



**Valbridge**  
PROPERTY ADVISORS

## Market Study

Skyview Ridge  
Skyview Lane  
Hazard, Perry County, Kentucky 41701

Report Date: December 18, 2024



FOR:

Kentucky Housing Corporation  
Ms. Wendy Smith  
1231 Louisville Road  
Frankfort, KY 40601

### **Valbridge Property Advisors | Kentucky**

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24-0943



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December 18, 2024

Ms. Wendy Smith  
Kentucky Housing Corporation  
1231 Louisville Road  
Frankfort, KY 40601

RE: Market Study  
Skyview Ridge  
Skyview Lane  
Hazard, Perry County, Kentucky 41701

Dear Ms. Smith:

In accordance with your request, we have prepared a market study of the above referenced property. The purpose of the market study is to analyze the subject's market area by (a) characterizing the subject's market place; (b) identifying the supply and demand forces within the marketplace; and (c) projecting the absorption period for the subject's residential units as proposed based on competing properties within the subject's market place. The intended use of this market study is for internal decision-making purposes related to an RFP for development of the project site. Submitted herein is the report, which includes the factual data and methodologies utilized to arrive at the conclusion.

The subject development is a proposed 95 lot subdivision that will be built out with a mix of single family home styles including one, two and three-bedrooms. The homes are intended to be sold to families displaced from flooding that occurred in the area in 2021 and 2022, along with other income qualified buyers who have income levels at or below 80% of area median income (AMI).

The market study is intended to meet the minimum standards of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. It is also in compliance with the reporting requirements and guidelines established by our client as we understand them.

The client in this assignment is Kentucky Housing Corporation. The intended users of this market study include Kentucky Housing Corporation (KHC), Department for Local Government (DLG), and no others.

The intended use of this market study is for internal decision-making purposes related to an RFP for development of the project site. The depth of discussion contained in this market study is specific to the needs of the client and for the intended use stated within. The appraiser is not responsible for unauthorized use of this report. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

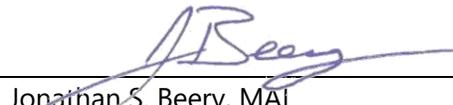
#### Extraordinary Assumptions:

- We have utilized demographic data from Esri Demographics, a leading provider of Census demographic data within the United States. We were not able to confirm the demographic data was completely accurate and reflective of the flooding's effect on the population and households. Discussions with Census Bureau officials and a demographer with Claritas (another nationally recognized demographic data provider), indicated that rarely in smaller markets, such as Hazard, is demographic data updated immediately following a natural disaster, unless it coincides with a Census year. Therefore, it is not likely that the Census data is completely accurate. We held discussions with several local officials, but no current updated demographic data is known to exist. Many affected households moved in with family or into short-term housing or available rental units in the larger Eastern Kentucky region. For purposes of analysis, we have assumed the demographic data utilized herein to be reasonably accurate and we have considered the possibility it does not fully account for displacement following the flooding in our estimates and demand assumptions. Should the demographic data be found to be significantly inaccurate or not reflective of the displacement from the flooding that occurred in 2021 and 2022, our estimates of demand may be invalid.

#### Hypothetical Conditions:

- None

Respectfully submitted,  
Valbridge Property Advisors | Kentucky



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Jonathan S. Beery, MAI  
Certified General Real Property Appraiser  
Kentucky License #4057  
Expiration Date: 07-01-2025

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# Aerial and Front Views

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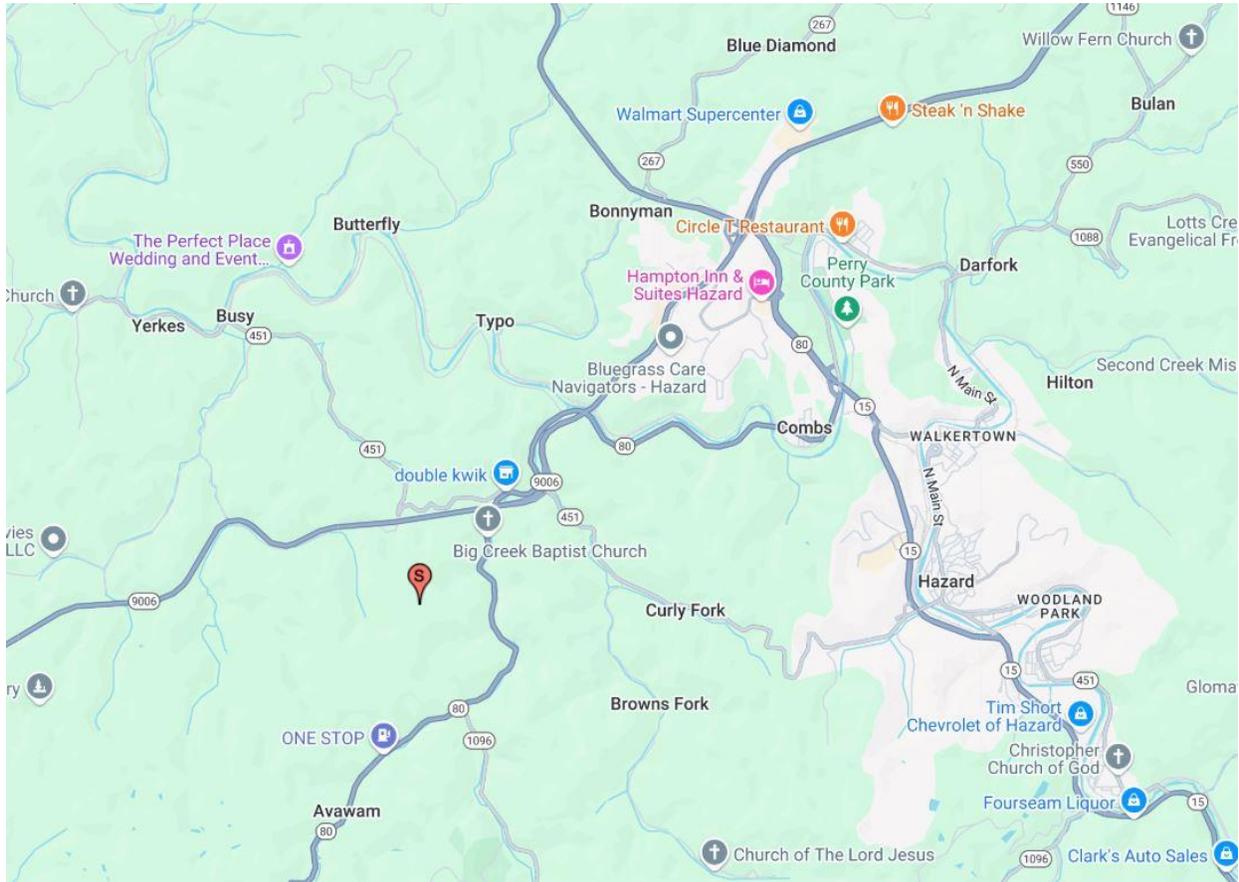
**AERIAL VIEW**



**FRONT VIEW**



# Location Map



# Introduction

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## Client and Intended Users of the Market Study

The client in this assignment is Kentucky Housing Corporation. The intended users of this market study include Kentucky Housing Corporation (KHC), Department for Local Government (DLG), and no others.

## Purpose and Intended Use of the Market Study

The subject of this market study is the proposed development of a 95-unit affordable housing subdivision located in Hazard, Perry County, Kentucky, 41701. The subject development as proposed will be built out with a mix of single family home styles including one, two and three-bedrooms. The homes are intended to be sold to families displaced from flooding that occurred in the area in 2021 and 2022, along with other income qualified buyers who have income levels at or below 80% of area median income (AMI).

The purpose of the market study is to analyze the subject's market areas by (a) characterizing the subject's marketplace; (b) identifying the supply and demand forces within the marketplace; and (c) based on both projected and historical demand within the subject's marketplace and the availability of both existing and proposed competing inventory, estimate the absorption period for the subject as proposed. The intended use of the market study is to demonstrate the level of demand for the proposed project.

## Real Estate Identification

The subject property is located off Skyview Lane in Hazard, Perry County, Kentucky 41701. The property has yet to be assigned a street address, but is further identified as parcel number 064-00-00-008.00.

## Ownership of the Property

According to the PVA, title to the subject property is vested in Commonwealth of Kentucky.

