



**NOVOGRADAC
& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

A MARKET FEASIBILITY STUDY OF:

TOWNES AT RIVER SOUTH

A MARKET FEASIBILITY STUDY OF:

TOWNES AT RIVER SOUTH

Located At:
214 East 9th Street
Richmond, Virginia 23224

Effective Date: November 17, 2021
Report Date: May 18, 2022

Prepared for:
Brian Samson
Related Affordable
30 Hudson Yards, 72nd Floor
New York, NY 10001

Client Code: 10288332

Prepared by:
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May 18, 2022

Brian Samson
Related Affordable
30 Hudson Yards, 72nd Floor
New York, NY 10001

Re: Market Study of Townes at River South
214 East 9th Street,
Richmond, Virginia 23224

Dear Mr. Samson:

At your request, Novogradac & Company LLP has performed a study of the multifamily rental market in the Richmond, Virginia area relative to the above-referenced LIHTC/RAD project. We have also completed an appraisal with the same effective date as this report. Additionally, we completed a prior market study and appraisal with an effective date of November 21, 2019.

The purpose of this market study is to assess the viability of Townes at River South ("Subject"). The Subject is an existing 161-unit LIHTC/RAD multifamily property that will be renovated with LIHTC funding. The property will offer 161 subsidized two, three, and four-bedroom units restricted to 30 and 50 percent of AMI or less under the Hope VI Regulatory and Operating Agreement, which encumbers the site until 2042. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the 2022 market study requirements of Virginia Housing and conforms to Virginia Housing guidelines. In addition to the addressee, additional users of this report include Virginia Housing.

The National Council of Housing Market Analysts (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 generally conforms to those standards. Any slight modifications or departures from those standards are considered incidental and result from the specific market study requirements of Virginia Housing. The scope of the study is based on agreed upon procedures as outlined in the engagement letter and as summarized as follows:

- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- In-person inspection of the Subject property.
- Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.
- Investigating the general economic health and conditions of the rental market.
- Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.
- Reviewing relevant public records and contacting appropriate public agencies.
- Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject's Primary Market Area, if applicable.
- Surveying competing projects, both LIHTC and market-rate.

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.

Related Affordable is the client in this engagement and intended user of this report. As our client Related Affordable owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter

including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

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

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

Respectfully submitted,
Novogradac & Company LLP



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A. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Subject is an existing 161-unit LIHTC/RAD rental development known as Townes at River South. The Subject consists of 69 two-bedroom units, 77 three-bedroom units, and 15 four-bedroom units contained in 38 two-story garden-style and townhome buildings. The Subject was originally built in 2001 and 2004. The Subject's improvements are constructed with vinyl siding exterior, a masonry block frame, and gabled, asphalt-shingled roofs. The Subject is located at 214 East 9th Street in Richmond, Virginia 23224. The Subject is currently encumbered with a LIHTC LURA that requires all of the units at the Subject to be restricted to households earning 30 or 50 percent of AMI or less until 2044. Additionally, of the 161 units, 75 are public housing units, and 80 percent of these units will be covered under a RAD HAP contract, while the remaining public housing units will be converted under Section 18 to project-based voucher assistance with contracts rents set to 110 percent of Fair Market Rents (less utility allowances). These units will continue to be restricted to households earning 30 and 50 percent of AMI or less under the Hope VI Regulatory and Operating Agreement, which encumbers the site until 2042. The RAD HAP contract is for the PIC Development Number VA007990000. According to a rent roll dated November 30, 2021, the Subject was 99.4 percent occupied.

The Subject is proposing renovations with LIHTC equity. Following rehabilitation, all of the Subject units will continue to be restricted to households earning 30 and 50 percent of AMI, or less. Renovation is anticipated to begin in the fall of 2022 and completed by the fall of 2023.

The Subject site is located in a mixed-use neighborhood in the southern portion of Richmond, roughly one mile from downtown Richmond. Directly north of the Subject is The Hudson Apartments, a luxury apartment building that was renovated in 2008. We attempted to contact this property but were unsuccessful. Farther north are religious uses, and various commercial uses including retail and offices, as well as vacant land. East of the Subject is Hopper Lofts, a market rate property that we did not include as a rent comparable due to its unit types offered. Uses farther east primarily include light industrial uses. South of the Subject are light industrial uses, a public park, religious uses, and single-family homes in fair to average condition. West of the Subject is vacant land followed by religious uses and single-family homes in fair to average condition. Farther west is the commercial corridor of Hull Street, which contains a variety of commercial uses. Overall, the majority of surrounding land uses are in fair to good condition.

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

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking LIHTC/CHAP / Sec 18 Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents
<i>@50% AMI (LIHTC)</i>							
2BR/1.5BA (Garden)	985	25	\$1,021	\$112	\$1,133	\$1,133	\$1,189
2BR/1.5BA (Townhouse)	985	17	\$1,037	\$96	\$1,133	\$1,133	\$1,189
3BR/2.5BA (Garden)	1,202	7	\$1,164	\$145	\$1,309	\$1,309	\$1,556
3BR/2.5BA (Townhouse)	1,202	28	\$1,162	\$147	\$1,309	\$1,309	\$1,556
4BR/2.5BA (Garden)	1,529	2	\$1,281	\$180	\$1,461	\$1,461	\$1,864
4BR/2.5BA (Townhouse)	1,529	7	\$1,278	\$183	\$1,461	\$1,461	\$1,864
<i>@30% LIHTC/CHAP</i>							
2BR/1.5BA (Garden)	985	8	\$672	\$112	\$784	\$680	\$1,189
2BR/1.5BA (Townhouse)	985	15	\$672	\$96	\$768	\$680	\$1,189
3BR/2.5BA (Garden)	1,202	7	\$889	\$145	\$1,034	\$785	\$1,556
3BR/2.5BA (Townhouse)	1,202	8	\$889	\$147	\$1,036	\$785	\$1,556
<i>@50% LIHTC/CHAP</i>							
3BR/2.5BA (Garden)	1,202	2	\$889	\$145	\$1,034	\$1,309	\$1,556
3BR/2.5BA (Townhouse)	1,202	16	\$889	\$147	\$1,036	\$1,309	\$1,556
4BR/2.5BA (Townhouse)	1,529	4	\$1,063	\$183	\$1,246	\$1,461	\$1,864
<i>@50% LIHTC/Sec 18</i>							
2BR/1.5BA (Garden)	985	1	\$1,190	\$112	\$1,302	\$1,133	\$1,189
2BR/1.5BA (Townhouse)	985	3	\$1,173	\$96	\$1,269	\$1,133	\$1,189
3BR/2.5BA (Garden)	1,202	3	\$1,584	\$145	\$1,729	\$1,309	\$1,556
3BR/2.5BA (Townhouse)	1,202	6	\$1,563	\$147	\$1,710	\$1,309	\$1,556
4BR/2.5BA (Garden)	1,529	1	\$1,898	\$180	\$2,078	\$1,461	\$1,864
4BR/2.5BA (Townhouse)	1,529	1	\$1,868	\$183	\$2,051	\$1,461	\$1,864

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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 general development scheme.

Strengths

- As a newly renovated property, the Subject will exhibit superior condition relative to the majority of the comparable properties.
- The Subject’s projected LIHTC rents represent a discount to the achievable market rents.
- The LIHTC vacancy at the comparable properties is 0.7 percent, which suggests a stable market for affordable housing.
- The Subject primarily offers a townhouse design, which will offer appeal to family renters.

Weaknesses

- The Subject’s community amenities package offers a market disadvantage relative to several of the comparables.

Capture Rates - Virginia Housing:

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

Project Wide Capture Rate - LIHTC/RAD	1.9%
Project Wide Capture Rate - LIHTC Units	4.4%
Project Wide Absorption Period	2 months

These are low capture rates and are indicative of adequate demand for the Subject.

Conclusions/Recommendations

- In general, we believe there is demand in the marketplace for the Subject as proposed. Additionally, the market has reported strong occupancy rates and waiting lists. The Subject will be well-positioned in the market. As a newly renovated property, the Subject will be in generally superior condition to most of the comparable properties. The market exhibits strong demand for affordable housing, with limited vacancy and strong absorption rates at LIHTC properties that have opened in the past several years. Further, the comparable LIHTC properties reported an overall average vacancy rate of 0.7 percent. Based on the performance of the comparable properties, we expect the Subject to operate with an annual vacancy and collection loss of five percent, or less. Based on the comparable data, we have concluded to achievable LIHTC rents as illustrated in following table:

ACHIEVABLE LIHTC RENT

Unit Type	Achievable Rent at 30%	Achievable Rent at 50%	At Max?
2BR/1.5BA	\$568 - \$584	\$1,021 - \$1,037	Yes
3BR/2.5BA	\$638 - \$640	\$1,162 - \$1,164	Yes
4BR/2.5BA	-	\$1,278 - \$1,281	Yes

The Subject’s rents offer significant market rent advantages. Overall, we believe there is demand for the Subject.

B. INTRODUCTION AND SCOPE OF WORK

INTRODUCTION AND SCOPE OF WORK

The purpose of this market study is to assess the viability of Townes at River South (“Subject”). The Subject is an existing 161-unit multifamily RAD/LIHTC property that will be renovated with LIHTCs. The Subject is currently encumbered with a LIHTC LURA that requires all of the units at the Subject to be restricted to households earning 30 or 50 percent of AMI or less until 2044. Additionally, of the 161 units, 75 are public housing units, and 80 percent of these units will be covered under a RAD HAP contract, while the remaining public housing units will be converted under Section 18 to project-based voucher assistance with contracts rents set to 110 percent of Fair Market Rents (less utility allowances). These units will continue to be restricted to households earning 30 and 50 percent of AMI or less under the Hope VI Regulatory and Operating Agreement, which encumbers the site until 2042. The sponsor has indicated that this report is being submitted to Virginia Housing for application purposes. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report meets the 2022 market study requirements of Virginia Housing and conforms to Virginia Housing guidelines. In addition to the addressee, additional users of this report include Virginia Housing.

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- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- In-person inspection of the Subject property.
- Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.
- Investigating the general economic health and conditions of the rental market.
- Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.
- Reviewing relevant public records and contacting appropriate public agencies.
- Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject’s Primary Market Area, if applicable.
- Surveying competing projects, both LIHTC and market-rate.

C. PROJECT DESCRIPTION

PROJECT DESCRIPTION

Location: The Subject site is located at 214 East 9th Street, Richmond, Virginia 23224.

Site Description: The Subject site consists of approximately 14.828 acres, or approximately 645,908 square feet. The Subject offers good visibility from East 9th Street, Stockton Street, Everett Street, Decatur Street, Maury Street, 10th Street, 11th Street, and 12th Street.

Aerial Photo:



Source: Google Earth, 12.2021

Site Plan: See Addendum

Proposed Rents and Unit Mix:

The following table details the proposed rents and unit mix for the Subject.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking LIHTC/ CHAP / Sec 18 Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents
<i>@50% AMI (LIHTC)</i>							
2BR/1.5BA (Garden)	985	25	\$1,021	\$112	\$1,133	\$1,133	\$1,189
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4BR/2.5BA (Townhouse)	1,529	1	\$1,868	\$183	\$2,051	\$1,461	\$1,864

161

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

Target Population:

The units will be rented restricted to households earning 30 and 50 percent of AMI, or less. Of the 161 units, 77 are covered under a RAD HAP contract.

Utility Structure:

Tenants at the Subject are responsible for electric utilities including cooking, heating and hot water, as well as general electric expenses and air conditioning. The landlord cold water, sewer, and trash expenses. The comparable properties' utility structures are illustrated in the respective property summaries and are adjusted appropriately to account for differences relative to the Subject, based on the Virginia Housing Development Authority's utility allowance, effective January 1, 2020.

HOUSING AUTHORITY UTILITY ALLOWANCE

UTILITY AND SOURCE	Paid By	2BR	3BR	4BR
Heating - Electric	Tenant	\$33	\$39	\$50
Cooking - Electric	Tenant	\$5	\$6	\$7
Other Electric	Tenant	\$18	\$22	\$28
Air Conditioning	Tenant	\$8	\$11	\$14
Water Heating - Electric	Tenant	\$15	\$19	\$24
Water	Landlord	\$31	\$37	\$48
Sewer	Landlord	\$38	\$46	\$59
Trash	Landlord	\$14	\$14	\$14
TOTAL - Paid By Landlord		\$83	\$97	\$121
TOTAL - Paid By Tenant		\$79	\$97	\$123
TOTAL - Paid By Tenant Provided by Developer		\$96 - \$112	\$145 - \$147	\$180 - \$183

Source: Virginia Housing, eff. 12/2020

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

UNIT MIX AND SQUARE FOOTAGE

Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
2BR / 1.5BA	69	985	67,965
3BR / 2.5BA	77	1,202	92,554
4BR / 2.5BA	15	1,529	22,935
TOTAL	161		183,454

Net Rentable Area: Approximately 183,454 square feet as outlined in the table above.

Unit Amenities: The Subject's units currently offer a balcony/patio, blinds, carpeting, refrigerators, range/oven, disposals, central air conditioning, coat closets, walk-in closets, washer/dryer hookups, and exterior storage. Post renovation, amenities will be upgraded, but no new amenities will be added.

Common Area Amenities: The Subject's property features include a central laundry facility, off-street parking, on-site management, and a playground. Post renovation, amenities will be upgraded, but no new amenities will be added.

Security Features: The Subject does not offer any security features.

Parking: The Subject offers 187 off-street parking spaces, which equates to approximately 1.2 spaces per unit. There is no fee for parking. Overall, the parking offered at the Subject is reasonable. Additionally, our site inspection revealed ample available parking spaces at the Subject. The Subject will be considered similar to the majority of the comparables in terms of parking.

Number of Stories: The Subject consists of 69 two-bedroom units, 77 three-bedroom units, and 15 four-bedroom units contained in 38 two-story garden-style and townhome buildings.

Date of Construction: The Subject was built in 2001 and 2004 and has not had any major renovations since completion. Renovation of the Subject is anticipated to begin in the fall of 2022 and completed by the fall of 2023.

Construction Details: The Subject's scope of renovation includes but is not limited to: bathroom upgrades including new medicine cabinets, showerheads, toilets, and

lighting; kitchen upgrades including new cabinets, refrigerators, counters, sinks, dishwashers, and stoves; interior improvements including new water heaters, flooring replacements, interior doors, painting and drywall repairs, and electrical work; common area upgrades including upgraded laundry facilities and community room; and site improvements including landscaping, grading, parking lot repairs, and more. The total hard cost of this renovation is expected to total \$9,352,791, or \$58,092 per unit.

Assisted Housing Program:

The Subject is currently operating as a RAD/LIHTC property. The Subject was 99.4 percent occupied at the time of inspection, and three of the five vacant units are leased.

Target Population and Occupancy Type:

The Subject will be set-aside for low-income tenants restricted to households earning 30 and 50 percent of the AMI or less. Based on the unit mix and proposed rent levels, the qualified annual incomes for the Subject's units will range from \$0 to \$52,200 as a subsidized property and \$20,811 to \$52,200 as a LIHTC property absent subsidy.

Americans with Disabilities Act of 1990:

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

Quality of Construction Condition and Deferred Maintenance:

We assume the Subject will be renovated in a timely manner consistent with the information provided, using average-quality materials in a professional manner.

Functional Utility:

We reviewed plans for the Subject property and inspected the property; the unit sizes and layout appear functional and market-oriented.

Conclusion:

The Subject will be a newly renovated LIHTC/RAD property and will exhibit good condition upon completion of renovations. The renovation of the Subject is expected to be an improvement to the existing neighborhood.

SUBJECT PROFILE

D. LOCATION

LOCATION

Description of the Site

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



Source: Google Earth, 12.2021

- Size:** The Subject site consists of approximately 14.828 acres, or 645,908 square feet.
- Shape:** The Subject is irregular in shape.
- Frontage:** The Subject site has frontage along East 9th Street, Stockton Street, Everett Street, Decatur Street, Maury Street, 10th Street, 11th Street, and 12th Street.
- Topography:** The Subject site is level.

Utilities: All utilities are available to the site.

Visibility/Views: The Subject offers good visibility from East 9th Street, Stockton Street, Everett Street, Decatur Street, Maury Street, 10th Street, 11th Street, and 12th Street. Views consist of multifamily uses in good condition, and light industrial uses. The surroundings uses range in condition from fair to good. Overall, views are considered average.

Surrounding Uses: The Subject is located in south Richmond, roughly one mile from downtown Richmond. The Subject site is rated as “Very Walkable” by Walk Score with a score of 76, indicating that most errands can be accomplished on foot. Directly north of the Subject is The Hudson Apartments, a luxury apartment building that was renovated in 2008. We attempted to contact this property but were unsuccessful. Farther north are religious uses, and various commercial uses including retail and offices, as well as vacant land. East of the Subject is Hopper Lofts, a market rate property that we did not include as a rent comparable due to its unit types offered. Uses farther east primarily include light industrial uses. South of the Subject are light industrial uses, a public park, religious uses, and single-family homes in fair to average condition. West of the Subject is vacant land followed by religious uses and single-family homes in fair to average condition. Farther west is the commercial corridor of Hull Street, which contains a variety of commercial uses.

Access and Traffic Flow: The Subject is accessible from East 9th Street, Stockton Street, Everett Street, Decatur Street, Maury Street, 10th Street, 11th Street, and 12th Street, all of which are lightly trafficked two-lane residential roads. Maury Street provides access to Interstate 95 roughly 0.3 miles to the northeast. Interstate 95 provides access to downtown Richmond roughly one miles to the north, and Washington DC roughly 100 miles to the north. Overall, access and traffic flow are considered good.

Layout and Curb Appeal: Based on our inspection, the Subject has a functional layout for its intended use and offers average curb appeal. The following table summarizes various characteristics of the Subject site.

SUMMARY OF SUBJECT SITE	
Visibility	Good
Views	Average
Access/Traffic Flow	Good
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 test 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 inspection, we walked the grounds of the Subject

and the rear of the building and observed no obvious signs of detrimental environmental conditions. However, Novogradac and Company LLP does not have expertise in this field and cannot opine as to the adequacy of the soil conditions, drainage, or existence of adverse environmental conditions.

Flood Plain:

According to Flood Insights and Flood Insurance Rate Map Community Panel Number 51087C0140C, dated December 2007, the Subject site is located in Zone X. Zone X is defined as an area outside 500-year floodplain, which is determined to be outside the .02 percent annual chance floodplains. Novogradac & Company LLP does not offer expertise in this field and cannot opine on this issue. Further analysis by Novogradac is beyond the scope of the report.

Proximity to Adverse Conditions:

At the time of the site inspection, there were no detrimental influences observed that would adversely impact the marketability of the Subject.

PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD



SUBJECT SIGNAGE



SUBJECT EXTERIOR



SUBJECT EXTERIOR AND PARKING



SUBJECT EXTERIOR



SUBJECT EXTERIOR AND FENCED PATIO



SUBJECT WALKWAY AND LEASING OFFICE



SUBJECT BASKETBALL COURT AND EXTERIOR



SUBJECT CROSS STREET SIGNAGE



SUBJECT ON-SITE MANAGEMENT OFFICE



SUBJECT ACCESS AND TOPOGRAPHY



VIEW SOUTH ON FAIRFAX STREET



VIEW NORTH ON FAIRFAX STREET



TYPICAL BEDROOM



TYPICAL BEDROOM



TYPICAL LIVING ROOM



TYPICAL LIVING ROOM



TYPICAL KITCHEN



TYPICAL KITCHEN



TYPICAL BATHROOM



TYPICAL BATHROOM



TYPICAL UNIT HALLWAY



TYPICAL TOWNHOUSE STAIRWAY



TYPICAL CLOSET



SUBJECT MAINTENANCE SHOP



TYPICAL SINGLE-FAMILY HOME IN SUBJECT NEIGHBORHOOD



TYPICAL SINGLE-FAMILY HOME IN SUBJECT NEIGHBORHOOD



RETAIL USE NEAR SUBJECT



POST OFFICE NEAR SUBJECT



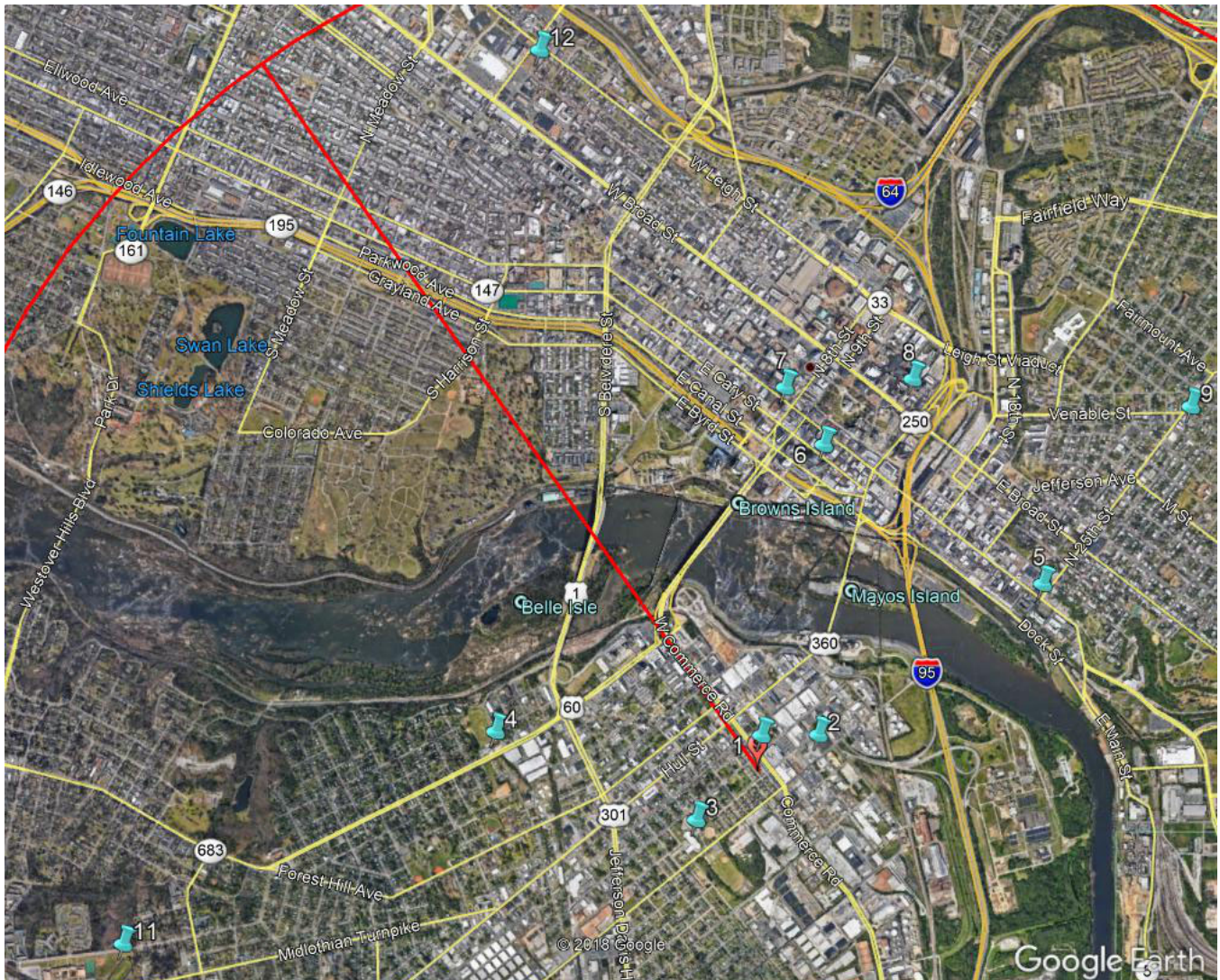
PUBLIC LIBRARY NEAR SUBJECT



RICHMOND UNIVERSITY RECREATION CENTER NEAR 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)
1	Bus Stop	<0.1 mile
2	Valero Gas Station	0.2 mile
3	Blackwell Elementary School	0.3 mile
4	Fire Station	0.9 mile
5	CVS Pharmacy	1.1 miles
6	Bank of America	1.1 miles
7	Post Office	1.3 miles
8	VCU Medical Center	1.4 miles
9	Police Station	1.9 miles
10	East End Middle School	2.0 miles
11	Wythe High School	2.3 miles
12	Kroger Grocery Store	2.7 miles

Crime Statistics

The following table shows personal and property crimes for the PMA and MSA as an index, meaning an index of 100 is average. Any number above 100 is above average compared to the national crime index, while any number below 100 indicates lower than average crime.

2021 CRIME INDICES			
	PMA	Richmond City County	MSA
Total Crime*	156	163	100
Personal Crime*	179	196	96
Murder	410	440	189
Rape	130	128	87
Robbery	235	277	116
Assault	153	160	85
Property Crime*	153	158	100
Burglary	138	143	86
Larceny	159	161	107
Motor Vehicle Theft	150	169	83

Total crime risk indices in the PMA are modestly elevated relative to the national average and above the surrounding MSA. In particular, the category of personal crime in the PMA is substantially elevated relative to both the nation and the MSA. The Subject does not offer security features, and will not add any post renovation. However, based on our inspection and conversation with management, crime does not appear to be a significant issue in the area.

Public Transportation

The Greater Richmond Transit Company (GRTC) provides fixed-route bus service to residents of Richmond. The nearest bus stop is located less than 0.1 miles from the Subject at the intersection of Stockton Street and Commerce Road. Regular one-way adult fare is \$1.50; children and seniors are eligible for a discounted fare of \$0.75.

Conclusion

The Subject's neighborhood appears to be a good location for a multifamily development. The majority of the local amenities are located within approximately two miles of the Subject, and downtown Richmond is accessible one miles to the north. The Subject is located in a mixed-use neighborhood. The Subject is a compatible use within the existing neighborhood.

E.MARKET AREA DEFINITION

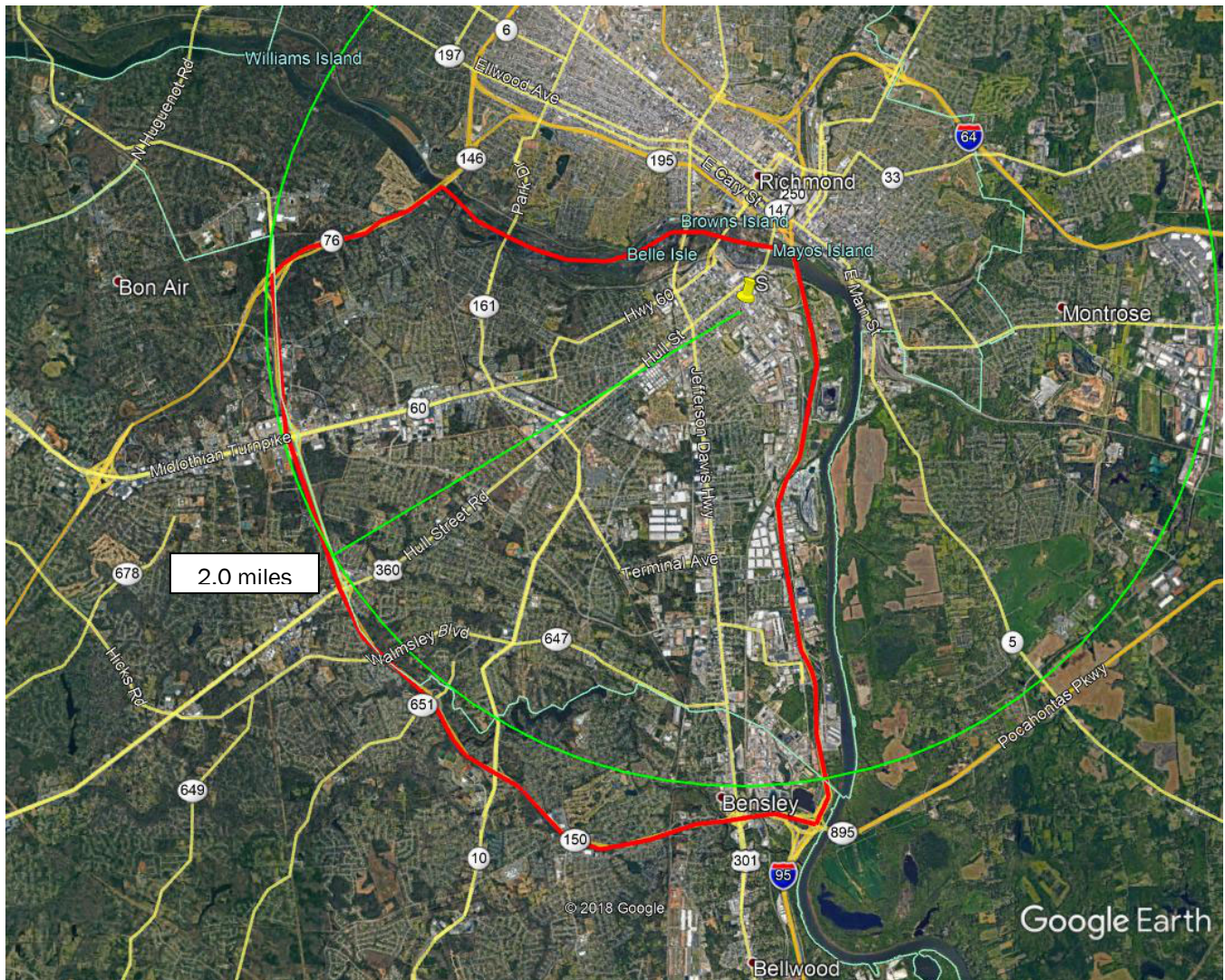
MARKET AREA DEFINITION

Primary Market Area

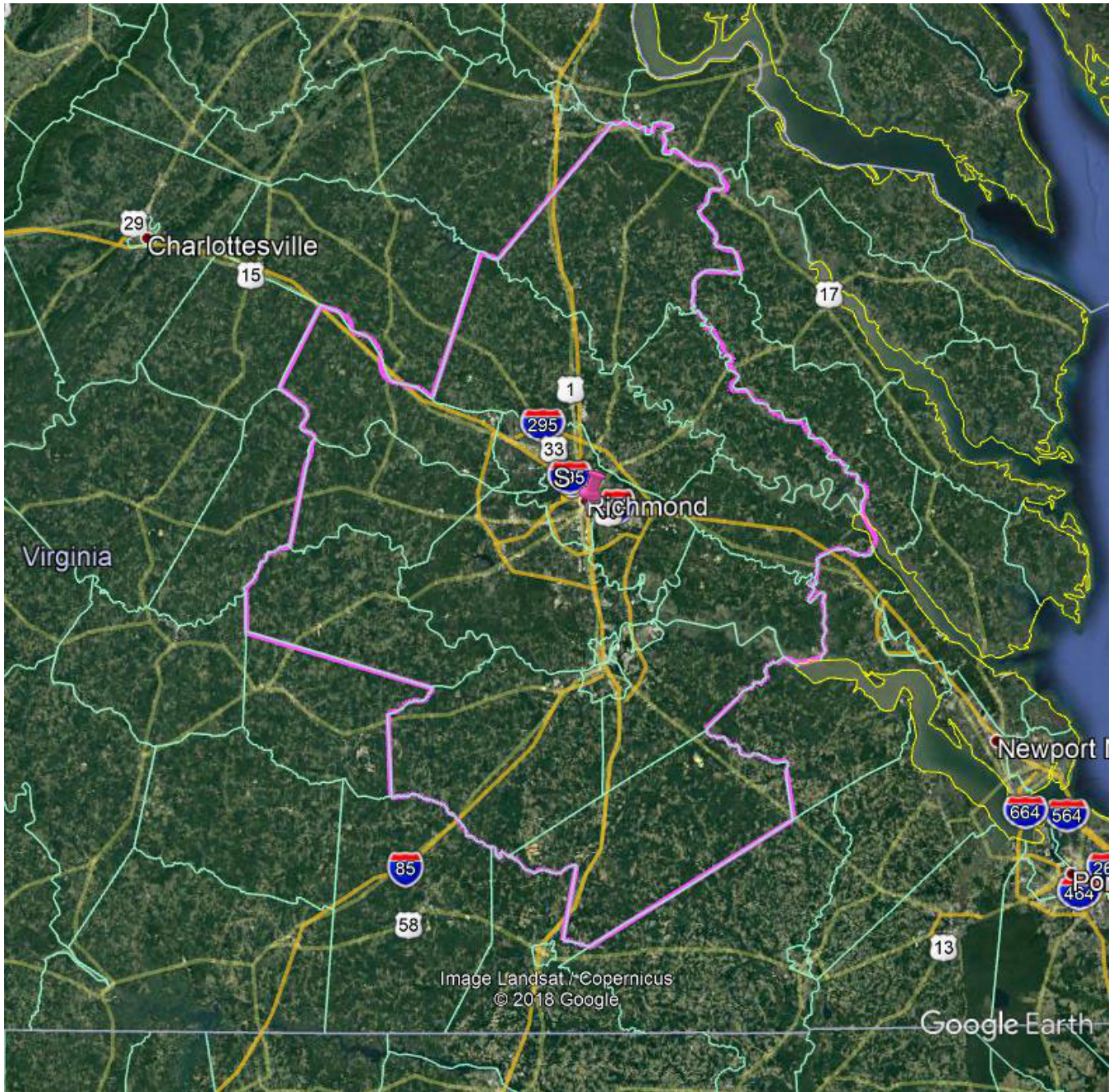
The Subject property is located in Richmond, Virginia. The boundaries of the PMA are defined as the James River to the north, Interstate 95 to the east, Chippenham Parkway to the south, and the Powhite Parkway to the west. This area was defined based on interviews with local market participants and local property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the greater metro. We have estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries. The PMA encompasses approximately 29 square miles, and was primarily devised based on our conversations with local property managers. We also factored a 15 minute drive zone in our determination of the PMA.

Per Virginia Housing guidelines, analysts are not to include secondary or tertiary markets. In this case, we have conservatively defined the PMA for a multifamily development (also per specific Virginia Housing guidance) and the secondary market area is simply presented as a source of comparison to the PMA.

Primary Market Area (PMA) Map



Secondary Market Area (SMA) Map



F.EMPLOYMENT AND ECONOMY

ECONOMIC ANALYSIS

Employment and Unemployment Trends

The table below illustrates the employment and unemployment rate for the MSA from 2007 through October 2021.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)								
Year	MSA			USA				
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2007	594,827	-	3.4%	-	146,046,667	-	4.6%	-
2008	600,856	1.0%	4.5%	1.1%	145,362,500	-0.5%	5.8%	1.2%
2009	577,465	-3.9%	7.7%	3.2%	139,877,500	-3.8%	9.3%	3.5%
2010	578,211	0.1%	8.2%	0.5%	139,063,917	-0.6%	9.6%	0.3%
2011	589,751	2.0%	7.3%	-0.9%	139,869,250	0.6%	8.9%	-0.7%
2012	599,925	1.7%	6.5%	-0.9%	142,469,083	1.9%	8.1%	-0.9%
2013	608,832	1.5%	5.9%	-0.5%	143,929,333	1.0%	7.4%	-0.7%
2014	621,804	2.1%	5.4%	-0.5%	146,305,333	1.7%	6.2%	-1.2%
2015	628,844	1.1%	4.6%	-0.8%	148,833,417	1.7%	5.3%	-0.9%
2016	638,687	1.6%	4.1%	-0.5%	151,435,833	1.7%	4.9%	-0.4%
2017	650,290	1.8%	3.8%	-0.2%	153,337,417	1.3%	4.3%	-0.5%
2018	660,313	1.5%	3.1%	-0.7%	155,761,000	1.6%	3.9%	-0.4%
2019	671,595	1.7%	2.8%	-0.3%	157,538,083	1.1%	3.7%	-0.2%
2020	634,030	-5.6%	6.7%	3.9%	147,794,750	-6.2%	8.1%	4.4%
2021 YTD Average*	622,207	-1.9%	4.7%	-2.1%	151,943,900	2.8%	5.7%	-2.4%
Oct-2020	622,750	-	6.3%	-	150,433,000	-	6.6%	-
Oct-2021	626,159	0.5%	3.4%	-2.9%	154,966,000	3.0%	4.3%	-2.3%

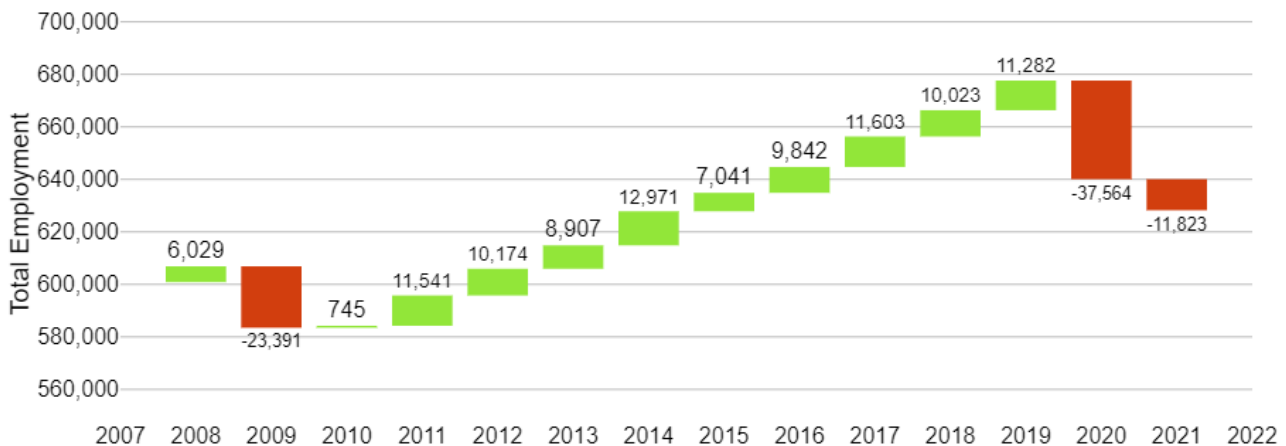
Source: U.S. Bureau of Labor Statistics, December 2021
 *2021 YTD Average is through October

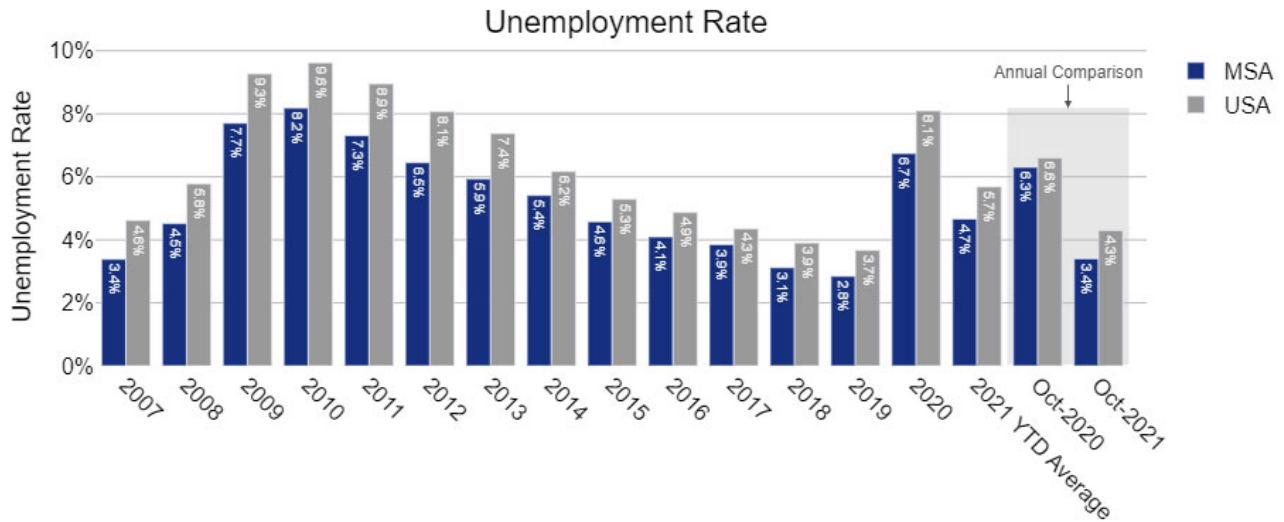
During the period preceding the onset of COVID-19 (2012 - 2019), job growth in the MSA was generally similar to the nation. Employment in the MSA declined sharply by 5.6 percent in 2020 amid the pandemic, similar to the overall nation. Total employment in the MSA currently remains similar to the pre-COVID level reached in 2019. As of October 2021, employment in the MSA is increasing at an annualized rate of 0.5 percent, compared to 3.0 percent growth across the nation.

