

5837 Burton Station Road

Senior Housing Development



Market Study

Submitted to:

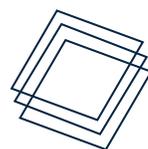
Ashley Jarvis

Virginia Beach Community
Development Corporation

March 8, 2022

Market Study Report

Prepared By:



AREAPROBE



March 3, 2022

Ms. Ashley Jarvis
Virginia Beach Community Development Corporation
2400 Potters Road
Virginia Beach, VA 23454

Re: Market Study – Tranquility at the Lakes II

Dear Ms. Ashley Jarvis,

Attached is our market study for the construction of a new apartment complex at 5837 Burton Station Road, Virginia Beach VA 23455. The report shows full market support for the development based on the information provided for this study. This assessment is prepared according to the 2021 NCHMA market study requirements and the VHDA requirements.

Sincerely,

C.M. Leatham

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



TABLE OF CONTENTS

Analyst Statement.....	Page 4
Introduction and Scope of Work	
Executive Summary.....	Page 5
Unit Mix Distribution.....	Page 5
Proposed Rents.....	Page 7
Vacancy Rate.....	Page 7
Achievable Rents.....	Page 8
Market Rate Advantage.....	Page 9
Absorption Rate.....	Page 9
Recommendations.....	Page 10
Project Description.....	Page 11
Site Location	Page 12
Property Photos	Page 13
Building Plans....	Page 18
Primary Market Area.....	Page 23
Neighborhood Amenities	Page 24
Demographic Analysis.....	Page 27
Zoning.....	Page 30
Flood Zone Analysis.....	Page 31
LIHTC Competitive Environment.....	Page 32
Employment Statistics.....	page 35
For-Sale Housing Analysis.....	Page 36
Crime Statistics.....	Page 40
Building Permits.....	Page 41
Development Pipeline.....	page 43
Demand Analysis.....	Page 45
Appendix.....	page 50

ANALYST STATEMENT

The proposed Subject Property consists of 38 income-restricted units (4 units at 40% of AMI, 15 units at 50% of AMI, 19 units at 60% of AMI).

The purpose of this report is to provide an analysis of the primary market area to evaluate demand, and market feasibility for the new construction of a 38-unit affordable housing property to be constructed by the client situated at 5837 Burton Stanton Road, Virginia Beach VA 23455.

The intent is to provide housing for low-income senior residents (ages 62+) earning between 40 and 60 percent AMI. The market study was completed consistent with VHDA, National Council for Housing Market Analyst (NCHMA) guidelines and the Uniform Standards of Professional Practice (USPAP).

This report was prepared after multiple site visits in February of 2022 and collection of market data through conversations with property managers in the surrounding area and knowledgeable third-party data sources. During visits, Area Probe personnel toured the property and made visual observations of the grounds, public corridors, parking, supportive retail, and neighborhood activity.

This report is intended to fairly represent our professional opinion. The purpose, intended use, and function of the report is to assess the marketability of the subject property for tax credit application purposes.

Sincerely,

C.M. Leatham

Mr. Curvin Leatham, CRE
Founder & Chief Executive Officer
NCHMA Member Approved Market Analyst
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Mrs. Erica Renfro
VP of Market and Feasibility Studies
LIHTC Specialist
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EXECUTIVE SUMMARY

AreaProbe was commissioned by Virginia Beach Community Development and Seniors Unlimited Lifestyles Inc to prepare a market study to evaluate the demand for housing at 5837 Burton Station Road, Virginia Beach VA 23455 (“Subject Property”). The market study will be included as part of their application for Low-Income Housing Tax Credits (LIHTC) per the requirements of the Internal Revenue Code and the Qualified Allocation Plan (“QAP”) of Virginia for approval from Virginia Housing, the state credit agency. AreaProbe recognizes Virginia Housing as an authorized user of this market study and the represent made herein. AreaProbe a visited the site during the month of February without influence from the client or any representatives.

Overview

The Subject property will offer a mix of one-bedroom and two-bedroom unit floor plans when completed. The development plan calls for the construction of a 38-unit affordable multi-family housing development targeting elderly households earning up to 60 percent AMI (area median income).

We fully support the development as specified in the project scope provided by the client. We expect the residential units proposed to fully lease within 3 months after construction of the property. As part of our examination of the market, AreaProbe conducted a demand analysis to identify the total number of eligible renters within the PMA (primary market area), to lease each of the 38 units, management needs to capture less than 2 percent of the addressable market. This is a favorable attribute and supports the intentions of the client.

Floor Plan & Unit Mix Distribution

Unit Mix					
Unit Type	Square Footage	Rent/Income Limit Target	HOME	Subsidized	Units
1 Bedroom	510 SF	40% of AMI	Yes	Yes	3
1 Bedroom	639 SF	40% of AMI	Yes	Yes	1
1 Bedroom	510 SF	50% of AMI	No	Yes	13
1 Bedroom	510 SF	60% of AMI	No	No	12
1 Bedroom	639 SF	60% of AMI	No	No	3
2 bedroom	831 SF	50% of AMI	Yes	Yes	2
2 bedroom	831 SF	60% of AMI	No	Yes	1
2 bedroom	831 SF	60% of AMI	No	No	3
Total					38

Source: Virginia Beach Community Development Corporation

EXECUTIVE SUMMARY

Proposed Floor Plan by AMI Distribution			
Floor Plan	40% AMI	50% AMI	60% AMI
1 BR - 510 SF	3	13	12
1 BR - 639 SF	1	-	3
2 BR - 831 SF	-	2	4
Total	4	15	19

Source: Virginia Beach CDC

Virginia Beach City Max Income Restriction (LIHTC) 2021						
HH Size	30%	40%	50%	60%	70%	80%
1 Person	\$ 17,750	\$ 23,680	\$ 29,600	\$ 35,520	\$ 41,430	\$ 47,350
2 Person	\$ 20,300	\$ 27,404	\$ 33,800	\$ 40,560	\$ 47,704	\$ 54,100
3 Person	\$ 22,850	\$ 30,440	\$ 38,050	\$ 45,660	\$ 53,290	\$ 60,850
4 Person	\$ 26,500	\$ 33,800	\$ 42,250	\$ 50,700	\$ 60,300	\$ 67,600
5 Person	\$ 31,040	\$ 36,520	\$ 45,650	\$ 54,780	\$ 67,560	\$ 73,050

Source: HUD

Project Capture Rate

The full lease each of the (38) rooms at the Subject Property management will need to capture 1.7% of the eligible renter market with subsidies or 2.2% without subsidies. This is a favorable metric when considering demand for the proposed housing project.

Project Wide Capture Rate – LIHTC:	1.7%
Project Wide Capture Rate Market Units:	0.0%
Project Wide Capture Rate – All Units:	1.7%
Project Wide Absorption Period (Months):	3 months

EXECUTIVE SUMMARY

Demand for HHs Earning Up to 60% AMI

With Housing Choice Vouchers	
VHDA DEMAND CALCULATION	
Income Restrictions	60%
Minimum Income Limits	-
Maximum Income Limit	\$ 45,660
Income-Qualified Renter Households	40%
Percentage of Rent-Overburdened Households	47.5%
New Rental Households	-178
+ Existing Overburdened Households	2203
+ Renters in Substandard Housing	154
+ Elderly Households - Likely to Convert to Rental Housing	44
+ Existing Qualifying Tenants to Remain After Renovation	0
TOTAL DEMAND	2223
- Compare Pipeline Units	
- Comparable Vacant Units	0
NET DEMAND	2223
Subject Proposed Units	38
CAPTURE RATE	1.7%
ESTIMATED ABSORPTION	3 Months

Source: AreaProbe Inc.

Virginia Beach Approved Voucher Rents

Current Housing Choice Voucher Payment Standards							
County/City	0BR	1BR	2BR	3BR	4BR	5BR	6BR
Virginia Beach City	\$1,092	\$1,116	\$1,312	\$1,843	\$2,246	\$2,582	\$2,919

Source: Virginia Housing

EXECUTIVE SUMMARY

Demand for HHs Without Subsidies

Without Housing Choice Vouchers	
VHDA DEMAND CALCULATION	
Income Restrictions	60%
Minimum Income Limits	\$ 24,000
Maximum Income Limit	\$ 45,660
Income-Qualified Renter Households	40%
Percentage of Rent-Overburdened Households	47.5%
New Rental Households	-162
+ Existing Overburdened Households	1754
+ Renters in Substandard Housing	92
+ Elderly Households - Likely to Convert to Rental Housing	35
+ Existing Qualifying Tenants to Remain After Renovation	0
TOTAL DEMAND	1719
- Compare Pipeline Units	
- Comparable Vacant Units	0
NET DEMAND	1719
Subject Proposed Units	38
CAPTURE RATE	2.2%
ESTIMATED ABSORPTION	3 Months

Source: AreaProbe Inc.

Conclusion: We fully support the proposed project as presented for the market analysis.

EXECUTIVE SUMMARY

LIHTC Rental Rates in the PMA

LIHTC properties in the immediate area are performing very well given the indicators shown below. Of the 758 units surveyed there were no vacant units available. This is consistent with phone conversations with several property managers that stated waiting lists of 30 – 50 applicants long to be placed in a restricted income unit.

Comparable Restricted Apartments								
Property Name	Units	1 BD Rent	1 BD SF	1 BD Price/SF	2 BD Rent	2BD SF	2 BD Price/SF	Occupancy
1 The Sands Apartments	120	\$917	569	\$1.61	\$1,089	1000	\$1.09	-
2 Lynn Haven Cove Senior Living Community	151	\$875	576	\$1.52	\$1,060	890	\$1.19	100%
3 Wesleyan Place Apartments	122	\$897	610	\$1.47	\$1,086	900	\$1.21	100%
4 Victoria Place Apartments	122	\$899	693	\$1.30	-	915	-	100%
5 Seaside Harbor	76	\$862	654	\$1.32	\$1,038	879	\$1.18	100%
6 Summer Haven	57	\$679	766	\$0.89	\$807	1065	\$0.76	100%
7 Friendship Village Apartments	110	\$785	656	\$1.20	\$945	883	\$1.07	100%
Total/ Average	758	\$845	646	\$1.33	\$1,004	933	\$1.08	100%
Vacancy Rate								0%

Source: AreaProbe Inc.

Achievable Rents

Based on our evaluation of the market, we believe management will be able to obtain the tenant base needed to lease the 38 units due to the type of housing that is being offered (elderly supportive housing) and the high demand for new and vacant housing in the area. If the proposed project was a market rate property, we believe management could attract \$1,220 per one bedroom unit monthly and \$1,703 per two-bedroom unit. With the proposed rent prices, tenants will save \$420 per month on the smaller 1-bedroom units and \$395 on the larger units at available at the subject property when compared to market rate apartments. It is estimated that tenants will save \$743 monthly on a 2-bedroom apartment with the proposed rent when compared to the average market rate price for a 2-bedroom unit.

Unit Type	Rent/Income Limit Target	HOME	Subsidized	# of Units	Proposed Rent	Achievable Rent	Average Mkt Rate	Average Restricted Rate	\$ Advantage
1 Bedroom	40% of AMI	Yes	Yes	3	\$1,126	\$1,126	\$1,220	-	-
1 Bedroom	40% of AMI	Yes	Yes	1	\$1,126	\$1,126	\$1,220	-	-
1 Bedroom	50% of AMI	No	Yes	13	\$1,126	\$1,126	\$1,220	-	-
1 Bedroom	60% of AMI	No	No	12	\$859	\$900	\$1,220	\$856	\$ (420)
1 Bedroom	60% of AMI	No	No	3	\$859	\$900	\$1,220	\$856	\$ (395)
2 bedroom	50% of AMI	Yes	Yes	2	\$1,297	\$1,297	\$1,703	-	-
2 bedroom	60% of AMI	No	Yes	1	\$1,297	\$1,297	\$1,703	-	-
2 bedroom	60% of AMI	No	No	3	\$1,007	\$1,100	\$1,703	\$1,066	\$ (743)

Source: AreaProbe Inc., Virginia Housing Development Authority

EXECUTIVE SUMMARY

Housing Choice Voucher Program (Section 8) Waitlist

There are 3,000 households on the waitlist for housing choice vouchers. The waitlist is currently closed according to the Virginia Beach Housing Authority.

Market Rate Advantage

Market Rate Advantage				
Floor Plan	1 Bedroom		2 Bedroom	
Market Rate Average	\$	1,339	\$	1,638
LIHTC Average	\$	845	\$	1,004
\$ Difference	\$	(494)	\$	(634)
% Difference		-37%		-39%

Source: AreaProbe, HUD

Absorption Rate

Based on the information shared to produce this study, we believe the Subject will stabilize in 3 months from the completion date due to pent up demand for affordable housing in the area, AreaProbe predicts there will be at least 5 pre-leased apartments because of the market anticipation and the existing waitlist in the PMA. The chart below reflects a very conservative estimate of the absorption rate.

