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**Need and Demand Analysis For
City Line Apartments
155 Mytilene Drive
Newport News, Virginia 23605**

**Prepared For
Community Preservation Partners
17782 Sky Park Circle
Irvine, California 92614**

**Effective Date
February 10, 2022**

**Date of Report
April 6, 2022**



April 6, 2022

Mr. Scott Fink
Community Preservation Partners
17782 Sky Park Circle
Irvine, California 92614

Dear Mr. Fink:

Following is a market study which was completed for Community Preservation Partners, under the guidelines set forth by Virginia Housing. The subject property is located at 155 Mytilene Drive in Newport News, Virginia. The subject consists of one existing Section 8 and LIHTC development known as City Line Apartments. The property is designated for families and consists of 18 two-story walk-up buildings containing a total of 200 units, laundry facility, leasing office and maintenance area. The subject will be rehabilitated. Once rehabilitation is complete, the subject will continue to be Section 8 and will also be Low Income Housing Tax Credit (LIHTC) at 50 percent of the area median income. The buildings have brick and siding exterior and asphalt shingle roofs.

The purpose of the following market study is to determine if the community has a need for the rehabilitated subject units. To do so, the analyst, Jonathan Richmond, utilized data from the U.S. Census Bureau; Ribbon Demographics, 2022 Data; and various other demographic resources. Community information and opinion was also utilized. This information was collected during a field survey conducted by Jonathan Richmond while visiting the subject on April 6, 2022. An attempt was made to survey 100 percent of all competitive housing in the area.

We certify that there is not now nor will there be an identity of interest between or among the applicant, contractor, architect, engineer, attorney, interim lender, subcontractors, material suppliers, equipment lessors or any of their members, directors, officers, stockholders, partners or beneficiaries without prior written identification to Virginia Housing and written consent to such identity of interest by Virginia Housing. All recommendations and conclusions are based solely on the professional opinion and best efforts of the analysts. This statement is given for the purpose of inducing the United States of America to make a loan as requested in the loan pre-application or application of which this statement is a part.

IN PROGRESS

Jonathan Richmond
Market Analyst

IN PROGRESS

Janice F. Gill, MAI
Market Analyst



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CERTIFICATION

This is to certify that a field visit was made by the market analyst or one of his associates and information was obtained from publications of federal, state and local agencies. Interviews were held with apartment owners or managers, local officials and others as appropriate who may be knowledgeable of the housing market in Newport News.

In accordance with Virginia Housing, I hereby certify that the information provided in this Market Study was written according to Virginia Housing's market study requirements and is truthful and accurate to the best of my knowledge and belief. The estimates of demand for multifamily housing made by this report are based on the assumption of a free market situation, unencumbered by local mores, affirmative fair housing marketing or prejudice toward the site location.

This is to affirm that I will receive no fees which are contingent upon approval of the project by Virginia Housing, before or after the fact, and that I will have no interest in the housing project.

IN PROGRESS

Jonathan Richmond
Market Analyst
Tax ID Number: 43-1352932

IN PROGRESS

Janice F. Gill, MAI
Market Analyst

April 6, 2022



IDENTITY OF INTEREST

I understand and agree that Virginia Housing will consider an identity of interest to exist between the loan applicant as the party of the first part and general contractors, architects, engineers, attorneys, interim lenders, subcontractors, material suppliers or equipment lessors as parties of the second part under any of the following conditions:

1. When there is any financial interest of the party of the first part in the party of the second part;
2. When one or more of the officers, directors, stockholders or partners of the party of the first part is also an officer, director, stockholder or partner of the party of the second part;
3. When any officer, director, stockholder or partner of the party of the first part has any financial interest whatsoever in the party of the second part;
4. When the party of the second part advances any funds to the party of the first part other than an interim lender advancing funds to enable the applicant to pay for construction and other authorized and legally eligible expenses during the construction period;
5. When the party of the second part provides and pays on behalf of the party of the first part the cost of any legal services, architectural services or interim financing other than those of the survey, general superintendent or engineer employed by a general contractor in connection with obligations under the construction contract;
6. When the party of the second part takes stock or any interest in the party of the first part as part of the consideration to be paid them; and
7. When there exists or comes into being any side deals, agreements, contracts or undertakings entered into thereby altering, amending or canceling any of the required closing documents or approval conditions as approved by Virginia Housing.

I certify that there is not now nor will there be an identity of interest between or among the applicant, contractor, architect, interim lender, subcontractors, material suppliers, equipment lessors or any of their members, directors, officers, stockholders, partners or beneficiaries without prior written identification to Virginia Housing and written consent to such identity of interest by Virginia Housing. This statement is given for the purpose of inducing the United States of America to make a loan as requested in the loan pre-application or application of which this statement is a part.

There is no identity of interest between the loan applicant and the Market Analyst or Gill Group.

IN PROGRESS

Jonathan Richmond
Market Analyst

April 6, 2022

IN PROGRESS

Janice F. Gill, MAI
Market Analyst



NCHMA MEMBER CERTIFICATION



Formerly known as
National Council of Affordable
Housing Market Analysts

This market study has been prepared by Gill Group, Inc., 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.

Gill Group, Inc. 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. Gill Group, Inc. is an independent market analyst. No principal or employee of Gill Group, Inc. has any financial interest whatsoever in the development for which this analysis has been undertaken.



Jonathan Richmond
Market Analyst
Gill Group

April 6, 2022

EXECUTIVE SUMMARY



Executive Summary

It is the opinion of the analyst that a market exists for the proposed rehabilitation of the existing 200-unit development designed for families and that there is no need for alterations of any kind. This recommendation is made based on the information included in this report and assuming that the project is completed as detailed in this report. Any changes to the proposed rehabilitation of the subject could alter the findings in this report.

Project Description

The subject, City Line Apartments, is an existing Section 8 and LIHTC development designated for families that contains 200 units. The subject will undergo renovation. Once renovation is complete, the subject will be a Section 8 and Low Income Housing Tax Credit development. The property is applying for an allocation of Low-Income Housing Tax Credits for all units, which will set the income eligibility to individuals earning up to 50 percent of the area median income. As the subject will also retain its HAP contract, households with one to three persons and incomes below \$38,050 will be eligible for the rehabilitated development. If the subject were to lose the HAP contract, households with one to three persons and incomes between \$27,154 and \$38,050 would be eligible for the rehabilitated development.

The following chart lists the subject's unit mix. For the purpose of this report, a weighted average of 758 square feet were utilized for the one-bedroom rent analysis and a weighted average of 902 square feet was utilized for the two-bedroom unit rent analysis.

Unit Type	# of Units	Square Feet	Total Square Footage
1/1 (First Level)	50	741	37,050
1/1 (Upper Level)	50	775	38,750
2/1 (First Level)	50	884	44,200
2/1 (Upper Level)	50	919	45,950
	200		165,950

The following chart lists the subject's existing unit distribution by unit type, size and rent structure.

Unit Type	# of Units	Square Feet	Current Rent	Utility Allowance
1/1	100	758	\$900	N/A
2/1	100	902	\$1,050	N/A
	200			

The following chart lists the subject's proposed unit distribution by unit type, size and rent structure.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	100	758	50%	\$792	\$1,545	N/A	\$1,545
2/1	100	902	50%	\$951	\$1,685	N/A	\$1,685

Since the subject will retain its Section 8 contract, the development's proposed gross rents are not tethered to the maximum allowable LIHTC rents. However, tenants will be required to pay no more than 30 percent of annual income toward rent and utilities. At no point will tenants be required to pay more than the maximum allowable LIHTC rent.

Income Averaging

The developer has not selected to use the Income-Averaging option.



Housing Profile

The rental housing stock in the market area is comprised of single-family homes and market-rate and income-restricted apartment complexes. The current vacancy rate in surveyed income-restricted apartment complexes is 2.1 percent. The current vacancy rate in surveyed market-rate apartment complexes is 0.8 percent. The current vacancy rate of the competitive properties in the market area is 2.1 percent.

The proposed rehabilitation of the existing Section 8 and LIHTC development will not have an adverse impact on the market area. As complete, the property will be 100 percent LIHTC at 50 percent of the area median income and will also be Section 8. There were six income-restricted developments, including the subject, confirmed in the market area. Of the confirmed income-restricted developments, all directly compete with the subject. All competing developments maintain high occupancy rates, and most maintain waiting lists from the subject could draw residents. Therefore, it does not appear the market area is saturated with affordable housing.

Market Feasibility

The following tables show the capture rates for the rehabilitated development both with and without considering subsidies.

CAPTURE RATE - WITH SUBSIDY	
Project Wide Capture Rate - LIHTC Units	2.8%
Project Wide Capture Rate - Market Units	----
Project Wide Capture Rate - All Units	2.8%
Project Wide Absorption Rate (Months)	N/A

CAPTURE RATE - WITHOUT SUBSIDY	
Project Wide Capture Rate - LIHTC Units	9.1%
Project Wide Capture Rate - Market Units	----
Project Wide Capture Rate - All Units	9.1%
Project Wide Absorption Rate	12-19 Months

The market shows a net demand of 7,177 households for all units when considering the Section 8 subsidy and a net demand of 2,198 households for all units when not considering the Section 8 subsidy. The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied, with one vacant one-bedroom unit and three vacant two-bedroom units. The property has a waiting list with 104 applicants. As complete, the property will continue to be Section 8 and will also be 100 percent LIHTC at 50 percent of the area median income. As the property will retain its Section 8 contract, all existing tenants will be income-eligible for the units once the rehabilitation is complete. If the property were to lose its Section 8 contract, none of the existing tenants would remain income-eligible; therefore, all of the subject's 200 units would need to be absorbed into the market. The capture rate, when considering the Section 8 subsidy, is 2.8 percent and is considered good. The capture rate, without considering the subsidy, is 9.1 percent, which is also considered good due to the existing waiting lists and high occupancy rates of LIHTC properties in the market area as well as the current population and household growth and stable economic factors. Therefore, it is the belief of the analysts, that the property will continue to be viable within the market area and would be so even if it were entirely vacant. Consequently, it is firmly believed that the rehabilitated development will continue to satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.



Evaluation of Project

The property is easily accessed via Mytilene Drive. Mytilene Drive connects to 76th Street which connects to Martha Lee Drive. Martha Lee Drive connects to U.S. Highway 258, a major thoroughfare in the city, which connects to Interstate 64. Therefore, the subject has average visibility and easy access. The subject's existing site plan and project design are similar to competing apartment developments. The subject's existing unit mix of one- and two-bedroom units is suitable in the market.

Positive/Negative Attributes

Strengths: The subject's location is comparable to other developments in the market area. Its current and proposed in-unit and common area amenities will be competitive with the other developments in the market area. When these factors are taken into consideration, the subject's rehabilitated units will provide a good value to prospective tenants.

Weaknesses: There are no apparent weaknesses.

Conclusions

The subject can retain its required share of the market area for the following reasons:

- The subject's rehabilitated design and amenities will be competitive with other existing projects. Therefore, no modifications to the subject are necessary.
- Once rehabilitation is complete, the subject will be superior in condition when compared to the majority of the current housing stock
- The market area's population and households are projected to increase through 2027, indicating a need for additional housing the market area. In addition, all restricted properties confirmed maintain high occupancy rates, and the majority maintain waiting lists, it appears the market is not oversaturated with affordable rental housing.
- City Line Apartments is an existing 200-unit Section 8 and LIHTC development that will be rehabilitated. Once rehabilitated is complete, the subject will continue to be Section 8 and will also be 100 percent LIHTC at 50 percent of the area median income. Therefore, the rehabilitated subject will continue to be a great asset to the area.
- The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied, with one one-bedroom unit vacant and three vacant two-bedroom units. The property has a waiting list with 104 applicants. As the property will retain its Section 8 contract, all existing tenants will be income-eligible for the units once the rehabilitation is complete. If the property were to lose its Section 8 contract, none of the existing tenants would remain income-eligible, and the 200 units would need to be absorbed into the market. After considering all factors, it is estimated that the subject property could absorb 10 to 15 units per month, resulting in a 95 percent occupancy level within 12 to 19 months.
- According to the past, present and future demographic and economic trends within the primary market area, it is the opinion of the analyst that the rehabilitated development will be suitable for the market area. Given the current low vacancy rates for income-restricted properties as well as the waiting lists at most properties, the development will not have an adverse effect on the existing rental comparables and the anticipated pipeline additions to the rental base.

INTRODUCTION AND SCOPE OF WORK



Introduction and Scope of Work

The Scope of Work Rule requires us to gather and analyze information about those assignment elements that are necessary to properly identify the problem to be solved. According to the Standards Rule 1-2, identification of the problem to be solved requires us to identify the following assignment elements.

- Client and any other intended users: The client and developer for this market study assignment is Community Preservation Partners. The intended users of the report are Community Preservation Partners and Virginia Housing. No other users are intended.
- Intended use of the analyst's opinions and conclusions: The intended use of this market study is to apply for Low Income Housing Tax Credits through Virginia Housing.
- Effective date of the analyst's opinions and conclusions: The effective date of the rental estimate is April 6, 2022.
- Subject of the assignment and its relevant characteristics: The subject property is an existing 200-unit apartment complex known as City Line Apartments. The subject is located along the east and west side of Mytilene Drive. Its physical address is 155 Mytilene Drive.
- Assignment conditions: Assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, supplemental standards, jurisdictional exceptions, and other conditions that affect the scope of work. The following assumptions are used in this market study assignment: *The market study was written under the extraordinary assumption that the property will be rehabilitated as indicated in the Scope of Work. This market study was written under the extraordinary assumption that there are no long term impacts from the COVID-19 pandemic. The market rents in the need and demand analysis were determined under the hypothetical condition that the subject will be unrestricted or conventional and not subject to any rent restrictions.*
- An environmental audit was not provided. I am not qualified to complete an environmental audit. The stated opinion of rental rates is predicated on the assumption that no hazardous substances or conditions materially affect the subject property.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific compliance survey or analysis of the identified property has been made to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property will not comply with one or more of the requirements of the Act. If so, this fact could have an adverse impact upon the value of the property. Since there is no direct evidence relating to this issue, it is assumed that no substantial immediate outlays will be mandated by governing authorities to meet ADA requirements.
- Unemployment statistics are based on the information available from the U.S. Department of Labor Bureau of Labor Statistics. The data shown in this report is based on the data available as of the effective date of the analysis. The Department of Labor will periodically revise the data by incorporating additional information that was not available at the time of the initial publication of the estimates. The initial data is revised twice, first within two months of initial publication in order to incorporate additional sample data from respondents in the survey and recalculate seasonal adjustment factors, and second on an annual basis to incorporate a benchmark revision that estimates nearly complete employment counts available from unemployment insurance tax records.
- The U.S. Census Bureau American Community Survey (ACS) uses a series of monthly samples to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. Initially, five years of samples were required to produce these small-area data. Once the U.S. Census Bureau released its first five-year estimates, new small-area statistics were produced annually. The Census Bureau also produces three-year and one-year data products for larger geographic areas.
- The American Housing Survey (AHS) is sponsored by the Department of Housing and Urban Development (HUD) and conducted by the U.S. Census Bureau. The survey provides up-to-date information about the quality and cost of housing in the United States and major metropolitan areas. It also includes questions about the physical condition of homes and neighborhoods, the



cost of financing and maintaining homes and the characteristics of people who live in these homes. The survey is conducted every other year and covers all 50 states and the District of Columbia. The 2015 AHS underwent a major redesign. Prior to this survey, the same households were re-surveyed every two years. A new sample was redrawn in 2015 for the first time since 1985, and new households were asked to participate in the survey. Additionally, the questionnaire was redesigned with some variables added and others dropped or modified. Imputation methods were also streamlined, and the weighting methodology changed. Therefore, some estimates in 2015 are not comparable to previous years.

- The building improvements meet all governing codes, unless otherwise noted in this report.

An **extraordinary assumption**¹ is defined as:

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The analyst has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The analyst complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.²

A **hypothetical condition**³ is defined as:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market condition or trends; or about the integrity of data used in an analysis.

A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The analyst complies with the disclosure requirements set forth in USPAP for hypothetical conditions.⁴

¹ Uniform Standards of Professional Appraisal Practice, *2020-2021 Edition* (Effective January 1, 2020 through December 31, 2022) (The Appraisal Foundation, 2020), pg. 4

² Uniform Standards of Professional Appraisal Practice, *2020-2021 Edition* (Effective January 1, 2020 through December 31, 2022) (The Appraisal Foundation, 2020), pg. 14

³ Uniform Standards of Professional Appraisal Practice, *2020-2021 Edition* (Effective January 1, 2020 through December 31, 2022) (The Appraisal Foundation, 2020), pg. 4

⁴ Uniform Standards of Professional Appraisal Practice, *2020-2021 Edition* (Effective January 1, 2020 through December 31, 2022) (The Appraisal Foundation, 2020), pg. 14



The following extraordinary assumptions are used in this market study consultation assignment: *The market study was written under the extraordinary assumption that the property will be rehabilitated as indicated in the Scope of Work. This market study was written under the extraordinary assumption that there are no long term impacts from the COVID-19 pandemic.*

The following hypothetical condition are used in this market study consultation assignment: *The market rents in the need and demand analysis were determined under the hypothetical condition that the subject will be unrestricted or conventional and not subject to any rent restrictions.*

This market study was completed in accordance with the requirements set forth in Virginia Housing's 2022 Market Study Guidelines.

Janice F. Gill, MAI, State Certified General Real Estate Appraiser and Market Analyst, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this market study.

- On February 10, 2022, Jonathan Richmond, a Market Analyst, conducted an interior and exterior inspection of the subject property to determine the property's physical and functional characteristics. Jonathan Richmond inspected all common areas and at least one unit of each varying type. He interviewed Adam Stewart to determine the rental rates, services and amenities offered to the tenants of the subject property
- The purpose of this market study is to determine if the community has a need for the subject units. To do so, the analysts utilize data from the U.S. Census Bureau; Ribbon Demographics, 2022 Data; and various other demographic resources. Community information and opinion was also utilized. The research retrieved data from several of the following: internet sites, local newspapers and rental publications, city records, owners and managers of local apartment properties, local real estate brokers, fellow analysts and the analyst's office files.
- During the week of February 10, 2022, Jonathan Richmond, inspected the exterior of each comparable property used in the analysis. During the site inspections or in separate telephone interviews, Jonathan Richmond, Janice F. Gill, MAI, or one of their associates, spoke with the managers of the comparable properties to confirm all data and to collect additional information about each comparable including size, age, amenities, occupancy rates and general market information. The property manager provided floor plans or other information describing the size of comparable units after it was explained that the interior size was needed.
- Jonathan Richmond and Janice F. Gill, MAI, the primary market analysts, completed the data and adjustments columns of the Rent Comparability Grids and determined the final estimate of rents. After completing the Rent Comparability Grids, Jonathan Richmond and Janice F. Gill, MAI, derived an estimated market rent and an estimated achievable rent for each unit type. Jonathan Richmond and Janice F. Gill, MAI, also completed the demand, penetration rate and capture rate conclusions through analysis of all aspects of the subject, market area and demographic data available to the analyst.

PROJECT DESCRIPTION



Project Description

Project Name: City Line Apartments
Location: 155 Mytilene Drive
Newport News, Virginia
Project Type: Family
Construction Type: Rehabilitated
Developer: Community Preservation Partners
Area Median Family Income: \$84,500

The subject, City Line Apartments, is an existing Section 8 and LIHTC development designated for families. The subject consists of 18 two-story walk-up buildings with 200 units, laundry facility, leasing office and maintenance area. The subject property will undergo renovation. Once renovation is complete, the subject will continue to be a Section 8 and LIHTC. The property is applying for an allocation of Low-Income Housing Tax Credits for all units, which will set the income eligibility to individuals earning up to 50 percent of the area median income. As the subject will also retain its HAP contract, households with one to three persons and incomes below \$38,050 will be eligible for the rehabilitated development. If the subject were to lose the HAP contract, households with one to three persons and incomes between \$27,154 and \$38,050 would be eligible for the rehabilitated development.

Project Design

City Line Apartments is comprised of 18 two-story walk-up buildings. The buildings have a concrete slab foundation and wood framing, with brick and siding exterior and asphalt shingle roofs. The complex was constructed in 1977 and received a minor Low Income Housing Tax Credit renovation in 2010 and 2013. The first floor of the property was renovated in 2016 due to flooding. The property will once again be rehabilitated. Landscaping is minimal and consist of grass, trees and shrubs. The property is not a scattered site development.

Unit Features

Each unit contains the following amenities: refrigerator, range/oven, vinyl flooring, blinds, ceiling fans, walk-in closet (1BR) and coat closet. Upon completion of rehabilitation, the units will also contain a garbage disposal, dishwasher, microwave, stainless steel appliances, solid-surface countertops and in-unit Wi-Fi.

Common Amenities and Services

The property provides the following project amenities: playground, basketball court, laundry facility, on-site management and on-site maintenance. Once rehabilitation is complete, the property will also contain a meeting room, outdoor exercise area, picnic area, dog park, community garden, courtyard, business center, educational classes, bike racks, video surveillance, library, gazebo and common area Wi-Fi.

Parking

The complex contains an open asphalt parking lot with a total of 301 parking spaces. Therefore, the subject has a parking ratio 1.51 parking spaces per unit.



Utilities

The following tables describe the subject property's utility combination.

UTILITY SCHEDULE		
Utility	Type	Who Pays
Heat	Central Gas	Landlord
Air Conditioning	Central Electric	Landlord
Hot Water	Gas	Landlord
Cooking	Gas	Landlord
Other Electric	Electric	Landlord
Cold Water/Sewer	N/A	Landlord
Trash Collection	N/A	Landlord

Unit Mix, Size and Rent Structure

The following chart lists the subject's unit mix. For the purpose of this report, a weighted average of 758 square feet were utilized for the one-bedroom rent analysis and a weighted average of 902 square feet was utilized for the two-bedroom unit rent analysis.

Unit Type	# of Units	Square Feet	Total Square Footage
1/1 (First Level)	50	741	37,050
1/1 (Upper Level)	50	775	38,750
2/1 (First Level)	50	884	44,200
2/1 (Upper Level)	50	919	45,950
	200		165,950

The following chart list the subject property's existing unit distributions by unit type, size and rent structure.

Unit Type	# of Units	Square Feet	Current Rent	Utility Allowance
1/1	100	758	\$900	N/A
2/1	100	902	\$1,050	N/A
	200			

The following chart lists the subject's proposed unit distribution by unit type, size and rent structure.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	100	758	50%	\$792	\$1,545	N/A	\$1,545
2/1	100	902	50%	\$951	\$1,685	N/A	\$1,685

Since the property will retain its Section 8 contract, the development's proposed gross rents are not tethered to the maximum allowable LIHTC rents. However, tenants will be required to pay no more than 30 percent of annual income toward rent and utilities. At no point will tenants be required to pay more than the maximum allowable LIHTC rent.



The property is applying for an allocation of Low-Income Housing Tax Credits for all units, which will set the income eligibility to individuals earning up to 50 percent of the area median income. As the subject will also retain its HAP contract, households with one to three persons and incomes below \$38,050 will be eligible for the rehabilitated development. If the subject were to lose the HAP contract, households with one to three persons and incomes between \$27,154 and \$38,050 would be eligible for the rehabilitated development.

LIHTC INCOME LIMITS	
Person in Households	50%
1	\$29,600
2	\$33,800
3	\$38,050
4	\$42,250
5	\$45,650
6	\$49,050

Source: HUD

Tenant Services

The subject does not offer any tenants services.

Scope of Work

The rehabilitation will begin in July 2022 and is anticipated to be complete by July 2023. The proposed scope of work includes replacement of appliances, kitchen cabinets, bath vanities and medicine cabinets, windows, interior and exterior doors, hot water heaters, air conditioning units, toilets and baths, flooring and structural elements such as exterior brick and wall supports, roofing and re-grading and striping of the parking lots. Once rehabilitation is complete, the units will also include a garbage disposal, dishwasher, microwave, stainless steel appliances, solid-surface countertops and in-unit Wi-Fi. Furthermore, the property will also add a meeting room, outdoor exercise area, picnic area, dog park, community garden, courtyard, business center, educational classes, bike racks, video surveillance, library, gazebo and common area Wi-Fi.



Location/Site Characteristics

The subject consists of one irregular-shaped tract of land that contains a total of 12.40 acres. The subject property is zoned R-7, Medium Density Multiple-Family Dwelling District. Therefore, the subject is a legal, conforming use. A zoning change is unlikely. The subject is not a scattered site development. The subject is located in Census Tract #0313.00.

The subject neighborhood is comprised primarily of single-family residences and is 90 percent built up. Approximately 50 percent of the land use is made up of single-family residences. About 25 percent is comprised of multifamily dwellings. Another 10 percent of the land use is made up of commercial properties. Another 10 percent of the land use is vacant land. The remaining five percent is two- to four-family dwellings. Century Plaza Apartments, Paula Maria Village, Chestnut Square Apartments, Alway Transportation and single-family residences are located north of the site. Lakeland Village Apartments, Family Dollar, Snowden Senior, Chestnut Arms, single-family residences and vacant land are located south of the site. Southwest Branch Back River, Newmarket Creek, New Mount Olive Baptist Church, Mallory Apartments, CitGo and single-family residences are located east of the subject. Children of Valor Christian Academy, MorLite Electric and single-family residences are located west of the subject. The area is mostly suburban.

SITE EVALUATION

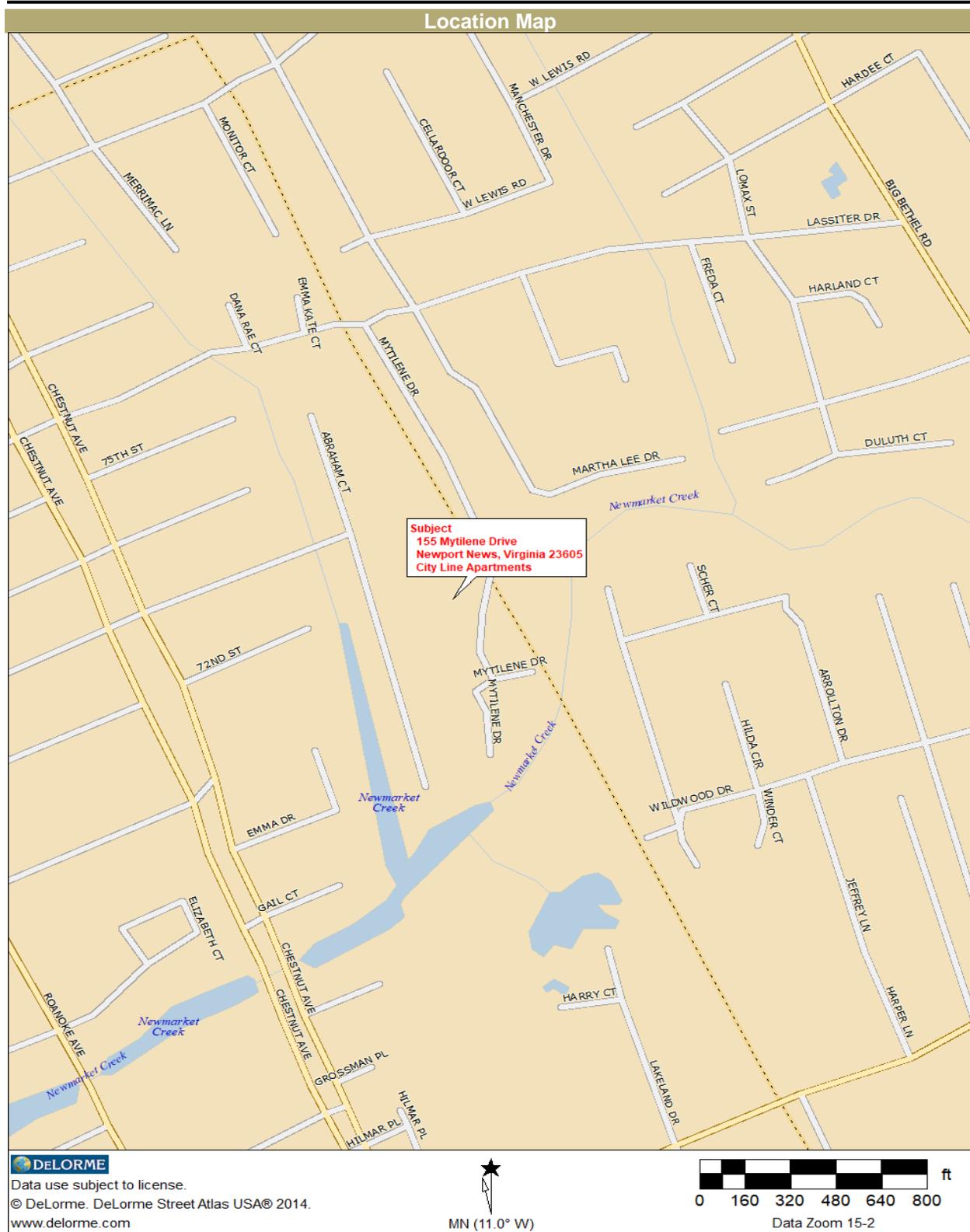


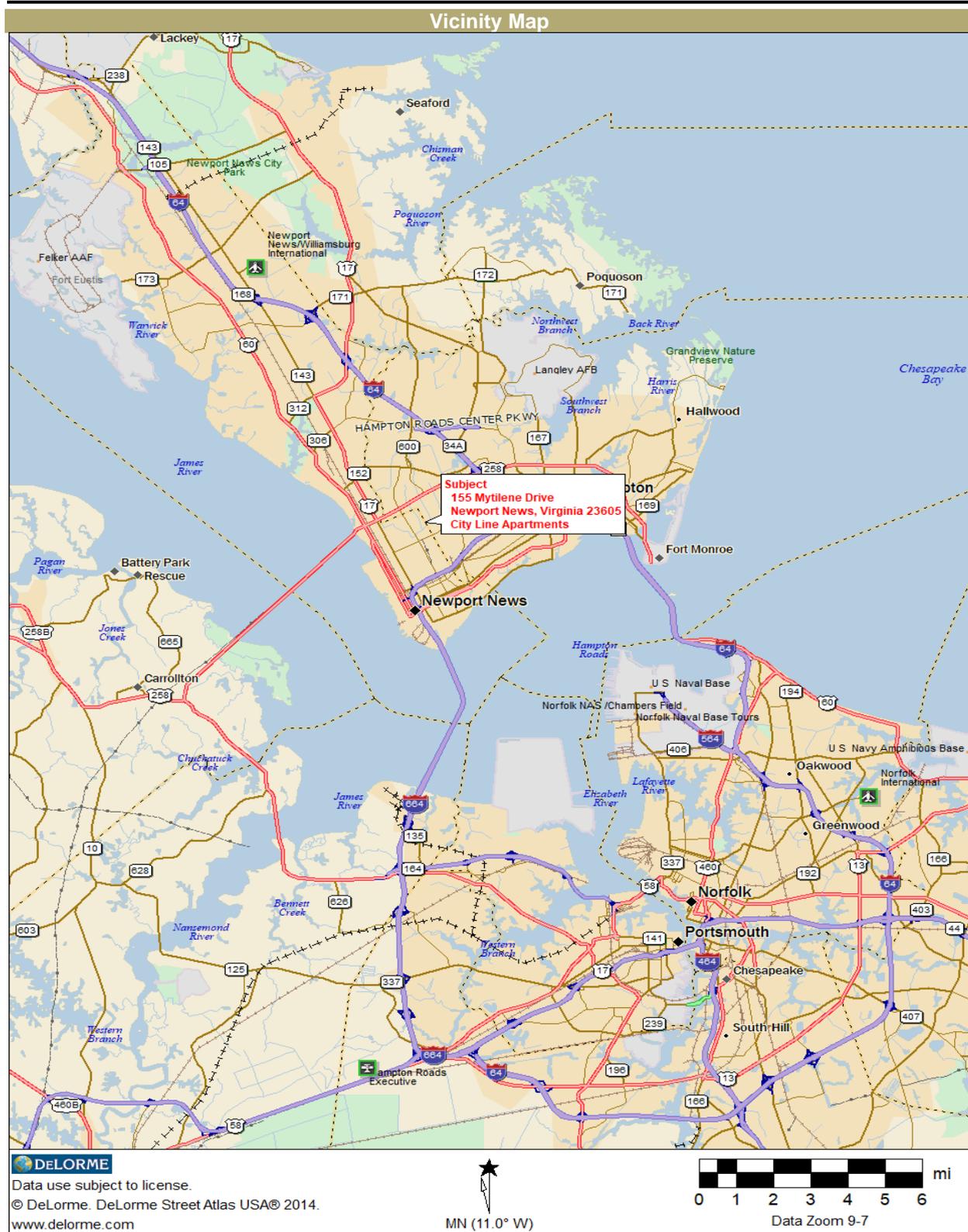
Project Location

The subject property is an existing Section 8 and LIHTC development with a total of 200 units and is located in Newport News, Virginia. As complete, the property will continue to be Section 8 and will also be 100 percent LIHTC with income levels at 50 percent of the area median income.

The independent city of Newport News is located in the southeastern portion of Virginia. Nearby cities include Radford, Lynchburg, Martinsville and Beckley. Nearby cities include Bethel Manor, Hampton, Poquoson, Carrollton, Smithfield, Rushmere, Benns Church and Yorktown. Newport News has the following boundaries: North – James City and York County; East – York County and Hampton City; South – Hampton Roads; and West – James River.

Newport News is served by Interstate 664; U.S. Highway 17, 60 and 258; and State Highways 143, 152, 168, 169, 351 and 600. Newport News is home to the Newport News/Williamsburg International Airport. Amtrak is available in the area for passenger rail service. Public transit is available Hampton Roads Transit, which offers public transit via bus, light rail and ferry.







