

TKR

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MARKET STUDY OF

**“BRAYWOOD MANOR”
7000 AUBURN AVENUE
NORFOLK, VIRGINIA 23513**

PREPARED FOR

**MR. ADAM STEWART
STANDARD COMMUNITIES
1901 AVENUE OF THE STARS, SUITE 395
LOS ANGELES, CALIFORNIA 90067**

DATE OF VALUATION

NOVEMBER 5, 2021

DATE OF REPORT

DECEMBER 17, 2021

TKR

Real Estate Appraisers and
Consultants

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December 17, 2021

Mr. Adam Stewart
Standard Communities
1901 Avenue of the Stars, Suite 395
Los Angeles, California 90067

RE: "Braywood Manor"
7000 Auburn Avenue
Norfolk City, Virginia 23513

Dear Mr. Stewart:

As per your request, *Tony Kamand Realty LLC* has completed a market study on the above referenced property as of November 5, 2021. The purpose of this study was to analyze the demographics of the area and overall supply/demand of the market in the primary trade area.

This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. The report also conforms to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). FIRREA requires that real estate appraisals/market studies used in conjunction with federally-related transactions be performed in accordance with USPAP. The report also conforms to the requirements and guidelines of the Standard Communities.

The subject of this market study is an government subsidized multifamily apartment building located at 7000 Auburn Avenue in Norfolk. The project consists of 238 total units with a mix of 220 one bedroom units and 18 two bedroom units. Two (1) bedroom units are reserved for building employees. At the current time the project was 97% occupied with 6 vacant units. The project was built in 1980 and is currently in average condition. There was no deferred maintenance noted at the time of inspection on November 5, 2021.

The total site size is 5.997 acres, and there is adequate parking, ingress, and egress. The site has 230.81 feet of street frontage on Auburn Avenue and 291.43 feet of street frontage on West Tanners Creek Drive. The topography of the site is level and at street grade.

The subject property is a 236 unit project known as Braywood Manor. The 236 rentable units are affordable rental units made available to households with qualifying income levels. This report will attempt to identify the demographics of the trade area, review the existing apartment stock available and determine the continued demand for such units.

The recent Covid-19 (Corona) pandemic has created some uncertainty as to the long term effects on the economy and the real estate markets. We have seen fundamental changes due to the recent pandemic and its effect have been both positive and negative on the real estate markets based the property type and individual markets. Our value conclusions contained in this appraisal are based on information available as of the effective date of the report and we cannot make any representation as to the impact or changes in value of the subject property long term due to the pandemic.

Mr. Adam Stewart
Standard Communities

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We certify that we have no present or contemplated future interest in the property and that our employment and compensation are in no way contingent upon the facts reported.

This transmittal letter must remain attached to our report, which contains our analysis plus related exhibits, in order for the value opinion set forth to be considered valid. It must be noted that only our client who has contracted us and paid for this report is permitted to use this report. This report and the data, analysis and ideas incorporated herein, as an instrument of professional services, is the property of Tony Kamand Realty LLC and is not to be used, in whole or in part for any other purpose without the written consent of Tony Kamand Realty LLC.

If there are any questions or further details that you need please do not hesitate to contact us.

Respectfully submitted,

TONY KAMAND REALTY LLC



Tony F. Kamand Jr., MAI
NJ Certified General Real Estate Appraiser, No. RG-668



Jacqueline Marmur
VA Certified General Real Estate Appraiser, No. 4001018200

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ADDENDA

- Interior Subject Photographs
- Comparable Rentals, photographs, and location map
- Renovation Scope of Work
- Definitions
- Qualifications

EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY



Exterior view of subject property facing east



Exterior view of subject property facing north

EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)



Exterior view of subject property facing south



View of roof

EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)



View of parking area



Auburn Avenue facing north

EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)

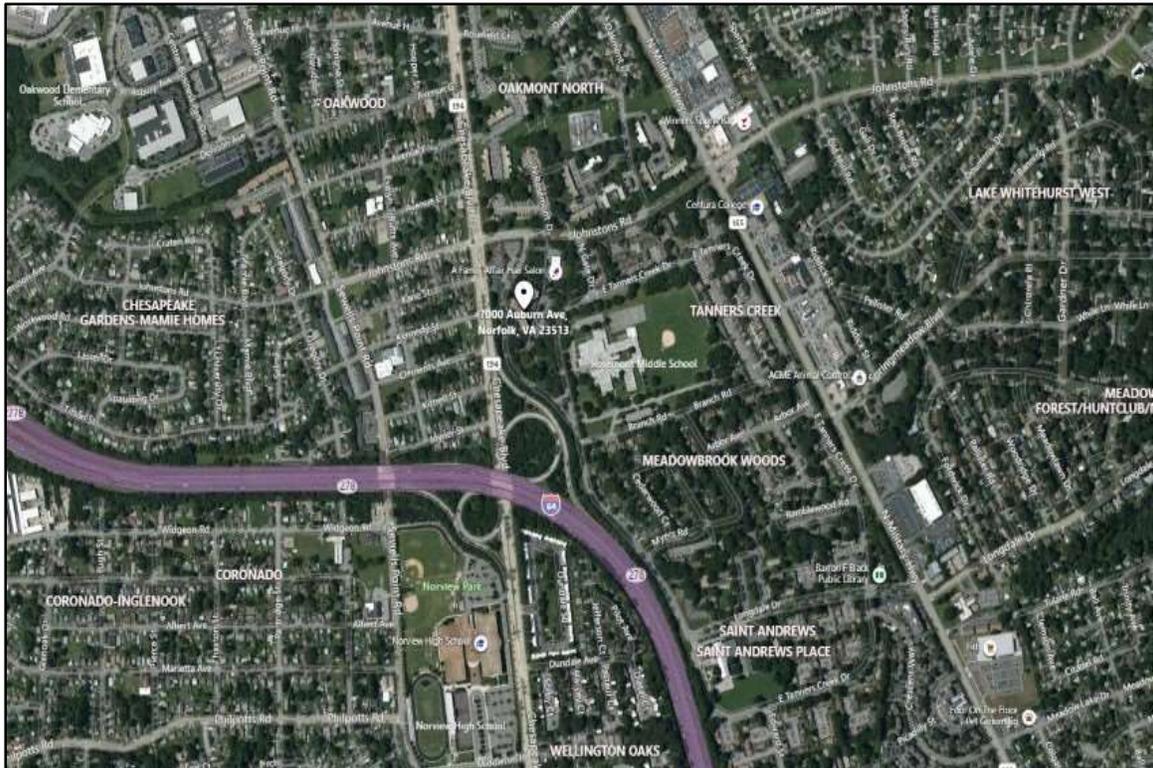


Auburn Avenue facing south

AERIAL PHOTOGRAPHS



AERIAL PHOTOGRAPHS (CONT.)



IDENTIFICATION OF SUBJECT PROPERTY

The subject property consists of a government subsidized multifamily building. A summary of the subject is as follows:

Summary of Subject Property	
Address:	7000 Auburn Avenue, Norfolk City, Virginia 23513
Parcel ID - Block / Lot:	1449379349
Census Tract:	58.00
Site Size:	5.997 acres
Zoning:	PDMU-1, Planned Development
Building Size:	197,622 Square feet
Condition:	Average

IDENTIFICATION OF SUBJECT PROPERTY (CONT.)

TAX MAP OF SUBJECT



LAYOUT OF SUBJECT PROPERTY

Unit Mix					
Unit Type		Size (SF)	No. of Units	% of Units	NRA Sq. Ft.
BR	BA				
1	1	552	218	92%	120,336
2	1	754	18	8%	13,572
Totals		567	236	100%	133,908

The subject improvement is a 236 (rentable) unit government subsidized multifamily apartment complex. The unit mix consists of 218 one bedroom units and 218 two bedroom units. There are two non-revenue units (both one bedroom units) reserved for property staff. The property currently has a project based voucher Section 8 HAP contract which supports 236 units. The improvements were originally built around 1980 and are in average condition. The property has a laundry room, courtyard, community room, pull cords, grab bars and handrails.

IDENTIFICATION OF SUBJECT PROPERTY (CONT.)

The income restrictions for the subject area are as follows:

MSA: Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area								
Median Income: \$82,500.00								
Percentage	One	Two	Three	Four	Five	Six	Seven	Eight
30%	\$17,750.00	\$20,300.00	\$22,850.00	\$26,500.00	\$31,040.00	\$35,580.00	\$40,120.00	\$44,660.00
40%	\$23,680.00	\$27,040.00	\$30,440.00	\$33,800.00	\$36,520.00	\$39,240.00	\$41,920.00	\$44,640.00
50%	\$29,600.00	\$33,800.00	\$38,050.00	\$42,250.00	\$45,650.00	\$49,050.00	\$52,400.00	\$55,800.00
60%	\$35,520.00	\$40,560.00	\$45,660.00	\$50,700.00	\$54,780.00	\$58,860.00	\$62,880.00	\$66,960.00
80%	\$47,350.00	\$54,100.00	\$60,850.00	\$67,600.00	\$73,050.00	\$78,450.00	\$83,850.00	\$89,250.00

Source: VHDA

PURPOSE OF THE REPORT

The purpose of the report is to determine the feasibility of the current improvements in the market area as of November 5, 2021. This report and the data, analysis and ideas incorporated herein, as an instrument of professional services, is the property of *Tony Kamand Realty LLC* and is not to be used, in whole or in part for any other purpose without the written consent of *Tony Kamand Realty LLC*.

SCOPE OF THE REPORT

The scope of the report involved all the necessary research and analysis in order to prepare a *market study*. Jackie Marmur and Tony F. Kamand Jr. made a physical inspection of the subject property (what was readily observable) on November 5, 2021. The effective date of this study is November 5, 2021.

Data for this report was compiled from the public records in Norfolk City County and Norfolk. We obtained information from the office of the Virginia Department of Community Affairs, Norfolk Town Hall and the Chamber of Commerce. Information in our company files, web sites, local newspaper articles, U.S Census Data, demographic studies and regional economic news was also used. In addition, we have had conversations with other professionals knowledgeable within this market area.

In summary, the scope of this report included the collection, verification, and analysis of market data and property specific data. The data was then assembled and analyzed in order to reach our conclusions.

CONFIDENTIALITY

The appraisers are not entitled to divulge the content of this report and analytical findings or conclusions, or give a copy of this report to anyone other than the client or his designee, as specified in writing, except as may be required by the Appraisal Institute, as they may request in confidence for ethic enforcement, or by a court of law with the power of subpoena. All conclusions and opinions concerning the analyses as set forth herein are prepared by the appraisers whose signatures appear. No change of any item in the report shall be made by anyone other than the appraiser, and the firm shall have no responsibility if any such unauthorized change is made.

Whenever the appraisers opinion herein with respect to the existence or absence of fact is qualified by the phrase or phrases "to the best of the appraisers knowledge", "it appears" or "indicated", it is intended to indicate that, during the course of our review and investigation of the property, no information has come to the appraisers attention which would give us actual knowledge of the existence or absence of such facts.

The client shall notify the appraisers of any error, omission, or invalid data herein within 10 days of receipt and return of the report, along with all copies, to the appraisers for corrections prior to any use whatsoever. Neither the appraisers name nor this report, in whole or any part of may be used in connection with any financing plans which would be classified as a public offering under State or Federal Security Laws. This report, in whole or any part (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser and the firm.

INTENDED CLIENT

The intended client of this report is Standard Communities. This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

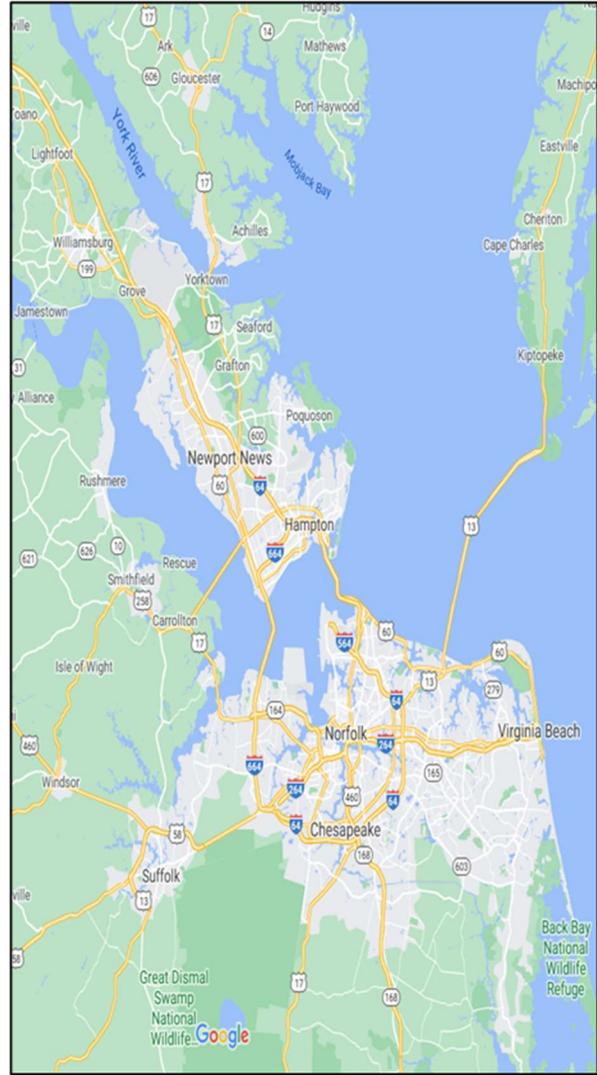
INTENDED USER

The intended user of this report is the Standard Communities and Virginia Housing Development Authority. This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

NORFOLK CITY DESCRIPTION

Norfolk City is an independent city in the Commonwealth of Virginia. The city physically covers a land area of 66 square miles and is bordered by Chesapeake Bay to the north, Chesapeake to the south, Virginia Beach to the east, and Elizabeth River to the west.

Norfolk City provides a complete array of municipal services including public school system, library, garbage removal, police, and volunteer fire and rescue services. The local educational system provides public schools from kindergarten through 12th grade.

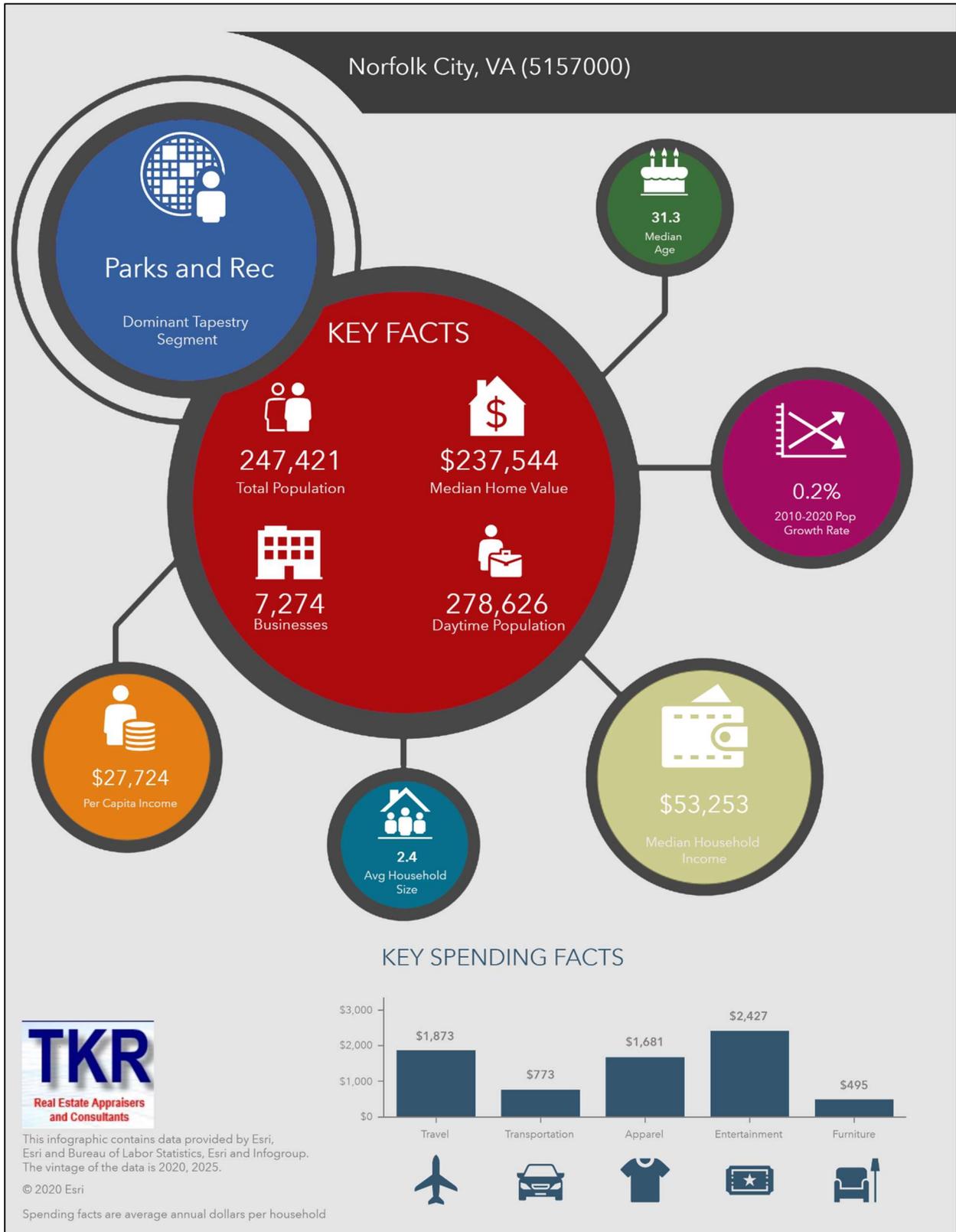


SUMMARY

A summary of the demographics for the city are as follows:

Demographic Summary	Census 2010	2021	2026	2021-2026 Change	2021-2026 Annual Rate
Total Population	242,803	247,421	248,875	1,454	0.12%
Population 50+	60,006	69,089	70,293	1,204	0.35%
Median Age	29.7	31.3	31.9	0.6	0.38%
Households	86,485	87,998	88,646	648	0.15%
% Householders 55+	33.8%	40.7%	41.6%	0.9	0.44%
Total Owner- Occupied Housing Units	39,252	39,180	40,348	1,168	0.59%
Total Renter- Occupied Housing Units	47,233	48,818	48,298	-520	-0.21%
Owner/Renter Ratio (per 100 renters)	83	80	84	4.0	0.98%
Median Home Value	-	\$237,544	\$314,487	\$76,943	5.77%
Average Home Value	-	\$318,623	\$413,039	\$94,416	5.33%
Median Household Income	-	\$53,253	\$56,384	\$3,131	1.15%
Median Household Income for Householder 55+	-	\$49,960	\$52,525	\$2,565	1.01%

SUMMARY (CONT.)