Absorption Rate	
Time	Units leased
Pre-leased	5
30 Days	15
60 Days	10
90 Days	8

Property Amenities

- Community Room
- Internet included for all tenants
- Organized Activities and Group Outings
- Senior Resource Center on-site
- On-Site Laundry Facility

Recommendations

We recommend utilizing the modern property amenities such as controlled access, surveillance cameras, and COVID-19 prevention tactics when the property is completed. Aside from these factors, we recommend proceeding with the scope as proposed.

Pros

- Client has experience catering to the intended demographics
- Access to public parks, universities, beaches, and the Norfolk zoo
- Internet included for all tenants
- Proximity to grocery stores, banks, and public services
- Within walking distance to at least 1 bus line for transportation access
- Development will provide new quality affordable housing options which should attract potential renters

Cons

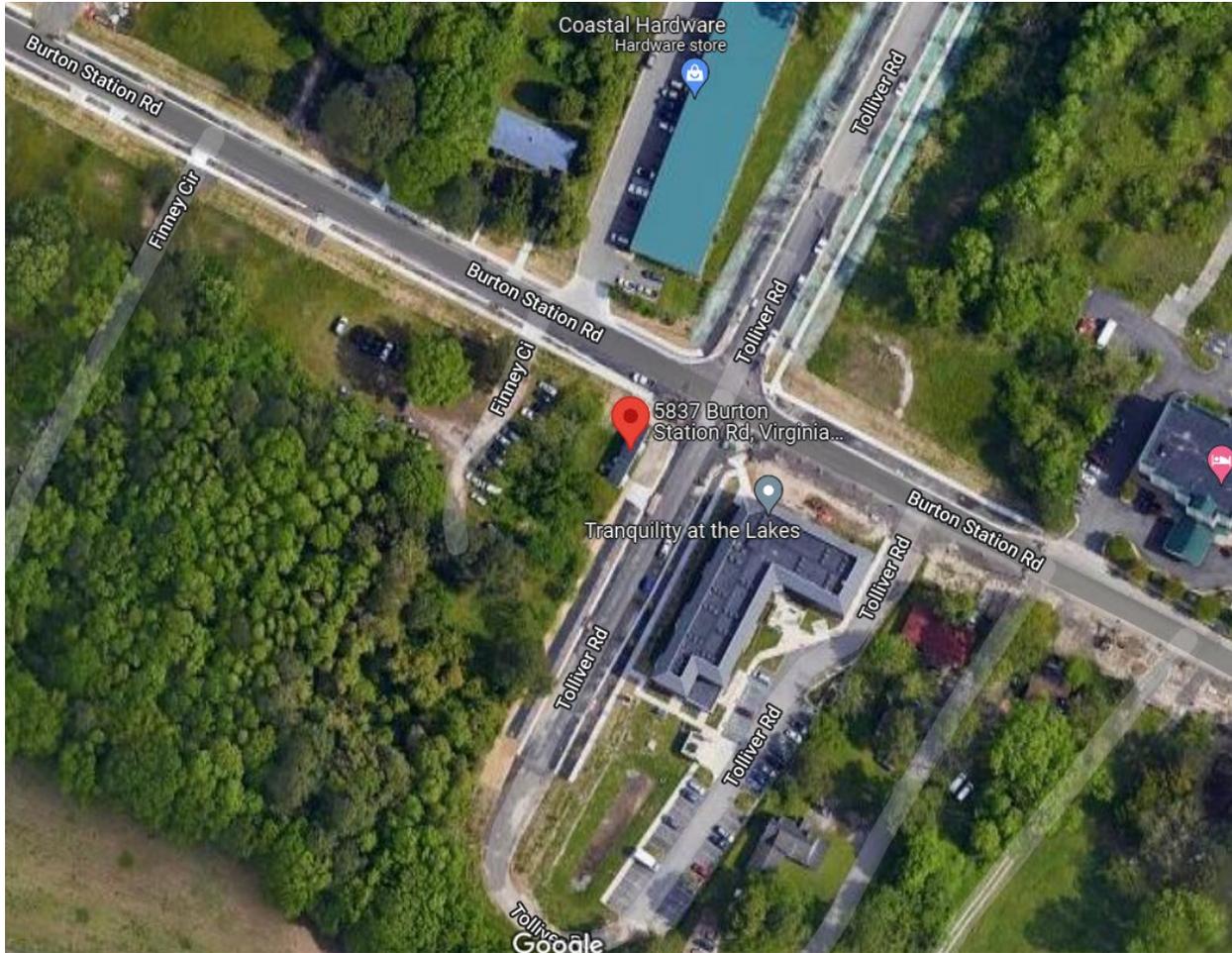
- Distance from full-service health care center

PROJECT DESCRIPTION – SCOPE OF WORK

Purpose:	For-Lease Affordable Housing
Program:	LIHTC
Occupancy Type:	Elderly Supportive
Number of Units:	38
AMI Distribution:	4 – 1 Bedroom @ 40% AM, 13 – 1 Bedrooms at 50%, 2 – 2 Bedrooms @ 50%, 15 – 1 Bedrooms at 60%, 4 – 2 Bedrooms at 60%
Construction Type:	New Construction
Street Address:	5837 Burton Station Road, Virginia Beach, Virginia
Parcel Number:	Square: 5842 Lots: 0015 -0021
Primary Use:	Low-rise multi-family residential facility
Year Built & Age:	New Construction (Late 2023/Early 2024)
Number of Stories:	3 stories (including partially above-grade basement level)
Total Building Area:	To be determined
Zoning:	R-5D
Flood Zone:	X – No Flood Risk
No. of On-Site Parking Spaces:	43
No. of On-Site Handicap Parking Spaces:	6

PROPERTY LOCATION

SITE LOCATION



Source: GoogleMaps

Address: 5837 Burton Station Rd
East: Tolliver
North: Burton Station
West: Finney Circle
South: North Hampton Blvd

Walkscore: 32– Car Dependent
TransitScore: 26 – Some Transit

Classification: Multifamily Elderly Housing

Photos of Surrounding Area



Source: AreaProbe Inc.