Community and Site Information

Site Characteristics

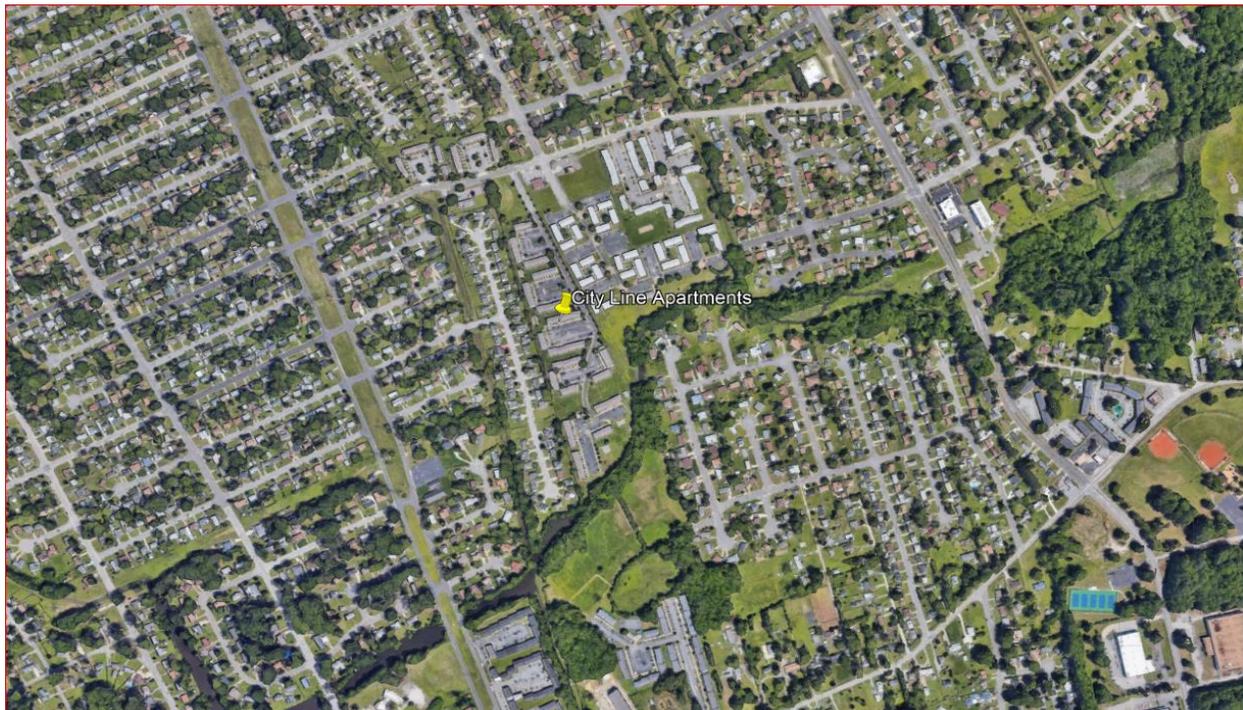
The subject property is located in a residential neighborhood in the southern portion of Newport News. The subject is located along Mytilene Drive.

The property is easily accessed via Mytilene Drive. Mytilene Drive connects to 76th Street which connects to Martha Lee Drive. Martha Lee Drive connects to U.S. Highway 258, a major thoroughfare in the city, which connects to Interstate 64. Therefore, the subject has average visibility and easy access.

The subject consists of one irregular-shaped tract of land that contains a total of 12.40 acres. The subject property is zoned R-7, Medium Density Multiple-Family Dwelling District. Therefore, the subject is a legal, conforming use. A zoning change is unlikely. The subject is not a scattered site development. The subject is located in Census Tract #0313.00.

Surrounding Land Uses

The subject neighborhood is comprised primarily of single-family residences and is 90 percent built up. Approximately 50 percent of the land use is made up of single-family residences. About 25 percent is comprised of multifamily dwellings. Another 10 percent of the land use is made up of commercial properties. Another 10 percent of the land use is vacant land. The remaining five percent is two- to four-family dwellings. Century Plaza Apartments, Paula Maria Village, Chestnut Square Apartments, Always Transportation and single-family residences are located north of the site. Lakeland Village Apartments, Family Dollar, Snowden Senior, Chestnut Arms, single-family residences and vacant land are located south of the site. Southwest Branch Back River, Newmarket Creek, New Mount Olive Baptist Church, Mallory Apartments, CitGo and single-family residences are located east of the subject. Children of Valor Christian Academy, MorLite Electric and single-family residences are located west of the subject. The area is mostly suburban.





Subject Photos



View of Sign



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Exterior



View of Leasing Office



View of Leasing Office



View of Laundry Facility



View of Playground



View of Playground



View of Basketball Court



View of Mail Center



View of Typical Living Area



View of Typical Kitchen



View of Typical Bedroom



View of Typical Bath



View of ADA Parking



View of Parking Lot



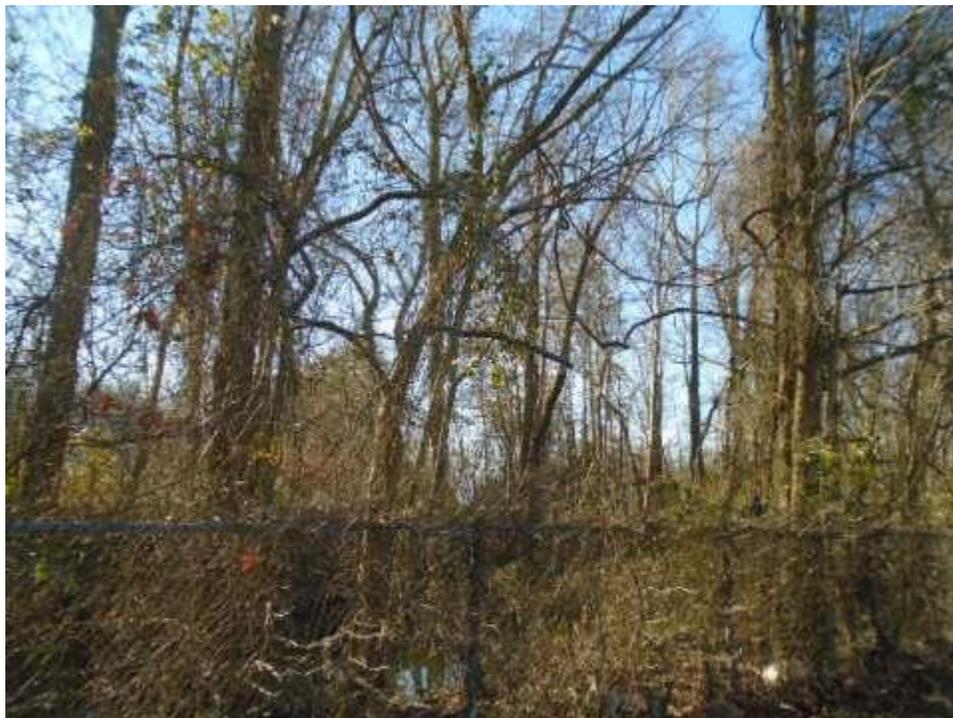
View of Street



View of Street



View to the North



View to the South



View to the East



View to the West



Nearby Employment Opportunities

Most market area tenants have blue collar occupations. According to the Claritas and Ribbon Demographics, approximately 44.8 percent of the market area works in the service and laborer industries.

Regional and Area Data

Parks and Recreational Opportunities

The City of Newport News Recreation Department offers numerous parks, recreation facilities and green areas. The city is home to the Leeward Marina which offers both boating and fishing with several floating docks, a full service fuel station, showers, picnic area with grills and fish cleaning station. The city is also home to the Downing-Gross Cultural Arts Center, which offers several art galleries and programs. Newport News Recreation Department also manages 37 parks located throughout the city, ranging in size from 0.3 acres to over 7,000 acres. Activities and features found at these parks include an archery range, camping, disc golf, fido field dog park, fishing and boating, gardens, geocaching, golf, hiking, biking, jogging, picnicking, shelter rentals, playgrounds, skate park and sledding. The department also offers several programs and classes for seniors, adults and children.

Government/Public Safety

According to the City of Newport News, the City of Newport News is administered by a Council-Mayor form of government in which six citizens are elected from three districts, North Central and South, to service on the City Council. The Mayor is elected at large. The City Council established the City's public policy through resolutions and ordinances, approves proposed programs, and controls the funding of these programs. City Council is guided by the City Charter, as adopted and approved by the Virginia General Assembly, and by its own rules of procedure, resolutions and ordinances. City Council also makes decisions after obtaining input from citizens and staff. The City Manager, City Attorney and City clerk are appointed by the City Council and department heads are appointed by the City Manager. As chief administrative officer of the city, the City Manager oversees the work of all city departments and offices, and administers the polices established by the City Council.

Utilities

Newport News Waterworks provides water service to the residents of the city. Electricity service is provided by Dominion Virginia Power. Natural gas service is provided by Virginia Natural Gas. Basic phone service is provided by AT&T.

Health Services

Mary Immaculate Hospital, Riverside Regional Medical Center, and Riverside Hospital are health care and medical facilities located in Newport News that serve the residents of the city and the surrounding area. Additional medical service facilities include the following: Hampton VA Medical Center, I & O Medical Center, Warwick Boulevard Physicians, Denbigh Medical Center, Tidewater Medical Center and City Center Medical Pavilion.

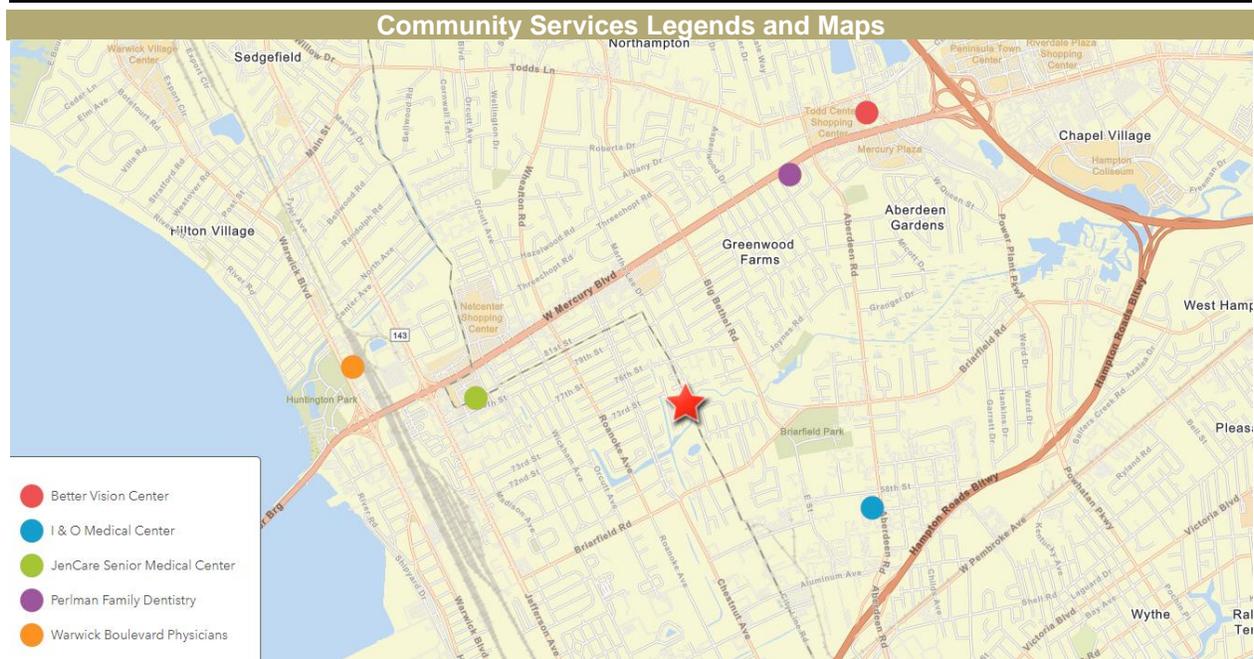
Transportation

Newport News is served by Interstate 664; U.S. Highway 17, 60 and 258; and State Highways 143, 152, 168, 169, 351 and 600. Newport News is home to the Newport News/Williamsburg International Airport. Amtrak is available in the area for passenger rail service. Public transit is available Hampton Roads Transit, which offers public transit via bus, light rail and ferry.



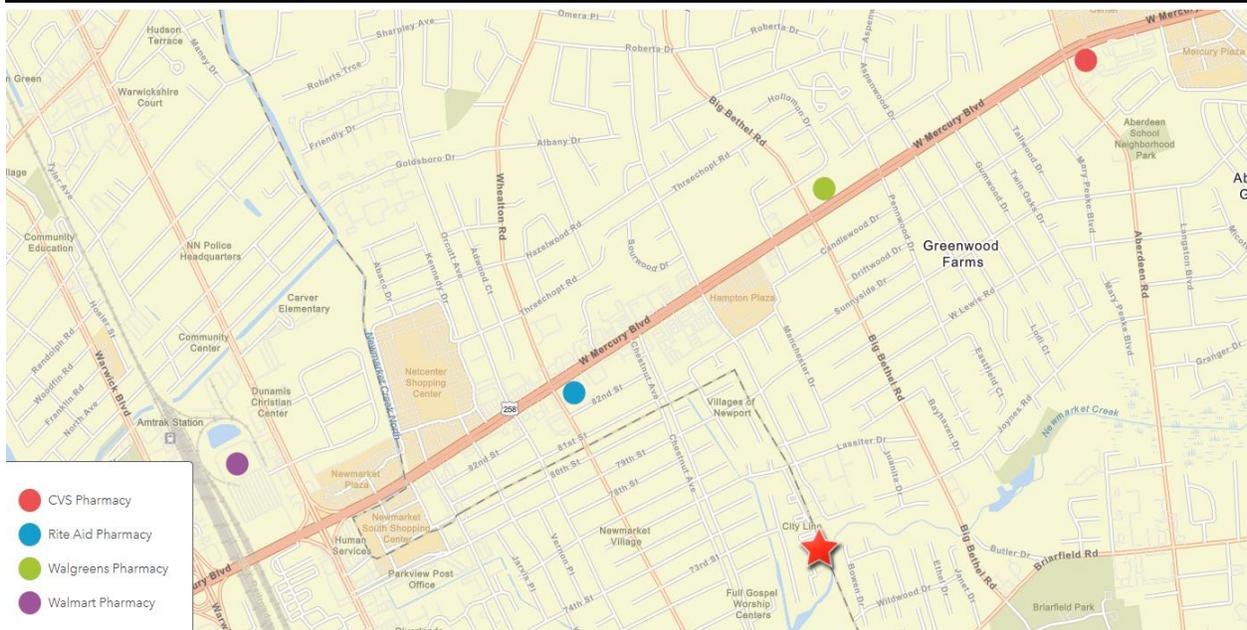
Crime

According to AreaVibes, there are no defined neighborhoods in the City of Newport News. Therefore, data for the city was utilized. In the city, approximately 626 per 100,000 residents are victims of a violent crime annually, and approximately 2,039 per 100,000 residents are victims of a property crime each year. The crime rate for the city is 60.1 percent higher than for the state, and 13.6 percent higher than for the nation. The total number of crimes in the city has increased 17 percent within the past year, according to AreaVibes. In the city, there is a 1 in 160 chance of being the victim of a violent crime and a 1 in 50 chance of being the victim of a property crime. The life cycle is generally in the stability stage. The crime rate for the city is considered elevated. However, the subject property will have video surveillance, which helps to offset any negative impact from crime. Therefore, there are no major adverse influences or hazards observed or known by the appraiser in the immediate surrounding area.



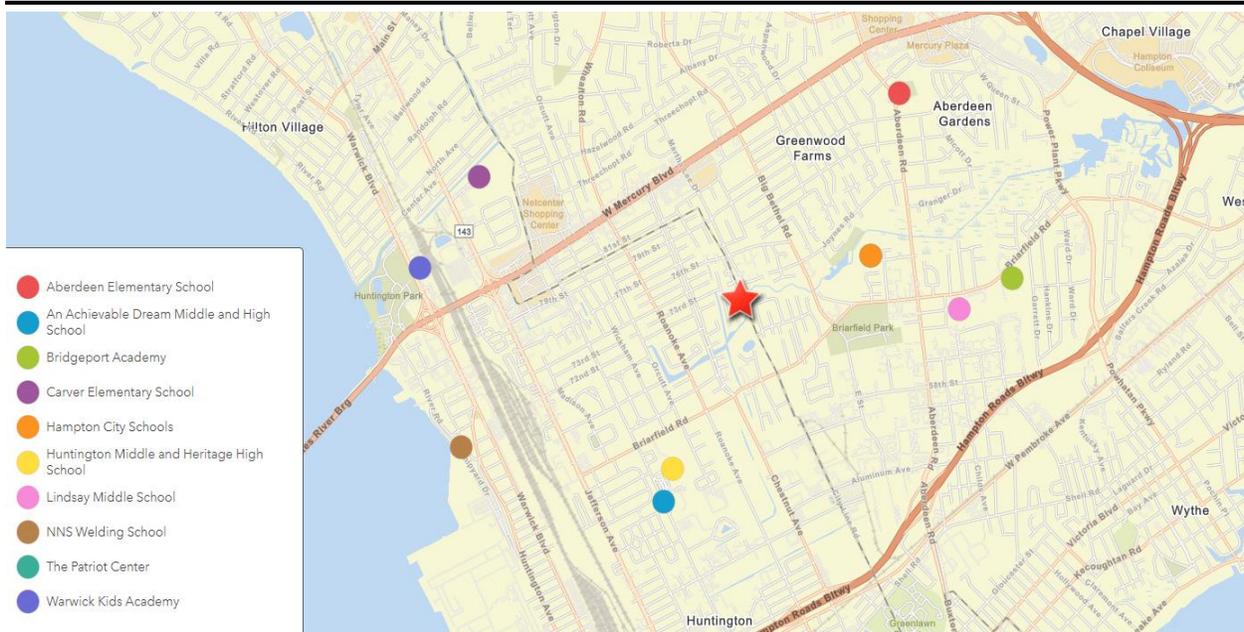
MEDICAL FACILITIES

Service	Distance From Site (in Miles)
JenCare Senior Medical Center	1.5
Perlan Family Dentistry	1.8
I & O Medical Center	2.0
Warwick Boulevard Physicians	2.5
Better Vision Center	2.5



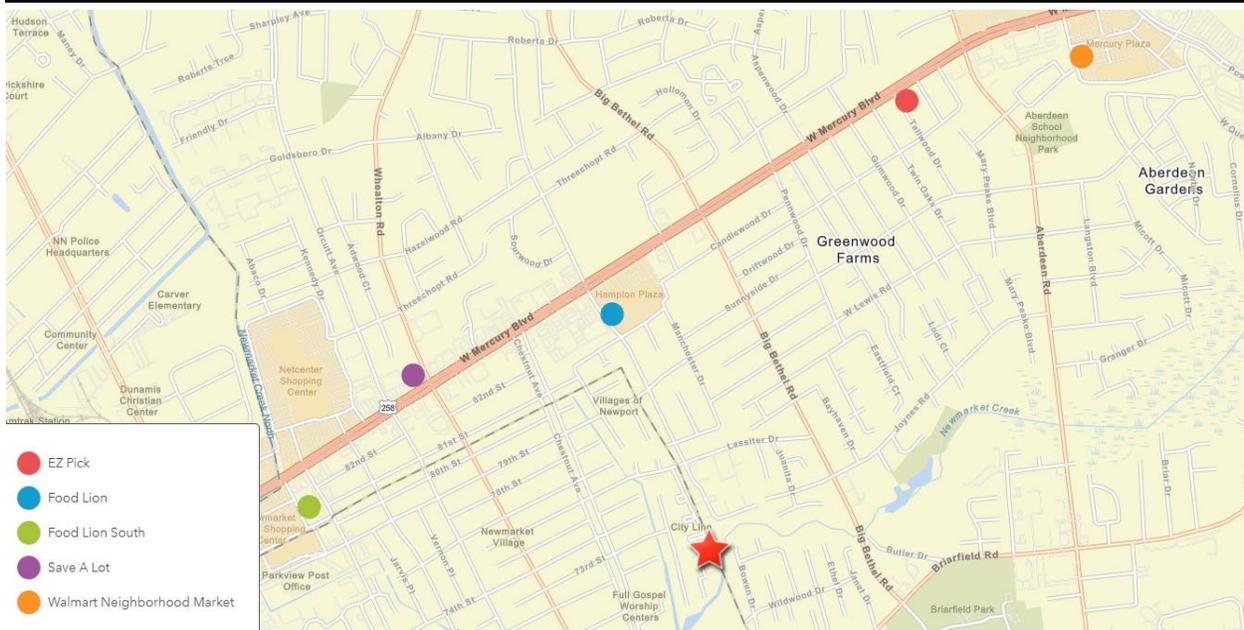
PHARMACIES

Service	Distance From Site (in Miles)
Rite Aid Pharmacy	1.1
Walgreens Pharmacy	1.4
CVS Pharmacy	2.1
Walmart Pharmacy	2.2



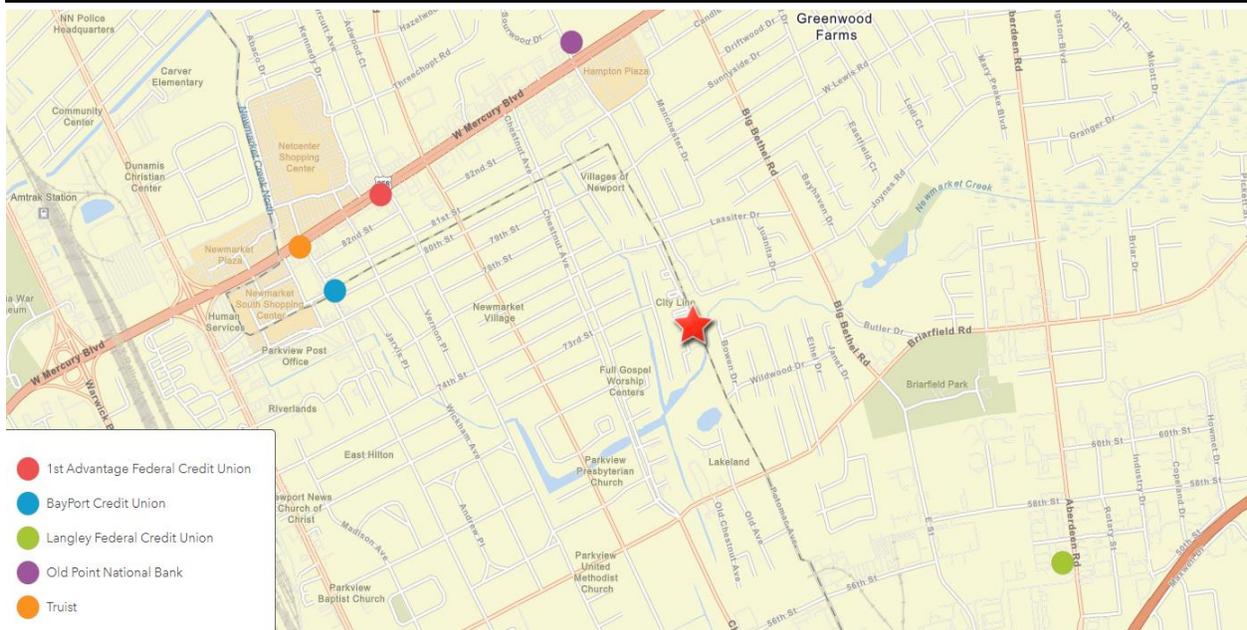
SCHOOLS

Service	Distance From Site (in Miles)
Lindsay Middle School	1.7
The Patriot Center	2.0
Hampton City Schools	2.0
An Achievable Dream Middle and High School	2.1
Bridgeport Academy	2.1
Huntington Middle and Heritage High School	2.2
Warwick Kids Academy	2.5
Carver Elementary School	2.6
Aberdeen Elementary School	3.0
NNS Welding School	3.8



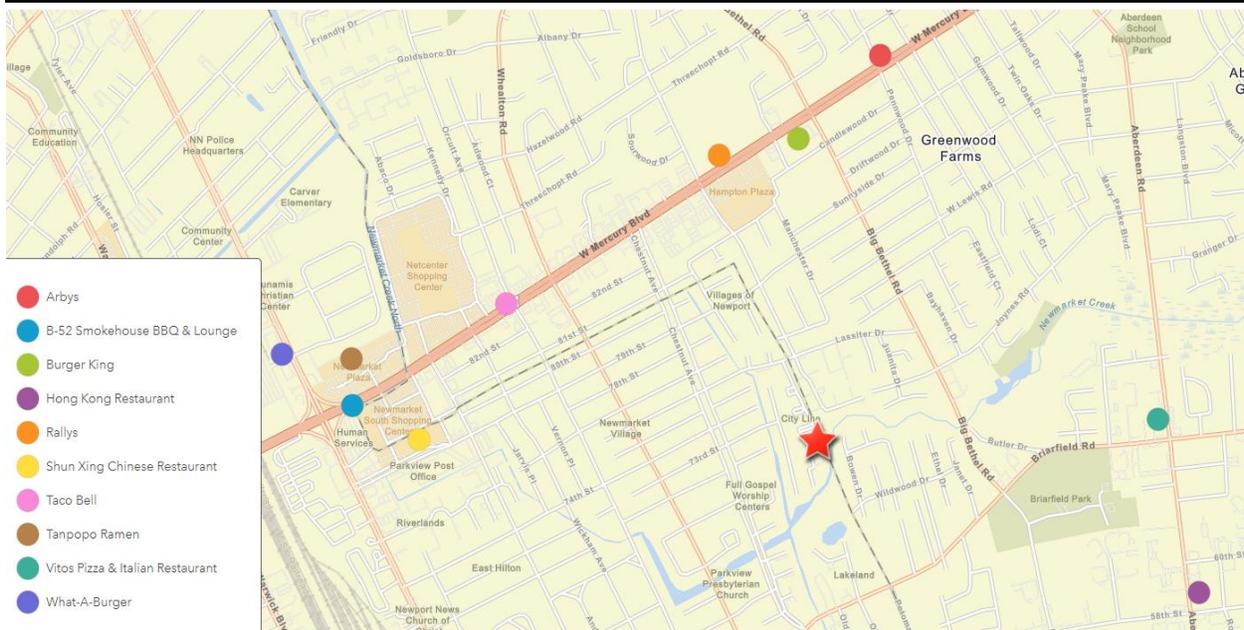
GROCERY STORES/SUPERMARKETS

Service	Distance From Site (in Miles)
Save A Lot	1.3
Food Lion	1.5
Food Lion South	1.7
EZ Pick	1.7
Walmart Neighborhood Market	2.3



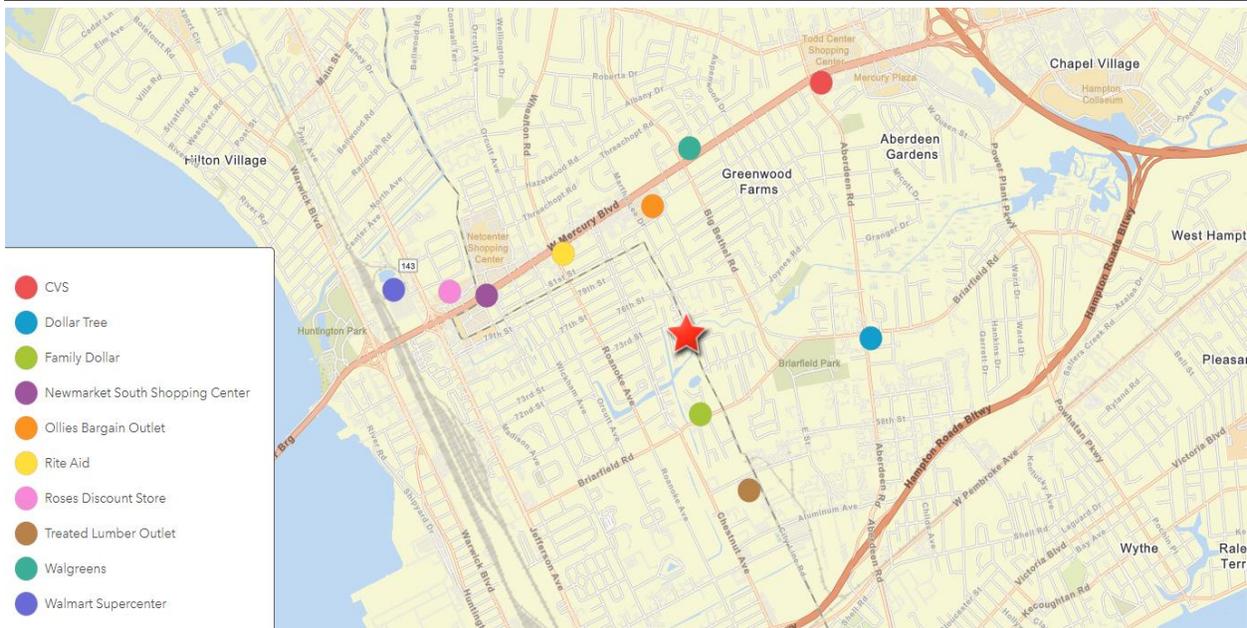
BANKS/LENDING INSTITUTIONS

Service	Distance From Site (in Miles)
Old Point National Bank	0.8
1st Advantage Federal Credit Union	1.2
BayPort Credit Union	1.4
Truist	2.0
Langley Federal Credit Union	2.1



RESTAURANTS

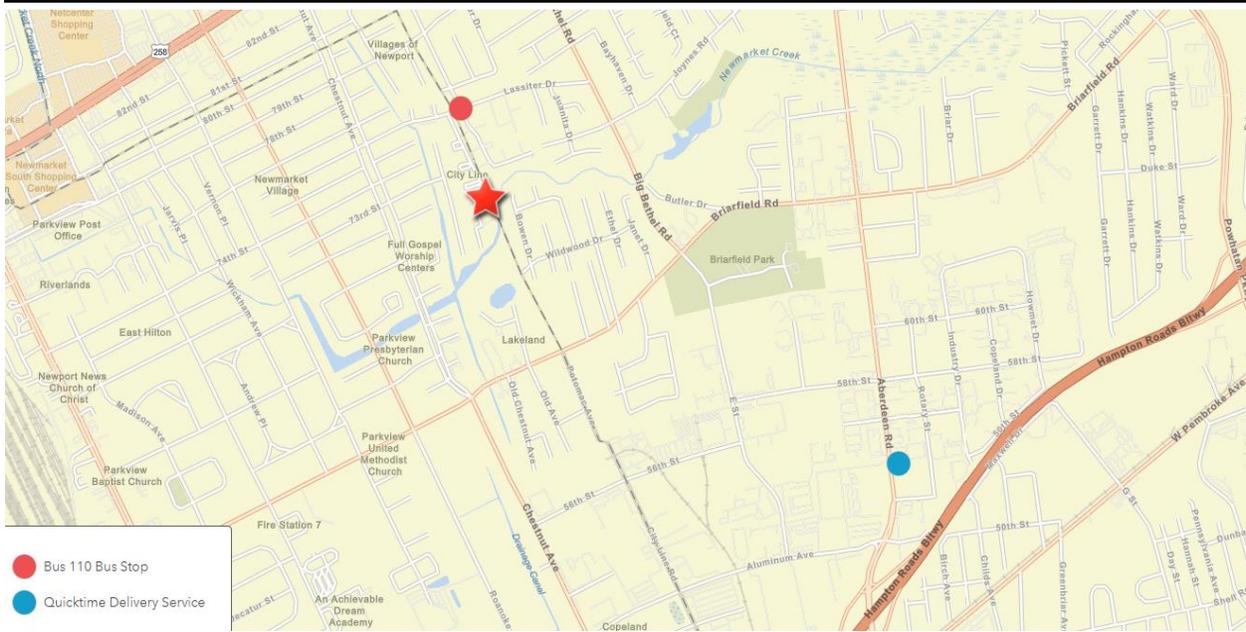
Service	Distance From Site (in Miles)
Rallys	1.0
Burger King	1.3
Shun Xing Chinese Restaurant	1.4
Arbys	1.4
Vitos Pizza & Italian Restaurant	1.6
Tanpopo Ramen	1.9
Taco Bell	1.9
Hong Kong Restaurant	2.0
What-A-Burger	2.2
B-52 Smokehouse BBQ & Lounge	2.7