## History of the Property

Ownership of the subject property has transferred within the past three years. Commonwealth of Kentucky acquired the property from MRI Properties, Inc. on February 6, 2024, as recorded in Deed Book 433 Page 505. The transaction was reported as arms length, but the land was donated to the state to allow for development of single family homes. As a condition, it appears the state was required to put in road and utility infrastructure, which will ultimately allow the larger site owned by the grantor to be developed at some point in the future. No other details were available.

## Analysis of Listings/Offers/Contracts

We are unaware of any listings, offers, or pending contracts of the subject property, although upon completion of the subdivision, it is anticipated lots will be either donated or sold to developers who will in turn build homes for income qualified buyers.

## Type and Definition of Value

Market Value is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently



and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*<sup>1</sup>

## Date of Report

The date of this report is December 18, 2024, which is the same as the date of the letter of transmittal.

## Effective Date of Market Study

The effective date of the market study is December 9, 2024.

## Real Property Interest Appraised

The scope of this assignment includes a conclusion of market rent for the subject property. It is therefore considered an appraisal as a rent value is developed. The real property interest appraised is that of the fee simple estate.

Please refer to the Glossary in the Addenda section for definitions of terms used in this report.

## Highest and Best Use

Considering the legal, physical and financial characteristics of the subject site, the proposed improvements and the market in which the property will operate, the concluded highest and best use of the site as vacant is for residential development consisting of for sale homes and multi-family housing.

## Assumptions and Conditions of the Appraisal

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

### Extraordinary Assumptions

- We have utilized demographic data from Esri Demographics, a leading provider or Census demographic data within the United States. We were not able to confirm the demographic data was completely accurate and reflective of the flooding's effect on the population and households. Discussions with Census Bureau officials and a demographer with Claritas

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<sup>1</sup> Source: *Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions*

(another nationally recognized demographic data provider), indicated that rarely in smaller markets, such as Hazard, is demographic data updated immediately following a natural disaster, unless it coincides with a Census year. Therefore, it is not likely that the Census data is completely accurate. We held discussions with several local officials, but no current updated demographic data is known to exist. Many affected households moved in with family or into short-term housing or available rental units in the larger Eastern Kentucky region. For purposes of analysis, we have assumed the demographic data utilized herein to be reasonably accurate and we have considered the possibility it does not fully account for displacement following the flooding in our estimates and demand assumptions. Should the demographic data be found to be significantly inaccurate or not reflective of the displacement from the flooding that occurred in 2021 and 2022, our estimates of demand may be invalid.

#### Hypothetical Conditions

- None

# Scope of Work

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The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (5) the market study conformity, and (6) personalty items. These items are discussed as below.

## Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via PVA records and information provided by the owner/developer.
- Economic Characteristics - Economic characteristics of the subject property were identified via a comparison to properties with similar economic characteristics, a review of published studies regarding apartment operations, and our internal data.
- Physical Characteristics - The physical characteristics were analyzed based on information gathered during the inspection and from information provided by third parties.

## Extent to Which the Property Was Inspected

We inspected the site on December 9, 2024. Due to construction at the site, we were only able to observe the site from the southeast corner near the entrance of the parcel. We did not measure the site, but rather relied on information and/or plans provided by the developer.

## Type and Extent of Data Researched

- Inspection of the property
- Economic analysis of the area and especially the neighborhood influences
- Analysis of the site
- Study of maps and public records
- Interviews with persons familiar with the subject market
- Comparative analysis of market data
- Demographic sources include:
  - Site To Do Business
  - 2010 and 2020 Census Data
- American Community Survey (ACS)
- Bowen / KHC Kentucky Housing Supply Gap Analysis

## Market Study Conformity

The market study is intended to meet the minimum standards of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. It is also in compliance with the National Council of Housing Market Analysis (NCHMA) reporting requirements and Kentucky Housing Corporation's current Market Study guidelines, and the requirements of our client as we understand them.

## 2021 and 2022 Eastern Kentucky Floods

The subject project is being proposed to provide much needed housing relief for the catastrophic flooding that occurred in Eastern Kentucky in February 2021 and again in July 2022. In total, 13 counties were impacted. The most recent flooding occurred throughout the region when up to 16 inches of rain fell over a five-day period between July 26 and July 30<sup>th</sup> 2022 and resulted in many survivors of the first flood having to rebuild their lives a second time. Photographs of the flooding, per Lexington Herald Leader’s website, are shown above and below.



According to the Housing Development Alliance’s website and FEMA data, the flooding had a total impact on 4,667 homes with 3,293 homes damaged and 500 destroyed. As a result, at least 11,480 people were directly impacted. Of the impacted, 44% were children or seniors; 60% of households with damaged homes have annual incomes of less than \$30,000; 29% of households with damaged homes have occupants Age 65 or older

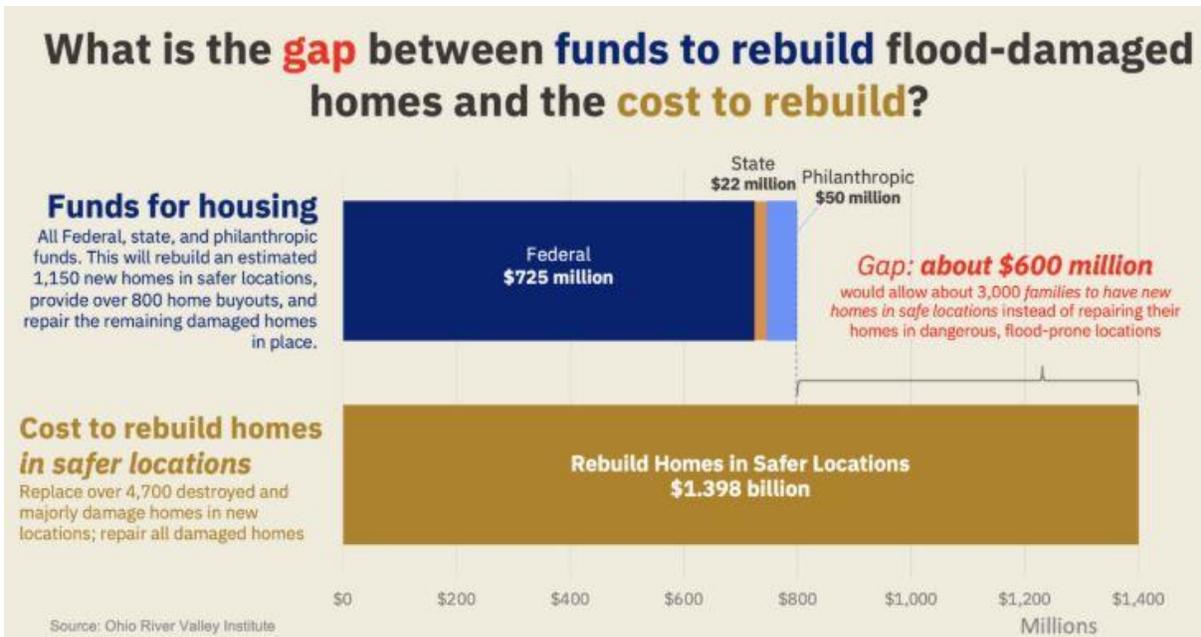
with fixed incomes; and 95% of those affected did not have flood insurance. The table below provides two scenarios and costs associated with each that were reportedly considered in the rebuilding effort.

### Estimate of housing repair/replacement costs and assistance

	Degree of home damage	Number of homes	Scenario A: Rebuild as we were		Scenario B: Rebuild homes in safer locations	
			Cost to replace/repair per home	Total cost	Cost to replace/repair per home	Total cost
<b>Total housing repair/replace cost</b>	Destroyed	548	\$150,000	\$82,200,000	\$315,000	\$172,620,000
	Major Damage	4,617	\$70,000	\$323,197,351	\$272k or \$70k	\$1,168,110,526
	Substantial Damage	1,205	\$30,000	\$36,139,201	\$30,000	\$36,139,201
	Moderate Damage	780	\$20,000	\$15,605,099	\$20,000	\$15,605,099
	Affected	1,860	Excluded	\$0	\$3,500	\$6,510,000
		<b>9,010</b>		<b>\$457,141,651</b>		<b>\$1,398,984,826</b>

**Note: The number of homes and extent of damage is based on home inspections conducted by FEMA. See [previous report](#) or endnotes for more detail. Under scenario B, major damage homes will be either replaced in new locations (assumed average cost of \$272,000) or repaired in place (assumed average cost of \$70,000).**

According to a report published by Ohio River Valley Institute and Housing Development Alliance website, the total estimated cost to rebuild across East Kentucky is roughly \$1.4 billion. To date, significant funding has been received, but a large gap still remains, as detailed in the figure below.