POPULATION

The current population of Norfolk City is as follows:

Population			
2000 Population			234,403
2010 Population			242,803
2021 Population			247,421
2026 Population			248,875
2000-2010 Annual Rate			0.35%
2010-2021 Annual Rate			0.17%
2021-2026 Annual Rate			0.12%
2021 Male Population			52.3%
2021 Female Population			47.7%
2021 Median Age			31.3
<p>In the identified area, the current year population is 247,421. In 2010, the Census count in the area was 242,803. The rate of change since 2010 was 0.17% annually. The five-year projection for the population in the area is 248,875 representing a change of 0.12% annually from 2021 to 2026. Currently, the population is 52.3% male and 47.7% female.</p>			
Median Age			
<p>The median age in this area is 31.3, compared to U.S. median age of 38.5.</p>			

HOUSEHOLDS

A review of the number of households located in Norfolk City is as follows:

Households			
2021 Wealth Index			60
2000 Households			86,210
2010 Households			86,485
2021 Total Households			87,998
2026 Total Households			88,646
2000-2010 Annual Rate			0.03%
2010-2021 Annual Rate			0.15%
2021-2026 Annual Rate			0.15%
2021 Average Household Size			2.42
<p>The household count in this area has changed from 86,485 in 2010 to 87,998 in the current year, a change of 0.15% annually. The five-year projection of households is 88,646, a change of 0.15% annually from the current year total. Average household size is currently 2.42, compared to 2.43 in the year 2010. The number of families in the current year is 50,523 in the specified area.</p>			

2010 Households by Type			
Total			86,485
Households with 1 Person			31.1%
Households with 2+ People			68.9%
Family Households			58.7%
Husband-wife Families			34.2%
With Related Children			15.0%
Other Family (No Spouse Present)			24.5%
Other Family with Male			5.2%
With Related Children			2.8%
Other Family with Female			19.3%
With Related Children			13.3%
Nonfamily Households			10.3%
All Households with Children			31.6%
Multigenerational Households			4.7%
Unmarried Partner Households			7.5%
Male-female			6.5%
Same-sex			1.0%

INCOME

Income levels in Norfolk City are summarized as follows:

Median Household Income			
2021 Median Household Income			\$53,253
2026 Median Household Income			\$56,384
2021-2026 Annual Rate			1.15%
Average Household Income			
2021 Average Household Income			\$70,455
2026 Average Household Income			\$78,371
2021-2026 Annual Rate			2.15%
Per Capita Income			
2021 Per Capita Income			\$27,724
2026 Per Capita Income			\$30,564
2021-2026 Annual Rate			1.97%
Households by Income			
Current median household income is \$53,253 in the area, compared to \$64,730 for all U.S. households. Median household income is projected to be \$56,384 in five years, compared to \$72,932 for all U.S. households			
Current average household income is \$70,455 in this area, compared to \$90,054 for all U.S. households. Average household income is projected to be \$78,371 in five years, compared to \$103,679 for all U.S. households			
Current per capita income is \$27,724 in the area, compared to the U.S. per capita income of \$34,136. The per capita income is projected to be \$30,564 in five years, compared to \$39,378 for all U.S. households			

2021 Households by Income			
Household Income Base			87,992
<\$15,000			13.7%
\$15,000 - \$24,999			8.9%
\$25,000 - \$34,999			11.3%
\$35,000 - \$49,999			12.4%
\$50,000 - \$74,999			20.1%
\$75,000 - \$99,999			13.1%
\$100,000 - \$149,999			11.8%
\$150,000 - \$199,999			5.3%
\$200,000+			3.6%
Average Household Income			\$70,455
2026 Households by Income			
Household Income Base			88,640
<\$15,000			12.3%
\$15,000 - \$24,999			8.3%
\$25,000 - \$34,999			10.7%
\$35,000 - \$49,999			11.9%
\$50,000 - \$74,999			19.8%
\$75,000 - \$99,999			13.6%
\$100,000 - \$149,999			12.7%
\$150,000 - \$199,999			6.5%
\$200,000+			4.2%
Average Household Income			\$78,371

EMPLOYMENT

An analysis of the labor force in Norfolk City is summarized as follows:

2021 Civilian Population 16+ in Labor Force	
Civilian Population 16+	109,917
Population 16+ Employed	90.3%
Population 16+ Unemployment rate	9.7%
Population 16- 24 Employed	17.6%
Population 16- 24 Unemployment rate	12.9%
Population 25- 54 Employed	59.8%
Population 25- 54 Unemployment rate	8.9%
Population 55- 64 Employed	15.9%
Population 55- 64 Unemployment rate	10.8%
Population 65+ Employed	6.7%
Population 65+ Unemployment rate	5.7%
2021 Employed Population 16+ by Industry	
Total	99,225
Agriculture/Mining	0.2%
Construction	7.7%
Manufacturing	6.1%
Wholesale Trade	1.4%
Retail Trade	11.2%
Transportation/Utilities	6.0%
Information	1.4%
Finance/Insurance/Real Estate	6.1%
Services	50.1%
Public Administration	9.7%
2021 Employed Population 16+ by Occupation	
Total	99,225
White Collar	58.1%
Management/Business/Financial	14.0%
Professional	24.2%
Sales	9.3%
Administrative Support	10.6%
Services	19.6%
Blue Collar	22.4%
Farming/Forestry/Fishing	0.1%
Construction/Extraction	5.8%
Installation/Maintenance/Repair	3.8%
Production	4.3%
Transportation/Material Moving	8.2%

LAND USES AND HOUSING

A review of housing in the city is as follows:

Housing	
2021 Housing Affordability Index	121
2000 Total Housing Units	94,416
2000 Owner Occupied Housing Units	39,238
2000 Renter Occupied Housing Units	46,972
2000 Vacant Housing Units	8,206
2010 Total Housing Units	95,018
2010 Owner Occupied Housing Units	39,252
2010 Renter Occupied Housing Units	47,233
2010 Vacant Housing Units	8,533
2021 Total Housing Units	97,655
2021 Owner Occupied Housing Units	39,180
2021 Renter Occupied Housing Units	48,818
2021 Vacant Housing Units	9,657
2026 Total Housing Units	98,422
2026 Owner Occupied Housing Units	40,348
2026 Renter Occupied Housing Units	48,298
2026 Vacant Housing Units	9,776

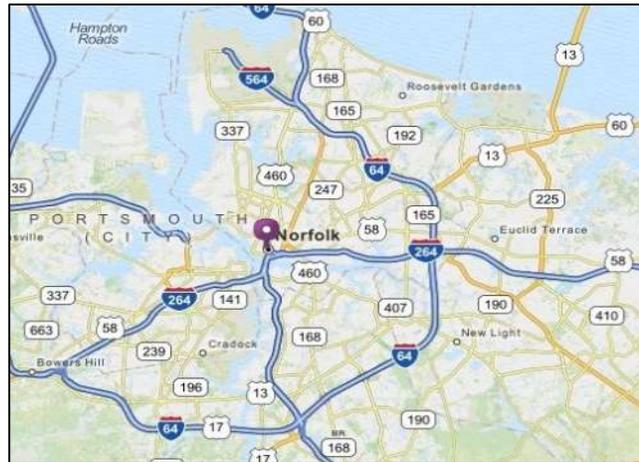
Currently, 40.1% of the 97,655 housing units in the area are owner occupied; 50.0% renter occupied; and 9.9% are vacant. Currently, in the U.S., 57.3% of the housing units in the area are owner occupied; 31.2% are renter occupied; and 11.5% are vacant. In 2010, there were 95,018 housing units in the area - 41.3% owner occupied, 49.7% renter occupied, and 9.0% vacant. The annual rate of change in housing units since 2010 is 1.22%. Median home value in the area is \$237,544, compared to a median home value of \$264,021 for the U.S. In five years, median value is projected to change by 5.77% annually to \$314,487.

LAND USES AND HOUSING (CONT.)

Housing Units by Occupancy Status and Tenure	Census 2010		2021		2026	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	95,018	100.0%	97,655	100.0%	98,422	100.0%
Occupied	86,485	91.0%	87,998	90.1%	88,646	90.1%
Owner	39,252	41.3%	39,180	40.1%	40,348	41.0%
Renter	47,233	49.7%	48,818	50.0%	48,298	49.1%
Vacant	8,533	9.0%	9,657	9.9%	9,776	9.9%
Owner Occupied Housing Units by Value	2021		2026			
	Number	Percent	Number	Percent		
Total			39,157	100.0%	40,325	100.0%
<\$50,000			859	2.2%	393	1.0%
\$50,000-\$99,999			1,134	2.9%	566	1.4%
\$100,000-\$149,999			4,206	10.7%	2,474	6.1%
\$150,000-\$199,999			8,260	21.1%	5,722	14.2%
\$200,000-\$249,999			6,818	17.4%	5,892	14.6%
\$250,000-\$299,999			4,190	10.7%	4,269	10.6%
\$300,000-\$399,999			4,820	12.3%	5,843	14.5%
\$400,000-\$499,999			3,280	8.4%	4,831	12.0%
\$500,000-\$749,999			3,433	8.8%	6,054	15.0%
\$750,000-\$999,999			1,243	3.2%	2,478	6.1%
\$1,000,000-\$1,499,999			684	1.7%	1,314	3.3%
\$1,500,000-\$1,999,999			113	0.3%	241	0.6%
\$2,000,000+			117	0.3%	248	0.6%
Median Value			\$237,544		\$314,487	
Average Value			\$318,623		\$413,039	

TRANSPORTATION

Norfolk is linked with its neighbors through an extensive network of arterial and Interstate highways, bridges, tunnels, and bridge-tunnel complexes. The major east-west routes are Interstate 64, U.S. Route 58 (Virginia Beach Boulevard) and U.S. Route 60 (Ocean View Avenue). The major north-south routes are U.S. Route 13 and U.S. Route 460, also known as Granby Street. Other main roadways in Norfolk include Newtown Road, Waterside Drive, Tidewater Drive, and Military Highway. The Hampton Roads Beltway (I-64, I-264, I-464, and I-664) makes a loop around Norfolk.



The closest airport to Norfolk City is Norfolk International Airport offering both domestic and international flights. Greyhound Lines provides service from a central bus terminal in downtown Norfolk.

CONCLUSIONS

Norfolk City has experienced good population growth over the past decade and it is expected that this will continue in the near future. There were no adverse conditions were noted that would have a negative effect on the value of the subject property. Property maintenance in the area is average and future marketability should remain satisfactory.

DESCRIPTION OF SUBJECT NEIGHBORHOOD

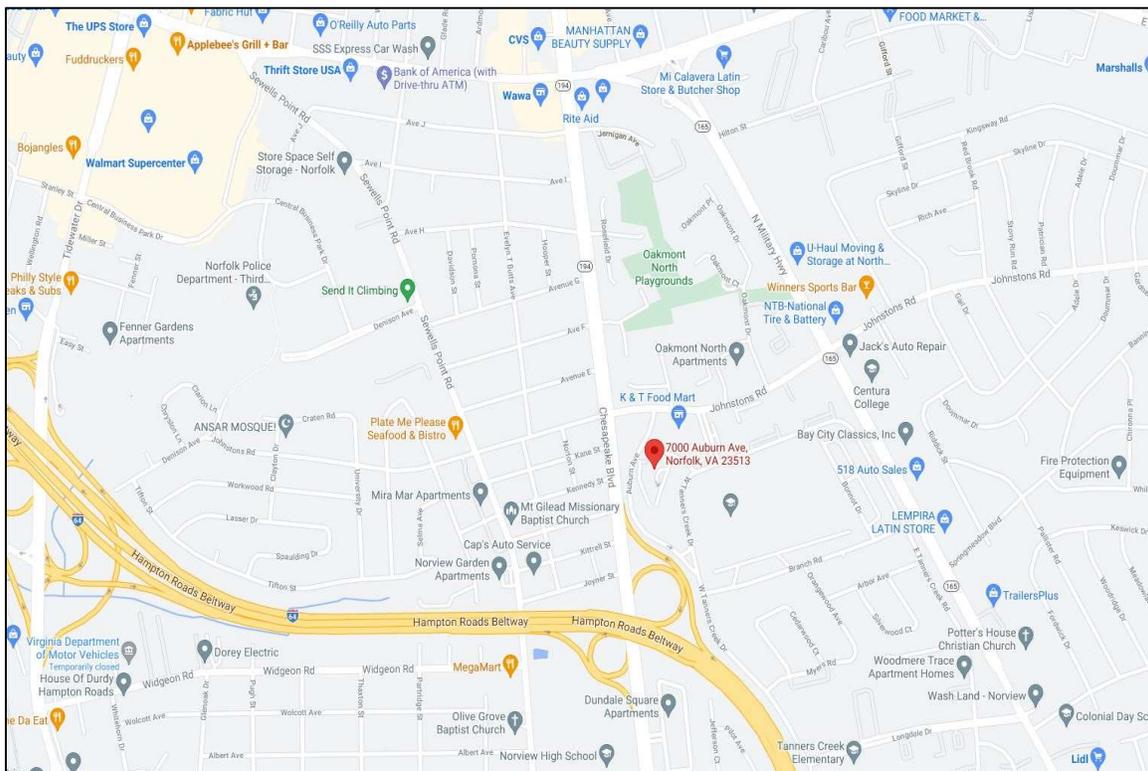
Within a community, there is a marked tendency toward the grouping of land uses. The areas devoted to these various uses are termed "physical neighborhoods". Neighborhood use in this context is further defined as follows:

"A portion of a larger community, or an entire community, in which there is a homogenous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interests and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined, natural or man-made barriers or they may be, more or less, well defined by distinct change in land use or in the character of the inhabitants."

Neighborhoods typically evolve through four distinct stages, which are as follows:

Growth	A period in which the area gains acceptance
Stability	A period of equilibrium
Decline	A period of slowing demand
Revitalization	A period of renewal, redevelopment, modernization and increasing demand

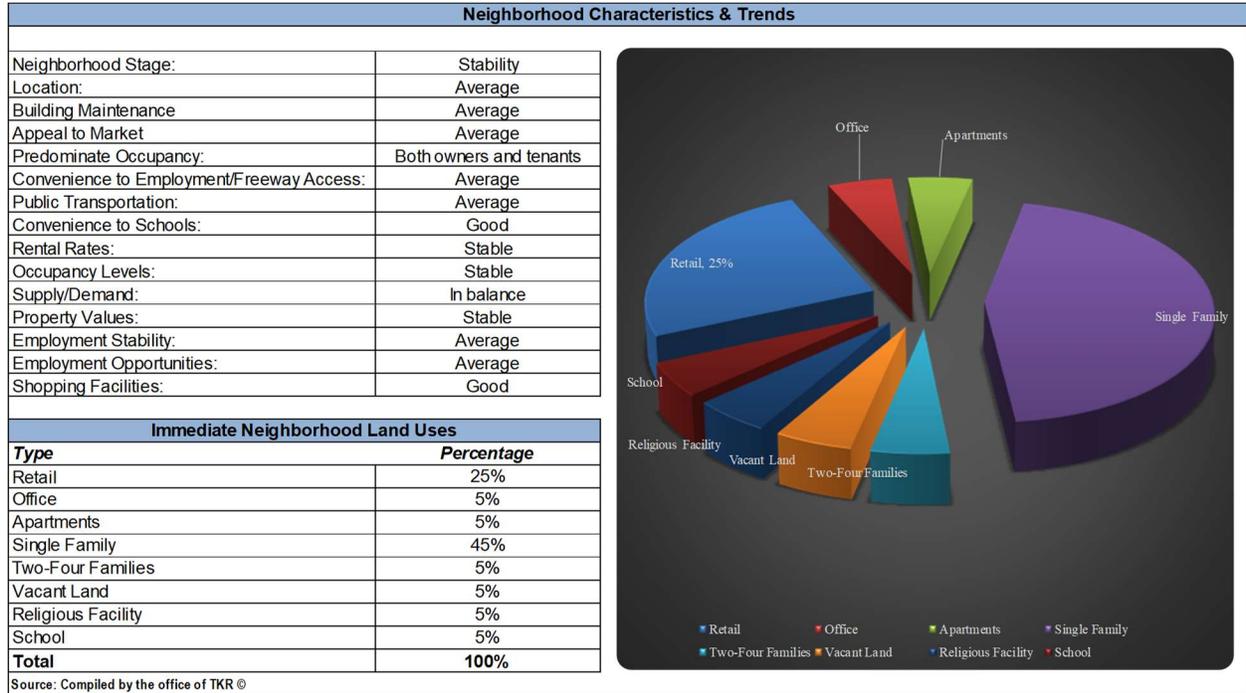
In review of the subject’s area the boundaries of the subject’s immediate neighborhood can be delineated as; East Little Creek Road to the north, Hampton Roads Beltway to the south, North Military Highway to the east and Hampton Roads Beltway to the west. The following map illustrates the immediate neighborhood:



The subject is located on Auburn Avenue, which is a small roadway running between Johnstons Road and West Tanners Creek Drive in Norfolk. The subject property is also located in close proximity to Chesapeake Boulevard (Route 194).

DESCRIPTION OF SUBJECT NEIGHBORHOOD (CONT.)

Based on our observation the composition of the subject’s immediate neighborhood is as follows:



The subject street and immediate neighborhood have a variety of real estate uses including retail, office and residential. The predominate use in the neighborhood is single families. Properties near the subject appear to be approximately 25 to 75 years old and adequately maintained. Occupancy levels in the neighborhood appear adequate (95%+). Change in current land use is unlikely. Property compatibility is good with no adverse effects.

We have also reviewed the subject’s overall location in terms of its walkability or Walk Score. A Walk Score is a system developed to measure the “walkability” of various neighborhoods to nearby amenities and also measures pedestrian friendliness by analyzing population density and road metrics such as block length and intersection density. The subject property neighborhood is scored as followed:

Subject Score	Walk Score	Transit Score	Bike Score
	46	43	43
Score Rating	Walk Score Description	Transit Score Description	Bike Score Description
90–100	Walker's Paradise Daily errands do not require a car	Rider's Paradise World-class public transportation	Bikers Paradise Daily errands can be accomplished on a bike
70–89	Very Walkable Most errands can be accomplished on foot	Excellent Transit Transit is convenient for most trips	Very Bikeable Biking is convenient for most trips
50–69	Somewhat Walkable Some errands can be accomplished on foot	Good Transit Many nearby public transportation options	Bikeable Some bike infrastructure
25–49	Car-Dependent Most errands require a car	Some Transit A few nearby public transportation options	Somewhat Bikeable Minimal bike infrastructure
0–24	Car-Dependent Almost all errands require a car	Minimal Transit It is possible to get on a bus	Somewhat Bikeable Minimal bike infrastructure

The subject property neighborhood can be defined as having a location that is car dependent, has some transit and is somewhat bikeable.

DESCRIPTION OF SUBJECT NEIGHBORHOOD (CONT.)

The subject property location to area services is as follows:

Service/Amenity		Estimated Distance from Subject
Airport	Norfolk International Airport	2.3 miles
Hospital	Sentara Leigh Hospital	5.3 miles
Houses of Worship	Various	1 mile
Major Employment Centers	Downtown Norfolk	6 miles
Parks	Oakmont North Playgrounds	0.5 mile
Public Transportation	Johnstons Road and Auburn Avenue (bus)	0.1 mile
Restaurants	Various	1.5 miles
Schools (Grades K-12)	Rosemont Middle School	0.2 mile
Local Shopping	Various	1.4 miles

Major roadways servicing the subjects immediate neighborhood include Route 64 (Hampton Roads Beltway). This road runs in a north-south direction and provides connections to Norfolk Naval Air Station to the north of the subject property and Chesapeake to the south. In addition, the area has access to Route 264, which runs in an east-west direction and provides access to Virginia Beach to the east.

Property maintenance in the neighborhood is average. There were no adverse conditions noted in the immediate neighborhood that would have a negative effect on the value of the subject property. The future marketability of the neighborhood should remain satisfactory.

The subject has good access to jobs in downtown Norfolk, where retail trade, health care and social assistance and educational services make up over 30% of all employment.

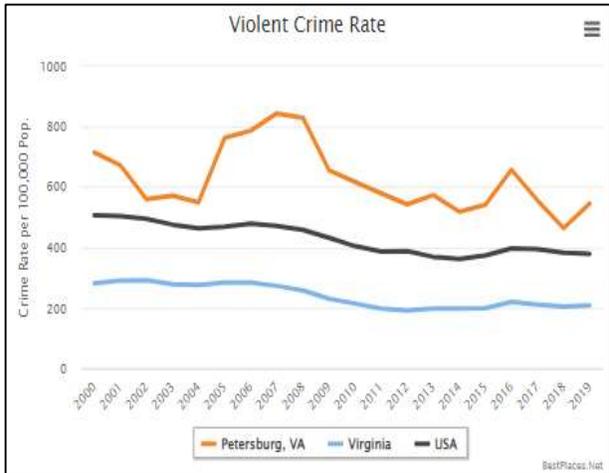
EMPLOYMENT INFORMATION	Norfolk, Virginia	United States
Income per Cap.	\$23,877	\$31,177
Household Income	\$43,807	\$57,652
Unemployment Rate	7.3	6
Recent Job Growth	-5.81%	-6.18%
Future Job Growth	31.21%	33.51%

As of May 2021, the unemployment rate for this ZIP code was 7.3%, higher than the United States unemployment rate of 6%. The unemployment rate in Norfolk spiked to a high of 13.8% in April 2020 due to the Covid-19 pandemic, but has since subsided to 4.8% as of October 2021.