SHOPPING

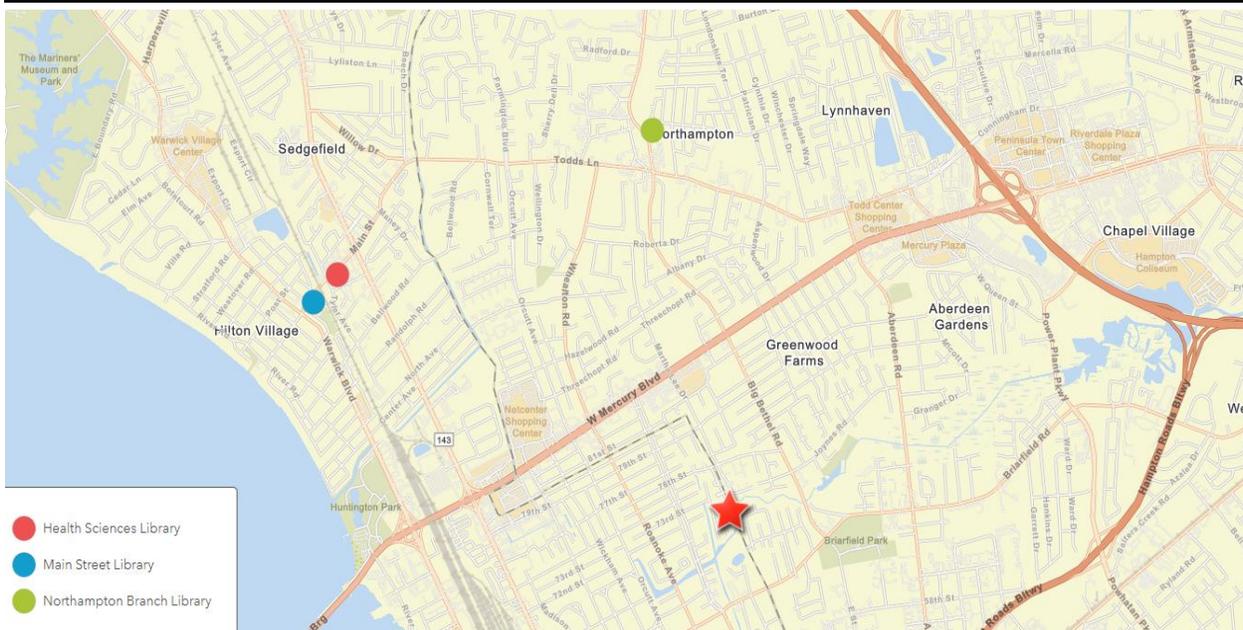
Service	Distance From Site (in Miles)
Ollies Bargain Outlet	0.8
Rite Aid	1.1
Family Dollar	1.4
Walgreens	1.4
Dollar Tree	1.7
Treated Lumber Outlet	1.7
Newmarket South Shopping Center	1.9
Roses Discount Store	1.9
CVS	2.1
Walmart Supercenter	2.2

City Line Apartments
 155 Mytilene Drive
 Newport News, Virginia 23605

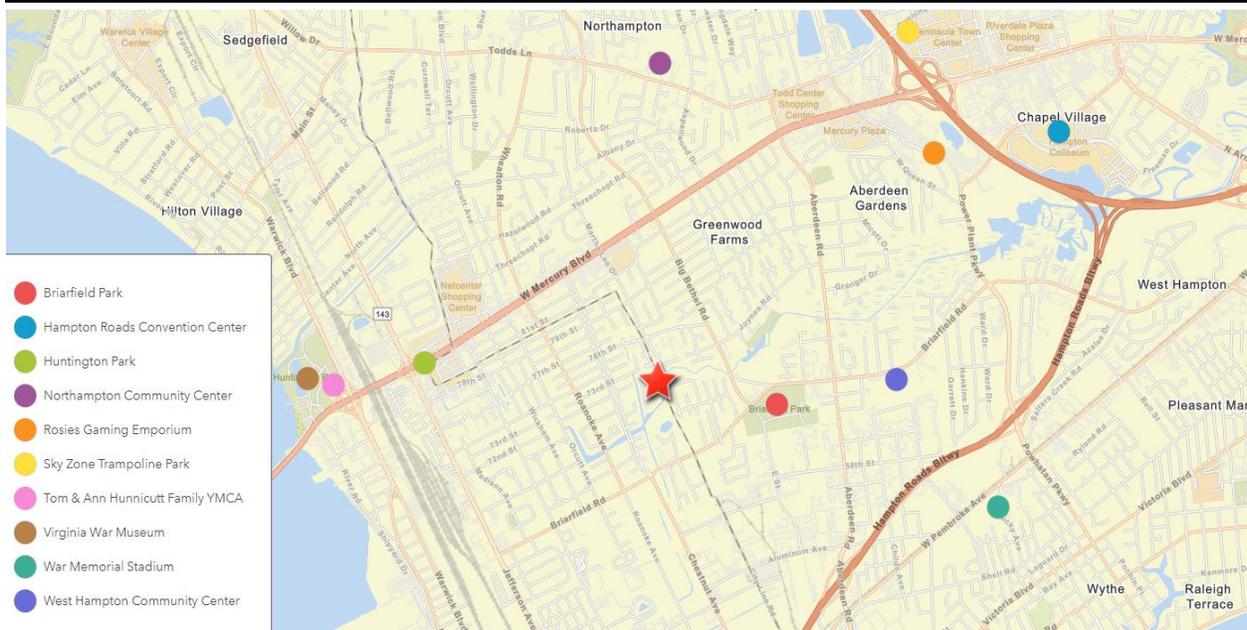


TRANSPORTATION

Service	Distance From Site (in Miles)
Bus 110 Bus Stop	0.3
Quicktime Delivery Service	2.1

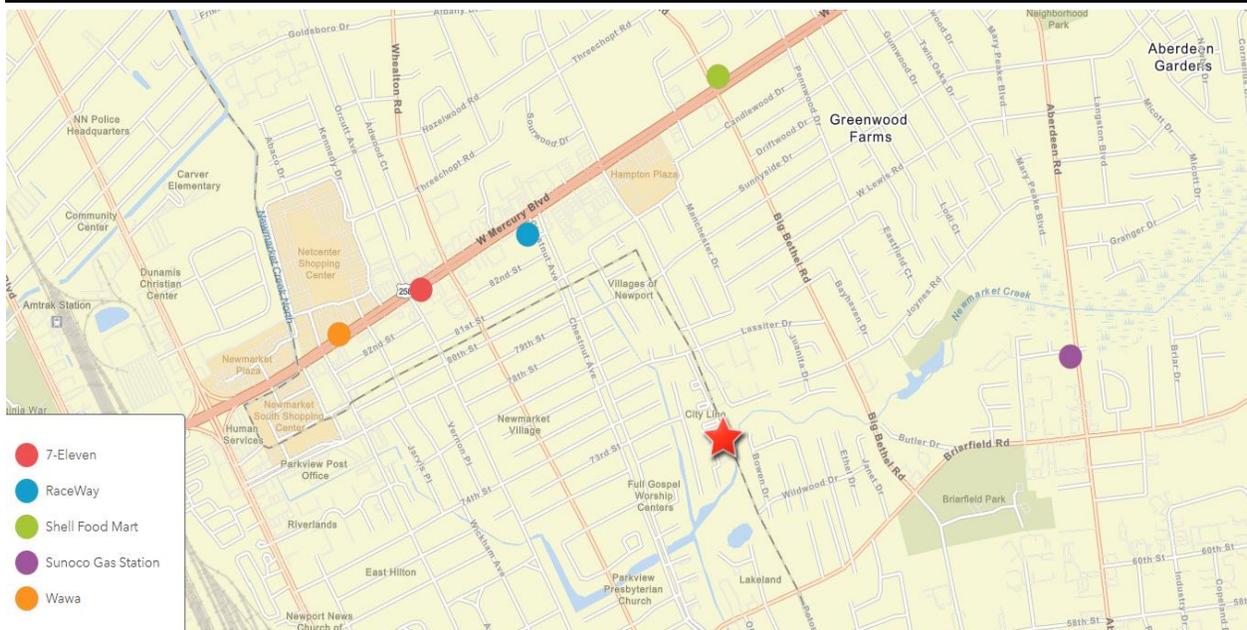


LIBRARIES	
Service	Distance From Site (in Miles)
Northampton Branch Library	2.4
Health Sciences Library	3.3
Main Street Library	3.6



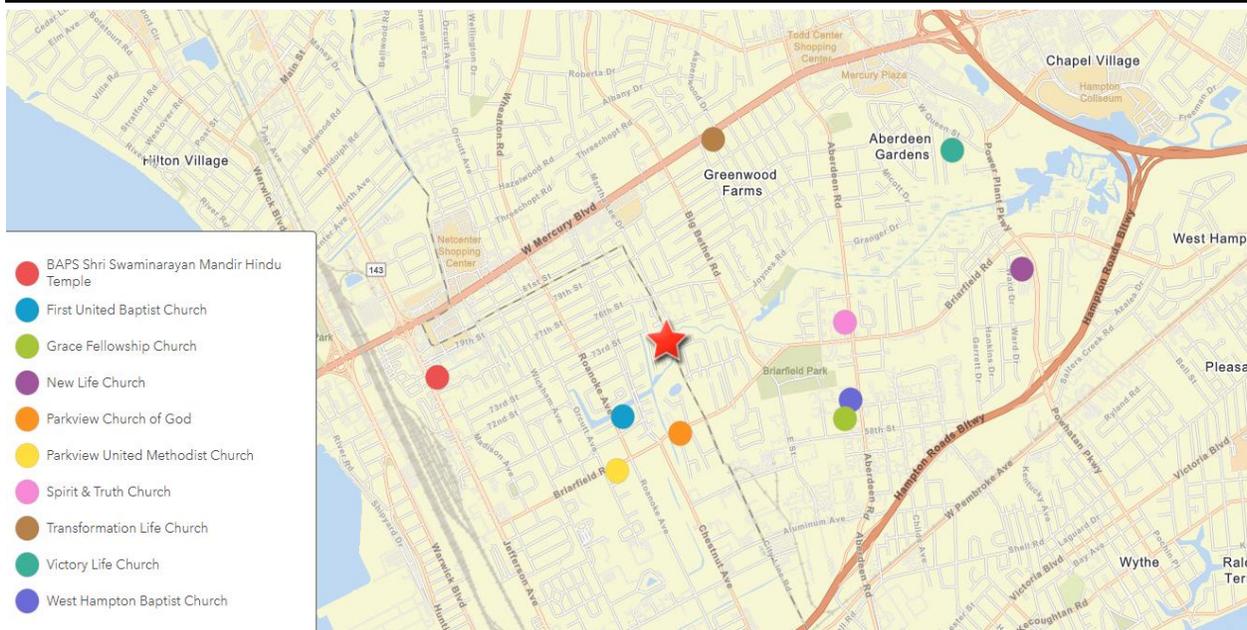
PARKS/RECREATION

Service	Distance From Site (in Miles)
Briarfield Park	1.3
West Hampton Community Center	2.0
Northampton Community Center	2.3
Tom & Ann Hunnicutt Family YMCA	2.5
Huntington Park	2.8
Virginia War Museum	2.9
Rosies Gaming Emporium	2.9
Sky Zone Trampoline Park	3.3
Hampton Roads Convention Center	3.3
War Memorial Stadium	3.6



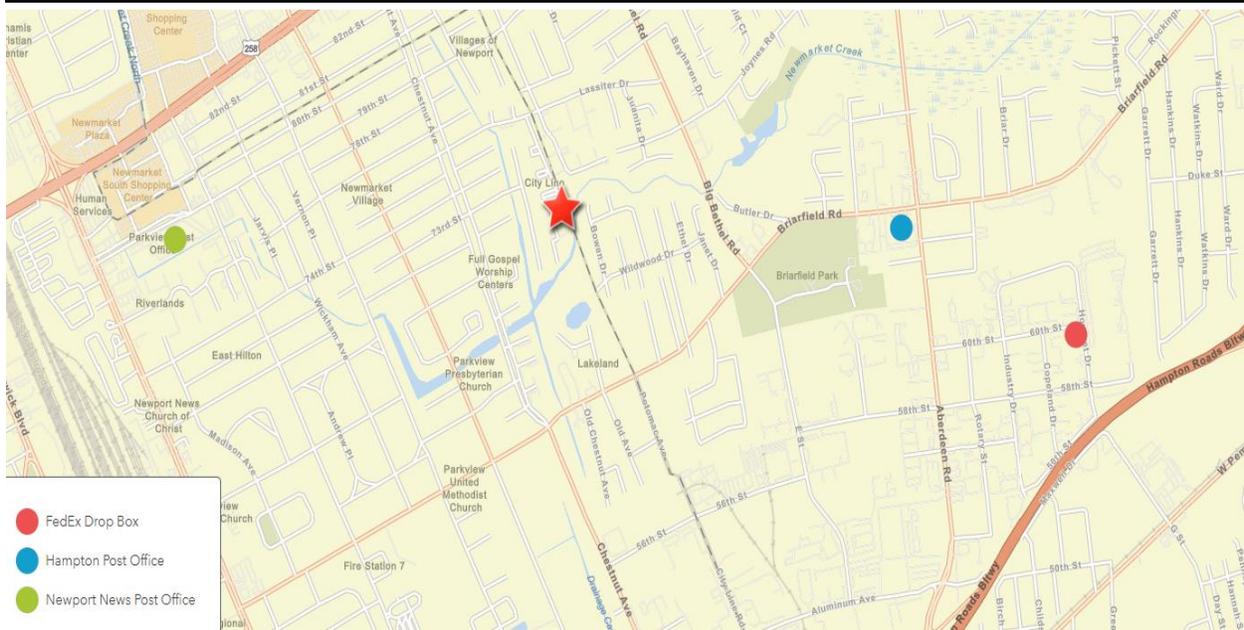
CONVENIENCE STORES

Service	Distance From Site (in Miles)
RaceWay	1.1
7-Eleven	1.3
Shell Food Mart	1.4
Wawa	1.8
Sunoco Gas Station	1.8



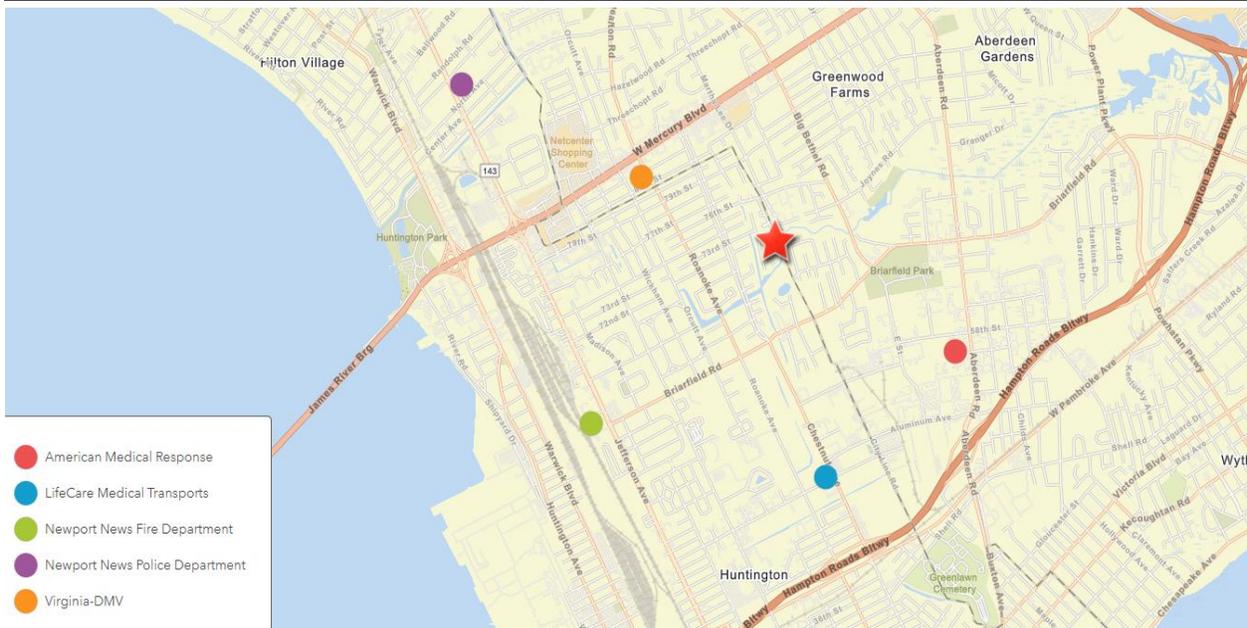
HOUSES OF WORSHIP

Service	Distance From Site (in Miles)
First United Baptist Church	1.2
Parkview Church of God	1.3
Parkview United Methodist Church	1.4
Transformation Life Church	1.4
BAPS Shri Swaminarayan Mandir Hindu Temple	1.7
Spirit & Truth Church	1.9
West Hampton Baptist Church	2.0
Grace Fellowship Church	2.0
Victory Life Church	2.4
New Life Church	3.0



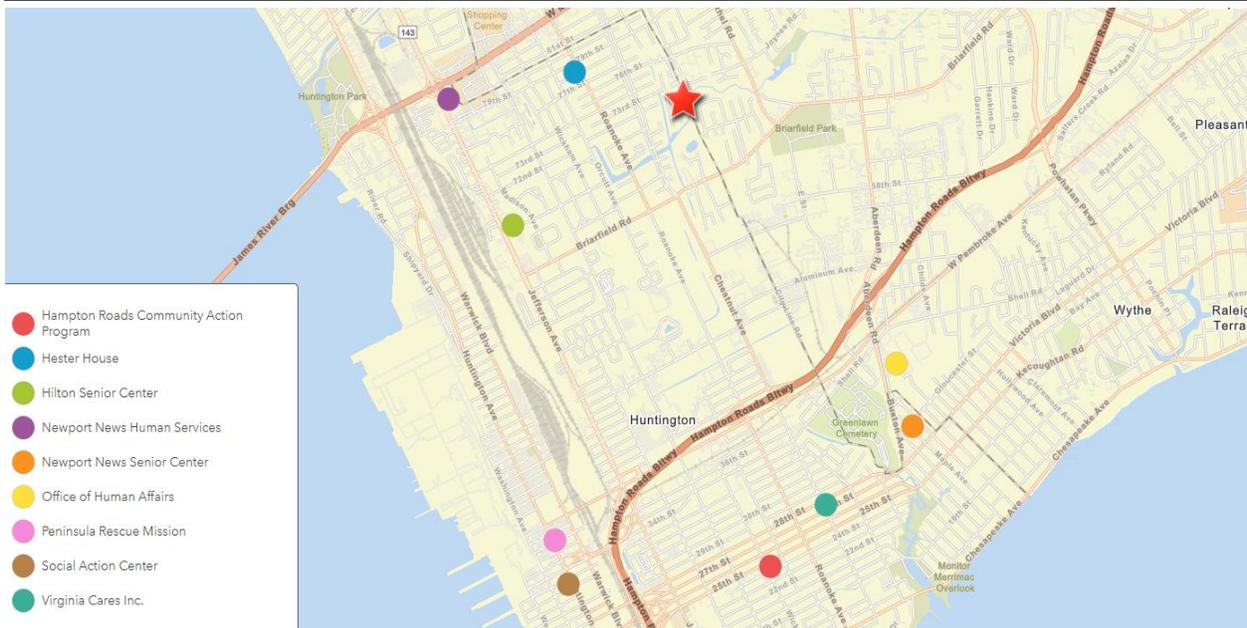
POST OFFICES

Service	Distance From Site (in Miles)
Newport News Post Office	1.4
Hampton Post Office	1.6
FedEx Drop Box	2.3



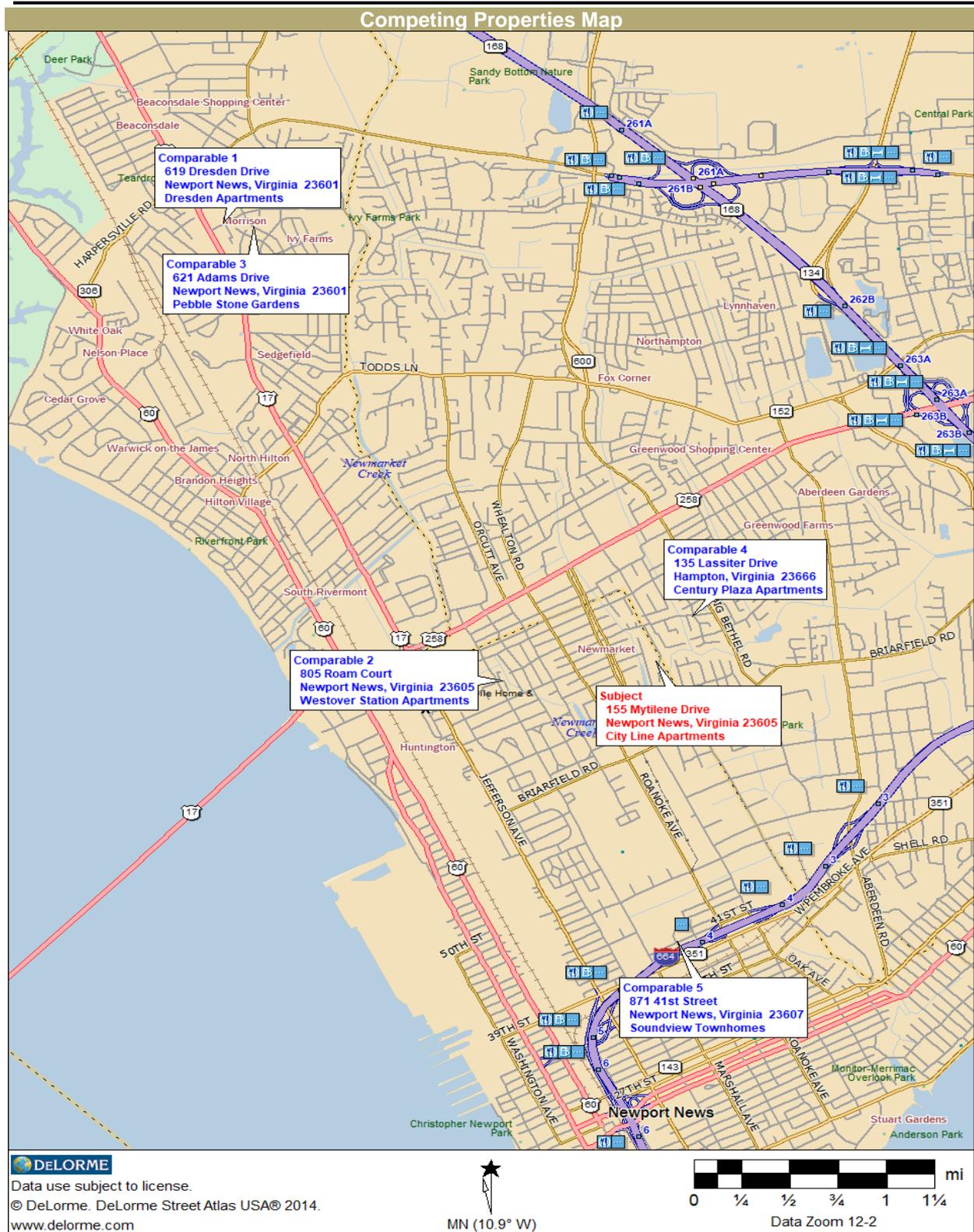
PUBLIC SAFETY/GOVERNMENT

Service	Distance From Site (in Miles)
Virginia-DMV	1.1
American Medical Response	1.9
LifeCare Medical Transports	1.9
Newport News Fire Department	2.1
Newport News Police Department	2.9



SOCIAL SERVICES

Service	Distance From Site (in Miles)
Hester House	0.8
Hilton Senior Center	1.8
Newport News Human Services	1.9
Office of Human Affairs	2.9
Virginia Cares Inc.	2.9
Hampton Roads Community Action Program	3.5
Newport News Senior Center	3.5
Peninsula Rescue Mission	3.8
Social Action Center	3.9



As renovated, the subject will have both Section 8 and LIHTC restrictions at 50 percent AMI. Therefore, the above income-restricted units will directly compete with the subject's units.



Summary of Site Strengths and Weaknesses

Strengths – The site has average visibility and access. The subject is close to employment centers, healthcare services, government and public services. In addition, the subject has excellent access to public transportation. Furthermore, the subject's location provides easy access to major thoroughfares and many recreation and shopping opportunities.

Weaknesses – The site has no apparent weaknesses.

MARKET AREA



Delineation of Market Area

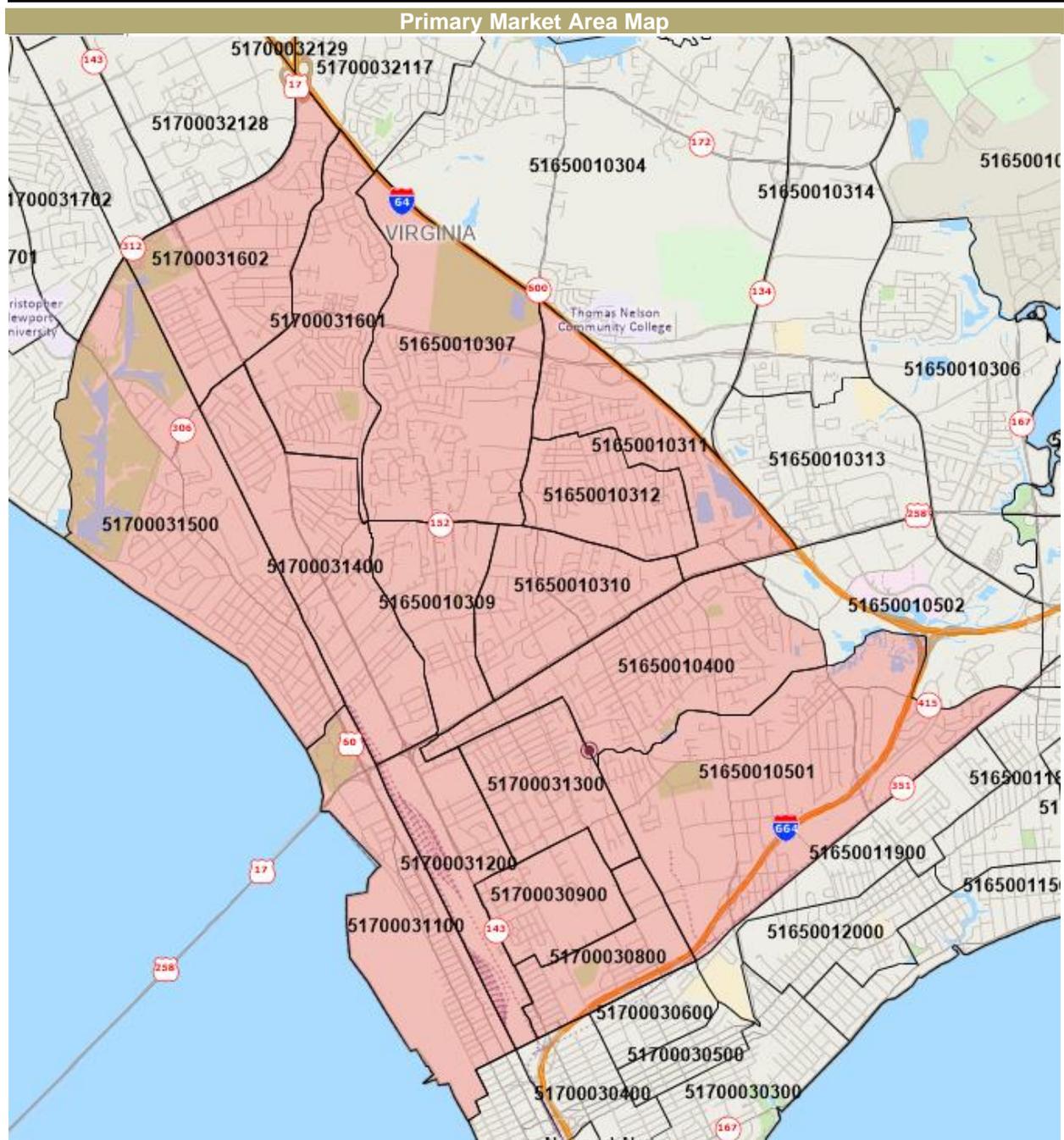
Following is a list of considerations used when determining the market area:

- **Population and Households Counts:** The number of households in a market area is directly proportionate to its geographic size within an individual market. Total householders residing in a market area can greatly influence demand calculations.
- **General Demographics:** The socio-economic composition of a market area including income, household size and tenure can be largely influenced by the erroneous inclusion or exclusions of non-comparable areas.
- **Demand:** Too large of a market may result in overstating demand for a proposed development. Conversely, too conservative of a market area may discount the demand for new product, especially if a lack of quality housing currently exists.
- **Supply Analysis:** While a larger market area generally includes higher household totals, it likewise may include a higher number of directly comparable units. If using demand methodologies that net out recently constructed and comparable rental units from the demand estimate, the increase in the number of comparable units can outweigh the increase in demand.
- **Competitive Stock:** The existing rental stock surveyed for a market study is dependent on the number of rental properties in a given market and therefore the boundaries of a primary market area. If existing developments are going to be used as “comparables”, they should be located in the primary market area, if possible.
- **Attainable Rents:** If the market area includes non-comparable areas, the analysis may use comparables projects that suggest that a project can achieve rents that area significantly higher or lower than the rents its micro location will support.
- **Location of Competitive Properties:** A primary consideration in defining a market area is identifying those locations that offer alternative opportunities to a potential renter for a subject site. The managers of existing comparable properties near the site are excellent sources in determining those competitive locations.
- **Accessibility:** Available transportation linkages including both traffic arteries and mass transit options can influence the size of the market. Mass transit can have a significant impact on projects addressing very low income households for which transportation options may be limited.
- **Natural Boundaries:** Natural boundaries including rivers and mountains can restrict the movement within a market due to a lack of accessibility.
- **Housing Project Characteristics:** The availability of a unique structure type such as a high rise may alter the typical draw of a potential project.
- **Market Perceptions:** Whether grounded in reality or not, market perceptions can be a significant determinant of market area boundaries. Social stigmas often exist within sub-markets, with residents from one side of a submarket may not move to a close by neighborhood, regardless of housing opportunities. The construction of a new, attractive rental community may not necessarily relieve this perception.
- **Commuting Patterns:** The time spent commuting and employment destination could often reveal distinct patterns. High percentages of workers with long commutes or working in neighboring counties are often indicators of a lack of affordable housing options near employment centers.
- **Target Market:** Proposed developments targeting a special needs population such as seniors generally draw from a larger geographic region. Given the smaller pool of qualified householders, the location and quantity of comparable stock is of additional importance. An acceptable market area for a family oriented rental community will often be too conservative for a rental community targeting senior rental householders.
- **Jurisdictional Boundaries:** Differences in the quality and services provided by school districts, municipalities, or counties often influence consumer location choices.
- **Local Agency Service Boundaries:** The geographic areas covered by local agencies, such as housing authorities, senior citizen centers, community-based organizations, or churches can be a strong indicator of market area boundaries, especially when the project has a community-based sponsor or co-sponsor.



-
- Non-Geographic Factors: Employees who might be expected to reside in a development as a result of planned or existing job opportunities and special needs households who are served by a multi-jurisdictional agency that covers communities that are clearly distinct market areas.

The determination of the market area is based on the boundaries between governmental units. In such a method, county, division or city boundaries become the boundaries of the market area. The primary market area for the subject consists of the following census tracts: 0103.07, 0103.09, 0103.10, 0103.11, 0103.12, 0104.00, 0105.01, 0308.00, 0309.00, 0311.00, 0312.00, 0313.00, 0314.00, 0315.00, 0316.01 and 0316.02. The market area has the following boundaries: North – U.S. Highway 17, J. Clyde Morris Boulevard, Avenue of the Arts, Museum Drive, Lakeside Drive and Museum Parkway; South – State Highway 351, Washington Avenue, 35th Street, West Avenue and 33rd Street; East – Interstate 64, U.S. Highway 258, Power Plant Parkway, Southwest Branch Back River and West Queen Street/State Highway 415; and West – James River. The analysis was conducted using only the demographics data from the primary market area. However, according to the market study guidelines for Virginia Housing, a secondary or tertiary market area was also determined. The secondary market area is defined as the City of Newport News.



EMPLOYMENT AND ECONOMY



Employment and Economy

The economy of Newport News is based on accommodation/food services; educational services; health care/social assistance services; manufacturing; and retail trade sectors. Each of these categories has experienced reasonable growth within the past few years.

Unemployment in the City of Newport News reached a high of 8.7 percent in 2020 and was at its lowest in 2019 with 3.3 percent. The rate for the City of Newport News in December 2021 was 3.9 percent. The number employed has decreased an average of 0.1 percent since 2010.

LABOR FORCE AND EMPLOYMENT TRENDS FOR NEWPORT NEWS					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2010	90,822	83,062	91.5%	7,760	8.5%
2011	90,550	83,192	91.9%	7,358	8.1%
2012	89,872	83,269	92.7%	6,603	7.3%
2013	90,463	84,482	93.4%	5,981	6.6%
2014	90,995	85,403	93.9%	5,592	6.1%
2015	89,143	84,369	94.6%	4,774	5.4%
2016	88,936	84,452	95.0%	4,484	5.0%
2017	89,395	85,315	95.4%	4,080	4.6%
2018	88,970	85,778	96.4%	3,192	3.6%
2019	89,963	86,981	96.7%	2,982	3.3%
2020	89,715	81,929	91.3%	7,786	8.7%
2021**	85,085	81,780	96.1%	3,305	3.9%

* Data based on place of residence.

**Preliminary - based on monthly data through December 2021

Source: U.S. Bureau of Labor Statistics

The State of Virginia reached a high of 7.3 percent in 2010 and was at its lowest point in 2019 with 2.7 percent. The rate for the State of Virginia in December 2021 was 2.7 percent. The number employed has increased 0.5 percent per year since 2010.

LABOR FORCE AND EMPLOYMENT TRENDS FOR VIRGINIA					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2010	4,163,293	3,858,466	92.7%	304,827	7.3%
2011	4,205,184	3,929,008	93.4%	276,176	6.6%
2012	4,217,529	3,967,151	94.1%	250,378	5.9%
2013	4,238,377	4,002,057	94.4%	236,320	5.6%
2014	4,258,856	4,040,908	94.9%	217,948	5.1%
2015	4,233,981	4,048,081	95.6%	185,900	4.4%
2016	4,254,348	4,084,822	96.0%	169,526	4.0%
2017	4,333,556	4,174,453	96.3%	159,103	3.7%
2018	4,361,378	4,232,972	97.1%	128,406	2.9%
2019	4,427,338	4,308,622	97.3%	118,716	2.7%
2020	4,346,644	4,075,237	93.8%	271,407	6.2%
2021**	4,252,784	4,139,573	97.3%	113,211	2.7%

* Data based on place of residence.

**Preliminary - based on monthly data through December 2021

Source: U.S. Bureau of Labor Statistics

According to the U.S. Bureau of Labor Statistics, unemployment trends for Newport News are slightly higher than to the unemployment trends for the State of Virginia.