PROJECT DESCRIPTION – PROPERTY PHOTOS

Photos of Surrounding Area



PROJECT DESCRIPTION – SURROUNDING AREA PHOTOS

Photos of Surrounding Area

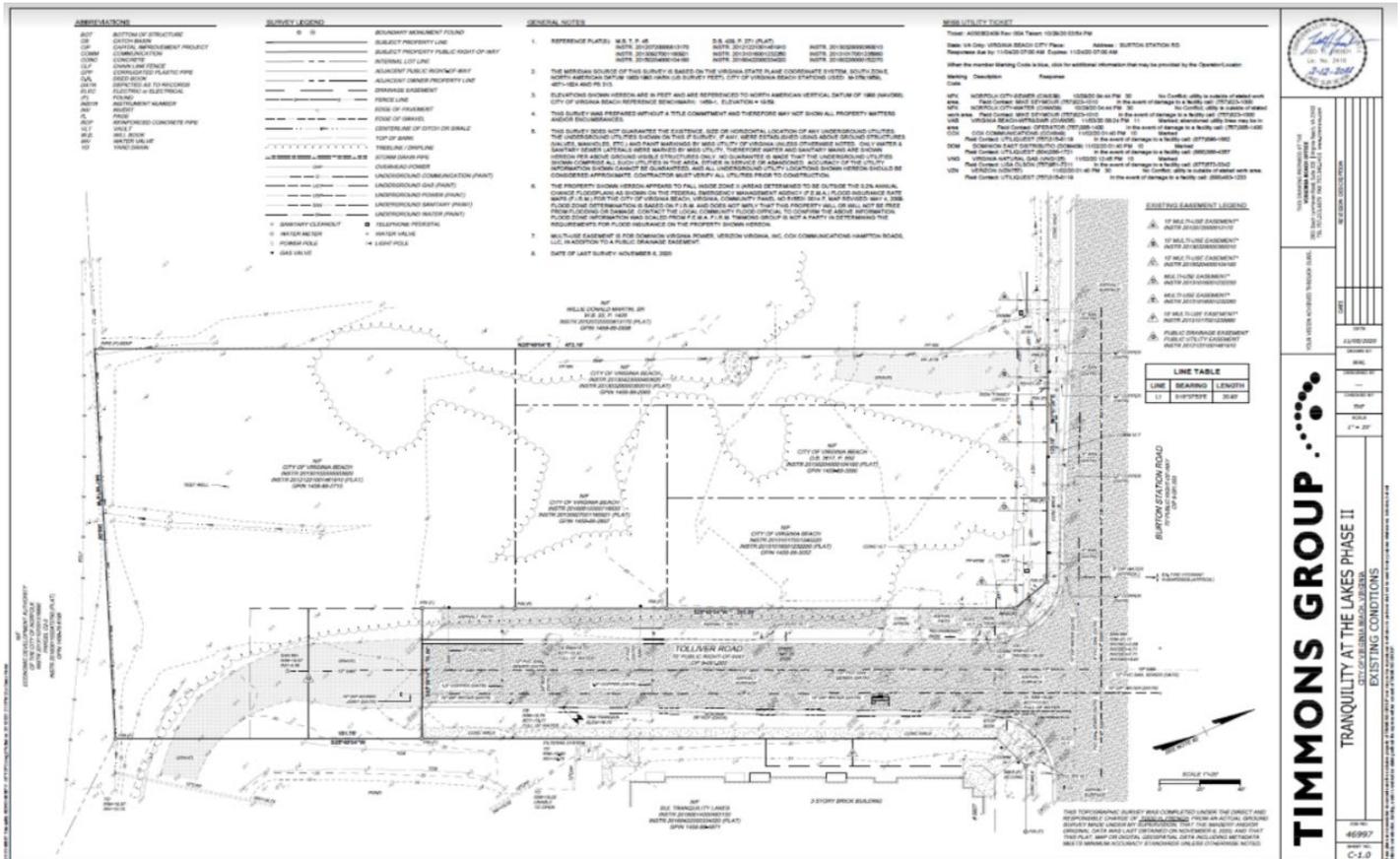


Photos of Surrounding Area



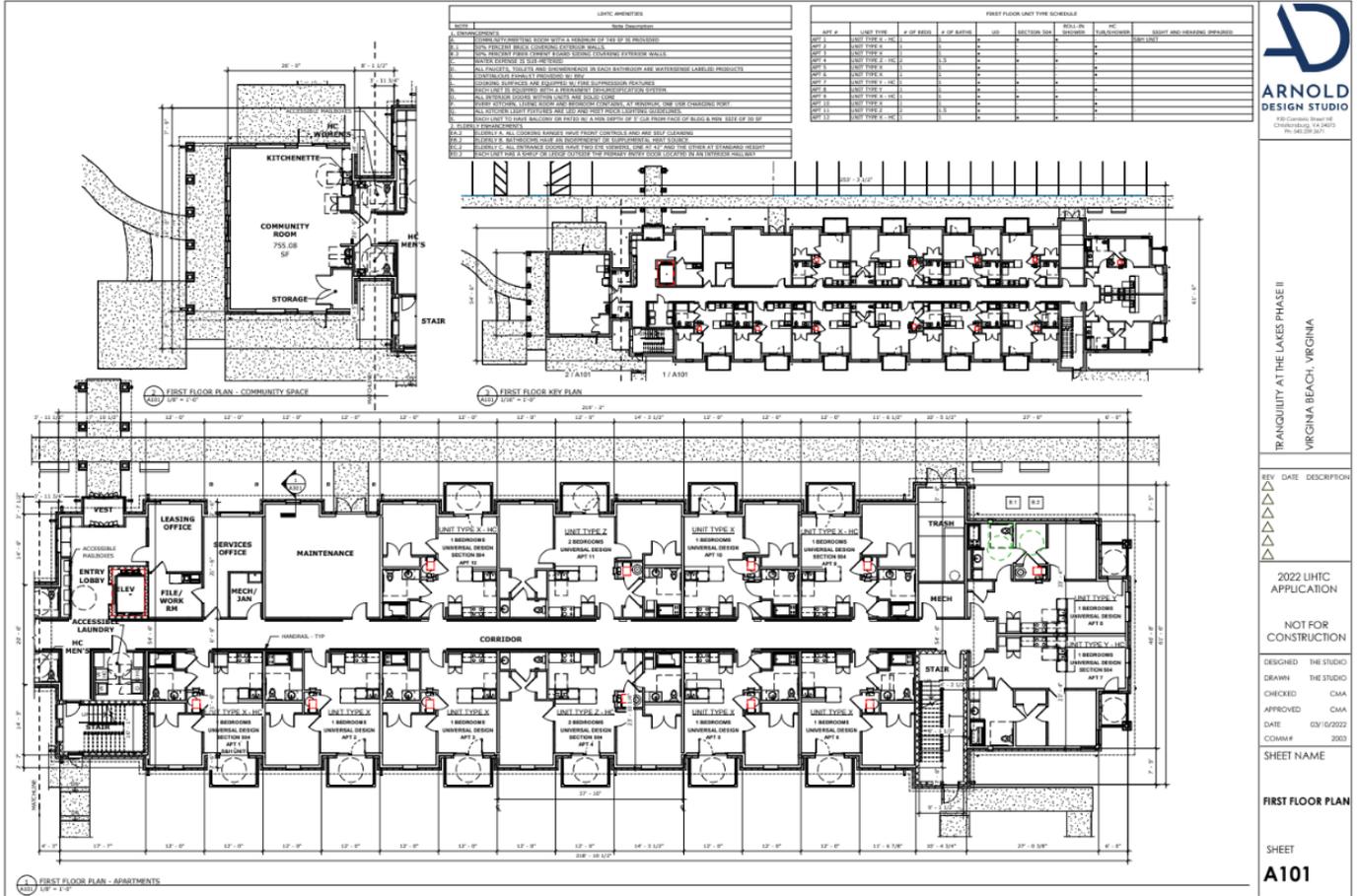
PROJECT DESCRIPTION – PHOTOS

Survey of Existing Conditions



PROJECT DESCRIPTION – BUILDING PLANS

First Floor Plans



TRANQUILITY AT THE LAKES PHASE II
VIRGINIA BEACH, VIRGINIA

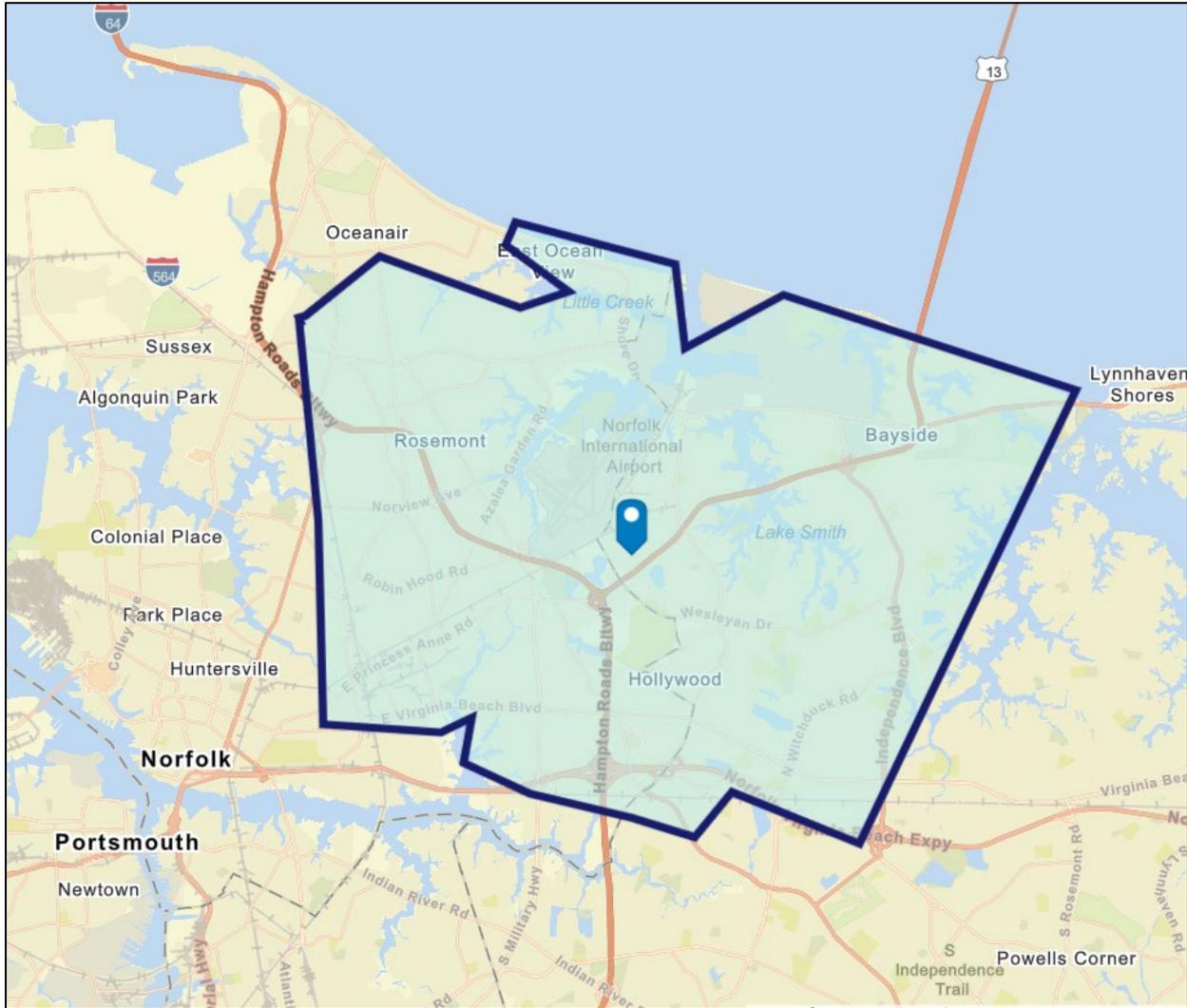
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DRAWN: THE STUDIO
CHECKED: CMA
APPROVED: CMA
DATE: 03/12/2022
COMPL: 2003
SHEET NAME

FIRST FLOOR PLAN
SHEET
A101

PRIMARY MARKET AREA

Primary Market Area

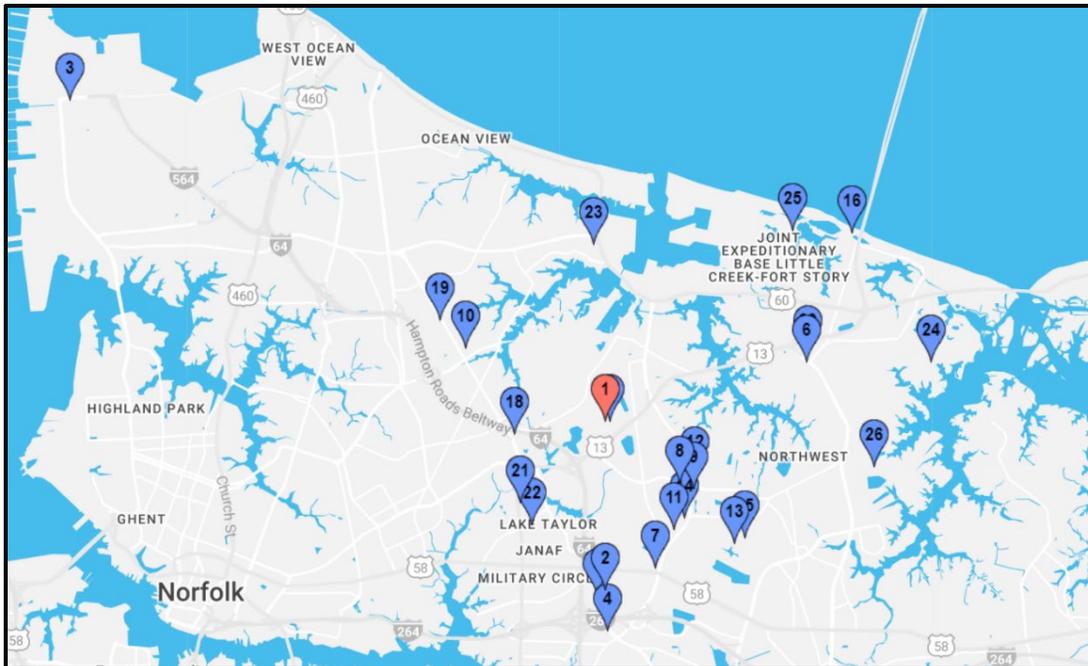


Source: ESRI

Primary Market Area includes all areas within a 10-minute drive from Subject Property. The PMA was chosen after several conversations with local property managers to determine where renters typically come from.

NEIGHBORHOOD AMENITIES

Map of Neighborhood Amenities



Source: BatchGeo, AreaProbe Inc.

Distance to Neighborhood Amenities

Neighborhood Amenity Profile				
Map Order	Venue	City	Distance	Time
1	SUBJECT	Virgina Beach, Virginia	-	-
2	Sentara Leigh Hospital	Norfolk, Virginia	3.5 mi	11 min
3	BHC NAVSTA Norfolk	Norfolk, Virginia	9.8 mi	13 min
4	Childrens Hospital of the King's Daughters	Norfolk, Virginia	4.6 mi	9 min
5	Neurology Consultants of Tidewater	Norfolk, Virginia	3.6 mi	10 min
6	CVS Pharmacy	Virgina Beach, Virginia	3.2 mi	7 min
7	CVS Pharmacy	Virgina Beach, Virginia	2.6 mi	8 min
8	Walgreens Pharmacy	Virgina Beach, Virginia	1.8 mi	6 min
9	Food Lion	Virgina Beach, Virginia	2.2 min	6 min
10	Food Lion	Norfolk, Virginia	2.7 min	8 min
11	Grand Mart	Virgina Beach, Virginia	2.3 mi	7 min
12	Cypress Point North Park	Virgina Beach, Virginia	1.9 mi	5 min
13	Lynbrook Landing Park	Virgina Beach, Virginia	3.2 mi	8 min
14	Lake Edward Park	Virgina Beach, Virginia	2.2 mi	6 min
15	Williams Farm Park	Virgina Beach, Virginia	3.1 mi	8 min
16	Chesapeake Beach Park	Virgina Beach, Virginia	4.5 mi	10 min
17	New Burton Fire Station	Virgina Beach, Virginia	0.5 mi	1 min
18	Norfolk Second Patrol Division	Norfolk, Virginia	2.1 mi	6 min
19	Norfolk Public Library: Barron F Black Branch	Norfolk, Virginia	3.2 mi	8 min
20	United States Postal Service	Virgina Beach, Virginia	3.7 mi	8 min
21	Wells Fargo Bank	Norfolk, Virginia	2.4 mi	10 min
22	Woodforest National Bank	Norfolk, Virginia	2.5 mi	7 min
23	Wells Fargo Bank	Norfolk, Virginia	3.3 mi	8 min
24	Thoroughgood House	Virgina Beach, Virginia	5.0 mi	11 min
25	Seal Heritage Center	Virgina Beach, Virginia	4.7 mi	12 min
26	Lynnhaven House	Virgina Beach, Virginia	5.1 mi	11 min

NEIGHBORHOOD AMENITIES

The Subject is within a 3-mile radius of three full-service grocery stores (Safeway & Giant), and less than 2 miles away from the closest pharmacy.

ACCESS TO HEALTHCARE					
Map Order	Venue	Address	City	Distance from subject	Time
2	Sentara Leigh Hospital	830 Kempsville Rd	Norfolk	3.5 mi	11 min
3	BHC NAVSTA Norfolk	1721 Admiral Taussig Blvd	Norfolk	9.8 mi	13 min
4	Childrens Hospital of the King's Daught	171 Kempsville Rd	Norfolk	4.6 mi	9 min
5	Neurology Consultants of Tidewater	6161 Kempsville Rd	Norfolk	3.6 mi	10 min

Source: GoogleMaps, AreaProbe Inc.

ACCESS TO PHARMACIES					
Map Order	Venue	Address	City	Distance from Subject	Time
6	CVS Pharmacy	972 E 1707 Independence Blvd	Virgina Beach	3.2 mi	7 min
7	CVS Pharmacy	6678 E Virginia Beach Blvd	Virgina Beach	2.6 mi	8 min
8	Walgreens Pharmacy	5501 Wesleyan Dr	Virgina Beach	1.8 mi	6 min

Source: GoogleMaps, AreaProbe Inc.

ACCESS TO GROCERY STORES					
Map Order	Venue	Address	City	Distance from subject	Time
9	Food Lion	5461 Wesleyan Dr.	Virgina Beach	2.2 mi	6 min
10	Food Lion	6202 N Military Hwy	Norfolk	2.7 mi	8 min
11	Grand Mart	649 Newton Rd Ste 105	Virgina Beach	2.3 mi	7 min

Source: GoogleMaps, AreaProbe Inc.

ACCESS TO BANKING					
Map Order	Venue	Address	City	Distance from subject	Time
21	Wells Fargo Bank	1280 N Military Hwy	Norfolk	2.4 mi	10 min
22	Woodforest National Bank	1170 N Miliatary Hwy	Norfolk	2.5 mi	7 min
23	Wells Fargo Bank	4253 E little Creek Rd	Norfolk	3.3 mi	8 min

Source: GoogleMaps, AreaProbe Inc.

ACCESS TO PARKS AND RECREATION					
Map Order	Venue	Address	City	Distance from subject	Time
12	Cypress Point North Park	1100 Fallbrook Bend	Virgina Beach	1.9 mi	5 min
13	Lynbrook Landing Park	5390 Lyonbrook Landing	Virgina Beach	3.2 mi	8 min
14	Lake Edward Park	704 Hampshire Ln	Virgina Beach	2.2 mi	6 min
15	Williams Farm Park	5269 Learning Circle	Virgina Beach	3.1 mi	8 min
16	Chesapeake Beach Park	2528 Beaufort Ave	Virgina Beach	4.5 mi	10 min

Source: GoogleMaps, AreaProbe Inc.