The largest employers in this market area include the United States Federal Government, Sentara Healthcare, Virginia Beach City Public Schools, Norfolk Naval Shipyard, Norfolk City Public Schools, Virginia Beach City, Dominion Enterprises (Trader Publishing) and Wal-Mart Stores.

DESCRIPTION OF SUBJECT NEIGHBORHOOD (CONT.)

Property crime which includes burglary, larceny-theft, motor vehicle theft, and arson for this zip code was 37.7 (Index 1 to 100). Violent crimes (murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault) for the subjects zip code (23513) was 14.1 (Index 1 to 100). A review of crime statistics for the subjects zip code (23513) is as follows:



Source: Bestplaces.net

The subject neighborhood is not as safe as the typical neighborhood in Virginia and the United States.

The subject neighborhood is considered a good location for an affordable housing project and it is noted that the rent estimate completed for the purpose of this RCS is based on preferences of the typical renter in this market area, rather than any specific age or income group.

PHOTOGRAPHS OF SUBJECT PROPERTY NEIGHBORHOOD



View of retail use in neighborhood



View of residential dwelling in neighborhood

COVID 19 PANDEMIC - IMPACT ON THE REAL ESTATE MARKET GOING FORWARD

Over the past year, we have had various discussions with many market participants as to the effect of the Covid 19 virus on the future of local and national real estate markets. The following points are a summary of these discussions.

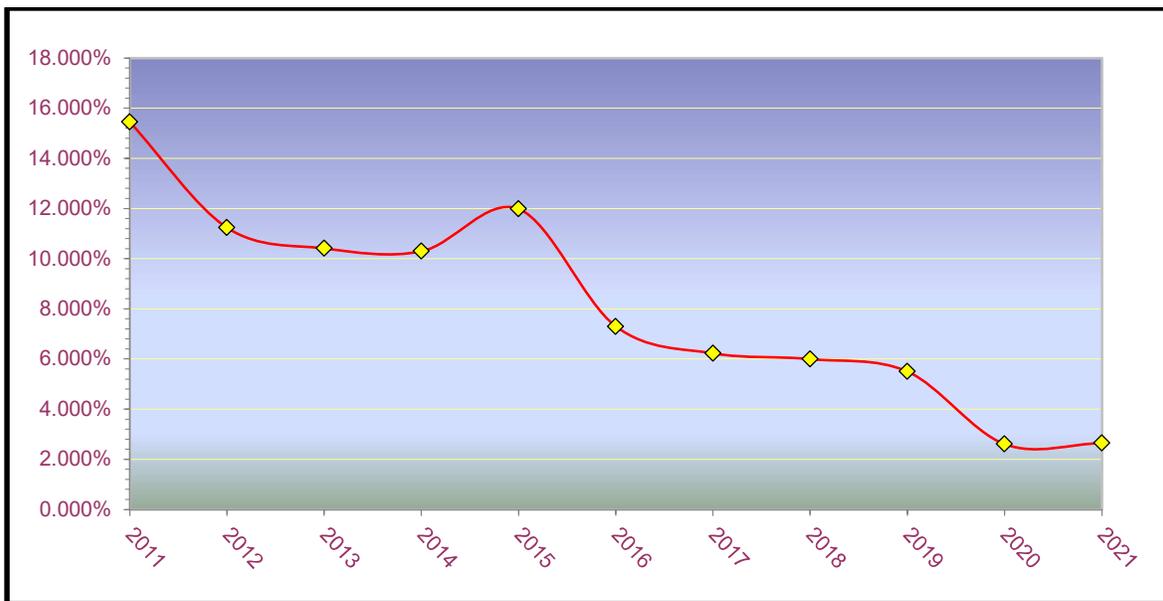
- The rent and mortgage moratoriums have been lifted. There may be some lag before we see the effects of foreclosures as a result of the end of the mortgage moratoriums as the process typically takes 12 to 16 months. The end of the rent moratorium may show a short term increase in vacancies but demand still appears to be good for apartments.
- There may be an impending recession and inflation going forward needs to be monitored. The depth of any potential recession is unknown as the lingering effects of Covid 19 is different than anything we have seen in the past.
- Businesses and workers have been affected by the pandemic and there is now a definite shift in the workplace for many industries. Working remotely is becoming more the norm and technology will continue to play a bigger role in our lives going forward.
- Government seems to have too much control over the markets and investors have little confidence in the current administration. Some investors are fleeing high tax, over regulated states in the northeast and relocating to the south where they see more upside. Also, many investors are now looking at real estate outside of the United States.
- Residential real estate (1-4 families) seems to have hit its peak and a noticeable recent increase in supply and lower demand has finally begun to pull this segment back to reality. However, historically low interest rates are still keeping this market up so we don't expect a sudden crash, but we expect a more of a soft landing for this segment.
- Multi-family is staying strong and prices are still high. We expect this segment to stay strong going forward and may be helped by single family foreclosures and aging baby boomers who no longer want the responsibility of home ownership.
- The office market will continue to face challenges like the retail market with less demand for space. The office market saw over the past twenty years a shrinking per square foot area per employee this may be change as employees who cannot work remotely may need more space. Many think that demand for office space may not shrink as badly as people think going forward as tenants do not downsize their space in order to keep fewer employees working in the same size space.
- E-commerce has become more entrenched in everyone's lives. Only well located retail or specialty stores may be the future of retail with less overall space due to lower demand. Brick and mortar retail will continue to shrink. We expect more retail bankruptcies due to the shrinking demand in this sector.
- Industrial space (as a result of e-commerce) will continue to flourish in the near future. We have been seeing retail space being converted to industrial space in several market and this is likely to continue as goods will move closer to the end consumer.

The pandemic has fundamentally changed each and everyone's life going forward. The real estate markets are now fundamentally changing. However, this is not that unusual as the markets are actually always in a constant state of change. The long-term effects from the pandemic remain to be seen. However, whether positive or negative, the market typically can react to changes and move forward.

NATIONAL APARTMENT MARKET

Multifamily rental housing is an attractive opportunity for investors. Apartments account for approximately one-fourth of the nation's stock of income property. Direct investments in multi-family rental housing have historically provided competitive returns relative to the other major property types - office, retail, and industrial.

MULTI-FAMILY TOTAL ANNUAL RETURN



Source: NCREIF

The market saw a strong and noticeable increase in returns in 2010-2011 when the apartment market began to level off and showed a peak in 2015. As of late demand has still been strong, but returns have leveled off somewhat. Overall the multifamily market should remain relatively stable going forward into the near future.

What has helped the market is that population of the United States over the last decade grew by 32.7 million people. Not all of these people will need housing but a more relevant measure of potential demand for apartments is household growth. The U.S. currently has roughly 118 million households. Annual household growth over the decade is forecasted to average 0.75% to 1.0%. This alone should generate new demand for 1.1 million housing units per year. While some of this demand will go to single family homes, condominiums, and other types of housing the foundation for new or future demand looks good. In addition, the Millennium generation now shows a preference towards rental housing due to job demand and mobility.

The unemployment rate was fairly stable until 2008, when it has started to increase upward dramatically due to a worldwide recession. It peaked at a high in the fall of 2009 and has been steadily declining ever since up until our recent Covid 19 pandemic. The unemployment rate throughout the country spike upward during the pandemic, but in most parts of the country have some back to pre-pandemic levels. Over the past several years (sans the pandemic) we have seen historically low unemployment rates nationwide.

NATIONAL APARTMENT MARKET (CONT.)

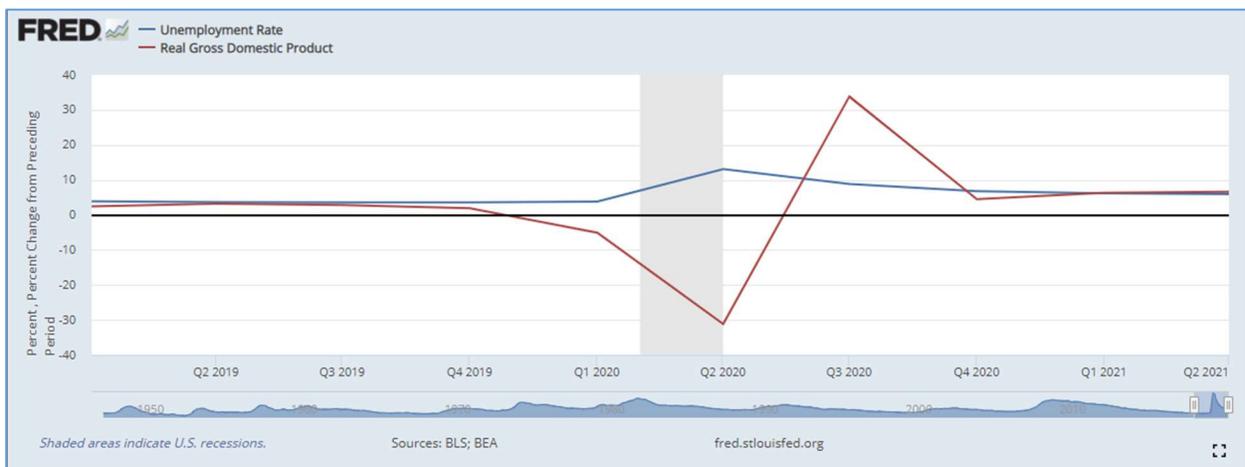
A review of total employment (seasonally adjusted) over the past few years is as follows:

UNITED STATES UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)



The unemployment rate has dropped over the past few years, up until the recent Covid-19 pandemic. The unemployment rate has started to normalize, but the overall and long term effects of the pandemic are still somewhat unknown. The evidence to date shows a small recovery in the economy, which is partially being helped by government intervention.

Over the past few years the Gross Domestic Product (GDP) has increased which indicates that companies are operating efficiently and are producing and expanding. However, we expect that overall the Gross Domestic Product (GDP) may flatten in the near future with the current pandemic. The unemployment rate should and has begun to decline and will stabilize. A review of the U.S. unemployment rate and GDP is as follows:



NATIONAL APARTMENT MARKET (CONT.)

A review of the percentage of apartment households in the country is as follows:

APARTMENT HOUSEHOLDS AS A SHARE OF ALL HOUSEHOLDS (%)

Region		Metropolitan Area	
Northeast	18.9	Central city	27.4
Midwest	11.9	Suburbs	12.4
South	12.3	Non-metro	6.0
West	18.6		

Source: U.S. Census

Much of the new construction is concentrated in higher end apartment complexes and senior housing. Luxury units continue to be developed for lifestyle renters (married, childless professionals and affluent singles). While adult retirement and assisted living communities are expanding to serve the aging population.

In a recent National Housing Survey by Fannie Mae, 41% of renters say they rent "as a matter of choice" and not out of necessity. There are an increasing number of household's who now prefer apartment living, even though they could afford to buy a home. As life gets more hectic, commutes get longer, and as the age and composition of our population changes, many households are deciding that apartment living is a preferred lifestyle.

Research reveals that despite the nation's historically high homeownership rate, the number of apartment renters has grown in the highest-income groups. For the past few years, households making \$50,000 or more have been the fastest growing segment of the apartment market. These households are part of a growing number who now choose to rent an apartment for lifestyle and not economic reasons. For many of these households, apartments offer hassle-free living in superior locations near jobs, entertainment and shopping. They also make it easier for households to move from one job to another without incurring the cost of selling a house.

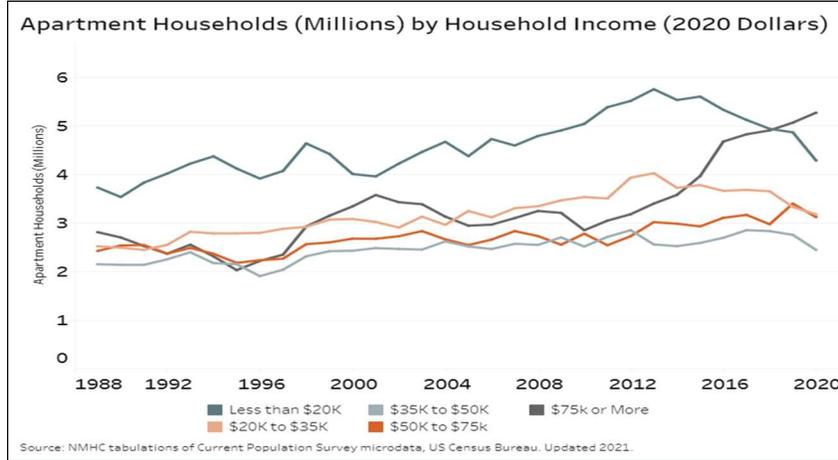
The makeup of the American population is changing, and some of these changes are helping apartment demand. Two of the fastest growing age groups over the next 10 years (people in their mid-20's and empty nesters in their 50's) are two of the groups most likely to select apartment living. After more than two decades of declining in number, the population in the traditional renting years (age 20-29) is expected to increase.

The second demographic factor at work is the shakeup in what constitutes the "typical household." Traditionally, that was a married couple with children. However, these households have been declining in number since 1970, and now account for just one quarter of all households. In their place are a growing number of non-traditional households who are more likely to choose apartment living - childless couples, people who live alone and non-family/non-related households. The Census Bureau is projecting a boom in the population groups most likely to choose an apartment; young adults, one-person households and married couples without children.

Today's apartments are larger with numerous amenities. A single call to the on-site concierge can arrange babysitting, housekeeping, pet care, grocery shopping or a night on the town. The luxury/upscale or lifestyle apartment market is the fastest growing segment.

NATIONAL APARTMENT MARKET (CONT.)

APARTMENT HOUSEHOLD INCOMES FASTEST GROWTH RECORDED IN UPSCALE MARKET



This segment (luxury) of the market is expected to continue especially in the urban areas of the country. Tenant characteristics for different apartment segments are as follows:

RESIDENT CHARACTERISTICS IN THE THREE MARKETS FOR MULTIFAMILY RENTAL HOUSING

	Affordable Market		Middle Market	Lifestyle Market	All Apartments Households
	Total	Federally Assisted			
Share of all apartment households (%)	49	19	37	14	100
<i>Age of householder</i>					
Median	41	44	33	38	37
Mean	47	49	38	42	43
% <30	26	21	39	20	30
% 65+	23	31	8	10	16
<i>Household Size</i>					
Mean	2.1	2.3	2.2	1.4	2.0
% 1 person	50	43	31	65	46
% 4+ person	17	19	14	0	5
% with 1 or more children	35	50	31	0	29
<i>Household income (\$)</i>					
Mean	11,795	10,944	42,752	62,382	29,603
Median	10,444	7,608	32,100	48,928	21,000

Source: U.S. Census

As the previous table shows, the affordable market is almost 50% of the renting households in this country. This segment of the market remains strong. The luxury market makes up about 14% of the market. The median household income in the affordable market is \$10,444, while in the lifestyle or luxury market it is \$48,928.

NATIONAL APARTMENT MARKET (CONT.)

New interest in smart growth is making it easier to get new apartment construction approved. Suburban jurisdictions hoping to address voter concerns about traffic and pollution realize that apartments use existing infrastructure more efficiently than detached housing and that apartments can help create the pedestrian-friendly neighborhoods that voters claim to want.

Urban areas realize that the lifestyle renter market is a key market to target in trying to recruit middle and upper income households to return downtown, and they are doing their part to facilitate new construction of high quality apartments. As the chart below shows most people in urban areas are renters.

RENTERS VS. OWNERS IN LARGE CITIES

Cities	Population	Total Occupied Housing Units	Total Occupied Apartments	Apartments as a Percent Of All Housing
New York, NY	8,426,473	3,422,225	1,556,161	45%
Los Angeles, CA	3,900,794	1,436,543	562,060	39%
Chicago, IL	2,717,534	1,192,544	306,150	26%
Houston, TX	2,217,706	927,107	318,888	34%
Philadelphia, PA	1,555,702	670,229	89,829	13%
Phoenix, AZ	1,514,208	598,236	114,237	19%
San Antonio, TX	1,413,881	535,145	116,723	22%
San Diego, CA	1,359,791	522,410	141,922	27%
Dallas, TX	1,260,688	533,556	191,200	36%
San Jose, CA	1,000,860	325,256	68,004	21%

Source: NMHC tabulations of 2016 American Community Survey, 1-Year Estimates. Updated 11/2017.

In lower-tier to mid-tier apartment properties, renovation offers an opportunistic investment. Lack of affordable, or at least reasonable, rental communities to meet the changing demand from demographic and ethnic shifts plagues many areas. As immigrant populations become more affluent and welfare-to-work programs encourage employment, a new segment of the population is looking for clean, safe, affordable housing with moderate amenities.

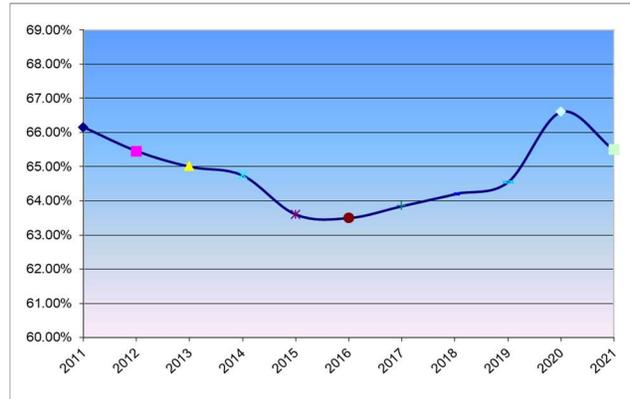
In many urban areas new apartment development is not always possible, but major rehabilitation of the existing, aging apartment stock does. Developers of these properties are finding that once the project is complete, the complex fills rapidly, vacancy rates remain low and the ability to substantially increase rents is present.

Employment growth is critical to the increase for apartment demand. The unemployment rate has been decreasing as of late. The increasing employment level may cause some workers to look into purchasing a single family home. However, many workers have been somewhat scared off due to the slew of foreclosures over the past few years that were the result of a volatile market and aggressive lending practices. In addition, many workers now feel they need the mobility that they get by rental housing because of changing job demands.

Rising home ownership (due to low interest rates) had drained away apartment demand. From 1994 home ownership in the United States began to increase sharply peaking at 69% in 2005. However, this trend is reversing rapidly and is expected to decrease in the near future.

NATIONAL APARTMENT MARKET (CONT.)

About two-thirds of all households are homeowners and a 1% increase in homeownership rates would cause a 3% decline in rental demand, all other things being equal. Homeownership had been decreasing from 2008 to 2015 and then showed a bump upward and overall is increasing. A review of historical homeownership rates in the United States (from U.S. Census) is shown to the right.



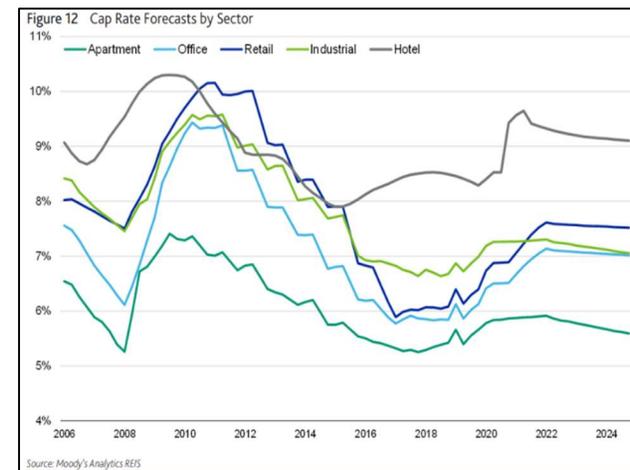
Demand for home ownership had decreased significantly since the peak in the market in 2006. However, this trend reverses itself with an uptick in homeownership over the past few years. However, due to lifestyle changes it is expected that going forward homeownership rates may again decline.