CHANGE IN TOTAL EMPLOYMENT FOR NEWPORT NEWS				
PERIOD	NUMBER		PERCENT	
	TOTAL	ANNUAL	TOTAL	ANNUAL
2010-2015	1,307	261	1.6%	0.3%
2015-2020	(2,440)	(488)	-2.9%	-0.6%

Source: U.S. Bureau of Labor Statistics

The changes in employment since 2010 by time period are listed in the above table. The data shows that the number of persons employed in Newport News decreased an average of 0.1 percent per year between 2010 and 2020.

RECENT CHANGES IN EMPLOYMENT FOR NEWPORT NEWS			
YEAR	NUMBER EMPLOYED	ANNUAL CHANGE	% OF LABOR FORCE UNEMPLOYED
2015	84,369	(1,034)	5.4%
2016	84,452	83	5.0%
2017	85,315	863	4.6%
2018	85,778	463	3.6%
2019	86,981	1,203	3.3%
2020	81,929	(5,052)	8.7%

Source: U.S. Bureau of Labor Statistics

The previous tables show the changes in employment and percent unemployed for the past six years. The unemployment rate for the City of Newport News has fluctuated from 3.3 percent to 8.7 percent since 2015.

Major Employers

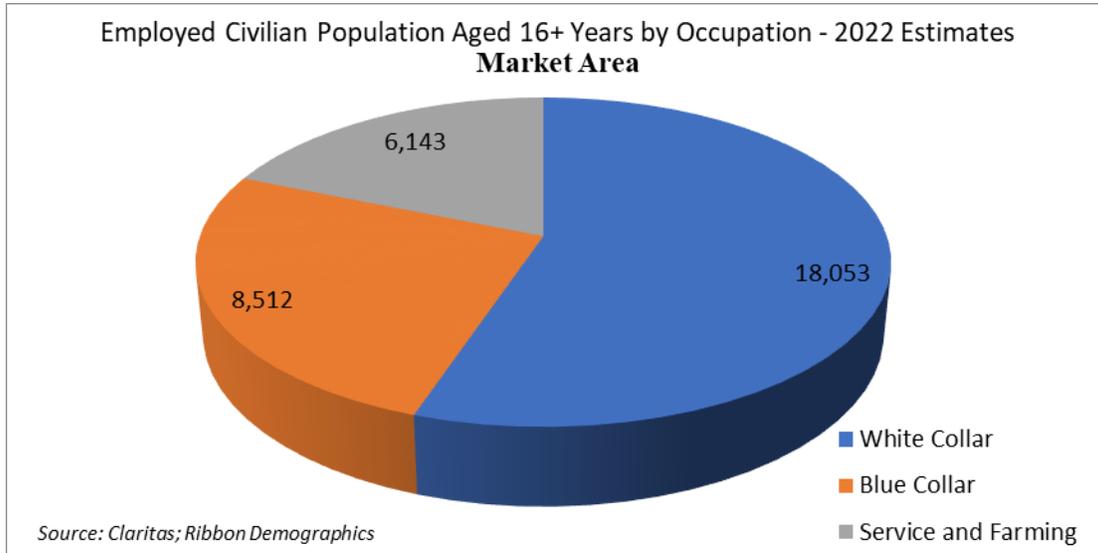
Major employers for the City of Newport News and the industry are shown in the following table:

MAJOR EMPLOYERS		
Name	Product/Service	Total Employees
Huntington Ingalls Industries	Aerospace & Defense	23,000
Ferguson, LLC	Building Materials	12,530
Riverside Health System	Healthcare	9,000
Newport News City School District	Education	5,000
Christopher Newport University	Education	922
Drucker + Falk	Professional Services	705
Jefferson Labs	Laboratory	700
Virginia Health Services	Healthcare	611
Daily Press	Information	575
Diversified Technology & Services Of Virginia,	Technology	547
Continental Automotive Systems	Manufacturing	525
Hall/Mileone Autogroup	Retail	330

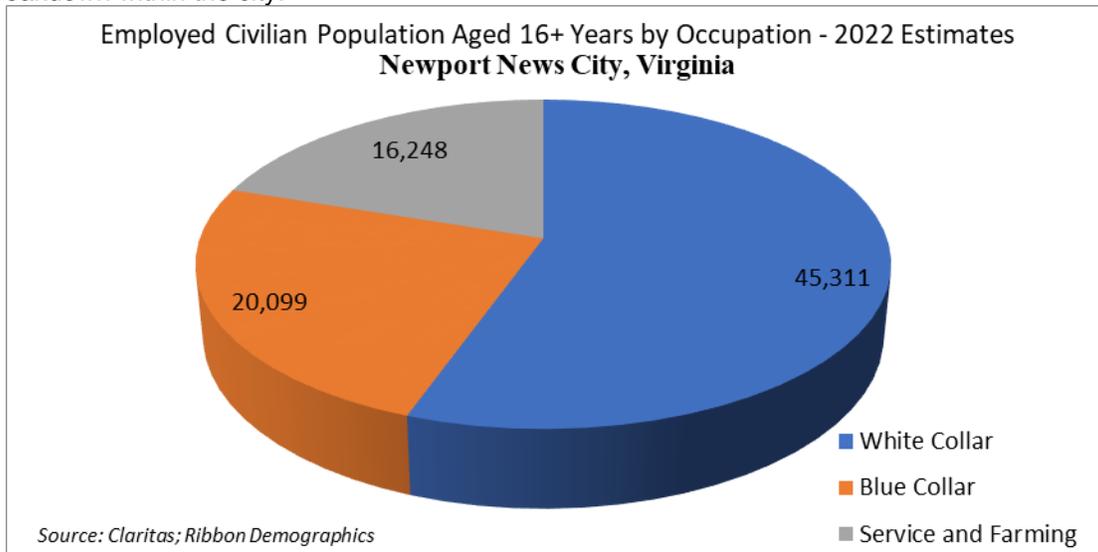
Source: Virginia Business.com



The majority of the civilian population within the market area are employed in white collar jobs though a significant portion are also employed in service and farming and blue collar positions. The following pie chart shows the breakdown within the market area.



The majority of the civilian population within the city are employed in white collar jobs though a significant portion are also employed in service and farming and blue collar positions. The following pie chart shows the breakdown within the city.





Place of Work Employment

The following chart shows the number of people employed in different sectors of the market area economy in 2022.

Employed Civilian Population Aged 16+ Years by Industry		
Current Year Estimates - 2022		
Market Area		
Industry	Number Employed	Percent Employed
Accommodation/Food Services	2,522	7.7%
Administrative/Support/Waste Management	1,992	6.1%
Agriculture/Forestry/Fishing/Hunting/Mining	31	0.1%
Arts/Entertainment/Recreation	407	1.2%
Construction	1,793	5.5%
Educational Services	3,253	9.9%
Finance/Insurance/Real Estate/Rent/Lease	1,662	5.1%
Health Care/Social Assistance	4,116	12.6%
Information	586	1.8%
Management of Companies and Enterprises	26	0.1%
Manufacturing	4,760	14.6%
Other Services Except Public Administration	1,271	3.9%
Professional/Scientific/Technical Services	1,979	6.1%
Public Administration	2,118	6.5%
Retail Trade	3,822	11.7%
Transportation/Warehousing/Utilities	1,795	5.5%
Wholesale Trade	575	1.8%
Total:	32,708	100.0%

Source: Claritas; Ribbon Demographics

The following chart shows the number of people employed in different sectors of the city economy in 2022.

Employed Civilian Population Aged 16+ Years by Industry		
Current Year Estimates - 2022		
Newport News City, Virginia		
Industry	Number Employed	Percent Employed
Accommodation/Food Services	8,113	9.9%
Administrative/Support/Waste Management	4,158	5.1%
Agriculture/Forestry/Fishing/Hunting/Mining	145	0.2%
Arts/Entertainment/Recreation	1,472	1.8%
Construction	4,602	5.6%
Educational Services	8,130	10.0%
Finance/Insurance/Real Estate/Rent/Lease	2,822	3.5%
Health Care/Social Assistance	10,601	13.0%
Information	1,002	1.2%
Management of Companies and Enterprises	82	0.1%
Manufacturing	10,523	12.9%
Other Services Except Public Administration	3,549	4.3%
Professional/Scientific/Technical Services	4,522	5.5%
Public Administration	5,849	7.2%
Retail Trade	10,186	12.5%
Transportation/Warehousing/Utilities	4,083	5.0%
Wholesale Trade	1,819	2.2%
Total:	81,658	100.0%

Source: Claritas; Ribbon Demographics

The above charts show the number of people employed in different sectors of the market area and Newport News economy in 2022. According to interviews conducted by the analyst, employers in the area indicate that the area economy should remain stable in the next two to five years.



Future Employment Trends

The first case of COVID-19 was diagnosed in the United States on January 21, 2020, in the State of Washington. Since that date, COVID-19 spread rapidly throughout the U.S. The CDC warned that widespread transmission of the disease could force a large number of people to seek hospitalization, overloading the healthcare system. Therefore, on March 19, 2020, the government advised against gatherings of more than 10 people. Additionally, state and local authorities made the decision to prohibit large-scale gatherings.

Also, many cities and most states imposed lockdown measures of different scopes and severity in order to attempt to contain the number of people infected. These lockdown measures placed limits on where people could travel, work and shop away from their homes. These measures had a significant impact on the economic conditions in cities and counties throughout the country. In March 2020, the U.S. Congress passed a \$2 trillion COVID-19 aid package in an attempt to ease the economic impact of the coronavirus pandemic.

While the federal and state governments have attempted to mitigate the economic impact by lowering interest rates, providing financial relief and paid sick leave for workers quarantined, providing small business loans to businesses affected by the pandemic, deferring tax payments without penalty and temporarily suspending all government foreclosures and evictions, the result of the pandemic would likely be a recession and potentially a depression if conditions did not improve quickly.

The long-term impact of the pandemic is not yet known. However, the temporary impact is already visible for many areas, with mass layoffs of non-essential workers. W.A.R.N. notices require employers with 100 or more employees to provide at least 60 calendar days advance written notice of plant closings and mass layoffs affecting 50 or more employees at a single site of employment. Exceptions to giving notice may be allowed in an economic crisis which is considered to be an unforeseen business circumstance. According to the Virginia Employment Commission, the below Worker Adjustment and Retraining Notifications (W.A.R.N.) notices were issued in the City of Newport News within the past two years.

W.A.R.N. NOTICES				
Company	City	Employees Lost	Layoff Date	Reduction in Force
Smithfield	Newport News	39	12/31/2019	Closure
Continental	Newport News	6	2/7/2020	Closure
Bloomin' Brands (Bonfish Grill)	Fredericksburg, Newport News, Virginia Beach & Williamsburg	201	3/21/2020	Layoff
Bloomin' Brands (Outback Steakhouse)	Fredericksburg, Virginia Beach, Newport News, Chesapeake & Hampton	524	3/21/2020	Layoff
Take 5 Oil Change-Driven Brands Shared Services, LLC	Chesapeake, VA Beach, Newport News, Portsmouth & Hampton	42	3/22/2020	Layoff
Cinemark USA, Inc.	Norfolk, Chesapeake & Newport News	134	3/26/2020	Layoff
Eastern Specialty Finance Inc.	Norfolk, Hampton, Tappahannock, Fredericksburg	5	5/1/2020	Layoff
Avis Budget Group	Virginia Beach, Newport News & Norfolk	86	9/4/2020	Layoff
TitleMax of Virginia, Inc. and TMX Finance of Virginia, Inc.	Hampton, Virginia Beach, Chesapeake, Newport News, Portsmouth, Suffolk, Yorktown, Franklin, Stafford	55	1/16/2021	Closure
Total:		1,092		

Source: Virginia Employment Commission



According to Priscilla Green, Economic Director of the Newport News Economic Development Authority, The city has remained economically stable throughout the COVID-19 pandemic. The possibility for future impacts on tax revenues do exist; however, the actual extent at this point is unknown. She also reported that there have been no closures or layoffs in the city. Furthermore, Ms. Green stated that the city has several projects underway or planned. She also reported that there have been several new and/or expanding businesses within the city in the last year including, but are not limited to, the following:

- Bourbon Micro-Distillery To Open Downtown announced it will open a new location in a 30,000-square-foot building near Newport News Shipbuilding.
- The first building of the new Tech Center Research Park recently opened and is 94 percent leased. The 81,600 square foot building is the first of ten planned for the 50-acre research park located on the intersection of Jefferson Avenue and Hogan Drive. Building One of the three building planned. Major tenants in the building include Gather, ivWatch, LLC and ITA International.
- The new Brooks Crossing Innovation and Opportunity Center opened in the Southeast Community. The company focuses on workforce development and STEM education outreach.
- S23, a new company to the area recently began construction. Once construction is complete, the company plans to employ 332 employees.
- A groundbreaking ceremony was recently held for the new Ferguson Enterprises' headquarters campus to be built in the City Center. The company announced it anticipated bring 1,400 new jobs to the area.
- Printpack Inc. announced the company's plans for a \$25-million expansion to its rigid packaging operation in the Industrial Park of Newport News.
- Davis Boat Works, Inc., recently announced expansion plans that will create an additional 25 full-time skilled and management positions.

Due to the new and expanding businesses, decreasing unemployment and lack of layoffs and closures in the city, it is believed that the economic outlook for the area will remain stable for the next two to five years.

Wages

The average annual wage of employees in Newport News was \$54,641 in 2020. Wages have been increasing 5.6 percent per year.

AVERAGE ANNUAL WAGE BY SECTOR			
INDUSTRY	2019	2020	% INCREASE
Agriculture, Forestry and Fisheries	N/A*	N/A*	N/A*
Mining	N/A*	N/A*	N/A*
Construction	\$61,213	\$65,445	6.9%
Manufacturing	\$72,772	\$73,132	0.5%
Transportation and Warehousing	N/A*	N/A*	N/A*
Utilities	N/A*	N/A*	N/A*
Wholesale Trade	\$60,425	\$65,842	9.0%
Retail Trade	\$28,514	\$31,270	9.7%
Leisure and Hospitality	\$17,509	\$18,903	8.0%
Education and Health Services	N/A*	N/A*	N/A*
Professional and Business Services	\$64,053	\$68,199	6.5%
Financial Activities	\$53,598	\$55,634	3.8%
Information	\$74,832	\$78,591	5.0%
Other Services	\$28,476	\$30,222	6.1%
Public Administration (Local Government)	\$56,221	\$59,170	5.2%

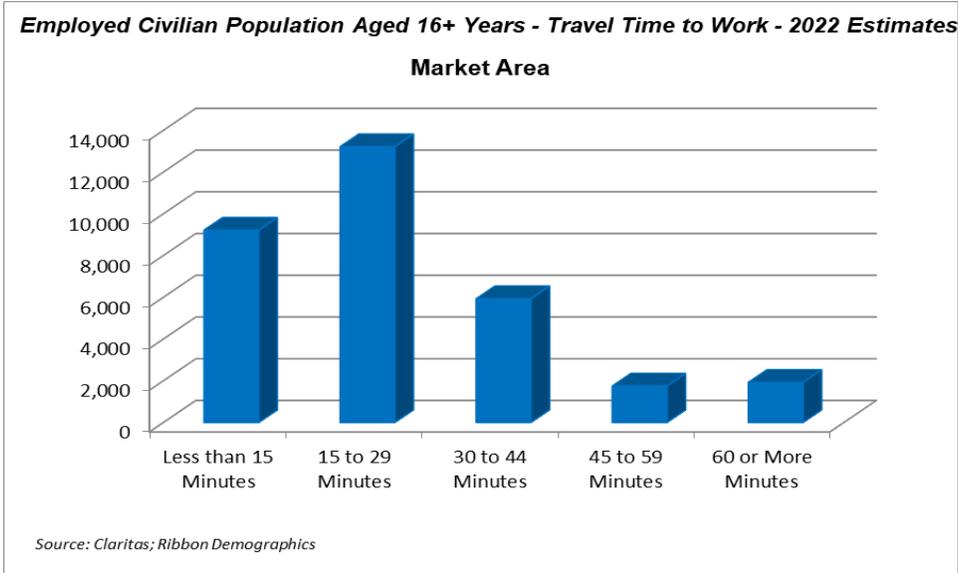
Source: U.S. Bureau of Labor Statistics

*Data was not available.



Employment Outside the County

In 2022, for residents employed in market area, the travel time to work from the site is less than 30 minutes. For the majority of those employed in other parts of the town, the travel time would be within 30 minutes. According to the chart below, 28.8 percent have a travel time of less than 15 minutes; 41.3 percent have a travel time of 15 to 29 minutes; and 29.9 percent have a travel time of over 30 minutes. This relatively low travel time indicates that the subject site is in an area in close proximity to employment centers.



Summary of Employment Trends in Market Area

The property is applying for an allocation of Low-Income Housing Tax Credits for all units, which will set the income eligibility to individuals earning up to 50 percent of the area median income. As the subject will also retain its HAP contract, households with one to three persons and incomes below \$38,050 will be eligible for the rehabilitated development. If the subject were to lose the HAP contract, households with one to three persons and incomes between \$27,154 and \$38,050 would be eligible for the rehabilitated development. Major employers shown on Page 68 are included in the education and health services; health care/social services; government services; and other services sectors. The available employment is well-suited to the targeted population of the proposed rehabilitated LIHTC development.

DEMOGRAPHIC CHARACTERISTICS



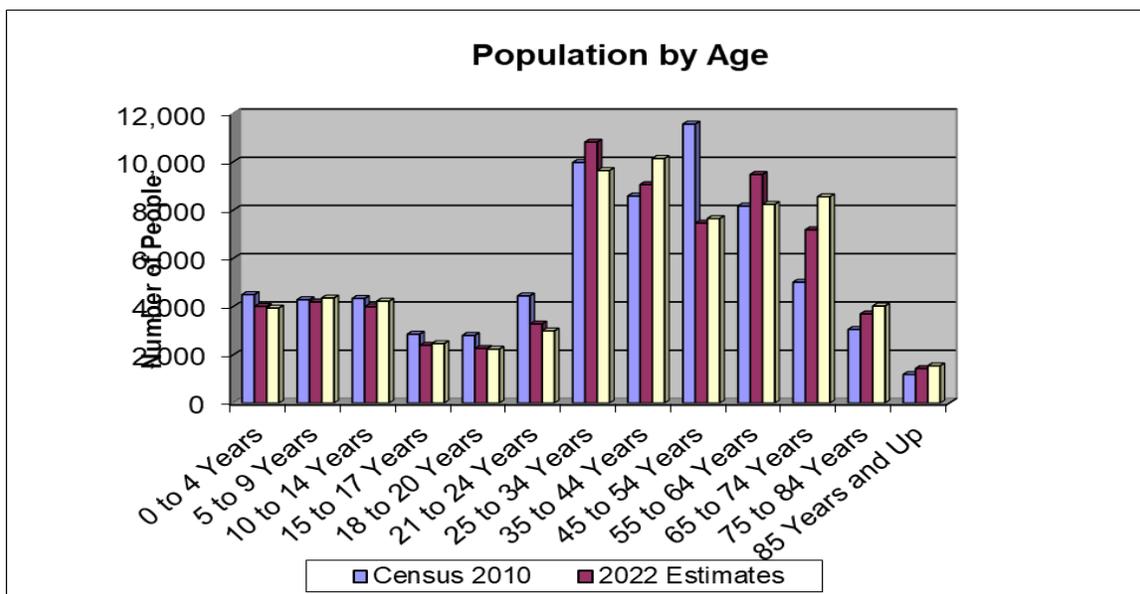
Population and Households Trends and Analysis

The housing Market Area for the rehabilitated units is an area in which people could locate their residences and have fairly equal access to the same job market, community services and amenities and be in the socio-economic community they choose.

The primary market area for the subject consists of the following census tracts: 0103.07, 0103.09, 0103.10, 0103.11, 0103.12, 0104.00, 0105.01, 0308.00, 0309.00, 0311.00, 0312.00, 0313.00, 0314.00, 0315.00, 0316.01 and 0316.02. The market area has the following boundaries: North – U.S. Highway 17, J. Clyde Morris Boulevard, Avenue of the Arts, Museum Drive, Lakeside Drive and Museum Parkway; South – State Highway 351, Washington Avenue, 35th Street, West Avenue and 33rd Street; East – Interstate 64, U.S. Highway 258, Power Plant Parkway, Southwest Branch Back River and West Queen Street/State Highway 415; and West – James River.

Population by Age & Sex											
Market Area											
Census 2010				Current Year Estimates - 2022				Five Year Projections - 2027			
Age	Male	Female	Total	Age	Male	Female	Total	Age	Male	Female	Total
0 to 4 Years	2,352	2,146	4,498	0 to 4 Years	2,103	1,905	4,008	0 to 4 Years	2,038	1,902	3,940
5 to 9 Years	2,163	2,124	4,287	5 to 9 Years	2,144	2,049	4,193	5 to 9 Years	2,254	2,101	4,355
10 to 14 Years	2,193	2,146	4,339	10 to 14 Years	2,059	1,935	3,994	10 to 14 Years	2,164	2,061	4,225
15 to 17 Years	1,463	1,396	2,859	15 to 17 Years	1,233	1,167	2,400	15 to 17 Years	1,280	1,188	2,468
18 to 20 Years	1,436	1,371	2,807	18 to 20 Years	1,189	1,079	2,268	18 to 20 Years	1,178	1,060	2,238
21 to 24 Years	2,195	2,249	4,444	21 to 24 Years	1,699	1,582	3,281	21 to 24 Years	1,558	1,435	2,993
25 to 34 Years	4,865	5,111	9,976	25 to 34 Years	5,331	5,488	10,819	25 to 34 Years	4,820	4,822	9,642
35 to 44 Years	4,062	4,524	8,586	35 to 44 Years	4,395	4,664	9,059	35 to 44 Years	4,951	5,190	10,141
45 to 54 Years	5,560	6,005	11,565	45 to 54 Years	3,472	3,990	7,462	45 to 54 Years	3,646	4,005	7,651
55 to 64 Years	3,786	4,385	8,171	55 to 64 Years	4,367	5,114	9,481	55 to 64 Years	3,684	4,556	8,240
65 to 74 Years	2,173	2,837	5,010	65 to 74 Years	3,145	4,041	7,186	65 to 74 Years	3,767	4,790	8,557
75 to 84 Years	1,220	1,835	3,055	75 to 84 Years	1,491	2,207	3,698	75 to 84 Years	1,684	2,340	4,024
85 Years and Up	<u>333</u>	<u>853</u>	<u>1,186</u>	85 Years and Up	<u>450</u>	<u>984</u>	<u>1,434</u>	85 Years and Up	<u>479</u>	<u>1,066</u>	<u>1,545</u>
Total	33,801	36,982	70,783	Total	33,078	36,205	69,283	Total	33,503	36,516	70,019
62+ Years	n/a	n/a	11,314	62+ Years	n/a	n/a	15,126	62+ Years	n/a	n/a	16,737
Median Age:		37.5		Median Age:		39.1		Median Age:		40.1	

Source: Claritas; Ribbon Demographics



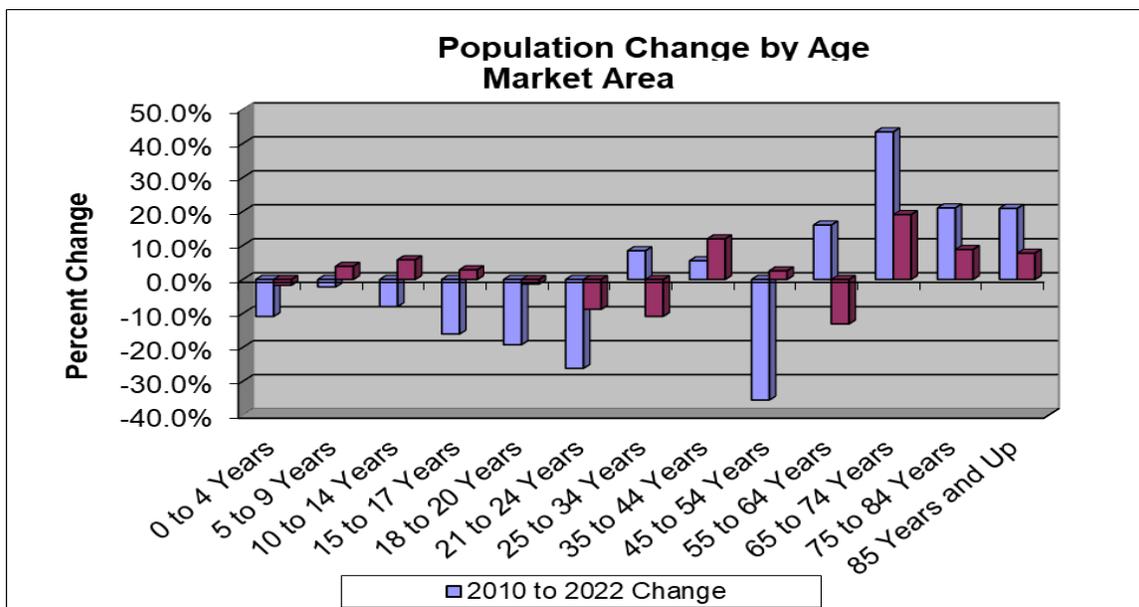
Source: Claritas; Ribbon Demographics



In 2000, this geographic market area contained an estimated population of 71,587. The population in 2010 in the market area decreased 1.1 percent to 70,783. In 2022, the population in this market area decreased 2.1 percent to 69,283. However, it is projected that between 2022 and 2027, population in the market area will increase 1.1 percent to 70,019. Population estimates and projections are based on the most recent data from Claritas and Ribbon Demographics. The data was produced during the COVID-19 pandemic. At this time, there are no estimated changes due to the virus. However, the long-term economic impact on any region is unknown at this time. The short-term economic impact has been relatively minor. However, it is possible the population growth could be impacted by the COVID-19 if there are long-term economic impacts in the area. The following tables show the population change by age in the market area.

Changes in Population by Age & Sex										
Market Area										
Estimated Change - 2010 to 2022					Projected Change - 2022 to 2027					
Age	Male	Female	Total Change	Percent Change	Age	Male	Female	Total Change	Percent Change	
0 to 4 Years	-249	-241	-490	-10.9%	0 to 4 Years	-65	-3	-68	-1.7%	
5 to 9 Years	-19	-75	-94	-2.2%	5 to 9 Years	110	52	162	3.9%	
10 to 14 Years	-134	-211	-345	-8.0%	10 to 14 Years	105	126	231	5.8%	
15 to 17 Years	-230	-229	-459	-16.1%	15 to 17 Years	47	21	68	2.8%	
18 to 20 Years	-247	-292	-539	-19.2%	18 to 20 Years	-11	-19	-30	-1.3%	
21 to 24 Years	-496	-667	-1,163	-26.2%	21 to 24 Years	-141	-147	-288	-8.8%	
25 to 34 Years	466	377	843	8.5%	25 to 34 Years	-511	-666	-1,177	-10.9%	
35 to 44 Years	333	140	473	5.5%	35 to 44 Years	556	526	1,082	11.9%	
45 to 54 Years	-2,088	-2,015	-4,103	-35.5%	45 to 54 Years	174	15	189	2.5%	
55 to 64 Years	581	729	1,310	16.0%	55 to 64 Years	-683	-558	-1,241	-13.1%	
65 to 74 Years	972	1,204	2,176	43.4%	65 to 74 Years	622	749	1,371	19.1%	
75 to 84 Years	271	372	643	21.0%	75 to 84 Years	193	133	326	8.8%	
85 Years and Up	117	131	248	20.9%	85 Years and Up	29	82	111	7.7%	
Total	-723	-777	-1,500	-2.1%	Total	425	311	736	1.1%	
62+ Years	n/a	n/a	3,812	33.7%	62+ Years	n/a	n/a	1,611	10.7%	

Source: Claritas; Ribbon Demographics



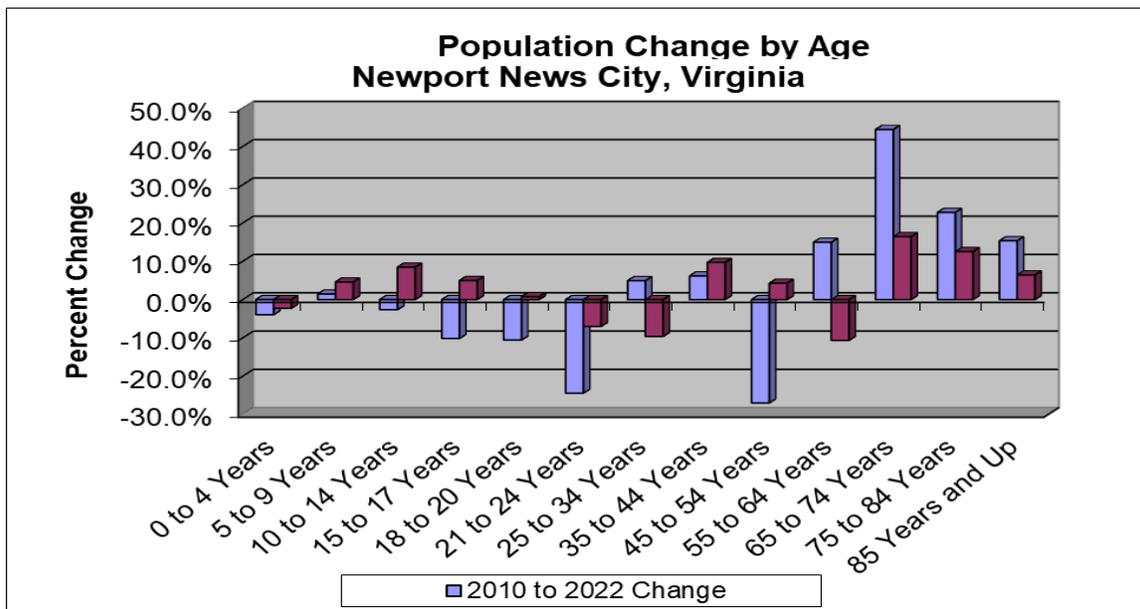
Source: Claritas; Ribbon Demographics



The total population in the market area has been fluctuating at a generally similar rate as the population for the City of Newport News. The following tables show the changes in population for the city.

Changes in Population by Age & Sex										
Newport News City, Virginia										
Estimated Change - 2010 to 2022					Projected Change - 2022 to 2027					
Age	Male	Female	Total Change	Percent Change	Age	Male	Female	Total Change	Percent Change	
0 to 4 Years	-342	-190	-532	-4.0%	0 to 4 Years	-175	-118	-293	-2.3%	
5 to 9 Years	131	41	172	1.4%	5 to 9 Years	278	278	556	4.6%	
10 to 14 Years	-124	-172	-296	-2.6%	10 to 14 Years	500	431	931	8.5%	
15 to 17 Years	-342	-397	-739	-10.1%	15 to 17 Years	206	120	326	5.0%	
18 to 20 Years	-377	-694	-1,071	-10.6%	18 to 20 Years	89	-21	68	0.7%	
21 to 24 Years	-1,507	-1,953	-3,460	-24.4%	21 to 24 Years	-282	-465	-747	-7.0%	
25 to 34 Years	819	573	1,392	4.9%	25 to 34 Years	-1,397	-1,452	-2,849	-9.6%	
35 to 44 Years	930	428	1,358	6.2%	35 to 44 Years	1,227	1,036	2,263	9.7%	
45 to 54 Years	-3,431	-3,389	-6,820	-27.0%	45 to 54 Years	540	249	789	4.3%	
55 to 64 Years	1,202	1,467	2,669	15.0%	55 to 64 Years	-1,119	-1,062	-2,181	-10.6%	
65 to 74 Years	2,016	2,579	4,595	44.4%	65 to 74 Years	1,105	1,349	2,454	16.4%	
75 to 84 Years	650	778	1,428	22.8%	75 to 84 Years	505	460	965	12.5%	
85 Years and Up	178	223	401	15.4%	85 Years and Up	52	142	194	6.4%	
Total	-197	-706	-903	-0.5%	Total	1,529	947	2,476	1.4%	
62+ Years	n/a	n/a	7,803	32.8%	62+ Years	n/a	n/a	3,137	9.9%	

Source: Claritas; Ribbon Demographics



Source: Claritas; Ribbon Demographics



Housing Market

The demand for additional housing in a market area is a function of population growth, household formations and, also, a replacement of units lost through demolition and extreme obsolescence. Also, within the overall demand are segments of the market asking for more or less expense (related to income) and for ownership or rental.

Some of the demand has been, or will be, satisfied by units which have been built, or will be built, by the time the project is renting. The difference between demand and supply, the residual, is the total market of which the project's market will be a share.

The "tenure" of existing housing will be examined first as a guide to the future proportion of ownership and rentals; then characteristics of the housing stock will be noted.

The most important analysis is that of demand, supply and residual demand which follows. Its product is the number of type rental units which will be demanded.

Tenure

The percentage of renters in the market area in 2022 is 41.9 percent, and the percentage of renters in the City of Newport News in 2022 is 49.5 percent. Household estimates and projections are based on the most recent data from Claritas and Ribbon Demographics. The data was produced during the COVID-19 pandemic. At this time, there are no estimated changes due to the virus. However, the long-term economic impact on any region is unknown at this time. The short-term economic impact has been relatively minor. However, it is possible the household growth could be impacted by the COVID-19 if there are long-term economic impacts in the area.