ACCESS TO ARTS AND CULTURE					
Map Order	Venue	Address	City	Distance from subject	Time
24	Thoroughgood House	1636 Parish Rd	Virgina Beach	5.0 mi	11 min
25	Seal Heritage Center	1619 D Street	Virgina Beach	4.7 mi	12 min
26	Lynnhaven House	4409 Wishart Rd	Virgina Beach	5.1 mi	11 min

NEIGHBORHOOD AMENITIES

The location of the Subject property offers ease of access to public transportation, and regional transportation outlets to travel outside of PMA and the surrounding area if desired. Residents can travel to Norfolk, Newport News, Richmond, Washington DC and Durham in 3 hours or less for work or leisure by car.

Regional Transportation

Regional Transportation		
Regional Transportation	Distance	Time (by car)
Norfolk Airport	3.3 mi	7 min
Greyhound Bus Stop	7.7 mi	17 min
Amtrak	7.7 mi	12 min

Source: GoogleMaps, AreaProbe Inc.

Regional Transportation (Continued)

Regional Commute		
Location	Distance (Miles)	Time (by car)
Norfolk, VA	7.8 mi	0h 12m
Newport News, VA	29.5 mi	0h 30m
Richmond, VA	94 mi	1h 25m
Washington, DC	195 mi	2h 50m
Durham, NC	191 mi	3h 0m
Wilmington, DE	237 mi	4h 0m
Baltimore, MD	240 mi	4h 27m

Source: GoogleMaps, AreaProbe Inc.

Local Mobility

Local Mobility			
Route	Transit Stop	Distance	Time (by car)
027	Wesleyan & College	1.6 mi	5 min
023	Lowery & Kempsville	2.1 mi	6 min
009	Sewell Point & Texas	3.4 mi	8 min

Source: GoogleMaps, AreaProbe Inc.

Local Mobility Continued		
WalkScore	Some Transit	Somewhat Bikeable
28	30	38

Source: WalkScore, AreaProbe Inc.

DEMOGRAPHIC ANALYSIS

Population growth reflects a desire to live in a particular community/area. General population in the PMA and the Virginia Beach-Norfolk-Newport News has grown (both showed growth of 5.1% from 2010 – 2021) and is projected to grow more, though not at the fast pace of national general population (growth of 8.2% from 2010-2021).

From 2010 – 2021 the PMA added 1,454 new households which equates to a growth rate of Only 2.4 percent over an eleven-year period. By 2026, household population is estimated to grow by an additional 408 new households. This trend is expected to continue but at a slightly slower growth projection. By 2026, the Virginia Beach-Norfolk-Newport News area is projected to add an additional 7,571 homes to the area; the PMA is projected to contribute 408 new homes to that number. While the household population growth rate in the PMA is lower than in both the surrounding area and the nation, the demand can still be considered high because of the shortage in housing that presently exists in the City of Virginia Beach. This is demonstrated by the waiting lists that exist at every restricted and market rate property surveyed.

Year	Household Population					
	PMA		Virginia Beach/ Norfolk /Newport News		United States	
	Number	% Change	Number	% Change	Number	% Change
2010	60,842	-	644,335	-	116,716,292	
2021	62,296	2.4%	677,626	5.2%	126,470,675	8.4%
2024	62,786	0.8%	686,711	1.3%	128,759,020	1.8%
2026	63,112	0.5%	692,768	0.9%	131,047,364	1.8%

Source: AreaProbe Inc., ESRI

Year	General Population					
	PMA		Virginia Beach/ Norfolk /Newport News		United States	
	Number	% Change	Number	% Change	Number	% Change
2010	156,283	-	1,713,954	-	308,745,538	-
2021	159,635	5.1%	1,800,524	5.1%	333,934,112	8.2%
2024	160,937	0.8%	1,823,920	1.3%	341,106,142	2.1%
2026	161,805	0.9%	1,839,518	0.9%	345,887,495	1.4%

Source: AreaProbe Inc., ESRI

Year	Median Age					
	PMA		Virginia Beach/ Norfolk /Newport News		United States	
	Number	% Change	Number	% Change	Number	% Change
2010	33.9	-	35.5	-	37.1	-
2021	36.1	6.5%	37.6	5.9%	38.8	4.60%
2024	36.6	1.3%	38.3	1.8%	39.2	1.1%
2026	36.9	0.9%	38.7	1.2%	39.5	1.80%

Source: AreaProbe Inc., ESRI

DEMOGRAPHIC ANALYSIS

Year	Household Size					
	PMA		Virginia Beach/ Norfolk /Newport News		United States	
	Number	% Change	Number	% Change	Number	% Change
2010	2.5	-	2.55	-	2.58	-
2021	2.5	0.5%	2.55	1.4%	2.58	0.0%
2024	2.5	0.0%	2.55	0.0%	2.58	0.5%
2026	2.5	0.0%	2.55	0.0%	2.58	0.0%

Source: AreaProbe Inc., ESRI

Although vacant housing is increasing, it has a much lower percentage (8.5% in 2021) of vacancies than the surrounding area (9.6% in 2021) and the national average (11.5% in 2021). There was a great increase in the rate of vacancies in the 11-year period from 2010 to 2021, marked by a percent change of 14.9%. This is high when compared to the national average of 0.9%, however rate of vacancies was expected to slow from 2021- to 2024 to 1.8%, more closely mirroring the national percent change of 1.3%. The slowing in vacancies may be becoming more apparent now as both LIHTC restricted, and market rate properties surveyed filled to between 99% and 100% occupancy.

Year	Vacant Housing Units					
	PMA		Virginia Beach/ Norfolk /Newport News		United States	
	Number	% Change	% Vacant	% Change	% Vacant	% Change
2010	7.4%	-	8.4%	-	11.4%	-
2021	8.5%	14.9%	9.6%	14.3%	11.5%	0.9%
2024	8.7%	2.1%	10.0%	3.6%	11.7%	1.6%
2026	8.8%	1.4%	10.3%	0.0%	11.8%	1.0%

Source: AreaProbe Inc., ESRI

The total number of households earning over \$100,000 in the PMA is expected to grow by 1,909 households over the next five years.

Households by Income	Primary Market Area							
	2021		2024		2026		Percent Change	
	Number	Percent	Number	Percent	Number	Percent	Difference	Percent
<\$15,000	4,921	7.9%	4,619	7.4%	4,417	7.0%	-503	-0.8%
\$15,000 - \$24,999	4,672	7.5%	4,443	7.1%	4,291	6.8%	-381	-0.6%
\$25,000 - \$34,999	6,541	10.5%	6,327	10.1%	6,184	9.8%	-356	-0.5%
\$35,000 - \$49,999	7,849	12.6%	7,721	12.3%	7,636	12.1%	-213	-0.8%
\$50,000 - \$74,999	13,455	21.6%	13,409	21.4%	13,379	21.2%	-76	-1.0%
\$75,000 - \$99,999	9,157	14.7%	9,456	15.1%	9,655	15.3%	499	-0.4%
\$100,000 - \$149,999	9,468	15.2%	9,921	15.8%	10,223	16.2%	755	0.3%
\$150,000 - \$199,999	3,675	5.9%	4,158	6.6%	4,481	7.1%	805	1.5%
\$200,000+	2,492	4.0%	2,701	4.3%	2,840	4.5%	348	2.2%
Total	62,291	100%	62,781	100%	63,107	100%	816	5.2%

Source: AreaProbe Inc., ESRI

DEMOGRAPHIC ANALYSIS

The average income in the PMA is expected to grow by 9 percent over the next 5 years which is only 1 percent lower than the estimate for the surround in Virginia Beach-Norfolk-Newport News area, which is projected to grow by 10%

Median Household Income				
Year	PMA	Virginia Beach/ Norfolk/ Newport News	United States	
2021	\$ 60,658	\$ 68,171	\$ 64,730	
2024	\$ 62,963	\$ 72,096	\$ 69,651	
2026	\$ 64,500	\$ 74,713	\$ 72,932	

Source: AreaProbe Inc., ESRI

Average Household Income				
Year	PMA	Virginia Beach/ Norfolk/ Newport News	United States	
2021	\$ 78,621	\$ 88,911	\$ 92,435	
2024	\$ 83,162	\$ 94,723	\$ 99,181	
2026	\$ 86,190	\$ 98,597	\$ 103,679	

Source: AreaProbe Inc., ESRI

The level education attainment in the PMA does not reflect the same favorable statistics as the surrounding area (Virginia Beach-Norfolk-Newport News), which more closely follows the nation trend of a little over 33% of residents with advanced degrees. The PMA does have a higher number of residents with some college education (no degree), 25% versus the nations average of 19.8%. This is likely due to its proximity to Virginia Wesleyan University were many students are still seeking their degrees in higher education.

Education Attainment - 2021 Population, Age 25+			
Category	PMA	VB/ Norfolk/ NN	United States
Attainment Level	Percentage	Percentage	Percentage
Less than 9th Grade	3.4%	2.3%	4.7%
9th - 12th grade, No Diploma	7.0%	5.9%	6.4%
High School Graduate	21.1%	20.0%	22.9%
GED/ Alternative Credential	4.5%	4.1%	4.0%
Some College, No Degree	25.0%	24.1%	19.8%
Associate Degreee	10.5%	10.3%	8.7%
Bachelor Degree	17.8%	20.2%	20.6%
Graduate/ Professional Degree	10.6%	13.2%	13.0%
total w/ Bachelor or Adv Degree	28.4%	33.4%	33.6%

Source: AreaProbe Inc., ESRI

Zoning Analysis



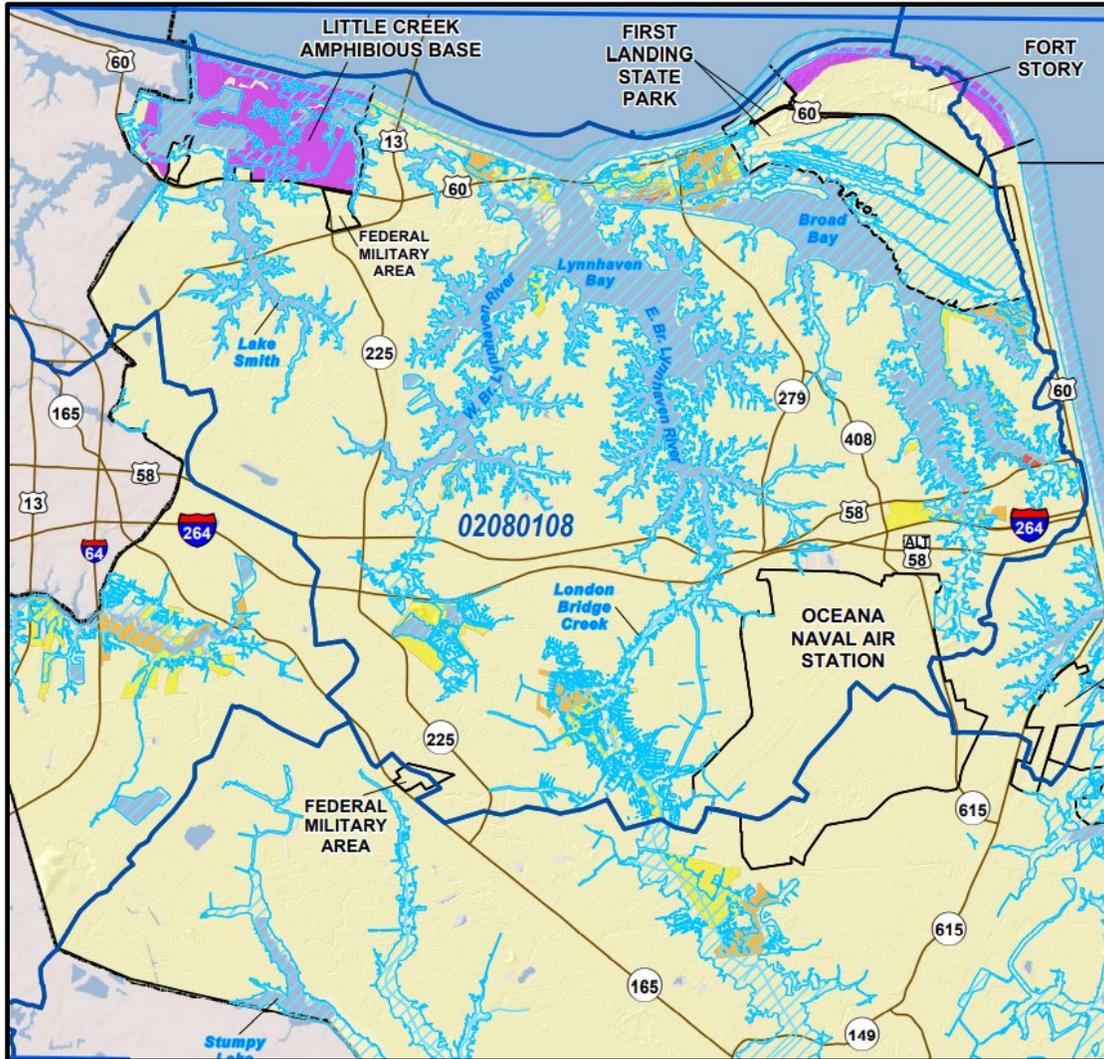
Source: Virginia Beach Department of Planning