As noted above, it was reported 500 homes were destroyed. According to FEMA data, as of December 31, 2022, 98 of the 500 homes destroyed were located in Perry County with an additional 1,281 homes considered uninhabitable without repair. We have utilized these figures in our analysis later in the report.

**Recovery** - The subject Skyview site in Hazard will be part of a larger “higher ground” housing development to occur on multiple sites in Perry, Knott, Breathitt, Letcher and Floyd Counties, which were all heavily impacted. Governor Beshear’s office is overseeing the relief and redevelopment effort through Team Kentucky. The process will develop new homes in locations outside of flood prone areas. The new sites require infrastructure to be built allowing development to occur, which will require government funding given the magnitude of costs.

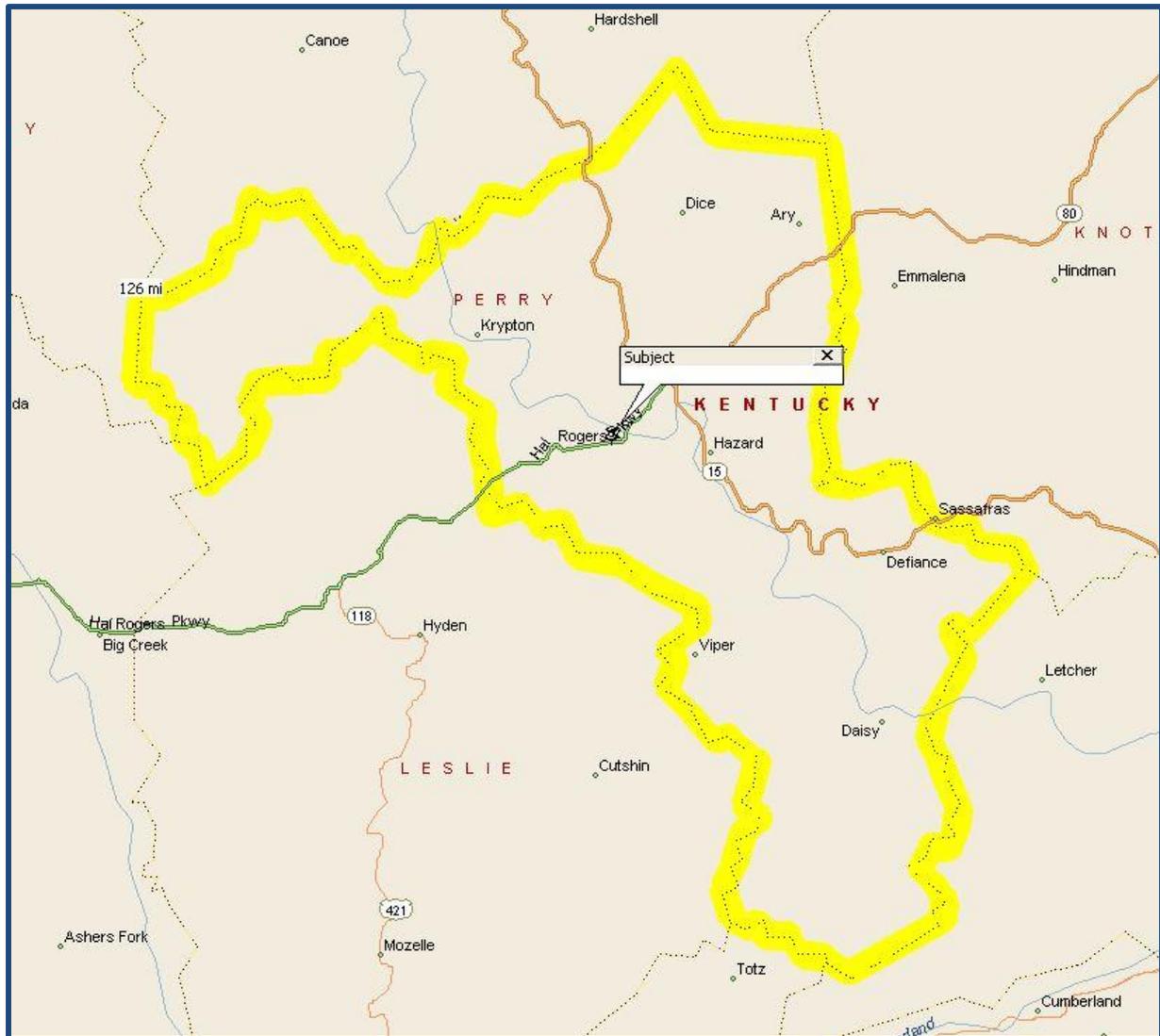
It has been reported the state has budgeted \$146 million to build 462 homes or \$316,000 per home on average including infrastructure and utilities. This development will occur at the three largest “higher ground” communities with additional development occurring in smaller communities. While local non-profits and stakeholders have been working diligently to provide relief, without the significant funding and development being proposed by the state, a full recovery is not likely to occur.

The most active builder working in Perry, Knott, Breathitt and Letcher Counties is Housing Development Alliance. According to their website, to date 97 homes have been rehabbed; 31 new homes have been completed; eight rehabs are underway; and seven new homes are under construction. An additional 15 homes are currently pending as well as 62 homes rehabs. HDA is currently working with 210 flood surviving households who have requested new home construction or home repairs. This is detailed in more depth later in the report.

## Area Analysis

The subject property is located in Hazard, Perry County, Kentucky. Perry County is located in the Appalachian Coal Region of Eastern Kentucky which is comprised of four contiguous counties: Perry, Breathitt, Leslie and Owsley. For purposes of this report, we have analyzed Perry County with discussion of the economic region as well. The figure below shows the subject's location in relation to the region.

**AREA MAP**



### Overview

Hazard, the county seat of Perry County, is the largest city in the collective counties and serves as the financial, shopping and entertainment district for the region. The city of Jackson, in Breathitt County, also offers some shopping and dining options, but is considerably smaller than Hazard. Owsley and Leslie Counties are rurally populated and have very limited shopping and dining options available.

The topography of this region is mountainous terrain, which limits the types of development in the area. Coal and timber production have been the major industries in the region for decades. However, the coal industry has been in decline for several years due to increased environmental regulations and increased competition from western coal. While there has been a strong push by legislators to increase manufacturing in the region and decrease its reliance on coal; coal and timber production will likely continue to be an important contributor to the respective economies into the foreseeable future.

## Transportation

The primary access to the market area is via the Hal Rogers Parkway (aka Daniel Boone Parkway), which runs east/west from I-75 at London to Hazard, at which point it turns into SR 80 traveling further east to Knott and Floyd Counties. SR 15 provides north/south access through Perry and Breathitt Counties. Highway 30 provides travels east/west through Breathitt and Owsley Counties connecting Jackson to Booneville, although travel is cumbersome due to its winding nature. US 421 provides north/ south access through Leslie County. Access to the area is considered good due to the Hal Rogers Parkway, although travel within the region is cumbersome due to the mountainous terrain.

The nearest airport is the Wendell H. Ford Airport, located in northern Perry County near the Breathitt County border. This airport provides service primarily to private planes in the area. Lexington's Blue Grass Airport provide the nearest commercial airline service. CSX Transportation provides main line rail service throughout the region. Overall, air and rail service to the area are considered average by eastern Kentucky standards.

## Health and Medical

Appalachia Regional Hospital (ARH) provides the primary health and medical care for the region. ARH is a not-for-profit health care system that operates 10 hospitals, physician practices, home health agencies, and retail pharmacies in eastern Kentucky and southern West Virginia. ARH is both the largest provider of healthcare and the single largest private employer in southeastern Kentucky. ARH operates Hazard ARH Regional Medical Center, a 308-bed, acute-care and psychiatric hospital serving as the region's medical center. The Kentucky River Medical Center (KRMC) is located in Jackson and also serves surrounding counties. KRMC is a 55-bed facility offering 24-hour emergency care. Furthermore, Mary Breckinridge Hospital in Hyden, Leslie County, KY has approximately 25 beds and also serves the surrounding counties. Overall, the local health and medical facilities are considered good by rural Kentucky standards.