During the period preceding the onset of COVID-19 (2012 - 2019), the MSA generally experienced a lower unemployment rate relative to the nation. The MSA unemployment rate increased modestly by 3.9 percentage points in 2020 amid the pandemic, reaching a high of 6.7 percent. For comparison, the national unemployment rate rose by 4.4 percentage points and reached a high of 8.1 percent over the same time period. According to the latest labor statistics, dated October 2021, the current MSA unemployment rate is 3.4 percent. This is well below the COVID highs of 2020, and below the current national unemployment rate of 4.3 percent.

The tables below provide more illustration of the changes in employment and unemployment rate trends in the MSA.

MSA Job Growth





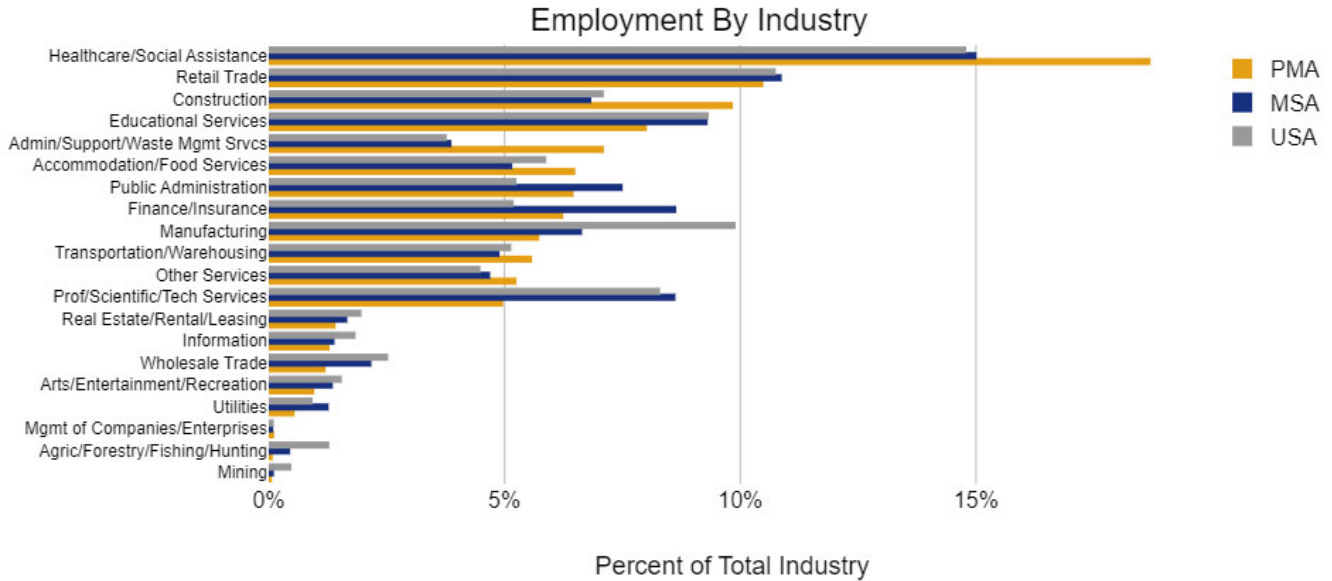
Employment by Industry

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

2021 - EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	7,344	18.7%	23,217,292	14.8%
Retail Trade	4,114	10.5%	16,864,485	10.7%
Construction	3,860	9.8%	11,127,591	7.1%
Educational Services	3,143	8.0%	14,629,096	9.3%
Admin/Support/Waste Mgmt Svcs	2,783	7.1%	5,887,329	3.7%
Accommodation/Food Services	2,545	6.5%	9,207,610	5.9%
Public Administration	2,531	6.4%	8,215,705	5.2%
Finance/Insurance	2,445	6.2%	8,123,688	5.2%
Manufacturing	2,245	5.7%	15,526,471	9.9%
Transportation/Warehousing	2,185	5.6%	8,044,029	5.1%
Other Services	2,054	5.2%	7,014,785	4.5%
Prof/Scientific/Tech Services	1,943	4.9%	13,005,287	8.3%
Real Estate/Rental/Leasing	545	1.4%	3,044,245	1.9%
Information	495	1.3%	2,846,142	1.8%
Wholesale Trade	462	1.2%	3,934,179	2.5%
Arts/Entertainment/Recreation	367	0.9%	2,388,480	1.5%
Utilities	204	0.5%	1,412,381	0.9%
Mgmt of Companies/Enterprises	33	0.1%	116,402	0.1%
Agric/Forestry/Fishing/Hunting	21	0.1%	1,973,200	1.3%
Mining	14	0.0%	705,964	0.4%
Total Employment	39,333	100.0%	157,284,361	100.0%

Employment in the PMA is concentrated in healthcare/social assistance, retail trade, and construction, which collectively comprise 38.9 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 recessions. However, the PMA also has a significant share of employment in the healthcare/social assistance industry, which typically exhibits greater stability during economic recessions. Relative to the nation, the PMA features comparatively greater employment in the healthcare/social assistance, administrative/support/waste management services, and construction industries. Conversely, the PMA is underrepresented in the manufacturing, professional/scientific/technology services, and wholesale trade sectors.



Major Employers

The following table details the major employers within the Richmond area. It is the most recent data available from the Greater Richmond Partnership.

MAJOR EMPLOYERS

RICHMOND, VA

Employer Name	Industry	# Of Employees
Capital One Financial Corp. (Call Center)	Financial Services	11,000
Virginia Commonwealth University Health Systems	Healthcare	8,678
Bon Secours Richmond	Healthcare	8,416
HCA Virginia Health System	Healthcare	7,628
Dominion Energy	Energy	5,433
Truist Bank	Financial Services	4,549
Amazon.com	Retail	4,100
Altria Group Inc.	Tobacco	3,850
Wells Fargo	Financial Services	2,902
Federal Reserve Bank Richmond	Financial Services	2,700
Anthem Blue Cross Blue Shield	Insurance	2,655
United Parcel Service	Distribution/Delivery	2,490
DuPont	Chemicals and fibers	2,436
Bank of America	Financial Services	1,921
Markel Corporation	Insurance	1,886
Verizon Communications	Telecommunications	1,700
CarMax Inc.	Car Retail	1,600
University of Richmond	Education	1,578
General Dynamics Corp.	Defense	1,450
T-Mobile USA Inc.	Telecommunications	1,316
Totals		78,288

As seen in the previous table, the largest employers within Richmond are concentrated in the financial services, healthcare, insurance, and telecommunications sectors. Additional employers in the region include a mix of retail trade, energy, distribution/delivery, chemicals and fibers, education, and defense companies.

Employment Contraction/Expansion

An important factor underlying the depth of demand for rental units of all types is the level of employment expansion and contraction in a region. In 2019, we spoke with Statia Gibson, Business Development Manager with the Greater Richmond Partnership, in regards to economic development in Richmond. According to Ms. Gibson, there have been several notable employment expansions in Richmond. In December 2021, we attempted to contact the Richmond Economic Development Authority (EDA) for recent business expansion information. However, despite numerous messages our calls have not been returned. We conducted internet research regarding recent business expansions and contractions in the area, and identified the following expansion announcements in 2021 along with the expansions provided by Ms. Gibson in 2019:

- In April 2021, Carvana, a quickly growing automated car dealership announced plans to move forward with a new location in Richmond. The launch of Richmond marks Carvana’s fourteenth market and the company’s first location in Virginia. The \$25 million warehouse will bring 400 new jobs to the area.
- In March 2021, Super Radiator Coils announced a 56,000 square foot expansion of their existing manufacturing facility in northern Chesterfield County. The expansion marks the third expansion of the specialty coil manufacturer and will add up to 50 additional jobs.
- In January 2021, major employer DuPont announced a \$75 million expansion to improve its manufacturing and technology processes and will add 60 new employees over the next several years.
- In July 2019, Amazon announced it will be opening a new fulfillment center in Richmond. The new fulfillment center will add 150 new jobs to the area. The opening date for the new fulfillment center is not yet available.
- Wine & Beer Supply is expanding its headquarters in Greater Richmond from a 54,000 square foot space to a 152,000 square foot space. The expansion is expected to occur in November 2019.
- In July 2019, CoStar announced it will offer 100 new sales jobs at its Richmond location, raising its local headcount to 950 employees.
- Paymerang, a financial services technology firm, expanded its office from 10,000 square feet to 16,000 square feet in July 2019. Paymerang expects to hire 100 additional employees by the end of 2019.
- The Virginia Commonwealth University received \$121 million in funding for a new 168,000-square-foot, six-story building dedicated to STEM education. Construction is expected to begin in spring 2020.
- In May 2019, Risk Based Security, a cybersecurity firm, announced it is opening its first office space at a 4,200-square-foot location in Richmond. The firm will employ around 30 employees.
- Drury Hotels Co. opened a hotel in Richmond in August 2019. The hotel is eight-stories and has 217-rooms. The hotel employs 55 full and part-time employees.
- HOUSE pitality Family restaurant group announced in August 2019 it will be hiring 250 new employee.

WARN Notices

The following table illustrates layoffs and closures in Richmond from January 2020 through year-to-date 2021. These are provided from the Worker Adjustment and Retraining Notification (WARN) filings, according to the Virginia Employment Commission.

WARN LISTINGS
CITY OF RICHMOND

Company	Industry	Employees Affected	Layoff Date
Genworth	Financial Services	95	3/27/2021
TitleMax of Virginia, Inc. and TMX Finance of Virginia, Inc.	Title Lending	38	1/16/2021
VCU Health System	Healthcare/Social Assistance	635	12/19/2020
ExpressJet Airlines LLC	Airline Travel	36	10/1/2020
Avis Budget Car Rental	Car Rental	4	9/4/2020
Sur La Table	Retail	29	9/1/2020
Marriott - Richmond	Hospitality	50	8/31/2020
PostalMile, Inc.	Delivery	31	8/28/2020
The Salvation Army	Charitable Organization	38	5/30/2020
Nordstrom	Retail	189	5/14/2020
Cenveo Corporation	Manufacturing	184	5/4/2020
Eastern Specialty Finance, Inc.	Financial Services	4	5/1/2020
Enterprise Holdings	Car Rental	78	4/24/2020
First Home Care Mental Health Services	Healthcare/Social Assistance	18	4/11/2020
Bear Down Logistics	Delivery	75	4/8/2020
Asbury Automotive Group-Crown MINI	Car Dealer	6	4/6/2020
Kaiser Aluminum	Aluminum Production	78	4/3/2020
Asbury Automotive Group-Richmond BMW	Car Dealer	11	4/3/2020
Asbury Automotive Group-Crown Acura	Car Dealer	8	4/3/2020
SMI Hotel Group	Hospitality	77	4/1/2020
Delaware North Companies, Inc.	Food Services/Hospitality	80	3/30/2020
Paper Source	Retail	11	3/29/2020
Hilton Richmond Downtown	Hospitality	109	3/23/2020
Take 5 Oil Change-Driven Brands Shared Services, LLC	Automotive Services	5	3/22/2020
Bloomin' Brands (Fleming's)	Restaurant	40	3/21/2020
Bloomin' Brands (Carrabba's Italian Grill)	Restaurant	115	3/21/2020
Bloomin's Brands (Outback Steakhouse)	Restaurant	326	3/21/2020
Jim's Formal Wear	Retail	44	3/20/2020
Omni Richmond Hotel	Hospitality	103	3/19/2020
P.F. Chang's China Bistro	Restaurant	75	3/17/2020
Three Notch'd Brewing Company	Brewing/Distribution	9	3/17/2020
Collegiate Hotel Group	Hospitality	66	3/16/2020
Hooters of America, LLC	Restaurant	56	3/16/2020
Aramark (at VCU Health Systems)	Food Services	572	3/13/2020
Northrop Grumman	Aerospace	42	2/4/2020
Total		3,337	

Source: Virginia Employment Commission, retrieved May 2021

According to the Virginia Employment Commission, there have been 3,337 job losses in the City of Richmond since January 2020. This represents less than one percent of the workforce in the MSA. Further, note that the majority of WARN notices are a result of the COVID-19 pandemic.

Wages by Occupation

The following table illustrates the mean hourly and annual wages for various occupations in the SMA; information at the PMA level was not available.

RICHMOND, VA METROPOLITAN STATISTICAL AREA - 2ND QTR 2020 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
All Occupations	625,850	\$26.74	\$55,630
Management Occupations	29,100	\$62.54	\$130,090
Legal Occupations	6,710	\$48.23	\$100,310
Computer and Mathematical Occupations	23,970	\$45.65	\$94,960
Healthcare Practitioners and Technical Occupations	40,620	\$42.60	\$88,610
Architecture and Engineering Occupations	8,600	\$42.15	\$87,670
Business and Financial Operations Occupations	51,520	\$38.43	\$79,940
Life, Physical, and Social Science Occupations	5,570	\$34.16	\$71,060
Arts, Design, Entertainment, Sports, and Media Occupations	8,170	\$28.93	\$60,180
Educational Instruction and Library Occupations	35,550	\$28.60	\$59,490
Installation, Maintenance, and Repair Occupations	24,960	\$25.81	\$53,690
Community and Social Service Occupations	13,070	\$24.13	\$50,200
Construction and Extraction Occupations	28,850	\$22.80	\$47,430
Protective Service Occupations	17,390	\$22.00	\$45,750
Sales and Related Occupations	64,390	\$21.62	\$44,970
Production Occupations	25,090	\$20.82	\$43,310
Office and Administrative Support Occupations	86,840	\$20.26	\$42,130
Transportation and Material Moving Occupations	54,990	\$17.44	\$36,270
Farming, Fishing, and Forestry Occupations	690	\$17.02	\$35,400
Personal Care and Service Occupations	11,380	\$14.97	\$31,140
Healthcare Support Occupations	25,210	\$14.32	\$29,790
Building and Grounds Cleaning and Maintenance Occupations	19,260	\$14.11	\$29,350
Food Preparation and Serving Related Occupations	43,930	\$12.07	\$25,100

Source: Department Of Labor, Occupational Employment Statistics, 5/2020, retrieved 4/2022

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 \$12.07 per hour. The highest average hourly wage, of \$62.54, is for those in management occupations. Qualifying income for the Subject's affordable units will range between \$0 and \$52,200. This encompasses a significant amount of the employment based on wages in the area. An element not reflected in the data is that many positions represent part-time employment, and starting rates are typically lower than mean wage rates. We expect that part-time employment and entry-level positions will be common amongst the Subject's tenant base.

Commuting Patterns

The chart below shows the travel time to work for the PMA according to US Census data.

COMMUTING PATTERNS

ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	522	1.2%
Travel Time 5-9 min	2,335	5.5%
Travel Time 10-14 min	5,649	13.4%
Travel Time 15-19 min	7,988	19.0%
Travel Time 20-24 min	9,207	21.9%
Travel Time 25-29 min	3,550	8.4%
Travel Time 30-34 min	7,272	17.3%
Travel Time 35-39 min	1,037	2.5%
Travel Time 40-44 min	808	1.9%
Travel Time 45-59 min	1,584	3.8%
Travel Time 60-89 min	1,229	2.9%
Travel Time 90+ min	935	2.2%
Weighted Average	26 minutes	

Source: US Census 2021, Novogradac Consulting LLP, April 2021

As shown in the preceding table, the weighted average commute time in the PMA is approximately 26 minutes. More than 60 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The average commute time across the overall nation is approximately 28 minutes.

Conclusion

Employment in the PMA is concentrated in healthcare/social assistance, retail trade, and construction, which collectively comprise 38.9 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 recessions. However, the PMA also has a significant share of employment in the healthcare/social assistance industry, which typically exhibits greater stability during recessionary periods. Relative to the nation, the PMA features comparatively greater employment in the healthcare/social assistance, administrative/support/waste management services, and construction industries. Conversely, the PMA is underrepresented in the manufacturing, professional/scientific/technology services, and wholesale trade sectors. Employment in the MSA declined sharply by 5.6 percent in 2020 amid the pandemic, similar to the overall nation. Total employment in the MSA currently remains similar to the pre-COVID level reached in 2019. As of October 2021, employment in the MSA is increasing at an annualized rate of 0.5 percent, compared to 3.0 percent growth across the nation.

G. DEMOGRAPHIC CHARACTERISTICS

General Population and Household Trends

The tables below illustrate the population and household trends in the PMA, MSA, and nation from 2000 through 2026.

Year	POPULATION					
	PMA		MSA		USA	
	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>
2000	74,638	-	1,061,671	-	280,304,282	-
2010	80,209	0.7%	1,208,101	1.4%	308,745,538	1.0%
2021	89,428	1.0%	1,344,199	1.0%	333,934,112	0.7%
2026	93,423	0.9%	1,410,185	1.0%	345,887,495	0.7%

Historical population growth in the PMA trailed the MSA between 2000 and 2010. However, growth in the PMA accelerated between 2010 and 2021, and outpaced growth in the MSA and the nation. According to ESRI demographic projections, annualized PMA growth is expected to slow to 0.9 percent through 2026, which is similar to growth expectations for the MSA and slightly above the nation.

Year	HOUSEHOLDS					
	PMA		MSA		USA	
	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>
2000	32,675	-	418,291	-	105,081,032	-
2010	32,546	-0.0%	468,524	1.2%	116,716,293	1.1%
2021	35,695	0.9%	522,558	1.0%	126,470,651	0.8%
2026	37,245	0.9%	548,280	1.0%	131,047,367	0.7%

The PMA experienced declining household growth between 2000 and 2010 and lagged behind the surrounding MSA, which reported positive growth over the same time period. Growth in the PMA returned to positive territory between 2010 and 2021, however, grew by slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth is expected to remain relatively stable at 0.9 percent through 2026, which is slightly below growth expectations for the MSA and slightly above the nation.

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. This table includes households of all ages.

Year	AVERAGE HOUSEHOLD SIZE					
	PMA		Richmond, VA Metropolitan Statistical Area		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	2.26	-	2.46	-	2.59	-
2010	2.44	0.8%	2.50	0.2%	2.57	-0.1%
2021	2.48	0.1%	2.51	0.0%	2.58	0.0%
2026	2.48	0.0%	2.51	0.0%	2.58	0.0%

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

The average household size in the PMA is smaller than that of the MSA and the nation. According to ESRI demographic projections, household sizes in the PMA will remain stable along with the MSA and the nation through 2026.

Median Household Income Levels

The table below illustrates Median Household Income in the PMA, MSA, and nation from 2000 through 2026.

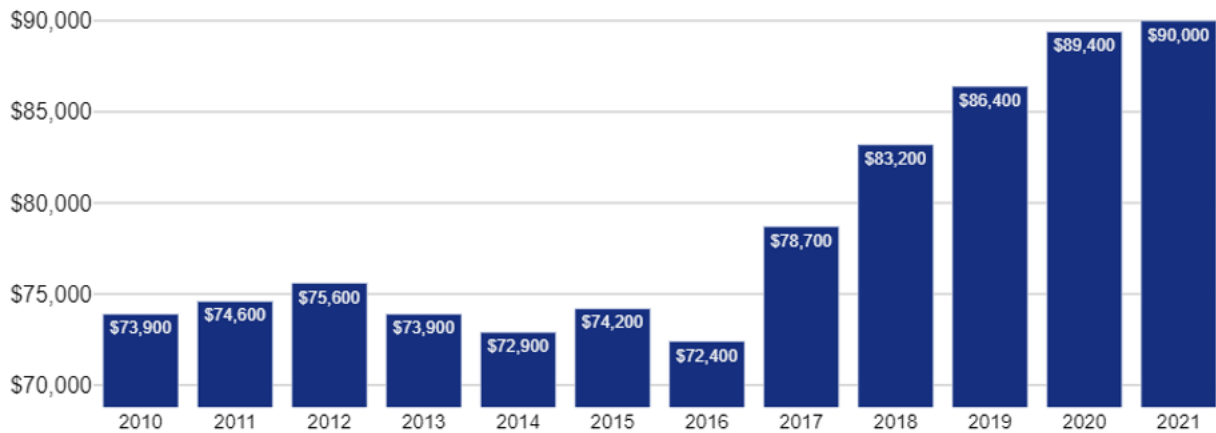
Year	MEDIAN HOUSEHOLD INCOME					
	PMA		MSA		USA	
	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>	<i>Amount</i>	<i>Annual Change</i>
2000	\$34,476	-	\$47,058	-	\$44,333	-
2021	\$42,584	1.1%	\$68,283	2.1%	\$64,730	2.2%
2026	\$45,887	1.6%	\$75,165	2.0%	\$72,932	2.5%

As of 2021, the median income in the PMA is well below the surrounding MSA. Growth in both geographic areas trailed the nation during the same time period. Relative to the nation, household income in the PMA declined slightly from 77.8 percent of the national median income in 2000 to 65.8 in 2021. According to ESRI demographic projections, annualized PMA growth is expected to accelerate to 1.6 percent through 2026, which is below projected growth in surrounding the MSA and well below the overall nation.