Premises Address:	5837 Burton Station Road, Virginia Beach, Virginia
GPIN #:	1458-88-2715, 1458-89-2065, 1458-88-2897, 1458-89-2090, 1458-89-3052
Zoning District:	R-5D - CUP Legal, conditional use.
Ward:	District 4
Minimum Lot Area:	5000
Minimum Width (in feet):	50
Maximum Lot Occupancy:	60%
Maximum Stories:	3
Front Set back:	20 feet (front yard),
Side Setback:	18 feet (minimum side yard setback when adjacent to a street)
Rear Yard Setback:	20 Feet

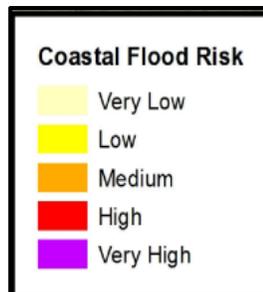
Source: Virginia Beach Municipal Code

FLOOD ZONE ANALYSIS

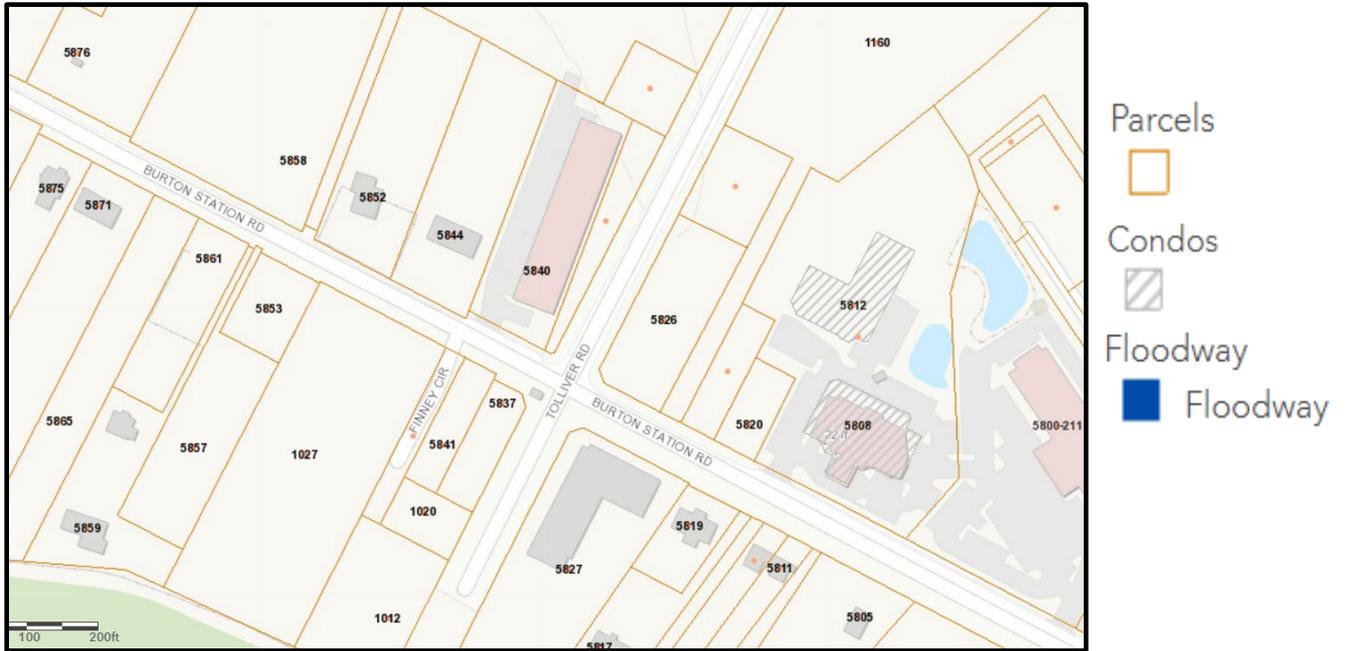
Flood Zone Analysis



Source: FEMA Flood Map Service Center



FLOOD ZONE ANALYSIS



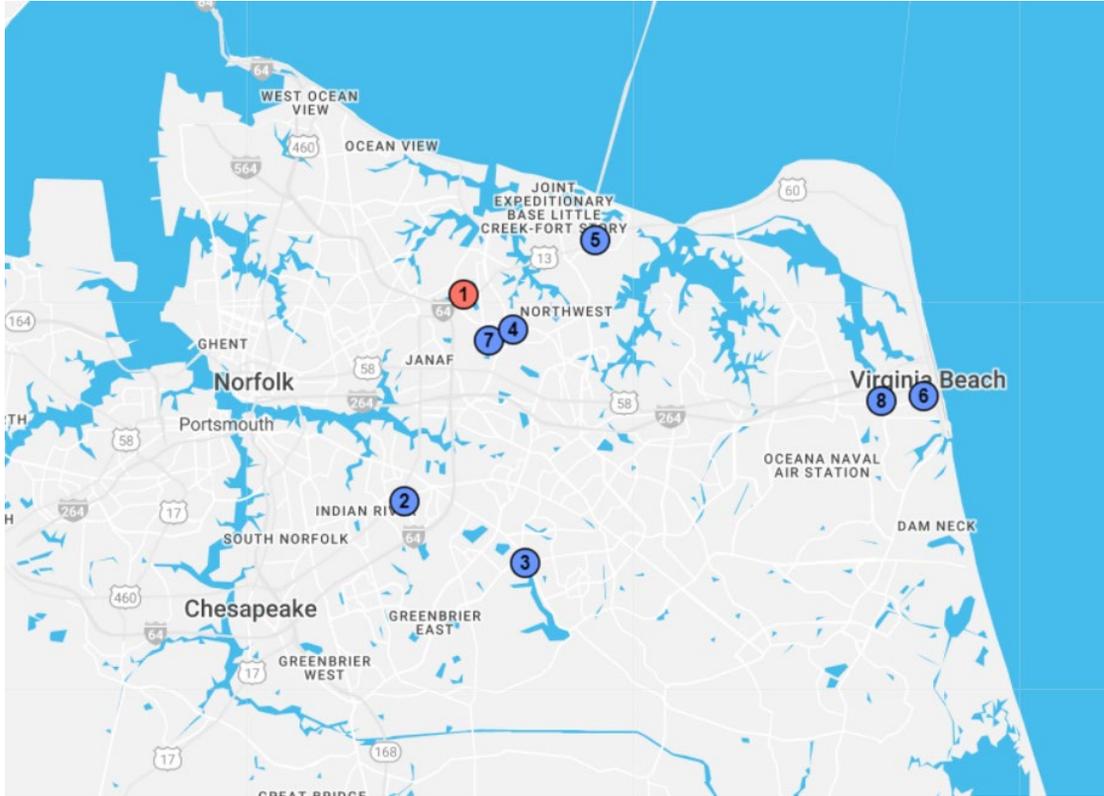
Source: City of Virginia Beach

GPIN	1.45889E+13
Zip Code	23455
Property Address	5837 BURTON
Subdivision	BURTON STATION
FEMA Flood Zone	X
Zoning	R5D
Property Class	703
Map Book	7
Map Book Page	45
Regulatory Watersheds	Chesapeake Bay
Planning Grid	B4
Lot Number	12D

According to FEMA map number 5155310014F dated May 04, 2009, the subject property is in Zone X. This area is located outside the 100-year flood zone.

LOCAL LIHTC RENTAL MARKET

Map of Restricted Income Properties



Source: BatchGeo AreaProbe

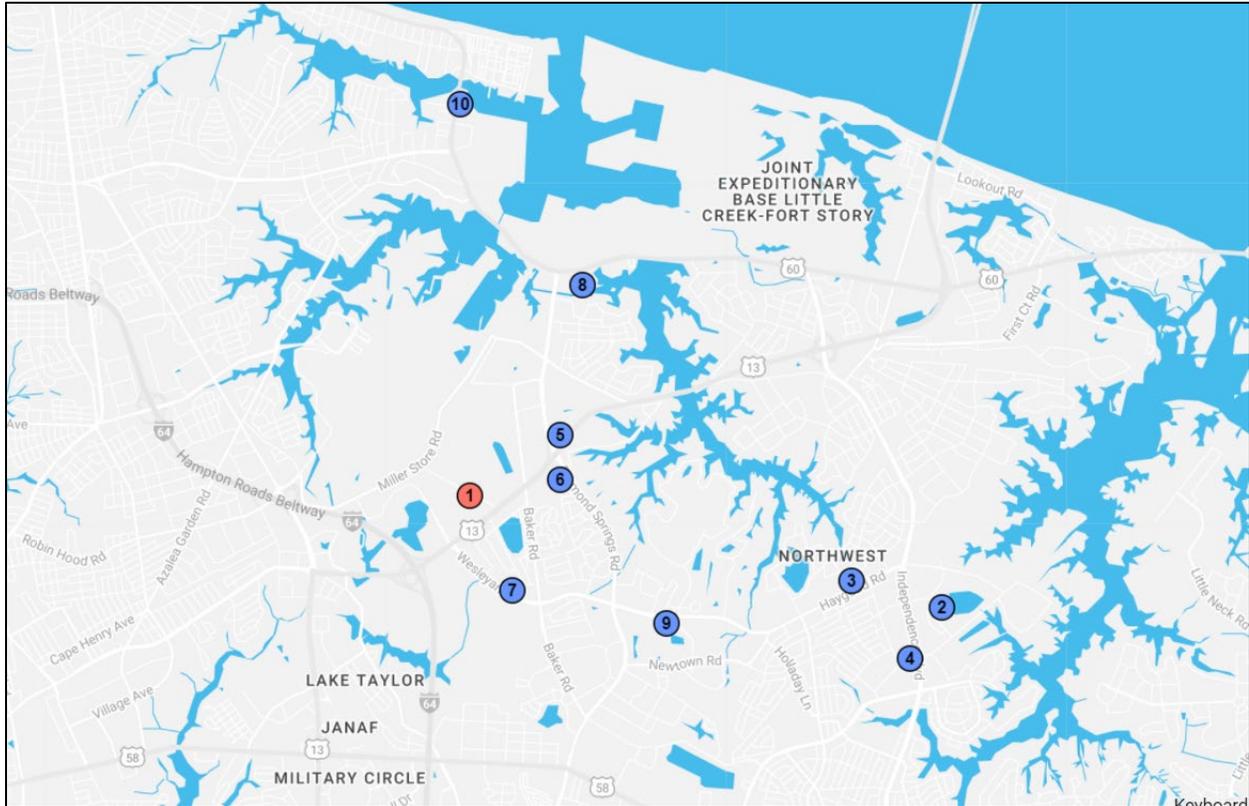
Local LIHTC Rents

Comparable Restricted Apartments											
Property Name	City	1BD	1BD SF	1BD Price/SF	2BD	2BD SF	2BD Price/SF	Rents	Occupancy	Type	Distance
1 The Sands Apartments	Virginia Beach	\$917	569	\$1.61	\$1,089	1000	\$1.09	Restricted @ 60% of AMI	Restricted	Elderly Supportive	6.6 mi
2 Lynn Haven Cove Senior Living Corr	Virginia Beach	\$875	576	\$1.52	\$1,060	890	\$1.19	Restricted @ 60% of AMI	100%	Elderly Supportive	8 mi
3 Wesleyan Place Apartments	Virginia Beach	\$897	610	\$1.47	\$1,086	900	\$1.21	Restricted @ 60% of AMI	100%	Elderly Supportive	1.9 mi
4 Victoria Place Apartments	Virginia Beach	\$899	693	\$1.30	-	915	-	Restricted @ 60% of AMI	100%	Elderly Supportive	4.3 mi
5 Seaside Harbor	Virginia Beach	\$862	654	\$1.32	\$1,038	879	\$1.18	Restricted @ 60% of AMI	100%	Family	14 mi
6 Summer Haven	Virginia Beach	\$679	766	\$0.89	\$807	1065	\$0.76	Restricted @ 60% of AMI	100%	Family	1.5 mi
7 Friendship Village Apartments	Virginia Beach	\$785	656	\$1.20	\$945	883	\$1.07	Restricted @ 60% of AMI	100%	Family	13.2 mi
AVERAGE		\$845	646	\$1.33	\$1,004	933	\$1.08		100%		

LIHTC properties in the immediate area are performing very well given the indicators shown in the table below. Of 758 properties surveyed, there were no vacant LIHTC units, each property was operating at 100% occupancy at the time of analysis. There is a lengthy waiting list (each at least 30 applicants long) for any given LIHTC unit in the PMA.