Demand for rentals apartments has increased. Overall apartment vacancy rates for the nation had been decreasing over the past few years and it appears that vacancy rates should stabilize somewhat over the next few years. According to U.S. Census Bureau the average vacancy rate in the country over the past several years is decreasing and is shown in the graph to the right.



As vacancy rates have decreased and demand for apartments have increased, apartment capitalization rates have continued to decrease over the past several years.

The chart to the right illustrates the mean capitalization rate trends over the past five years (Reis/Moody’s). The apartment market of course is dependent on many factors; namely job growth and demand in the marketplace. The supply of apartments may continue to increase in the near term as there is building going on nationwide, but real future job growth may still have to play catch up to this supply.



The long-term outlook for the apartment market is good as household growth is forecasted to be strong, but additional job growth is also needed. The affordable housing market and the “lifestyle renter” (baby boomers) are aging will also continue to drive the market. The “lifestyle renter” enjoys the hassle-free lifestyle that apartments can offer. Both of these segments of the market may be a main driver of future demand. Overall, the foundation of the apartment market is strong and should continue into the near future.

VIRGINIA HOUSING MARKET

Virginia’s economy, along with the nation, is currently in a state of uncertainty due to the ongoing Covid-19 pandemic, although the unemployment figures are on the decline. The national unemployment rate was 3.5% as of January 2020 and peaked in April 2020 at 14.8%. The current national unemployment 4.2%. Virginia’s unemployment rate was 2.7% as of January 2020, peaked in April 2020 at 11.2% and currently stands at 3.6%.

The economy of Virginia is diverse, with many sources of income. These include military installations, defense contractors, and components of the government sector. Although these sectors have been affected over the past several years, it appears that it was affected to a slightly lesser extent. Many businesses in all sectors of our state economy are cautious and not in an expansion mode at this time. The unemployment rate for the state has continued to decline since the peak in April 2020 and is currently slightly lower than the national unemployment.

Globalization, deregulation, and accelerating technological change have been the predominant force in the world economy. Virginia has seen employment losses in farming, mining, information technology and military sectors. However, transportation and warehousing, finance and insurance, real estate, administrative, education, healthcare, arts and entertainment, accommodation and other services have grown in recent years. The breakdown of growth by sector is presented as follows:

VIRGINIA’S SHIFT IN EMPLOYMENT

Table 1: Virginia Employment Growth, 2010-2016

Major Industry	Employment				Actual Growth		Standardized		
	2010 Level	Share ¹	2016 Level	Share ¹	Percent	Net	Growth ² Percent	Net	Employment ³
Farm Employment	53,861	1.1	51,631	1.0	-4.14	-2,230	0.30	163	54,024
Forestry, Fishing, and Related Activities	12,127	0.3	13,646	0.3	12.53	1,519	7.12	863	12,990
Mining	14,898	0.3	12,712	0.2	-14.67	-2,186	11.71	1,745	16,643
Utilities	11,512	0.2	11,822	0.2	2.69	310	3.97	457	11,969
Construction	272,255	5.7	275,540	5.4	1.21	3,285	14.81	40,329	312,584
Manufacturing	240,145	5.1	246,519	4.8	2.65	6,374	8.27	19,858	260,003
Wholesale Trade	120,401	2.5	131,265	2.6	9.02	10,864	15.14	18,224	138,625
Retail Trade	470,526	9.9	504,711	9.8	7.27	34,185	10.22	48,105	518,631
Transportation and Warehousing	131,524	2.8	173,407	3.4	31.84	41,883	30.97	40,729	172,253
Information	90,247	1.9	82,570	1.6	-8.51	-7,677	4.20	3,789	94,036
Finance and Insurance	191,916	4.0	213,286	4.2	11.14	21,370	7.27	13,956	205,872
Real Estate and Rental and Leasing	205,640	4.3	230,075	4.5	11.88	24,435	16.71	34,371	240,011
Professional, Scientific, and Technical Services	508,425	10.7	551,430	10.7	8.46	43,005	16.64	84,612	593,037
Management of Companies and Enterprises	76,410	1.6	77,186	1.5	1.02	776	23.76	18,158	94,568
Administrative and Waste Services	266,542	5.6	298,282	5.8	11.91	31,740	14.19	37,810	304,352
Educational Services	96,045	2.0	108,598	2.1	13.07	12,553	15.32	14,717	110,762
Health Care and Social Assistance	431,981	9.1	493,870	9.6	14.33	61,889	14.95	64,592	496,573
Arts, Entertainment, and Recreation	92,293	1.9	104,828	2.0	13.58	12,535	14.12	13,031	105,324
Accommodation and Food Services	313,884	6.6	367,780	7.2	17.17	53,896	20.27	63,621	377,505
Other Services (except Public Administration)	272,571	5.7	313,291	6.1	14.94	40,720	16.44	44,809	317,380
Federal Civilian	191,161	4.0	198,064	3.9	3.61	6,903	-6.03	-11,526	179,635
Military	152,360	3.2	138,123	2.7	-9.34	-14,237	-8.24	-12,552	139,808
State Government	156,204	3.3	163,350	3.2	4.57	7,146	0.15	236	156,440
Local Government	374,582	7.9	374,453	7.3	-0.03	-129	-0.17	-631	373,951
Total Employment	4,747,510	100.0	5,136,439	100.0	8.19	388,929	11.36	539,467	5,286,977

1 Share: The percentage share of total employment by industry.
 2 Standardized Growth: at the same rate as its counterpart at the national level had each industry grown.
 3 Standardized Employment, 2016: The 2016 level of employment in each industry had it grown at the same rate as its counterparts at the national level since 2010.
 Note: Percent growth figures may not add due to rounding by a factor of ± 0.01%

Source: Calculations by the Virginia Regional Economic Analysis Project (VA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis

VIRGINIA HOUSING MARKET (CONT.)

On the positive side, median home prices have increased over the past few years as the market seems to have stabilized from the previous decline. Residential construction in the state has increased over the past few years. A review of building permits for apartments (5 or more units) in the state has been as follows:

VIRGINIA PERMITS (5 OR MORE UNITS)

Year	# of Total Units	Percentage of Change
2005	10,423	-
2006	7,644	-26.66%
2007	6,694	-12.43%
2008	7,154	6.87%
2009	4,770	-33.32%
2010	4,544	-4.74%
2011	7,491	64.85%
2012	9,259	23.60%
2013	10,779	16.42%
2014	9,522	-11.66%
2015	8,349	-12.32%
2016	9,012	7.94%
2017	10,729	19.05%
2018	9,916	-7.58%
2019	10,664	7.54%
2020	8,809	-17.39%

Source: Census.gov

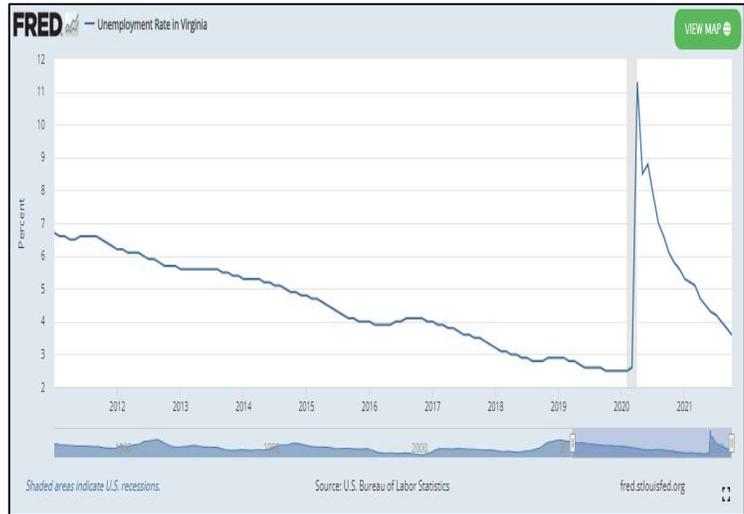
New residential permits of five-or-more units have averaged 8,485 per year since 2005. Apartment construction in the state peaked in 2005 and declined sharply in 2006 and again in 2009. In 2011, there was a significant increase which has since leveled off in recent years.

More than half of the state's housing stock can be classified as old since it was built before 1982. About 21% of the housing units were built before 1960 and 7.5% before 1940.

Although Virginia's economy was on a somewhat roller coaster ride, slipping in and out of a recession it appears that we were heading out of a deep recession. The real estate and housing market throughout the state was good, but peaked and declined over the past few years. The current market continues to remain uncertain due to the ongoing pandemic.

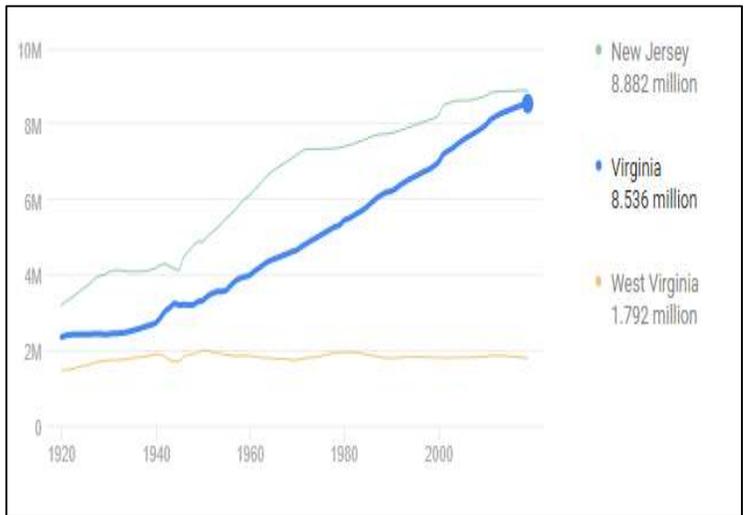
VIRGINIA HOUSING MARKET (CONT.)

A review of unemployment rates in the state is shown to the right (data up to October 2021). Unemployment rates in the state had declined since 2011, but experienced a sharp increase in 2020 due to the novel coronavirus pandemic. The unemployment rate has fallen steadily since June 2020.



Looking into the future, economists have stated that Virginia as well as the national economy should see economic improvement once the pandemic ends. As of December 2021, vaccines and boosters are widely available, and therapeutic medications to treat the Covid-19 virus are on the horizon.

Despite low single-family home affordability throughout the region, new home sales had affected rental demand in the state. Virginia is not known as a particularly affordable single-family housing market, but as new home sales slowed in the current market the demand for rentals has increased.



The state population has grown over the past decade. It is also expected that there will be household growth within the state over the next five years (data from U.S. Census). With the growth in the number of households (projected to be about to 3.4 million in 2026) over the next few years we should see an increase in demand for housing.

The economy in this region has been strong and apartments remain in demand. The long term outlook for the Virginia market is good as household growth is forecasted to continue to increase. The affordable housing market will drive a portion of the Virginia market while the remainder of the market will benefit from good fundamentals that are already in place.

MARKET ANALYSIS - SUBJECTS TRADE AREA

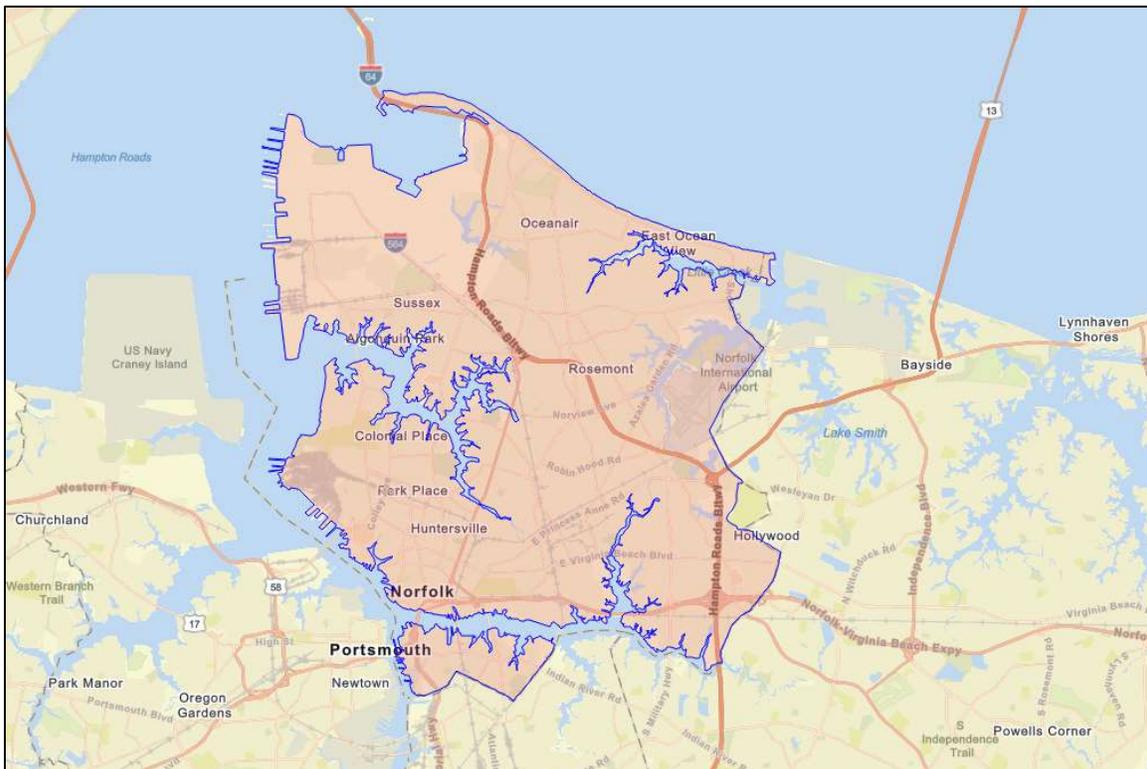
A trade area or market area is defined as the geographic area within lives most of the residents/tenants that will provide a main source of revenue for the apartments. Trade areas are typically divided into primary, secondary and tertiary (fringe) zones. A trade area can be influenced by many interrelated factors. These factors include location, socio-economic composition and demographic characteristics (tenure, income, rent levels, etc.), transportation, employment and the location of comparable and/or potential competitors. Infrastructure also shapes the trade area, as natural boundaries may limit travel to an area. In addition, market perceptions can influence the actual delineation of the trade area as social stigmas often exist in which residents from one side of a market area may not move to a nearby neighborhood, regardless of housing opportunities.

In analyzing the subject site and the surrounding market area we have estimated that the subject property will draw its residents from the City of Norfolk. The basic boundaries of the subject trade area are defined as follows:

To the North	Chesapeake Bay
To the South:	Chesapeake
To the East:	Virginia Beach
To the West:	Elizabeth River

The primary trade area is illustrated as follows:

TRADE AREA MAP



We have summarized the demographics of the primary trade area on the following pages.

POPULATION AND HOUSEHOLDS

According to the *Environmental Systems Research Institute (ESRI) Demographic Service*, a review of the trade area population and households are as follows. A household consists of all people who occupy a housing unit. A household includes the related family members and all unrelated people, if any who share the housing unit.

Population	
2000 Population	234,403
2010 Population	242,803
2021 Population	247,421
2026 Population	248,875
2000-2010 Annual Rate	0.35%
2010-2021 Annual Rate	0.17%
2021-2026 Annual Rate	0.12%
2021 Male Population	52.3%
2021 Female Population	47.7%
2021 Median Age	31.3

In the identified area, the current year population is 247,421. In 2010, the Census count in the area was 242,803. The rate of change since 2010 was 0.17% annually. The five-year projection for the population in the area is 248,875 representing a change of 0.12% annually from 2021 to 2026. Currently, the population is 52.3% male and 47.7% female.

Median Age

The median age in this area is 31.3, compared to U.S. median age of 38.5.

Race and Ethnicity

2021 White Alone	45.4%
2021 Black Alone	43.0%
2021 American Indian/Alaska Native Alone	0.5%
2021 Asian Alone	3.6%
2021 Pacific Islander Alone	0.2%
2021 Other Race	3.0%
2021 Two or More Races	4.4%
2021 Hispanic Origin (Any Race)	9.2%

Persons of Hispanic origin represent 9.2% of the population in the identified area compared to 18.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 67.3 in the identified area, compared to 65.4 for the U.S. as a whole.

2010 Households by Size	
Total	86,485
1 Person Household	31.1%
2 Person Household	31.4%
3 Person Household	16.8%
4 Person Household	11.6%
5 Person Household	5.4%
6 Person Household	2.1%
7 + Person Household	1.5%

The trade area population has increased slightly over the past several years and is expected to increase slightly in the near future. The number of households also increased (from 2010 – 2020) at a slower rate than the population which would indicate that household size is increasing. The current average household size in the trade area is 2.42 persons. It is expected that the number of households will increase by 1.75% over the next 5 years, less than the expected population increase.

INCOME

A review of the income levels in the trade area is as follows:

Median Household Income			
2021 Median Household Income			\$53,253
2026 Median Household Income			\$56,384
2021-2026 Annual Rate			1.15%
Average Household Income			
2021 Average Household Income			\$70,455
2026 Average Household Income			\$78,371
2021-2026 Annual Rate			2.15%
Per Capita Income			
2021 Per Capita Income			\$27,724
2026 Per Capita Income			\$30,564
2021-2026 Annual Rate			1.97%
Households by Income			
Current median household income is \$53,253 in the area, compared to \$64,730 for all U.S. households. Median household income is projected to be \$56,384 in five years, compared to \$72,932 for all U.S. households			
Current average household income is \$70,455 in this area, compared to \$90,054 for all U.S. households. Average household income is projected to be \$78,371 in five years, compared to \$103,679 for all U.S. households			
Current per capita income is \$27,724 in the area, compared to the U.S. per capita income of \$34,136. The per capita income is projected to be \$30,564 in five years, compared to \$39,378 for all U.S. households			
2021 Households by Income			
Household Income Base			87,992
<\$15,000			13.7%
\$15,000 - \$24,999			8.9%
\$25,000 - \$34,999			11.3%
\$35,000 - \$49,999			12.4%
\$50,000 - \$74,999			20.1%
\$75,000 - \$99,999			13.1%
\$100,000 - \$149,999			11.8%
\$150,000 - \$199,999			5.3%
\$200,000+			3.6%
Average Household Income			\$70,455
2026 Households by Income			
Household Income Base			88,640
<\$15,000			12.3%
\$15,000 - \$24,999			8.3%
\$25,000 - \$34,999			10.7%
\$35,000 - \$49,999			11.9%
\$50,000 - \$74,999			19.8%
\$75,000 - \$99,999			13.6%
\$100,000 - \$149,999			12.7%
\$150,000 - \$199,999			6.5%
\$200,000+			4.2%
Average Household Income			\$78,371

The current median household income level in the trade area is \$53,253 with a per capita income of \$27,724. Income levels are expected to increase over the next five years.

INCOME (CONT.)

Income is a key characteristic in analyzing housing markets. As the previous chart shows 13.7% of the households in the primary trade area currently have income levels below \$15,000. The over 55-year-old households in the trade area have a median household income level of \$49,960.

AGE OF POPULATION

A review of the age of the population in the trade area is as follows:

2010 Population by Age	
Total	242,803
0 - 4	6.8%
5 - 9	5.8%
10 - 14	5.1%
15 - 24	23.0%
25 - 34	17.1%
35 - 44	11.4%
45 - 54	12.3%
55 - 64	9.1%
65 - 74	4.7%
75 - 84	3.2%
85 +	1.4%
18 +	79.2%
2021 Population by Age	
Total	247,421
0 - 4	5.9%
5 - 9	5.6%
10 - 14	5.4%
15 - 24	22.0%
25 - 34	16.9%
35 - 44	11.7%
45 - 54	9.2%
55 - 64	10.4%
65 - 74	7.6%
75 - 84	3.6%
85 +	1.7%
18 +	80.1%
2026 Population by Age	
Total	248,875
0 - 4	6.0%
5 - 9	5.4%
10 - 14	5.2%
15 - 24	22.3%
25 - 34	15.4%
35 - 44	12.6%
45 - 54	9.3%
55 - 64	9.2%
65 - 74	8.4%
75 - 84	4.6%
85 +	1.7%
18 +	80.4%

AGE OF POPULATION (CONT.)