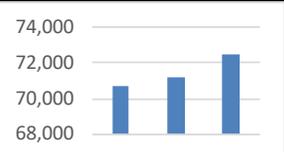
Market Area			
Total Households			
Census 2010	29,596		
Current Year Estimates - 2022	29,655		
Five Year Projections - 2027	30,161		
<i>Estimated Change - 2010 to 2022</i>	59	0.2%	
<i>Projected Change - 2022 to 2027</i>	506	1.7%	
Average Household Size 2010	2.37		
Average Household Size 2022	2.31		
Average Household Size 2027	2.29		
Households by Tenure			
2010 Owner	17,148	57.9%	
2010 Renter	12,448	42.1%	
2022 Owner	17,241	58.1%	
2022 Renter	12,414	41.9%	
2027 Owner	17,554	58.2%	
2027 Renter	12,607	41.8%	

Source: Claritas; Ribbon Demographics



Newport News City, Virginia
Total Households

Census 2010	70,664	
Current Year Estimates - 2022	71,206	
Five Year Projections - 2027	72,449	
<i>Estimated Change - 2010 to 2022</i>	542	0.8%
<i>Projected Change - 2022 to 2027</i>	1,243	1.7%



Average Household Size 2010	2.45
Average Household Size 2022	2.41
Average Household Size 2027	2.40



Households by Tenure

2010 Owner	36,076	51.1%
2010 Renter	34,588	48.9%
2022 Owner	35,942	50.5%
2022 Renter	35,264	49.5%
2027 Owner	36,451	50.3%
2027 Renter	35,998	49.7%

Source: Claritas; Ribbon Demographics



Rent Overburdened Households

According to the Comprehensive Housing Affordability Strategy (CHAS) published by the Office of Policy Development and Research, in 2018 (the most recent data available), there were 5,705 renter-occupied households in the city with incomes greater than 30 percent and less than or equal to 50 percent that are considered rent overburdened. The rent overburdened households represent 86.2 percent of the households in the city with incomes greater than 30 percent and less than or equal to 50 percent. The percentage of rent-overburdened households was used in the demand analysis to calculate the number of households within the subject's income range that are rent-overburdened.

Income by Cost Burden (Renters only)	Cost burden > 30%	Cost burden > 50%	Total
Household Income <= 30% HAMFI	6,400	5,150	8,195
Household Income >30% to <=50% HAMFI	5,705	2,730	6,615
Household Income >50% to <=80% HAMFI	4,490	300	8,260
Household Income >80% to <=100% HAMFI	590	10	3,835
Household Income >100% HAMFI	385	65	8,380
Total	17,570	8,255	35,280

Source: CHAS 2014-2018 American Community Survey

Substandard Households

According to the Comprehensive Housing Affordability Strategy (CHAS) published by the Office of Policy Development and Research, in 2018 (the most recent data available), there were 18,445 renter-occupied households in the city with at least one of the four following housing problems: incomplete kitchen facilities, incomplete plumbing facilities, more than one person per room and cost burden greater than 30 percent. This data includes rent-overburdened households which have already been addressed. Therefore, it is necessary to remove the rent-overburdened households from the data to determine the remaining substandard households. The previous table indicates there are 6,615 total rent overburdened households with incomes greater than 30 percent and less than or equal to 50 percent. These 6,615 households that were rent-overburdened were subtracted from the 18,445 households that are substandard. The result of 11,830 households represents 33.5 percent of the total renter households in the city. The percentage of substandard households was used in the demand analysis to calculate the number of households within the subject's income range that are considered substandard.

Housing Problems Overview+L12H9:K12H9:K13	Owner	Renter	Total
Household Has At Least 1 of 4 Housing Problems	8,430	18,445	26,875
Household Has None of 4 Housing Problems or Cost Burden Not Available, No Other Problems	25,615	16,835	42,450
Total	34,045	35,280	69,325

Source: CHAS 2014-2018 American Community Survey



Income Eligibility Analysis

Renter Households

All Age Groups

Year 2022 Estimates

	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	660	269	65	168	49	1,211
\$10,000-20,000	918	186	259	116	77	1,556
\$20,000-30,000	827	536	133	156	43	1,695
\$30,000-40,000	829	264	256	188	152	1,689
\$40,000-50,000	517	445	240	260	114	1,576
\$50,000-60,000	254	240	359	112	31	996
\$60,000-75,000	302	559	217	70	103	1,251
\$75,000-100,000	390	364	239	76	206	1,275
\$100,000-125,000	154	70	94	6	34	358
\$125,000-150,000	105	60	90	39	37	331
\$150,000-200,000	111	66	53	4	17	251
\$200,000+	<u>124</u>	<u>43</u>	<u>20</u>	<u>20</u>	<u>18</u>	<u>225</u>
Total	5,191	3,102	2,025	1,215	881	12,414

Source: Claritas and Ribbon Demographics

Owner Households

All Age Groups

Year 2022 Estimates

	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	411	216	93	20	9	749
\$10,000-20,000	632	224	33	26	30	945
\$20,000-30,000	446	387	73	46	12	964
\$30,000-40,000	408	395	180	51	76	1,110
\$40,000-50,000	517	694	95	47	29	1,382
\$50,000-60,000	469	556	232	236	34	1,527
\$60,000-75,000	476	830	373	180	202	2,061
\$75,000-100,000	311	1,117	773	451	299	2,951
\$100,000-125,000	357	973	374	351	264	2,319
\$125,000-150,000	108	476	331	188	101	1,204
\$150,000-200,000	139	358	315	160	97	1,069
\$200,000+	<u>149</u>	<u>371</u>	<u>196</u>	<u>193</u>	<u>51</u>	<u>960</u>
Total	4,423	6,597	3,068	1,949	1,204	17,241

Source: Claritas and Ribbon Demographics



Renter Households						
All Age Groups						
Year 2027 Projections						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	628	236	53	169	49	1,135
\$10,000-20,000	849	172	238	109	69	1,437
\$20,000-30,000	811	486	144	147	36	1,624
\$30,000-40,000	729	238	232	160	131	1,490
\$40,000-50,000	554	430	251	278	108	1,621
\$50,000-60,000	277	208	328	106	31	950
\$60,000-75,000	348	579	225	66	119	1,337
\$75,000-100,000	447	376	241	85	201	1,350
\$100,000-125,000	211	87	125	6	51	480
\$125,000-150,000	166	84	109	52	39	450
\$150,000-200,000	163	101	79	9	19	371
\$200,000+	<u>204</u>	<u>58</u>	<u>38</u>	<u>33</u>	<u>29</u>	<u>362</u>
Total	5,387	3,055	2,063	1,220	882	12,607

Source: Claritas and Ribbon Demographics

Owner Households						
All Age Groups						
Year 2027 Projections						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	395	204	70	15	12	696
\$10,000-20,000	587	186	25	24	20	842
\$20,000-30,000	418	350	52	35	7	862
\$30,000-40,000	351	332	130	45	53	911
\$40,000-50,000	505	717	85	44	21	1,372
\$50,000-60,000	446	491	193	194	35	1,359
\$60,000-75,000	501	791	329	151	181	1,953
\$75,000-100,000	331	1,087	771	398	298	2,885
\$100,000-125,000	441	1,069	402	375	271	2,558
\$125,000-150,000	149	596	400	231	117	1,493
\$150,000-200,000	176	439	394	177	119	1,305
\$200,000+	<u>234</u>	<u>525</u>	<u>244</u>	<u>259</u>	<u>56</u>	<u>1,318</u>
Total	4,534	6,787	3,095	1,948	1,190	17,554

Source: Claritas and Ribbon Demographics



The subject's units are most suitable for households with one to three persons below \$38,050 when considering subsidies and between \$27,154 and \$38,050 without considering subsidies. Income is a key characteristic in analyzing housing markets. The previous pages show household incomes for the Market Area for all renter and owner households in 2022 and 2027. However, this analysis is primarily concerned with target incomes of renters as shown in the following tables:

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITH SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (50%)	\$1,545	\$0	\$38,050	46.9%	5,822

Source: Claritas; Ribbon Demographics and HUD

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITHOUT SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (50%)	\$792	\$27,154	\$38,050	14.8%	1,842

Source: Claritas; Ribbon Demographics and HUD

Target incomes for the different unit types are derived by the analyst. For the low end of the range, the lowest rent charged in an income limit (i.e., 50% AMI) for a unit is divided by 35 percent. The resulting number is then multiplied by 12 to derive an annual income ($\$792 / 35\% = \$2,262.86 \times 12 = \$27,154$). This process is based on the premise that a tenant should not pay more than 35 percent of his annual income on rent. However, the subject is an existing Section 8 and LIHTC development with subsidies for all units. The Section 8 contract will remain with the property once rehabilitation is complete. As a result, a tenant will never be required to pay more than 30 percent of their income towards rent, and there is no minimum income limit.

For the high end of the range, the analyst consults the income limits set by the state housing authority. If the largest unit in an income limit (i.e., 50% AMI) is a two-bedroom unit, the analyst utilizes the three-person households to find how many people could reside in that unit. The analyst then consults the state income limits to set the high end of the range (2 bedroom x 1.5 = 3 people/unit; therefore, the 50% 3-person maximum income would be used).

The following table shows the maximum income limits at each income level as determined by the U.S. Department of Housing and Urban Development.

LIHTC INCOME LIMITS	
Person in Households	50%
1	\$29,600
2	\$33,800
3	\$38,050
4	\$42,250
5	\$45,650
6	\$49,050

Source: HUD

DEVELOPMENT-SPECIFIC DEMAND ANALYSIS



Sources of Demand

The potential tenants for the rehabilitated development include households who now live within the market area. It will appeal to potential tenants who have adequate incomes to pay the proposed rents and find the development more attractive in terms of price, unit features and project amenities than other available rental units. It also will attract households that the market area gains between now and when the development is ready for occupancy.

Required Unit Mix

The LIHTC program is based on the premise that no more than two persons will occupancy rental units. We expect that 10 percent of one-person households will occupy efficiency units. Ninety percent (90%) of one-person households and 25 percent of two-person households will occupy one-bedroom units. We expect that 75 percent of one-person household and 50 percent of two-person households will occupy two-bedroom units. We expect that 50 percent of three-person households, 90 percent of four-person households and 90 percent of households with five or more persons will occupy three-bedroom units. We expect that 10 percent of four-person households and 10 percent of households with five or more persons will occupy four-bedroom units.

The following table illustrates the ratio of units required by each household size. These occupancy patterns suggest that efficiency units should account for 4.2 percent of the renter housing demand; one-bedroom units should account for 43.9 percent; two-bedroom units should account for 26.9 percent; three-bedroom units should account for 23.4 percent, and units with four or more bedrooms should account for 1.7 percent of the renter housing demand in the market area.

RENTAL HOUSING DEMAND BY NUMBER OF BEDROOMS						
HOUSEHOLD SIZE	0 BR	1 BR	2 BR	3 BR	4 BR	TOTAL
1 Person	519	4,672	0	0	0	5,191
2 Persons	0	776	2,327	0	0	3,102
3 Persons	0	0	1,013	1,013	0	2,025
4 Persons	0	0	0	1,094	122	1,215
5 or More Persons	0	0	0	793	88	881
TOTAL	519	5,447	3,339	2,899	210	12,414
PERCENT	4.2%	43.9%	26.9%	23.4%	1.7%	100.0%

Source: Claritas; Ribbon Demographics

Eligible Households

Landlords evaluate a potential tenant's income and credit to decide if applicant can pay the required rents. Commercial underwriters and owners of conventional market rate developments generally require that the monthly contract rent should not exceed one-third of a tenant's income. This is increased to 35 percent for tenants in the LIHTC program.



The subject's units are most suitable for households with one to three persons below \$38,050 when considering subsidies and between \$27,154 and \$38,050 without considering subsidies. Income is a key characteristic in analyzing housing markets. The previous pages show household incomes for the Market Area for all renter and owner households in 2022 and 2027. However, this analysis is primarily concerned with target incomes of renters as shown in the following tables:

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITH SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (50%)	\$1,545	\$0	\$38,050	46.9%	5,822

Source: Claritas; Ribbon Demographics and HUD

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITHOUT SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (50%)	\$792	\$27,154	\$38,050	14.8%	1,842

Source: Claritas; Ribbon Demographics and HUD

Penetration Rate

There are no planned developments in the market area. There are currently 14 vacant competing units in the market area. The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied with four vacant units. After rehabilitation, the property will retain its subsidies for all units as well as be LIHTC at 50 percent of the area median income. It is anticipated that the majority of the current residents will be income-eligible for the units once the renovation is complete. Therefore, the total affordable inventory would be 18 units. The chart below indicates a penetration rate of 0.3 percent for the market area when considering the subject's subsidies.

REQUIRED PENETRATION RATE - WITH SUBSIDY	
Income Eligible Renter Households	5,822
Existing Vacant LIHTC Units	14
LIHTC Units Planned	0
Vacant Units in Subject	4
Total Inventory	18
Penetration Rate	0.3%

When considering the property without subsidy, it is unlikely all current residents would remain income-qualified. Therefore, the penetration rate analysis was also conducted as though the property did not contain subsidies and all units were vacant. The chart below indicates a penetration rate of 11.6 percent for the market area without considering the subject's subsidies and if all units were vacant.

REQUIRED PENETRATION RATE - WITHOUT SUBSIDY	
Income Eligible Renter Households	1,842
Existing Vacant LIHTC Units	14
LIHTC Units Planned	0
Proposed Units in Subject	200
Total Inventory	214
Penetration Rate	11.6%



Demand Analysis – With Subsidies

The following table will contain the summary demand estimates for the units.

REQUIRED NET DEMAND - WITH SUBSIDY	
	All Units @ 50% (\$0- \$38,050)
Income Restrictions:	
Demand from New Household Growth	
New Rental Households	18
Existing Households - Rent Overburdened	
	5,021
PLUS	
Existing Households - Substandard Housing	1,952
PLUS	
Existing Qualifying Tenants Likely to Remain After Renovation	200
EQUALS	
Total Demand	7,191
MINUS	
Supply (Includes Directly Comparable Vacant Units Completed or in Pipeline in the PMA)	14
EQUALS	
NET DEMAND	7,177
ABSORPTION PERIOD	
	N/A

*See Page 88 for absorption period explanation.

CAPTURE RATE BY INCOME LIMITS	
	All Units @ 50% (\$0- \$38,050)
Income Restrictions:	
All Units at Subject	2.8%



Demand Analysis Summary – With Subsidies

New Rental Households: The demand from new renter household growth is calculated by taking the new rental households projected between 2022 and 2027 divided by five years and then multiplying by two years (2023) since the rehabilitation will be complete in 2023. This resulted in a new renter household growth total of 138. The new renter household growth number of 138 was then multiplied by the percent of income qualified tenants in the market area ($138 \times 42.2\% = 58$). The subject will attract tenants with incomes below \$38,050. The percent of income qualified households can be seen on Page 85. The demand from new household growth is 58 for all units.

Existing Households – Rent Overburdened: The total number of income-eligible households is 5,021. The percent overburdened percentage of 86.2 percent determined on Page 80 was applied to this number to derive the existing households – rent overburdened shown on the demand chart on the previous page.

Existing Households – Substandard Housing: The total number of income-eligible households is 1,952. The percent of substandard households as determined on Page 80 was applied to this number to derive the substandard households as shown on the demand chart on the previous page.

Existing Qualifying Tenants Likely to Remain After Renovation: The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied. As complete, the property will retain its subsidies for all units, as well as be 100 percent LIHTC at 50 percent of the area median income. The rehabilitation of the development will not displace any tenants. It is anticipated that the majority of the current residents will be income-eligible for the units once the renovation is complete. Therefore, the subject's 200 units were included.

Supply: There are no planned developments in the market area that will compete with the subject. There are currently 14 vacant competing units in the market area. Therefore, a total of 14 units were subtracted from the supply.

Total Net Demand and Conclusion: The market shows a net demand of 7,177 units for all units when considering subsidies. The subject is a Section 8 and LIHTC development that is currently 98 percent occupied. After rehabilitation, the property will retain its subsidies for all units as well as be LIHTC at 50 percent of the area median income. The rehabilitation of the development will not displace any tenants. It is anticipated that the majority of the current residents will be income-eligible for the units once the renovation is complete. The capture rate for the subject is 2.8 percent, which is considered good. In addition, based on the occupancy rates of apartment complexes in the market area, the existing waiting lists, the projected population and household growth and the economic factors, it is believed that property will continue to be viable within the market area even if all units were vacant. Therefore, after researching the vacancy rates of the existing units in the area, it is firmly believed that the rehabilitated development will continue to satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.

Absorption Period: The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied. After rehabilitation, the property will retain its subsidies for all units as well as be LIHTC at 50 percent of the area median income. The rehabilitation of the development will not displace any tenants. It is anticipated that the majority of the current residents will be income-eligible for the units once the renovation is complete. Therefore, the subject property will not need to absorb any additional units once renovation is complete.



Demand Analysis – Without Subsidies

The following table will contain the summary demand estimates for the units without considering the subject's subsidies.

REQUIRED NET DEMAND - WITHOUT SUBSIDY	
	All Units @ 50% (\$27,154- \$38,050)
Income Restrictions:	
Demand from New Household Growth	
New Rental Households	6
Existing Households - Rent Overburdened	
	1,589
PLUS	
Existing Households - Substandard Housing	618
PLUS	
Existing Qualifying Tenants Likely to Remain After Renovation	0
EQUALS	
Total Demand	2,212
MINUS	
Supply (Includes Directly Comparable Vacant Units Completed or in Pipeline in the PMA)	14
EQUALS	
NET DEMAND	2,198
ABSORPTION PERIOD	
	12-19 Months

*See Page 88 for absorption period explanation.

CAPTURE RATE BY INCOME LIMITS	
	All Units @ 50% (\$27,154- \$38,050)
Income Restrictions:	
All Units at Subject	9.1%



Demand Analysis Summary – Without Subsidies

New Rental Households: The demand from new renter household growth is calculated by taking the new rental households projected between 2022 and 2027 divided by five years and then multiplying by two years (2023) since the rehabilitation will be complete in 2023. This resulted in a new renter household growth total of 39. The new renter household growth number of 39 was then multiplied by the percent of income qualified tenants in the market area ($39 \times 26.6\% = 10$). The subject will attract tenants with incomes between \$27,154 and \$38,050. The percent of income qualified households can be seen on Page 85. The demand from new household growth is 10 for all units.

Existing Households – Rent Overburdened: The total number of income-eligible households is 1,589. The percent overburdened percentage of 86.2 percent determined on Page 80 was applied to this number to derive the existing households - rent overburdened shown on the demand chart on the previous page.

Existing Households – Substandard Housing: The total number of income-eligible households is 618. The percent of substandard households as determined on Page 80 was applied to this number to derive the substandard households as shown on the demand chart on the previous page.

Existing Qualifying Tenants Likely to Remain After Renovation: The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied. When considering the property without subsidy, it is unlikely all current residents would remain income-qualified. Therefore, no units were included in this portion of the analysis.

Existing Qualifying Tenants Likely to Remain After Renovation: The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied. After rehabilitation, the property will retain its subsidies for all units as well as be LIHTC at 50 percent of the area median income. However, when considering the property without subsidy, it is unlikely all current residents would remain income-qualified. Currently, none of the existing tenants would continue to be income-qualified if the property were not subsidized. Therefore, no tenants are likely to remain after renovation when not considering subsidies.

Supply: There are no planned developments in the market area that will compete with the subject. There are currently 14 vacant competing units in the market area. Therefore, a total of 14 units were subtracted from the supply.

Total Net Demand and Conclusion: The market shows a net demand of 2,198 units for all units without considering subsidies. The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied. After rehabilitation, the property will retain its subsidies for all units as well as be LIHTC at 50 percent of the area median income. However, when considering the property without subsidy, it is unlikely most of the current residents would remain income-qualified. The capture rate, without considering the subsidy, is 9.1 percent, which is also considered good due to the existing waiting lists and high occupancy rates of LIHTC properties in the market area as well as the current population and household growth and stable economic factors. Therefore, it is the belief of the analysts, that the property will continue to be viable within the market area and would be so even if it were entirely vacant. Consequently, it is firmly believed that the rehabilitated development will continue to satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.

Absorption Period: The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied. The property will retain its subsidies for all units as well as be LIHTC at 50 percent of the area median income. The rehabilitation of the development will not displace any tenants. It is anticipated that the current residents will be income-eligible for the units once the renovation is complete. However, when considering the property without subsidy, it is unlikely all current residents would remain income-qualified. Therefore, the absorption rate analysis was also conducted as though the property did



not contain subsidies and all units were vacant. The absorption level is typically based on the most recent multifamily developments. There were no recent affordable developments constructed in the market area for which lease up data was available. Therefore, the analyst also considered the opinions of apartment managers and local real estate agents, the current occupancy rates of the surveyed developments and the current waiting lists of the affordable developments, including the subject, confirmed in the market area. After considering all factors, it is estimated that the development could absorb 10 to 15 units per month, resulting in a 95 percent occupancy level within 12 to 19 months.

Capture Rate Analysis

The following tables show the capture rates for the rehabilitated development both with and without considering subsidies.

CAPTURE RATE - WITH SUBSIDY	
Project Wide Capture Rate - LIHTC Units	2.8%
Project Wide Capture Rate - Market Units	----
Project Wide Capture Rate - All Units	2.8%
Project Wide Absorption Rate (Months)	N/A

CAPTURE RATE - WITHOUT SUBSIDY	
Project Wide Capture Rate - LIHTC Units	9.1%
Project Wide Capture Rate - Market Units	----
Project Wide Capture Rate - All Units	9.1%
Project Wide Absorption Rate	12-19 Months

The market shows a net demand of 7,177 households for all units when considering the Section 8 subsidy and a net demand of 2,198 households for all units when not considering the Section 8 subsidy. The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied, with one vacant one-bedroom unit and three vacant two-bedroom units. The property has a waiting list with 104 applicants. As complete, the property will continue to be Section 8 and will also be 100 percent LIHTC at 50 percent of the area median income. As the property will retain its Section 8 contract, all existing tenants will be income-eligible for the units once the rehabilitation is complete. If the property were to lose its Section 8 contract, none of the existing tenants would remain income-eligible; therefore, all of the subject's 200 units would need to be absorbed into the market. The capture rate, when considering the Section 8 subsidy, is 2.8 percent and is considered good. The capture rate, without considering the subsidy, is 9.1 percent, which is also considered good due to the existing waiting lists and high occupancy rates of LIHTC properties in the market area as well as the current population and household growth and stable economic factors. Therefore, it is the belief of the analysts, that the property will continue to be viable within the market area and would be so even if it were entirely vacant. Consequently, it is firmly believed that the rehabilitated development will continue to satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.

COMPETITIVE ENVIRONMENT



Housing Profile

Market Area Overview

The rental housing stock in the market area is comprised of single-family homes as well as market-rate and restricted apartment complexes. The majority of the housing stock was built in the 1970s and 1980s.

Housing Inventory

From 2010 through December 2021, permit-issuing jurisdictions in the City of Newport News reported a total of 3,598 single-family and multifamily dwelling permits. Multifamily units were estimated at 59.0 percent of the planned construction activity.

BUILDING PERMITS ISSUED			
YEAR	SINGLE-FAMILY	MULTIFAMILY	TOTAL
2010	129	59	188
2011	146	639	785
2012	161	126	287
2013	92	123	215
2014	109	221	330
2015	107	405	512
2016	120	112	232
2017	100	341	441
2018	124	0	124
2019	122	96	218
2020	160	0	160
2021*	106	0	106
TOTAL	1,476	2,122	3,598

*Preliminary Numbers through December 2021

Source: SOCDS

Projects Planned or Under Construction

There have been no developments awarded tax credits in the market area since 2017.

Unit Condition

The market area's rental housing stock is in varying condition. Overall, the developments are well maintained.



Housing Units

The following tables show significant characteristics of the market area's housing stock in 2022. According to Claritas and Ribbon Demographics, there are 32,415 total housing units in the market area, 29,655 of which are occupied. There are 17,241 owner-occupied households and 12,414 renter-occupied households for 2022. In addition, there are 2,760 total vacant housing units in the market area.

Housing Unit Summary		
Current Year Estimates - 2022		
Market Area		
	Number	Percent
Housing Units	32,415	100.0%
Vacant Housing Units	2,760	8.5%
Renter-Occupied	12,414	41.9%
Owner-Occupied	17,241	58.1%
Total Occupied:	29,655	100.0%

Source: Claritas; Ribbon Demographics

Age of Rental Units

In 2022, there are 4,023 households constructed prior to 1939. According to Claritas and Ribbon Demographics, 2,450 households were built in 2010 or later.

Housing Units by Year Structure Built		
Current Year Estimates - 2022		
Market Area		
Year	Number	Percent
2014 or Later	1,391	4.3%
2010 - 2013	1,059	3.3%
2000 - 2009	2,069	6.4%
1990 - 1999	3,699	11.4%
1980 - 1989	4,517	13.9%
1970 - 1979	4,234	13.1%
1960 - 1969	6,774	20.9%
1950 - 1959	5,267	16.2%
1940 - 1949	2,146	6.6%
1939 or Earlier	1,259	<u>3.9%</u>
Total:	32,415	100.0%

Source: Claritas; Ribbon Demographics



Unit Types

In 2022 there were 21,732 single-family housing units, 10,017 multifamily housing units and 666 mobile homes or other housing in the market area.

Housing Units by Units in Structure Current Year Estimates - 2022		
Market Area		
Unit	Number	Percent
I Unit Detached	19,829	61.2%
I Unit Attached	1,903	5.9%
2 Units	513	1.6%
3 to 4 Units	2,290	7.1%
5 to 19 Units	5,697	17.6%
20 to 49 Units	614	1.9%
50 or More Units	903	2.8%
Mobile Home	652	2.0%
Other	14	0.0%
Total:	32,415	100.0%

Source: Claritas; Ribbon Demographics

Unit Size

The average size of the units in the surveyed developments is 665 square feet for one-bedroom units and 915 square feet for two-bedroom units. The subject's one-bedroom units are larger than the average unit size, while the subject's two-bedroom units are slightly smaller than the average unit size. Both unit sizes are within the comparable range. In addition, the subject and the comparables in the market area maintain high occupancy rates, and the majority of the affordable developments maintain waiting lists. The subject is currently 98 percent occupied with a waiting list of 104 applicants. Consequently, it is believed the subject's existing unit sizes will continue to be competitive in this market.

AVERAGE APARTMENT SIZE OF COMPARABLE APARTMENTS					
COMPARABLES					
Unit Type	Minimum (SF)	Maximum (SF)	Average (SF)	Subject (SF)	Subject's Advantage
1 BR	425	945	665	758	14.0%
2 BR	678	1,200	915	902	-1.5%

Source: Gill Group Field Survey

Rental Vacancy Rates

According to RealtyRates.com Market Survey, the vacancy rate for the South Atlantic Region has fluctuated only slightly. For 2021, the vacancy rate ranged from 5.4 percent to 5.8 percent, with an average of 5.6 percent. The vacancy rate for the region for the fourth quarter of 2021 was 5.4 percent.

REALTY RATES MARKET SURVEY - REGIONAL VACANCY RATES			
QUARTER	2019	2020	2021
1st Quarter	6.5%	6.0%	5.8%
2nd Quarter	6.4%	5.9%	5.6%
3rd Quarter	6.2%	5.7%	5.5%
4th Quarter	6.1%	5.5%	5.4%

Source: RealtyRates.com Market Survey, South Atlantic Region



Vacancy Analysis

The vacancy rate for affordable housing units in the market area is 2.1 percent. The following table shows the vacancy rates for all affordable housing verified in the market area, including the subject.

AFFORDABLE HOUSING VACANCIES			
Name of Property	# of Units	# of Vacant Units	Vacancy Rate
City Line Apartments	200	4	2.0%
Dresden Apartments	32	0	0.0%
Westover Station Apartments	108	1	0.9%
Pebble Stone Gardens	168	9	5.4%
Century Plaza Apartments	120	4	3.3%
Soundview Townhomes	250	0	0.0%
Totals	878	18	2.1%

The current vacancy rate in surveyed market-rate apartment complexes is 0.8 percent. The following table shows the vacancy rates for each conventional property verified in the area.

MARKET VACANCIES			
Name of Property	# of Units	# of Vacant Units	Vacancy Rate
Cambridge Apartments	465	0	0.0%
Abbingtion at Northhampton	567	0	0.0%
Abbingtion at Hampton Center	377	8	2.1%
Trail Creek Townhomes	300	6	2.0%
Carson Square Apartments	403	0	0.0%
Riverlands Apartments	404	0	0.0%
Huntington on the James	200	4	2.0%
Cottage Grove	555	11	2.0%
New Hampton Commons	252	0	0.0%
Lakeland Village Apartments	148	0	0.0%
Prosper Apartments	24	1	4.2%
Chestnut Arms Apartments	62	0	0.0%
Hilmar Apartments	32	0	0.0%
Mallory Place	108	0	0.0%
Totals	3,897	30	0.8%

The market area has an overall rental vacancy rate of 1.0 percent. Of the 4,775 total units verified, 48 were vacant.

Lease Terms and Concessions

The typical lease is twelve months. At the time of the writing of this report, there were no properties offering any rental concessions.



Likely Impact of Rehabilitated Development on Rental Occupancy Rates

The proposed rehabilitation of the existing Section 8 and LIHTC development will not have an adverse impact on the market area. Its one- and two-bedroom units are suitable in the market. In addition, the property is currently 98 percent occupied, with only four vacant units. It also has a waiting list of 104 applicants. Therefore, the rehabilitation of the project is unlikely to materially impact the existing properties in the market area which also exhibit strong occupancy rates.



Comparable Profile Pages

COMPARABLE APARTMENT RENTAL NO. 1



Property Type: Section 8/Garden
 Property Name: Dresden Apartments
 Address: 619 Dresden Drive,
 Newport News, VA 23601
 Verification: Marian; 757-247-6348
 February 10, 2022,
 By Telephone
 Distance From Subject: 4.6 Miles

Year Opening/Significant Renovation Amenities

1986
 Refrigerator, Range/Oven, Carpet, Ceramic Tile, Blinds, Ceiling Fans,
 Coat Closet, Balcony (Select), Patio (Select), Laundry Facility, On-Site
 Management, On-Site Maintenance

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water – Electric – Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Landlord

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Unit Mix</u>		<u>Utility Allowance*</u>	<u>Gross Rent</u>
			<u>Size SF</u>	<u>Collected Rent/Mo.</u>		
1/1	32	0	425	\$578	\$92	\$670

Occupancy	100%
Total Units	32
No. of Buildings	1
Construction Type	Siding
HVAC	Central Elec/Central Elec
Stories	2
Waiting List	None
Turnover Rate	N/A
Absorption Rate	N/A

Remarks

The contact could not verify the utility allowance for the units. Therefore, it was estimated based on the Newport News Redevelopment and Housing Authority Flat Rent Schedule. The property does not maintain an active waiting list.



COMPARABLE APARTMENT RENTAL NO. 2



Property Type: Section 8/LIHTC/Walk-Up
 Property Name: Westover Station Apartments
 Address: 805 Roam Court,
 Newport News, VA 23605
 Verification: Michael; 757-251-2587
 February 10, 2022,
 By Telephone
 Distance From Subject: 1.3 Miles

**Year Opening/Significant Renovation
 Amenities**

1992
 Refrigerator, Range/Oven, Dishwasher, Washer/Dryer Hook-Ups
 (Select), Carpet, Ceramic Tile, Blinds, Ceiling Fans (Select), Walk-In
 Closet, Coat Closet, Laundry Facility, On-Site Management, On-Site
 Maintenance

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Landlord

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance*</u>	<u>Gross Rent</u>
1/1 (50-60%)	36	0	661	\$812	\$92	\$904
2/1 (50-60%)	72	1	870	\$987	\$115	\$1,102

Occupancy 99%
Total Units 108
No. of Buildings 2
Construction Type Brick/Siding
HVAC Central Elec/Central Elec
Stories 3
Waiting List 6-9 Months
Turnover Rate 25%
Absorption Rate N/A

Remarks

The contact could not verify the utility allowance for the units. Therefore, it was estimated based on the Newport News Redevelopment and Housing Authority Flat Rent Schedule. The LIHTC rents are set at 50 and 60 percent of the area median income. There is a six- to nine-month waiting list, and the annual turnover rate is approximately 25 percent.



COMPARABLE APARTMENT RENTAL NO. 3



Property Type: Section 8/LIHTC/Walk-Up
 Property Name: Pebble Stone Gardens
 Address: 621 Adams Drive
 Newport News, VA 23601
 Verification: Lauren; 757-595-4399
 February 10, 2022,
 By Telephone
 Distance From Subject: 4.6 Miles

Year Opening/Significant Renovation Amenities

1966/2020
 Refrigerator, Range/Oven, Carpet, Vinyl, Blinds, Ceiling Fans, Walk-In Closet, Swimming Pool, Playground, Sun Deck, Laundry Facility, On-Site Management, On-Site Maintenance

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Tenant
 Sewer - Tenant
 Trash - Landlord

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance*</u>	<u>Gross Rent</u>
2/1	168	9	975	\$900	\$177	\$1,077
Occupancy			95%			
Total Units			168			
No. of Buildings			15			
Construction Type			Brick/Siding			
HVAC			Central Elec/Central Elec			
Stories			2			
Waiting List			None			
Turnover Rate			N/A			
Absorption Rate			N/A			

Remarks

The contact could not verify the utility allowance for the units. Therefore, it was estimated based on the Newport News Redevelopment and Housing Authority Flat Rent Schedule. This property was formerly known as Ivy Farms Apartments. The property was purchased in 2019, and the units are being renovated at turnover. The LIHTC rents are set at 60 percent of the area median income. The property does not maintain an active waiting list, and the annual turnover rate is approximately 36 percent.