LOCAL MARKET RATE RENTALS

Map of Market Rate Rental Units



Source: BatchGeo AreaProbe

Local Market Rate Rents

Property Name	City	Comparable Market Rate Apartments						Rents	Occupancy	Type	Distance
		1BD	1BD SF	1BD Price/SF	2BD	2BD SF	2BD Price/SF				
1 Subject Property	Virginia Beach	-	-	-	-	-	-	Restricted	-	Elderly Supportive	-
2 Old Donation	Virginia Beach	\$1,440	870	\$1.66	\$1,765	1235	\$1.43	Market	98.8%	Elderly supportive	4.2 mi
3 Haygood Halls	Virginia Beach	\$1,550	880	\$1.76	\$1,935	1405	\$1.38	Market	98.6%	Elderly Supportive	3.6 mi
4 Mariner's Cove Apartment Homes	Virginia Beach	\$1,135	705	\$1.61	\$1,230	965	\$1.27	Market	100.0%	Family	4.1mi
5 Diamond North	Virginia Beach	\$1,465	820	\$1.79	\$2,127	1097	\$1.94	Market	100.0%	Family	1.0 mi
6 Spring Water	Virginia Beach	\$1,365	850	\$1.61	\$1,615	1220	\$1.32	Market	100.0%	Family	0.7 mi
7 Coastal 61	Virginia Beach	\$1,450	734	\$1.98	\$1,775	1106	\$1.60	Market	100.0%	Family	2.5 mi
8 Waterford Apartments	Virginia Beach	\$1,033	528	\$1.96	\$1,149	760	\$1.51	Market	99.7%	Family	2.3 mi
9 Dove Landing Apartments	Virginia Beach	\$897	588	\$1.53	\$1,088	813	\$1.34	Market	100%	Family	2.2 mi
10 Marina Villa Apartments	Norfolk	\$1,714	639	\$2.68	\$2,055	949	\$2.17	Market	95.2%	Family	3.6 mi
AVERAGE		\$1,339	735	\$1.84	\$1,638	1061	\$1.55		99%		

Source: AreaProbe Inc.

Like the LIHTC apartments, local market rate apartments are operating at nearly 100% occupancy; many site managers reported similarly lengthy wait lists as well.

EMPLOYMENT STATISTICS

EMPLOYMENT STATISTICS CONCLUSION

The immediate area has both a commercial and residential feel. Over the past few years, more housing developments and investments in the community has taken place, which has brought increased quality multi-family housing options (for-sale & rental) to the market, in addition to jobs in the construction and real estate sector indirectly and directly. The unemployment rate in the PMI has slowly decreased since the onset of COVID in 2020. The unemployment rate in Virginia Beach – Norfolk – Newport News was 3.1 as of December 2021 and the national average was 3.9 percent. During the pandemic the U.S. unemployment rate reached 14.7 percent while the Virginia- Norfolk-Newport News area peaked at 12.4.

10 Year U.S. Unemployment Rate Trend



10 Year Unemployment Rate Trend – Virginia Beach – Norfolk – Newport News



EMPLOYMENT STATISTICS

Unemployment by Sector

Virginia Beach-Norfolk-Newport News, VA-NC Economy at a Glance:

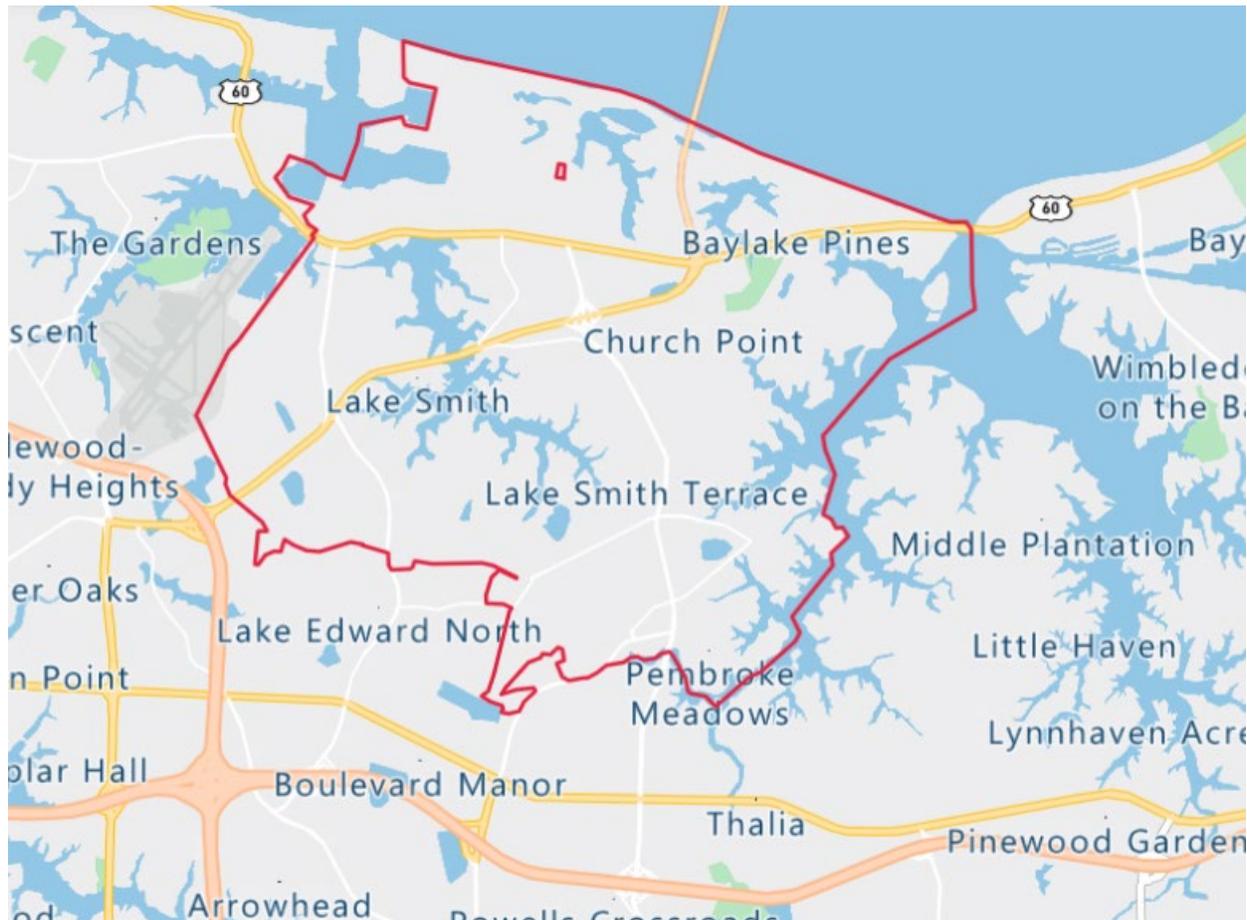
Data Series	Back Data	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Dec 2021
Labor Force Data							
Civilian Labor Force ⁽¹⁾		844.7	828.1	816.6	819.2	815.7	815.9
Employment ⁽¹⁾		806.3	791.8	785.2	789.3	789.1	790.4
Unemployment ⁽¹⁾		38.4	36.2	31.4	29.9	26.6	25.5
Unemployment Rate ⁽²⁾		4.5	4.4	3.8	3.6	3.3	3.1
Nonfarm Wage and Salary Employment							
Total Nonfarm ⁽³⁾		770.9	764.7	763.4	766.1	770.1	772.3
12-month % change		3.8	1.9	1.1	0.3	0.7	1.2
Mining, Logging, and Construction ⁽³⁾		41.1	40.6	40.7	39.8	39.6	38.9
12-month % change		4.6	2.8	3.8	-0.3	-2.5	-3.0
Manufacturing ⁽³⁾		55.3	55.2	55.4	54.5	54.7	54.7
12-month % change		-1.3	-3.0	-3.0	-4.0	-3.0	-3.4
Trade, Transportation, and Utilities ⁽³⁾		131.8	131.5	131.0	133.7	136.1	138.2
12-month % change		6.2	5.1	4.1	3.6	4.2	5.1
Information ⁽³⁾		9.1	9.1	9.0	9.1	9.2	9.3
12-month % change		1.1	2.2	-3.2	-2.2	0.0	1.1
Financial Activities ⁽³⁾		38.5	38.7	38.2	38.5	38.3	38.4
12-month % change		-1.5	-1.0	-1.0	0.5	-0.3	-1.0
Professional and Business Services ⁽³⁾		117.1	115.5	114.4	113.9	114.7	114.7
12-month % change		6.3	3.9	2.5	1.3	1.5	1.2
Education and Health Services ⁽³⁾		104.8	102.9	104.4	106.7	107.2	105.6
12-month % change		-1.3	-3.9	-3.7	-3.3	-2.6	-2.8
Leisure and Hospitality ⁽³⁾		89.4	86.6	82.2	82.3	81.1	83.9
12-month % change		15.7	10.6	5.7	3.8	4.5	9.0
Other Services ⁽³⁾		32.6	32.7	32.2	32.2	32.1	32.0
12-month % change		3.2	2.5	1.6	0.9	0.9	0.9
Government ⁽³⁾		151.2	151.9	155.9	155.4	157.1	156.6
12-month % change		0.7	-0.4	0.1	-0.8	0.1	0.0
Footnotes							

Top 10 Employers in VA Beach

RANK	COMPANY	TYPE OF BUSINESS	CIVILIAN EMPLOYEES
1	Naval Air Station Oceana-Dam Neck	Military Base (Civilian Employees)	8,891
2	Joint Expeditionary Base Little Creek/Ft. Story	Military Base (Civilian Employees)	6,473
3	Sentara Healthcare	Medical and Surgical Hospitals	4,900
4	GEICO General Insurance Company	Auto and Other Vehicle Insurance Carriers	3,600
5	General Growth Properties (Lynnhaven Mall)	Retail Trade	2,600
6	Gold Key/PHR Hotels & Resorts	Developer, Owner and Operator of Hotels	2,365
7	STIHL Incorporated	North American Headquarters; Power Tools Manufacturer	2,113
8	Anthem	Corporation Insurance Carriers	1,850
9	Navy Exchange Service Command	Headquarters; military and government exchange retail	1,550
10	Westminster-Canterbury on Chesapeake Bay	Retirement/healthcare	848

FOR-SALE HOUSING ANALYSIS

Pre-Foreclosure Properties Listed For Sale



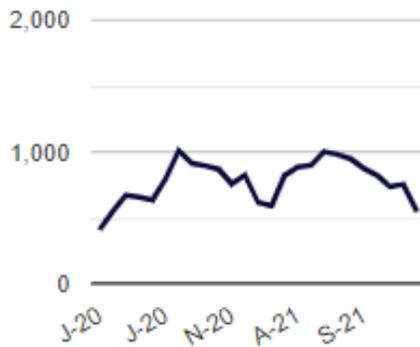
Source: RealtyTrac

There are currently no pre-foreclosure investment opportunities on the market within the Subject zip code (23455). Based on the affordability of a house in this market, it is projected that household that fall at 60% of AMI would hope to by foreclosed homes or homes in pre-foreclosure because they could be acquired at a cheaper rate than market rate for-sale housing. With no foreclosed housing becoming available, AreaProbe believes the for-sale housing market will not compete or conflict with new LIHTC housing.

