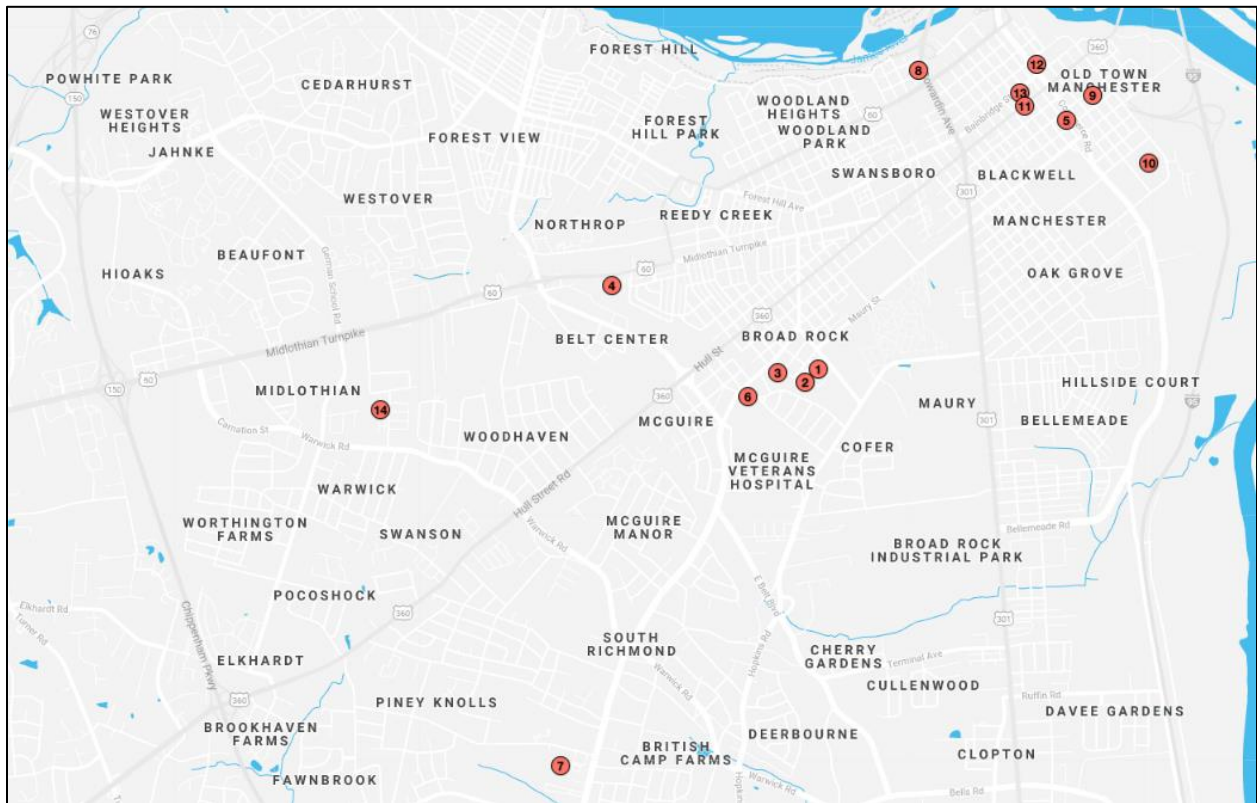


COMPETITIVE ENVIRONMENT

COMPETITIVE ENVIRONMENT

This section presents information to further assess the characteristic of the PMA. AreaProbe identified properties that were within the surrounding area based on our proprietary database of LIHTC and Section 8 properties. We also conducted in-person interviews with local property managers, residents, and local retail business operators. The in-person interviews took place on October 21, 2021. We engaged in conversations with property managers of market rate and affordable housing communities. The map below shows the locations of the properties surveyed.

Map of Competing LIHTC Properties



Source: BatchGeo, AreaProbe

Market Observations

LIHTC Vacancy Rate: 1 Percent
Number of Units Examined: 1,116
Average LIHTC 1 Bedroom Rents: \$797
Average LIHTC 2 Bedroom Rents: \$914
Average LIHTC 3 Bedroom Rents: \$1,042

COMPETITIVE ENVIRONMENT – AFFORDABLE HOUSING

Properties Examined

The rental market for affordable housing developers in this area is attractive. Vacancy rates are low (1%) as shown in the table below. Property occupancy on average is approximately 99 percent which reflects a very healthy market environment for the proposed project.

Map Order	Property Name	Address	City	Zip	Total Units	Building Occupancy Rate
1	Subject Property - Holly Spring	3416 Maury Street	Richmond	23224	121	-
2	Subject Property - SouthGate	3448 1/2 Maury Street	Richmond	23224	112	-
3	Subject Property - Swansboro	3600 E Broad Rock Road	Richmond	23224	62	-
4	Midlothian Village	4032 Midlothian Tpke	Richmond	23224	216	97%
5	Townes At River South I & II	214 E 9th St	Richmond	23224	62	100%
6	Mcguire Park	3807 Mcguire Dr	Richmond	23224	80	98%
7	Tuscany Townhomes	3124 Snead Ct	Richmond	23224	132	98%
8	Belle Summit	600 Cowardin Avenue	Richmond	23224	50	100%
9	Miller Lofts	500 Stockton St	Richmond	23224	197	100%
10	New Manchester Flats Ix	740 E Sixth St	Richmond	23224	41	100%
11	Old Manchester Plaza	1024 Hull St	Richmond	23224	46	100%
12	Hatcher Tobacco Flats	151 West Commerce Road	Richmond	23224	152	100%
13	City View Place	1000 Bainbridge St	Richmond	23224	32	99%
14	Forestbrooke & Foxwood	5600 Charlevoix Ct	Richmond	23224	158	100%
					1166	99%

**Note: Forestbrooke is a section-8 property. Rents are set at 30 percent of tenants' income.
Source: AreaProbe Inc.

Map Order	Property Name	Distance (Miles)	Target Audience	Waitlist	Quality	Voucher
1	Subject Property - Holly Spring	-	Up to 60% AMI	-	C	Yes
2	Subject Property - SouthGate	-	Up to 60% AMI	-	C	Yes
3	Subject Property - Swansboro	-	Up to 60% AMI	-	C	Yes
4	Midlothian Village	1.7	Up to 60% AMI	No	C	Yes
5	Townes At River South I & II	1.9	Up to 60% AMI	Yes	C	Yes
6	Mcguire Park	0.7	Up to 60% AMI	Yes	C	Yes
7	Tuscany Townhomes	2.8	Up to 60% AMI	Yes	B	Yes
8	Belle Summit	2.3	Up to 60% AMI	Yes	A-	Yes
9	Miller Lofts	2.0	Up to 60% AMI	Yes	A-	Yes
10	New Manchester Flats Ix	2.5	Up to 60% AMI	Yes	B	N/A
11	Old Manchester Plaza	1.8	Up to 60% AMI	Yes	B	Yes
12	Hatcher Tobacco Flats	2.1	Up to 60% AMI	Yes	A-	Yes
13	City View Place	1.8	Up to 60% AMI	Yes	A-	Yes
14	Forestbrooke & Foxwood	3.0	Section 8	Yes	C	Yes