The median age in the trade area is 31.3 years. In the trade area, the senior population consists of about 31,917 persons or 12.90% of the population. This is a rather low percentage of seniors as the trade area is younger. A review of the demographics of the older population in the trade area is as follows:

Demographic Summary	Census 2010	2021	2026	2021-2026	2021-2026
				Change	Annual Rate
Total Population	242,803	247,421	248,875	1,454	0.12%
Population 50+	60,006	69,089	70,293	1,204	0.35%
Median Age	29.7	31.3	31.9	0.6	0.38%
Households	86,485	87,998	88,646	648	0.15%
% Householders 55+	33.8%	40.7%	41.6%	0.9	0.44%
Total Owner- Occupied Housing Units	39,252	39,180	40,348	1,168	0.59%
Total Renter- Occupied Housing Units	47,233	48,818	48,298	- 520	-0.21%
Owner/Renter Ratio (per 100 renters)	83	80	84	4.0	0.98%
Median Home Value	-	\$237,544	\$314,487	\$76,943	5.77%
Average Home Value	-	\$318,623	\$413,039	\$94,416	5.33%
Median Household Income	-	\$53,253	\$56,384	\$3,131	1.15%
Median Household Income for Householder 55+	-	\$49,960	\$52,525	\$2,565	1.01%

Going forward the number of elderly persons in the trade area is expected to continue to grow.

SUMMARY OF THE TYPICAL HOUSEHOLD IN THE TRADE AREA

Household Size	2.42 persons
Median Household Income	\$53,253
Median Age	31.3 years
Percent of HH that are Renters	54.6%

The rental market in the trade area is moderate at 54.6% and the median household income level is below the State. With the population aging in place it is expected that demand for rental housing may increase. Many empty nesters whose children have grown up and gone to college or work are downsizing by selling their homes and either downsizing or moving into an apartment.

Also, young adults ages 22 to 30 (“Millennials”) who are a target demographic for many of the new apartment properties hitting the market and are likely to be in their first or second post-college home away from their parents have still been a prime source of renters in this trade area.

LAND USES AND HOUSING

According to the *Environmental Systems Research Institute (ESRI) Demographic Service*, the trade area contains a total number of housing units as follows:

Housing Units by Occupancy Status and Tenure	Census 2010		2021		2026	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	95,018	100.0%	97,655	100.0%	98,422	100.0%
Occupied	86,485	91.0%	87,998	90.1%	88,646	90.1%
Owner	39,252	41.3%	39,180	40.1%	40,348	41.0%
Renter	47,233	49.7%	48,818	50.0%	48,298	49.1%
Vacant	8,533	9.0%	9,657	9.9%	9,776	9.9%
Owner Occupied Housing Units by Value						
			2021		2026	
			Number	Percent	Number	Percent
Total			39,157	100.0%	40,325	100.0%
<\$50,000			859	2.2%	393	1.0%
\$50,000-\$99,999			1,134	2.9%	566	1.4%
\$100,000-\$149,999			4,206	10.7%	2,474	6.1%
\$150,000-\$199,999			8,260	21.1%	5,722	14.2%
\$200,000-\$249,999			6,818	17.4%	5,892	14.6%
\$250,000-\$299,999			4,190	10.7%	4,269	10.6%
\$300,000-\$399,999			4,820	12.3%	5,843	14.5%
\$400,000-\$499,999			3,280	8.4%	4,831	12.0%
\$500,000-\$749,999			3,433	8.8%	6,054	15.0%
\$750,000-\$999,999			1,243	3.2%	2,478	6.1%
\$1,000,000-\$1,499,999			684	1.7%	1,314	3.3%
\$1,500,000-\$1,999,999			113	0.3%	241	0.6%
\$2,000,000+			117	0.3%	248	0.6%
Median Value			\$237,544		\$314,487	
Average Value			\$318,623		\$413,039	
Census 2010 Housing Units						
					Number	Percent
Total					95,018	100.0%
In Urbanized Areas					95,018	100.0%
In Urban Clusters					0	0.0%
Rural Housing Units					0	0.0%

The total housing units in the trade area is expected to remain relatively stable with a small increase projected as the area is fully developed. Any new units will be via redevelopment of either existing housing stock or the conversion of other types of buildings (i.e. industrial, commercial, etc.). Most of the housing in the trade area is renter occupied (50%) and there are 40.1% owner occupied units. A review of the housing units by structure or type in the trade area is as follows:

HOUSING UNITS BY UNITS IN STRUCTURE		
Total	97,670	100.0%
1 detached	48,053	49.2%
1 attached	7,216	7.4%
2	5,933	6.1%
3 or 4	7,541	7.7%
5 to 9	10,859	11.1%
10 to 19	6,418	6.6%
20 to 49	3,809	3.9%
50 or more	7,040	7.2%
Mobile home	777	0.8%
Boat, RV, van, etc.	24	0.0%

As the above table shows, the trade area is comprised mainly of detached residential properties.

LAND USES AND HOUSING (CONT.)

A review of the properties in the trade area by year built is as follows:

HOUSING UNITS BY YEAR STRUCTURE BUILT		
Total	97,670	100.0%
Built 2014 or later	2,240	2.3%
Built 2010 to 2013	2,020	2.1%
Built 2000 to 2009	7,907	8.1%
Built 1990 to 1999	5,937	6.1%
Built 1980 to 1989	10,387	10.6%
Built 1970 to 1979	11,342	11.6%
Built 1960 to 1969	12,280	12.6%
Built 1950 to 1959	19,608	20.1%
Built 1940 to 1949	11,252	11.5%
Built 1939 or earlier	14,697	15.0%
Median Year Structure Built	1963	

Most of the housing stock in the City was built before 1970.

SCHOOLING/EDUCATION

Virginia conducts Standards of Learning (SOL) testing in reading, writing, mathematics, science, and history/social science. A review of the Pass Rate for Norfolk over the past several years is presented as follows:

Div Name	Subject	Subgroup	2018-2019 Pass Rate	2019-2020 Pass Rate	2020-2021 Pass Rate
Norfolk City	English: Reading	All Students	66		54
Norfolk City	Mathematics	All Students	70		26
Norfolk City	Science	All Students	67		35

Div Name	Subject	Subgroup	2016-2017 Pass Rate	2017-2018 Pass Rate	2018-2019 Pass Rate
Norfolk City	English: Reading	All Students	71	69	66
Norfolk City	English: Writing	All Students	69	70	64
Norfolk City	History and Social Sciences	All Students	78	74	63
Norfolk City	Mathematics	All Students	70	64	70
Norfolk City	Science	All Students	73	70	67

The above table illustrates that students in Norfolk had SOL test results that have declined over the past several years.

A review of the graduation rate in Norfolk is presented below.

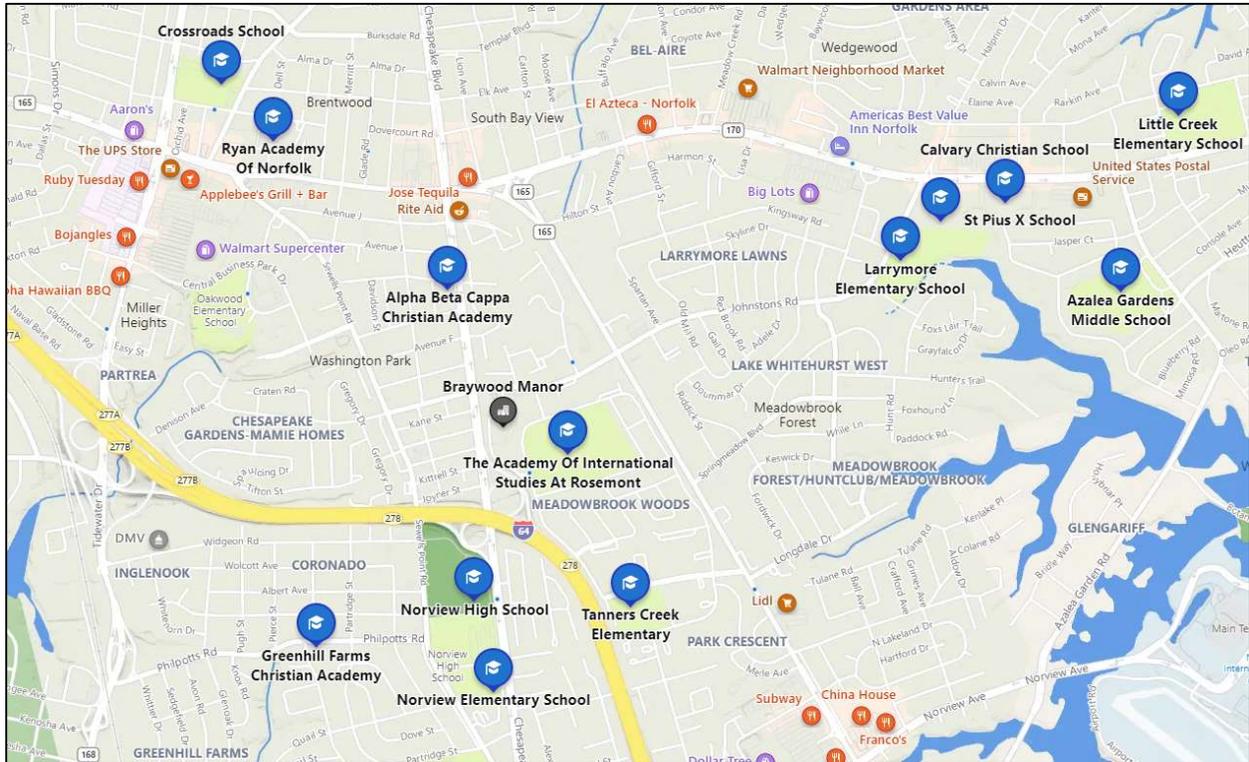
Division	Subgroup	Cohort	Advanced Studies Diploma	Standard Diploma	Modified Standard Diploma	Special Diploma	General Achievement Diploma	Virginia On-Time Graduation Rate	GED	Certificate of Completion	Cohort Completion Rate	Total Completers	Still Enrolled	Dropouts	Dropout Rate	Long Term Absence
Norfolk City	All Students	1807	652	858	0	39	0	85.7	36	0	87.7	1585	76	146	8.1	0

For 2021, Norfolk had an on-time graduation rate of 85.7%, which is lower than the State on-time graduation rate of 93%.

SCHOOLING/EDUCATION (CONT.)

Schools play a large part in parents’ choice on where to live. Generally, districts with better performing schools tend to be more attractive to potential renters.

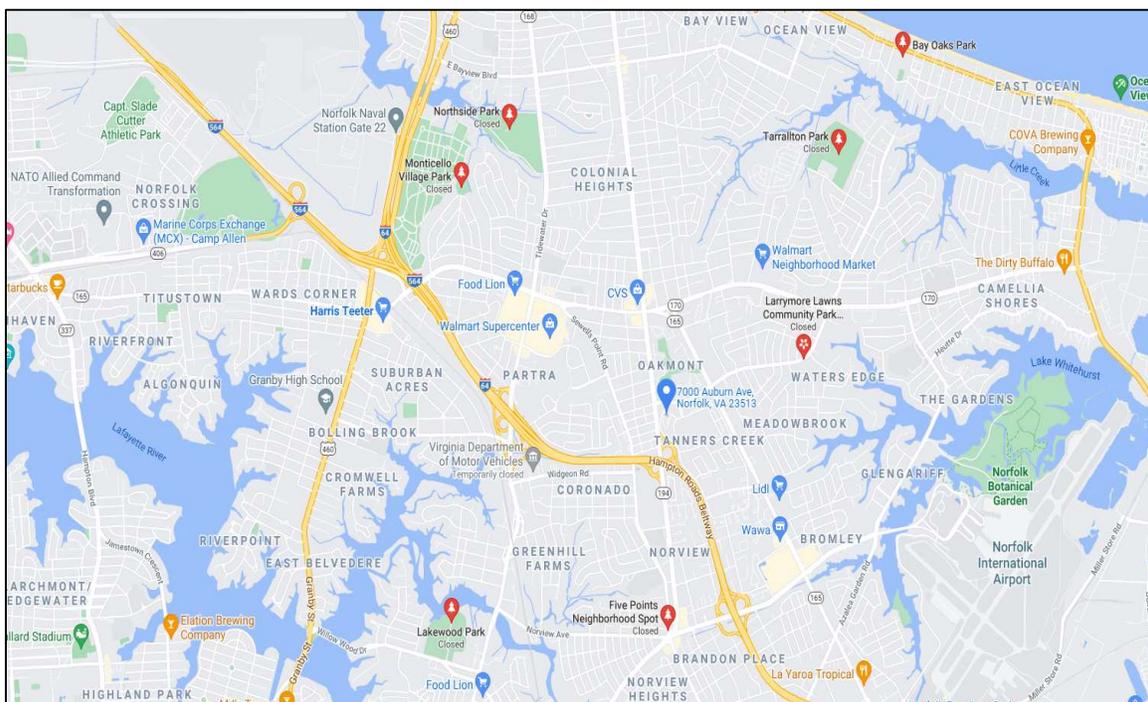
The subject property is located approximately 0.7 mile north of Norview High School, located on Chesapeake Boulevard. Tanners Creek Elementary School is located approximately 0.6 mile southeast of the subject property on Longdale Drive. A map of the subject property and surrounding schools is presented below.



RECREATION

The subject property is located on Auburn Avenue, approximately 3.5 miles south of the Chesapeake Bay, and approximately 15 miles west of the Atlantic Ocean beaches located in Virginia Beach to the east. The Virginia Beach oceanfront resort area contains a 3 three mile boardwalk with numerous high-rise resorts, restaurants and bars and other recreation uses, including the Virginia Beach Fishing Pier and Atlantic Fun Park.

There are small parks and recreation areas scattered throughout the subject neighborhood. Oakmont North Playgrounds is located 0.4 mile north of the subject property. Northside Park is located 2.2 miles northwest of the subject property and contains bike trails and a pool. A map of the subject property and surrounding parks is presented below.



PUBLIC TRANSPORTATION

The subject’s location on Auburn Avenue is residential in nature. Hampton Roads Transit bus line has stops along Johnstons Road, Chesapeake Boulevard and North Military Highway. This line also provides access to downtown Norfolk and Naval Station Norfolk. The subject property is also located approximately 2.3 miles southeast of Norfolk International Airport and approximately 118 miles southeast of Richmond International Airport.

SHOPPING/MEDICAL FACILITIES

The subject property is located in close proximity to a shopping and office uses. There is a small convenience store/food mart located adjacent to the subject property (K&T Food Mart). There are several car dealerships and automotive uses approximately one half mile east of the subject on North Military Highway. Approximately 1.3 miles northeast of the subject property are several larger shopping centers along East Little Creek Road. Wedgewood Plaza, located at East Little Creek Road and Wildwood Drive contains a Food Lion grocery store, Marshall’s department store, as well as several restaurants and a bank. At the corner of East Little Creek Road and Halprin Drive, there is a Walgreens drugstore, as well as Roosevelt Garden Shopping center, which includes a Dunkin’ Donuts, Wells Fargo Bank and several other retail uses and restaurants. Medical offices are interspersed throughout the retail uses on East Little Creek Road and Halprin Drive. Sentara Leigh Hospital is located approximately 5.3 miles northwest of the subject property on Kempsville Road.

EMPLOYMENT

A review of the top employers in the Hampton Roads market is as follows:

- Major Employers across Hampton Roads**

 - Sentara Healthcare
 - Norfolk Naval Shipyard
 - Naval Medical Center Portsmouth
 - NASA Langley Research Center
 - Old Dominion University
 - The Colonial Williamsburg Foundation
 - Bank of America
 - Bon Secours Hampton Roads Health System
 - Smithfield Foods, Inc
 - Chesapeake Regional Medical Center
 - GEICO Direct
 - BAE Systems Norfolk Ship Repair
 - Measurement Specialties, Inc
 - Gwanltney of Smithfield, Inc
 - PRA, Associates
 - College of William & Mary

Source: NewportNewsVA.com

SUPPLY AND DEMAND

The apartment market in the subject trade area is a market with relatively strong demand. Its location near major highways makes this area a prime location. The population of the area is composed primarily of younger workers. The potential tenants for the subject development include existing households who now live in the trade area. It will appeal to potential tenants who have incomes to pay the proposed rents and find the development attractive in terms of price and amenities. It also will attract households that the trade area gains between now and when the development is ready for occupancy. The trade area is losing 130 households per year.

We have surveyed several market rate projects in the trade area. A review of market rentals from these projects were as follows:

Summary Table of Comparable Rentals							Picture	
#	Property	Type		Size Size (SF)	Average Rent/Mo	Avg. Per SF		
		br	ba					
1	The Hague Towers 330 West Brambleton Avenue, Norfolk Built in 1965 266 Units / 98% Occupancy <i>Tenant Pays</i> Heat and Hot water No / No Electric and Cooking fuel No / No Cold Water and Sewer No / No	0	1.00	528	\$1,095	\$2.07		
		1	1.00	800	\$1,295	\$1.62		
		2	1.00	1,051	\$1,470	\$1.40		
		2	2.00	1,056	\$1,495	\$1.42		
2	The Lafayette 4601 Mayflower Road, Norfolk Built in 1963 168 Units / 99% Occupancy <i>Tenant Pays</i> Heat and Hot water No / No Electric and Cooking fuel No / No Cold Water and Sewer Yes / Yes	0	1.00	500	\$1,293	\$2.59		
		1	1.00	950	\$1,322	\$1.39		
		0	1.00	409	\$1,015	\$2.48		
		1	1.00	620	\$1,475	\$2.38		
3	Pembroke Towers 601 Pembroke Avenue, Norfolk Built in 1962 168 Units / 96% Occupancy <i>Tenant Pays</i> Heat and Hot water No / No Electric and Cooking fuel No / No Cold Water and Sewer No / No	2	2.00	1,140	\$1,525	\$1.34		
		3	2.00	1,242	\$1,665	\$1.34		
		1	1.00	610	\$1,050	\$1.72		
		2	1.00	800	\$1,180	\$1.48		
4	Royal Mace Apartments 9621 Chesapeake Boulevard, Norfolk Built in 1965 126 Units / 100% Occupancy <i>Tenant Pays</i> Heat and Hot water No / No Electric and Cooking fuel No / No Cold Water and Sewer No / No	3	2.00	1,070	\$1,470	\$1.37		
		Total Units		770				
		Weighted Average Occupancy		98.00%				

Based on the previous comparables the market rents for the subject property were estimated as follows:

CONCLUDED MARKET RENTS

Estimated Market Rent							
Unit Type		Size (SF)	No. of Units	Market Rent		Annual Rent	Total Sq Ft
BR	BA			Monthly	Per SF		
1	1	552	218	\$1,300	\$2.36	\$3,400,800	120,336
2	1	754	18	\$1,400	\$1.86	\$302,400	13,572
Totals		567	236	\$1,308	\$2.30	\$3,703,200	133,908

The tenants pay no utilities in addition to the rent.

AFFORDABLE HOUSING (CONT.)

In the state and the nation there seems to be a shortage of affordable housing. More than 40% of the working poor renters nationwide spend more than half of their income on rent and utilities. Affordable housing is a problem in Norfolk and the state of Virginia. In talking with property managers there is good demand for affordable housing in the area. The tables below illustrate the market rent of a typical apartment, the income needed and the hourly wage to afford in the state, county and subjects primary trade area.