Area Household Income Levels

The following chart illustrates the area median gross income (AMGI) of a four-person household in Richmond between 2010 and 2021.

AMI Growth - Richmond City County, VA



Source: Esri Demographics 2021, Novogradac Consulting LLP, December 2021

Overall, the AMI increased at an annual rate of 1.98 percent between 2010 and 2021. Over 71.2 percent of counties in the nation experienced an increase in AMI in 2021. This was also true in Richmond City County, which reached a record high AMI level in 2021. Rising AMI levels bode well for future rent growth at affordable developments, such as the Subject property.

	AMI GROWTH											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
AMI	\$73,900	\$74,600	\$75,600	\$73,900	\$72,900	\$74,200	\$72,400	\$78,700	\$83,200	\$86,400	\$89,400	\$90,000
% Growth	0.96%	0.95%	1.34%	(2.25%)	(1.35%)	1.78%	(2.43%)	8.70%	5.72%	3.85%	3.47%	0.67%

The Subject’s proposed rents are set at the maximum allowable levels; therefore, future rent increases would be dependent upon future increases in the AMI within Richmond.

The following tables illustrate the household income distribution for the PMA and SMA for 2020 and 2026.

HOUSEHOLD INCOME PMA

Income Cohort	2021		PMA		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,543	9.9%	3,311	8.9%	-46	-1.3%		
\$10,000-19,999	4,698	13.2%	4,297	11.5%	-80	-1.7%		
\$20,000-29,999	4,520	12.7%	4,297	11.5%	-45	-1.0%		
\$30,000-39,999	4,337	12.2%	4,186	11.2%	-30	-0.7%		
\$40,000-49,999	3,797	10.6%	3,917	10.5%	24	0.6%		
\$50,000-59,999	2,663	7.5%	2,915	7.8%	50	1.9%		
\$60,000-74,999	3,275	9.2%	3,373	9.1%	20	0.6%		
\$75,000-99,999	3,813	10.7%	4,093	11.0%	56	1.5%		
\$100,000-	2,315	6.5%	2,805	7.5%	98	4.2%		
\$125,000-	1,127	3.2%	1,682	4.5%	111	9.8%		
\$150,000-	767	2.1%	1,178	3.2%	82	10.7%		
\$200,000+	840	2.4%	1,191	3.2%	70	8.4%		
Total	35,695	100.0%	37,245	100.0%				

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

HOUSEHOLD INCOME SMA

Income Cohort	2021		Richmond, VA Metropolitan Statistical Area		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	26,865	5.1%	25,389	4.6%	-295	-1.1%		
\$10,000-19,999	36,489	7.0%	33,312	6.1%	-635	-1.7%		
\$20,000-29,999	38,382	7.3%	36,338	6.6%	-409	-1.1%		
\$30,000-39,999	41,283	7.9%	37,743	6.9%	-708	-1.7%		
\$40,000-49,999	41,993	8.0%	40,780	7.4%	-243	-0.6%		
\$50,000-59,999	35,817	6.9%	36,370	6.6%	111	0.3%		
\$60,000-74,999	50,520	9.7%	49,363	9.0%	-231	-0.5%		
\$75,000-99,999	69,967	13.4%	70,790	12.9%	165	0.2%		
\$100,000-	54,654	10.5%	58,061	10.6%	681	1.2%		
\$125,000-	38,682	7.4%	44,757	8.2%	1,215	3.1%		
\$150,000-	40,105	7.7%	49,268	9.0%	1,833	4.6%		
\$200,000+	47,801	9.1%	66,109	12.1%	3,662	7.7%		
Total	522,558	100.0%	548,280	100.0%				

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

As of 2021, approximately 48 percent of households within the PMA have annual incomes below \$40,000. Through 2026, the percentage of low-income households earning less than \$40,000 annually is projected to decline slightly to 43.2 percent.

Conclusion

The population in the PMA increased by 19.8 percent between 2000 and 2021, compared to the 26.6 percent increase in the regional MSA and 19.1 percent increase across the overall nation. The percentage of renter households in the PMA remained relatively stable between 2010 and 2021, and is estimated to be 56.8 percent as of 2021. This is more than the estimated 33 percent of renter households across the overall nation. As of 2021, the median income in the PMA is below the surrounding MSA. Historical median household income growth in the PMA trailed the MSA between 2000 and 2021. Both geographic areas experienced population growth below the overall nation during this time period. Of note, PMA income levels declined from 78 percent of the national median income in 2000 to 66 percent in 2021. Healthy population and household income growth bode well for future housing demand.

H. COMPETITIVE ENVIRONMENT

SUPPLY ANALYSIS

Tenure Patterns

The table below shows the breakdown of households by tenure within the Subject’s PMA.

TENURE PATTERNS PMA

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	17,694	54.2%	14,981	45.8%
2010	14,254	43.8%	18,292	56.2%
2021	15,434	43.2%	20,261	56.8%
2026	16,080	43.2%	21,165	56.8%

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

The preceding table details household tenure patterns in the PMA since 2000. The percentage of renter households in the PMA remained relatively stable between 2010 and 2021, and is estimated to be 56.8 percent as of 2021. This is more than the estimated 33 percent of renter households across the overall nation. According to ESRI demographic projections, the percentage of renter households in the PMA is expected to remain relatively stable through 2026.

Renter Household Size Distribution

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

PMA HOUSEHOLD SIZE DISTRIBUTION

Household Size	2000		2021		2026	
	Total	Percent	Total	Percent	Total	Percent
1 persons	11,156	34.1%	11,736	32.9%	12,239	32.9%
2 persons	11,198	34.3%	10,559	29.6%	10,977	29.5%
3 persons	5,084	15.6%	6,034	16.9%	6,293	16.9%
4 persons	3,105	9.5%	3,773	10.6%	3,950	10.6%
5+ persons	2,132	6.5%	3,593	10.1%	3,786	10.2%
Total	32,675	100.0%	35,695	100.0%	37,245	100.0%

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

Historically, the majority of renter households in the PMA have consisted of one-, two-, and three-person households. The Subject will target three, four, five and six-person households. Through 2026, the number of two-, three, four, and five-person renter households is projected to increase slightly.

Building Permits

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

BUILDING PERMITS: RICHMOND CITY COUNTY 2000 - 2019*

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2000	194	76	0	270
2001	181	3	99	283
2002	169	35	312	516
2003	285	68	142	495
2004	327	0	71	398
2005	525	3	226	754
2006	497	18	214	729
2007	362	0	202	564
2008	257	0	101	358
2009	141	0	220	361
2010	150	0	457	607
2011	98	3	242	343
2012	221	0	619	840
2013	134	4	711	849
2014	220	0	331	551
2015	278	4	241	523
2016	304	10	196	510
2017	328	10	979	1,317
2018	293	0	270	563
2019*	353	15	872	1,240
Total	5,317	249	6,505	12,071
Average*	261	12	296	570

*YTD, preliminary

Source: US Census Bureau Building Permits, April 2021

As illustrated in the previous table, the majority of building permits for residential units in Richmond have been for multifamily properties since 2000.

Age of Housing Stock

The age of the area housing stock is presented in the following table:

HOUSING STOCK BY YEAR BUILT

	PMA		MSA		USA	
Built 2010 or later	659	1.8%	16,343	3.2%	3,690,038	2.8%
Built 2000 to 2009	2,244	6.2%	80,458	15.6%	19,186,932	14.3%
Built 1990 to 1999	2,619	7.3%	81,287	15.8%	19,072,607	14.2%
Built 1980 to 1989	3,815	10.6%	84,952	16.5%	18,455,307	13.8%
Built 1970 to 1979	6,639	18.4%	80,470	15.6%	20,877,555	15.6%
Built 1960 to 1969	6,009	16.7%	50,851	9.9%	14,526,829	10.8%
Built 1950 to 1959	6,344	17.6%	49,589	9.6%	14,142,147	10.6%
Built 1940 to 1949	3,119	8.7%	22,971	4.5%	6,748,599	5.0%
Built 1939 or earlier	4,574	12.7%	48,211	9.4%	17,329,130	12.9%
Total Housing Units	36,022	100.0%	515,132	100.0%	134,029,144	100.0%

Source: US Census American Community Estimates, April 2022

Of the housing stock in the PMA, 55.6 percent was constructed before 1970, with the largest percentage built between 1970 and 1979, followed by housing stock built between 1960 and 1969. Overall, the PMA exhibits generally older housing stock. The data does not reflect condition, which oftentimes is well-maintained through ongoing maintenance. The field inspection of the area reflects a varied housing stock, generally in fair to average condition.

Description of Property Types Surveyed

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.

To evaluate the competitive position of the Subject, we surveyed a total of 2,732 units in nine rental properties. The LIHTC data is considered good. We included five affordable developments located between 0.2 and 0.8 miles from the Subject site, all of which are located within the PMA. The market rate data is also considered good. We included five market rate properties located between 0.4 and 4.8 miles from the Subject site, all of which are located within the PMA. Overall, we believe the availability of data is adequate to support our conclusions.

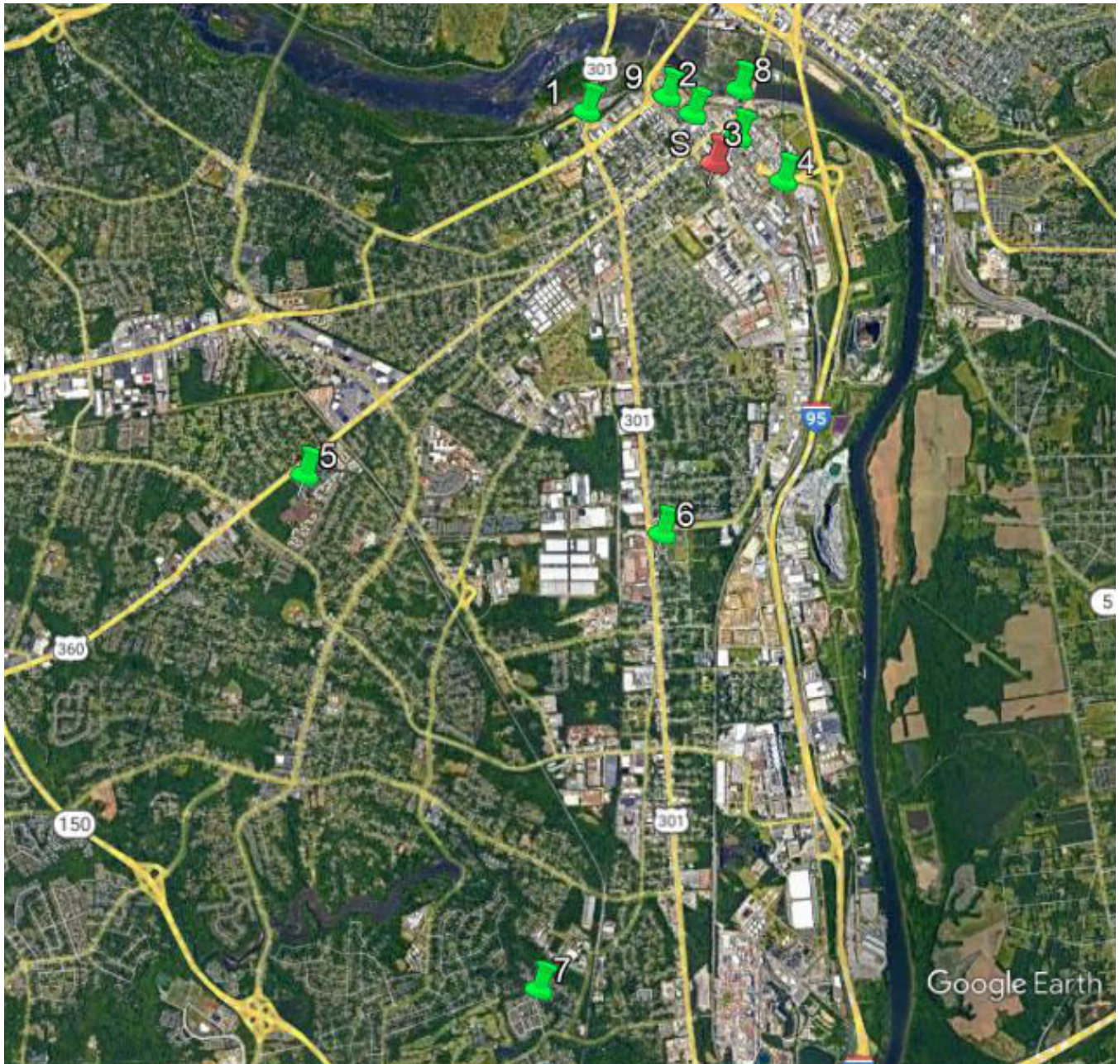
Excluded properties include, but are not limited to the properties located in the following table.

EXCLUDED PROPERTIES

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Miller Lofts At Plant Zero	LIHTC	Family	Incomparable Set Asides
New Manchester Flats	LIHTC	Family	Incomparable Set Asides
Village South Townhomes	LIHTC	Family	Incomparable Set Asides
Townhomes Of Oakleys	LIHTC	Family	Incomparable Set Asides
Charnwood Forest	LIHTC	Senior	Dissimilar tenancy
Forest Creek	LIHTC	Senior	Dissimilar tenancy
Foxwood Richmond	LIHTC	Senior	Dissimilar tenancy
Maury Park	LIHTC	Senior	Dissimilar tenancy
The Commons At Plant Zero	Market	Family	Unable to Contact
South Bank	Market	Family	More Similar Comparable Used (Unit Types)
Hopper Lofts	Market	Family	More Similar Comparable Used (Unit Types)
The Hudson Apartments	Market	Family	Unable to Contact
Bliley Manor	Section 8	Senior	Subsidized rents/dissimilar tenancy
Blue Ridge Estates	Section 8	Family	Subsidized rents
Chesterfield Square	Section 8	Family	Subsidized rents
Chippenham Place	Section 8	Family	Subsidized rents
Forestbrooke	Section 8	Family	Subsidized rents
Foxwood	Section 8	Family	Subsidized rents
James River Apartments	Section 8	Senior	Subsidized rents/dissimilar tenancy
Lafayette Gardens	Section 8	Family	Subsidized rents
Midlothian Village Apts	Section 8	Family	Subsidized rents
Monarch Woods	Section 8	Senior	Subsidized rents/dissimilar tenancy
Prestonwood Group Home	Section 8	Senior	Subsidized rents/dissimilar tenancy
Renaissance	Section 8	Family	Subsidized rents
Saints Cosma & Damianos House	Section 8	Senior	Subsidized rents/dissimilar tenancy
Woodland Crossing	Section 8	Family	Subsidized rents

Detailed matrices describing the individual competitive properties, as well as the Subject, are provided in the addenda of this report. A map illustrating the location of the Subject in relation to the comparable properties follows.

Comparable Properties Map



COMPARABLE PROPERTIES

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
S	The Townes At River South	Richmond	LIHTC	Family	-
1	Belle Summit	Richmond	LIHTC	Family	0.8 miles
2	Hatcher Tobacco Flats	Richmond	LIHTC	Family	0.3 miles
3	Miller Lofts At Plant Zero	Richmond	LIHTC	Family	0.2 miles
4	New Manchester Flats	Richmond	LIHTC	Family	0.4 miles
5	Communities At Southwood	Richmond	Market	Family	2.8 miles
6	James River Villas	Richmond	Market	Family	2.1 miles
7	Meadowbrook Apartments	Richmond	Market	Family	4.9 miles
8	Paper Company	Richmond	Market	Family	0.4 miles
9	The Mill At Manchester Lofts	Richmond	Market	Family	0.4 miles