## Education

K-12 education is provided by each respective county and city school boards and is considered average by Eastern Kentucky standards. Hazard Community and Technical College (HCTC) provides secondary education in Hazard and surrounding communities including a branch at Lees College in Jackson. HCTC has an enrollment of over 3,000. Morehead State University also offers education at its branch in Jackson. In addition, the University of Kentucky (28,500+ enrollment) and Morehead State University (10,600+ enrollment) are located within two hours' drive. There are also several technical schools spread throughout the region offering specialized education.

The table below indicates the educational attainment of Hazard, KY when compared to Perry County and the state.

### Educational Attainment

2024 Educational Attainment	Hazard	Perry County	Kentucky
Less than 9th Grade	5.1%	6.6%	3.6%
9-12th Grade/No Diploma	7.4%	10.3%	6.2%
High School Diploma	21.9%	29.1%	26.9%
GED/Alternative Credential	3.8%	7.2%	6.5%
Some College/No Degree	21.6%	20.5%	18.6%
Associate's Degree	16.5%	11.6%	9.4%
Bachelor's Degree	10.3%	6.7%	17.3%
Graduate/Professional Degree	13.4%	8.2%	11.7%
<b>Total High School Graduates and Higher</b>	<b>88%</b>	<b>83%</b>	<b>90%</b>

Source: Site To Do Business (STDB)

As the table above indicates, Hazard has a significantly lower percentage of high school graduates than the state. However, Perry County has the lowest high school graduates as the county is very rural in nature.

### Economic Conditions

As mentioned, the regional economy has historically been based primarily on timber and coal production. Thousands of good paying jobs have been lost in the last 10+ years in the region due to the collapse of the coal industry. With the decline of the coal industry, Eastern Kentucky counties have been forced to diversify their economies by promoting manufacturing and tourism. Perry County has had some successes within the past several years due to its expanding retail sector, which serves as a regional draw. In addition, the development of the Coal Fields Region Industrial Park located on Highway 15 between Hazard and Jackson has been successful in bringing in employers and helping the overall economy, but the economy is still struggling with below average economic performance.

According to Zach Lawrence, the Executive Director of Hazard – Perry County Economic Development Alliance, the current project pipeline of new and expanding companies totals 11 companies and 660 jobs specific to Perry County. However, not all of these will ultimately happen, but are prospects actively looking at the community. While the majority of these are recruitment of new companies, there are a couple existing companies working on expansion. Two of these are existing manufacturing operations looking to add a combined total of about 200 new jobs over the next 5 years. There's a large-scale retail development project that is nearing announcement stage that will be a huge draw to the region adding five new major retailers to Hazard. This is about to begin construction and has an 18 month timeline. Furthermore, within the last two years FedEx grew out of their 40,000SF facility into a new 217,000SF facility in our industrial park.

### Employment by Industry

As mentioned, Hazard and Perry County are the financial, medical and retail center for the region. The table below indicates the top employment industries in Hazard, Perry County and Kentucky.



### Employment by Industry

2024 Employed Civilian Population Age 16+	Hazard	Perry County	Kentucky
Healthcare Practitioner/Technician	20.7%	12.0%	7.4%
Office/Administrative Support	12.4%	12.8%	11.1%
Management	10.4%	6.0%	10.9%
Sales and Sales Related	9.5%	10.1%	7.9%
Building/Grounds Cleaning/Maintenance	6.0%	4.8%	3.2%
Education/Training/Library	6.2%	7.1%	6.1%
Construction/Extraction	4.2%	10.7%	4.8%
Transportation/Material Moving	3.8%	6.2%	9%
Healthcare Support	3.3%	5.8%	3.1%
Business/Financial	0.2%	1.0%	4.9%
All others	23%	23%	31%

Source: Site To Do Business (STDB)

As the table above indicates, the economic base in Hazard is oriented towards healthcare practitioner/technician with 20.7% of civilian employment, with office and administrative support second at 12.4%, and management occupations third at 10.4%.

### Area Employment

The following table lists Hazard's largest employers as reported by Hazard Perry County Chamber of Commerce.

#### MAJOR EMPLOYERS

#### Major Employers

Employer	# Employees	Industry
1 ARH	1,100	Healthcare
2 Perry County School	600	Education
3 Primary Care Centers of East Kentucky	440	Healthcare
4 Foundever	350	Technology
5 Walmart	335	Retail
6 KRCC	240	Healthcare
7 Hazard Health Rehab	211	Healthcare
8 FedEx	185	Freight and Logistics
9 Hazard City Schools	160	Education
10 LKLP	150	Community Action

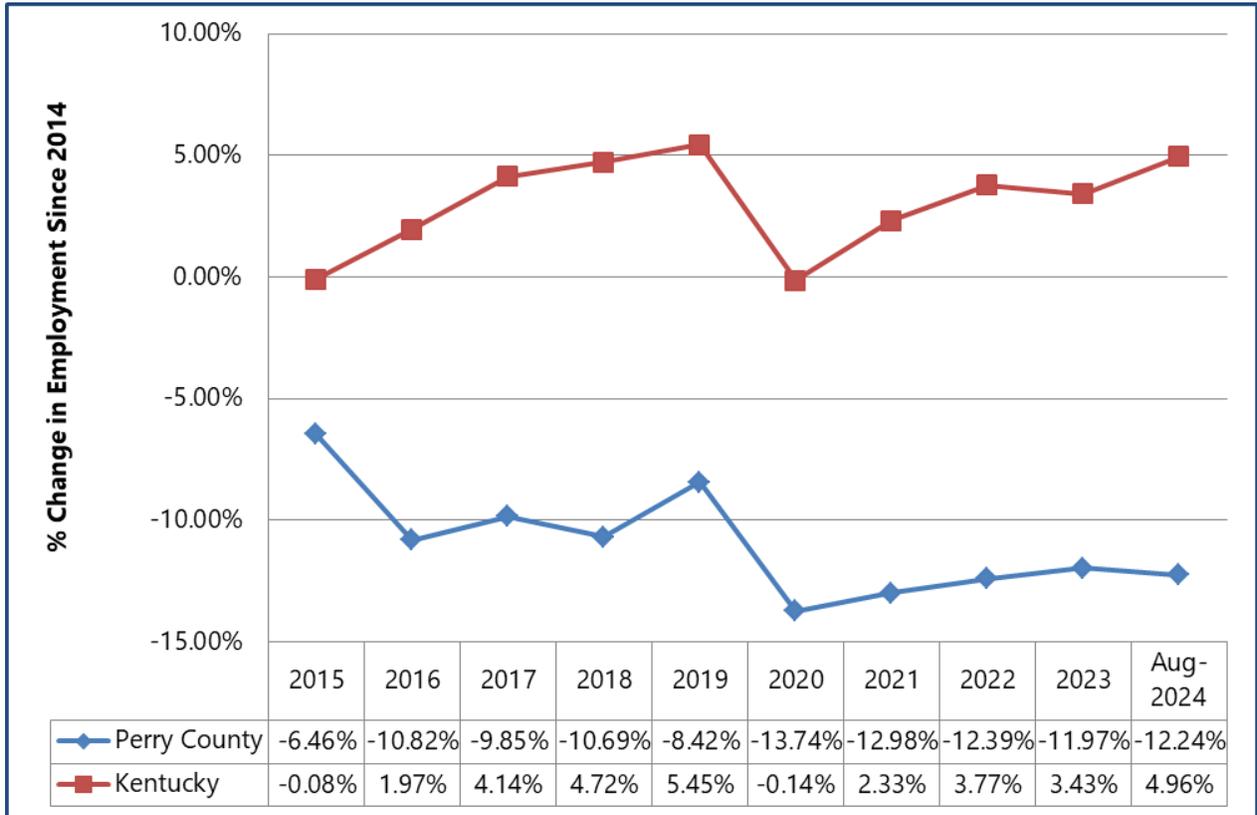
source: Hazard Perry County Chamber of Commerce

Due to the lack of high paying jobs many residents of the region must travel for work.