TYPICAL FAIR MARKET RENTS FOR THE STATE OF VIRGINIA AND THE VIRGINIA BEACH-NORFOLK-NEWPORT NEWS HMFA

Location	Studio	One Bedroom	Two Bedroom	Three Bedroom
Virginia	\$1,050	\$1,088	\$1,269	\$1,680
Virginia Beach-Norfolk-Newport News HMFA	\$960	\$972	\$1,147	\$1,618

*Typical FMR from National Low-Income Housing Coalition (NLIHC)

Based on our concluded as-is market rents in this report the wage needed to afford a market-based apartment in the subject trade area is as follows:

TRADE AREA – MARKET BASED APARTMENTS – AS-IS RENTS

	Type	Market Rent*	Income Needed to Afford	Hourly Wage Needed to Afford
Primary Trade Area	1 BR	\$1,300	\$52,000	\$25.00
	2 BR	\$1,400	\$56,000	\$26.92

*Based on conclusion of Market Rent in Income Approach

*See previous pages for concluded market rent

TRADE AREA HOUSEHOLDS UNABLE TO AFFORD AN APARTMENT – AS-IS RENTS

Unit Type	Estimated Percentage Unable to Afford	Number of Households Unable to Afford
1 Bedroom	48.30%	42,500
2 Bedroom	51.30%	45,140

The previous tables reflect market rents in the primary trade area. There is a sizable number of households who cannot afford to rent a market-based apartment in this area. In our primary trade area, 51% of the households are unable to afford the market rent on a two-bedroom apartment. This is a sizable amount and there definitely is a need for affordable housing units in the primary trade area.

AFFORDABLE HOUSING (CONT.)

Per Virginia Housing, median family income for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro Area is \$82,500. The LIHTC income limits are as follows:

MSA: Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area								
Median Income: \$82,500.00								
Percentage	One	Two	Three	Four	Five	Six	Seven	Eight
30%	\$17,750.00	\$20,300.00	\$22,850.00	\$26,500.00	\$31,040.00	\$35,580.00	\$40,120.00	\$44,660.00
40%	\$23,680.00	\$27,040.00	\$30,440.00	\$33,800.00	\$36,520.00	\$39,240.00	\$41,920.00	\$44,640.00
50%	\$29,600.00	\$33,800.00	\$38,050.00	\$42,250.00	\$45,650.00	\$49,050.00	\$52,400.00	\$55,800.00
60%	\$35,520.00	\$40,560.00	\$45,660.00	\$50,700.00	\$54,780.00	\$58,860.00	\$62,880.00	\$66,960.00
80%	\$47,350.00	\$54,100.00	\$60,850.00	\$67,600.00	\$73,050.00	\$78,450.00	\$83,850.00	\$89,250.00

The subject property has one- and two-bedroom units. The target of potential tenants will be families with income levels between about \$40,560 and \$50,700. This represents about 7% of the trade area or about 6,200 households. If the property were to target households in the 50% threshold, it would target families with income levels between about \$33,800 and \$42,250. This represents about 8% of the trade area or 7,000 households.

AFFORDABLE HOUSING (CONT.)

We have reviewed low-moderate income projects within the area that could be competitive with the subject property as follows:

NORFOLK LOW-MODERATE INCOME PROJECTS

Property Name	VHDA#	Street Address	City	Zip	Jurisdiction	Tax Credit Units	Total Units	Target Type	Cycle Name	Building Type
Arbor Pointe		912 502-B Grantham Road	Norfolk	23505	Norfolk City	308	308	General	1997 4% Tax Exempt	Acquisition/Rehab
Archer's Green		4377 261 Suburban Parkway #2	Norfolk	23505	Norfolk City	85	212	General	1991 4% Tax Exempt	New Construction/Rehab
Banks at Berkley		9657 701 South Main Street	Norfolk	23523	Norfolk City	50	50	General	2014 9% Competitive	New Construction
Bell Diamond Manor		4164 1009 Middlesex Street	Norfolk	23523	Norfolk City	128	128	General	2015 9% Competitive	Acquisition/Rehab
Berkley Square		921 7139 Sewells Point Road	Norfolk	23513	Norfolk City	64	64	General	1999 9% Competitive	Acquisition/Rehab
Block 20		10056 450 Posey Lane	Norfolk	23510	Norfolk City	83	120	General	2020 9% Competitive	New Construction
Bowling Green II		927 1420 Merrimak Avenue	Norfolk	23504	Norfolk City	34	43	General	2002 9% Competitive	New Construction
Bowling Green III		928 1420 Merrimak Avenue	Norfolk	23504	Norfolk City	45	45	General	2003 9% Competitive	New Construction
Bowling Green IV		1169 1420 Merrimak Avenue	Norfolk	23504	Norfolk City	50	50	General	2006 9% Competitive	New Construction
Broad Creek Phase V		9663 2500-2592 Joe Austin Drive	Norfolk	23504	Norfolk City	50	50	General	2014 9% Competitive	New Construction
Campostella at Clairmont I		9717 851 Cedar Street	Norfolk	23523	Norfolk City	84	84	General	2015 9% Competitive	New Construction
Campostella at Clairmont II		9756 851 Cedar Street	Norfolk	23523	Norfolk City	68	68	General	2015 4% Tax Exempt	New Construction
Church Street Station Studios		9650 2000 Church Street 2412 East Virginia Beach Boulevard	Norfolk	23504	Norfolk City	80	81	General	2016 9% Competitive	New Construction
COGIC High-Rise		10041	Norfolk	23504	Norfolk City	148	150	Elderly	2020 4% Tax Exempt	Acquisition/Rehab
Colonial		950 131 Hough Avenue	Norfolk	23523	Norfolk City	6	6	General	1990 9% Competitive	New Construction
Cottage Bridge Midrise		9575 7408 Tidewater Drive	Norfolk	23505	Norfolk City	47	47	PWD	2013 9% Non Competitive	New Construction
Cromwell House		4565 114 Cromwell Parkway	Norfolk	23505	Norfolk City	205	205	Elderly	2013 4% Tax Exempt	Acquisition/Rehab
Cromwell House		4565 114 Cromwell Parkway	Norfolk	23505	Norfolk City	197	205	Elderly	1996 9% Competitive	New Construction
Diggs Town I		9803 1619 Vernon Drive	Norfolk	23523	Norfolk City	222	222	PWD	2017 4% Tax Exempt	Acquisition/Rehab
Franklin Arms		984 2500 Princess Anne Road	Norfolk	23504	Norfolk City	100	100	Elderly	2002 9% Competitive	New Construction
Gosnold		9087 2425 Gosnold Avenue	Norfolk	23517	Norfolk City	60	60	Elderly	2005 9% Competitive	Adaptive Reuse
Grandy Village		1276 3151 Kimball Terrace	Norfolk	23504	Norfolk City	271	275	General	2008 4% Tax Exempt	Acquisition/Rehab
Grandy Village VI		9721 3151 Kimball Terrace	Norfolk	23504	Norfolk City	70	70	General	2017 9% Competitive	New Construction
Lakewood Plaza		10038 5631 Tidewater Drive	Norfolk	23509	Norfolk City	198	200	Elderly	2020 4% Tax Exempt	Acquisition/Rehab
Lexington Park		8821 1225 Tidewater Drive	Norfolk	23504	Norfolk City	180	180	General	2003 4% Tax Exempt	Acquisition/Rehab
Mariners Watch		1043 440 Mariners Way	Norfolk	23503	Norfolk City	434	434	General	1998 4% Tax Exempt	Rehabilitation
Market Heights		9984 630 Tidewater Drive	Norfolk	23504	Norfolk City	80	80	PWD	2019 9% Competitive	New Construction
Market Heights 4%		10006 630 Tidewater Drive	Norfolk	23504	Norfolk City	84	84	General	2019 4% Tax Exempt	New Construction
Marshall Manor II		1045 1420 Merrimak Avenue	Norfolk	23504	Norfolk City	56	67	General	2002 9% Competitive	New Construction
Marshall Manor III		1046 1420 Merrimak Avenue	Norfolk	23504	Norfolk City	58	58	General	2003 9% Competitive	New Construction
Marshall Manor IV		1187 1420 Merrimak Avenue	Norfolk	23504	Norfolk City	38	38	General	2006 9% Competitive	New Construction
Mission College		1056 1300 Lead Street	Norfolk	23504	Norfolk City	130	260	General	2007 9% Competitive	Acquisition/Rehab
Oak Park		8822 1225 Tidewater Drive	Norfolk	23504	Norfolk City	40	40	General	2003 4% Tax Exempt	Acquisition/Rehab
PABP Apartments		9985 1140 East Princess Anne Rd.	Norfolk	23504	Norfolk City	70	70	General	2019 9% Competitive	New Construction
PABP Phase II		10005 1140 E. Princess Anne Rd.	Norfolk	23504	Norfolk City	48	48	General	2019 4% Tax Exempt	New Construction
Parkwood Manor		4520 7703-A Major Avenue	Norfolk	23505	Norfolk City	100	100	General	1997 4% Tax Exempt	Acquisition/Rehab
Pointe at Pickett Farms		9542 5424 Greenplain Road	Norfolk	23502	Norfolk City	120	120	General	2012 9% Competitive	New Construction
Quill		9601 5424 Greenplain Road	Norfolk	23502	Norfolk City	180	180	General	2013 9% Competitive	New Construction
Retreat at Harbor Pointe		9890 350 Campostella Road	Norfolk	23523	Norfolk City	246	246	General	2018 4% Tax Exempt	New Construction
Riverpoint		5622 6415 Newport Avenue 5827 Curlew Drive, 5845 Curlew Drive	Norfolk	23505	Norfolk City	110	220	General	1998 4% Tax Exempt	Acquisition/Rehab
Riverside Station		10062 Drive,	Norfolk	23502	Norfolk City	120	120	General	2020 9% Competitive	New Construction
Shorewood Cove		1109 293 Corporate Blvd.	Norfolk	23502	Norfolk City	132	132	Elderly	2000 9% Competitive	New Construction
SouthWind		9233 7824 Dallas Street	Norfolk	23505	Norfolk City	120	120	General	2007 9% Competitive	New Construction
St. Paul's		9767 494 St. Paul's Blvd.	Norfolk	23510	Norfolk City	120	126	General	2017 9% Competitive	New Construction
Sumler Terrace		4061 720 Appomattox Street	Norfolk	23523	Norfolk City	126	126	General	2017 4% Tax Exempt	Acquisition/Rehab
Villa Terrace		8334 2804 Waverly Way #14	Norfolk	23504	Norfolk City	81	81	General	2001 9% Competitive	Acquisition/Rehab
Total Properties						5,074				

Source: Virginia Housing

AFFORDABLE HOUSING (CONT.)

There is a total of about 5,074 low-moderate income rental units in the area that would be competitive with the subject property. In surveying the area, talking with property managers and rental agents there currently appears a need to build more affordable housing units in the area. In addition, the City of Norfolk recently settled a lawsuit over a redevelopment of Tidewater Gardens, which will be 700 units of mixed income housing. Per city representatives, one-third will be traditional public housing, one-third will be low income housing and one-third will be market rate units. Therefore, two thirds of these units will also be added into the foregoing unit count, or 467 units.

In August 2021, Governor Ralph Northam announced over \$21 million in Affordable and Special Needs Housing loans for 24 projects in the State. This includes Newport Gardens, which will contain 50 one- and two-bedroom apartments in the Park Place neighborhood of Norfolk. Therefore, including the 467 units at Tidewater Gardens and 50 units at Newport Gardens, there will be a total of 5,591 units in the market competitive with the subject property.

In addition to the foregoing, there are also several other construction projects slated for downtown Norfolk. These include Assembly at 400 Granby Street, which is an adaptive reuse of an historic department store for office and creative space. The building will include such amenities as a rooftop deck and penthouse event space, atrium common areas, meeting rooms, podcast/recording room, wellness/mother's room, gaming area, bike share store and repair station, library, kitchen, showers and restrooms. Tenants can lease a single desk up to 8,000 square foot suites.

Gravity 400 is 273 luxury apartments slated to break ground at 400 Waterside Drive. The building will contain studio, one-, two- and three bedroom floor plans in a six story building. Amenities will include garage and common areas, fitness center, club room, swimming pool, grilling stations and firepits.

Fusion @ Neon is a 233 unit mixed-use apartment building, slated to begin construction in 2021 and be completed in 2023. The building will have a parking garage and coworking space on the first floor. The apartments will be townhouse-style walk-up units.

Given the foregoing demographic information, there is a need for additional affordable housing in the area. A moderate percentage of the population in this area are renters and most of the current housing stock is older. Management stated that at the subject property, there is currently a waiting list for one bedroom units.

AFFORDABLE HOUSING (CONT.)

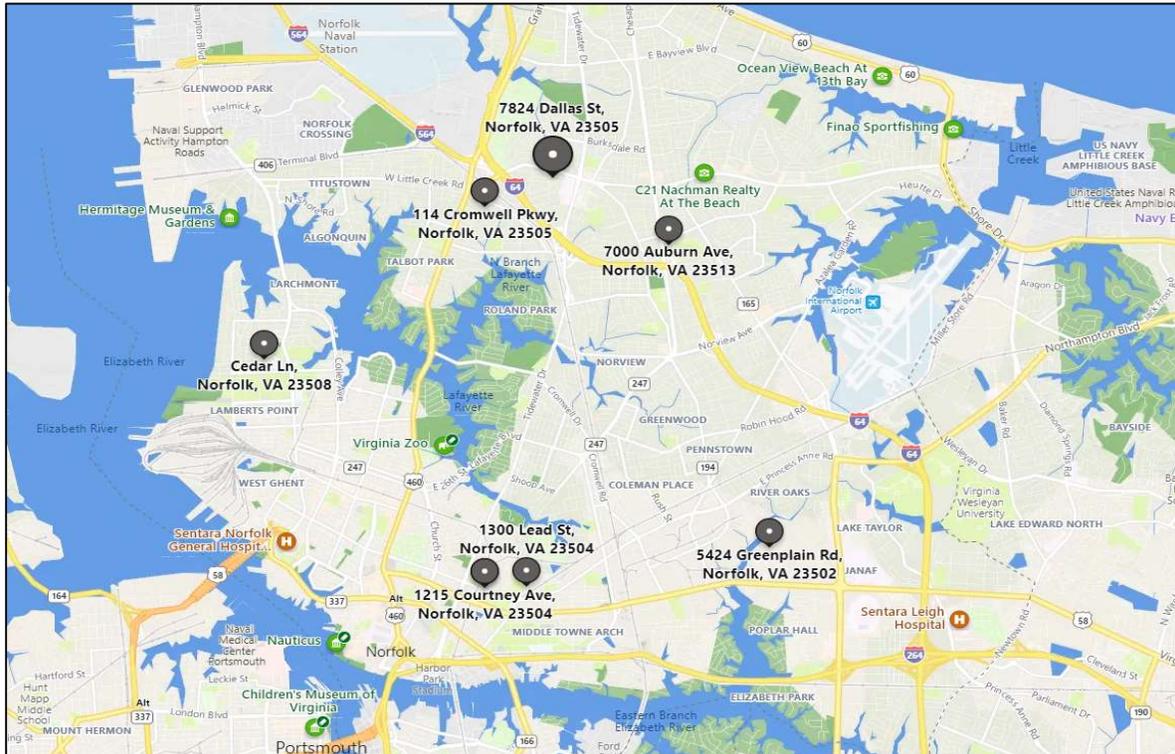
A survey of competing LIHTC projects in the area was completed and the following rentals were uncovered:

SUMMARY OF LIHTC BASED RENTALS

#	Property	Type		Size Size (SF)	Average Rent/Mo	Avg. Per SF
		br	ba			
1	Pointe at Pickett Farm 5424 Greenplain Road Built in 2014	1	1.00	720	\$748	\$1.04
2	Cromwell House Apartments 114 Cromwell Parkway Built in 1996	1	1.00	500	\$785	\$1.57
3	The Ashton I 1215 Courtney Avenue Built in 2022	2	2.00	937	\$827	\$0.88
4	The Clairmont at Capostella Station 851 Cedar Lane Built in 2017	2	2.00	1,035	\$886	\$0.86
5	Southwind Apartments 7824 Dallas Street Built in 2009	2	2.00	1,103	\$921	\$0.83

Most of the rentals in the market are reflecting between \$0.83 and \$1.57 per square foot.

A map of the subject and competing properties is presented as follows:



AFFORDABLE HOUSING (CONT.)

We have based our demand analysis on the total competitive supply. A review of the total competitive supply in the primary trade area is as follows:

PRIMARY TRADE AREA – COMPETITIVE SUPPLY

Total Units
5,591

A renter interested in this market and a project like the subject would most likely focus on the newer projects in the area, ones that offered similar amenities like the subject. There are 5,827 units in the trade area (including the subject property). This is the figure used in our analysis.

The concluded as-is rents previously shown in this report are \$1,300 and \$1,400 per month. The rents are targeted to households that have annual income levels between \$52,000 and \$56,000. In the primary trade area this reflects about 5% of the total households and about 7% of the over 65 households. We have utilized a factor of 5% of the total households that could be a candidate to rent an apartment in the subject.

INCOME ELIGIBLE HOUSEHOLDS – AS-IS RENTS

Household Income Levels	Trade Area Households		Qualified Households	
	Number	Percentage	Number	Percentage
Less Than \$15,000	12,055	13.67%	0	0.00%
\$15,000 to \$24,999	7,831	8.88%	0	0.00%
\$25,000 to \$34,999	9,943	11.28%	0	0.00%
\$35,000 to \$49,999	10,911	12.38%	0	0.00%
\$50,000 to \$74,999	17,686	20.06%	4,408	100.00%
\$75,000 to \$99,999	11,527	13.07%	0	0.00%
\$100,000 to \$149,999	10,383	11.78%	0	0.00%
\$150,000 to \$199,999	4,664	5.29%	0	0.00%
Over \$200,000	3,168	3.59%	0	0.00%
Total	88,168	100.00%	4,408	100.00%
Income Qualified	5.00%			

We have analyzed the trade area’s housing units (direct competition) and households. We have surveyed the competition to see if it possible for more units to be absorbed into the market.

Capture Rate is defined as follows:

“The percentage of age, size, and income qualified renter households in the primary market area that the property must capture to fill the units. 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.”

AFFORDABLE HOUSING (CONT.)

A review of the household income levels in the primary trade area is as follows:

Household Income Levels	Number	Percentage
Less Than \$15,000	12,055	13.70%
\$15,000 to \$24,999	7,831	8.90%
\$25,000 to \$34,999	9,943	11.30%
\$35,000 to \$49,999	10,911	12.40%
\$50,000 to \$74,999	17,686	20.10%
\$75,000 to \$99,999	11,527	13.10%
\$100,000 to \$149,999	10,383	11.80%
\$150,000 to \$199,999	4,664	5.30%
Over \$200,000	3,168	3.60%
Total	88,168	100.00%

The number of income qualified households based on household size and percentage of renters in the primary trade area is as follows:

Household Distribution	% of Households	# of Households	% Income Qualified	% Renters	Total Demand - HH
1 person	31.1%	26,897	5.00%	54.6%	734
2 person	31.4%	27,156	5.00%	54.6%	741
3 person	16.8%	14,529	5.00%	54.6%	397
4 person	11.6%	10,032	5.00%	54.6%	274
5 person	5.4%	4,670	5.00%	54.6%	127
6 person	2.1%	1,816	5.00%	54.6%	50
7+ person	1.5%	1,297	5.00%	54.6%	35
Total	100.0%	86,485			

The subject property unit mix consists of 236 with 218 one bedroom units and 18 two bedroom units. The distribution or rental demand for each unit type is estimated as follows:

Income Qualified Renter Demand	# of Households	1BR	2BR
1 person household	734		
2 person household	741	80%	
3 person household	397	20%	80%
4 person household	274		20%
5 person household	127		
6 person household	50		
7+ person household	35		
1.5 persons per bedroom	Total	672	372
		2,358	

Our analysis of the capture rate is illustrated in the following table:

CAPTURE RATE FOR SUBJECT PROPERTY – AS-IS

Subject Unit Mix	LIHTC Units	Qualified HH	Plus Outside Demand	Total Demand	Capture Rate
1BR	218	672	3.0%	693	31.5%
2BR	18	372	3.0%	383	4.7%
Total Units	236	1,044		1,076	21.9%

AFFORDABLE HOUSING (CONT.)