COMPARABLE APARTMENT RENTAL NO. 4



Property Type: LIHTC/Garden/Walk-Up
 Property Name: Century Plaza Apartments
 Address: 135 Lassiter Drive,
 Hampton, VA 23666
 Verification: Dastasha; 757-838-1816
 February 10, 2022,
 By Telephone
 Distance From Subject: 0.5 Miles

Year Opening/Significant Renovation Amenities

1971
 Refrigerator, Range/Oven, Microwave, Carpet, Ceramic Tile, Blinds, Ceiling Fans, Walk-In Closet (Select), Coat Closet, Clubhouse, Playground, Laundry Facility, On-Site Management, On-Site Maintenance

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Tenant

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance*</u>	<u>Gross Rent</u>
1/1 (60%)	24	1	770	\$918	\$121	\$1,039
2/1 (60%)	72	2	774	\$1,068	\$144	\$1,212
3/1 (60%)	24	1	950	\$1,336	\$171	\$1,507

Occupancy 9297
Total Units 120
No. of Buildings 11
Construction Type Brick/Siding
HVAC Central Elec/Central Elec
Stories 1, 2
Waiting List 195 Applicants
Turnover Rate 10%
Absorption Rate N/A

Remarks

The contact could not verify the utility allowance for the units. Therefore, it was estimated based on the Newport News Redevelopment and Housing Authority Flat Rent Schedule. There are 195 applicants on the waiting list, 140 for one-bedroom units; 15 for two-bedroom units; and 40 for three-bedroom units. The annual turnover rate is approximately 10 percent. The LIHTC rents are set at 60 percent of the area median income.



COMPARABLE APARTMENT RENTAL NO. 5



Property Type: LIHTC/Townhouse
 Property Name: Soundview Townhomes
 Address: 871 41st Street,
 Newport News, VA 23607
 Verification: Tiffany; 757-247-1276
 February 10, 2022,
 By Telephone
 Distance From Subject: 2.6 Miles

**Year Opening/Significant Renovation
 Amenities**

1969/2019
 Refrigerator, Range/Oven, Garbage Disposal, Dishwasher,
 Washer/Dryer Hook-Ups, Carpet, Vinyl, Patio, Picnic Area, Playground,
 On-Site Management, On-Site Maintenance, Granite Countertops

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Landlord

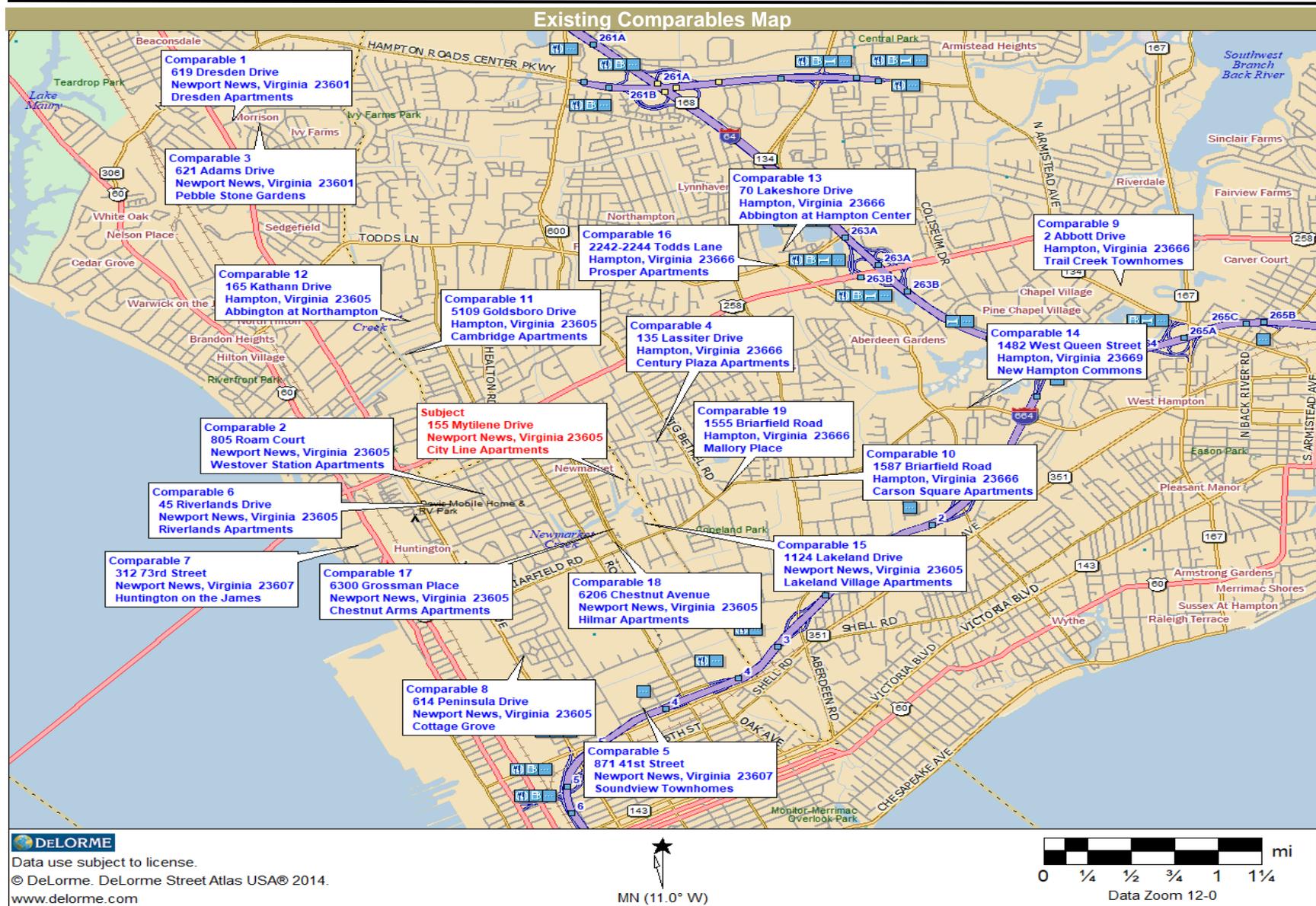
Unit Mix

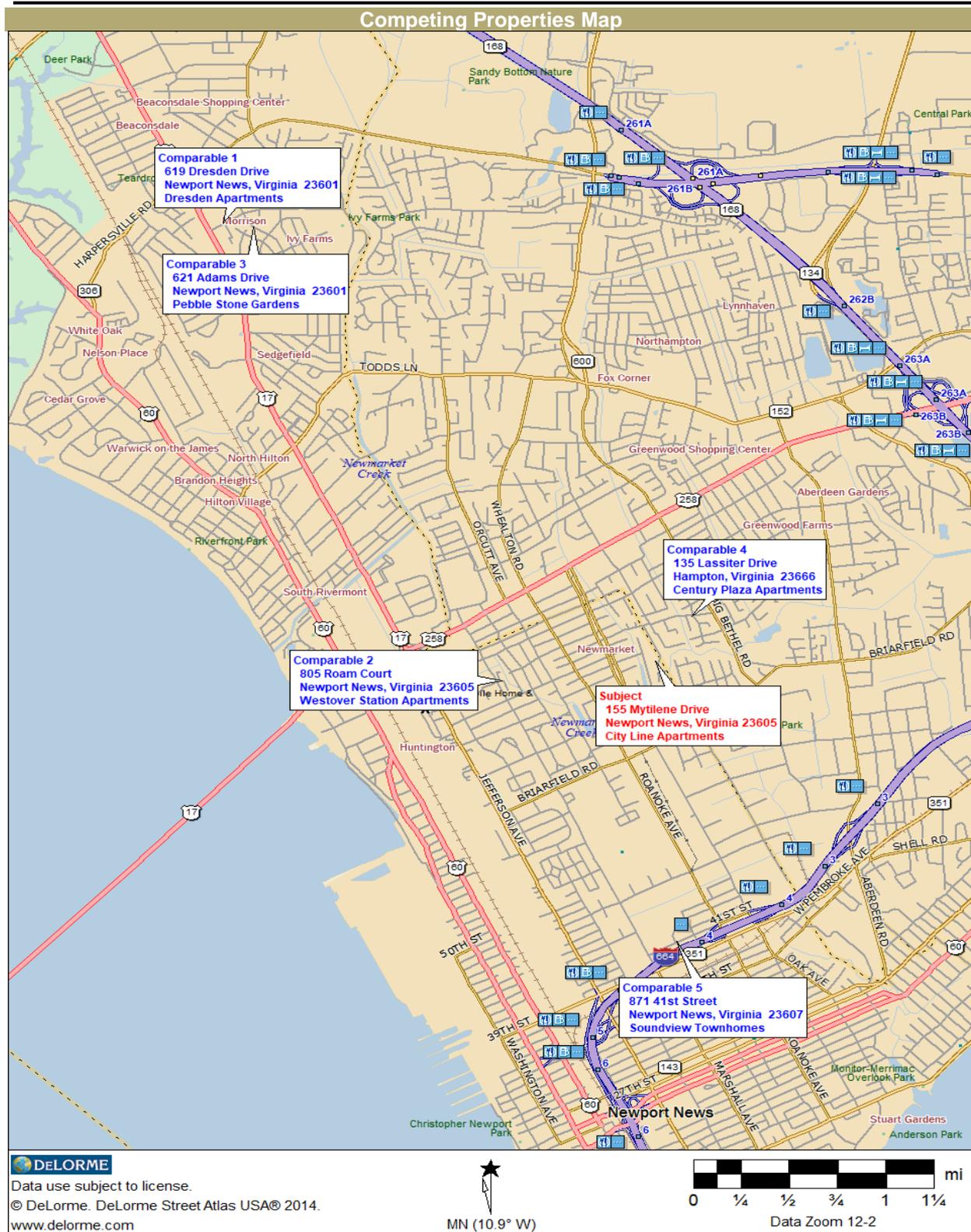
<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance*</u>	<u>Gross Rent</u>
1/1 (50%)	63	0	530	\$795	\$92	\$884
2/1 (50%)	63	0	740	\$895	\$115	\$1,010
3/1.5 (50%)	63	0	997	\$995	\$142	\$1,137
4/1.5 (50%)	61	0	1,140	\$1,095	\$181	\$1,276

Occupancy 100%
Total Units 250
No. of Buildings 18
Construction Type Brick/Siding
HVAC Central Elec/Central Elec
Stories 2
Waiting List 1 Year
Turnover Rate 24%
Absorption Rate N/A

Remarks

The contact could not verify the utility allowance for the units. Therefore, it was estimated based on the Newport News Redevelopment and Housing Authority Flat Rent Schedule. The property is designated for families at 50 percent of the area median income. The annual turnover rate is 24 percent. The complex maintains a waiting list that is approximately one year in length. The complex was renovated in 2019 and included the replacement of appliances, flooring, painting, countertops, kitchen cabinets, lighting, hardware, plumbing, windows and roofing.





As renovated, the subject will have both Section 8 and LIHTC restrictions at 50 percent AMI. Therefore, the above income-restricted units will directly compete with the subject's units.



Additional Developments

The market area also includes additional developments that were excluded from the analysis due to non-competitiveness or inability to verify information. The developments located in the market area that were excluded from the survey are noted as follows:

Chestnut Square Apartments - Newport News, VA – Family - Non-Competitive
Seaview Lofts - Newport News, VA - Family
Westhampton Apartments - Hampton, VA - Family
Ada Park Apartments - Newport News, VA - Family
801 Main Street - Newport News, VA - Senior
Snowden Senior Apartments - Newport News, VA - Senior

Market-Rate Properties (Not Comparable in Restrictions or Tenant Base)

Cambridge Apartments - Hampton, VA
Abbingdon at Northampton - Hampton, VA
Abbingdon at Hampton Center - Hampton, VA
Trail Creek Townhomes - Hampton, VA
Carson Square Apartments - Hampton, VA
Riverlands Apartments - Newport News, VA
Huntington on the James - Newport News, VA
Cottage Grove - Newport News, VA
New Hampton Commons - Hampton, VA
Lakeland Village Apartments - Newport News, VA
Prosper Apartments - Hampton, VA
Chestnut Arms Apartments - Newport News, VA
Hilmar Apartments - Newport News, VA
Mallory Place - Hampton, VA



Market Rent Analysis

The market analyst researched rental housing in the market area and identified several apartment communities in and around the market area of the subject. The analyst identified the market-rate communities in the area that would directly compete with the subject. These comparables were then compared to the subject and adjusted for differences in amenities. These differences include, but are not limited to, location, structure, condition, unit size, number of bedrooms, number of baths, unit amenities (range/oven, refrigerator, microwave, dishwasher, etc.), project amenities (parking, storage, clubhouse, meeting room, pool, recreation area, etc.) and utilities provided. The adjustments made were based on the experience of the analyst, interviews with local officials, apartment managers and residents and information received from third-party sources (rent-to-own facilities, utility providers and housing authorities.) Additional adjustments were also determined using paired rental analysis. The paired rental analysis ranges are determined by comparing comparables with different numbers of bedrooms and factoring out any other differences (amenities, utilities provided, etc.) The resulting difference is assumed to be attributable to the differing number of bedrooms. The results are grouped together in a range. The adjustment is selected based on where the majority of the results fall within the range. If there is no majority, a conservative adjustment at the low end of the range is selected.



One-Bedroom Units (758 SF) – As Complete

OMB Approval# 2502-0507 (exp. 04/30/2021)

Rent Comparability Grid		Unit Type →	One-Bedroom				Subject's FHA #:	N/A			
Subject		Comparable 1	Comparable 2		Comparable 3		Comparable 4		Comparable 5		
City Line Apartments 155 Mytilene Drive Newport News Newport News City		Cambridge Apartments 5109 Goldsboro Drive Hampton Hampton City	Abbingtton at Northampton 165 Kathann Drive Hampton Independent City		Abbingtton at Hampton Center 70 Lakeshore Drive Hampton Hampton City		Trail Creek Townhomes 2 Abbott Drive Hampton Hampton City		Prosper Apartments 2242-2244 Todds Lane Hampton Hampton City		
Data		Data	Data		Data		Data		Data		
Subject		Subject	Subject		Subject		Subject		Subject		
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,249		\$1,299		\$1,134		\$1,393		\$1,189	N
2	Date Last Leased (mo/yr)	Feb-22		Feb-22		Feb-22		Feb-22		Feb-22	
3	Rent Concessions	N		N		N		N		N	
4	Occupancy for Unit Type	99%		99%		98%		98%		98%	
5	Effective Rent & Rent/ sq. ft	\$1,249	\$1.78	\$1,299	\$1.76	\$1,134	\$1.61	\$1,393	\$1.81	\$1,189	\$1.85
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>											
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/2		T/2	(\$10)	WU/3		WU/2		WU/3	
7	Yr. Built/Yr. Renovated	1977/2010/2023	1969/2015 \$8	1986/2005		1968/2014 \$9		2006 (\$9)		1985/2020	
8	Condition /Street Appeal	G		G		G		G		G	
9	Neighborhood	A		A		A		A		A	
10	Same Market? Miles to Subj		Y/2.1		Y/2.8		Y/2.8		N/1.6		N/7.3
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	758	700 \$25	736		703 \$25		768		642 \$50	
14	Balcony/ Patio	N		N		N		N		N	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ Refrigerator	RF		RF		RF		RF		RF	
17	Microwave/ Dishwasher	MD	D \$5	MD		MD		D \$5		D \$5	\$5
18	Washer/Dryer	L	HU (\$5)	WD	(\$25)	WD	(\$25)	L		HU (\$5)	
19	Floor Coverings	V	C	C		V		C		C	
20	Window Coverings	B		B		B		B		B	
21	Cable/ Satellite/Internet	I	I \$40	I	\$40	I	\$40	N	\$50	N	\$50
22	Special Features	SS, QC	N \$50	N	\$50	N	\$50	N	\$50	N	\$50
D. Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L/0		L/0		L/0		L/0, G/175		L/0	
25	Extra Storage	N		N		N		Y/65		N	
26	Security	Y	N \$5	N	\$5	Y	(\$5)	Y	(\$5)	N	\$5
27	Clubhouse/ Meeting Rooms	MR	C \$5	C	\$5	C	\$5	C	\$5	N	\$10
28	Pool/ Recreation Areas	ER	PER \$15	PER	\$10	PER	\$10	PER	\$10	N	\$50
29	Business Ctr / Nhd/Netwk	BC	BC	BC		BC		BC		N	\$5
30	Service Coordination	N		N		N		N		N	
31	Non-shelter Services	ED	N \$15	N	\$15	N	\$15	N	\$15	N	\$15
32	Neighborhood Networks	N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	Y/G	N/G \$67	N/E	\$45	N/G	\$67	N/G	\$67	N/E	\$45
34	Cooling (in rent?/ type)	Y/E	N/E \$7	N/E	\$7	N/E	\$7	N/E	\$7	N/E	\$7
35	Cooking (in rent?/ type)	Y/G	N/E \$5	N/E	\$5	N/E	\$5	N/E	\$5	N/E	\$5
36	Hot Water (in rent?/ type)	Y/G	N/G \$17	N/E	\$26	N/G	\$17	N/G	\$17	N/E	\$26
37	Other Electric	Y	N \$20	N	\$20	N	\$20	N	\$20	N	\$20
38	Cold Water/ Sewer	Y	Y	N	\$45	N	\$45	N	\$45	Y	
39	Trash /Recycling	Y	Y	N	\$29	N	\$29	N	\$29	Y	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	9	1	6	2	7	2	6	2	9	1
41	Sum Adjustments B to D	\$168	(\$5)	\$125	(\$35)	\$154	(\$30)	\$135	(\$14)	\$240	(\$5)
42	Sum Utility Adjustments	\$116	\$0	\$177	\$0	\$190	\$0	\$190	\$0	\$103	\$0
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$279	\$289	\$267	\$337	\$314	\$374	\$311	\$339	\$338	\$348
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,528		\$1,566		\$1,448		\$1,704		\$1,527	
45	Adj Rent/Last rent		122%		121%		128%		122%		128%
46	Estimated Market Rent	\$1,545	\$2.04	Estimated Market Rent/ Sq. Ft							

IN PROGRESS

Appraiser's Signature _____ Date 2/10/2022

Attached are explanations of:

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Grid was prepared: Manually Using HUD's Excel form form HUD-92273-S8 (04/2002)



City Line Apartments
Primary Unit Type – One-Bedroom Units (758 SF)

Please note: Minor adjustments in the \$5 to \$10 range are based on the appraiser's evaluation of the overall market as well as typical responses indicated by existing tenants. In addition, this is standard industry practice when there is insufficient market data present to support adjustments. It is also considered an acceptable practice by HUD as indicated in the Section 8 Renewal Guide Chapter 9-12 (C) (3) which states: "For minor adjustments (generally in the \$5 to \$10 range), the appraiser may state his/her subjective evaluation of why the observed differences would affect rent."

A rent comparability grid was prepared for the primary unit type with 726 square feet. Comparable apartments used include the following: Cambridge Apartments (Comparable 1), Abbingdon at Northampton (Comparable 2), Abbingdon at Hampton Center (Comparable 3), Trail Creek Townhomes (Comparable 4) and Carson Square Apartments (Comparable 5).

\$ Last Rent/Restricted – All of the units are currently rented at the rates shown on the grid. Rents range from \$1,134 to \$1,393 per month. No unit used in this analysis has any rent restrictions.

Date Last Leased – The grid shows the effective date of the leases most recently signed. Effective dates are all February 2022. No adjustments were necessary.

Rent Concessions – The subject is not offering any concessions. None of the comparables are currently offering concessions. No adjustments were needed.

Occupancy for Unit Type – The subject's current occupancy rate is 98 percent. The comparables' occupancy rates range from 98 to 100 percent. No adjustments were needed.

Structure/Stories – The subject is located in two-story walk-up buildings. All of the comparables except Comparable 2 are located in two- and three-story walk-up buildings. Comparable 2 contains a two-story townhome building. Townhouse structures are typically considered more appealing in design than walk-up structures. Therefore, an adjustment is warranted for the townhouse structures. There is no market data available by which an adjustment could be determined. Due to the lack of market support for specific floor level pricing for townhouse structures versus walk-up structures, a nominal downward adjustment of \$10 per month was selected for the comparable located in townhouse buildings.

Year Built/Year Renovated – The subject was built in 1977 and received minor renovations in 2010. The first floor of the property was renovated after flooding in 2016. The subject will be renovated and be in good condition. Comparable 1 Comparable 1 was constructed in 1969. The contact reported a substantial renovation in 2015. However, the details of those improvements were not disclosed. Comparable 2 was built in 1986. The contact for the property reported a renovation in 2005. However, it is unknown whether the improvements were substantial. Comparable 3 was built in 1968. The contact reported a substantial renovation in 2014. However, the details of those improvements were not disclosed. Comparable 4 was constructed in 2006. The property website states improvements have been made recently to select townhouse units which included the addition of stainless steel appliances and granite countertops. The property website also states the clubhouse was recently renovated. Comparable 5 was built in 1985. The contact stated some improvements occurred in 2010 and again in 2020. Select units have been renovated with new wood composite flooring, appliances, cabinets and baths at this property. To account for differences between date of construction/renovation for the subject and the comparables, an effective year built for all properties was determined. The effective year built considers the date of construction as well as any renovation made to the property and the significance of the renovation.



The following table shows the effective year built and adjustment amounts determined for the subject and the comparables:

Property	Year Built	Effective Year Built	Adjustment
Subject	1977/2010/Prop	1997	-
1	1969/2015	1989	\$8
2	1986/2005	1996	\$0
3	1968/2014	1988	\$9
4	2006	2006	(\$9)
5	1985/2020	1995	\$0

Adjustments for age differences are relatively subjective given that many properties will complete general upgrades to a property even if they do not complete an actual specific rehabilitation or renovation. In general, newer construction properties and recently renovated properties can command a higher rent than older or non-renovated properties. According to Appendix 9-1-2, Line 7: Year Built/Year Renovated of the Section 8 Renewal Policy Guide, an adjustment should typically be no more than \$5 or one percent of the comparable's unadjusted rent. The appraiser elected to adjust \$1 per effective year built of difference between the subject and the comparables in accordance with the Section 8 guide. No adjustments were made for comparables that have effective year built within five years of the effective year built determined for the subject.

Condition/Street Appeal – The subject has brick and siding construction. The landscaping consists of grass, trees and shrubs. As renovated, the subject will be in good condition, and all comparables will be considered similar to the subject. Therefore, no adjustments were needed.

Neighborhood – The subject's neighborhood is rated average, with easy access to all services available within the city limits. In order to determine if adjustments were needed for differences in location between the subject and the comparables, eleven factors were compared. Those factors include livability, amenities available, cost of living, crime factors, employment factors, housing factors, schools in the area, walkscore, population counts, median rent levels and median income levels. Based on the analysis, all comparables are located in the subject's neighborhood or in neighborhoods that are similar to the subject's. No adjustments were needed.

Same Market/Miles to Subject – All comparables are located in the same or similar market area as the subject. No adjustment was needed.

of Bedrooms – The subject contains one-bedroom units. All comparables are similar. No adjustments were needed.

of Baths – The subject contains one bath in the units. All comparables are similar. No adjustments were needed.

Unit Interior Square Footage – The subject and the comparables vary in square footage. Typically, all other variables being equal, a larger unit is more desirable than a smaller unit. However, the value of the additional square footage is mitigated to some degree by the similarity in perceived unit function. There is a diminishing return of value for additional square footage as each additional square foot does not necessarily equal additional functionality. Additionally, the units at the subject are measured as part of the scope of this assignment. However, the contacts at the comparables are often unwilling to allow interior inspections of the units. Therefore, it is necessary to rely on published unit sizes or verbal confirmation of unit sizes from the property contacts. As such, it is impossible to verify the accuracy of this data. In addition, the subject unit sizes are paint-to-paint measurements, while the contacts often report the "marketing" unit size which is sometimes the gross exterior square footage. Therefore, the unit sizes at the comparables are not always a direct comparison to the unit sizes at the subject. For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each



comparable's dollar per square foot rental rate was determined for each bedroom type. From these results, a median dollar per square foot rental rate is determined. The median dollar per square foot was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The 25 percent was used to account for the diminished return of the larger unit sizes and the potential differences in reported unit sizes of the comparables versus the subject. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the units is \$0.45. The result was rounded to the nearest \$5. No adjustments were made to comparables within 25 square feet of the subject because there is no difference in perceived unit function with 25 square feet. The adjustments are reflected on the HUD-Form 92273-S8, which is attached.

Balcony/Patio – The subject does not contain either feature. All of the comparables are similar to the subject. No adjustment was needed.

AC: Central/Wall – The subject contains central air conditioning as do all comparables. No adjustments were needed.

Range/Refrigerator – The subject and all comparables contain both amenities. No adjustments were needed.

Microwave/Dishwasher – As renovated, the subject will contain microwaves and dishwashers in the units. All of the comparables contain dishwashers. Comparables 2 and 3 also contain microwaves. Microwaves are a relatively inexpensive item and are unlikely to be a deciding factor when a tenant decides which unit to lease. However, because the included amenity is considered an enhancement to the unit, it was considered appropriate to adjust upward a nominal \$5 per month for microwaves.

Washer/Dryer – The subject contains a laundry facility. Comparable 4 is similar. Comparables 1 and 5 each contain washer/dryer hook-ups, and Comparables 2 and 3 contain washers and dryers in the units. Units with washers and dryers provided are preferred over units without these features as these appliances are expensive purchases for a prospective tenant. Although there is little market data available concerning units with these features versus those without these features, the amenities are an enhancement to the unit. The *2020 NMHC/Kingsley Apartment Resident Preferences Report* for Virginia Beach, Virginia, the nearest metropolitan area, was consulted. According to the *2020 NMHC/Kingsley Apartment Resident Preferences Report*, residents in the metropolitan area indicated they would expect a renter to pay \$31.96 to \$42.63 per month for washers and dryers in the unit. After considering all factors, washers and dryers were valued at \$30 per month. Washer/dryer hook-ups were valued at \$10 per month. Laundry facilities on-site are valued at \$5 per month. Therefore, units with washers and dryers will rent for \$20 more per month than units in properties with washer/dryer hook-ups (\$30 for washer/dryer - \$10 for washer/dryer hook-ups = \$20), and units with washers and dryers will rent for \$25 more per month than units in properties with laundry facilities (\$30 for washer/dryer - \$5 for laundry facility = \$25).

Floor Coverings – The subject and all comparables contain carpet or vinyl floor coverings. Therefore, no adjustments were needed.

Window Coverings – The subject and all comparables contain window coverings. No adjustment was needed.

Cable/Satellite/Internet – As renovated, the subject will provide in-unit internet services at no additional cost to the tenants. Comparables 1, 2 and 3 provide common area Wi-Fi at no additional cost to the tenants. Comparables 4 and 5 do not contain any of these features. In order to determine an appropriate adjustment for in-unit internet services, provider fees for local internet providers were researched. The following table shows the internet service providers contacted and the fees for each provider.



IN-UNIT INTERNET	
Provider	Fee
Cox	\$30
T-Mobile Home Internet	\$50
Ultra Home Internet	\$60
Hughes Net	\$65
Verizon	\$40
Viasat	\$50
EarthLink	\$50
Dish Internet	\$65
DirecTV Internet	\$70
Average	\$53

The costs for in-unit internet range from \$30 to \$70 per month. The adjustment is selected based on where the majority of the results fall within the range. If there is no majority, a conservative adjustment at the mid-point of the range is selected. Since there was a majority for this analysis, an adjustment of \$50 per month was selected. Common area wi-fi is a convenience to the property. This feature is valuable to residents as it allows access to the Internet without having to deplete data from personal accounts which are typically accompanied by data caps and limits. There is no data for these features that could be extracted from the market area. However, an adjustment was needed for the convenience of the on-site amenity. Therefore, an adjustment of \$10 was selected. The difference between the average cost for in-unit internet service and the adjustment for common area wi-fi was determined (\$50 per month for in-unit internet service - \$10 for common area Wi-Fi = \$40). The result of \$40 was applied to the comparables with common area Wi-Fi.

Special Features – As renovated, the subject will contain stainless steel appliances and solid-surface countertops. None of the comparables contain special features. Special features such as stainless steel appliances and granite, quartz or solid-surface countertops will typically command a higher rent in the market. Tenants are typically willing to pay a higher premium for these features. Typically, when these features are included in the units, they are considered luxury items, and units are assessed an up charge from the rent that would be charged if unit did not contain these features. The *2020 NMHC/Kingsley Apartment Resident Preferences Report* for Virginia Beach, Virginia, the nearest metropolitan area, was consulted. According to the *2020 NMHC/Kingsley Apartment Resident Preferences Report*, residents in the metropolitan area indicated they would expect a renter to pay \$26.32 per month for refrigerators with premium finishes and \$36.18 per month for premium countertops. After considering all factors, a \$25 adjustment was applied for stainless steel appliances, and a \$25 adjustment was applied for the solid-surface countertops. Therefore, all comparables without either feature were adjusted upward a total of \$50 per month.

Parking – The subject and all comparables contain parking lots with no additional fee. Comparable 4 also contains garage parking for an additional fee of \$175 per month. Since there is ample free parking at the subject and all comparables, no adjustment was needed.

Extra Storage – The subject does not contain extra storage. Comparable 4 contains extra storage but charges an additional \$65 per month. None of the remaining comparables contain storage. No adjustments were needed.



Security – The following table shows the amenities at the subject and each comparable, as renovated:

Feature	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Limited Access Gate	---	---	---	---	\$10	---
Intercom Entry	---	---	---	\$10	---	---
Video Surveillance	\$5	---	---	---	---	---
Total	\$5	\$0	\$0	\$10	\$10	\$0
Adjustments		\$5	\$5	(\$5)	(\$5)	\$5

No complex in the market area shows a rent differential based on security features. However, security features are an enhancement to an apartment complex, particularly security that limits access to the building or grounds. All security features will provide added protection for residents at the properties. Limited access gates limit access to the grounds, while intercom/electronic entry limits access to the buildings. Therefore, properties with limited access gates and/or intercom/electronic entry are considered superior to properties with video surveillance which do not limit access. Consequently, limited access gates and intercom/electronic entry are considered \$5 superior to video surveillance. The adjustments for the comparables are shown at the bottom of the table.

Clubhouse/Meeting Rooms/Dining Rooms – As renovated, the subject will contain a meeting room. Comparables 1, 2, 3 and 4 each contain a clubhouse. Comparable 5 does not contain this feature. No complex in the market area shows a rent differential based on these particular items; however, the added amenities are an enhancement. Apartments with these features can command a higher rent in the market area. Therefore, properties without these features were adjusted \$5 per feature compared to properties with any of these features.

Pool/Exercise Room/Recreation Areas – The following table shows the amenities at the subject and each comparable, as renovated:

Amenity	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Swimming Pool	---	\$10	\$10	\$10	\$10	---
Exercise Room	---	\$5	\$5	\$5	\$5	---
Picnic Area	\$5	\$5	\$5	\$5	\$5	---
Playground	\$5	\$5	\$5	\$5	\$5	---
Community Garden	\$5	---	---	---	---	---
Basketball Court	\$5	---	---	---	---	---
Tennis Court	---	---	\$5	---	---	---
Pet Park	\$5	\$5	\$5	\$5	\$5	---
Library	\$5	---	---	---	---	---
Gazebo	\$5	---	---	---	\$5	---
Courtyard	\$5	---	---	---	\$5	---
Media Room	\$5	---	---	---	---	---
Lounge	---	---	---	\$5	---	---
Coffee Bar	---	\$5	\$5	---	---	---
Lake	---	---	---	\$5	---	---
Outdoor Exercise Area	\$5	---	---	---	---	---
Total	\$50	\$35	\$40	\$40	\$40	\$0
Adjustments		\$15	\$10	\$10	\$10	\$50

Although there is little market data available concerning units with these features, the added amenities are an enhancement. Swimming pools are typically considered a more desirable feature than other recreation features. Therefore, a \$10 adjustment was determined for swimming pool, and a \$5 adjustment per feature was determined for each additional recreation area. The adjustments for the comparables are shown at the bottom of the table.



Business Center – As renovated, the subject will contain this feature. Comparables 1, 2, 3 and 4 are similar. Comparable 5 does not contain this feature. No complex in the market area shows a rent differential based on these particular items; however, the added amenities are an enhancement. Apartments with these features can command a higher rent in the market area. Therefore, properties with these features were adjusted \$5 per feature compared to properties without any of these features.

Service Coordination – The subject does not contain this feature. None of the comparables contain this feature. No adjustments were needed.

Non-Shelter Services – As renovated, the property will offer educational programs. The service will be available through management at no additional cost to the residents. The convenience of this service on-site provides an additional enhancement to the units. Therefore, the availability of the service on-site was adjusted. A nominal \$15 adjustment was applied for this feature due to the lack of market-based data on this feature.

Neighborhood Network – The subject does not contain this feature. None of the comparables contain this feature. No adjustment was needed.

Heat – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$38 for electric and \$50 for gas based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The Allowances for Tenant-Furnished Utilities and Other Services has an additional service charge of \$17 for natural gas and \$7 for electric. These service charges were added to the heating adjustments of \$38 for natural gas and \$50 for electric to determine total adjustments of \$45 for natural gas and \$67 for electric. The amount was substantiated through local utility providers.

Cooling – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$7 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Cooking – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$5 for electric based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Hot Water – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$26 for electric and \$17 for gas based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Other Electric – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$20 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Cold Water/Sewer – The subject provides cold water and sewer. Comparables 1 and 5 are similar. Comparables 2, 3 and 4 do not provide water and sewer. Therefore, the comparables without these utilities provided were adjusted upward \$45 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Trash/Recycling – The subject provides this utility. Comparables 1 and 5 are similar. Comparables 2, 3 and 4 do not provide trash. Therefore, the comparables without this utility provided were adjusted upward \$29 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.