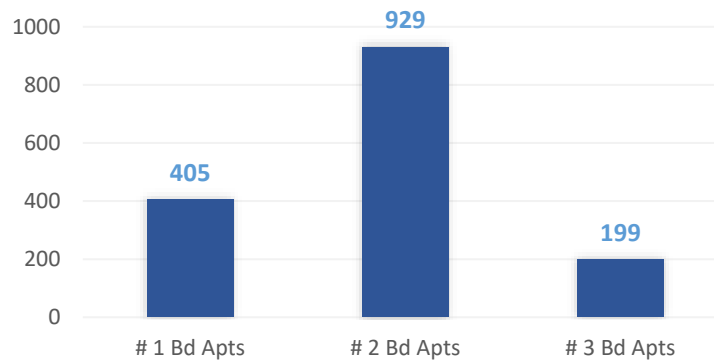
Source: AreaProbe Inc.

COMPETITIVE ENVIRONMENT – AFFORDABLE HOUSING

Map Order	Property Name	# Studio	# 1 Bd Apts	# 2 Bd Apts	# 3 Bd Apts
1	Subject Property - Holly Spring	-	-	121	-
2	Subject Property - SouthGate	-	16	80	16
3	Subject Property - Swansboro	-	-	62	-
4	Midlothian Village	-	120	120	96
5	Townes At River South I & II	-	33	117	11
6	Mcguire Park	-	48	32	-
7	Tuscany Townhomes	-	-	132	-
8	Belle Summit	-	10	30	10
9	Miller Lofts	-	10	26	14
10	New Manchester Flats Ix	-	-	41	-
11	Old Manchester Plaza	-	46	-	-
12	Hatcher Tobacco Flats	-	32	92	28
13	City View Place	-	-	32	-
14	Forestbrooke & Foxwood	-	90	44	24
	Total	0	405	929	199

Source: AreaProbe Inc.

LIHTC BEDROOM DISTRIBUTION



Note: Based on the properties examined (excludes Subject)

COMPETITIVE ENVIRONMENT – AFFORDABLE HOUSING

Map Order	Property Name	Included in Rent										
		Electricity	Water	Trash	Sewer	Cable	Internet	Dishwasher	Microwave	In-Unit W/D	Central A/C	Oven
1	Subject Property - Holly Spring	X	X	X				X		X		X
2	Subject Property - SouthGate	X	X	X				X		X		X
3	Subject Property - Swansboro	X	X	X				X		X		X
4	Midlothian Village			X	X			X			X	X
5	Townes At River South I & II		X	X	X			X			X	X
6	Mcguire Park							X			X	X
7	Tuscany Townhomes							X		X	X	X
8	Belle Summit			X	X			X	X	X	X	X
9	Miller Lofts			X	X			X	X	X	X	X
10	New Manchester Flats IX			X	X	X		X	X	X	X	X
11	Old Manchester Plaza		X	X	X			X			X	X
12	Hatcher Tobacco Flats		X	X	X		X	X	X	X	X	X

Note: The Subject Property offers complimentary Internet and Cable for certain units

Map Order	Property Name	Property Amenities									
		Club House	Fitness Center	Pool	Playground	Tennis/Volley Ball Court	Basketball Court	Gated	Storage Space	BBQ Grilling Area	Business Center
1	Subject Property - Holly Spring								X		X
2	Subject Property - SouthGate								X		X
3	Subject Property - Swansboro								X		X
4	Midlothian Village										X
5	Townes At River South I & II				X			X			X
6	Mcguire Park										X
7	Tuscany Townhomes			X	X				X		X
8	Belle Summit	X	X							X	X
9	Miller Lofts	X	X					X	X	X	X
10	New Manchester Flats IX	X	X	X		X		X		X	X
11	Old Manchester Plaza										X
12	Hatcher Tobacco Flats	X	X					X	X		X

COMPETITIVE ENVIRONMENT – AFFORDABLE HOUSING

We believe the newer buildings located in Old Town Manchester are comps to the Subject after the renovations are completed. Old Town Manchester is closer to Downtown Richmond than the Subject property; residents living in Old Town Manchester can easily cross the Mayo bridge into the CBD via vehicle to access the amenities of the City or to travel to work. The apartment buildings that are closer to the Subject (Midlothian Village and McGuire Park) are priced similarly to the Subject with respect to price per square foot.

True LIHTC Comparables

Although, we have identified (11) LIHTC comparables for this study; we have narrowed our list of comps to the eight properties which are shown table below. City View Place Apartments is a mixed-income property; however the representative was able to quote the LIHTC rents during the interview.

Map Order	Property Name	Yr Built	1 BD Rent	1 BD SF	1 BD PSF	2 BD Rent	2 BD SF	2 BD PSF	3 BD Rent	3 BD SF	3 BD PSF
1	Subject Property - SouthGate	1975	\$ 749	687	\$ 1.09	\$ 890	740	\$ 1.20	\$ 1,255	965	\$ 1.30
2	Subject Property - Swansboro	1963	-	-	-	\$ 950	760	\$ 1.25	-	-	-
3	The Belt Atlantic	1977	-	-	-	\$ 830	857	\$ 0.97	\$ 1,150	1046	\$ 1.10
4	Townes at River South I & II	1920	-	-	-	\$ 923	985	\$ 0.94	\$ 1,062	1201	\$ 0.88
5	Tuscany Townhomes	1971/2014	-	-	-	\$ 1,000	1250	\$ 0.80	-	-	-
6	Belle Summit	2015	\$ 773	556	\$ 1.39	\$ 908	899	\$ 1.01	\$ 1,037	1106	\$ 0.94
7	Miller Lofts	2015	\$ 882	652	\$ 1.35	\$ 1,037	980	\$ 1.06	\$ 1,062	980	\$ 1.08
8	Hatcher Tobacco Flats	2015	\$ 737	-	-	\$ 876	965	\$ 0.91	\$ 1,001	1084	\$ 0.92
9	City View Place	2012	-	-	-	\$ 824	927	\$ 0.89	\$ 938	1207	\$ 0.78
	Total/Average		\$ 797	604	1.37	\$ 914	980	\$ 0.94	\$ 1,042	1104	\$ 0.95

Source: AreaProbe Inc.

COMPETITIVE ENVIRONMENT

Structure LIHTC Properties

The market rate buildings examined ranged from 4 to 10 stories in height while the LIHTC properties were 2 to 4 stories tall.