*Located outside PMA

TOWNES AT RIVER SOUTH – RICHMOND, VIRGINIA – MARKET STUDY

SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
Subject	The Townes At River South 214 E 9th Street Richmond, VA 23224 Richmond City County		Various 2-stories 2001 / n/a Family	@30% (Public Housing), @50%, @50% (Public Housing)	2BR / 1.5BA	9	5.6%	985	@30% (Public Housing)	-	N/A	Yes	0	0.0%
					2BR / 1.5BA	18	11.2%	985	@30% (Public Housing)	-	N/A	Yes	0	0.0%
					2BR / 1.5BA	25	15.5%	985	@50%	\$925	Yes	Yes	0	0.0%
					2BR / 1.5BA	17	10.6%	985	@50%	\$850	Yes	Yes	0	0.0%
					3BR / 2.5BA	4	2.5%	1,202	@30% (Public Housing)	-	N/A	Yes	0	0.0%
					3BR / 2.5BA	7	4.4%	1,202	@30% (Public Housing)	-	N/A	Yes	0	0.0%
					3BR / 2.5BA	7	4.4%	1,000	@50%	\$950	Yes	Yes	0	0.0%
					3BR / 2.5BA	8	5.0%	1,202	@50% (Public Housing)	-	N/A	Yes	0	0.0%
					3BR / 2.5BA	28	17.4%	1,202	@50%	\$975	Yes	Yes	0	0.0%
					3BR / 2.5BA	23	14.3%	1,202	@50% (Public Housing)	-	N/A	Yes	0	0.0%
					4BR / 2.5BA	2	1.2%	1,400	@50%	\$1,050	Yes	Yes	N/A	N/A
					4BR / 2.5BA	1	0.6%	1,529	@50% (Public Housing)	-	N/A	Yes	N/A	N/A
					4BR / 2.5BA	7	4.4%	1,529	@50%	\$1,090	Yes	Yes	N/A	N/A
					4BR / 2.5BA	5	3.1%	1,529	@50% (Public Housing)	-	N/A	Yes	N/A	N/A
161														
1	Belle Summit 600 Cowardin Ave Richmond, VA 23224 Richmond City County	0.8 miles	Midrise 4-stories 2014 / n/a Family	@40%, @50%	1BR / 1BA	1	2.0%	556	@40%	\$658	No	Yes	0	0.0%
					1BR / 1BA	9	18.0%	556	@50%	\$826	No	Yes	0	0.0%
					2BR / 2BA	3	6.0%	891	@40%	\$775	No	Yes	0	0.0%
					2BR / 2BA	27	54.0%	891	@50%	\$977	No	Yes	0	0.0%
					3BR / 2BA	1	2.0%	1,118	@40%	\$886	No	Yes	0	0.0%
					3BR / 2BA	9	18.0%	1,118	@50%	\$1,120	No	Yes	0	0.0%
50														
2	Hatcher Tobacco Flats 151 West Commerce Road Richmond, VA 23224 Richmond City County	0.3 miles	Midrise 5-stories 2015 / n/a Family	@40%, @50%	1BR / 1BA	15	9.9%	701	@40%	\$570	Yes	No	0	0.0%
					1BR / 1BA	16	10.5%	701	@50%	\$737	Yes	No	0	0.0%
					2BR / 2BA	93	61.2%	963	@50%	\$876	Yes	No	0	0.0%
					3BR / 2BA	28	18.4%	1,068	@50%	\$1,001	Yes	No	0	0.0%
152														
3	Miller Lofts At Plant Zero 500 Stockton Street Richmond, VA 23224 Richmond City County	0.2 miles	Garden 3-stories 2015 / n/a Family	@60%	1BR / 1BA	N/A	N/A	749	@60%	\$935	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,039	@60%	\$1,106	Yes	Yes	0	N/A
					3BR / 1.5BA	1	0.5%	1,231	@60%	\$1,245	Yes	Yes	0	0.0%
197														
4	New Manchester Flats 715 East 4th Street Richmond, VA 23224 Richmond City County	0.4 miles	Conversion 2-stories 1940 / 2010 Family	@30%, @40%, @50%, @60%, @70%, @80%	0BR / 1BA	N/A	N/A	700	@30%	\$472	Yes	Yes	0	N/A
					0BR / 1BA	N/A	N/A	700	@40%	\$630	Yes	Yes	0	N/A
					0BR / 1BA	N/A	N/A	700	@50%	\$787	Yes	Yes	0	N/A
					0BR / 1BA	N/A	N/A	700	@60%	\$945	Yes	Yes	0	N/A
					0BR / 1BA	N/A	N/A	700	@70%	\$1,102	Yes	Yes	0	N/A
					0BR / 1BA	N/A	N/A	700	@80%	\$1,260	Yes	Yes	0	N/A
					1BR / 1BA	N/A	N/A	687	@30%	\$506	Yes	Yes	0	N/A
					1BR / 1BA	N/A	N/A	687	@40%	\$675	Yes	Yes	0	N/A
					1BR / 1BA	N/A	N/A	687	@50%	\$843	Yes	Yes	0	N/A
					1BR / 1BA	N/A	N/A	687	@60%	\$1,012	Yes	Yes	0	N/A
					1BR / 1BA	N/A	N/A	687	@70%	\$1,161	Yes	Yes	0	N/A
					1BR / 1BA	N/A	N/A	687	@80%	\$1,350	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	889	@30%	\$607	Yes	Yes	4	N/A
					2BR / 2BA	N/A	N/A	889	@40%	\$810	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	889	@50%	\$1,012	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	889	@60%	\$1,215	Yes	Yes	0	N/A
2BR / 2BA	N/A	N/A	840	@70%	\$1,417	Yes	Yes	0	N/A					
2BR / 2BA	N/A	N/A	840	@80%	\$1,620	Yes	Yes	0	N/A					
172														
5	Communities At Southwood 4602 Southwood Parkway Richmond, VA 23224 Richmond City County	2.8 miles	Various 1-stories 1960 / 2010 Family	Market	1BR / 1BA	166	12.9%	580	Market	\$812	N/A	No	0	0.0%
					1BR / 1BA	166	12.9%	740	Market	\$852	N/A	No	0	0.0%
					2BR / 1BA	614	47.7%	794	Market	\$1,028	N/A	No	0	0.0%
					2BR / 1.5BA	250	19.4%	1,010	Market	\$1,088	N/A	No	0	0.0%
					2BR / 2BA	45	3.5%	1,010	Market	\$1,183	N/A	No	0	0.0%
					3BR / 2BA	45	3.5%	1,200	Market	\$1,247	N/A	No	0	0.0%
###														
6	James River Villas 2506 Atwell Drive Richmond, VA 23234 Richmond County	2.1 miles	Townhouse 1-stories 1947 / 2005/2018 Family	Market	1BR / 1BA	21	9.4%	552	Market	\$788	N/A	No	1	4.8%
					2BR / 1BA	182	81.3%	672	Market	\$904	N/A	No	2	1.1%
					3BR / 1BA	21	9.4%	792	Market	\$1,043	N/A	No	0	0.0%
224														
7	Meadowbrook Apartments 5314 Whetstone Road Richmond, VA 23234 Chesterfield County	4.9 miles	Various 2-stories 1971 / 2015 Family	Market	1BR / 1BA	33	6.7%	512	Market	\$1,008	N/A	No	1	3.0%
					2BR / 1BA	37	7.5%	812	Market	\$1,232	N/A	No	1	2.7%
					2BR / 1.5BA	322	65.3%	1,024	Market	\$1,312	N/A	No	12	3.7%
					3BR / 1.5BA	14	2.8%	1,076	Market	\$1,526	N/A	No	0	0.0%
					3BR / 2.5BA	71	14.4%	1,536	Market	\$1,626	N/A	No	4	5.6%
493														
8	Paper Company 203 Hull Street Richmond, VA 23224 Richmond City County	0.4 miles	Lowrise 4-stories 1900 / 2008 Family	Market	0BR / 1BA	30	34.1%	551	Market	\$975	N/A	No	0	0.0%
					1BR / 1BA	20	22.7%	611	Market	\$1,201	N/A	No	0	0.0%
					1BR / 1.5BA	20	22.7%	845	Market	\$1,300	N/A	No	0	0.0%
					2BR / 1BA	9	10.2%	850	Market	\$1,402	N/A	No	0	0.0%
					2BR / 2BA	9	10.2%	1,019	Market	\$1,432	N/A	No	0	0.0%
88														
9	The Mill At Manchester Lofts 815 Perry Street Richmond, VA 23224 Richmond City County	0.4 miles	Lowrise 2-stories 1912 / 2009 Family	Market	1BR / 1BA	27	38.6%	630	Market	\$1,200	N/A	No	2	7.4%
					2BR / 1.5BA	6	8.6%	891	Market	\$1,305	N/A	No	0	0.0%
					2BR / 2BA	33	47.1%	1,068	Market	\$1,445	N/A	No	1	3.0%
					3BR / 2BA	4	5.7%	1,393	Market	\$1,495	N/A	No	0	0.0%
70														

TOWNES AT RIVER SOUTH – RICHMOND, VIRGINIA – MARKET STUDY

AMENITY MATRIX

Subject	Belle Summit	Hatcher Tobacco Flats	Miller Lofts At Plant Zero	New Manchester Flats	Communities At Southwood	James River Villas	Meadowbrook Apartments	Paper Company	The Mill At Manchester Lofts	
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	
Building										
Property Type	Various	Midrise	Midrise	Garden	Conversion	Various	Townhouse	Various	Lowrise	Lowrise
# of Stories	2-stories	4-stories	5-stories	3-stories	2-stories	1-stories	1-stories	2-stories	4-stories	2-stories
Year Built	2001	2014	2015	2015	1940	1960	1947	1971	1900	1912
Year Renovated	n/a	n/a	n/a	n/a	2010	2010	2005/2018	2015	2008	2009
Elevators	no	yes	yes	no	no	no	no	no	yes	yes
Courtyard	no	no	no	yes	yes	no	yes	no	no	no
Utility Structure										
Cooking	no	no	no	no	no	no	no	yes	no	no
Water Heat	no	no	no	no	no	no	no	yes	no	no
Heat	no	no	no	no	no	no	no	yes	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	no	yes	no	no	yes	yes	yes
Sewer	yes	no	yes	no	yes	no	no	yes	yes	yes
Trash	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Unit Amenities										
Balcony/Patio	yes	no	no	no	yes	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	no	no	yes	no	no	no	yes	no	no	no
Carpeting	yes	yes	yes	no	no	yes	no	yes	no	no
Hardwood	no	no	no	yes	yes	no	no	no	yes	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	yes	yes	yes	no	no	no	no	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	yes	no	no	no	no	no	no	no	no	no
Vaulted Ceilings	no	no	yes	yes	yes	no	no	no	no	yes
Walk-In Closet	yes	yes	yes	yes	no	yes	yes	no	no	yes
Washer/Dryer	no	no	yes	yes	yes	no	yes	no	yes	yes
W/D Hookup	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Kitchen										
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Microwave	no	yes	yes	yes	yes	yes	no	no	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Community										
Business Center	no	yes	no	yes	no	no	yes	no	no	no
Community Room	no	yes	yes	yes	no	no	no	no	no	yes
Central Laundry	yes	yes	no	no	no	yes	no	yes	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Recreation										
Exercise Facility	no	yes	yes	yes	yes	no	no	no	no	yes
Playground	yes	no	no	no	no	yes	yes	yes	no	no
Swimming Pool	no	no	no	yes	yes	yes	no	yes	yes	yes
Picnic Area	no	no	no	no	yes	yes	yes	yes	no	yes
Tennis Court	no	no	no	no	no	yes	no	no	no	no
Recreational Area	no	no	yes	no	yes	no	no	no	yes	no
Volleyball Court	no	no	no	no	yes	no	no	no	no	no
Security										
In-Unit Alarm	no	yes	yes	no	no	no	no	no	no	no
Intercom (Buzzer)	no	yes	yes	yes	yes	no	no	yes	yes	yes
Limited Access	no	yes	yes	yes	yes	no	no	yes	yes	yes
Patrol	no	no	yes	no	no	yes	yes	yes	no	yes
Perimeter Fencing	no	yes	yes	no	yes	no	no	no	no	no
Video Surveillance	no	no	no	yes	no	no	no	no	yes	yes
Parking										
Garage	no	yes	yes	no	no	no	no	no	no	no
Garage Fee	\$0	\$0	\$60	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	\$0	\$0	\$25	\$25	\$10	\$0	\$0	\$0	\$0	\$0

TOWNES AT RIVER SOUTH – RICHMOND, VIRGINIA – MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.					
	Units Surveyed:	2,732	Weighted Occupancy:	99.0%	
	Market Rate	2,161	Market Rate	98.9%	
	Tax Credit	571	Tax Credit	99.3%	
Two Bedroom One and a Half Bath		Three Bedroom Two and a Half Bath		Four Bedroom Two and a Half Bath	
SQUARE FOOTAGE	Property	Average	Property	Average	Property
	The Mill At Manchester Lofts (Market)(2BA)	1,068	Meadowbrook Apartments (Market)	1,536	The Townes At River South (@50%)
	Miller Lofts At Plant Zero (@60%)(2BA)	1,039	The Mill At Manchester Lofts (Market)(2BA)	1,393	The Townes At River South (@50%)
	Meadowbrook Apartments (Market)	1,024	Miller Lofts At Plant Zero (@60%)(1.5BA)	1,231	The Townes At River South (@50%)
	Paper Company (Market)(2BA)	1,019	The Townes At River South (@50%)	1,202	The Townes At River South (@50%)
	Communities At Southwood (Market)(2BA)	1,010	The Townes At River South (@30%)	1,202	Meadowbrook Apartments (Market)(2BA)
	Communities At Southwood (Market)	1,010	The Townes At River South (@50%)	1,202	
	The Townes At River South (@50%)	985	The Townes At River South (@50%)	1,202	
	The Townes At River South (@50%)	985	The Townes At River South (@30%)	1,202	
	The Townes At River South (@30%)	985	Communities At Southwood (Market)(2BA)	1,200	
	The Townes At River South (@30%)	985	Belle Summit (@40%)(2BA)	1,118	
	Hatcher Tobacco Flats (@50%)(2BA)	963	Belle Summit (@50%)(2BA)	1,118	
	Belle Summit (@40%)(2BA)	891	Meadowbrook Apartments (Market)(1.5BA)	1,076	
	Belle Summit (@50%)(2BA)	891	Hatcher Tobacco Flats (@50%)(2BA)	1,068	
	The Mill At Manchester Lofts (Market)	891	The Townes At River South (@50%)	1,000	
	New Manchester Flats (@30%)(2BA)	889	James River Villas (Market)(1BA)	792	
	New Manchester Flats (@50%)(2BA)	889			
	New Manchester Flats (@60%)(2BA)	889			
	New Manchester Flats (@40%)(2BA)	889			
	Paper Company (Market)(1BA)	850			
	New Manchester Flats (@80%)(2BA)	840			
	New Manchester Flats (@70%)(2BA)	840			
	Meadowbrook Apartments (Market)(1BA)	812			
	Communities At Southwood (Market)(1BA)	794			
	James River Villas (Market)(1BA)	672			
RENT PER SQUARE FOOT	Property	Average	Property	Average	Property
	New Manchester Flats (@80%)(2BA)	\$1.93	Meadowbrook Apartments (Market)(1.5BA)	\$1.42	Meadowbrook Apartments (Market)(2BA)
	New Manchester Flats (@70%)(2BA)	\$1.69	James River Villas (Market)(1BA)	\$1.32	The Townes At River South (@50%)
	Paper Company (Market)(1BA)	\$1.65	The Mill At Manchester Lofts (Market)(2BA)	\$1.07	The Townes At River South (@50%)
	Meadowbrook Apartments (Market)(1BA)	\$1.52	Meadowbrook Apartments (Market)	\$1.06	
	The Mill At Manchester Lofts (Market)	\$1.46	Communities At Southwood (Market)(2BA)	\$1.04	
	Paper Company (Market)(2BA)	\$1.41	Miller Lofts At Plant Zero (@60%)(1.5BA)	\$1.01	
	New Manchester Flats (@60%)(2BA)	\$1.37	Belle Summit (@50%)(2BA)	\$1.00	
	The Mill At Manchester Lofts (Market)(2BA)	\$1.35	The Townes At River South (@50%)	\$0.95	
	James River Villas (Market)(1BA)	\$1.35	Hatcher Tobacco Flats (@50%)(2BA)	\$0.94	
	Communities At Southwood (Market)(1BA)	\$1.29	The Townes At River South (@50%)	\$0.81	
	Meadowbrook Apartments (Market)	\$1.28	Belle Summit (@40%)(2BA)	\$0.79	
	Communities At Southwood (Market)(2BA)	\$1.17			
	New Manchester Flats (@50%)(2BA)	\$1.14			
	Belle Summit (@50%)(2BA)	\$1.10			
	Communities At Southwood (Market)	\$1.08			
	Miller Lofts At Plant Zero (@60%)(2BA)	\$1.06			
	New Manchester Flats (@40%)(2BA)	\$0.91			
	Hatcher Tobacco Flats (@50%)(2BA)	\$0.91			
	Belle Summit (@40%)(2BA)	\$0.87			
	The Townes At River South (@50%)	\$0.86			
	The Townes At River South (@50%)	\$0.84			
	New Manchester Flats (@30%)(2BA)	\$0.68			

PROPERTY CHARACTERISTICS

Following are relevant characteristics of comparable properties surveyed:

Location

LOCATION COMPARISON

No.	Property Name	Zip Code	Median Income	Median Rent	Median Home Value	Rent Differential
S	The Townes At River South	23224	\$34,186	\$877	\$111,500	-
1	Belle Summit	23224	\$34,186	\$877	\$111,500	0.0%
2	Hatcher Tobacco Flats	23224	\$34,186	\$877	\$111,500	0.0%
3	Miller Lofts At Plant Zero	23224	\$34,186	\$877	\$111,500	0.0%
4	New Manchester Flats	23224	\$34,186	\$877	\$111,500	0.0%
5	Communities At Southwood	23224	\$34,186	\$877	\$111,500	0.0%
6	James River Villas	23234	\$46,861	\$971	\$158,800	9.7%
7	Meadowbrook Apartments	23234	\$46,861	\$971	\$158,800	9.7%
8	Paper Company	23224	\$34,186	\$877	\$111,500	0.0%
9	The Mill At Manchester Lofts	23224	\$34,186	\$877	\$111,500	0.0%

*Located outside of the PMA

The Subject site is located in a mixed use neighborhood in the southern portion of Richmond, roughly one mile from downtown Richmond. Surrounding uses consist of single-family homes and multifamily apartments, as well as light industrial uses, commercial uses, and vacant land. The Subject site is rated as “Very Walkable” by Walk Score with a score of 76, indicating that most errands can be accomplished on foot, and offers good access to amenities and employment opportunities.

The affordable properties are all located in the Subject’s zip code and are considered similar in terms of location.

The market rate developments are located between 0.4 and 4.8 miles from the Subject site. Two of the comparables, Paper Company and Perry Place Apartments, are in similar locations compared to the Subject. The remaining market rate comparables are located farther from downtown Richmond and are inferior in terms of access to amenities and employment opportunities. Overall, we believe Communities at Southwood is inferior. The remaining comparables are located in zip codes with slightly higher median incomes, rents, and home values. On balance, we believe these comparables are slightly inferior to the Subject.

Size, Age and Condition

The Subject was originally built in 2001 and 2004, will be newly renovated, and will exhibit good condition. As is, the property is in average condition. It should be noted that we were unable to distinguish a noticeable difference in condition between the Phase I units, constructed in 2001, and the Phase II units, constructed in 2004. The LIHTC comparable properties were constructed or converted to multifamily use between 2005 and 2014, and are in average to excellent condition, and range from slightly inferior to slightly superior relative to the Subject upon renovation. The market rate comparables were constructed or converted to multifamily use between 1947 and 2009, and two of the comparables reported renovations in 2005 and 2010. Overall, the market rate comparables are in inferior to slightly superior condition to the Subject, as renovated.

The Subject offers two-story garden-style and townhome designs. Based on conversations with local property managers, we have considered the townhouse design to be slightly superior to the garden-style design. Four of the comparables offer elevator-serviced lowrise and midrise design, which is considered superior to the garden and townhome designs. We considered the Subject’s design and condition in our determination of achievable rents.

Additionally, the market rate comparables range in size from 70 to 1,286, with an average of 432. The LIHTC properties range in size from 50 to 197 units, with an average development size of 143 units. The Subject falls within the range of development size for LIHTC and market rate properties. However, it should be noted that there is no distinct correlation between property size and rental rates.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject’s unit size and the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON			
Bedroom Type	2BR	3BR	4BR
Subject	985	1,202	1,529
Average	909	1,170	1,276
Min	672	792	1,276
Max	1,068	1,536	1,276
Advantage/Disadvantage	8%	3%	20%

The Subject’s two, and three, and four-bedroom unit sizes are above the surveyed average and within the comparable range for two- and three-bedroom units. Overall, the Subject will offer a market advantage over the majority of comparables in terms of unit sizes. We have taken into account the Subject’s unit sizes in our determination of achievable rents. The following table ranks the Subject’s unit sizes to the unit sizes at the comparable properties.

Unit Amenities

The following table compares the Subject’s in-unit amenities with comparable properties.

	Subject	Belle Summit	Hatcher Tobacco Flats	Miller Lofts At Plant Zero	New Manchester Flats	Communities At Southwood	James River Villas	Meadowbrook Apartments	Paper Company	The Mill At Manchester Lofts
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
Accessibility										
Grab Bars	no	no	no	no	no	no	no	no	no	no
Hand Rails	no	no	no	no	no	no	no	no	no	no
Pull Cords	no	no	no	no	no	no	no	no	no	no
Unit Amenities										
Balcony/Patio	yes	no	no	no	yes	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	no	no	yes	no	no	no	yes	no	no	no
Carpeting	yes	yes	yes	no	no	yes	no	yes	no	no
Hardwood	no	no	no	yes	yes	no	no	no	yes	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	yes	yes	yes	no	no	no	no	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	yes	no	no	no	no	no	no	no	no	no
Fireplace	no	no	no	no	no	no	no	no	no	no
Furnishing	no	no	no	no	no	no	no	no	no	no
Skylights	no	no	no	no	no	no	no	no	no	no
Vaulted Ceilings	no	no	yes	yes	yes	no	no	no	no	yes
Walk-In Closet	yes	yes	yes	yes	no	yes	yes	no	no	yes
Wall A/C	no	no	no	no	no	no	no	no	no	no
Window A/C	no	no	no	no	no	no	no	no	no	no
Washer/Dryer	no	no	yes	yes	yes	no	yes	no	yes	yes
W/D Hookup	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Kitchen										
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Microwave	no	yes	yes	yes	yes	yes	no	no	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

Notable unit amenities the Subject offers include exterior storage, balconies/patios, and walk-in closets. The majority of the surveyed comparables offer unit amenities ranging from slightly superior to slightly inferior relative to the Subject. Several properties offer features such as microwaves and in-unit washer/dryers, which are not included in the Subject’s current or proposed amenity scheme. Overall, we believe the Subject’s proposed unit amenities will continue to be competitive in the market.

Common Area Amenities

The following table compares the Subject’s property amenities with comparable properties.