Conclusion of Market Rent

The adjusted rents range from \$1,448 to \$1,704 per month. All of the comparables were given consideration as all are located near the subject and contain one-bedroom/one-bath units. As renovated, the subject and all comparables will be considered similar in condition/street appeal. The subject and all comparables will also be mostly similar in unit size and site amenities. The subject will be superior to all comparables in utilities provided and services provided. Three comparables, Cambridge Apartments, Abbingdon at Northampton and Prosper Apartments, required the lowest number of adjustments to equate to the subject, as renovated.

Based on the above, the appraiser concluded the market rent for the units as follows:

- **758 SF One-Bedroom Units - \$1,545, or \$2.04 per square foot**



Two-Bedroom Units (902 SF) – As Complete

OMB Approval# 2502-0507 (exp. 04/30/2021)

Rent Comparability Grid		Unit Type →	Two-Bedroom				Subject's FHA #:	N/A			
Subject		Comparable 1	Comparable 2		Comparable 3		Comparable 4		Comparable 5		
City Line Apartments 155 Mytilene Drive Newport News Newport News City		Cambridge Apartments 5109 Goldsboro Drive Hampton Hampton City	Abbingtion at Northampton 165 Kathann Drive Hampton Independent City		Abbingtion at Hampton Center 70 Lakeshore Drive Hampton Hampton City		Trail Creek Townhomes 2 Abbott Drive Hampton Hampton City		Prosper Apartments 2242-2244 Todds Lane Hampton Hampton City		
Data		Data	Data		Data		Data		Data		
Subject		Subject	Subject		Subject		Subject		Subject		
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,329		\$1,359		\$1,384		\$1,635		\$1,289	N
2	Date Last Leased (mo/yr)	Feb-22		Feb-22		Feb-22		Feb-22		Feb-22	
3	Rent Concessions	N		N		N		N		N	
4	Occupancy for Unit Type	99%		99%		98%		98%		98%	
5	Effective Rent & Rent/ sq. ft	\$1,329	\$1.56	\$1,359	\$1.47	\$1,384	\$1.66	\$1,635	\$1.50	\$1,289	\$1.36
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>											
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	WU/2		WU/2		WU/3		T/2	(\$10)	WU/3	
7	Yr. Built/Yr. Renovated	1977/2010/2023		1969/2015	\$8	1986/2005		1968/2014	\$9	2006	(\$9)
8	Condition /Street Appeal	G		G		G		G		A	\$85
9	Neighborhood	A		A		A		A		A	
10	Same Market? Miles to Subj			Y/2.1		Y/2.8		Y/2.8		N/1.6	
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2		2		2	
12	# Baths	1		1		1.5	(\$20)	2	(\$40)	1	
13	Unit Interior Sq. Ft.	902	\$20	850	\$20	924	\$25	834	(\$70)	1,093	(\$15)
14	Balcony/ Patio	N		N		N		N		N	
15	AC: Central/ Wall	C		C		C		C		C	
16	Range/ Refrigerator	RF		RF		RF		RF		RF	
17	Microwave/ Dishwasher	MD	\$5	D	\$5	MD		MD	\$5	D	\$5
18	Washer/Dryer	L	(\$5)	HU	(\$5)	WD	(\$25)	WD	(\$25)	L	(\$5)
19	Floor Coverings	V		C		C		V		C	
20	Window Coverings	B		B		B		B		B	
21	Cable/ Satellite/Internet	I	\$40	I	\$40	I	\$40	N	\$50	N	\$50
22	Special Features	SS	\$50	N	\$50	N	\$50	N	\$50	N	\$50
D. Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	L/0		L/0		L/0		L/0, G/175		L/0	
25	Extra Storage	N		N		N		Y/65		N	
26	Security	Y	\$5	N	\$5	Y	(\$5)	Y	(\$5)	N	\$5
27	Clubhouse/ Meeting Rooms	MR	\$5	C	\$5	C	\$5	C	\$5	N	\$5
28	Pool/ Recreation Areas	ER	\$15	PER	\$10	PER	\$10	PER	\$10	N	\$50
29	Business Ctr / NhdNetwk	BC		BC		BC		BC		N	\$5
30	Service Coordination	N		N		N		N		N	
31	Non-shelter Services	ED	\$15	N	\$15	N	\$15	N	\$15	N	\$15
32	Neighborhood Networks	N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	Y/G	\$72	N/G	\$72	N/G	\$72	N/G	\$72	N/E	\$59
34	Cooling (in rent?/ type)	Y/E	\$8	N/E	\$8	N/E	\$8	N/E	\$8	N/E	\$8
35	Cooking (in rent?/ type)	Y/G	\$5	N/E	\$5	N/E	\$5	N/E	\$5	N/E	\$5
36	Hot Water (in rent?/ type)	Y/G	\$21	N/E	\$32	N/G	\$21	N/G	\$21	N/E	\$32
37	Other Electric	Y	\$23	N	\$23	N	\$23	N	\$23	N	\$23
38	Cold Water/ Sewer	Y		Y	\$62	N	\$62	N	\$62	Y	
39	Trash/Recycling	Y		Y	\$29	N	\$29	N	\$29	Y	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	9	1	6	1	7	3	6	5	9	2
41	Sum Adjustments B to D	\$163	(\$5)	\$125	(\$25)	\$154	(\$50)	\$135	(\$134)	\$270	(\$20)
Sum Utility Adjustments		\$129	\$0	\$218	\$0	\$220	\$0	\$220	\$0	\$127	\$0
Net/ Gross Adjmts B to E		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43		\$287	\$297	\$318	\$368	\$324	\$424	\$221	\$489	\$377	\$417
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+43)	\$1,616		\$1,677		\$1,708		\$1,856		\$1,666	
45	Adj Rent/Last rent		122%		123%		123%		114%		129%
46	Estimated Market Rent	\$1,685	\$1.87	Estimated Market Rent/ Sq. Ft							

IN PROGRESS

2/10/2022

Appraiser's Signature

Date

Attached are explanations of:

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Grid was prepared:

Manually

Using HUD's Excel form

form HUD-92273-S8 (04/2002)



City Line Apartments
Primary Unit Type – Two-Bedroom Units (902 SF)

Please note: Minor adjustments in the \$5 to \$10 range are based on the appraiser's evaluation of the overall market as well as typical responses indicated by existing tenants. In addition, this is standard industry practice when there is insufficient market data present to support adjustments. It is also considered an acceptable practice by HUD as indicated in the Section 8 Renewal Guide Chapter 9-12 (C) (3) which states: "For minor adjustments (adjustments not exceeding the nominal amount), the RCS appraiser may state his/her subjective evaluation of why the observed differences would affect rent."

A rent comparability grid was prepared for the primary unit type with 902 square feet. Comparable apartments used include the following: Cambridge Apartments (Comparable 1), Abbingdon at Northampton (Comparable 2), Abbingdon at Hampton Center (Comparable 3), Trail Creek Townhomes (Comparable 4) and Carson Square Apartments (Comparable 5).

\$ Last Rent/Restricted – All of the units are currently rented at the rates shown on the grid. Rents range from \$1,289 to \$1,635 per month. No unit used in this analysis has any rent restrictions.

Date Last Leased – The grid shows the effective date of the leases most recently signed. Effective dates are all February 2022. No adjustments were necessary.

Rent Concessions – The subject is not offering any concessions. None of the comparables are currently offering concessions. No adjustments were needed.

Occupancy for Unit Type – The subject's current occupancy rate is 98 percent. The comparables' occupancy rates range from 98 to 100 percent. No adjustments were needed.

Structure/Stories – The subject is located in two-story walk-up buildings. Comparables 1, 2, 3 and 5 are located in two- and three-story walk-up buildings. Comparable 4 is located in two-story townhouse buildings. Townhouse structures are typically considered more appealing in design than walk-up structures. Therefore, an adjustment is warranted for the townhouse structures. There is no market data available by which an adjustment could be determined. Due to the lack of market support for specific floor level pricing for townhouse structures versus walk-up structures, a nominal downward adjustment of \$10 per month was selected for the comparable located in townhouse buildings.

Year Built/Year Renovated – The subject was built in 1977 and received minor renovations in 2010. The first floor of the property was renovated after flooding in 2016. The subject will be renovated and be in good condition. Comparable 1 Comparable 1 was constructed in 1969. The contact reported a substantial renovation in 2015. However, the details of those improvements were not disclosed. Comparable 2 was built in 1986. The contact for the property reported a renovation in 2005. However, it is unknown whether the improvements were substantial. Comparable 3 was built in 1968. The contact reported a substantial renovation in 2014. However, the details of those improvements were not disclosed. Comparable 4 was constructed in 2006. The property website states improvements have been made recently to select townhouse units which included the addition of stainless steel appliances and granite countertops. The property website also states the clubhouse was recently renovated. Comparable 5 was built in 1985. The contact stated some improvements occurred in 2010 and again in 2020. Select units have been renovated with new wood composite flooring, appliances, cabinets and baths at this property. To account for differences between date of construction/renovation for the subject and the comparables, an effective year built for all properties was determined. The effective year built considers the date of construction as well as any renovation made to the property and the significance of the renovation.



The following table shows the effective year built and adjustment amounts determined for the subject and the comparables:

Property	Year Built	Effective Year Built	Adjustment
Subject	1977/2010/Prop	1997	-
1	1969/2015	1989	\$8
2	1986/2005	1996	\$0
3	1968/2014	1988	\$9
4	2006	2006	(\$9)
5	1985/2020	1995	\$0

Adjustments for age differences are relatively subjective given that many properties will complete general upgrades to a property even if they do not complete an actual specific rehabilitation or renovation. In general, newer construction properties and recently renovated properties can command a higher rent than older or non-renovated properties. According to Appendix 9-1-2, Line 7: Year Built/Year Renovated of the Section 8 Renewal Policy Guide, an adjustment should typically be no more than \$5 or one percent of the comparable's unadjusted rent. The appraiser elected to adjust \$1 per effective year built of difference between the subject and the comparables in accordance with the Section 8 guide. No adjustments were made for comparables that have effective year built within five years of the effective year built determined for the subject.

Condition/Street Appeal – The subject has brick and siding construction. The landscaping consists of grass, trees and shrubs. As renovated, the subject will be in good condition, and Comparables 1, 2, 3 and 4 will be considered similar to the subject. Comparable 5 will be considered inferior to the subject due to the two-bedroom units lacking renovations. Properties in the Cities of Hampton and Newport News were researched to see if renovations warranted an increase in rent. The following table shows properties with their unrenovated rents and the increased post renovated rents:

Property Name	Year Built/ Renovated	Avg. Pre- Renovated Rent	Avg. Renovated Rent	Difference in Rent
Carson Square Apartments	1971/Ren	\$877	\$1,027	\$150
Abbingtion at Hampton Center	1968/2014	\$916	\$1,019	\$103
Prosper Apartments	1985/2017	\$908	\$1,008	\$100
Abbingtion Landing Apartments	1965/2012	\$849	\$934	\$85
Avalon Townhomes	1965/2017	\$1,035	\$1,175	\$140
Chesapeake Bay Apartments	1987/2019	\$1,021	\$1,112	\$91
Hampton Center Apartments	1985/2017	\$983	\$1,059	\$76
Barrington Woods Apartments	1968/2021	\$837	\$954	\$117
Average		\$928	\$1,036	\$108

The average pre-renovated rent was \$928, and the average post-renovated rent was \$1,036; a difference of \$108. However, after considering all factors, the average ending rents of the comparables were compared at each rating level. Average rent differences between average and good were determined, and the differences were utilized as the adjustments for condition/street appeal. As previously indicated, the subject will be renovated and be in good condition. Comparables 1, 2, 3 and 4 will be similar to the subject, as renovated. These comparables were not adjusted. Comparable 5 was considered to be in average condition and was adjusted upward one-half of \$167, rounded to \$85 per month, as indicated in the previous analysis for the two-bedroom units. The Section 8 Renewal Policy Guide states an adjustment of more than the larger of \$20, or four percent of the unadjusted rent for each level of rating difference, would require that the appraiser provide specific explanation in the narrative to support the



amount of the adjustment. Although these adjustment amounts are above the amounts indicated in the Section 8 guide, it meets the requirements of the guide as the adjustment amounts are supported by market-driven data. Therefore, the adjustment amounts are considered reasonable and appropriate.

Neighborhood – The subject’s neighborhood is rated average, with easy access to all services available within the city limits. In order to determine if adjustments were needed for differences in location between the subject and the comparables, eleven factors were compared. Those factors include livability, amenities available, cost of living, crime factors, employment factors, housing factors, schools in the area, walkscore, population counts, median rent levels and median income levels. Based on the analysis, all comparables are located in the subject’s neighborhood or in neighborhoods that are similar to the subject’s. No adjustments were needed.

Same Market/Miles to Subject – All comparables are located in the same or similar market area as the subject. No adjustment was needed.

of Bedrooms – The subject contains two-bedroom units. All comparables are similar. No adjustments were needed.

of Baths – The subject contains one bath in the units. Comparables 1, 2 and 5 are similar. Comparable 3 contains one-and-one-half baths in the units, and Comparable 4 contains two baths in the units. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. There was insufficient market data available for a paired analysis as the majority of properties in this market contain a similar number of baths. Therefore, \$20 half-bath and \$40 full bath per month adjustments were selected.

Unit Interior Square Footage – The subject and the comparables vary in square footage. Typically, all other variables being equal, a larger unit is more desirable than a smaller unit. However, the value of the additional square footage is mitigated to some degree by the similarity in perceived unit function. There is a diminishing return of value for additional square footage as each additional square foot does not necessarily equal additional functionality. Additionally, the units at the subject are measured as part of the scope of this assignment. However, the contacts at the comparables are often unwilling to allow interior inspections of the units. Therefore, it is necessary to rely on published unit sizes or verbal confirmation of unit sizes from the property contacts. As such, it is impossible to verify the accuracy of this data. In addition, the subject unit sizes are paint-to-paint measurements, while the contacts often report the “marketing” unit size which is sometimes the gross exterior square footage. Therefore, the unit sizes at the comparables are not always a direct comparison to the unit sizes at the subject. For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable’s dollar per square foot rental rate was determined for each bedroom type. From these results, a median dollar per square foot rental rate is determined. The median dollar per square foot was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The 25 percent was used to account for the diminished return of the larger unit sizes and the potential differences in reported unit sizes of the comparables versus the subject. Next, the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable. The selected dollar per square foot for the units is \$0.37. The result was rounded to the nearest \$5. No adjustments were made to comparables within 25 square feet of the subject because there is no difference in perceived unit function with 25 square feet. The adjustments are reflected on the HUD-Form 92273-S8, which is attached.

Balcony/Patio – The subject does not contain either feature. All of the comparables are similar to the subject. No adjustment was needed.



AC: Central/Wall – The subject contains central air conditioning as do all comparables. No adjustments were needed.

Range/Refrigerator – The subject and all comparables contain both amenities. No adjustments were needed.

Microwave/Dishwasher – As renovated, the subject will contain microwaves and dishwashers in the units. All of the comparables contain dishwashers. Comparables 2 and 3 also contain microwaves. Microwaves are a relatively inexpensive item and are unlikely to be a deciding factor when a tenant decides which unit to lease. However, because the included amenity is considered an enhancement to the unit, it was considered appropriate to adjust upward a nominal \$5 per month for microwaves.

Washer/Dryer – The subject contains a laundry facility. Comparables 4 and 5 are similar. Comparable 1 contains washer/dryer hook-ups, and Comparables 2 and 3 contain washers and dryers in the units. Units with washers and dryers provided are preferred over units without these features as these appliances are expensive purchases for a prospective tenant. Although there is little market data available concerning units with these features versus those without these features, the amenities are an enhancement to the unit. The *2020 NMHC/Kingsley Apartment Resident Preferences Report* for Virginia Beach, Virginia, the nearest metropolitan area, was consulted. According to the *2020 NMHC/Kingsley Apartment Resident Preferences Report*, residents in the metropolitan area indicated they would expect a renter to pay \$31.96 to \$42.63 per month for washers and dryers in the unit. After considering all factors, washers and dryers were valued at \$30 per month. Washer/dryer hook-ups were valued at \$10 per month. Laundry facilities on-site are valued at \$5 per month. Therefore, units with washers and dryers will rent for \$20 more per month than units in properties with washer/dryer hook-ups (\$30 for washer/dryer - \$10 for washer/dryer hook-ups = \$20), and units with washers and dryers will rent for \$25 more per month than units in properties with laundry facilities (\$30 for washer/dryer - \$5 for laundry facility = \$25).

Floor Coverings – The subject and all comparables contain carpet or vinyl floor coverings. Therefore, no adjustments were needed.

Window Coverings – The subject and all comparables contain window coverings. No adjustment was needed.

Cable/Satellite/Internet – As renovated, the subject will provide in-unit internet services at no additional cost to the tenants. Comparables 1, 2 and 3 provide common area Wi-Fi at no additional cost to the tenants. Comparables 4 and 5 do not contain any of these features. In order to determine an appropriate adjustment for in-unit internet services, provider fees for local internet providers were researched. The following table shows the internet service providers contacted and the fees for each provider.

IN-UNIT INTERNET	
Provider	Fee
Cox	\$30
T-Mobile Home Internet	\$50
Ultra Home Internet	\$60
Hughes Net	\$65
Verizon	\$40
Viasat	\$50
EarthLink	\$50
Dish Internet	\$65
DirecTV Internet	\$70
Average	\$53



The costs for in-unit internet range from \$30 to \$70 per month. The adjustment is selected based on where the majority of the results fall within the range. If there is no majority, a conservative adjustment at the mid-point of the range is selected. Since there was a majority for this analysis, an adjustment of \$50 per month was selected. Common area wi-fi is a convenience to the property. This feature is valuable to residents as it allows access to the Internet without having to deplete data from personal accounts which are typically accompanied by data caps and limits. There is no data for these features that could be extracted from the market area. However, an adjustment was needed for the convenience of the on-site amenity. Therefore, an adjustment of \$10 was selected. The difference between the average cost for in-unit internet service and the adjustment for common area wi-fi was determined (\$50 per month for in-unit internet service - \$10 for common area Wi-Fi = \$40). The result of \$40 was applied to the comparables with common area Wi-Fi.

Special Features – As renovated, the subject will contain stainless steel appliances and solid-surface countertops. None of the comparables contain special features. Special features such as stainless steel appliances and granite, quartz or solid-surface countertops will typically command a higher rent in the market. Tenants are typically willing to pay a higher premium for these features. Typically, when these features are included in the units, they are considered luxury items, and units are assessed an up charge from the rent that would be charged if unit did not contain these features. The *2020 NMHC/Kingsley Apartment Resident Preferences Report* for Virginia Beach, Virginia, the nearest metropolitan area, was consulted. According to the *2020 NMHC/Kingsley Apartment Resident Preferences Report*, residents in the metropolitan area indicated they would expect a renter to pay \$26.32 per month for refrigerators with premium finishes and \$36.18 per month for premium countertops. After considering all factors, a \$25 adjustment was applied for stainless steel appliances, and a \$25 adjustment was applied for the solid-surface countertops. Therefore, all comparables without either feature were adjusted upward a total of \$50 per month.

Parking – The subject and all comparables contain parking lots with no additional fee. Comparable 4 also contains garage parking for an additional fee of \$175 per month. Since there is ample free parking at the subject and all comparables, no adjustment was needed.

Extra Storage – The subject does not contain extra storage. Comparable 4 contains extra storage but charges an additional \$65 per month. None of the remaining comparables contain storage. No adjustments were needed.

Security – The following table shows the amenities at the subject and each comparable, as renovated:

Feature	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Limited Access Gate	---	---	---	---	\$10	---
Intercom Entry	---	---	---	\$10	---	---
Video Surveillance	\$5	---	---	---	---	---
Total	\$5	\$0	\$0	\$10	\$10	\$0
Adjustments		\$5	\$5	(\$5)	(\$5)	\$5

No complex in the market area shows a rent differential based on security features. However, security features are an enhancement to an apartment complex, particularly security that limits access to the building or grounds. All security features will provide added protection for residents at the properties. Limited access gates limit access to the grounds, while intercom/electronic entry limits access to the buildings. Therefore, properties with limited access gates and/or intercom/electronic entry are considered superior to properties with video surveillance which do not limit access. Consequently, limited access gates and intercom/electronic entry are considered \$5 superior to video surveillance. The adjustments for the comparables are shown at the bottom of the table.

Clubhouse/Meeting Rooms/Dining Rooms – As renovated, the subject will contain a meeting room. Comparables 1, 2, 3 and 4 each contain a clubhouse. Comparable 5 does not contain this feature. No complex in the market area shows a rent differential based on these particular items; however, the added amenities are an enhancement. Apartments with these features can command a higher rent in the market area. Therefore, properties without these features were adjusted \$5 per feature compared to properties with any of these features.



Pool/Exercise Room/Recreation Areas – The following table shows the amenities at the subject and each comparable, as renovated:

Amenity	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Swimming Pool	---	\$10	\$10	\$10	\$10	---
Exercise Room	---	\$5	\$5	\$5	\$5	---
Picnic Area	\$5	\$5	\$5	\$5	\$5	---
Playground	\$5	\$5	\$5	\$5	\$5	---
Community Garden	\$5	---	---	---	---	---
Basketball Court	\$5	---	---	---	---	---
Tennis Court	---	---	\$5	---	---	---
Pet Park	\$5	\$5	\$5	\$5	\$5	---
Library	\$5	---	---	---	---	---
Gazebo	\$5	---	---	---	\$5	---
Courtyard	\$5	---	---	---	\$5	---
Media Room	\$5	---	---	---	---	---
Lounge	---	---	---	\$5	---	---
Coffee Bar	---	\$5	\$5	---	---	---
Lake	---	---	---	\$5	---	---
Outdoor Exercise Area	\$5	---	---	---	---	---
Total	\$50	\$35	\$40	\$40	\$40	\$0
Adjustments		\$15	\$10	\$10	\$10	\$50

Although there is little market data available concerning units with these features, the added amenities are an enhancement. Swimming pools are typically considered a more desirable feature than other recreation features. Therefore, a \$10 adjustment was determined for swimming pool, and a \$5 adjustment per feature was determined for each additional recreation area. The adjustments for the comparables are shown at the bottom of the table.

Business Center – As renovated, the subject will contain this feature. Comparables 1, 2, 3 and 4 are similar. Comparable 5 does not contain this feature. No complex in the market area shows a rent differential based on these particular items; however, the added amenities are an enhancement. Apartments with these features can command a higher rent in the market area. Therefore, properties with these features were adjusted \$5 per feature compared to properties without any of these features.

Service Coordination – The subject does not contain this feature. None of the comparables contain this feature. No adjustments were needed.

Non-Shelter Services – As renovated, the property will offer educational programs. The service will be available through management at no additional cost to the residents. The convenience of this service on-site provides an additional enhancement to the units. Therefore, the availability of the service on-site was adjusted. A nominal \$15 adjustment was applied for this feature due to the lack of market-based data on this feature.

Neighborhood Network – The subject does not contain this feature. None of the comparables contain this feature. No adjustment was needed.

Heat – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$52 for electric and \$55 for gas based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The Allowances for Tenant-Furnished Utilities and Other Services has an additional service charge of \$17 for natural gas and \$7 for electric. These service charges were added to the heating adjustments of \$55 for natural gas and \$52 for electric to determine total adjustments of \$72 for natural gas and \$59 for electric. The amount was substantiated through local utility providers.



Cooling – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$8 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Cooking – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$5 for electric based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Hot Water – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$32 for electric and \$21 for gas based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Other Electric – The subject provides this utility. The comparables do not provide this utility. Therefore, the comparables were adjusted upward \$23 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Cold Water/Sewer – The subject provides cold water and sewer. Comparables 1 and 5 are similar. Comparables 2, 3 and 4 do not provide water and sewer. Therefore, the comparables without these utilities provided were adjusted upward \$62 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Trash/Recycling – The subject provides this utility. Comparables 1 and 5 are similar. Comparables 2, 3 and 4 do not provide trash. Therefore, the comparables without this utility provided were adjusted upward \$29 based on the Allowances for Tenant-Furnished Utilities and Other Services provided for Newport News. The amount was substantiated through local utility providers.

Conclusion of Market Rent

The adjusted rents range from \$1,616 to \$1,856 per month. All of the comparables were given consideration as all are located near the subject and contain two-bedroom units. As renovated, the subject and all comparables will be considered similar in condition/street appeal. The subject and all comparables will also be mostly similar in unit size and site amenities. The subject will be superior to all comparables in utilities provided and services provided. Three comparables, Cambridge Apartments, Abbingdon at Northampton and Prosper Apartments, required the lowest number of adjustments to equate to the subject, as renovated.

Based on the above, the appraiser concluded the market rent for the units as follows:

- **902 SF Two-Bedroom Units - \$1,685, or \$1.87 per square foot**

The developer is proposing affordable rents as follows: \$1,545 and \$1,685. In addition, the maximum net tax credit rents range from \$951 for the one-bedroom units and from \$1,141 for the two-bedroom units. The proposed rents are higher than the both achievable rents determined on the rent grids and the maximum net tax credit rents. However, as all the units contain Section 8 rental subsidy, tenants will never be asked to pay more than 30 percent of their gross annual income for rent. Therefore, the proposed rents, as shown in the following table, were utilized in the restricted analysis.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	100	758	60%	\$951	\$1,545	N/A	\$1,545
2/1	100	902	60%	\$1,141	\$1,685	N/A	\$1,685



Evaluation of the Development

Project Design

City Line Apartments is comprised of 18 two-story walk-up buildings. The buildings have a concrete slab foundation and wood framing, with brick and siding exterior and asphalt shingle roofs. The complex was constructed in 1977 and received a minor Low Income Housing Tax Credit renovation in 2010 and 2013. The first floor of the property was renovated in 2016 due to flooding. The property will once again be rehabilitated. Landscaping is minimal and consist of grass, trees and shrubs. The property is not a scattered site development.

Project Amenities

The property provides the following project amenities: playground, basketball court, laundry facility, on-site management and on-site maintenance. Once rehabilitation is complete, the property will also contain a meeting room, outdoor exercise area, picnic area, dog park, community garden, courtyard, business center, educational classes, bike racks, video surveillance, library, gazebo and common area Wi-Fi. The subject's project amenities are competitive with the comparables in the market area.

Parking

The complex contains an open asphalt parking lot with a total of 301 parking spaces. Therefore, the subject has a parking ratio 1.51 parking spaces per unit. The parking is sufficient for the development.

Unit Mix

The subject's unit mix of one- and two-bedroom units is suitable in the market area.

Utilities

The subject contains central gas heating and central electric cooling. Cooking and hot water are gas. The landlord provides electricity, gas, water, sewer and trash collection services. This arrangement is superior to the majority of the comparables in the market area.

Unit Amenities

Each unit contains the following amenities: refrigerator, range/oven, vinyl flooring, blinds, ceiling fans, walk-in closet (1BR) and coat closet. Upon completion of rehabilitation, the units will also contain a garbage disposal, dishwasher, microwave, stainless steel appliances, solid-surface countertops and in-unit Wi-Fi. The unit amenities are competitive with the comparables in the market area.

Tenant Services

The subject will not provide tenant services. None of the comparables offer tenant services.

Impact of Existing/Planned Rental Housing

The market area exhibits sufficient demand for the proposed rehabilitation of the existing property. Based on the occupancy level of the apartment complexes in the market area, the waiting lists, the projected population and household growth and the economic factors, it is believed that when the rehabilitation is completed, the property will have no adverse impact on the existing and/or planned market-rate rental housing properties in the market area.



Summary of Developments Strength and Weaknesses

Strengths

- The subject's site plan and design are competitive with the surveyed comparables.
- The development will be superior to most of the comparable developments in condition upon completion of the rehabilitation.
- The subject's current and proposed unit and project amenities will be competitive with the comparables in the market area.
- The subject's proposed rents will provide a good value to prospective tenants.

Weaknesses

- There are no apparent weaknesses.

LOCAL PERSPECTIVE AND INTERVIEWS



Local Interviews

Newport News Redevelopment & Housing Authority

According to Ms. Adkin, HCV Program Manager with the Newport News Redevelopment & Housing Authority, the authority covers the City of Newport News. The authority currently has 2,900 vouchers, with approximately 96 percent being allocated. She noted that the authority does maintain a waiting list with approximately 722 applicants. She noted that the waiting list is closed and the current housing stock is not sufficient to meet the current demand. Ms. Adkins reported that the bedroom types needed the most are two- and three-bedroom units for families. The phone number for the Newport News Redevelopment & Housing Authority 757-928-6068.

Newport News Zoning Department

According to the City of Newport News, the subject site is zoned R-7, Medium Density Multiple-Family Dwelling District. Therefore, the subject is a legal, conforming use. Ms. Hall reported that there have been a few new rental properties constructed; however, the city is in need of additional affordable housing as the majority of the new rental housing is market-rate. She also reported that the city is in the process of removing or demolishing some of the blighted housing in the area in preparation for new housing, especially around the subject's neighborhood. The phone number for the Newport News Zoning Department is 757-933-2111.

Newport News Economic Development Authority

According to Priscilla Green, Economic Director of the Newport News Economic Development Authority, The city has remained economically stable throughout the COVID-19 pandemic. The possibility for future impacts on tax revenues do exist; however, the actual extent at this point is unknown. She also reported that there have been no closures or layoffs in the city. Furthermore, Ms. Green stated that the city has several projects underway or planned. She also reported that there have been several new and/or expanding businesses within the city in the last year including, but are not limited to, the following:

- Bourbon Micro-Distillery To Open Downtown announced it will open a new location in a 30,000-square-foot building near Newport News Shipbuilding.
- The first building of the new Tech Center Research Park recently opened and is 94 percent leased. The 81,600 square foot building is the first of ten planned for the 50-acre research park located on the intersection of Jefferson Avenue and Hogan Drive. Building One of the three building planned. Major tenants in the building include Gather, ivWatch, LLC and ITA International.
- The new Brooks Crossing Innovation and Opportunity Center opened in the Southeast Community. The company focuses on workforce development and STEM education outreach.
- S23, a new company to the area recently began construction. Once construction is complete, the company plans to employ 332 employees.
- A groundbreaking ceremony was recently held for the new Ferguson Enterprises' headquarters campus to be built in the City Center. The company announced it anticipated bring 1,400 new jobs to the area.
- Printpack Inc. announced the company's plans for a \$25-million expansion to its rigid packaging operation in the Industrial Park of Newport News.
- Davis Boat Works, Inc., recently announced expansion plans that will create an additional 25 full-time skilled and management positions.

Due to the new and expanding businesses, decreasing unemployment and lack of layoffs and closures in the city, it is believed that the economic outlook for the area will remain stable for the next two to five years. The phone number for the Newport News Economic Development Authority is 757-926-8428.

RECOMMENDATIONS AND CONCLUSIONS



Recommendations and Conclusions

Project Description

The subject, City Line Apartments, is an existing Section 8 and LIHTC development designated for families that contains 200 units. The subject will undergo renovation. Once renovation is complete, the subject will be a Section 8 and Low Income Housing Tax Credit development. The property is applying for an allocation of Low-Income Housing Tax Credits for all units, which will set the income eligibility to individuals earning up to 50 percent of the area median income. As the subject will also retain its HAP contract, households with one to three persons and incomes below \$38,050 will be eligible for the rehabilitated development. If the subject were to lose the HAP contract, households with one to three persons and incomes between \$27,154 and \$38,050 would be eligible for the rehabilitated development.

The following chart lists the subject's unit mix. For the purpose of this report, a weighted average of 758 square feet were utilized for the one-bedroom rent analysis and a weighted average of 902 square feet was utilized for the two-bedroom unit rent analysis.

Unit Type	# of Units	Square Feet	Total Square Footage
1/1 (First Level)	50	741	37,050
1/1 (Upper Level)	50	775	38,750
2/1 (First Level)	50	884	44,200
2/1 (Upper Level)	50	919	45,950
	200		165,950

The following chart list the subject property's existing unit distributions by unit type, size and rent structure.

Unit Type	# of Units	Square Feet	Current Rent	Utility Allowance
1/1	100	758	\$900	N/A
2/1	100	902	\$1,050	N/A
	200			

The following chart lists the subject's proposed unit distribution by unit type, size and rent structure.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	100	758	60%	\$951	\$1,545	N/A	\$1,545
2/1	100	902	60%	\$1,141	\$1,685	N/A	\$1,685

Since the property will retain its Section 8 contract, the development's proposed gross rents are not tethered to the maximum allowable LIHTC rents. However, tenants will be required to pay no more than 30 percent of annual income toward rent and utilities. At no point will tenants be required to pay more than the maximum allowable LIHTC rent.

Income Averaging

The developer has not elected the income-averaging option.



Housing Profile

The rental housing stock in the market area is comprised of single-family homes and market-rate and income-restricted apartment complexes. The current vacancy rate in surveyed income-restricted apartment complexes is 2.1 percent. The current vacancy rate in surveyed market-rate apartment complexes is 0.8 percent. The current vacancy rate of the competitive properties in the market area is 2.1 percent.

The proposed rehabilitation of the existing Section 8 and LIHTC development will not have an adverse impact on the market area. As complete, the property will be 100 percent LIHTC at 50 percent of the area median income and will also be Section 8. There were six income-restricted developments, including the subject, confirmed in the market area. Of the confirmed income-restricted developments, all directly compete with the subject. All competing developments maintain high occupancy rates, and most maintain waiting lists from the subject could draw residents. Therefore, it does not appear the market area is saturated with affordable housing.

Market Feasibility

The following tables show the capture rates for the rehabilitated development both with and without considering subsidies.