Size of Surveyed Communities

The 15 surveyed communities ranged from 32 units to 754 units in size. The largest property surveyed was a market rate site called The River Lofts at Tobacco Row, and the smallest was a LIHTC/mixed-income property known as City View Place. The average LIHTC community was 106 units, while the market rate properties had an average size of 334 units.

Vacancy Rates

Out of the 11 LIHTC properties surveyed, the average reported vacancy rate was 1 percent which is below the industry standard of 5 percent. As shown in the table above, the market rate projects experienced a higher vacancy rate; the four properties examined had an average occupancy rate of 94 percent (500bps lower than LIHTC sites). The River Lofts at Tobacco Row, the oldest and largest property in the sample group had an occupancy rate of 90 percent which lessened the average occupancy rate for this segment. Without River Lofts at Tobacco, the average market rate occupancy rate would be 96 percent.

Rent Concessions

Of the communities we interviewed, the only property that offered a rent concession was the River's Edge at Manchester; a relatively new community that began leasing in August of 2018. The property is offering a \$500 look and lease offer for tenants that apply within 48 hours of viewing the property.

Absorption History

River's Edge at Manchester is a 225-unit market rate apartment reached stabilization within 14 months of being delivered based on conversations with the property management team which equates to an average absorption rate of 16-units per month. Based on interviews conducted with LIHTC property managers we estimate the Subject will absorb roughly 12 units per month. During a phone conversation with Shar, the leasing representative at Village South, we learned the property currently leases between 10-20 units per month. Neighboring properties such as City View Place and Midlothian Village lease between 8 – 10 units monthly; these are existing properties within proximity to the Subject.

Unit Distribution

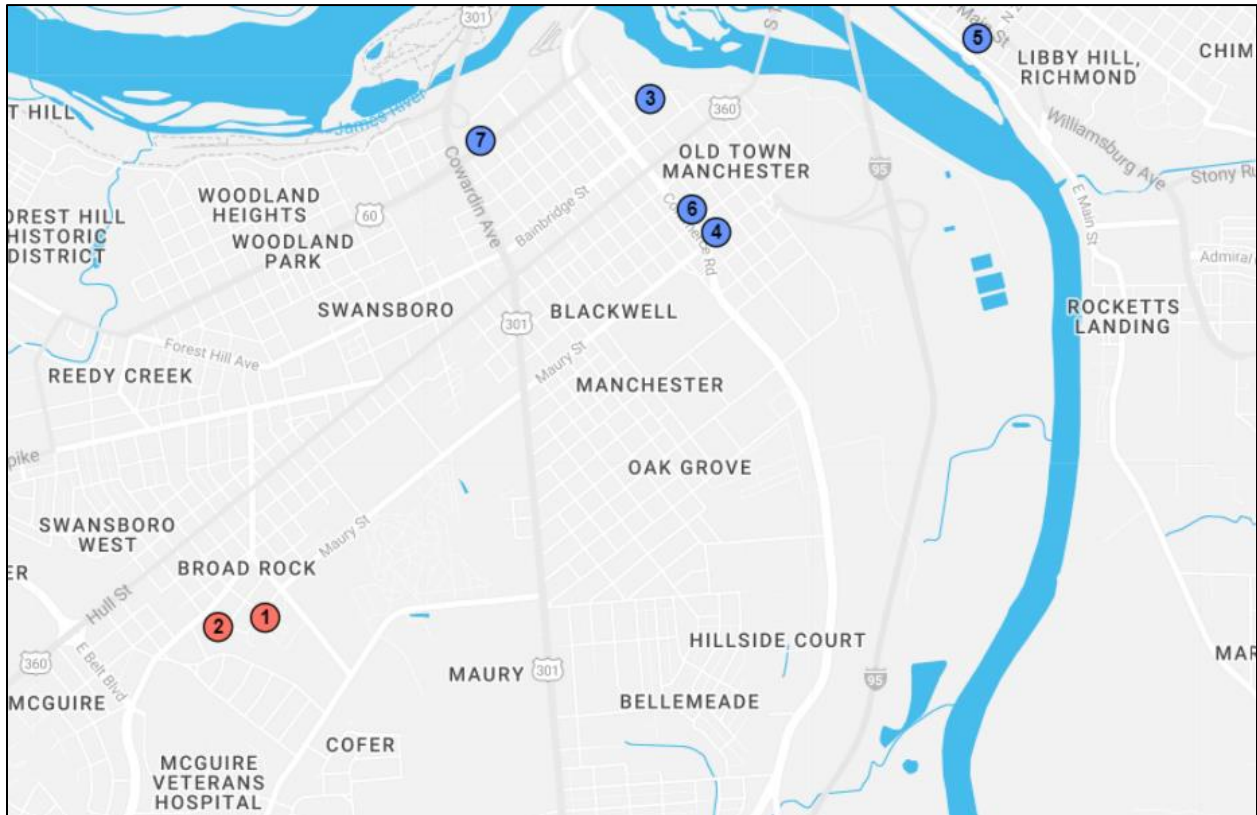
Out of the 2,876 units surveyed, 1,533 units (53 percent) were tax credit properties, or properties receiving subsidies. 88 percent of the affordable housing properties offered 2-bedroom apartments. 55 percent offered 1-bedroom units, and 45 percent offered 3-bedroom apartments.

Utility Costs

The core utilities covered based on our analysis are trash, sewer and water. Many of the properties examined offered dishwashers for tenants as part of their lease package. Most of the communities offer electric heat.

COMPETITIVE ENVIRONMENT – MARKET RATE HOUSING

Below is a summary of market rate properties within proximity to the Subject. The four comparable sites can be viewed on the map below.



Source: BatchGeo & AreaProbe Inc.

Market Rate Apartments

Map Order	Property Name	Yr Built	1 BD Rent	1 BD SF	1 BD PSF	2 BD Rent	2 BD SF	2 BD PSF	3 BD Rent	3 BD SF	3 BD PSF
1	Subject Property - SouthGate	1975	\$ 749	687	\$ 1.09	\$ 890	740	\$ 1.20	\$ 1,255	965	\$ 1.30
2	Subject Property - Swansboro	1963	-	-	-	\$ 950	760	\$ 1.25	-	-	-
3	River's Edge at Manchester	2018	\$ 1,695	511	\$ 3.32	\$ 2,051	1023	\$ 2.00	-	-	-
4	Hopper's Loft	2012	\$ 1,157	769	\$ 1.50	\$ 1,485	860	\$ 1.73	-	-	-
5	The River Lofts at Tobacco Row	1884/2011	\$ 1,315	815	\$ 1.61	\$ 1,730	1257	\$ 1.38	\$ 2,075	1620	\$ 1.28
6	The Hudson	2008	-	-	-	\$ 2,008	824	\$ 2.44	-	-	-
7	The Jamestown Apartment Flat	2021	\$ 1,459	630	\$ 2.32	\$ 2,220	1200	\$ 1.85	\$ 2,917	1357	\$ 2.15
	Total/Average	2015	\$ 1,407	681	\$ 2.15	\$ 1,899	1033	\$ 1.88	\$ 2,496	1489	\$ 1.72

Source: AreaProbe Inc.