Subject	Belle Summit	Hatcher Tobacco Flats	Miller Lofts At Plant Zero	New Manchester Flats	Communities At Southwood	James River Villas	Meadowbrook Apartments	Paper Company	The Mill At Manchester Lofts	
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	
Community										
Business Center	no	yes	no	yes	no	no	yes	no	no	no
Community Room	no	yes	yes	yes	no	no	no	no	no	yes
Central Laundry	yes	yes	no	no	no	yes	no	yes	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Concierge	no	no	no	no	no	no	no	no	no	no
Recreation										
Basketball Court	no	no	no	no	no	no	no	no	no	no
Exercise Facility	no	yes	yes	yes	yes	no	no	no	no	yes
Playground	yes	no	no	no	no	yes	yes	no	no	no
Swimming Pool	no	no	no	yes	yes	yes	no	yes	yes	yes
Picnic Area	no	no	no	no	yes	yes	yes	yes	no	yes
Sport Court	no	no	no	no	no	no	no	no	no	no
Tennis Court	no	no	no	no	no	yes	no	no	no	no
Sauna	no	no	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	no	no	no	no	no	no	no
Hot Tub	no	no	no	no	no	no	no	no	no	no
Theatre	no	no	no	no	no	no	no	no	no	no
Recreational Area	no	no	yes	no	yes	no	no	no	yes	no
Volleyball Court	no	no	no	no	yes	no	no	no	no	no
WiFi	no	no	no	no	no	no	no	no	no	no
Services										
Daycare	no	no	no	no	no	no	no	no	no	no
Adult Education	no	no	no	no	no	no	no	no	no	no
Neighborhood Ntwrk	no	no	no	no	no	no	no	no	no	no
Non-Shelter Services	no	no	no	no	no	no	no	no	no	no
Service Coordination	no	no	no	no	no	no	no	no	no	no
Shuttle Service	no	no	no	no	no	no	no	no	no	no
Senior Services										
Delivered Hot	no	no	no	no	no	no	no	no	no	no
Dietician	no	no	no	no	no	no	no	no	no	no
Hairdresser/Barber	no	no	no	no	no	no	no	no	no	no
Home Health Aid	no	no	no	no	no	no	no	no	no	no
Housekeeping	no	no	no	no	no	no	no	no	no	no
Medical	no	no	no	no	no	no	no	no	no	no
Personal Assistance	no	no	no	no	no	no	no	no	no	no

Notable property amenities the Subject offers include central laundry and a playground. The majority of the surveyed comparables offer property amenities ranging from similar to superior relative to the Subject. The properties with superior amenities offer features such as a swimming pool, a community room, and a fitness center, none of which are included in the Subject's proposed amenity scheme. Overall, we believe the Subject's property amenities will continue to be competitive in the market.

Security Features

The following table compares the Subject's security amenities with comparable properties.

Subject	Belle Summit	Hatcher Tobacco Flats	Miller Lofts At Plant Zero	New Manchester Flats	Communities At Southwood	James River Villas	Meadowbrook Apartments	Paper Company	The Mill At Manchester Lofts	
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	
Security										
In-Unit Alarm	no	yes	yes	no	no	no	no	no	no	no
Intercom (Buzzer)	no	yes	yes	yes	yes	no	yes	yes	yes	yes
Intercom (Phone)	no	no	no	no	no	no	no	no	no	no
Limited Access	no	yes	yes	yes	yes	no	yes	yes	yes	yes
Patrol	no	no	yes	no	no	yes	yes	no	yes	yes
Perimeter Fencing	no	yes	yes	no	yes	no	no	no	no	no
Video Surveillance	no	no	no	yes	no	no	no	yes	yes	yes

The Subject does not currently offer any security features. Post renovation, the Subject will not offer any security features. All of the comparables offer at least one security amenity, superior to the Subject.

Utility Structure

The following table details the Subject's utility structure in comparison to the comparable properties. The utility conventions differ at the comparable properties; therefore, we have adjusted "base" or "asking" rents of the comparable properties to "net" rents, reflecting the Subject's utility convention.

	Subject	Belle Summit	Hatcher Tobacco Flats	Miller Lofts At Plant Zero	New Manchester Flats	Communities At Southwood	James River Villas	Meadowbrook Apartments	Paper Company	The Mill At Manchester Lofts
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
Utility Structure										
Cooking	no	no	no	no	no	no	no	yes	no	no
Water Heat	no	no	no	no	no	no	no	yes	no	no
Heat	no	no	no	no	no	no	no	yes	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no
Water	yes	no	yes	no	yes	no	no	yes	yes	yes
Sewer	yes	no	yes	no	yes	no	no	yes	yes	yes
Trash	yes	yes	yes	yes	yes	no	yes	yes	yes	yes

Parking

The following table compares the Subject's parking amenities with comparable properties.

	Subject	Belle Summit	Hatcher Tobacco Flats	Miller Lofts At Plant Zero	New Manchester Flats	Communities At Southwood	James River Villas	Meadowbrook Apartments	Paper Company	The Mill At Manchester Lofts
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
Parking										
Carport	no	no	no	no	no	no	no	no	no	no
Carport Fee	\$0	\$0	\$60	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Garage	no	yes	yes	no	no	no	no	no	no	no
Garage Fee	\$0	\$0	\$60	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	\$0	\$0	\$25	\$25	\$10	\$0	\$0	\$0	\$0	\$0

The Subject offers 187 off-street parking spaces, which equates to approximately 1.2 spaces per unit. There is no fee for parking. The nearest bus stop is less than 0.1 miles from the Subject at the intersection of East 9th Street and Stockton Street. All of the comparable properties offer sufficient off-street parking. Two comparables offer free garage parking and are considered superior. Two comparables offer parking but for an additional fee, and does not offer free surface parking, and is therefore considered slightly inferior.

MARKET CHARACTERISTICS

Following are relevant market characteristics for comparable properties surveyed.

Vacancy Levels

The following table summarizes overall weighted vacancy levels at the surveyed properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Belle Summit	LIHTC	Family	50	0	0.0%
Hatcher Tobacco Flats	LIHTC	Family	152	0	0.0%
Miller Lofts At Plant Zero	LIHTC	Family	197	0	0.0%
New Manchester Flats	LIHTC	Family	172	4	2.3%
Communities At Southwood	Market	Family	1286	0	0.0%
James River Villas	Market	Family	224	3	1.3%
Meadowbrook Apartments	Market	Family	493	18	3.7%
Paper Company	Market	Family	88	0	0.0%
The Mill At Manchester Lofts	Market	Family	70	3	4.3%
Total LIHTC			571	4	0.7%
Total Market Rate			2,161	24	1.1%
Overall Total			2,732	28	1.0%

*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 4.3 percent, with an overall weighted average of 1.0 percent. Managers at three of the four LIHTC properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was 0.7 percent, below the 1.1 percent average reported by the market rate properties. The average LIHTC vacancy rate of 0.7 percent is considered exceptionally low, and indicative of supply constrained conditions. All of the market rate properties reported vacancy rates of 4.3 percent or lower.

The Subject was 99.4 percent occupied based on a rent roll dated November 30, 2021. Based on the performance of the comparables, we expect the Subject will operate a vacancy rate of approximately three percent in the restricted scenarios and four percent in the unrestricted scenario. It should be noted that our conclusions are below the CoStar data presented previously. However, we believe the comparables, all of which are located in the PMA, indicate strong demand for the Subject's unit types.

The following table details vacancy by bedroom type for the comparable properties surveyed:

VACANCY BY BEDROOM TYPE						
Property Name	Rent Structure	Tenancy	2BR	3BR	4BR	Overall
Belle Summit	LIHTC	Family	0.0%	0.0%	-	0.0%
Hatcher Tobacco Flats	LIHTC	Family	0.0%	0.0%	-	0.0%
Miller Lofts At Plant Zero	LIHTC	Family	-	0.0%	-	0.0%
New Manchester Flats	LIHTC	Family	-	-	-	2.3%
Communities At Southwood	Market	Family	0.0%	0.0%	-	0.0%
James River Villas	Market	Family	1.1%	0.0%	-	1.3%
Meadowbrook Apartments	Market	Family	3.6%	4.7%	0.0%	3.7%
Paper Company	Market	Family	0.0%	-	-	0.0%
The Mill At Manchester Lofts	Market	Family	2.6%	0.0%	-	4.3%

*Located outside of the PMA

The Subject consists of two, three, and four-bedroom units. Vacancy rates of the surveyed comparables for two-bedroom units range from zero to 3.6 percent, averaging 1.0 percent. Vacancy rates for three-bedroom units range from zero to 4.7 percent, averaging 0.7 percent, and four-bedroom units are 100 percent occupied. Overall, the vacancy rates in the market are low, which indicates that those comparables that do have high vacancy rates for some

unit types may be because they have a small overall number of units at that specific bedroom type. Given the strong local household growth rates, we believe the Subject will not negatively impact the existing properties in the market.

Concessions

None of the other comparable properties are offering concessions at this time. We do not anticipate that the Subject will need to offer concessions to maintain a stabilized occupancy rate.

Turnover

The following table illustrates reported turnover for the comparable properties.

TURNOVER			
Property Name	Rent Structure	Tenancy	Annual Turnover
Belle Summit	LIHTC	Family	4%
Hatcher Tobacco Flats	LIHTC	Family	40%
Miller Lofts At Plant Zero	LIHTC	Family	3%
New Manchester Flats	LIHTC	Family	35%
Communities At Southwood	Market	Family	25%
James River Villas	Market	Family	35%
Meadowbrook Apartments	Market	Family	30%
Paper Company	Market	Family	25%
The Mill At Manchester Lofts	Market	Family	32%
Average Turnover			25%

*Located outside of the PMA

The comparables reported turnover rates ranging from three to 40 percent, with an overall average of 25.4 percent. The LIHTC comparables operate with an average turnover rate of 20.5 percent, which was slightly below the 29.4 percent average reported by the market rate properties. Based on the performance of the LIHTC comparables, we expect the Subject will operate a turnover rate of approximately 20 percent.

Waiting Lists

The following table illustrates the length of waiting lists reported at the comparable developments.

WAITING LIST			
Property Name	Rent Structure	Tenancy	Waiting List Length
Belle Summit	LIHTC	Family	Yes; six months to one year.
Hatcher Tobacco Flats	LIHTC	Family	None
Miller Lofts At Plant Zero	LIHTC	Family	Yes, 90 households
New Manchester Flats	LIHTC	Family	Yes; 15 to 20 households
Communities At Southwood	Market	Family	Yes; 30 households.
James River Villas	Market	Family	None
Meadowbrook Apartments	Market	Family	None
Paper Company	Market	Family	None
The Mill At Manchester Lofts	Market	Family	None

*Located outside of the PMA

Three of the four LIHTC properties are offering waiting lists. None of the market rate comparables reported maintaining a waiting list. Given the low vacancy rates and waiting lists among the LIHTC comparables, we believe that the Subject could maintain a waiting list as a stabilized RAD and LIHTC property, but not as an unrestricted property.

Rental Rate Increases

The following table illustrates rental rate increases as reported by the comparable properties.

RENT GROWTH			
Property Name	Rent Structure	Tenancy	Rent Growth
Belle Summit	LIHTC	Family	Increased 5.2 to 6.4 percent
Hatcher Tobacco Flats	LIHTC	Family	Raised to 2021 max
Miller Lofts At Plant Zero	LIHTC	Family	Raised to 2021 max
New Manchester Flats	LIHTC	Family	Increased approximately 30% since 2019
Communities At Southwood	Market	Family	No change to 3.1 percent
James River Villas	Market	Family	None
Meadowbrook Apartments	Market	Family	Increased 5%-7%
Paper Company	Market	Family	None
The Mill At Manchester Lofts	Market	Family	Changes frequently depending on demand

*Located outside of the PMA

FIVE of the comparable properties reported rent growth over the past year. We anticipate that the Subject absent subsidy would be able to achieve regular rental rate increases of two percent, although within the limits of LIHTC maximum allowable rent guidelines.

Absorption Estimate

It should be noted that the Subject is an existing stabilized property that will be renovated with tenants in place. We were able to obtain absorption information for four properties located within Richmond. One of these properties, Hatcher Tobacco Flats, was used as a comparable in this report.

ABSORPTION						
Property Name	City	Tenancy	Rent	Year	Total Units	Absorption
The Village At Westlake	Richmond	Family	Market	2018	252	42
The Lofty	Richmond	Family	Market	2015	33	7
Hatcher Tobacco Flats	Richmond	Family	LIHTC	2015	152	43
Shockoe Valley View Apartments	Richmond	Family	Market	2014	238	30

The comparable absorption comparables reported absorption rates ranging from seven to 42 units, averaging 30 units per month. The Subject is currently fully occupied and renovations will occur with tenants in place. If the Subject were hypothetically vacant, we estimate the Subject as proposed and absent subsidy will experience an absorption rate of 20 units per month, indicating an absorption period of two months.

Affordable Properties in the PMA

We do not believe the Subject will adversely affect existing affordable housing projects in the PMA. A survey of comparable affordable rental housing developments in the area demonstrate strong demand for quality rental units.

AFFORDABLE HOUSING IN THE PMA

Property Name	Program	Total Units	LIHTC Units	Subsidized Units	Tenancy
Midlothian Village Apts	Section 8	216	-	213	Family
James River Apartments	Section 8	14	-	14	Senior/Disabled
Chicago Manor	LIHTC	74	74	-	Family
Graystone	LIHTC	136	136	-	Family
Maury Park	LIHTC	45	45	-	Senior
Hatcher Tobacco Flats*	LIHTC	152	152	-	Family
Imani Mews*	LIHTC	68	68	-	Family
New Manchester Flats Ix	LIHTC	41	41	-	Family
Old Manchester Plaza I	LIHTC	46	46	-	Family
City View Place	LIHTC	32	32	-	Family
Belle Summit Apartments*	LIHTC	50	50	-	Family
Miller Lofts	LIHTC	197	197	-	Family
Total		1071	841	227	

Reasonability of Rents

The following table is a comparison of the Subject’s and comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents. The table below illustrates the Subject’s proposed LIHTC/CHAP rents and unit mix, which is the same as its current LIHTC/CHAP rents and unit mix.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking LIHTC/ CHAP / Sec 18 Rent	Utility Allowance (1)	Gross Rent	2022 LIHTC Maximum Allowable Gross Rent	2022 HUD Fair Market Rents
@50% AMI (LIHTC)							
2BR/1.5BA (Garden)	985	25	\$1,021	\$112	\$1,133	\$1,133	\$1,189
2BR/1.5BA (Townhouse)	985	17	\$1,037	\$96	\$1,133	\$1,133	\$1,189
3BR/2.5BA (Garden)	1,202	7	\$1,164	\$145	\$1,309	\$1,309	\$1,556
3BR/2.5BA (Townhouse)	1,202	28	\$1,162	\$147	\$1,309	\$1,309	\$1,556
4BR/2.5BA (Garden)	1,529	2	\$1,281	\$180	\$1,461	\$1,461	\$1,864
4BR/2.5BA (Townhouse)	1,529	7	\$1,278	\$183	\$1,461	\$1,461	\$1,864
@30% LIHTC/CHAP							
2BR/1.5BA (Garden)	985	8	\$672	\$112	\$784	\$680	\$1,189
2BR/1.5BA (Townhouse)	985	15	\$672	\$96	\$768	\$680	\$1,189
3BR/2.5BA (Garden)	1,202	7	\$889	\$145	\$1,034	\$785	\$1,556
3BR/2.5BA (Townhouse)	1,202	8	\$889	\$147	\$1,036	\$785	\$1,556
@50% LIHTC/CHAP							
3BR/2.5BA (Garden)	1,202	2	\$889	\$145	\$1,034	\$1,309	\$1,556
3BR/2.5BA (Townhouse)	1,202	16	\$889	\$147	\$1,036	\$1,309	\$1,556
4BR/2.5BA (Townhouse)	1,529	4	\$1,063	\$183	\$1,246	\$1,461	\$1,864
@50% LIHTC/Sec 18							
2BR/1.5BA (Garden)	985	1	\$1,190	\$112	\$1,302	\$1,133	\$1,189
2BR/1.5BA (Townhouse)	985	3	\$1,173	\$96	\$1,269	\$1,133	\$1,189
3BR/2.5BA (Garden)	1,202	3	\$1,584	\$145	\$1,729	\$1,309	\$1,556
3BR/2.5BA (Townhouse)	1,202	6	\$1,563	\$147	\$1,710	\$1,309	\$1,556
4BR/2.5BA (Garden)	1,529	1	\$1,898	\$180	\$2,078	\$1,461	\$1,864
4BR/2.5BA (Townhouse)	1,529	1	\$1,868	\$183	\$2,051	\$1,461	\$1,864

161

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

Comparable LIHTC Rents

The Subject will be restricted to 50 percent of the AMI, and 75 of the 161 units will operate with Project Based Rental Assistance (PBRA) through the Rental Assistance Demonstration (RAD) program. As such, the proposed rents at the Subject are CHAP provided by HUD. If the Subject were to lose its subsidy, the Subject’s units would be restricted to families earning 30 or 50 percent of AMI or less.

LIHTC RENT COMPARISON @50%

Property Name	County	Tenancy	2BR	3BR	4BR	Rents at Max?
The Townes At River South	Richmond City	Family	\$1,021 - \$1,037	\$1,162 - \$1,164	\$1,278 - \$1,281	Yes
LIHTC Maximum Rent (Net)	Richmond city		\$1,021 - \$1,037	\$1,162 - \$1,164	\$1,278 - \$1,281	
Belle Summit	Richmond City	Family	\$947	\$1,109	-	Yes
Hatcher Tobacco Flats	Richmond City	Family	\$930	\$1,095	-	Yes
Imani Mews	Richmond City	Family	\$865	\$1,050	-	Yes
Lincoln Mews Apartments	Richmond City	Family	\$745	\$900	\$950	No
Average			\$872	\$1,039	\$950	
Achievable LIHTC Rent			\$1,021 - \$1,037	\$1,162 - \$1,164	\$1,278 - \$1,281	

Three of the four LIHTC comparable properties reported achieving the 2021 maximum allowable rents at 50 percent of AMI. It should be noted that the comparables were interviewed prior to the release of the 2022 maximum allowable rents, which are higher than the 2021 maximum allowable rents. Lincoln Mews Apartments was the only property that reported not achieving the maximum allowable rents at 50 percent of AMI. The property is operated by B101letter Housing Coalition, which is a nonprofit organization and rents are purposefully kept below the maximum allowable

level. It should be noted that any difference between the LIHTC maximum allowable rental levels and property specific maximum allowable rental levels is assumed to be caused by different property specific utility allowances.

Most Similar LIHTC

Based upon the overall comparison ratings, the Subject will be most similar to Imani Mews.

Imani Mews was converted in 2005 and offers a slightly inferior condition to the Subject as renovated, and similar as is. Imani Mews is generally similar compared to the Subject in terms of unit amenities, and slightly superior in terms of property amenities. Additionally, this property is similar in terms of location, and inferior in terms of unit sizes. In terms of design, this property is slightly inferior to the Subject’s townhouse units and similar to the Subject’s garden-style units. Imani Mews reported rents at maximum allowable levels, 100 percent occupancy, and a waiting list for all unit types.

Overall, relative to the comparables, the Subject is similar to slightly inferior in terms of location, slightly superior to slightly inferior in terms of amenities, slightly superior to slightly inferior in terms of condition. Additionally, the Subject is generally superior in terms of unit sizes. Four of the five LIHTC comparables reported 100 percent occupancy, and all maintain waiting lists, indicating strong demand for affordable housing in the area. Therefore, we concluded to maximum allowable rents at 30 and 50 percent of AMI for all unit types, both as is and as renovated.

Additionally, while none of the comparables offer units at 30 percent of AMI, Belle Summit and Hatcher Tobacco Flats offer units at 40 percent which are achieving maximum allowable rents. Overall, based on the performance of the lower set asides at the comparables, we believe maximum allowable rents are achievable at 30 percent of AMI.

Achievable Market Rent

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the Subject’s rental rates are above the achievable market rents. The following table shows both market rent comparisons and achievable market rents, as determined in the rent grids presented previously.

SUBJECT COMPARISON TO MARKET RENTS - RENOVATED AFTER ADJUSTMENT (GARDEN)

Unit Type	Subject's Highest Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rents As-Is	Subject Rent Advantage
2BR / 1.5BA	\$1,037	\$1,249	\$1,410	\$1,317	\$1,300	20%
3BR / 1.5BA	\$1,164	\$1,483	\$1,644	\$1,528	\$1,500	22%
4BR / 2.5BA	\$1,281	\$1,671	\$1,771	\$1,727	\$1,700	25%

The Subject’s achievable LIHTC rents at all AMI levels are below the achievable market rents and offer an advantage of 20 to 25 percent over the achievable market rents for the Subject’s garden-style units.

Based on conversations with local property managers, we determined the value of a townhouse-style unit compared to a garden-style unit to be \$25. Thus, our conclusions for the two-, three-, and four-bedroom townhouse units are **\$1,325**, **\$1,525**, and **\$1,725**, respectively.