CAPTURE RATE - WITH SUBSIDY	
Project Wide Capture Rate - LIHTC Units	2.8%
Project Wide Capture Rate - Market Units	----
Project Wide Capture Rate - All Units	2.8%
Project Wide Absorption Rate (Months)	N/A

CAPTURE RATE - WITHOUT SUBSIDY	
Project Wide Capture Rate - LIHTC Units	9.1%
Project Wide Capture Rate - Market Units	----
Project Wide Capture Rate - All Units	9.1%
Project Wide Absorption Rate	12-19 Months

The market shows a net demand of 7,177 households for all units when considering the Section 8 subsidy and a net demand of 2,198 households for all units when not considering the Section 8 subsidy. The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied, with one vacant one-bedroom unit and three vacant two-bedroom units. The property has a waiting list with 104 applicants. As complete, the property will continue to be Section 8 and will also be 100 percent LIHTC at 50 percent of the area median income. As the property will retain its Section 8 contract, all existing tenants will be income-eligible for the units once the rehabilitation is complete. If the property were to lose its Section 8 contract, none of the existing tenants would remain income-eligible; therefore, all of the subject's 200 units would need to be absorbed into the market. The capture rate, when considering the Section 8 subsidy, is 2.8 percent and is considered good. The capture rate, without considering the subsidy, is 9.1 percent, which is also considered good due to the existing waiting lists and high occupancy rates of LIHTC properties in the market area as well as the current population and household growth and stable economic factors. Therefore, it is the belief of the analysts, that the property will continue to be viable within the market area and would be so even if it were entirely vacant. Consequently, it is firmly believed that the rehabilitated development will continue to satisfy a portion of the demand for senior rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.



Evaluation of Project

The property is easily accessed via Mytilene Drive. Mytilene Drive connects to 76th Street which connects to Martha Lee Drive. Martha Lee Drive connects to U.S. Highway 258, a major thoroughfare in the city, which connects to Interstate 64. Therefore, the subject has average visibility and easy access. The subject's existing site plan and project design are similar to competing apartment developments. The subject's existing unit mix of one- and two-bedroom units is suitable in the market.

Positive/Negative Attributes

Strengths: The subject's location is comparable to other developments in the market area. Its current and proposed in-unit and common area amenities will be competitive with the other developments in the market area. When these factors are taken into consideration, the subject's rehabilitated units will provide a good value to prospective tenants.

Weaknesses: There are no apparent weaknesses.

Conclusions

The subject can retain its required share of the market area for the following reasons:

- The subject's rehabilitated design and amenities will be competitive with other existing projects. Therefore, no modifications to the subject are necessary.
- Once rehabilitation is complete, the subject will be superior in condition when compared to the majority of the current housing stock
- The market area's population and households are projected to increase through 2027, indicating a need for additional housing the market area. In addition, all restricted properties confirmed maintain high occupancy rates, and many maintain waiting lists, it appears the market is not oversaturated with affordable rental housing.
- City Line Apartments is an existing 200-unit Section 8 and LIHTC development that will be rehabilitated. Once rehabilitated is complete, the subject will continue to be Section 8 and will also be 100 percent LIHTC at 50 percent of the area median income. Therefore, the rehabilitated subject will continue to be a great asset to the area.
- The subject is an existing Section 8 and LIHTC development that is currently 98 percent occupied, with one one-bedroom unit and three two-bedroom units vacant. The property has a waiting list with 104 applicants. As the property will retain its Section 8 contract, all existing tenants will be income-eligible for the units once the rehabilitation is complete. If the property were to lose its Section 8 contract, none of the existing tenants would remain income-eligible, and all 200 units would need to be absorbed into the market. After considering all factors, it is estimated that the subject property could absorb 10 to 15 units per month, resulting in a 95 percent occupancy level within 12 to 19 months.
- According to the past, present and future demographic and economic trends within the primary market area, it is the opinion of the analyst that the rehabilitated development will be suitable for the market area. Given the current low vacancy rates for income-restricted properties as well as the waiting lists at most properties, the development will not have an adverse effect on the existing rental comparables and the anticipated pipeline additions to the rental base.

MARKET STUDY ANALYST STATEMENT OF EXPERIENCE



Qualifications of the Analyst

Gill Group is a nationwide marketing and real estate consulting firm specializing in market studies and real estate appraisals for low-income housing developments. For more than 30 years, Gill Group has been performing market research and appraisals on all types of properties. Primary data from field inspectors, analysts and appraisers is used. Our inspectors, analysts and appraisers personally inspect and examine every property included in the reports. Additional data is obtained from the U.S. Census Bureau, local public officials and reliable market data research companies such as ESRI Business Information Solutions. Gill Group's market studies have been used by clients in the Low Income Housing Tax Credit program and in obtaining and renewing state and federal subsidies for low-income housing developments and multifamily rental housing. Jonathan Richmond has been active in the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (M.A.P.) and Mark-to-Market programs.



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OVERVIEW	Multifamily and commercial experience specializing in work for private contractors, the Department of Housing and Urban Development (HUD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program. Has completed over 100 market studies in the past five years.
ACCREDITATIONS	State Certified Real Estate Appraiser Missouri State License Number 2014040824 Housing Credit Certified Professional (HCCP) National Council of Affordable Housing Market Analysts (NCAHMA)
EMPLOYMENT	Hanley Wood 2001 – 2005 Specialized in Market Research Coordination by providing residential construction information for residential real estate development and new home construction. Gill Group 2005 – Present Specializes in multi-family market studies, appraisals, and physical inspections.
EDUCATION	Bachelor of Science in Business Administration/Management <i>The University of Phoenix</i> Advanced Microsoft Excel Training <i>New Horizons Microsoft Excel 2003-Level 2</i> State Registered Appraiser of Real Estate <i>Steve W. Vehmeyer Appraisal School</i> General Education Classes <i>Manatee Community College</i>
EXPERIENCE (2008 TO PRESENT)	Provider of appraisals for HUD, Public Housing Authorities, Property Management Companies, Non-Profit Entities, For-Profit Entities, Commercial Property Chains, Banks and Lenders everywhere. Inspector for Gill Group Provides Property Condition Assessments for the following property types: <ul style="list-style-type: none">• Multi-Family• Office Provided Inspections for the following property types



- Single-Family
- Multi-Family
 - o Conventional
 - o Section 8
 - o Section 42 w/File Audits
 - o Section 202
 - o Section 221(d)(3)
 - o Section 221(d)(4)
 - o Section 236
- Hotels
- Motels
- Department Stores
- Retail Centers
- Warehouse
- Large, Multi-Unit Mini-Storage Facilities

RECENT PROJECTS

Proposed 52 Unit Family Complex – Guthrie, OK
43 Unit Multifamily Property – Waggaman, LA
32 Unit Multifamily Property – Waggaman, LA
24 Unit Family Complex – Republic, MO
112 Unit Multifamily Apartment Complex – Santa Clara, CA
28 Senior Unit Property – Ozark, AR
19 New Construction Single Family Homes – Butler, MO
44 Unit Multifamily Property – Nevada, MO
52 Senior Unit Complex – Savannah, MO
36 Unit Multifamily Property – Corbin, KY



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OVERVIEW	Extensive multifamily experience specializing in work for the Department of Housing and Urban Development (HUD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program. Also, many years of experience with nursing homes and typical commercial appraisals.
ACCREDITATIONS	MAI Designated Member of the Appraisal Institute State Certified General Real Estate Appraiser Missouri State License Number: 2002024410 Virginia State License Number: 4001016982 Maryland State License Number: 32198 Also regularly receives temporary licenses in the following states: Colorado, Florida, Hawaii, Minnesota, Oklahoma and Texas.
EDUCATION	Bachelor of Science Degree <i>Southeast Missouri State University</i> Associate of Arts Degree <i>Three Rivers Community College</i> Professional Standards of Practice <i>National Association of Independent Fee Appraisers</i> Introductions to Income Properties <i>National Association of Independent Fee Appraisers</i> Concepts, Terminology & Techniques <i>National Association of Independent Fee Appraisers</i> Financial Analysis of Income Properties <i>National Association of Independent Fee Appraisers</i> 1.4B Report Writing-Non Residential Real Estate Appraising <i>National Association of Independent Fee Appraisers</i> Principles of Residential Real Estate Appraising <i>National Association of Independent Fee Appraisers</i> 1.4A Report Writing-Residential Real Estate Appraising <i>National Association of Independent Fee Appraisers</i> Economics I <i>Three Rivers Community College</i> 1.4A Report Writing Non-Residential Real Estate Appraising <i>National Association of Independent Fee Appraisers</i> Advanced Highest & Best Use and Market Analysis <i>Appraisal Institute</i> Advanced Sales Comparison & Cost Approaches <i>Appraisal Institute</i> Advanced Income Capitalization <i>Appraisal Institute</i>



Report Writing & Valuation Analysis

Appraisal Institute

National USPA Update

McKissock

**EXPERIENCE
(1991 TO PRESENT)**

Primary provider of HUD Mark-to-Market Full Appraisals for mortgage restructuring and Mark-to-Market Lites for rent restructuring. Have worked with HUD in this capacity for several years.

Contract appraiser for Kentucky Housing Corporation for the eastern half of the State of Kentucky.

Provider of nursing home appraisals and hotel appraisals as well as typical commercial appraisals nationwide.

Provider of HUD Rent Comparability Studies for contract renewal purposes nationwide.

Partial list of clients include: Boston Capital, Colorado Housing Finance Agency, CreditVest, Inc., Foley & Judell, LLP, Kentucky Housing Corporation, Kitsap County Consolidated Housing Authority, Louisiana Housing Finance Agency, Missouri Housing Development Agency, New Mexico Mortgage Finance Authority, Ontra, Inc., Quadel Consulting Corporation, Reznick Group, Siegel Group, Signet Partners and Wachovia Securities.



Certificate of Professional Designation

This certificate verifies that

Samuel Todd Gill
Gill Group, Inc.

*Has completed NCHMA's Professional Designation Requirements
and is hence an approved member in good standing of:*



Formerly known as
NCAHMA

National Council of Housing Market Analysts
1400 16th St. NW
Suite 420
Washington, DC 20036
202-939-1750

Membership Term
1/1/2022 to 12/31/2022



Thomas Amdur
President, NCHMA



We affirm that we have made a physical inspection of the site and market area. We also affirm that the appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units. To the best of our knowledge the market can support the demand shown in this study. We understand that any misrepresentations in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by the Virginia Housing. We also affirm that neither we nor anyone at our firm has any interest in the proposed development or relationship with the ownership entity. In addition, we affirm that neither we nor anyone at our firm nor anyone acting on behalf of our firm in connection with the preparation of this report has communication 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. Finally, we affirm that compensation for our services is not contingent upon this development receiving a reservation or allocation of tax credits.

IN PROGRESS

Jonathan Richmond
Market Analyst

IN PROGRESS

Janice F. Gill, MAI
Market Analyst

Date: April 6, 2022

ADDENDUM A – DATA SOURCES

2000 U.S. Census
2010 U.S. Census
American Community Survey
Claritas; Ribbon Demographics (A nationally recognized demographics forecaster)
U.S. Bureau of Labor Statistics

Information used in the market study was obtained from various sources including: the U.S. Census Bureau, Ribbon Demographics, U.S. Bureau of Labor Statistics, interviews with local area and government officials and interview with local property owners or managers.

ADDENDUM B – MARKET STUDY TERMINOLOGY

Absorption Period

The period of time necessary for a newly constructed or renovated property to achieve the Stabilized Level of Occupancy. The Absorption Period begins when the first temporary or permanent certificate of occupancy is issued and ends when the last unit to reach the Stabilized Level of Occupancy has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is expected to begin should accompany all absorption estimates.

Absorption Rate

The average number of units rented each month during the Absorption Period.

Acceptable Rent Burden

The rent-to-income ratio used to qualify tenants for both income restricted and non-income restricted units. The Acceptable Rent Burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.

Affordable Housing

Housing where the tenant household pays no more than 30 percent of its annual income on Gross Rent.

Amenity

Tangible or intangible benefits offered to a tenant at no fee (with the exception of day care), typically on-site recreational facilities or planned programs, services and activities.

Annual Demand

The total estimated demand present in the market in any one year for the type of units proposed. Annual demand estimates factor in tenure, tenant age, income restrictions, family size and turnover.

Area Median Income (AMI)

One-hundred percent of the gross median household income for a specific metropolitan statistical area, county or non-metropolitan area established annually by HUD.

Assisted Housing

Housing where the monthly costs to the tenants are subsidized by federal, state or other programs.

Attached Housing

Two or more dwelling units connected with party walls (e.g., townhouses or flats).

Basic Rent

The minimum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223 (d)(3) Below Market Interest Rate Program. The Basic Rent is calculated on the rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate Program (BMIR)

Program targeted to renters with income not exceeding 80 percent of area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.

Capture Rate

The percentage of age, size, and income qualified renter households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the Primary Market Area. See Penetration Rate for rate for entire market area.

Census Tract

A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD)

The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC)

Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Comparable Property

A market-rate or Affordable Housing property that is representative of the rental housing choices of the subject's Primary Market Area and that is similar in construction, size, amenities, or age. These Comparables and Competitives are generally used to derive market rent.

Competitive Property

A property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.

Concession

Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specified lease term or for free amenities which are normally charged separately (i.e., washer/dryer, parking).

Condominium

A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract Rent

1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenants, to the owner, inclusive of all terms of the lease (HUD & RD).
2. The monthly rent agreed to between a tenant and a landlord (Census).

Demand

An estimate of the total number of market households that have both the desire and the ability to obtain the product and/or services offered. These households must be of the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Difficult Development Area (DDA)

An area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130 percent of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached Housing

A freestanding dwelling unit, typically single-family, situated on its own lot.

Effective Rents

Market Rents less concessions.

Elderly or Senior Housing

Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80 percent of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

Extremely Low Income

Person or household with income below 30 percent of Area Median Income adjusted for household size.

Fair Market Rent (FMR)

The estimates established by HUD of the Gross Rents (Contract Rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40 percent of the rental units have rents below the FMR. In rental markets with a shortage of lower-priced rental units, HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents.

Family

A family consists of a householder (i.e., one who occupies or owns a house/head of a household) and one or more other persons living in the same household who are related to the householder by birth, marriage or adoption. Not all households contain families since a household may comprise a group of unrelated persons or one person living alone. (Source: U.S. Census)

Garden Apartments

Apartments in low-rise buildings (typically two to four stories) that feature low density, ample open-space around the buildings, and on-site parking.

Gross Rent

The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.

High-rise

A residential building having more than ten stories.

Household

All the persons who occupy a housing unit as their usual place of residence. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. (Source: U.S. Census)

Household Trends

Changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.g., at marriage or separation) and decreasing average household size.

Housing Unit

House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

Housing Choice Voucher (Section 8 Program)

Federal rent subsidy program under Section 8 of the U.S. Housing Act which issues rent vouchers to eligible households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30 percent of adjusted income (or 10 percent of gross income, whichever is greater). In cases where 30 percent of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.

Housing Finance Agency (HFA)

State or local agencies responsible for financing housing and administering Assisted Housing programs.

HUD Section 8 Program

Federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the Contract Rent and a specified percentage of tenant's adjusted income.

HUD Section 202 Program

Federal program which provides direct capital assistance (i.e., grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50 percent of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30 percent of tenant income.

HUD Section 811 Program

Federal program which provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50 percent of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.

HUD Section 236 Program

Federal program which provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80 percent of area median income who pay rent equal to the greater of Basic Rent of 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

Income Band

The range of incomes of households that can pay a specific rent but do not have more income than is allowed by the Income Limits of a particular housing program. The minimum household income typically is based on a defined Acceptable Rent Burden percentage and the maximum typically is pre-defined by specific programmatic requirements or by general market parameters.

Income Limits

Maximum household income by county or Metropolitan Statistical Area, adjusted for household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30, 50, 60 or 80 percent of AMI. HUD publishes Income Limits each year for 30 percent median, Very Low Income (50%), and Low-Income (80%), for households with one through eight people.

Infrastructure

Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Low Income

Person or household with gross household income below 80 percent of Area Median Income adjusted for household size.

Low Income Housing Tax Credit

A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60 percent or less of Area Median Income, and that the rents on these units be restricted accordingly.

Low Rise Building

A building with one to three stories.

Market Advantage

The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property.

Market Analysis

A study of real estate market conditions for a specific type of property.

Market Area

A geographic area from which a property is expected to draw the majority of its residents.

Market Area, Primary (PMA)

The most likely geographic area from which a property would draw its support.

Market Area, Secondary (SMA)

The portion of a market area that supplies additional support to an apartment property beyond that provided by the primary market area.

Market Demand

The number of units required in a defined market area to accommodate demand (i.e., households that desire to improve the quality of their housing without significantly increasing their economic burden). Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining demand.

Market Feasibility Analysis

An analysis that determines whether a proposed development can attain its target rents, taking into account the development's characteristics (location, size, unit mix, design and amenities), the depth of its target market, and the strength of its appeal in comparison to other existing and planned options available to potential consumers.

Market Rent

The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the open market considering its location, features, amenities. Market rent should be adjusted for concessions and owner paid utilities included in the rent.

Market Study

A comprehensive review of the housing market in a defined market area. A market study can be used to determine the demand for specific proposed development or to examine the overall condition of an area's housing market. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography. At a minimum, market studies include a review of location, economic conditions, demographics, and existing and proposed housing stock.

Marketability

The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

Market Vacancy Rate – Physical

Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same Market Area, excluding units in properties which are in the lease-up stage.

Market Vacancy Rate – Economic

Percentage of rent loss due to concessions and vacancies.

Metropolitan Statistical Area (MSA)

A geographic entity defined by the federal Office of Management and Budget, for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise

A building with four to ten stories.

Mixed Income Property

An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more Income Limits (i.e., Low Income Tax Credit property with income limits of 30, 50 and 60 percent).

Mobility

The ease with which people move from one location to another.

Moderate Income

Person or household with gross household income between 80 and 120 percent of Area Median Income adjusted for household size.

Move-Up Demand

An estimate of how many consumers are able and willing to relocate to more expensive or desirable units, such as tenants who move up from Class C properties to Class B; and Class B tenants that move up to Class A properties; and tenants that move from Class C and B properties to a new superior Low Income Tax Credit property. For purposes of demonstrating move-up demand both changes in Class Construction Type and changes in Quality Classification of five or more may be considered (Reference the Virginia State Board of Equalization Assessor's Handbook Section 531, January 2003, pages 4-5 for definitions of Class and Quality Classifications.)

Multifamily

Structures that contain two or more housing units.

Neighborhood

An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

Net Rent (also referred to as Contract or Lease Rent)

Gross Rent less Tenant Paid Utilities.

Penetration Rate

The percentage of age and income qualified renter households in the Primary Market Area that live in all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. See Capture Rate for property specific rate.

Pent-up Demand

A market in which there is a scarcity of supply and vacancy rates are very low.

Population Trends

Changes in population levels for a particular area over a specific period of time – which is a function of the levels of births, deaths, and net migration.

Primary Market Area

See Market Area

Programmatic Rents

The proposed rents for a Tax Credit or other income restricted property relative to comparable market rate properties and rents being achieved at another Low Income Housing Tax Credit or other income restricted properties in the market. Can be no greater than maximum rents permitted by the Low Income Housing Tax Credit or other program regulations.

Project Based Rent Assistance

Rental assistance from a federal, state or local program that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Public Housing or Low Income Conventional Public Housing

HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.

Qualified Census Tract (QCT)

Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50 percent of households have an income less than 60 percent of Area Median Income or where the poverty rate is at least 25 percent. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130 percent of eligible basis for the purpose of calculating the Tax Credit allocation.

Redevelopment

The redesign or rehabilitation of existing properties.

Rent Burden

Contract Rent plus Tenant Paid Utilities divided by the gross monthly household income.

Rent Burdened Households

Households with rent burden above the level determined by the lender, investor or public program to be an acceptable rent-to-income ratio.

Restricted Rent

The maximum allowable rent under the restrictions of a specific housing program or subsidy.

Rural Development (RD) Market Rent

A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an un-subsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD property.

Rural Development (RD) Program

Federal program which provides low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, whichever is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.

Saturation

The point at which there is no longer demand to support additional units.

Secondary Market Area

The portion of a market area that supplies additional support to an apartment property beyond that provided by the Primary Market Area.

Single-Family Housing

A dwelling unit, either attached or detached, designed for use by one household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

Special Needs Population

Specific market niche that is typically not catered to in a conventional apartment property. This population should exhibit certain criteria, which can be well defined, in order, for example, to assess the need and demand from this source. Examples of special needs populations include substance abusers, visually impaired person or persons with mobility limitations.

Stabilized Level of Occupancy

The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units. For TCAC projects these percentages are equal to a physical occupancy rate that will generate 90 percent of aggregate restricted rents for SRO and Special Needs units and generate 95 percent of aggregate restricted rents for all other types of units.

State Data Center (SDC)

A state agency or university facility identified by the governor of each state to participate in the U.S. Census Bureau's cooperative network for the dissemination of the census data.

Subsidy

Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's Contract Rent and the amount paid by the tenant toward rent.

Substandard Conditions

Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.

Target Income Band

The estimated Income Band from which the subject will likely draw tenants.

Target Population

Market niche a development will appeal or cater to. State agencies often use Target Population to refer to various income set asides, elderly v. family, etc.

Tenant

One who rents real property from another.

Tenant Paid Utilities

The cost of utilities necessary for the habitation of a dwelling unit, which are paid by the tenant. Tenant Paid Utilities do not include costs for telephone or cable service.

Tenure

The distinction between owner-occupied and renter-occupied housing units.

Townhouse (or Row House)

Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a row house.

Turnover

An estimate of the number of housing units in a Market Area as a percentage of total housing units in the Market Area that will likely change occupants in any one year. Only turnover in the primary market area rental market (i.e., number of rental housing units as a percentage of total rental housing units that will likely change occupants) shall be considered for purposes of constructing demand estimates. See Vacancy Period.

Unmet Housing Need

New units required in the Market Area to accommodate household growth, homeless households, and housing in substandard conditions.

Unrestricted Rents

The recommended rents for the market rate units at a Mixed-Income Property.

Vacancy Period

The amount of time that an apartment remains vacant and available for rent.

Vacancy Rate – Economic

Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The economic vacancy rate should be used exclusively for project rent proformas, and not for reporting the vacancy rate of rent comparables.

Vacancy Rate – Physical

The number of total habitable units that are vacant divided by the total number of units in the property. The physical vacancy rate shall be used when reporting comparable vacancy rates.

Very Low Income

Person or household whose gross household income does not exceed 50 percent of Area Median Income adjusted for household size.

Zoning

Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.

ADDENDUM C – NCHMA INDEX

NCHMA Market Study Index

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

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6	Project description including unit features and community amenities	19
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19	Recent or planned employment expansions/reductions	71
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20	Population and household estimates and projections	75
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22	Population and household characteristics including income, tenure, and size	75
23	For senior or special needs projects, provide data specific to target market	N/A
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24	Comparable property profiles and photos	98
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NCHMA Market Study Index

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

		Page Number(s)
29	Rental communities under construction, approved, or proposed	93
30	For senior or special needs populations, provide data specific to target market	N/A
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ADDENDUM D - SUBJECT INFO

Rent Schedule Low Rent Housing

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0012
(exp. 11/30/2020)

See page 3 for Instructions, Public Burden Statement and Privacy Act requirements.

Project Name City Line Apartments - VA36M000042	FHA Project Number N/A	Date Rents Will Be Effective (mm/dd/yyyy) 9/1/2020
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Part A - Apartment Rents

Show the actual rents you intend to charge, even if the total of these rents is less than the Maximum Allowable Monthly Rent Potential.

Col. 1 Unit Type (Include Non-revenue Producing Units)	Col. 2 Number of Units	Contract Rents		Col. 5 Utility Allowances (Effective Date (mm/dd/yyyy) / /)	Col. 6 Gross Rent (Col. 3 + Col. 5)	Market Rents (Sec. 236 Projects Only)	
		Col. 3 Rent Per Unit	Col. 4 Monthly Contract Rent Potential (Col. 2 x Col. 3)			Col. 7 Rent Per Unit	Col. 8 Monthly Market Rent Potential (Col. 2 x Col. 7)
1 Bedroom, Family	100	\$900	\$90,000	\$0	\$900	\$0	\$0
2 Bedroom, Family	100	\$1,050	\$105,000	\$0	\$1,050	\$0	\$0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
			0		0		0
Total Units	200	Monthly Contract Rent Potential (Add Col. 4)* \$195,000				Monthly Market Rent Potential (Add Col. 8)* \$0	
		Yearly Contract Rent Potential (Col. 4 Sum x 12)* \$2,340,000				Yearly Market Rent Potential (Col. 8 Sum x 12)* \$0	

* These amounts may not exceed the Maximum Allowable Monthly Rent Potential approved on the last Rent Computation Worksheet or requested on the Worksheet you are now submitting. Market Rent Potential applies only to Section 236 Projects.

Part B - Items Included in Rent

Equipment/Furnishings in Unit (Check those included in rent.)

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Range | <input type="checkbox"/> Dishwasher | <input checked="" type="checkbox"/> Smoke Detector |
| <input checked="" type="checkbox"/> Refrigerator | <input type="checkbox"/> Carpet | <input checked="" type="checkbox"/> Kitchen Exh. Fan |
| <input checked="" type="checkbox"/> Air Conditioner | <input type="checkbox"/> Drapes | <input checked="" type="checkbox"/> Bath Exhaust Fan |
| <input type="checkbox"/> Disposal | <input checked="" type="checkbox"/> Vertical Blinds | <input checked="" type="checkbox"/> VCT Tile |

Utilities (Check those included in rent. For each item, (even those not included in rent), enter E, F, or G on line beside that item)
E=electric; G=gas; F=fuel oil or coal.

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Heating <u>G</u> | <input checked="" type="checkbox"/> Hot Water <u>G</u> | <input checked="" type="checkbox"/> Lights, etc. <u>E</u> |
| <input checked="" type="checkbox"/> Cooling <u>E</u> | <input checked="" type="checkbox"/> Cooking <u>G</u> | <input checked="" type="checkbox"/> Water/Sewer |

Services/Facilities (check those included in rent)

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Parking | <input checked="" type="checkbox"/> Trash Removal | <input type="checkbox"/> Nursing Care |
| <input checked="" type="checkbox"/> Laundry | <input checked="" type="checkbox"/> Landscaping | <input type="checkbox"/> Linen/Maid Service |
| <input type="checkbox"/> Swimming Pool | <input checked="" type="checkbox"/> Playground | <input checked="" type="checkbox"/> Basketball Court |
| <input type="checkbox"/> Tennis Courts | <input checked="" type="checkbox"/> Exterminator | |

Part C - Charges in Addition to Rent (e.g., parking, cable TV, meals)

Purpose	Monthly Charge
NONE	\$ 0.00
	\$
	\$
	\$
	\$
	\$ 0.00

Part D - Non-Revenue Producing Space

Col. 1 Use	Col. 2 Unit Type	Col. 3 Contract Rent
Manager's Unit	2 Bedroom, Family	\$1,050
Total Rent Loss Due to Non-Revenue Units		\$ 1,050

Part E - Commercial Space (retail, offices, garages, etc.)

Col. 1 Use	Col. 2 Monthly Rent Potential	Col. 3 Square Footage	Col. 4 Rental Rate Per Sq. Ft. (Col. 2 divided by Col. 3)
NONE	\$0	0	0
		\$ 0	Total Commercial Rent Potential

Part F - Maximum Allowable Rent Potential

Enter Maximum Allowable Monthly Rent Potential From Rent Computation Worksheet (to be completed by HUD or lender)	\$ 193,950
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Part G – Information on Mortgagor Entity

Name of Entity

Lighthouse City Line, LLC

Type of Entity

- Individual General Partnership Joint Tenancy/Tenants in Common Other (specify) Limited Liability Company
 Corporation Limited Partnership Trust

List all Principals Comprising Mortgagor Entity: provide name and title of each principal. Use extra sheets, if needed. If mortgagor is a:
• corporation, list: (1) all officers; (2) all directors; and (3) each stockholder having a 10% or more interest.
• partnership, list: (1) all general partners; and (2) limited partners having a 25% or more interest in the partnership.
• trust, list: (1) all managers, directors or trustees and (2) each beneficiary having at least a 10% beneficial interest in the trust.

Name and Title

Meyer Orbach

Sole Member

Name and Title

Part H – Owner Certification

To the best of my knowledge, all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name and Title

Meyer Orbach - Sole Member

Authorized Official's Signature

Date (mm/dd/yyyy)

Part I – HUD/Lender Approval

Addendum Number

Branch Chief/Lender Official Signature

HAP Contract Number

VA36M000042

Date (mm/dd/yyyy)

Exhibit Number

Director, Housing Management Division Signature

Loan Servicer Signature

Date (mm/dd/yyyy)

Date (mm/dd/yyyy)

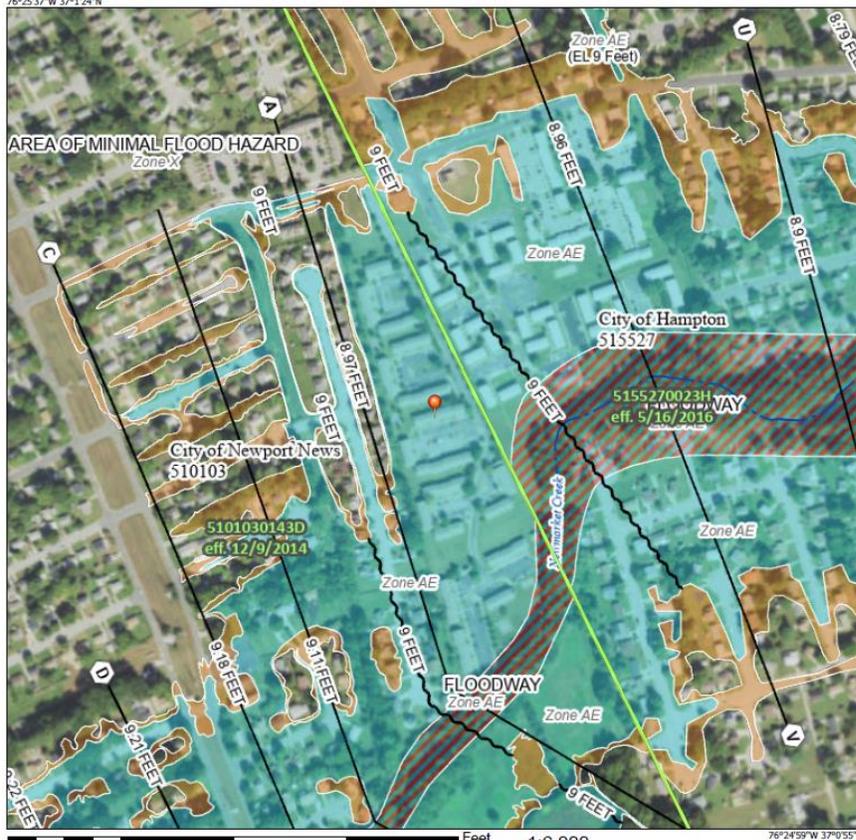
City Line Apartments 155 Mytilene Drive Newport News, VA 23605			<i>Non Prevailing Wages</i>
			<u>Unit Types</u>
			1 Bed/1 Bath
			2 Bed/ 1 Bath
			<u>Total Units</u>
			Bedrooms
			Bathrooms
Area Of Work	Cost Code	Description	Quantity
<i>Resilient Flooring</i>		Laundry Rooms - Install New LVP Flooring with Cove Base	6
<i>Plumbing and Hot Water</i>		Laundry Rooms - Install New Wash Boxes W/ Leak Sensor	18
<i>Painting And Decorating</i>		Laundry Rooms - Full Paint	6
<i>Electrical</i>		Laundry Rooms - Install New Light Fixtures	6
<i>Countertop</i>		Laundry Rooms - Install Folding Countertop	6
Community Room			
<i>Window Coverings</i>		Supply and Install Leasing Office Window Coverings	1
<i>Signage</i>		Install New Community and Common Area Signage	1
<i>Painting And Decorating</i>		Leasing Office - Full Paint	1
<i>Flooring</i>		Leasing Office - Install New Flooring	1
<i>Electrical</i>		Leasing Office - Install New Light Fixtures	1
Site Work			
<i>Demolition</i>		Site Demo and Hauloff	1
<i>Asphalt</i>		Asphalt - Repair, Seal, Stripe, and Signage	1
<i>Concrete</i>		Allowance - ADA Path of Travel Improvements	1
<i>Concrete</i>		Allowance - Install New ADA Curb and Ramps with Truncated Domes	15
<i>Concrete</i>		Allowance - Install New ADA Ramps to Units	10
<i>Concrete</i>		ADA Parking Improvements	15
<i>Concrete</i>		Allowance - Repair Concrete Trip Hazards	2500
<i>Concrete</i>		Trash Enclosures - Install New Concrete Pad	12
<i>Metals</i>		Allowance - Install New Exterior Handrails	1000
<i>Metals</i>		Trash Enclosures - Install New Fence w/ Bollards	12
<i>Metals</i>		Install New Chain-link Fence	1700
<i>Landscaping</i>		Allowance - Tree Trimming and Removal	1
<i>Landscaping</i>		Allowance - Landscaping and Retaining walls	1
<i>Earthwork</i>		Allowance - Grading and Earthwork	1
Building Scope of Work			
<i>Masonry</i>		Allowance - Building Tuckpointing	18

ADDENDUM E – FLOOD DATA

National Flood Hazard Layer FIRMette



76°25'37"W 37°12'24"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000
 Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE) Zone A, V, AB99
- With BFE or Depth Zone AE, AD, AH, AN, VE, AR
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD

- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
- Future Conditions 1% Annual Chance Flood Hazard Zone X
- Area with Reduced Flood Risk due to Levee. See Notes. Zone X
- Area with Flood Risk due to Levee Zone D

OTHER AREAS

- NO SCREEN Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES

- Digital Data Available
- No Digital Data Available
- Unmapped

MAP PANELS

- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/5/2022 at 8:59 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.