Penetration Rate is defined as follows:

"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. 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 market penetration level of the proposed project as-is was analyzed as follows:

Total Number of Households	87,992
Percentage of Renters	54.60%
Percentage of Owners	45.40%
Total Number of Rental Households	48,044
Number of Subject Units by Type	236
Existing Renter Demand	
Number of Renters in Trade Area	48,044
Projected Average Rent	\$1,308
Average Required Income Needed to Afford	\$52,320
Total Income Qualified in Trade Area	5.00%
Demand from Income Qualified Households	2,402
Mobility Factors	100%
Net Demand from Existing Households	2,402
Demand from Renter Household Growth	
Household Growth (5 years)	-648
Total Income Qualified	5.00%
Percentage of Renters	54.60%
Demand from Household Growth	-18
Total Demand from Existing HH & HH Growth	
	2,384
Average Market Capture Rate	9.90%

AFFORDABLE HOUSING (CONT.)

The subject property will be undergoing a substantial improvement. The owners plan on investing \$15,275,000 into the property or \$65,000 per unit (See Addenda for Scope of Work). The renovations will include:

- Installation of building-wide WiFi for tenants use
- Upgrade to units to include: New LVT flooring, new base molding, painting, window replacement, new kitchens (solid surface countertops, cabinets, sink, faucet, refrigerator, ranges, range hood, garbage disposal), addition of microwaves in each unit and new grease shield, bathrooms (new toilet and shower head, new fixtures including faucets and knobs, new sink, tub and shower replacement or refinishing, bathroom tile upgrade and repairs, new valves and angle stops)
- Common area renovations to include: Upgrade of exterior common areas, laundry room upgrades, common area lighting, new windows
- Exterior renovations to include: Roof replacement, installation of attic ventilation and insulation, upgrade signage, concrete repairs, various ADA site improvements, tree trimming, brick repointing, mailbox and bench replacement
- New building systems to include: New water heaters, roof repairs, plumbing repairs, HVAC upgrades and kitchen/bath exhaust fans
- Security and life safety upgrades to include: Upgrades to security camera system, update exterior site lighting, cooktop fire protection in units, outlet, cover and unit panel replacement, GFCI outlets in kitchens and bathrooms, replacement of smoke and CO2 devices, elevator cab upgrades and call unit replacement and upgrade.
- ADA improvements will be made to select units

To extract the rent increase for condition we have looked at 3 projects in the market that displayed two levels of condition. Besides the common elements outside of the apartment units a potential tenant will judge or determine the condition of a property based on the kitchen and baths in the units. The condition and finishes of the kitchens (the most expensive component of an apartment) and the baths is a good benchmark of the overall condition.

AFFORDABLE HOUSING (CONT.)

An example of 3 complexes in the subject's market that were in varying degrees of condition is as follows:

Crown Point Townhomes, 5371 Wyngate Drive, Norfolk VA 23502			
Unit Type	4-2-1	4-2-1	
Market Rent	\$1,325	\$1,250	
Size/ SF	1,209	1,209	
Per square foot	\$1.10	\$1.03	
Condition	Good	Average	
Kitchens			
Royal Mace Apartments, 9621 Chesapeake Boulevard, Norfolk, VA 23503			
Unit Type	3-1-1	3-1-1	
Market Rent	\$1,132	\$1,050	
Size/ SF	610	610	
Per square foot	\$1.86	\$1.72	
Condition	Good	Average	
Kitchens and Baths			
Talbot Park Apartments, 118 Warren Street, Norfolk, VA 53505			
Unit Type	3-1-1	3-1-1	
Market Rent	\$765	\$735	
Size/ SF	540	540	
Per square foot	\$1.42	\$1.36	
Condition	Good	Average	
Kitchens			

The foregoing rentals reflect differences between renovated and non-renovated units between \$30 and \$82 per month and \$0.06 and \$0.14 per square foot per month.

AFFORDABLE HOUSING (CONT.)

In reference to the subject property, from the Scope of Work provided, it appears the renovations to the subject will be extensive. Microwaves will be added to the units, units will receive new kitchens, bathrooms, flooring and paint. Common areas will also be upgraded and building-wide WiFi will be available upon renovation. Our concluded market rents as renovated are presented as follows:

Estimated Market Rent As Renovated							
Unit Type		Size (SF)	No. of Units	Market Rent		Annual Rent	Total Sq Ft
BR	BA			Monthly	Per SF		
1	1	552	218	\$1,530	\$2.77	\$4,002,480	120,336
2	1	754	18	\$1,640	\$2.18	\$354,240	13,572
Totals		567	236	\$1,538	\$2.71	\$4,356,720	133,908

Based on our concluded as renovated market rents in this report the wage needed to afford a market-based apartment in the subject trade area is as follows:

TRADE AREA – MARKET BASED APARTMENTS – AS RENOVATED

	Type	Market Rent*	Income Needed to Afford	Hourly Wage Needed to Afford
Primary Trade Area	1 BR	\$1,530	\$61,200	\$29.42
	2 BR	\$1,640	\$65,600	\$31.54

*See previous pages for concluded market rent

TRADE AREA HOUSEHOLDS UNABLE TO AFFORD AN APARTMENT – AS RENOVATED

Unit Type	Estimated Percentage Unable to Afford	Number of Households Unable to Afford
1 Bedroom	56.30%	49,539
2 Bedroom	58.30%	51,300

The previous tables reflect market rents in the primary trade area. There is a sizable number of households who cannot afford to rent a market-based apartment in this area. In our primary trade area, 58% of the households are unable to afford the market rent on a two-bedroom apartment, as renovated. This is a sizable amount and there definitely is a need for affordable housing units in the primary trade area.

The concluded as renovated rents previously shown in this report are \$1,530 to \$1,640 per month. The rents are targeted to households that have annual income levels between \$61,200 and \$65,600. In the primary trade area this reflects about 6% of the total households and about 2% of the over 65 households. We have utilized a factor of 6% of the total households that could be a candidate to rent an apartment in the subject, as renovated.

AFFORDABLE HOUSING (CONT.)

INCOME ELIGIBLE HOUSEHOLDS – AS RENOVATED

Household Income Levels	Trade Area Households		Qualified Households	
	Number	Percentage	Number	Percentage
Less Than \$15,000	12,055	13.67%	0	0.00%
\$15,000 to \$24,999	7,831	8.88%	0	0.00%
\$25,000 to \$34,999	9,943	11.28%	0	0.00%
\$35,000 to \$49,999	10,911	12.38%	0	0.00%
\$50,000 to \$74,999	17,686	20.06%	5,290	100.00%
\$75,000 to \$99,999	11,527	13.07%	0	0.00%
\$100,000 to \$149,999	10,383	11.78%	0	0.00%
\$150,000 to \$199,999	4,664	5.29%	0	0.00%
Over \$200,000	3,168	3.59%	0	0.00%
Total	88,168	100.00%	5,290	100.00%
Income Qualified	6.00%			

We have analyzed the trade area’s housing units (direct competition) and households. We have surveyed the competition to see if it possible for more units to be absorbed into the market.

Capture Rate is defined as follows:

“The percentage of age, size, and income qualified renter households in the primary market area that the property must capture to fill the units. 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.”

A review of the household income levels in the primary trade area is as follows:

Household Income Levels	Number	Percentage
Less Than \$15,000	12,055	13.70%
\$15,000 to \$24,999	7,831	8.90%
\$25,000 to \$34,999	9,943	11.30%
\$35,000 to \$49,999	10,911	12.40%
\$50,000 to \$74,999	17,686	20.10%
\$75,000 to \$99,999	11,527	13.10%
\$100,000 to \$149,999	10,383	11.80%
\$150,000 to \$199,999	4,664	5.30%
Over \$200,000	3,168	3.60%
Total	88,168	100.00%

AFFORDABLE HOUSING (CONT.)

The number of income qualified households based on household size and percentage of renters in the primary trade area is as follows:

Household Distribution	% of Households	# of Households	% Income Qualified	% Renters	Total Demand - HH
1 person	31.1%	26,897	6.00%	54.6%	881
2 person	31.4%	27,156	6.00%	54.6%	890
3 person	16.8%	14,529	6.00%	54.6%	476
4 person	11.6%	10,032	6.00%	54.6%	329
5 person	5.4%	4,670	6.00%	54.6%	153
6 person	2.1%	1,816	6.00%	54.6%	59
7+ person	1.5%	1,297	6.00%	54.6%	42
Total	100.0%	86,485			

The subject property unit mix consists of 236 with 218 one bedroom units and 18 two bedroom units. The distribution or rental demand for each unit type is estimated as follows:

Income Qualified Renter Demand	# of Households	1BR	2BR
1 person household	881		
2 person household	890	80%	
3 person household	476	20%	80%
4 person household	329		20%
5 person household	153		
6 person household	59		
7+ person household	42		
1.5 persons per bedroom			
Total	2,830	807	447

AFFORDABLE HOUSING (CONT.)

Our analysis of the capture rate is illustrated in the following table:

CAPTURE RATE FOR SUBJECT PROPERTY – AS RENOVATED

Subject Unit Mix	LIHTC Units	Qualified HH	Plus Outside Demand	Total Demand	Capture Rate
1BR	218	807	3.0%	831	26.2%
2BR	18	447	3.0%	460	3.9%
Total Units	236	1,253		1,291	18.3%

Penetration Rate is defined as follows:

“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. 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.”

AFFORDABLE HOUSING (CONT.)

The market penetration level of the proposed project as renovated was analyzed as follows:

Total Number of Households	87,992
Percentage of Renters	54.60%
Percentage of Owners	45.40%
Total Number of Rental Households	48,044
Number of Subject Units by Type	236
Existing Renter Demand	
Number of Renters in Trade Area	48,044
Projected Average Rent	\$1,538
Average Required Income Needed to Afford	\$61,520
Total Income Qualified in Trade Area	6.00%
Demand from Income Qualified Households	2,883
Mobility Factors	100%
Net Demand from Existing Households	2,883
Demand from Renter Household Growth	
Household Growth (5 years)	-648
Total Income Qualified	6.00%
Percentage of Renters	54.60%
Demand from Household Growth	-21
Total Demand from Existing HH & HH Growth	
	2,861
Average Market Capture Rate	8.25%

CONCLUSIONS

A review of the subject's strengths and weaknesses is as follows:

Strengths

- Subject property is located approximately 6 miles from downtown Norfolk and 5.5 miles from Norfolk Naval Station.
- Subject property has good access to public transportation; there are bus stops located on Johnstons Road, Chesapeake Boulevard and North Military Highway.
- Units are of adequate size and design to attract potential renters
- Subject property offers a community room, laundry room, game room and library as well as pull cords in the units. Upon renovation, the units will also contain microwaves and will offer building-wide WiFi.
- There is good demand for subsidized housing in this market, with an estimated 50% of households overburdened for the rent on a two bedroom apartment. The subject property maintains a waiting list for the one bedroom apartments.

Weaknesses

- There is currently a push to build more affordable housing in the nation. The subject property will have to maintain aggressive management and adequate maintenance to compete with newly constructed properties.

Overall, the subject property's location near downtown Norfolk and Norfolk Naval Station makes it attractive to potential renters. The subject property is located between Chesapeake Boulevard and North Military Highway and has good access to public transportation into Norfolk. There is good demand for housing in the immediate area, and based on demographic information, there should be continued demand for affordable housing in the subject's market area for the foreseeable future. With competent management and aggressive marketing, we feel the subject should continue to perform well in the market.

The recent Covid-19 (Corona) pandemic has created some uncertainty as to the long term effects on the economy and the real estate markets. We have seen fundamental changes due to the recent pandemic and its effect have been both positive and negative on the real estate markets based the property type and individual markets. Our value conclusions contained in this appraisal are based on information available as of the effective date of the report and we cannot make any representation as to the impact or changes in value of the subject property long term due to the pandemic.

CERTIFICATION

Tony F. Kamand Jr., MAI and Jacqueline Marmur certify to the best of their knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and our personal, impartial, unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. We will maintain confidentiality and privacy of customer/client information obtained during the course of this assignment.
6. Our engagement in this assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the use of this appraisal.
7. Our compensation for the preparation of this report is not in any way contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, or a minimum valuation, the attainment of a stipulated result, the approval of a loan, or the occurrence of a subsequent event.
8. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
9. We have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the undersigned in the preparation of the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
11. We comply with the Competency Provision in USPAP as adopted in FIRREA and have sufficient education and experience to perform the appraisal of the subject property.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. It should be noted we performed an appraisal on the subject property on November 5, 2021..
14. The undersigned will be responsive to any inquiries during any review process that are part of this assignment. In addition, if contacted by the client's loan production staff (if applicable) we will immediately direct the inquiry to the client's appraiser or their designee of said inquiry.
15. As of the date of this report, Tony F. Kamand Jr. has completed the requirements under the continuing education program of the Appraisal Institute, and Jackie Marmur is currently a state certified general real estate appraiser in the state in which the subject of this report is located.



Tony F. Kamand Jr., MAI
NJ Certified General Real Estate Appraiser, No. RG-668



Jacqueline Marmur
VA Certified General Real Estate Appraiser, No. 4001018200

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

This specific appraisal report is subject to the following underlying assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. There are no existing judgments or pending or threatened litigation, which could affect the value of the property.
3. The property is appraised free and clear of any liens and encumbrances unless otherwise stated.
4. Responsible ownership and competent property management are assumed.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
6. All engineering studies are assumed to be correct. Any illustrative material in this report is included only to help the reader visualize the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
8. It is assumed that the property is in full compliance with all federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
9. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
11. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
13. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
14. An appraisal is inherently subjective and represents only an estimate of a property's fair market value.
15. No environmental impact studies were conducted in conjunction with this appraisal, and our value opinions are subject to revision based upon any such studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
16. Any income and expense estimates contained in this appraisal are used only for the purpose of estimating current fair market value and do not constitute predictions of future operating results.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

18. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
20. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
21. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform to the building plans referenced in the report.
22. The forecasts, projections, or estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
23. We reserve the right to require, as a condition to our rendering an opinion as to value, the engagement of professional experts in certain disciplines. The engagement of any such expert and the compensation of such expert shall be solely the responsibility of the client.
24. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from these Underlying Assumptions and Limiting Conditions.
25. This appraisal is made with the understanding that the subject can obtain a negative declaration from the Department of Environmental Protection pursuant to the regulations and requirements of the Environmental Cleanup Responsibility Act of 1983 (ECRA), as amended. This act requires as a pre-condition of any cessation of operation or the transfer of real property, which used or stored regulated hazardous substances, the testing, cleanup and disposal of any such material. The appraisers are not qualified to determine the existence of any such hazardous material and therefore, have expressed a value of the subject property as if free and clear of any such substances.
26. In conjunction with the preceding paragraph, the appraisers have not been apprised of, nor are they qualified to ascertain, the existence of Radon, a radioactive gas that occurs naturally in the soil of certain identified areas. This gas, in concentrated form has been shown to be detrimental and its existence would create a negative impact on value. As in the above instance, the value estimate assumes the subject is free and clear of Radon gas.
27. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not 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 is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject.

The Appraisal Institute conducts a continuing education program for its designated members. Tony F. Kamand Jr., MAI is currently certified under this program.

ADDENDA

INTERIOR AND ADDITIONAL PHOTOGRAPHS OF SUBJECT PROPERTY



View of elevator bank



View of typical living room in vacant unit



View of typical living room in vacant unit



View of typical kitchen in vacant unit



View of typical kitchen in vacant unit



View of typical bedroom in vacant unit

INTERIOR AND ADDITIONAL PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)



View of typical bathroom in vacant unit



View of typical bathroom in vacant unit



View of typical pull cord



View of typical interior hallway



View of laundry room



View of community room

INTERIOR AND ADDITIONAL PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)



View of community room



View of library



View of resident mailboxes



View of exterior geothermal unit

Multi-Family Lease No. 1

Property Identification					
Record ID	38785				
Property Type	Mid, High-Rise Multifamily				
Property Name	The Hague Towers				
Location	330 West Brambleton Avenue, Norfolk				
County / Borough	Norfolk City				
State and Zip Code	Virginia 23510				
Assessor's Parcel #	1427880141				
Owner	The Hague Mdm, LLC				
Subsidized	No				
LIHTC Project	No				
Occupancy	98.0%				
Verification					
Lease Date Verification	12-10-2021	Confirmed By	Jackie Marmur		
Verification Name	Cierra - Rental Agent	Phone Number	(844) 248-1267		
Physical Data					
Total Units in Project	266	Stories	20	Elevators	Yes
Land Size (Acres)	5.122	Year Built	1965	Condition	Good
Land Size (Sq. Ft.)	223,101	Major Renovations - Year	Yes	2020	
Parking Type	Lined				
Ratio - Spaces per Unit	1.13				
Project Amenities					
Storage	Yes	Fitness Area / Room	Yes	Concierge	No
Gated	No	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	No / Yes	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	No	Recreation Area	No	Neighborhood Network	No
Community Room	No	Pools - Outdoor / Indoor	0 / 1		
Business Center	No	Tennis Cts. – Outdoor / Indoor	No / No		
Computer Center	No	Laundry Room	Yes		
Unit Amenities					
Balcony/Patio	Yes	W/D in Unit	No	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and hardwood				
Kitchen Equipment					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	Yes		
Tenant Expenses					
		Type			
Tenant Pays Heat	No	Gas	Tenant Pays Cold Water	No	
Tenant Pays Cooking	No	Gas	Tenant Pays Sewer	No	
Tenant Pays Hot Water	No	Gas	Tenant Pays Trash	No	
Tenant Pays Electric	No		Tenant Pays Cable	Yes	
Comments, Unit Mix and Current Rentals Rates					

In the Unit Mix table, an asterisk (*) designates the unit type used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every individual unit in the building, however they are representative of the comparable and its different unit types.

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
2-0-1	0 Bd 1.0 Ba		528		\$1,095		\$2.07	
3-1-1*	1 Bd 1.0 Ba		800		\$1,295		\$1.62	
4-2-1*	2 Bd 1.0 Ba		1,051		\$1,470		\$1.40	
4-2-2	2 Bd 2.0 Ba		1,056		\$1,495		\$1.42	

Multi-Family Lease No. 2

Property Identification					
Record ID	38773				
Property Type	Mid, High-Rise Multifamily				
Property Name	The Lafayette				
Location	4601 Mayflower Road, Norfolk				
County / Borough	Norfolk City				
State and Zip Code	Virginia 23508				
Assessor's Parcel #	1438098052				
Owner	Graybul Lafayette, LP				
Subsidized	No				
LIHTC Project	No				
Occupancy	99.0%				
Verification					
Lease Date Verification	12-10-2021	Confirmed By	Jackie Marmur		
Verification Name	Jannee - Rental Agent	Phone Number	(844) 283-3568		
Physical Data					
Total Units in Project	168	Stories	12	Elevators	Yes
Land Size (Acres)	2.580	Year Built	1963	Condition	Average
Land Size (Sq. Ft.)	112,385	Major Renovations - Year	Yes	2013	
Parking Type	Lined				
Ratio - Spaces per Unit	1.31				
Project Amenities					
Storage	Yes	Fitness Area / Room	Yes	Concierge	No
Gated	No	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	No / Yes	Service Coordination	No
Security Cameras	Yes	Courtyard	No	Non-Shelter Services	No
Clubhouse	Yes	Recreation Area	No	Neighborhood Network	No
Community Room	No	Pools - Outdoor / Indoor	0 / 0		
Business Center	Yes	Tennis Cts. – Outdoor / Indoor	No / No		
Computer Center	No	Laundry Room	Yes		
Unit Amenities					
Balcony/Patio	Yes	W/D in Unit	No	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and hardwood				
Kitchen Equipment					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	No		
Tenant Expenses					
		Type			
Tenant Pays Heat	No	Gas	Tenant Pays Cold Water	Yes	
Tenant Pays Cooking	No	Gas	Tenant Pays Sewer	Yes	
Tenant Pays Hot Water	No	Gas	Tenant Pays Trash	Yes	
Tenant Pays Electric	No		Tenant Pays Cable	Yes	
Comments, Unit Mix and Current Rentals Rates					

In the Unit Mix table, an asterisk (*) designates the unit type used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every individual unit in the building, however they are representative of the comparable and its different unit types.