### Area Employment and Economic Characteristics

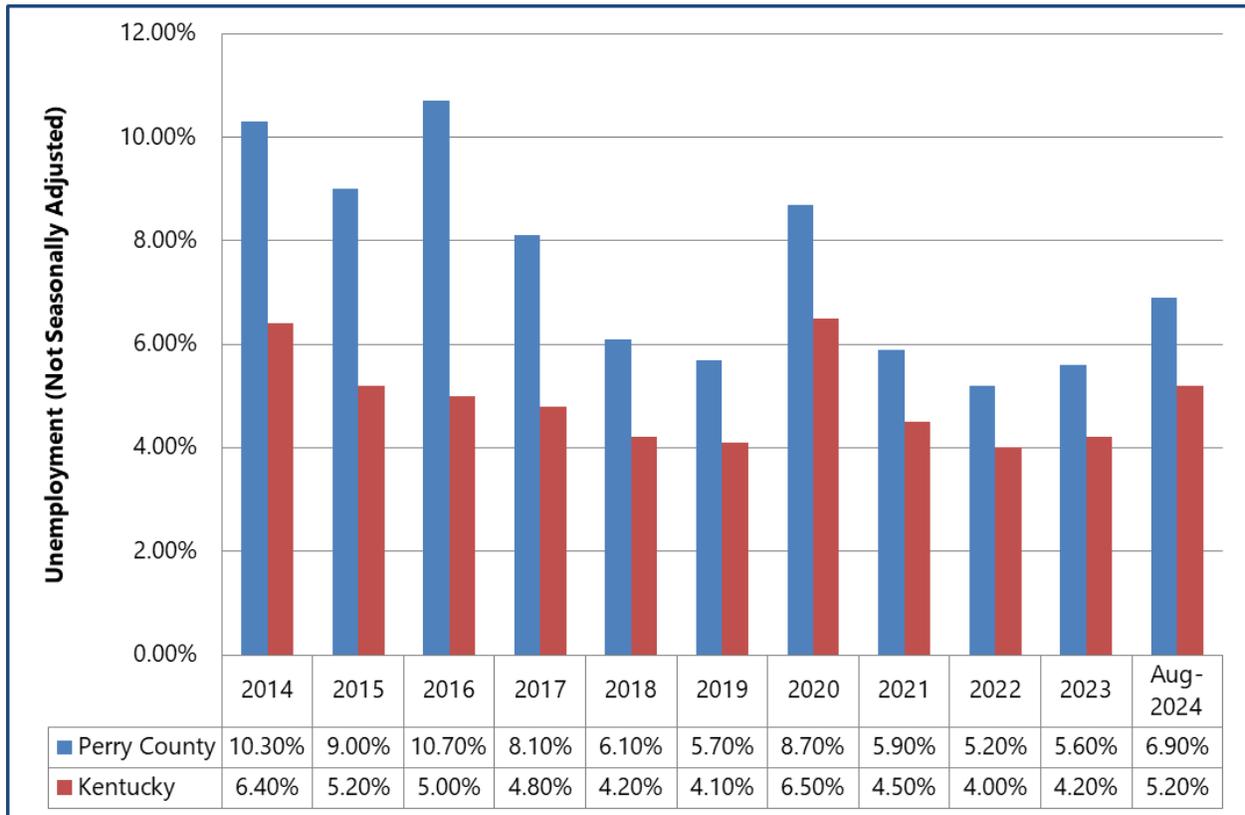
Labor force statistics of the region are an indication of the area's overall struggling economy. The following chart tracks percentage change in employment since 2014 for Perry County and Kentucky. As shown, employment in the area has continuously declined due to the last recession and the decline of the coal industry.

**PERCENTAGE CHANGE IN EMPLOYMENT SINCE 2014**



As shown, employment levels in Kentucky had increased until the pandemic in 2020, while employment levels in Perry County had varied below 2014 levels. Employment in the county appears to have stabilized, but it could take decades to recover the jobs lost prior to 2016.

### UNEMPLOYMENT RATES



As shown, the unemployment rate for the area has been consistently higher than the state average. The unemployment rate for the county peaked in 2016 at 10.70%, but rebounded thru 2019 prior to the pandemic in 2020. As of August 2024 the unemployment rate is within the range of the prior to pandemic numbers; however, this decline in unemployment is more a result of declining labor force rather than an improving labor market.

### Income Levels

The following table includes income figures for Hazard, Perry County, and Kentucky.

### Median Household Income

Year	Hazard	Perry County	Kentucky
< \$15,000	14%	18%	12%
\$15,000-\$24,999	6%	9%	8%
\$25,000-\$34,999	16%	14%	8%
\$35,000-\$49,999	7%	9%	12%
\$50,000-\$74,999	19%	16%	17%
\$75,000-\$99,999	11%	14%	13%
\$100,000-\$149,999	19%	12%	16%
\$150,000-\$199,999	6%	5%	7%
\$200,000+	2%	3%	7%
2024	\$57,232	\$51,002	\$62,002
2029	\$63,849	\$57,074	\$72,258
2024 - 2029 Annual Change	2.31%	2.38%	3.31%

Source: Site To Do Business (STDB)

Approximately 57% of Hazard households earn \$50,000 or more, compared to 51% for Perry County and 60% for Kentucky. This is to be expected because of the lower educational attainment and higher unemployment rates.

### Population

Due to the struggling labor market, population in the city and county decreased between 2010 and 2024, which is projected to continue between 2024 and 2029.

#### Population

Year	Hazard	Perry County	Kentucky
2000	4,873	29,390	4,041,796
2010	5,481	28,712	4,339,367
2024	5,152	27,490	4,556,825
2029	4,984	26,458	4,595,873
2000 - 2010 Annual Change	1.25%	-0.23%	0.74%
2010 - 2024 Annual Change	-0.43%	-0.30%	0.36%
2024 - 2029 Annual Change	-0.65%	-0.75%	0.17%

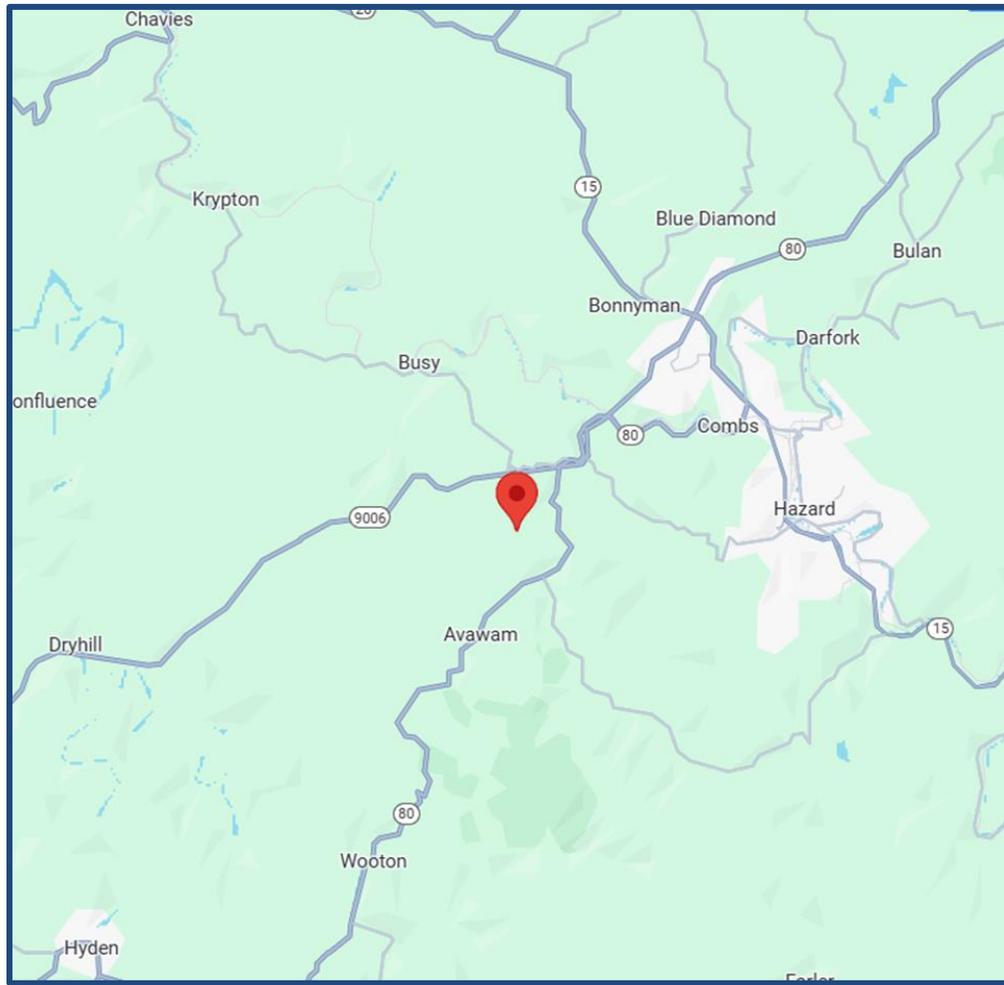
Source: Site To Do Business (STDB)

### Summary

The subject is located in the Appalachian Coal Region of Eastern Kentucky, which has suffered due to the decline in jobs in the coal industry and overall high poverty levels. The overall region still lacks industrial development and high paying jobs. This is evident based on employment trends over the past 10 years, which were also negatively impacted by severe flooding that occurred in 2021 and 2022 impacting cities such as Hindman. With no near-term improvement in the labor market anticipated, the below average economic conditions of the region will continue to have negative effects on income levels, population growth rates, and demand for most types of real estate.