COMPETITIVE ENVIRONMENT – MARKET RATE HOUSING

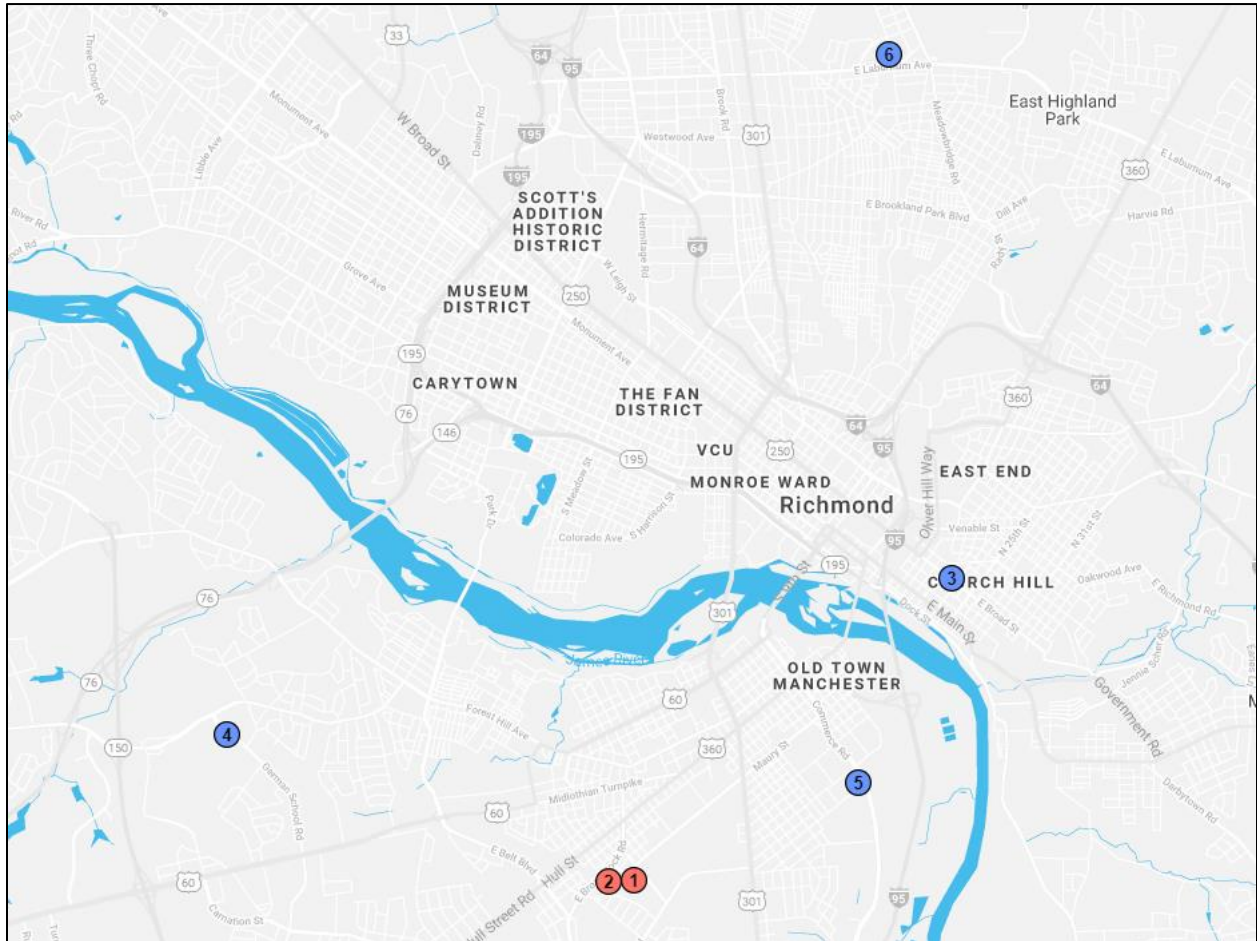
Market Rate Advantage

Property	1 BD Rent	2 BD Rent	3 BD Rent
Subject Property - SouthGate	\$ 749	\$ 890	\$ 1,255
Subject Property - Swansboro	-	\$ 950	-
Avg. Market Rate	\$ 1,407	\$ 1,889	\$ 2,496
\$ Difference - SouthGate	\$ 658	\$ 999	\$ 1,241
% Difference - SouthGate	61%	72%	66%
\$ Difference - Swansboro	-	\$ 939	-
% Difference - Swansboro	-	72%	-

Source: AreaProbe Inc.

COMPETITIVE ENVIRONMENT – PLANNED / IN-PROGRESS DEVELOPMENT

Map of Upcoming Development Projects



Source: AreaProbe, BatchGeo, VHDA

List of Upcoming Development Projects

Map Order	Property Name	Address	City	State	Distance	Units	Program
1	Subject Property - SouthGate	3416 Maury Street	Richmond	VA	-	112	60% AMI
2	Subject Property - Swansboro	3600 E Broad Rock Road	Richmond	VA	-	62	60% AMI
3	The Heights at Brady Square	2200 Broad Street	Richmond	VA	2.2	132	60% AMI
4	Alexander at 1090	1090 German School Road	Richmond	VA	4.2	96	60% AMI
5	SPA Lofts	1125 Commerce Road	Richmond	VA	2.3	140	60% AMI
6	St. Lukes Apartments	3901 Pilot Lane	Richmond	VA	7.3	496	Section 8
Total						864	

Source: AreaProbe, BatchGeo, VHDA

COMPETITIVE ENVIRONMENT – PLANNED / IN-PROGRESS DEVELOPMENT

The Heights at Brady Square | 2200 Broad Street

The Heights at Brady will be a 132-unit ground up development project by Massachusetts based Dakota Partners. The building will consist of one, two and three-bedroom units in a two-story garden style townhome development. The project will target family households earning between 40-60 percent AMI according to the documents submitted to VHDA.

Distance from Village South: 2.2 Miles

Alexander at 1090 | 1090 German School Road

The Alexander at 1090 is a multi-family development project by Hampton Roads, VA-based The Lawson Companies. The property will offer a mix of two, and three-bedroom units targeting family households earning up to 60 percent AMI. When completed The Lawson Companies will deliver 96 units to the market. Phase I (48 units) was funded during the competitive financing round (9% tax credits) in 2018. An application has been submitted for 4% tax credits to fund phase II (an additional 48 units).