FOR-SALE HOUSING ANALYSIS

Virginia Beach Housing Market 2022 v. 2020

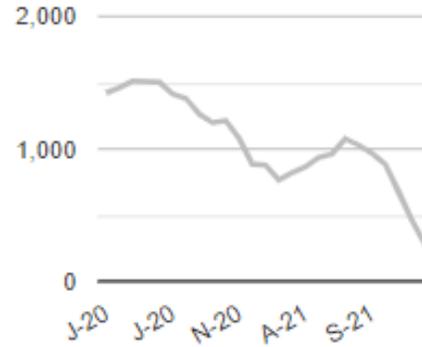
Units Sold 546



Down -11%
Vs. Year Ago

Source: MarketMinute

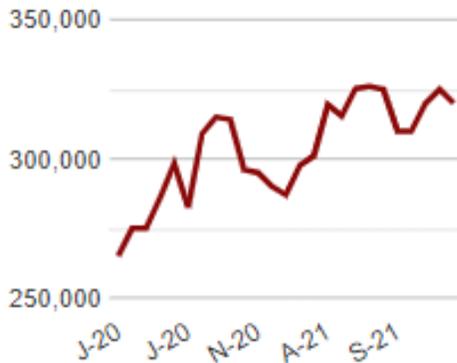
Active Inventory 274



Down -69%
Vs. Year Ago

Source: MarketMinute

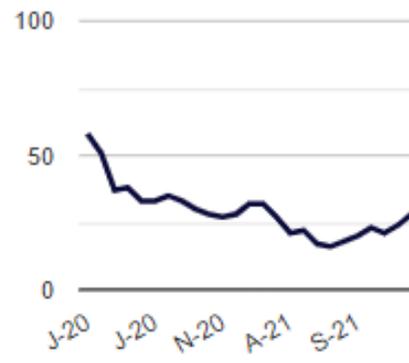
Median Sale Price \$320,000



Up 11%
Vs. Year Ago

Source: MarketMinute

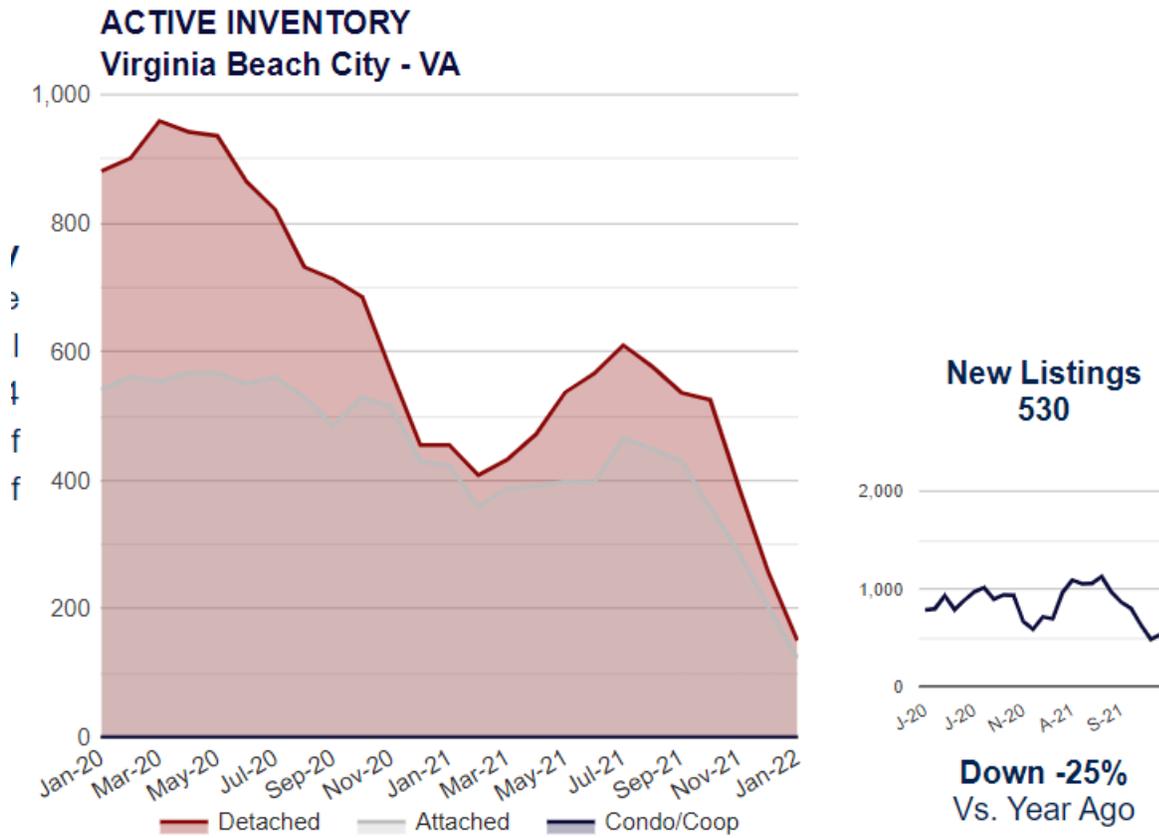
Days On Market 28



Down -13%
Vs. Year Ago

Source: MarketMinute

Virginia Beach Housing Market January 2022



The active inventory chart shows that month after month there are less and less houses available on the market. Most recently data shows less than 400 properties available on the market for sale in January 2022, a staggering reduction when compared to active inventory in January 2020; then nearly 1,500 single family homes were available on the for-sale housing market.

In addition, homes are spending less time on the market than in years prior; currently the average home spends only 28 days on the market before being sold. This is a significant decrease from 2 years ago, January 2020, when homes nearly twice as long on the market before selling.

Virginia Beach Housing Market January 2022

The median sale price of a single-family home has soared to nearly \$70,000 more than last year. Fewer homes on the market for shorter periods being sold at much higher prices indicates a shortage in housing.

With less available houses for sale in a market with such a high demand for housing, it can be concluded that the target LIHTC renter will not be able to afford the few properties that are available. AreaProbe does not believe the for-sale housing market will compete or conflict with the LIHTC housing market.

Map of City of Virginia Beach Crime

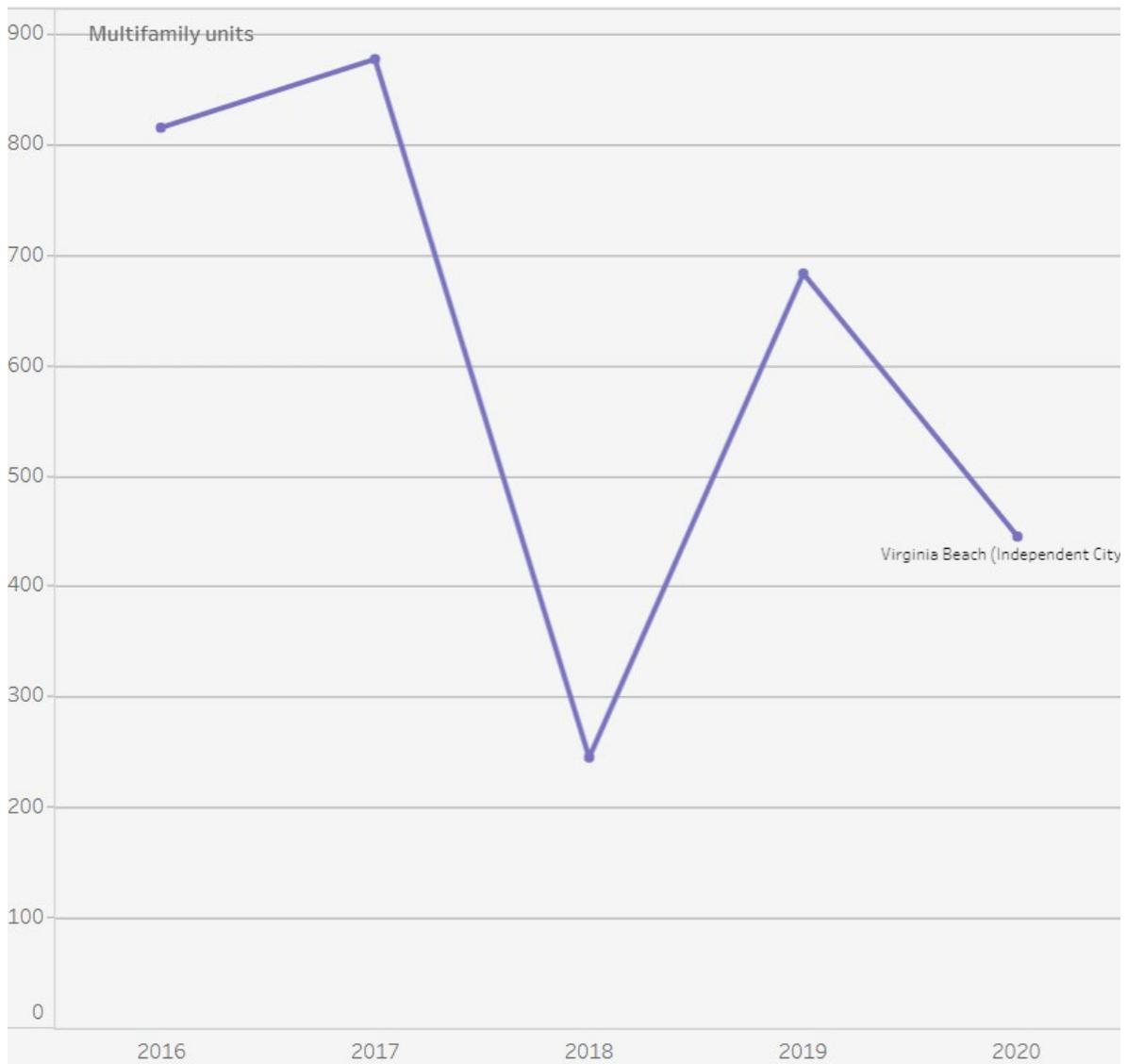


Source: Metropolitan Police Department

The Crime rate in majority of the PMA has a recent history of medium low to lower levels of crime activity. The outlined area shows where the subject property is located; this map illustrates medium-low crime rates in that area. The Burton Station Road area is a location slated for major developmental renovations. New development and elimination of existing developments may lead to even lower crime rates in the future.

BUILDING PERMITS FILED

The table below represents the total number of building permits filed in Virginia according to statistics recorded by HUD (Housing and Urban Development) from 2016 to 2020. Multi-family permits filed reflect most of the building permits submitted by the city throughout this period.



Source: US Census

BUILDING PERMITS FILED

Building Permits by Type

The table below further highlights the table shown on the previous page. The total number of building permits filed in 2020 was the lowest number of permits filed from 2016-2019 which indicates a significant decrease in housing supply coming to the Virginia.

Virginia Building Permits by Type					
	2016	2017	2018	2019	2020
Total units	2351	2169	1313	2017	1431
Units in Single Family Structures	768	646	534	667	493
Units in All Multi-Family Structures	1583	1523	779	1350	938
Units in 5+ Unit Multi-Family Structures	815	877	245	683	445

Source: US Census Bureau

Virginia Single-Family v Multi-Family Permits					
	2016	2017	2018	2019	2020
Units in Single Family Structures	768	646	534	667	493
Units in All Multi-Family Structures	1583	1523	779	1350	938

Source: US Census Bureau

17th Street Capital Improvement Projects



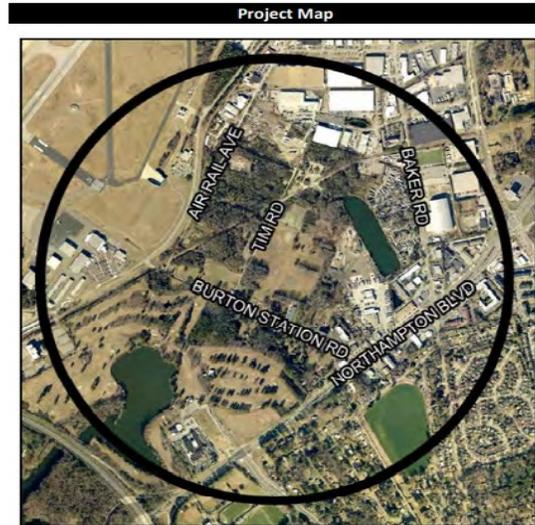
This rehabilitation project will transform the 17th Street corridor, facilitating the redevelopment of local businesses. It will create a more beautiful and accessible area for further development efforts in the future.

City-Wide Bus Stop Improvements



The City of Virginia Beach plans to update bus stops over time.

Burton Station – New Fire/EMS Station



Located less than half a mile from the Subject Property, the City of Virginia Beach has designed a three-bay station, like Station 04 on Greenwell Road in Chesapeake Beach. The station will have administrative office spaces, sleeping quarters and apparatus bays. It is likely that the station will be a 2 story-building at the intersection of North Tolliver Road and Burton Station Road. It is slated to be part of the Burton Station Strategic Growth Area.

Burton Station Office Park



Source: GMFplus

GMF+ created the conceptual development plan for Golf Road commercial properties at Burton Station, straddling the cities of Norfolk and Virginia Beach. Initial planning for this project included creating a marketing brochure to showcase the commercial office properties within a 50-acre mixed-use development.

DEVELOPMENT PIPELINE – INFRASTRUCTURE & HOUSING DEVELOPMENT



Pembroke Realty Group and Beth Sholom Village have plans to construct a new senior living community at the corner of Jeanne Street and Constitution Drive (Pembroke Mall). The proposed 7-story community will have 124 independent living apartments, 20 assisted living apartments and 12 memory support units. The \$200MM project is expected to be completed in 2023.

Marlyn Development Corporation has plans to develop 150 one- and two-bedroom units in a four-story building in Hampton, VA. The complex would have as amenities: a grilling area, community garden, dog park, billiards room, fitness center, multipurpose and media rooms. Some units will be for those 55 and older, others specifically for 62 and older.

DEMAND ANALYSIS

For this section of the report, we will evaluate the market demand for households earning 60 percent AMI.

Unit Mix Distribution: A planned project may have a few units targeted to a very high or very low-income groups. In such cases, measuring the number of income-qualified households within the entire target income band can severely overstate the number of potential income-qualified renters.