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
2-0-1	0 Bd 1.0 Ba		500		\$1,293		\$2.59	
3-1-1*	1 Bd 1.0 Ba		950		\$1,322		\$1.39	
4-2-2*	2 Bd 2.0 Ba		1,300					
5-3-2	3 Bd 2.0 Ba		1,500					

Multi-Family Lease No. 3

Property Identification					
Record ID	38772				
Property Type	Mid, High-Rise Multifamily				
Property Name	Pembroke Towers				
Location	601 Pembroke Avenue, Norfolk				
County / Borough	Norfolk City				
State and Zip Code	Virginia 23507				
Assessor's Parcel #	1427692456				
Owner	Pembroke Towers, LLC				
Neighborhood					
Subsidized	No				
LIHTC Project	No				
Occupancy	96.0%				
Verification					
Lease Date Verification	11-15-2021	Confirmed By	Jackie Marmur		
Verification Name	Sam - Rental Agent	Phone Number	(844) 879-3327		
Physical Data					
Total Units in Project	168	Stories	12	Elevators	Yes
Land Size (Acres)	2.967	Year Built	1962	Condition	Good
Land Size (Sq. Ft.)	129,229	Major Renovations - Year	Yes	2020	
Parking Type	Lined \$/0, G/\$				
Project Amenities					
Storage	No	Fitness Area / Room	Yes	Concierge	No
Gated	No	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	No / Yes	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	Yes	Recreation Area	No	Neighborhood Network	No
Community Room	No	Pools - Outdoor / Indoor	1 / 0		
Business Center	No	Tennis Cts. – Outdoor / Indoor	No / No		
Computer Center	No	Laundry Room	Yes		
Unit Amenities					
Balcony/Patio	Yes	W/D in Unit	No	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes				
Floor Coverings	Vinyl tile, carpeting and hardwood				
Other Amenities	Waterview				
Kitchen Equipment					
Stove	Yes	Dishwasher	Yes	Disposal	No
Refrigerator	Yes	Microwave	Yes		
Tenant Expenses					
		Type			
Tenant Pays Heat	No	Gas	Tenant Pays Cold Water	No	
Tenant Pays Cooking	No	Gas	Tenant Pays Sewer	No	
Tenant Pays Hot Water	No	Gas	Tenant Pays Trash	No	
Tenant Pays Electric	No		Tenant Pays Cable	Yes	
Comments, Unit Mix and Current Rentals Rates					

In the Unit Mix table, an asterisk (*) designates the unit type used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every individual unit in the building, however they are representative of the comparable and its different unit types.

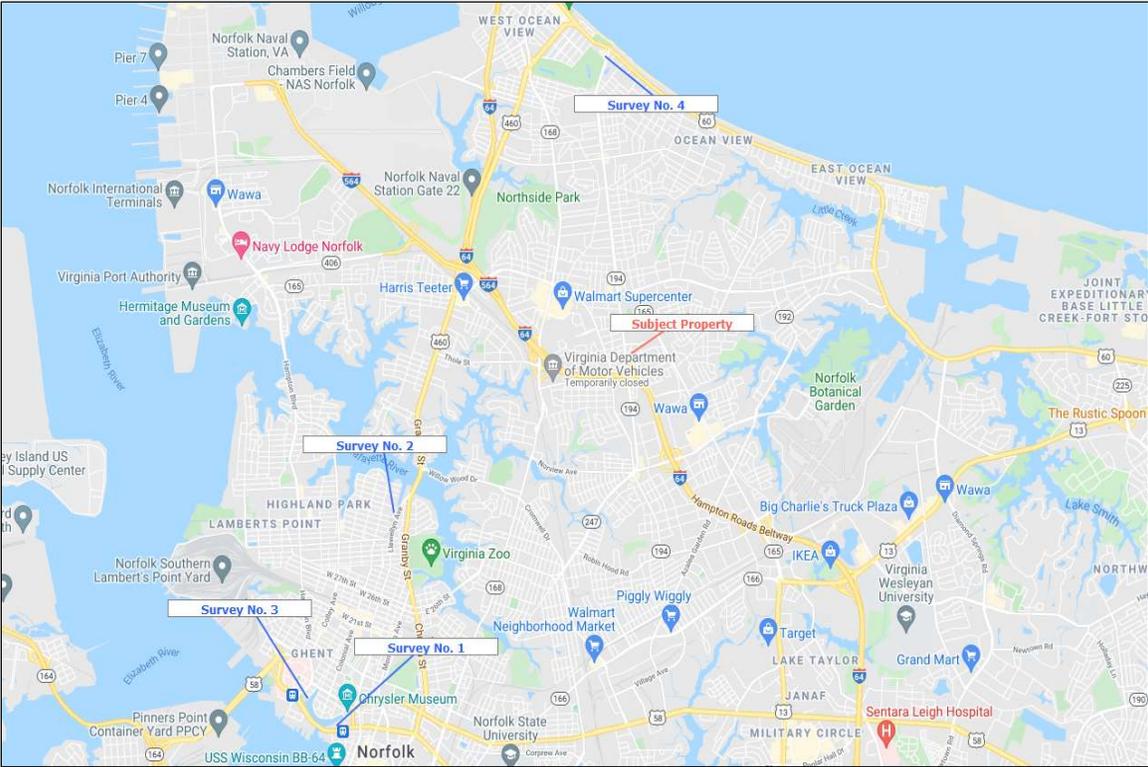
Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
2-0-1	0 Bd 1.0 Ba		409		\$1,015		\$2.48	
3-1-1*	1 Bd 1.0 Ba		620		\$1,475		\$2.38	
4-2-2*	2 Bd 2.0 Ba		1,140		\$1,525		\$1.34	
5-3-2	3 Bd 2.0 Ba		1,242		\$1,665		\$1.34	

Multi-Family Lease No. 4

Property Identification					
Record ID	38757				
Property Type	Mid, High-Rise Multifamily				
Property Name	Royal Mace Apartments				
Location	9621 Chesapeake Boulevard, Norfolk				
County / Borough	Norfolk City				
State and Zip Code	Virginia 23503				
Assessor's Parcel #	1541129670				
Owner	Royal Mace, LLC				
Subsidized	No				
LIHTC Project	No				
Occupancy	100.0%				
Verification					
Lease Date Verification	11-12-2021	Confirmed By	Jackie Marmur		
Verification Name	Jackie - Rental Agent	Phone Number	(757) 504-3336		
Physical Data					
Total Units in Project	126	Stories	7	Elevators	Yes
Land Size (Acres)	2.798	Year Built	1965	Condition	Average
Land Size (Sq. Ft.)	121,885	Major Renovations - Year	No		
Parking Type	Lined				
Ratio - Spaces per Unit	1.19				
Project Amenities					
Storage	No	Fitness Area / Room	Yes	Concierge	No
Gated	No	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	Yes / No	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	Yes	Recreation Area	No	Neighborhood Network	No
Community Room	No	Pools - Outdoor / Indoor	1 / 0		
Business Center	Yes	Tennis Cts. – Outdoor / Indoor	No / Yes		
Computer Center	No	Laundry Room	Yes		
Unit Amenities					
Balcony/Patio	Yes	W/D in Unit	No	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and vinyl tile				
Kitchen Equipment					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	Yes		
Tenant Expenses					
		Type			
Tenant Pays Heat	No	Gas	Tenant Pays Cold Water	No	
Tenant Pays Cooking	No	Gas	Tenant Pays Sewer	No	
Tenant Pays Hot Water	No	Gas	Tenant Pays Trash	No	
Tenant Pays Electric	No		Tenant Pays Cable	Yes	
Comments, Unit Mix and Current Rentals Rates					
In the Unit Mix table, an asterisk (*) designates the unit type used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every individual unit in the building, however they are representative of the comparable and its different unit types.					

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
3-1-1*	1 Bd 1.0 Ba		610		\$1,050		\$1.72	
3-1-1 Renovated*	1 Bd 1.0 Ba		610		\$1,132		\$1.86	
4-2-1*	2 Bd 1.0 Ba		800		\$1,180		\$1.48	
4-2-1 Renovated*	2 Bd 1.0 Ba		800		\$1,320		\$1.65	
4-2-1 Renovated	2 Bd 1.0 Ba		850		\$1,324		\$1.56	
4-2-2 Renovated	2 Bd 2.0 Ba		1,070		\$1,660		\$1.55	
5-3-2	3 Bd 2.0 Ba		1,070		\$1,470		\$1.37	

COMPARABLE RENTALS LOCATION MAP



RENOVATION SCOPE OF WORK

**BRAYWOOD MANOR APARTMENTS
PRELIMINARY REHABILITATION SCOPE**

TOTAL PROPOSED REHABILITATION BUDGET: \$65,000 PER UNIT

Scope of work is expected to include:

- Infrastructure
 - Installation of a building-wide WiFi system for resident use
- Unit interiors:
 - Light fixture upgrades
 - New, upgraded (LVT) flooring and new base molding throughout
 - Fresh paint throughout the entire apartment
 - Energy efficiency will be kept in mind for all improvements
 - Window and storefront replacements
 - Kitchens:
 - New solid surface countertops
 - New cabinets
 - New sink and faucet
 - New, energy-efficient appliances, including refrigerators, ranges, and range hoods with fire suppression features
 - New garbage disposals
 - Install microwaves in each unit (new)
 - New grease shield
 - Bathrooms:
 - New low-flo toilets and shower heads
 - New bathroom fixtures, including faucets and knobs
 - New sink
 - Tub & Shower replacement or refinishing
 - Bathroom tile upgrades and repairs
 - New valves and angle stops
- Common Area renovation:
 - Upgrade of exterior common areas
 - Laundry room upgrades
 - Upgrade common area lighting
 - New windows
- Exterior renovation:
 - Roof replacements
 - Installation of attic ventilation and insulation
 - Upgrade signage at site
 - Concrete repairs/replacements including new curb stops at parking
 - Various ADA site improvements

- Tree trimming
- Installation of dumpster pads & screens
- Brick repointing
- Mailbox replacement
- Replace benches
- Building systems:
 - New water heaters
 - Address deferred maintenance items
 - Roof repairs
 - Plumbing repairs and replacements
 - HVAC upgrades
 - Kitchen/bath exhaust fans
- Security, fire, and life safety upgrades:
 - Upgrades to security camera system
 - Upgrade exterior site lighting
 - Cooktop fire protection in all units
 - Outlet, cover and unit panel replacements
 - GFCI outlet/breakers in kitchens/bathrooms
 - Replace smoke/CO2 devices
 - Fire pump and controller replacement
 - Elevator cab upgrades
 - Nurse call unit device replacement & upgrade
- UFAS / ADA Improvements to select units

DEFINITIONS OF SOME COMMON APPRAISAL TERMINOLOGY

Source: *The Dictionary of Real Estate Appraisal*

Absorption period - The actual or expected period of time required from when a property is initially offered for purchase or use by its eventual users until all portions have been disposed of by sale or until stabilized occupancy has been achieved.

Accrued depreciation - The difference between an improvement's reproduction or replacement cost and its market value as of the date of appraisal.

Ad valorem tax - a real estate tax based on property value.

Assessed value - the value according to the tax rolls in ad valorem taxation.

Band of investment - A technique in which cash flow rates attributable to components of a capital investment are weighted and combined to derive a weighted average rate attributable to the total investment.

Base rent - the minimum rent stipulated in a lease.

Basis point - one one-hundredth of one percentage point.

BOMA standard - the standard method of floor measurement for office buildings as defined by the Building and Officers Managers Association.

Bundle of rights theory - the concept that compares property ownership to a bundle of sticks with each stick representing a distinct and separate right of the property owner, e.g., the right to use real estate, to sell it, to lease it, to give it away, or to choose to exercise all or none of these rights.

Capitalization Rate - any rate used to convert income into value.

Cash equivalent - a price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts.

Cash flow analysis - a study of the anticipated movement of cash in or out of real estate.

Cash on cash - the ratio of the annual equity income to the equity investment. Also called the equity capitalization rate of equity dividend rate.

Common Area - The total area within a property that is not designated for sale or rental, but is available for common use by all owners, tenants or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, public toilets and service facilities.

Common Area Maintenance (CAM) - expenses of operating and maintaining common areas.

Concession - an inducement to a tenant to lease space, usually in the form of free rent, additional tenant improvement allowance, moving costs, etc.

Consumer Price Index (CPI) - a measurement of the cost of living determined by the U.S. Bureau of Labor Statistics.

Contract rent - the actual rental income specified in a lease.

Debt coverage ratio - the ratio of net operating income to annual debt service ($DCR = NOI/I_M$).

Deferred maintenance - curable, physical deterioration that should be corrected immediately, although work has not commenced.

Development right - the right to build on or beneath a property, subject to local zoning, building codes, etc.

Direct capitalization - the method used to convert an estimate of a single year's income expectancy or an average of several years' income expectancies into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.

Discounted cash flow analysis - a set of procedures in which the quantity, variability, timing, and duration of periodic income, as well as the quantity and timing of reversions, are specified and discounted to a present value or a specified yield.

Discount rate - a rate of return commensurate with the perceived risk used to convert future payments or receipts into present value.

Easement - an interest in real property that conveys use, but not ownership, of a portion of an owner's property.

Easement appurtenant - an easement that is attached to, benefits, and passes with the conveyance of the dominant estate.

Economic age-life method - the method of estimating accrued depreciation in which the ratio of a building's effective age to its total life is applied to the current cost of the improvements to obtain a lump sum deduction.

DEFINITIONS OF SOME COMMON APPRAISAL TERMINOLOGY

Economic life - the period over which improvements to real property contribute to property value.

Effective age - the age indicated by the condition and utility of a structure.

Effective gross income (EGI) - the anticipated income from all operations of real property adjusted for vacancy and collection loss.

Effective tax rate - the ratio between a property's annual property tax and its market value; the tax rate times the assessed value divided by the market value; the official tax rate times the assessment ratio.

Equity capitalization (dividend) rate - an income rate that reflects the relationship between a single's year pre-tax cash flow expectancy and the equity investment.

Equity yield rate - an annualized rate of return on equity capital, as distinguished from the rate of return on debt capital or interest.

External obsolescence - an element of accrued depreciation; a defect, usually incurable, caused by negative influences outside a site.

Exposure time - the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to occur prior to the effective date of the appraisal.

Extraordinary Assumptions - an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

Fee simple estate - absolute ownership unencumbered by any other interest or estate subject to only the four powers of government.

Functional obsolescence - a defect caused by a defect in the structure, materials, or design.

Hypothetical conditions - that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Internal rate of return - a measurement of investment performance; the rate of return on capital that is generated within an investment over a period of ownership.

Land-to-building ratio - the proportion of land area to gross building area.

Leased fee estate - an ownership interest held by a landlord with the right of use an occupancy conveyed by lease to others.

Marketing time - the time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

Market rent - the rental income that a property would most probably command in the open market.

Net operating income - the actual or anticipated net income remaining after deducting all operating expenses from effective gross income, but before deducting mortgage debt service and book depreciation.

Potential gross income - the total income attributable to real property at full occupancy before deduction for vacancy and operating expenses.

Present value - the value of a future payment or series of future payment discounted to the current date or to time period zero.

Rentable Area - This is the usable area of an office area, with its associated share of both floor common area and building common area added on. Rentable area is determined by multiplying the Usable area by the combined R/U ratio.

R/U Ratio - The combined conversion factor, obtained by multiplying the Floor R/U by the Building R/U ratios, which when applied to any Usable area, gives the Rentable area of that office or store area.

Terminal capitalization rate - the rate used to convert income into an indication of the anticipated value of the subject real property at the end of the holding period.

Vacancy and collection loss - an allowance for reduction in potential income attributable to vacancies, tenant turnover, and nonpayment of rent.

PROFESSIONAL QUALIFICATIONS OF TONY F. KAMAND JR., MAI

REAL ESTATE VALUATION AND CONSULTING (1986 TO PRESENT)

Real estate valuation of all types of improved and unimproved real property. Properties have been located throughout the United States with extensive experience on multifamily properties. The main geographic area of expertise has been in New Jersey, New York, Maryland and Pennsylvania on the following property types:

Apartments	LIHTC Projects	HUD Projects
Rent Comparability Studies	Healthcare Properties	Retail Centers
Industrial	Office	Special Purpose Properties

PROFESSIONAL LICENSES AND CERTIFICATIONS

State of New Jersey - Certified General Real Estate Appraiser - RG-00668
 State of New York - Certified General Real Estate Appraiser – 46000026069
 State of Pennsylvania - Certified General Real Estate Appraiser - GA001862
 State of Maryland - Certified General Real Estate Appraiser – 27830

PROFESSIONAL AFFILIATIONS

MAI Member of the Appraisal Institute
 Past President (2005, 2011 and 2012) - Appraisal Institute, Central New Jersey Chapter
 Past Treasurer (1995 to 2004) - Appraisal Institute, Central New Jersey Chapter

QUALIFIED AS EXPERT WITNESS

Federal Bankruptcy Court, New Jersey Tax Court, New York Tax Court, Pennsylvania Tax Court, Various County Tax Boards and Zoning Boards

EDUCATION

Bloomfield College - B.S. in Business Administration

The Appraisal Institute

Real Estate Appraisal Principles	Residential Valuation
Basic Valuation	Standards of Ethics & Professional Practice
Capitalization Theory/Techniques Part A	Capitalization Theory/Techniques Part B
Case Studies in Real Estate Valuation	Report Writing in Real Estate Valuation

Additional Courses/Seminars

Governor's Conference - Multi-Family Housing, HUD Third Party Technical Training for MAP, The Economy and Rates, Urban Land Institute - Improving Shopping Center Performance, Real Estate Commercial Markets, Appraisal Institute - Appraising Retail Properties, Argus Real Estate Analysis Software, Numerous other seminars and courses

REPRESENTATIVE CLIENTS

Banks, Attorneys, Developers, Government Agencies, Fortune 500 Companies, Insurance Companies and Institutional Investors.

PROFESSIONAL QUALIFICATIONS OF

JACQUELINE MARMUR

REAL ESTATE VALUATION AND CONSULTING (2005 TO PRESENT)

Real estate valuation of all types of improved and unimproved real property. Properties have been located throughout the United States with experience in the following property types:

LIHTC and Affordable Apartments
Free-standing retail
Healthcare properties

Industrial properties
Condominiums
Retail Strip Center

Vacant land
Rent Comparability Studies
Special purpose properties

PROFESSIONAL LICENSES AND CERTIFICATIONS

State of New Jersey - Certified Residential Real Estate Appraiser – RA432

State of New Jersey - Certified General Real Estate Appraiser - RG-2523

PROFESSIONAL AFFILIATIONS

Appraisal Institute, Central New Jersey Chapter

QUALIFIED AS EXPERT WITNESS

Various County Tax Boards in New Jersey

EDUCATION

Bachelor of Science-Business Administration Concentration: Marketing

Rowan University, Glassboro, NJ

May 2002

Master of Business Administration

Rowan University, Glassboro, NJ

May 2004

The Appraisal Institute

Fundamentals Of Real Estate Appraisal

15 Hour National USPAP

Preparing A Single Family Residential Report

REPRESENTATIVE CLIENTS

Banks, Attorneys, Developers, Government Agencies, Fortune 500 Companies, Insurance Companies and Institutional Investors.