Distance from Village South: 4.2 Miles

SPA Lofts | 1125 Commerce Road

Crescent Preservation & Development Co. has plans to redevelop the existing shell building at 1125 Commerce Road in Richmond, VA into a multifamily property with 140 dwelling units. All units will be restricted at 60% of AMI; SPA Lofts will offer a mix of one, and two-bedroom units when completed.

Distance from Village South: 2.3 Miles

St. Luke's Apartments | 3901 Pilots Lane

St. Luke's is a 496-unit section 8 property that consists of 46 one, and two-story garden style apartment building. The development team at SAA/EVI has plans to renovate the existing property and operate the building at 60% AMI.

Distance from Village South: 7.3 Miles



DEMAND ANALYSIS

DEMAND ANALYSIS

The purpose of this analysis is to determine the number of renter households with incomes up to 60% of area median income (AMI) within the market area. The following series of tables shows the data and calculations performed to produce estimates of households that fall below these limits for their household size:

Max Monthly Rents by Floor Plan

Monthly Rent Restriction by AMI								
Bedrooms (People	30%	40%	45%	50%	55%	60%	70%	
1 Bedroom (1.5)	\$ 506	\$ 675	\$ 759	\$ 843	\$ 928	\$ 1,012	\$ 1,181	
2 Bedrooms (3.0)	\$ 607	\$ 810	\$ 911	\$ 1,012	\$ 1,113	\$ 1,215	\$ 1,417	
3 Bedrooms (4.5)	\$ 702	\$ 936	\$ 1,053	\$ 1,170	\$ 1,287	\$ 1,404	\$ 1,638	

source: HUD

Household Annual Income Restrictions

Income Restriction by AMI Distribution							
HH Size	30%	40%	45%	50%	55%	60%	70%
1 Person	\$ 18,900	\$ 25,200	\$ 28,350	\$ 31,500	\$ 34,650	\$ 37,800	\$ 44,100
2 Person	\$ 21,600	\$ 28,800	\$ 32,400	\$ 36,000	\$ 39,600	\$ 43,200	\$ 50,400
3 Person	\$ 24,300	\$ 32,400	\$ 36,450	\$ 40,500	\$ 44,550	\$ 48,600	\$ 56,700
4 Person	\$ 27,000	\$ 36,000	\$ 40,500	\$ 45,000	\$ 49,500	\$ 54,000	\$ 63,000
5 Person	\$ 29,160	\$ 38,880	\$ 43,740	\$ 48,600	\$ 53,460	\$ 58,320	\$ 68,040

source: HUD

Housing Tenure

Housing Tenure								
	2010		2021		2024		2026	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	64,704	100%	70,716	100%	72,626	100%	73,900	100%
Occupied	58,727	91%	64,897	92%	66,815	92%	68,093	92%
Owner	32,797	56%	36,582	56%	37,667	56%	38,391	56%
Renter	25,930	44%	28,315	44%	29,147	44%	29,702	44%

source: ESRI

DEMAND ANALYSIS

Demand Analysis - SouthGate 50 Percent AMI

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	50% AMI	50% AMI	50% AMI	50% AMI
Proposed Rent	-	\$ 749	\$ 890	\$ 1,021
Multiply by 12	-	12	12	12
Minimum Income to Afford Rent (35% of Inc.)	-	\$ 25,680	\$ 30,514	\$ 35,006
Maximum Income Limit	-	\$ 33,750	\$ 40,500	\$ 46,800
Renter HHs	-	-	-	-
# of Eligible Renters HHs	-	1905	1418	670
Proposed Units	-	16	80	6
Renter HH Capture Rate	-	0.8%	5.6%	0.9%

source: AreaProbe Inc.

Demand Analysis - SouthGate 60 Percent AMI

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	60% AMI	60% AMI	60% AMI	60% AMI
Proposed Rent	-	-	-	\$ 1,255
Multiply by 12	-	-	-	12
Minimum Income to Afford Rent (35% of Inc.)	-	-	-	\$ 43,029
Maximum Income Limit	-	-	-	\$ 56,160
Renter HHs	-	-	-	-
# of Eligible Renters HHs	-	-	-	1003
Proposed Units	-	-	-	10
Renter HH Capture Rate	-	-	-	1.0%

source: AreaProbe Inc.

DEMAND ANALYSIS

Demand Analysis - Swansboro *60 Percent AMI*

	Studio	1 Bedroom	2 Bedroom	3 Bedroom
	60% AMI	60% AMI	60% AMI	60% AMI
Proposed Rent	-	-	\$ 950	-
Multiply by 12	-	-	12	-
Minimum Income to Afford Rent (35% of Inc.)	-	-	\$ 32,571	-
Maximum Income Limit	-	-	\$ 48,600	-
Renter HHs	-	-	-	-
# of Eligible Renters HHs	-	-	1285	-
Proposed Units	-	-	62	-
Renter HH Capture Rate	-	-	4.8%	-

source: AreaProbe Inc..

Overall, the subject would need to capture 3.5 percent of all income-qualified renter households to absorb all 174 units that make up the Village South Apartments portfolio which is a favorable result. AreaProbe has also prepared the demand analysis according to VHDA requirements on the next page.

VHDA DEMAND ANALYSIS

The Virginia Housing Development Authority (VHDA) requires Market Analyst to use a particular demand methodology for evaluating demand for development projects seeking Low-Income Housing Tax Credits.

- Over-burdened is defined by VHDA as households paying more than 35 percent of gross income (40% if elderly) for gross rent. AreaProbe uses the 2012-2016 ACS data on cost-burdened renter households to estimate the percentage and number of income qualified renters for the Subject property.
- The household trend required by VHDA is the net increase or decrease in the number of income-qualified renter households in the primary market area between a base year of 2021 and a target year of 2024.
- Households in substandard housing (i.e. overcrowded and/or lack of plumbing): Must be age and income group appropriate. Analysts must use their knowledge of the market area and the proposed development to determine if demand from this source is realistic. Analysts are encouraged to be conservative.

VHDA DEMAND CALCULATION	
Income Restrictions	60%
Minimum Income Limits	-
Maximum Income Limit	\$ 56,160
Income-Qualified Renter Households	35%
Percentage of Rent-Overburdened Households	47.5%
New Rental Households	-667
+ Existing Overburdened Households	2985
+ Renters in Substandard Housing	380
+ Elderly Households - Likely to Convert to Rental Housing	0
+ Existing Qualifying Tenants to Remain After Renovation	139
TOTAL DEMAND	2837
- Compare Pipeline Units	96
- Comparable Vacant Units	7
NET DEMAND	2734
Subject Proposed Units	174
CAPTURE RATE	6.4%
ESTIMATED ABSORPTION	2 Months

Note: It should be noted that this demand analysis assumes 80 percent of the tenants will return.