# Neighborhood Analysis

**NEIGHBORHOOD MAP**



## Neighborhood Location and Boundaries

For purposes of this analysis, the neighborhood is considered the city of Hazard and surrounding rural areas. The neighborhood is rural in nature with mountainous topography, although access is good by rural standards and the city of Hazard features above average amenities. The map above illustrates the subject's location within the neighborhood.

## Neighborhood Access

Primary access is from the Hal Rogers Parkway, which connects Hazard to London and I-75. KY 80 and KY 15 also provide access to the neighborhood.

## Neighborhood Demographics

As shown in the table below, population in the neighborhood is anticipated to decline at a slightly lower rate than the county from 2024 through 2029. Further, households in both locales are projected to decline approximately 0.2% in the same period. Median household income in the neighborhood in 2024 is \$57,232, which is above Perry County at \$51,002. It is noted per capita income in the

neighborhood is also above the county. Overall, the subject neighborhood is characterized as a lower-to-middle-income area with a declining population base.

### Neighborhood Demographics

Area	Neighborhood	Perry County
<b>Population Summary</b>		
2000 Population	4,873	29,390
2010 Population	5,481	28,712
2024 Population	5,152	27,490
2029 Population	4,984	26,458
Annual % Change (2024 -2029)	-0.7%	-0.8%
<b>Household Summary</b>		
2000 Housing Units	1,975	11,460
% Owner Occupied	57%	77%
% Renter Occupied	43%	23%
2010 Housing Units	2,127	11,319
% Owner Occupied	52%	74%
% Renter Occupied	48%	26%
2024 Housing Units	2,037	11,274
% Owner Occupied	57%	74%
% Renter Occupied	43%	26%
2029 Housing Units	2,014	11,145
% Owner Occupied	58%	74%
% Renter Occupied	42%	26%
Annual % Change (2024 -2029)	-0.2%	-0.2%
<b>Income Summary</b>		
2024 Median Household Income	\$57,232	\$51,002
2029 Median Household Income Estimate	\$63,849	\$57,074
Annual % Change	2.2%	2.3%
2024 Per Capita Income	\$28,938	\$28,536
2029 Per Capita Income Estimate	\$33,306	\$33,172
Annual % Change	2.9%	3.1%

Source: Site-to-Do-Business (STDB Online)

### Residential Development

According to STDB, there are 2,037 housing units in the neighborhood. Approximately 57% of these are owner-occupied and 43% are renter-occupied. Detached single-family homes are the predominant unit type in the neighborhood comprising 69% of the housing units, followed by apartments with 5 or 9 units at 10%. The housing stock includes a large percentage of mature properties with 34% of properties constructed prior to 1959. The neighborhood median home value is \$135,703 compared to \$110,140 for Perry County. Additionally, the neighborhood median year built is 1974, versus 1985 for the same comparative area.

Residential development in the area contains a wide variety of housing options from gated subdivisions in Hazard with upscale homes to dilapidated manufactured housing located throughout rural portions of the neighborhood. Due to the mountainous topography, residential development is sparse in some areas and often requires traversing cumbersome roads (winding and narrow) that provide access to more level ground on hilltops. Residential development is diverse, and it is not uncommon to see well maintained homes surrounded by abandoned homes or homes with significant deferred maintenance to the point of being uninhabitable. Residential development is slow, but ongoing in the neighborhood.

Multifamily residential development is limited throughout Hazard. Many multifamily complexes are subsidized properties with few medium to large (30+ units) market rate complexes. Most developments are considered to be in average condition, despite being older properties.

### Commercial Development

The majority of commercial development in the neighborhood (and region) is located in Hazard. Due to its size and location, Hazard has emerged as the retail shopping and entertainment district for the region. Hazard features several shopping centers with many national and regional retailers represented. The most recent commercial development in Hazard is the Daniel Boone Plaza off Highway 80 just east of Hazard. This shopping center was developed in the last few years as a result of land made available from strip coal mining, which produced a large flat parcel (atypical in the subject's market). The development is anchored by a Wal-Mart Supercenter and Lowe's. In-line retailers include Dollar Tree, and several local retailers. In addition, several fast-food chains are located in this area plus development of a Holiday Inn Express. Based on discussions with local officials and the amount of land available in this area, future commercial development in Hazard will likely occur in this commercial district.

As noted; a large five-retail tenant development is set to be announced in the near term that will be a regional draw and anticipated to include mostly big-box retailers. This development will be in the growing commercial district off Highway 80. Other commercial amenities are located throughout Hazard along arterials. There is also a central business district that includes the city government offices, local private offices, and "mom and pop" retail stores.

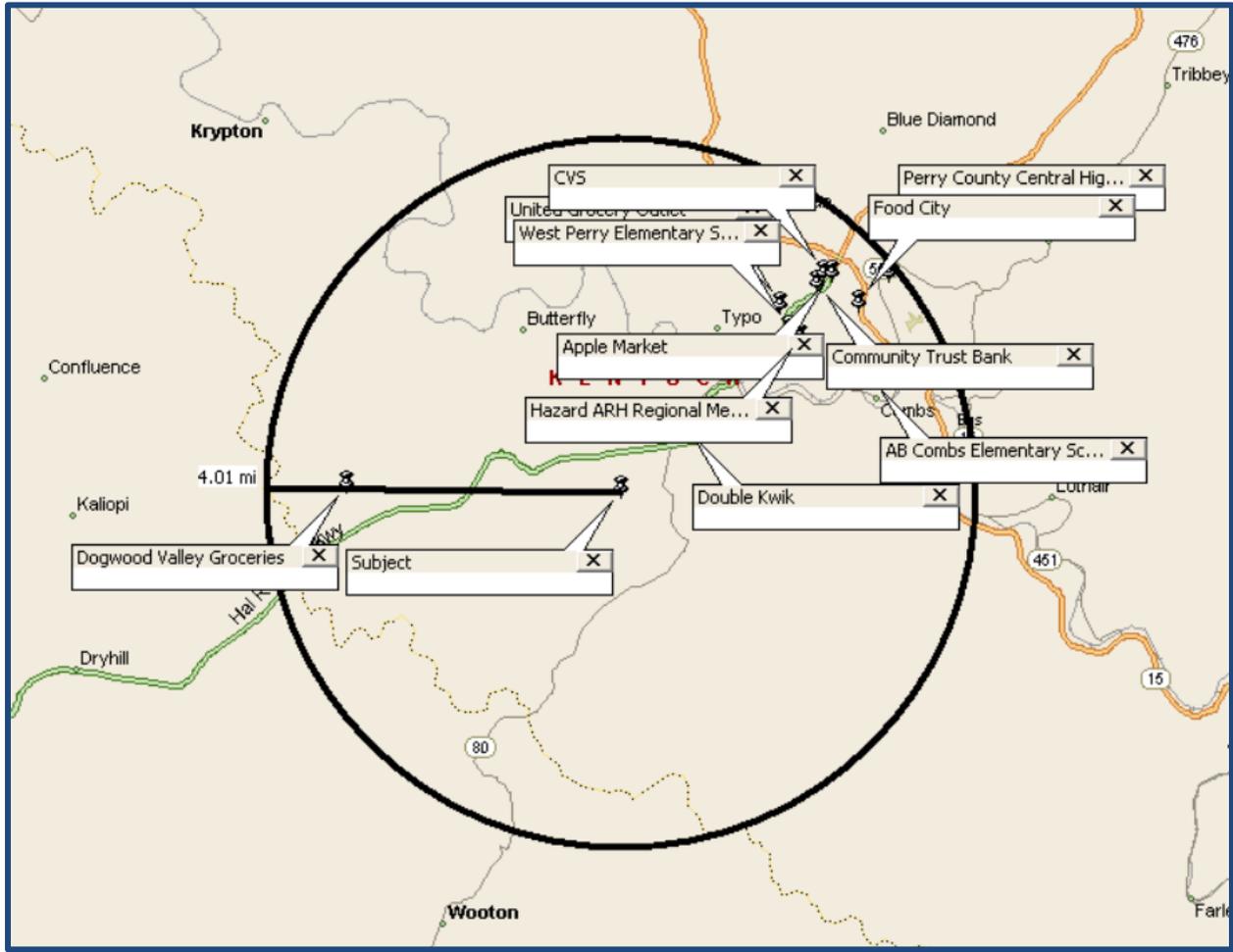
A table below illustrates nearby amenities, followed by a map that includes a 4-mile radius.