We completed rent adjustment grids to conclude to achievable market rents. The grids are found on the following pages:

**INSERT AS
RENOVATED
RENT GRIDS
ONLY**

More significant adjustments are explained as follows:

Structure

The Subject offers garden-style and townhome design for its two- three- and four-bedroom units. One of the comparables offers garden-style units, and the remaining comparables offer townhouse or elevator-serviced midrise designs. Based on conversations with property managers in the Subject’s market area, a negative \$25 adjustment was applied to all of the townhouse comparables and negative \$50 was applied to the elevator-serviced comparables in the garden-style grids. Additionally, we determined the townhouse-style units at the Subject could achieve rents \$25 above the garden-style rents.

Condition Adjustment

The Subject exhibits average condition as is and will be in good condition, post renovations. James River Villas is in fair condition and received a positive \$200 adjustment. Communities At Southwood is in fair to average condition and received a positive \$150 adjustment. Meadowbrook Apartments and The Mill At Manchester Lofts are in average condition and received a positive \$100 adjustment. Paper Company is in good to excellent condition and received a negative \$50 adjustment. Our adjustments were based on conversations with property managers and appear reasonable.

Bedroom Adjustment

In the three- and four-bedroom grids, several of the comparable properties offer a differing number of bedrooms. Based on conversations with local property managers, the value of an additional bathroom is estimated at \$100. Thus, we applied positive \$100 adjustments per bedroom. Additionally, we analyzed the value of an additional bathroom at three of the comparables in this report, as illustrated below. Our conclusion is within the range of the comparables below.

VALUE OF BEDROOM

James River Villas				
Unit Type	Rent	SF	Rent/SF	
2BR / 1BA	\$835	672	\$1.24	
3BR / 1BA	\$960	792	\$1.21	
<i>Calculation of Value</i>				
1. Square Foot Differential * 0.25	=	30.0		
2. Additional SF x RPSF Larger	=	\$36		
3. Diff. in rent for 2BR / 1BA and 3BR / 1BA - SF Value	=	\$89		
Value of bedroom		\$89		

VALUE OF BEDROOM

Paper Company				
Unit Type	Rent	SF	Rent/SF	
1BR / 1BA	\$1,201	611	\$1.97	
2BR / 1BA	\$1,402	850	\$1.65	
<i>Calculation of Value</i>				
1. Square Foot Differential * 0.25	=	59.8		
2. Additional SF x RPSF Larger	=	\$99		
3. Diff. in rent for 1BR / 1BA and 2BR / 1BA - SF Value	=	\$102		
Value of bedroom		\$102		

VALUE OF BEDROOM

Meadowbrook Apartments				
Unit Type	Rent	SF	Rent/SF	
2BR / 1.5BA	\$1,365	1,024	\$1.33	
3BR / 1.5BA	\$1,590	1,076	\$1.48	
<i>Calculation of Value</i>				
1. Square Foot Differential * 0.25	=	13.0		
2. Additional SF x RPSF Larger	=	\$19		
3. Diff. in rent for 2BR / 1.5BA and 3BR / 1.5BA - SF Value	=	\$206		
Value of bedroom		\$206		

Bathroom Adjustment

Several of the comparables offer a different number of bathrooms than the Subject in each of the grids. According to property managers, the value of an additional full bathroom is \$40, and a half bath is \$20, and we have applied these adjustments accordingly in the grids. Our conclusions are supported by the following tables, which analyzes the value of an additional bathroom at two the comparables. Our conclusion is within the range of the comparables below.

VALUE OF BATHROOM

Communities At Southwood				
Unit Type	Rent	SF	Rent/SF	
2BR / 1BA	\$945	794	\$1.19	
2BR / 2BA	\$1,100	1,010	\$1.09	
<i>Calculation of Value</i>				
1. Square Foot Differential * 0.25	=	54		
2. Additional SF x RPSF Larger	=	\$59		
3. Diff. in rent for 2BR / 1BA and 2BR / 2BA - SF Value	=	\$96		
Value of full-bathroom		\$96		

VALUE OF BATHROOM

Paper Company				
Unit Type	Rent	SF	Rent/SF	
1BR / 1BA	\$1,201	611	\$1.97	
1BR / 1.5BA	\$1,300	845	\$1.54	
<i>Calculation of Value</i>				
1. Square Foot Differential * 0.25	=	58.5		
2. Additional SF x RPSF Larger	=	\$90		
3. Diff. in rent for 1BR / 1BA and 1BR / 1.5BA - SF Value	=	\$9		
Value of half-bathroom		\$9		

Square Footage Adjustment

The Subject and the comparable properties vary in square footage. Most market observers agree that with all other variables being equal, a larger unit is more desirable than a smaller unit. However, typically the value of the additional square footage is mitigated to some degree by the similarity in perceived unit function (i.e. a 600 square foot two-bedroom functions similarly to a 700 square foot two-bedroom) reflective of economies of scale. In other words, there is a diminishing return of value for additional square footage, as each additional square foot does not necessarily equal additional functional utility. Matched pairs are the preferred methods to use for derivation of an adjustment. However, no matched pairs were available in the market. Therefore, we have applied a market standard that has been observed in similar markets as follows: the square foot difference between the Comparable and the Subject is divided by four and then multiplied by the rent per square foot of the Comparable. In other words, we estimate that the additional square footage is worth approximately 25 percent of the rent per square foot in comparison to the base square footage.

Washer/Dryer

The Subject offers central laundry facilities and in-unit washer and dryer hookups, similar to one of the comparables. Three of the comparables offer in-unit washer/dryer appliances, and one offers central laundry only. We have used a cost/benefit methodology to determine the level of adjustment for in-unit washers and dryers. If a household does three loads of laundry a week, for \$3.00 per load, the cost would be approximately \$36 per month. This indicates approximately a \$35 value to in-unit washer and dryer appliances. We have valued central laundry and washer/dryer hookups at \$10 each and applied adjustments to all of the comparables based on the respective amenities offered.

Pool/Recreation Areas

The Subject offers a recreation area, similar to one of the comparables. Three comparables offer recreation areas and a pool, and received a negative \$10 adjustment. The remaining comparable offers a pool and an exercise facility, and received a negative \$10 adjustment.

Conclusions and Recommendations

The Subject will be newly renovated, and upon completion, will exhibit good condition. The surveyed properties exhibit inferior to slightly superior condition relative to the proposed Subject. The market exhibits stable demand for affordable housing, with limited vacancy and strong absorption rates at LIHTC properties that have opened in the past three to four years. As a stabilized property, we expect the Subject to operate with an annual vacancy and collection loss of five percent, or less. As detailed in our analysis of LIHTC rents at 50 percent of AMI, we believe that maximum allowable rents are achievable for the two- three- and four-bedroom units. Our estimated achievable market rents for the Subject are illustrated below.

SUBJECT COMPARISON TO MARKET RENTS - RENOVATED AFTER ADJUSTMENT (GARDEN)

Unit Type	Subject's Highest Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rents As-Is	Subject Rent Advantage
2BR / 1.5BA	\$1,037	\$1,249	\$1,410	\$1,317	\$1,300	20%
3BR / 1.5BA	\$1,164	\$1,483	\$1,644	\$1,528	\$1,500	22%
4BR / 2.5BA	\$1,281	\$1,671	\$1,771	\$1,727	\$1,700	25%

The Subject's achievable LIHTC rents at all AMI levels are below the achievable market rents and offer an advantage of 20 to 25 percent over the achievable market rents for the Subject's garden-style units.

Based on conversations with local property managers, we determined the value of a townhouse-style unit compared to a garden-style unit to be \$25. Thus, our conclusions for the two-, three-, and four-bedroom townhouse units are **\$1,325, \$1,525, and \$1,725**, respectively.

I. AFFORDABILITY ANALYSIS/DEMAND ANALYSIS

DEMAND ANALYSIS

Introduction

The Subject will be a newly renovated 161-unit LIHTC/RAD. The Subject is an existing 161-unit LIHTC/RAD rental development known as Townes at River South. The Subject consists of 69 two-bedroom units, 77 three-bedroom units, and 15 four-bedroom units contained in 38 two-story garden-style and townhome buildings. 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 assuming that the maximum net rent a household will pay is 35 percent of its income at the appropriate AMI levels. Household size for developments is assumed to be 1.5 person 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 purpose of this study, it is necessary to define the competitive primary market area (PMA), or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

The Subject property is located in Richmond, Virginia. The boundaries of the PMA are defined as the James River to the north, Interstate 95 to the east, Chippenham Parkway to the south, and the Powhite Parkway to the west. This area was defined based on interviews with local market participants and local property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the greater metro. We have estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries. The PMA encompasses approximately 29 square miles, and was primarily devised based on our conversations with local property managers. We also factored a 15 minute drive zone in our determination of the PMA.

Income-Eligible Calculations

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 for the LIHTC project. HUD determines maximum income guidelines for tax credit properties, based on the AMI. For Richmond City, the 2022 AMI is \$101,000 for a four-person household. Maximum incomes are set at the maximum 30 and 50 percent of AMI level(s). Minimum income levels were calculated based on the assumption that lower-income households should pay no more than 35 percent of their income towards rent. The minimum income levels absent subsidy, are calculated from the gross achievable LIHTC rents.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30% (Public Housing)		@50%		@50% (Public Housing)	
2BR	\$0	\$27,210	\$38,846	\$45,350	\$0	\$45,350
3BR	\$0	\$32,640	\$44,880	\$54,400	\$0	\$54,400
4BR	-	-	\$50,091	\$58,450	\$0	\$58,450

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@50%	
2BR	\$23,314	\$27,210	\$38,846	\$45,350
3BR	\$26,914	\$32,640	\$44,880	\$54,400
4BR	-	-	\$50,091	\$58,450

Often, lower-income households pay a higher percentage of gross income toward housing costs. Therefore, we used 35 percent for LIHTC calculations in the LIHTC scenario. Secondly, we illustrate the household population segregated by income band in order to determine those who are income-qualified to reside in the Subject site.

RENTER HOUSEHOLD INCOME

Income Cohort	PMA					
	2021		2026		Annual Change 2021 to 2026	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	2,903	14.3%	2,727	12.9%	-35	-1.2%
\$10,000-19,999	3,473	17.1%	3,154	14.9%	-64	-1.8%
\$20,000-29,999	2,949	14.6%	2,867	13.5%	-16	-0.6%
\$30,000-39,999	2,879	14.2%	2,826	13.4%	-11	-0.4%
\$40,000-49,999	2,063	10.2%	2,179	10.3%	23	1.1%
\$50,000-59,999	1,207	6.0%	1,401	6.6%	39	3.2%
\$60,000-74,999	1,605	7.9%	1,730	8.2%	25	1.6%
\$75,000-99,999	1,467	7.2%	1,619	7.6%	30	2.1%
\$100,000-	782	3.9%	1,048	5.0%	53	6.8%
\$125,000-	467	2.3%	819	3.9%	70	15.1%
\$150,000-	233	1.1%	396	1.9%	33	14.0%
\$200,000+	233	1.1%	399	1.9%	33	14.2%
Total	20,261	100.0%	21,165	100.0%		

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

Third, we combine the allowable income range with the income distribution analysis in order to determine the number of potential income-qualified households. In some cases, the LIHTC income-eligible band overlaps with more than one census income range. In those cases, the prorated share of more than one census range will be calculated. This provides an estimate of the total number of households that are income-eligible. This also derives an estimate of the percentage of the households that are income-eligible, illustrated by AMI threshold.

FAMILY INCOME DISTRIBUTION 2022

Income Cohort	Total Renter Households	@30% (Public Housing)			@50%			@50% (Public Housing)			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	2,903	9,999	100.0%	2,903			9,999	100.0%	2,903	9,999	100.0%	2,903	
\$10,000-19,999	3,473	9,999	100.0%	3,473			9,999	100.0%	3,473	9,999	100.0%	3,473	
\$20,000-29,999	2,949	9,999	100.0%	2,949			9,999	100.0%	2,949	9,999	100.0%	2,949	
\$30,000-39,999	2,879	2,641	26.4%	760	1,153	11.5%	332	9,999	100.0%	2,879	9,999	100.0%	2,879
\$40,000-49,999	2,063				9,999	100.0%	2,063	9,999	100.0%	2,063	9,999	100.0%	2,063
\$50,000-59,999	1,207				8,451	84.5%	1,020	8,451	84.5%	1,020	8,451	84.5%	1,020
\$60,000-74,999	1,605												
\$75,000-99,999	1,467												
\$100,000-124,999	782												
\$125,000-149,999	467												
\$150,000-199,999	233												
\$200,000+	233												
Total	20,261		49.8%	10,085		16.9%	3,415		75.5%	15,287		75.5%	15,287

FAMILY INCOME DISTRIBUTION 2022 - ABSENT SUBSIDY

Income Cohort	Total Renter Households	@30%			@50%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	2,903									
\$10,000-19,999	3,473									
\$20,000-29,999	2,949	6,684	66.8%	1,971				6,684	66.8%	1,971
\$30,000-39,999	2,879	2,641	26.4%	760	1,153	11.5%	332	3,794	37.9%	1,092
\$40,000-49,999	2,063				9,999	100.0%	2,063	9,999	100.0%	2,063
\$50,000-59,999	1,207				8,451	84.5%	1,020	8,451	84.5%	1,020
\$60,000-74,999	1,605									
\$75,000-99,999	1,467									
\$100,000-124,999	782									
\$125,000-149,999	467									
\$150,000-199,999	233									
\$200,000+	233									
Total	20,261		13.5%	2,732		16.9%	3,415		30.3%	6,147

Demand Analysis One - Capture Rate Analysis by Unit Type

In order to determine demand for the proposed unit mix, we also analyzed the demand capture rates expected at the Subject by bedroom type. This analysis illustrates demand for the 30 and 50 percent of AMI level.

The by-unit-type breakdown illustrates an adequate demand, when considered on a by-bedroom-type basis. We added a 10 percent adjustment factor to compensate for a potential tenancy originating from outside the PMA.

The distribution of households by unit type is dependent on the following assumptions.

HOUSEHOLD DISTRIBUTION		
2 BR	10%	Of one-person households in 2BR units
	80%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
	30%	Of four-person households in 2BR units
3 BR	40%	Of three-person households in 3BR units
	40%	Of four-person households in 3BR units
	50%	Of five-person households in 3BR units
4 BR	30%	Of four-person households in 4BR units
	50%	Of five-person households in 4BR units

30 Percent AMI (Public Housing) – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	49.8%	3,870
2 persons	5,264	x	49.8%	2,620
3 persons	3,134	x	49.8%	1,560
4 persons	2,070	x	49.8%	1,030
5+ persons	2,018	x	49.8%	1,005
Total	20,261			10,085

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	3,728
3BR	1,538
4BR	-
Total	5,267

Capture Rate Analysis - @30% (Public Housing)

	Developer's Unit Mix	Capture Rate
2BR	27	0.72%
3BR	11	0.72%
4BR	-	-
Total/Overall	38	0.72%

Adjusted for Leakage from Outside of the PMA

10%

2BR	27	0.65%
3BR	11	0.64%
4BR	-	-
Total/Overall	38	0.65%

50 Percent AMI – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	16.9%	1,311
2 persons	5,264	x	16.9%	887
3 persons	3,134	x	16.9%	528
4 persons	2,070	x	16.9%	349
5+ persons	2,018	x	16.9%	340
Total	20,261			3,415

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	1,263
3BR	521
4BR	275
Total	2,058

Capture Rate Analysis - @50%

	Developer's Unit Mix	Capture Rate
2BR	42	3.33%
3BR	35	6.72%
4BR	9	3.28%
Total/Overall	86	4.18%

Adjusted for Leakage from Outside of the PMA

10%

2BR	42	2.99%
3BR	35	6.05%
4BR	9	2.95%
Total/Overall	86	3.76%

50 Percent AMI (Public Housing) – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	75.5%	5,866
2 persons	5,264	x	75.5%	3,972
3 persons	3,134	x	75.5%	2,365
4 persons	2,070	x	75.5%	1,562
5+ persons	2,018	x	75.5%	1,523
Total	20,261			15,287

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	-
3BR	2,332
4BR	1,230
Total	3,562

Capture Rate Analysis - @50% (Public Housing)

	Developer's Unit Mix	Capture Rate
2BR	-	-
3BR	31	1.33%
4BR	6	0.49%
Total/Overall	37	1.04%

Adjusted for Leakage from Outside of the PMA

10%

2BR	-	-
3BR	31	1.20%
4BR	6	0.44%
Total/Overall	37	0.93%

All Units – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	75.5%	5,866
2 persons	5,264	x	75.5%	3,972
3 persons	3,134	x	75.5%	2,365
4 persons	2,070	x	75.5%	1,562
5+ persons	2,018	x	75.5%	1,523
Total	20,261			15,287

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	5,651
3BR	2,332
4BR	1,230
Total	9,213

Capture Rate Analysis - All Units As Proposed

	Developer's Unit Mix	Capture Rate
2BR	69	1.22%
3BR	77	3.30%
4BR	15	1.22%
Total/Overall	161	1.75%

Adjusted for Leakage from Outside of the PMA

10%

2BR	69	1.10%
3BR	77	2.97%
4BR	15	1.10%
Total/Overall	161	1.57%

30 Percent AMI – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	13.5%	1,048
2 persons	5,264	x	13.5%	710
3 persons	3,134	x	13.5%	423
4 persons	2,070	x	13.5%	279
5+ persons	2,018	x	13.5%	272
Total	20,261			2,732

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	1,010
3BR	417
4BR	-
Total	1,427

Capture Rate Analysis - @30% Absent Subsidy

	Developer's Unit Mix	Capture Rate
2BR	27	2.67%
3BR	11	2.64%
4BR	-	-
Total/Overall	38	2.66%

Adjusted for Leakage from Outside of the PMA

10%

2BR	27	2.41%
3BR	11	2.38%
4BR	-	-
Total/Overall	38	2.40%

50 Percent AMI – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	16.9%	1,311
2 persons	5,264	x	16.9%	887
3 persons	3,134	x	16.9%	528
4 persons	2,070	x	16.9%	349
5+ persons	2,018	x	16.9%	340
Total	20,261			3,415

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	1,263
3BR	521
4BR	275
Total	2,058

Capture Rate Analysis - @50% Absent Subsidy

	Developer's Unit Mix	Capture Rate
2BR	42	3.33%
3BR	66	12.67%
4BR	15	5.46%
Total/Overall	123	5.98%

Adjusted for Leakage from Outside of the PMA

10%

2BR	42	2.99%
3BR	66	11.40%
4BR	15	4.91%
Total/Overall	123	5.38%

All Units – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2021

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.4%	7,775
2 persons	26.0%	5,264
3 persons	15.5%	3,134
4 persons	10.2%	2,070
5+ persons	10.0%	2,018
Total	100.0%	20,261

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	7,775	x	30.3%	2,359
2 persons	5,264	x	30.3%	1,597
3 persons	3,134	x	30.3%	951
4 persons	2,070	x	30.3%	628
5+ persons	2,018	x	30.3%	612
Total	20,261			6,147

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
2BR	2,272
3BR	938
4BR	495
Total	3,705

Capture Rate Analysis - All Units Absent Subsidy

	Developer's Unit Mix	Capture Rate
2BR	69	3.04%
3BR	77	8.21%
4BR	15	3.03%
Total/Overall	161	4.35%

Adjusted for Leakage from Outside of the PMA

10%

2BR	69	2.73%
3BR	77	7.39%
4BR	15	2.73%
Total/Overall	161	3.91%

Annual Demand Table

ANNUAL DEMAND		
Calculation		PMA
Number of Renter Households in 2021		20,261
Increase in Number of Renter Households		904
Number of Renter Households in 2026		21,165
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		56.8%
Percentage of Income-Qualified Renter Households		75.5%
Number of Income-Qualified Renter Households		15,287
Percentage of Rent-Overburdened		46.4%
Existing Income-Qualified Renter Household Turnover		7,092
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		181
Percentage of Income-Qualified Renter Households		75.5%
New Rental Income Qualified Households		136
<i>Capture Rate Analysis</i>		
Number of Units in Subject		161
Occupied Units at Subject With Vacancy of:	5%	153
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		7,228
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		8,031
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	188	
Total Demand after Competition (Turnover and Growth)		7,843
Yielded Annual Capture Rate of Available Demand in 2021		2.0%

Annual Demand Table – Absent Subsidy

ANNUAL DEMAND - ABSENT SUBSIDY		
Calculation		PMA
Number of Renter Households in 2021		20,261
Increase in Number of Renter Households		904
Number of Renter Households in 2026		21,165
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		56.8%
Percentage of Income-Qualified Renter Households		30.3%
Number of Income-Qualified Renter Households		6,147
Percentage of Rent-Overburdened		46.4%
Existing Income-Qualified Renter Household Turnover		2,852
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		181
Percentage of Income-Qualified Renter Households		30.3%
New Rental Income Qualified Households		55
<i>Capture Rate Analysis</i>		
Number of Units in Subject		161
Occupied Units at Subject With Vacancy of:	5%	153
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		2,906
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		3,229
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	285	
Total Demand after Competition (Turnover and Growth)		2,944
Yielded Annual Capture Rate of Available Demand in 2021		5.2%

Virginia Housing Demand Table

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

We determined that there are no proposed competitive LIHTC units in the PMA.