Unit Mix					
Unit Type	Square Footage	Rent/Income Limit Target	HOME	Subsidized	Units
1 Bedroom	510 SF	40% of AMI	Yes	Yes	3
1 Bedroom	639 SF	40% of AMI	Yes	Yes	1
1 Bedroom	510 SF	50% of AMI	No	Yes	13
1 Bedroom	510 SF	60% of AMI	No	No	12
1 Bedroom	639 SF	60% of AMI	No	No	3
2 bedroom	831 SF	50% of AMI	Yes	Yes	2
2 bedroom	832 SF	60% of AMI	No	Yes	1
2 bedroom	833 SF	60% of AMI	No	No	3
Total					38

Source: Virginia Beach Community Development Corporation

Household Income

Households by Income	2021		2024		2026		Percent Change	
	Number	Percent	Number	Percent	Number	Percent	Difference	Percent
<\$15,000	4,921	7.9%	4,619	7.4%	4,417	7.0%	-503	-0.8%
\$15,000 - \$24,999	4,672	7.5%	4,443	7.1%	4,291	6.8%	-381	-0.6%
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\$100,000 - \$149,999	9,468	15.2%	9,921	15.8%	10,223	16.2%	755	0.3%
\$150,000 - \$199,999	3,675	5.9%	4,158	6.6%	4,481	7.1%	805	1.5%
\$200,000+	2,492	4.0%	2,701	4.3%	2,840	4.5%	348	2.2%
Total	62,291	100%	62,781	100%	63,107	100%	816	5.2%

Source: ESRI, AreaProbe Inc

DEMAND ANALYSIS

City of Virginia Beach 4-Person AMI: \$84,500
 National Non-Metropolitan Median Income: \$63,400
 MSA: Virginia Beach – Norfolk – Newport News, VA-NC Metropolitan HUD
 Year: 2021

Maximum LIHTC Rents

LIHTC Maximum Rent by AMI								
Bedrooms (People)	30%	40%	50%	55%	60%	65%	70%	FMR
1 Bedroom (1.5)	\$475	\$634	\$792	\$871	\$951	\$1,030	\$1,109	\$972
2 Bedrooms (3.0)	\$570	\$761	\$951	\$1,046	\$1,141	\$1,236	\$1,331	\$1,147

Source: HUD, AreaProbe Inc

Maximum Income Levels

Maximum Annual Income by Household Size								
HH Size	30%	40%	50%	55%	60%	65%	70%	140%
1 Person	\$17,760	\$23,680	\$29,600	\$32,560	\$35,520	\$38,480	\$41,440	\$49,728
2 Person	\$20,280	\$27,040	\$33,800	\$37,180	\$40,560	\$43,940	\$47,320	\$56,784
3 Person	\$22,830	\$30,440	\$38,050	\$41,855	\$45,660	\$49,465	\$53,270	\$63,924
4 Person	\$25,350	\$33,800	\$42,250	\$46,475	\$50,700	\$54,925	\$59,150	\$70,980

Source: HUD, AreaProbe Inc

Absent Subsidy

	1 Bedroom	2 Bedroom
	60% AMI	60% AMI
Proposed Rent	\$ 859	\$ 1,007
Multiply by 12	12	12
Minimum Income to Afford Rent	\$ 25,770	\$ 30,210
Maximum Income Limit	\$ 38,040	\$ 45,660
Renter HHs	-	-
Range of Inc. Qualified HHs	-	-
# of Renters HHs	1402	842
Proposed Units	15	3
Renter HH Capture Rate	1.1%	0.4%

Source: HUD, AreaProbe Inc

DEMAND ANALYSIS

With Section 8 Subsidy			
	Studio	1 Bedroom	2 Bedroom
	60% AMI	60% AMI	60% AMI
Proposed Rent	\$ -	\$ 800	\$ 960
Multiply by 12	-	12	12
Minimum Income to Afford Rent	\$ -	-	-
Maximum Income Limit	-	\$ 38,040	\$ 45,660
Renter HHs			-
Range of Inc. Qualified HHs		-	-
# of Renters HHs		2801	1940
Proposed Units		31	6
Renter HH Capture Rate		1.1%	0.3%

Source: HUD, AreaProbe Inc

With Section 8 Subsidy		
	1 Bedroom	2 Bedroom
	60% AMI	60% AMI
Proposed Rent	\$ 859	\$ 1,007
Multiply by 12	12	12
Minimum Income to Afford Rent	-	-
Maximum Income Limit	\$ 38,040	\$ 45,660
Renter HHs		-
Range of Inc. Qualified HHs	-	-
# of Renters HHs	1809	2110
Proposed Units	32	6
Renter HH Capture Rate	1.8%	0.3%

DEMAND ANALYSIS

Overall, the project has a capture rate of 1.7% with Housing Choice Vouchers and 2.2% without Housing choice Vouchers, which is a favorable metric when considering high demand for available housing.

Demand for HHs Earning Up to 60% AMI

With Housing Choice Vouchers	
VHDA DEMAND CALCULATION	
Income Restrictions	60%
Minimum Income Limits	-
Maximum Income Limit	\$ 45,660
Income-Qualified Renter Households	40%
Percentage of Rent-Overburdened Households	47.5%
New Rental Households	-178
+ Existing Overburdened Households	2203
+ Renters in Substandard Housing	154
+ Elderly Households - Likely to Convert to Rental Housing	44
+ Existing Qualifying Tenants to Remain After Renovation	0
TOTAL DEMAND	2223
- Compare Pipeline Units	
- Comparable Vacant Units	0
NET DEMAND	2223
Subject Proposed Units	38
CAPTURE RATE	1.7%
ESTIMATED ABSORPTION	3 Months

Source: AreaProbe Inc.

DEMAND ANALYSIS

Without Housing Choice Vouchers	
VHDA DEMAND CALCULATION	
Income Restrictions	60%
Minimum Income Limits	\$ 24,000
Maximum Income Limit	\$ 45,660
Income-Qualified Renter Households	40%
Percentage of Rent-Overburdened Households	47.5%
New Rental Households	-162
+ Existing Overburdened Households	1754
+ Renters in Substandard Housing	92
+ Elderly Households - Likely to Convert to Rental Housing	35
+ Existing Qualifying Tenants to Remain After Renovation	0
TOTAL DEMAND	1719
- Compare Pipeline Units	
- Comparable Vacant Units	0
NET DEMAND	1719
Subject Proposed Units	38
CAPTURE RATE	2.2%
ESTIMATED ABSORPTION	3 Months

Source: AreaProbe Inc.

Conclusion: We fully support the proposed project as presented for the market analysis.

PENETRATION RATE

The penetration rate analysis as defined by NCHMA is the percentage of age and income qualified renter households in the primary market area that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy.

Penetration Rate Analysis	
Existing LIHTC Units	758
(+) Planned Development	0
(+) Proposed Development	38
Total	796
Eligible Households	2223
Penetration Rate	35.8%

Recommendations:

We recommend management consider modern amenities such as controlled access system, COVID-19 risk mitigants such as air purification systems, surveillance cameras, and emergency response devices to serve the intended population.

Project Impact:

There is a high demand for elderly housing in the PMA. We believe the proposed property will be well received by the local community and deliver a quality living option for those that are looking to convert for homeownership to senior housing, or those that are looking to live in a community that is appropriately suited for their lifestyle.

Qualifications of the Market Analyst



APPENDIX – SOURCES USED

- Bureau of Labor Statistics
- St. Louis Federal Reserve
- Apartments.com
- Moody's Analytics
- ESRI
- Claritas
- VA Beach Economic Development
- U.S. Census
- GoogleMaps
- BatchGeo
- BingMaps
- VHDA
- VA Beach Housing Authority
- GreatSchools.org
- AreaProbe Analytics

APPENDIX – DEFINITION OF TERMS

Household Growth: A market area must be able to provide sufficient units to accommodate both its existing households, newly forming households and in-migrating households. If the existing housing stock does not contain an adequate supply of units, the construction of new units is necessary to accommodate household increase.

Units in Pipeline: Projects that are planned or under construction will increase the existing supply and may affect market equilibrium. The units in the pipeline include the off-line units that will be renovated and returned to the market, as well as unstabilized project that are in lease-up.

Vacancy Rates: Rental markets with high vacancy rates may reflect an oversupply of available housing. The overall health of the rental market may impact the ability of a proposed development to reach stabilization, despite strong demand estimates and properly positioned rents. Older developments may offer significant incentives to compete with a new rental property. Income qualified renters may be unwilling to pay more for higher quality housing.

Substandard Housing Conditions: The characteristics of a primary market area's rental inventory can be a source of demand. Below average unit conditions or obsolete unit designs can produce a pent-up demand for new units to replace the older housing stock.

Unit Replacement: Units can be removed from the rental inventory for a number of reasons, including natural disaster, eminent domain, condemnation, abandonment, or demolition, unit consolidation, and conversion to non-residential use. Replacement of existing units can be a major cause for residential construction, especially in established communities with limited vacant land available for development.

Absorption Levels: A market area's performance in adding and filling additional units is often a better gauge of its ability to accommodate additional units than household growth, especially in an area with a stable or declining population or an aging housing stock that does not satisfy needs or expectations of current residents.

Market Balance: Demand for new units comes from household growth as well as from pent-up demand due to a lack of available and affordable housing and/or substandard housing. Pent-up demand is often illustrated by very low vacancy rates. If the number of new units that are planned or under construction exceeds the PMA's historic rental housing absorption levels or its projected levels of renter household growth, the completion of all the units in the development pipeline could temporarily oversaturate the market and lead to rising vacancy levels and declining rents

Market Segmentation: Household growth, job growth, and residential construction do not necessarily occur evenly throughout all income ranges. The need for additional units can be limited to specific price ranges or market niches.

Number of Potential Income Qualified Households: The primary area, in nearly all cases, must contain a sufficient number of households who meet the occupancy restrictions of a proposed project. If it does not, the planned project will not succeed unless it can attract households from

APPENDIX – DEFINITION OF TERMS

supplemental sources, such as homeowners or persons living outside the market area who would not otherwise move.

Unit Distribution: Demand, as measured by both the number of potential qualified renters as well as reported occupancy rates within the primary market area, can vary significantly by unit type.

AMI Distribution: A planned project may have a few units targeted to a very high or very low income groups. In such cases, measuring the number of income-qualified households within the entire target income band can severely overstate the number of potential income-qualified renters.

Turnover: Not all income qualified tenants will necessarily move into a project. An estimate of what percentage of tenants would actually move can give a more realistic estimate of how existing tenants will be moving to a different unit during a planned project's lease-up period.

Affordability: LIHTC projects are targeted to low to moderate income households, but charge fixed rents. Unless a planned project has project-based rental assistance or a tenant has a Housing Choice Voucher, each tenant must have sufficient income to pay the proposed rents. In many cases, tenants who pay an excessive amount of their income for rent do not have enough income to occupy the planned project.

Housing Choice Vouchers: Can provide supplemental demand for units. Vouchers can allow otherwise non-income qualified tenants to occupy planned units, especially in communities where rents exceed Housing Payment Standards, units do not meet Housing Quality Standards, landlords do not participate in the voucher program, and/or housing authorities have unused vouchers.

Market Saturation: If the primary market area already has units that serve a large percentage of the planned project's target income group, there may not be enough unserved households to fill another planned tax credit project without adverse impact on the occupancy levels of existing LIHTC projects.

Location: A site's adjacent land uses, neighborhood characteristics and/or surrounding land uses may attract or prevent renters from moving to the site.

Proposed Rents: Demand estimates indicate the number of households able to pay the proposed rents, not their willingness to do so. If the proposed rents are not properly positioned based on site location, project design, unit size, and amenities, income qualified households may not lease the proposed units.

STATEMENT OF QUALIFICATIONS

The Company

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

Company Leadership

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

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

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)
Executive Summary		
1	Executive Summary	5
Scope of Work		
2	Scope of Work	12
Project Description		
3	Unit mix including bedrooms, bathrooms, square footage, rents, and income targeting	6
4	Utilities (and utility sources) included in rent	6
5	Target market/population description	5
6	Project description including unit features and community amenities	10
7	Date of construction/preliminary completion	12
8	If rehabilitation, scope of work, existing rents, and existing vacancies	N/A
Location		
9	Concise description of the site and adjacent parcels	13
10	Site photos/maps	13
11	Map of community services	25
12	Site evaluation/neighborhood including visibility, accessibility, and crime	41
Market Area		
13	PMA description	24
14	PMA Map	24
Employment and Economy		
15	At-Place employment trends	37
16	Employment by sector	37
17	Unemployment rates	36
18	Area major employers/employment centers and proximity to site	37
19	Recent or planned employment expansions/reductions	37
Demographic Characteristics		
20	Population and household estimates and projections	28
21	Area building permits	43
22	Population and household characteristics including income, tenure, and size	28-30
23	For senior or special needs projects, provide data specific to target market	5
Competitive Environment		
24	Comparable property profiles and photos	Appendix
25	Map of comparable properties	34
26	Existing rental housing evaluation including vacancy and rents	34
27	Comparison of subject property to comparable properties	34
28	Discussion of availability and cost of other affordable housing options including homeownership, if applicable	34
29	Rental communities under construction, approved, or proposed	45
30	For senior or special needs populations, provide data specific to target market	5

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		Page Number(s)
Affordability, Demand, and Penetration Rate Analysis		
31	Estimate of demand	47
32	Affordability analysis with capture rate	47-51
33	Penetration rate analysis with capture rate	52
Analysis/Conclusions		
34	Absorption rate and estimated stabilized occupancy for subject	10
35	Evaluation of proposed rent levels including estimate of market/achievable rents.	9
36	Precise statement of key conclusions	11
37	Market strengths and weaknesses impacting project	11
38	Product recommendations and/or suggested modifications to subject	53
39	Discussion of subject property's impact on existing housing	53
40	Discussion of risks or other mitigating circumstances impacting subject	53
41	Interviews with area housing stakeholders	Appendix
Other Requirements		
42	Certifications	Appendix
43	Statement of qualifications	Appendix
44	Sources of data not otherwise identified	Appendix