VHDA DEMAND ANALYSIS

Absent Subsidy

VHDA DEMAND CALCULATION	
Income Restrictions	60%
Minimum Income Limits	\$ 25,680
Maximum Income Limit	\$ 56,160
Income-Qualified Renter Households	35%
Percentage of Rent-Overburdened Households	47.5%
New Rental Households	-4
+ Existing Overburdened Households	1801
+ Renters in Substandard Housing	184
+ Elderly Households - Likely to Convert to Rental Housing	0
+ Existing Qualifying Tenants to Remain After Renovation	139
TOTAL DEMAND	2120
- Compare Pipeline Units	96
- Comparable Vacant Units	7
NET DEMAND	2017
Subject Proposed Units	174
CAPTURE RATE	8.6%
ESTIMATED ABSORPTION	4 Months



PENETRATION RATE ANALYSIS

PENETRATION RATE

Per VHDA guidelines, we also performed a penetration rate analysis for the Subject's as seen in the following table.

PENETRATION RATE ANALYSIS	
Number of Proposed Competitive LIHTC Units in PMA	96
Number of Existing LIHTC Units in the PMA	929
Number of Proposed Competitive LIHTC Units at Subject	174
TOTAL	1199
INCOME ELIGIBLE HOUSEHOLDS	2734
OVERALL MARKET PENETRATION	43.9%

The penetration rate shown above indicates the affordable housing market is still underserved within the PMA.



MARKET RATE ADVANTAGE

MARKET RATE ADVANTAGE

We identified three market-rate properties within PMA that we consider comparable to the proposed subject development.

These properties were used to determine market rents for a project with similar features/amenities to the proposed subject development and the subject property's market advantage. The purpose of this section is to evaluate these market-rate properties to determine rents that can be achieved in the conventional market without maximum income and rent restrictions.

Property	1 BD Rent	2 BD Rent	3 BD Rent
Subject Property - SouthGate	\$ 749	\$ 890	\$ 1,255
Subject Property - Swansboro	-	\$ 950	-
Avg. Market Rate	\$ 1,407	\$ 1,889	\$ 2,496
\$ Difference - SouthGate	\$ 658	\$ 999	\$ 1,241
% Difference - SouthGate	61%	72%	66%
\$ Difference - Swansboro	-	\$ 939	-
% Difference - Swansboro	-	72%	-

Source: AreaProbe Inc.

Description of Rent Adjustments

Year Built/Renovated:	If a property was built after 2000, but before 2010, \$100. If a property was built after 2010, \$200.
Quality/Street Appeal:	Above Average \$50 / Excellent \$100
Location:	Above Average \$50 / Excellent \$100
Bedrooms:	+/- \$30
Bathrooms:	+/- \$ 30
Square Feet:	+/- .25 per square feet
Unit Features:	\$5 per feature (except for in-unit W/D \$10)
Amenities:	\$10 per amenity

Rent Comparability Study

Unit Type →

1 Bedroom

Subject's FHA #:

Subject		Comp #1		Comp #2		Comp #3	
Village South		The River Lofts at Tobacco Row		Hoppers Loft		River's Edge	
Scattered Site		2400 E Cary Street		700 Everett Street		505 Porter Street	
Richmond, VA		Richmond, VA		Richmond, VA		Richmond, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,315		\$1,157		\$1,695	
2	Date Last Leased (mo/yr)	Jan-20		Jan-20		Jan-20	
3	Rent Concessions	No		No		No	
4	Occupancy for Unit Type	94%		98%		97%	
5	Effective Rent & Rent/ sq. ft	\$1,315	\$ 1.61	\$1,157	1.50	\$1,695	3.32
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	G/ 2 story	(\$10)	G/4 Story	(\$15)	G/4 Story	(\$15)
7	Yr. Built/Yr. Renovated	1955/2001	\$200	2012	\$200	2008	\$100
8	Condition /Street Appeal	F		E		G	
9	Neighborhood	F	(\$10)	E	(\$10)	G	(\$5)
10	Same Market? Miles to Subj	3.5 mi		1.9 mi		2.0 mi	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		1	
12	# Baths	1		1		1	
13	Unit Interior Sq. Ft.	675	(\$35)	769	(\$24)	511	\$41
14	Balcony/ Patio	N		N		N	
15	AC: Central/ Wall	W	(\$10)	C	(\$10)	C	(\$10)
16	Range/ refrigerator	Y		Y		Y	
17	Microwave/ Dishwasher	D	(\$10)	M/D	(\$10)	M/D	(\$10)
18	Washer/Dryer	L		W/D	(\$10)	W/D	(\$10)
19	Floor Coverings	C	(\$10)	W	(\$10)	W	(\$10)
20	Window Coverings	B		B		B	
21	Cable/ Satellite/Internet	CI		CI		CI	
22	Special Features						
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L	G, \$140 (\$25)	L		L	
25	Extra Storage	Y		Y		Y	
26	Security	Y		Y		Y	
27	Clubhouse/ Meeting Rooms	N		C		C	
28	Pool/ Recreation Areas	N	(\$20)	E	(\$10)	P/E	(\$20)
29	Business Ctr / Nbhd Netwk	N	(\$10)	BC	(\$10)	BC	(\$10)
30	Service Coordination	N	(\$10)	Y	(\$10)	Y	(\$10)
31	Non-shelter Services	N		N		N	
32	Neighborhood Networks	N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N		N		N	
34	Cooling (in rent?/ type)	N		N		N	
35	Cooking (in rent?/ type)	N		N		N	
36	Hot Water (in rent?/ type)	N		N		N	
37	Other Electric	N		N		N	
38	Cold Water/ Sewer	Y		Y		Y	
39	Trash /Recycling	Y		Y		Y	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	1	10	1	10	2	9
41	Sum Adjustments B to D	\$200	(\$150)	\$200	(\$119)	\$141	(\$100)
42	Sum Utility Adjustments						
		Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$100	\$330	\$106	\$296	(\$31)	\$231
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,365		\$1,246		\$1,736	
45	Adj Rent/Last rent		110%		110%		96%
46	Estimated Market Rent	\$1,249	\$1.85				

Rent Comparability Grid

Unit Type →

2 Bedroom

Subject's FHA #:

Subject		Comp #1		Comp #2		Comp #3	
Village South		The River Lofts at Tobacco Row		Hoppers Loft		The Hudson	
Scattered Site		2400 E Cary Street		700 Everett Street		700 Stockton Street	
Richmond, VA		Richmond, VA		Richmond, VA		Richmond, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,340		\$1,610		\$2,008	
2	Date Last Leased (mo/yr)	Nov-21		Nov-21		Nov-21	
3	Rent Concessions	Yes	(\$100)	No		No	
4	Occupancy for Unit Type	93%		99%		100%	
5	Effective Rent & Rent/ sq. ft	\$1,240	\$ 1.22	\$1,610	1.62	\$2,008	2.06
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	G/ 2 story	(\$10)	G/4 Story	(\$15)	G/4 Story	(\$15)
7	Yr. Built/Yr. Renovated	1955/2001	\$200	2012	\$200	2008	\$100
8	Condition /Street Appeal	F		E		G	
9	Neighborhood	F	(\$10)	E	(\$10)	G	(\$5)
10	Same Market? Miles to Subj	3.5 mi		1.9 mi		2.0 mi	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2	
12	# Baths	1		1.5	(\$25)	1	
13	Unit Interior Sq. Ft.	701	(\$80)	992	(\$73)	974	(\$68)
14	Balcony/ Patio	N		N		N	
15	AC: Central/ Wall	W	(\$10)	C	(\$10)	C	(\$10)
16	Range/ refrigerator	Y		Y		Y	
17	Microwave/ Dishwasher	D	(\$10)	M/D	(\$10)	M/D	(\$10)
18	Washer/Dryer	L		W/D	(\$10)	W/D	(\$10)
19	Floor Coverings	C	(\$10)	W	(\$10)	W	(\$10)
20	Window Coverings	B		B		B	
21	Cable/ Satellite/Internet	CI		CI		CI	
22	Special Features						
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L	G, \$140 (\$25)	L		L	
25	Extra Storage	Y		Y		Y	
26	Security	Y		Y		Y	
27	Clubhouse/ Meeting Rooms	N		C		C	
28	Pool/ Recreation Areas	N	(\$20)	E	(\$10)	P/E	(\$20)
29	Business Ctr / Nbhd Netwk	N	(\$10)	BC	(\$10)	BC	(\$10)
30	Service Coordination	N	(\$10)	Y	(\$10)	Y	(\$10)
31	Non-shelter Services	N		N		N	
32	Neighborhood Networks	N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N		N		N	
34	Cooling (in rent?/ type)	N		N		N	
35	Cooking (in rent?/ type)	N		N		N	
36	Hot Water (in rent?/ type)	N		N		N	
37	Other Electric	N		N		N	
38	Cold Water/ Sewer	Y		Y		Y	
39	Trash /Recycling	Y		Y		Y	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	1	10	1	11	1	10
41	Sum Adjustments B to D	\$200	(\$158)	\$200	(\$156)	\$100	(\$131)
42	Sum Utility Adjustments						
		Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$42	\$358	\$45	\$356	(\$31)	\$231
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,245		\$1,627		\$1,955	
45	Adj Rent/Last rent		103%		104%		97%
46	Estimated Market Rent	\$1,452	\$1.70				

Rent Comparability Grid

Unit Type →

2 Bd / 1.5 Ba

Subject's FHA #:

Subject		Comp #1		Comp #2		Comp #3	
Village South		The River Lofts at Tobacco Row		Hoppers Loft		The Hudson	
Scattered Site		2400 E Cary Street		700 Everett Street		700 Stockton Street	
Richmond, VA		Richmond, VA		Richmond, VA		Richmond, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$2,113		\$1,605		\$2,008	
2	Date Last Leased (mo/yr)	Nov-21		Nov-21		Nov-21	
3	Rent Concessions	Yes	(\$100)	No		No	
4	Occupancy for Unit Type	93%		99%		100%	
5	Effective Rent & Rent/ sq. ft	\$2,103	\$ 1.22	\$1,605	1.62	\$2,008	2.06
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	G/ 2 story	(\$10)	G/4 Story	(\$15)	G/4 Story	(\$15)
7	Yr. Built/Yr. Renovated	1955/2001	\$200	2012	\$200	2008	\$100
8	Condition /Street Appeal	F		E		G	
9	Neighborhood	F	(\$10)	E	(\$10)	G	(\$5)
10	Same Market? Miles to Subj	3.5 mi		1.9 mi		2.0 mi	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2	
12	# Baths	1.5	(\$50)	2	(\$50)	1	\$25
13	Unit Interior Sq. Ft.	837	(\$134)	990	(\$38)	974	(\$31)
14	Balcony/ Patio	N		N		N	
15	AC: Central/ Wall	W	(\$10)	C	(\$10)	C	(\$10)
16	Range/ refrigerator	Y		Y		Y	
17	Microwave/ Dishwasher	D	(\$10)	M/D	(\$10)	M/D	(\$10)
18	Washer/Dryer	L		W/D	(\$10)	W/D	(\$10)
19	Floor Coverings	C	(\$10)	W	(\$10)	W	(\$10)
20	Window Coverings	B		B		B	
21	Cable/ Satellite/Internet	CI		CI		CI	
22	Special Features						
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L	G, \$140 (\$25)	L		L	
25	Extra Storage	Y		Y		Y	
26	Security	Y		Y		Y	
27	Clubhouse/ Meeting Rooms	N		C		C	
28	Pool/ Recreation Areas	N	(\$20)	E	(\$10)	P/E	(\$20)
29	Business Ctr / Nbhd Netwk	N	(\$10)	BC	(\$10)	BC	(\$10)
30	Service Coordination	N	(\$10)	Y	(\$10)	Y	(\$10)
31	Non-shelter Services	N		N		N	
32	Neighborhood Networks	N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N		N		N	
34	Cooling (in rent?/ type)	N		N		N	
35	Cooking (in rent?/ type)	N		N		N	
36	Hot Water (in rent?/ type)	N		N		N	
37	Other Electric	N		N		N	
38	Cold Water/ Sewer	Y		Y		Y	
39	Trash /Recycling	Y		Y		Y	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	1	10	1	11	1	10
41	Sum Adjustments B to D	\$200	(\$158)	\$200	(\$156)	\$100	(\$131)
42	Sum Utility Adjustments						
		Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$42	\$358	\$45	\$356	(\$31)	\$231
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,994		\$1,622		\$1,945	
45	Adj Rent/Last rent		103%		104%		97%
46	Estimated Market Rent	\$1,725	\$2.06				