**Amenities & Distance from Site**

Amenity	Address	Category	Radii Distance	Google Walking Distance	Google Driving Distance
Double Kwik	3593 KY-80	Convenience Store	1.0	1.4	1.4
CVS	102 Village Lane	Pharmacy	3.4	8.2	3.8
Apple Market	1079 Morton Blvd	Grocery	3.4	8.2	3.8
West Perry Elementary School	72 Miss Edna Lane	Education	2.7	8.2	3.9
AB Combs Elementary School	641 KY-80	Education	3.1	4.1	4.1
Hazard ARH Regional Medical Center	100 Medical Drive	Healthcare	2.7	7.9	4.2
Dogwood Valley Groceries	176 Dogwood Valley Lane	Grocery	3.1	4.4	4.4
Food City	50 Morton Blvd	Grocery	3.5	7.3	5.0
Perry County Central High School	305 Park Ave	Education	3.9	6.0	5.9
Community Trust Bank	100 Citizens Lane	Finance	3.3	6.4	6.6
United Grocery Outlet	410 Village Lane	Grocery	2.8	3.6	8.6

Source: Google

### MAP OF AMENITIES



### Public Transportation

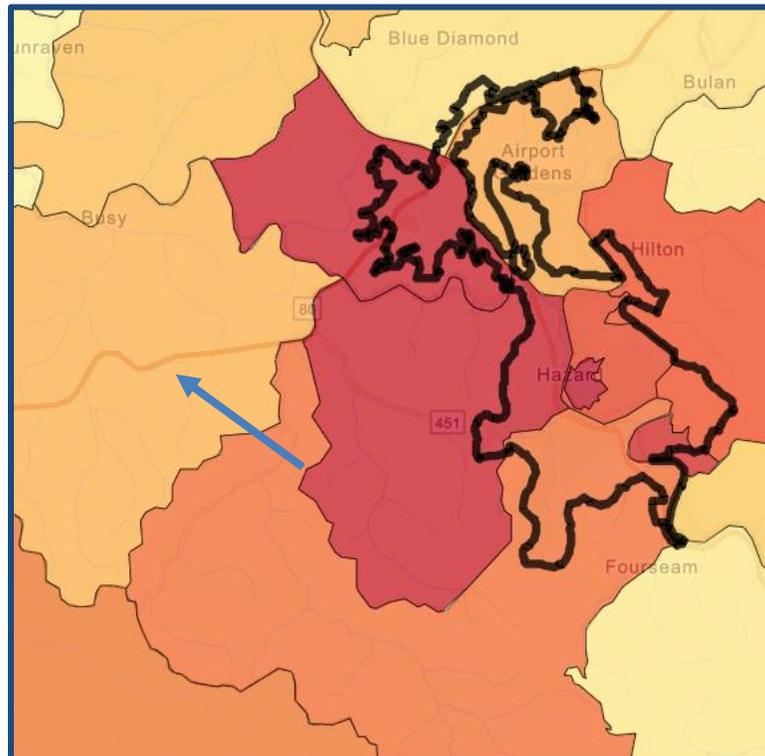
Perry County does not provide public transportation.

### Crime Rates

As a requirement of the client, we compared the crime rates in the subject's immediate neighborhood to the state of Kentucky. Crime rate in the neighborhood is comparatively low to the state and the national average. On a scale of 100 (100 being the national average), the subject's area received a rating of 72 versus the state at 89.



### CRIME RATE MAP



### Public Services/Utilities

All utilities are available to the neighborhood and are in adequate supply to accommodate present and future development in Hazard; however, outside of Hazard many homes utilize private septic systems and wells for water. Police and fire protection are provided by Perry County Police Department and Perry County Volunteer Fire Department.

### Conclusions

Hazard's economy is heavily driven by its central location to surrounding rural communities and has capitalized by becoming the regional medical and retail center. The subject is located in close proximity to the Hazard CBD, county government offices, commercial conveniences, and arterials providing easy access to employment centers, which creates a good environment for multifamily development.

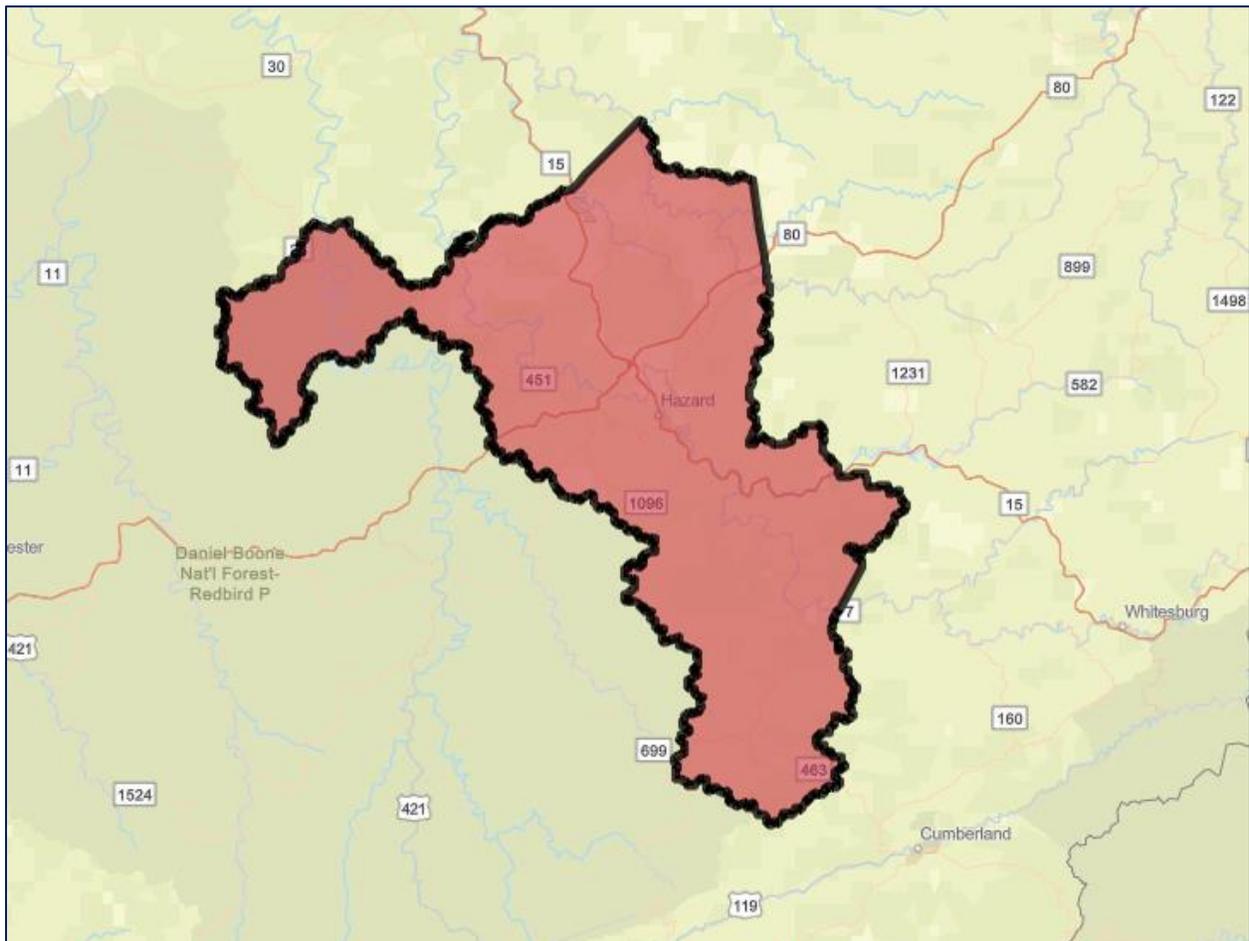
## Market Area Boundaries

Market areas are defined by a combination of factors such as physical features, demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements, and land use trends. Market area boundaries are extended far enough to encompass all of the influences that will affect a property's value. As previously mentioned, the subject is located on the west side of Hazard, Kentucky.