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

Income Restrictions		LIHTC/RAD (\$0 - \$58,450)	LIHTC (\$23,314 - \$58,450)
New Rental Households		682	274
+			
Existing Households - Overburdened		7,092	2,851
+			
Existing Households -Substandard Housing		200	81
+			
Senior Households - Likely to Covert to Rental Housing		n/a	n/a
+			
Qualified Tenants- To Remain After Renovation		161	161
TOTAL DEMAND		8,135	3,367
-			
Supply (includes directly comparable vacant units or in pipeline in PMA)		188	285
NET DEMAND		8,323	3,652
PROPOSED UNITS		161	161
CAPTURE RATE		1.9%	4.4%
ABSORPTION PERIOD		2 months	2 months

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

Project Wide Capture Rate - LIHTC/RAD	1.9%
Project Wide Capture Rate - LIHTC Units	4.4%
Project Wide Absorption Period	2 months

Conclusion

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. In terms of total income-eligible renter households, the calculation illustrates capture rates of 1.9 percent and 4.4 percent, with and without the subsidy respectively.

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 and yields a far more conservative annual capture rate. This annual Novoco capture rate is 1.9 percent and 4.4 percent for the first year of operation as a LIHTC/RAD property, respectively. 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, if vacant. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates there are approximately 7,843 units and 2,994 units of net demand for the two scenarios in the first year of the Subject’s operation following renovation. The Subject’s units will need to accommodate 153 total units of demand in order to stabilize at 95 percent occupancy. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

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

Project Wide Capture Rate - LIHTC/RAD	1.9%
Project Wide Capture Rate - LIHTC Units	4.4%
Project Wide Absorption Period	2 months

This is a low capture rate and indicative of adequate demand for the Subject. We do not believe the additional supply will harm other Virginia Housing properties as the capture rates are low and the vacancy is low.

Penetration Rate Analysis

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

PENETRATION RATE - As Proposed	
Number of Proposed Competitive LIHTC Units in the PMA	188
	+
Number of Existing Competitive Family LIHTC Units in the PMA	967
	+
Number of Proposed LIHTC Units at the Subject	161
	=
Total	1,316
	/
Income Eligible Households - All AMI Levels	15,287
	=
Overall Penetration Rate - Market Focus (NCHMA)	8.6%

PENETRATION RATE - Absent Subsidy	
Number of Proposed Competitive <i>LIHTC</i> Units in the PMA	285
	+
Number of Existing Competitive Family LIHTC Units in the PMA	1,197
	+
Number of Proposed <i>LIHTC</i> Units at the Subject	161
	=
Total	1,643
	/
Income Eligible Households - All AMI Levels	6,147
	=
Overall Penetration Rate - Market Focus (NCHMA)	26.7%

The overall penetration rate is derived by taking the number of affordable units proposed or under construction within the PMA, combined with the number of proposed LIHTC units, and the number of the Subject’s units divided by the number of income eligible households. The following table illustrates the existing affordable properties in the PMA.

AFFORDABLE HOUSING IN THE PMA

Property Name	Program	Total Units	LIHTC Units	Subsidized Units	Tenancy
Midlothian Village Apts	Section 8	216	-	213	Family
James River Apartments	Section 8	14	-	14	Senior/Disabled
Alexander at 1090	LIHTC	96	96	-	Family
Townhomes at Warwick Place II	LIHTC	30	30	-	Family
Chicago Manor	LIHTC	74	74	-	Family
Graystone	LIHTC	136	136	-	Family
Maury Park	LIHTC	45	45	-	Senior
Hatcher Tobacco Flats	LIHTC	152	152	-	Family
Imani Mews	LIHTC	68	68	-	Family
New Manchester Flats Ix	LIHTC	41	41	-	Family
Old Manchester Plaza I	LIHTC	46	46	-	Family
City View Place	LIHTC	32	32	-	Family
Belle Summit Apartments	LIHTC	50	50	-	Family
Miller Lofts	LIHTC	197	197	-	Family
Total		1197	967	227	

The overall penetration rate for the market is 8.6 percent and 26.7 percent with and without subsidy, respectively. The penetration rate analysis we presented is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA). This penetration rate is considered reasonable.

Absorption Estimate

It should be noted that the Subject is an existing stabilized property that will be renovated with tenants in place. We were able to obtain absorption information for four properties located within Richmond. One of these properties, Hatcher Tobacco Flats, was used as a comparable in this report.

ABSORPTION

Property Name	City	Tenancy	Rent	Year	Total Units	Absorption
The Village At Westlake	Richmond	Family	Market	2018	252	42
The Lofty	Richmond	Family	Market	2015	33	7
Hatcher Tobacco Flats	Richmond	Family	LIHTC	2015	152	43
Shockoe Valley View Apartments	Richmond	Family	Market	2014	238	30

The comparable absorption comparables reported absorption rates ranging from seven to 42 units, averaging 30 units per month. The Subject is currently fully occupied and renovations will occur with tenants in place. If the Subject were hypothetically vacant, we estimate the Subject as proposed and absent subsidy will experience an absorption rate of 20 units per month, indicating an absorption period of two months.

Rent conclusions were provided in Section F.

We do not anticipate any future changes in the housing stock or risks in the market area that would adversely affect the Subject.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING AND HOUSING ALTERNATIVES

INTERVIEWS/DISCUSSION

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

Local Housing Authority

The Richmond Redevelopment and Housing Authority (RHA) administers the Section 8 Housing Choice Voucher program in Richmond City. According to RRHA, approximately 3,000 vouchers are administered by the agency. Further according to the RRHA website, the waiting list is currently open. According to the Richmond Housing Authority website, the payment standards for Richmond City are as follows:

PAYMENT STANDARDS (NET)	
Unit Type	Standard
Two-Bedroom	\$1,279
Three-Bedroom	\$1,691
Four-Bedroom	\$2,024

Source: Virginia Housing Development Agency, effective January 1, 2021

The payment standards are above the achievable LIHTC rents for the Subject’s units at 30 and 50 percent of AMI. Therefore, tenants utilizing Vouchers will not have to pay additional out of pocket costs.

Planning and Development Department

To determine the amount of competitive new supply entering the market, we consulted a December 2021 CoStar report, conducted an internet search and attempted to contact the Planning & Development Review for the City of Richmond. However, out calls have not been returned to date. The following table illustrates proposed, planned, under construction, and recently completed developments in the Subject’s PMA.

PLANNED DEVELOPMENT

Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status
Port City II	LIHTC	Family	147	50	Proposed
700 W 44th St	LIHTC/ PBRA	Family	144	77	Proposed
Cameo Street	Market/Affordable	Senior	67	24	Proposed
Hydro Apartments	Market/Affordable	Workforce	226	0	Under Construction
Model Tobacco Apartments	Market/Affordable	Family	203	61	Under Construction
1114 Hull St	Market	Family	85	0	Proposed
1122 Bainbridge St	Market	Family	5	0	Proposed
1228 Hull St	Market	Family	24	0	Proposed
124 W 9th St	Market	Family	75	0	Proposed
127 N 17th St	Market	Family	145	0	Proposed
13 E 3rd St	Market	Family	235	0	Proposed
1421 Bainbridge St	Market	Family	15	0	Proposed
200 E Marshall St	Market	Family	254	0	Proposed
201 W Commerce Rd	Market	Family	250	0	Proposed
209 E Leigh St	Market	Family	63	0	Proposed
24 E Broad St	Market	Family	10	0	Under Construction
2416 Jefferson Ave	Market	Family	21	0	Under Construction
3101-3105 E Marshall St	Market	Family	9	0	Proposed
421 W 7th St	Market	Family	26	0	Under Construction
629 E Main St	Market	Family	188	0	Under Construction
909 E Main St	Market	Family	170	0	Proposed
931 W Grace St	Market	Family	21	0	Proposed
Belle Heights Phase 2	Market	Family	120	0	Proposed
Cooper Lofts	Market	Family	15	0	Under Construction
Manchester Commodore	Market	Family	173	0	Proposed
One Canal	Market	Family	129	0	Under Construction
Port RVA Phase II	Market	Family	102	0	Proposed
River's Edge II	Market	Family	344	0	Proposed
Shiplock Views	Market	Family	180	0	Under Construction
The Box	Market	Family	118	0	Proposed
The Locks Building 7	Market	Family	138	0	Proposed
The Locks Building 8	Market	Family	120	0	Proposed
The Rails	Market	Family	42	0	Proposed
Tidewater	Market	Family	221	0	Under Construction
Totals			4,403	212	

Source: Costar, December 2021

Thirty one of the 36 properties that are currently planned, proposed, under construction, or recently completed will be market rate, and thus will not directly compete with the Subject. One property, Hydro Apartments, will offer 226 total units of which 180 will be market rate and 46 will be income restricted, targeting a workforce tenancy at or above 80 percent of AMI and will not be directly competitive. 700 West 44th Street will be a 144-unit development that will offer one, two, and three-bedroom units at 30, 40, 50, and 60 percent of AMI. The development will offer a total of 77 one and two-bedroom units at 60 percent AMI. Model Tobacco Apartments will be a 203-unit development, of which 142 units will be market rate and 61 will be income restricted. Details regarding income restrictions at the property were unavailable; however, we have assumed competitive overlap with these units. Port City II and Cameo Street are proposed LIHTC properties that were allocated tax credits in 2019 and 2020 respectively. These properties will be further detailed in the section following. Overall of the 4,403 proposed, under construction and recently completed units in the PMA, 212 are expected to be directly competitive with the Subject upon completion.

LIHTC Competition / Recent and Proposed Construction

Additionally, we reviewed the Virginia Housing LIHTC award lists from 2018 through 2021. According to the Virginia Housing Development Agency, there have been eight properties allocated tax credits within the Subject's PMA since 2018.

RECENT LIHTC ALLOCATIONS IN PMA

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units	Distance to Subject	Status
Randolph Apartments	2021	LIHTC/Section 8/RAD	Family	52	0	2.0 miles	Proposed (Renovation)
Cameo Street	2020	LIHTC	Senior	67	24	1.8 miles	Proposed
The Heights at Brady Square	2020	LIHTC	Family	66	26	2.3 miles	Proposed
Holly Springs Apartments	2020	LIHTC	Family	121	0	1.9 miles	Proposed
Afton	2020	LIHTC/Section 8/RAD	Family	40	0	2.2 miles	Proposed
Port City II	2019	LIHTC	Family	147	50	1.1 miles	Proposed

Source: Virginia Housing Development Agency, December 2021

- In 2021, tax credits were awarded to Randolph Apartments for a renovation of an existing 52-unit public housing project. Upon completion, the development will offer two through five-bedroom units at 50 percent AMI, all of which will additionally benefit from a Section 8 subsidy.
- In 2020, tax credits were awarded to Cameo Street for the construction of a 67-unit LIHTC development offering one, two and three-bedroom units. Upon completion, the property will be LIHTC restricted with units at 40, 50, and 60 percent of AMI. These units will be competitive with the units at the Subject upon completion.
- In 2020, tax credits were awarded to the Heights at Brady Square for the construction of a 66-unit LIHTC development offering one, two and three-bedroom units. Upon completion, the property will be LIHTC restricted with units at 40, 50, and 60 percent of AMI. These units will be competitive with the units at the Subject upon completion.
- In 2020, tax credits were awarded to Holly Springs Apartments for the construction of a 121-unit LIHTC development offering two-bedroom units. All of the property’s units will be LIHTC restricted at 50 percent of AMI. These units will be competitive with the units at the Subject upon completion.
- In 2020, tax credits were awarded to Afton for a renovation of an existing 40-unit public housing project. Upon completion, the development will offer two through five-bedroom units at 50 percent AMI, all of which will additionally benefit from a Section 8 subsidy.
- In 2019, tax credits were awarded to Port City II for the construction of a 147-unit LIHTC development offering one, two and three-bedroom units. Upon completion, the property will be LIHTC restricted with units at 40, 50, 60, 70, and 80 percent of AMI. These units will be competitive with the units at the Subject upon completion.

K. ANALYSIS/CONCLUSIONS

ANALYSIS/CONCLUSIONS

In general, we believe there is demand in the marketplace for the Subject as conceived. Based on the comparable data, and given the Subject will be renovated, we believe that rents at the maximum allowable levels are attainable and supported by the market. Thus, we have concluded to the following rents.

ACHIEVABLE LIHTC RENT

Unit Type	Achievable Rent at 30%	Achievable Rent at 50%	At Max?
2BR/1.5BA	\$568 - \$584	\$1,021 - \$1,037	Yes
3BR/2.5BA	\$638 - \$640	\$1,162 - \$1,164	Yes
4BR/2.5BA	-	\$1,278 - \$1,281	Yes

Strengths

- As a newly renovated property, the Subject will exhibit superior condition relative to the majority of the comparable properties.
- The Subject’s projected LIHTC rents represent a discount to the achievable market rents.
- The LIHTC vacancy at the comparable properties is 0.7 percent, which suggests a stable market for affordable housing.
- The Subject primarily offers a townhouse design for some of its units, which will offer appeal to family renters.

Weaknesses

- The Subject’s community amenities package offers a market disadvantage relative to several of the comparables.

Capture Rates - Virginia Housing:

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

Project Wide Capture Rate - LIHTC/RAD	1.9%
Project Wide Capture Rate - LIHTC Units	4.4%
Project Wide Absorption Period	2 months

These are low capture rates and are indicative of adequate demand for the Subject.

Conclusions/Recommendations

- In general, we believe there is demand in the marketplace for the Subject as proposed. Additionally, the market has reported strong occupancy rates and waiting lists. The Subject will be well-positioned in the market. As a newly renovated property, the Subject will be in generally superior condition to most of the comparable properties. The market exhibits strong demand for affordable housing, with limited vacancy and strong absorption rates at LIHTC properties that have opened in the past several years. Further, the comparable LIHTC properties reported an overall average vacancy rate of 0.7 percent. Based on the performance of the comparable properties, we expect the Subject to operate with an annual vacancy and collection loss of five percent, or less. Based on the comparable data, we have concluded to achievable LIHTC rents as illustrated in following table:

ACHIEVABLE LIHTC RENT

Unit Type	Achievable Rent at 30%	Achievable Rent at 50%	At Max?
2BR/1.5BA	\$568 - \$584	\$1,021 - \$1,037	Yes
3BR/2.5BA	\$638 - \$640	\$1,162 - \$1,164	Yes
4BR/2.5BA	-	\$1,278 - \$1,281	Yes

The Subject's rents offer significant market rent advantages. Overall, we believe there is demand for the Subject.


L. OTHER REQUIREMENTS

I affirm the following:

1. I (Blair Kincer) 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 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.

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 & Company LLP



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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 proposed 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 proposed 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 site 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 site 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 proposed 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 proposed 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 proposed 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 site.
24. Estimates presented in this report are assignable to parties to the development's financial structure.

ADDENDUM A

Statement of Qualifications

ADDENDUM B

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 proposed, comparable properties.

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

- U.S. Census Bureau
- Richmond Economic Development Department
- New River Valley Regional Commission
- Carroll County Planning and Development Department
- Virginia Employment Commission
- Virginia Workforce Network
- ESRI, Business Information Solutions
- Ribbon Demographics
- CoStar Rental Market Report
- US Department of Commerce, Bureau of Labor Statistics
- Department of Housing and Urban Development (HUD)
- Virginia Housing Development Authority Utility Allowance
- Virginia Housing Market Study Requirements, 2022

ADDENDUM C

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 & Company 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 & Company 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 & Company LLP** is an independent market analyst. No principal or employee of **Novogradac & Company LLP** has any financial interest whatsoever in the development for which this analysis has been undertaken.

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INSERT CHECKLIST

ADDENDUM D

Utility Allowance Schedule

ADDENDUM E

Subject and Neighborhood Photographs

TOWNES AT RIVER SOUTH - RICHMOND, VIRGINIA
SOURCE: MOLLY CARPENTER, JUNIOR ANALYST
DATE: JANUARY 10, 2019



SUBJECT SIGNAGE



SUBJECT EXTERIOR



SUBJECT EXTERIOR AND PARKING



SUBJECT EXTERIOR



SUBJECT EXTERIOR AND FENCED PATIO



SUBJECT WALKWAY AND LEASING OFFICE

TOWNES AT RIVER SOUTH - RICHMOND, VIRGINIA
SOURCE: MOLLY CARPENTER, JUNIOR ANALYST
DATE: JANUARY 10, 2019



SUBJECT BASKETBALL COURT AND EXTERIOR



SUBJECT CROSS STREET SIGNAGE



SUBJECT ON-SITE MANAGEMENT OFFICE



SUBJECT ACCESS AND TOPOGRAPHY



VIEW SOUTH ON FAIRFAX STREET



VIEW NORTH ON FAIRFAX STREET

TOWNES AT RIVER SOUTH - RICHMOND, VIRGINIA
SOURCE: MOLLY CARPENTER, JUNIOR ANALYST
DATE: JANUARY 10, 2019



TYPICAL BEDROOM



TYPICAL BEDROOM



TYPICAL LIVING ROOM



TYPICAL LIVING ROOM



TYPICAL KITCHEN



TYPICAL KITCHEN

TOWNES AT RIVER SOUTH - RICHMOND, VIRGINIA
SOURCE: MOLLY CARPENTER, JUNIOR ANALYST
DATE: JANUARY 10, 2019



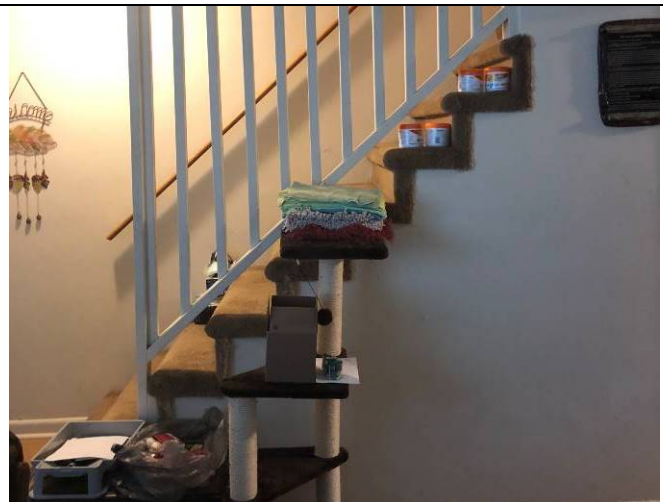
TYPICAL BATHROOM



TYPICAL BATHROOM



TYPICAL UNIT HALLWAY



TYPICAL TOWNHOUSE STAIRWAY



TYPICAL CLOSET



SUBJECT MAINTENANCE SHOP

TOWNES AT RIVER SOUTH - RICHMOND, VIRGINIA
SOURCE: MOLLY CARPENTER, JUNIOR ANALYST
DATE: JANUARY 10, 2019



TYPICAL SINGLE-FAMILY HOME IN SUBJECT NEIGHBORHOOD



TYPICAL SINGLE-FAMILY HOME IN SUBJECT NEIGHBORHOOD



RETAIL USE NEAR SUBJECT



POST OFFICE NEAR SUBJECT



PUBLIC LIBRARY NEAR SUBJECT



RICHMOND UNIVERSITY REC CENTER NEAR SUBJECT