Rent Comparability Grid

Unit Type →

3 Bedroom

Subject		Comp #1		Comp #2		
	Village South	Data	The River Lofts at Tobacco Row		Jamestown Apt	
	Scattered Site	on	2400 E Cary Street		500 W 14th Street	
	Richmond, VA	Subject	Richmond, VA		Richmond, VA	
A.	Rents Charged		Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?		\$2,075		\$2,917	
2	Date Last Leased (mo/yr)		Jan-22		Jan-22	
3	Rent Concessions		No		No	
4	Occupancy for Unit Type		92%		100%	
5	Effective Rent & Rent/ sq. ft		\$2,075	\$ 1.28	\$2,917	2.15
B.	Design, Location, Condition		Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	G/ 2 story	G/ 6 story	(\$10)	G/5 Story	(\$10)
7	Yr. Built/Yr. Renovated	1955/2001	1884/2011	\$200	2021	(\$200)
8	Condition /Street Appeal	F	G		G	
9	Neighborhood	F	E	(\$10)	G	(\$5)
10	Same Market? Miles to Subj		3.5 mi		2.0 mi	
C.	Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj
11	# Bedrooms		3		3	
12	# Baths	1	2	(\$30)	2	(\$30)
13	Unit Interior Sq. Ft.	965	1620	(\$164)	1357	(\$98)
14	Balcony/ Patio	N	N		N	
15	AC: Central/ Wall	W	C	(\$10)	C	(\$10)
16	Range/ refrigerator	Y	Y		Y	
17	Microwave/ Dishwasher	D	M/D	(\$10)	M/D	(\$10)
18	Washer/Dryer	L	L		W/D	(\$10)
19	Floor Coverings	C	W	(\$10)	W	(\$10)
20	Window Coverings	B	B		B	
21	Cable/ Satellite/Internet	CI	CI		CI	
22	Special Features					
D.	Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L	G, \$140	(\$25)	L	
25	Extra Storage	Y	Y		Y	
26	Security	Y	Y		Y	
27	Clubhouse/ Meeting Rooms	N	C		C	
28	Pool/ Recreation Areas	N	P/E	(\$20)	P/E	(\$20)
29	Business Ctr / Nbhd Netwk	N	BC	(\$10)	BC	(\$10)
30	Service Coordination	N	Y	(\$10)	Y	(\$10)
31	Non-shelter Services	N	N		N	
32	Neighborhood Networks	N	N		N	
E.	Utilities		Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N	N		N	
34	Cooling (in rent?/ type)	N	N		N	
35	Cooking (in rent?/ type)	N	N		N	
36	Hot Water (in rent?/ type)	N	N		N	
37	Other Electric	N	N		N	
38	Cold Water/ Sewer	Y	Y		Y	
39	Trash /Recycling	Y	Y		Y	
F.	Adjustments Recap		Pos	Neg	Pos	Neg
40	# Adjustments B to D		1	11	0	12
41	Sum Adjustments B to D		\$200	(\$309)	\$0	(\$423)
42	Sum Utility Adjustments					
			Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E		(\$109)	\$509	(\$423)	\$423
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)		\$1,966		\$2,494	
45	Adj Rent/Last rent			94%		93%
46	Estimated Market Rent	\$1,850	\$1.92			



CONCLUSION/RECOMMENDATIONS

CONCLUSION

Recommendation(s)

We recommend the client proceed with the project as proposed. There are approximately 3,000 people on the waitlist for Vouchers according to the Virginia Redevelopment Authority; the waitlist has been closed since 2005. Serving this population will help support the growing demand for affordable housing in Richmond.

Conclusion

The Primary Market Area is comprised of dated natural affordable housing units where tenants have access to limited property amenities. Recently developed LIHTC properties such as Hatcher Tobacco Flats, Belle Summit Apartments, and City View Place leased an average of 25 – 43 units per month after opening.

We expect the vacant units at Village South to fully lease within 2-4 months with the assumption that 80 percent of the in-place tenants will return, and a natural demand for affordable housing based on the research outlined in this study.

Strengths

- The Subject has an existing, income-qualified tenant base.
- The Subjects achievable LIHTC rents is at a discount when compared to market rate rents in the PMA
- Subject is located in an emerging area
- LIHTC properties within the PMA had strong occupancy rates.

Weakness

- The amenity package offered at the Subject is inferior to other products in the marketplace

Project Impact

We believe the renovations proposed will make Village South more competitive given some of the planned development projects for the market. The immediate community is gentrifying rapidly as new retail restaurants, café's, and breweries enter the market. AreaProbe interviewed some of the residents in the local market during our exploration of the City, many of the lifelong residents noted homes are rapidly being torn down and redeveloped. Graduate students at VCU have also began expanding beyond the campus limits in search of housing in affordable but attractive communities.



OTHER REQUIREMENTS

LIST OF INTERVIEWS

Property Name/Agency	Address	City	Representative
Midlothian Village	4032 Midlothian Tpke	Richmond	Natasha
Swansboro Apts/ Village South Townhomes	801 Holly Spring Ave	Richmond	Shar
Townes At River South I & II	214 E 9th St	Richmond	Kim
Mcguire Park	3807 Mcguire Dr	Richmond	Katy
Tuscany Townhomes	3124 Snead Ct	Richmond	Melody
Belle Summit	600 Cowardin Avenue	Richmond	Ms. Scott
Miller Lofts	500 Stockton St	Richmond	Rome
New Manchester Flats Ix	740 E Sixth St	Richmond	Ricky
City View Place	1000 Bainbridge St	Richmond	Joy
River's Edge at Manchester	505 Porter Street	Richmond	Mariah/Kate
Hoppers Loft	700 Everett St	Richmond	Roselle
The River Lofts at Tobacco Row	2400 E Cary St	Richmond	Justice
The Hudson	700 Stockton St	Richmond	Sabrae
City View Place	1000 Bainbridge St	Richmond	Joy
KRS Holdings	2000 West Club Lane	Richmond	Kyle Stephenson
Brewers Café	1125 Bainbridge Street	Richmond	Jeremy

LIST OF SOURCES

Claritas
HISTA
ESRI
Bureau of Labor Statistics
BatchGeo
Ribbon Demographics
Greater Richmond Partnership
Census FactFinder
GoogleMaps
City of Richmond Planning and Zoning
VHDA Property Database

APPENDIX

STATEMENT OF QUALIFICATIONS

The Company

Area Probe Inc. is a Washington, DC- based housing research firm. We use technology to support our on the ground research efforts to ensure we provide a comprehensive perspective of a market before completing a study.

Company Leadership

Curvin Leatham, CRE is the Founder & CEO of Area Probe, Inc. Curvin gained experience in real estate as a consultant for a boutique private equity company in Silver Spring, MD and Commercial Banking. He received his master's degree in Real Estate Finance & Development from Georgetown and Bachelor of Science degree from Hampton University in Hampton, Virginia. In addition, Curvin has performed research for projects valued at over \$4.5BN. He is a member of the Counselor of Real Estate society and is in pursuit of the FRICS designation.

Curvin has published seven articles focused on residential housing in the United States. He is a Board Member of DCBIA DC Building Industry Association, member of ULI, HAND, NH&RA, NCHMA, and AAREP. AreaProbe clients include, Investment Banks, Private Equity Firms, Lenders, Real Estate Developers, and Development Consultants across the United States.