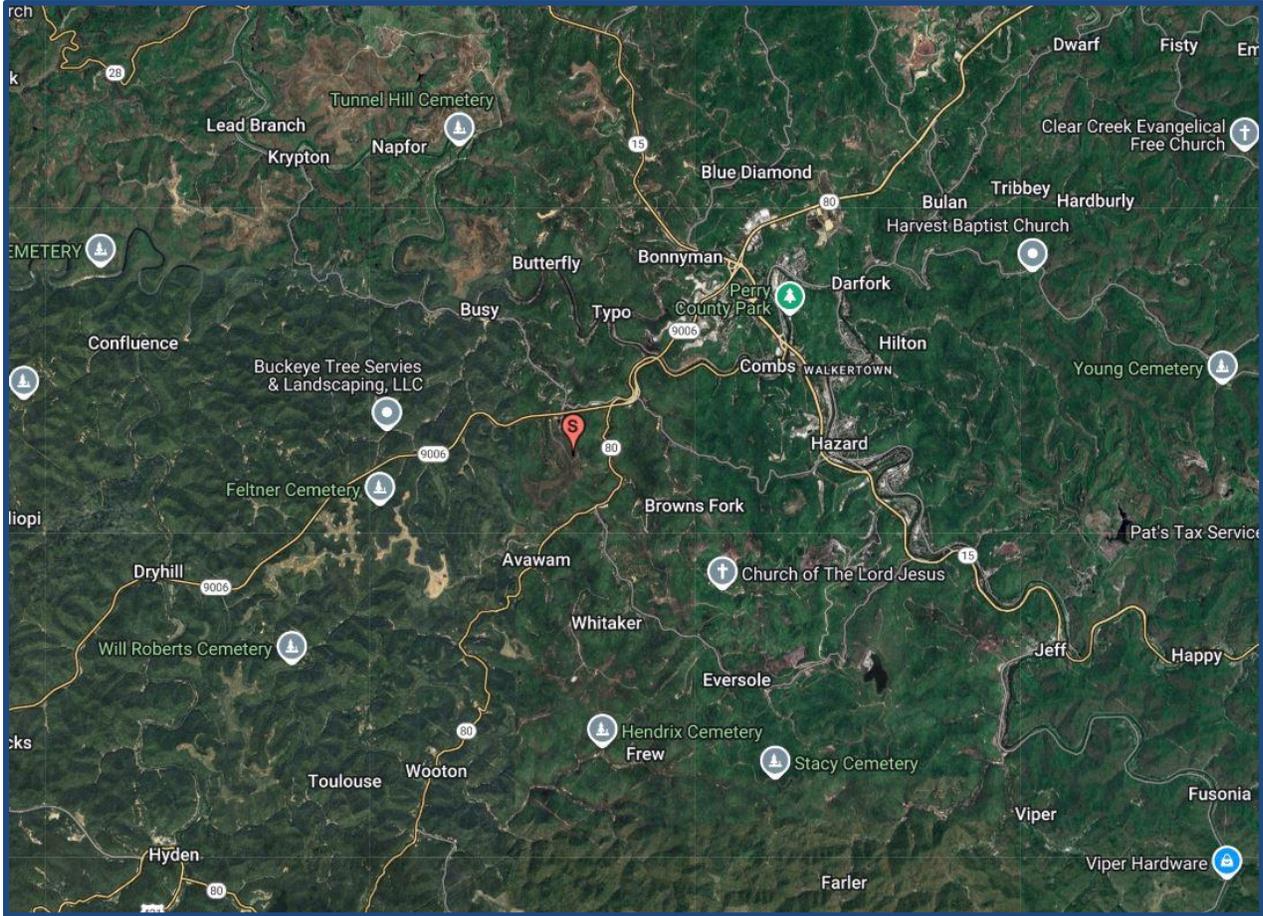
Based on discussions with the property managers and market participants in the subject's market area regarding where there buyers and tenants are derived, and considering the subject's location within the county, it would be expected that most residents living within Perry County would relocate to Hazard. As such, Perry County is considered to be the PMA.

The furthest geographic point in the PMA is less than 20 miles from the subject property. It is noted there is potential for the subject to pull tenants from areas outside of the boundaries, especially given flooding that occurred in the region in 2021 and 2022, and overall lack of rental and for sale housing; however, we believe the vast majority of tenants will be from within the PMA. As such, no SMA is utilized. A map of the PMA follows.

### PRIMARY MARKET AREA

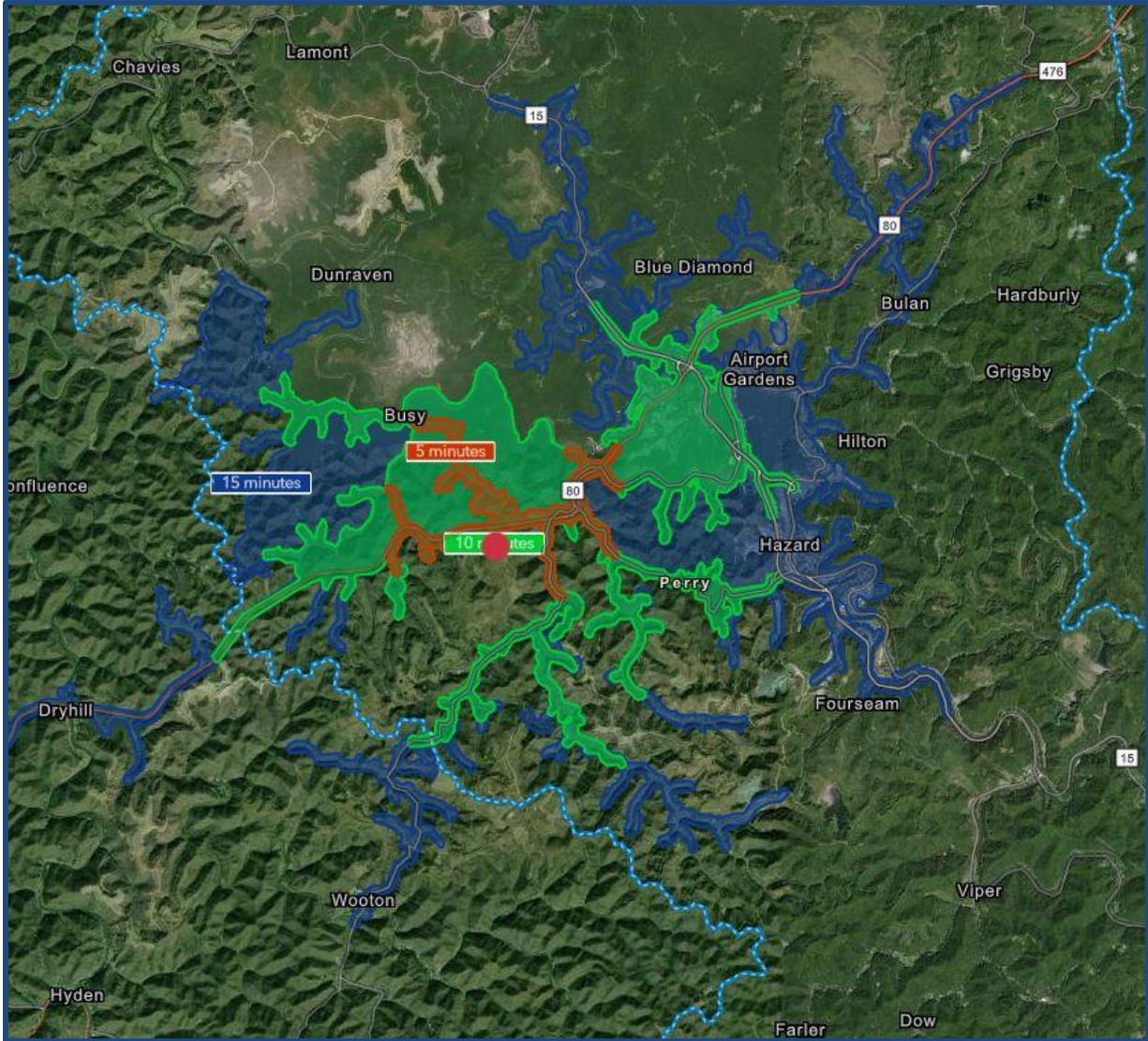


**AERIAL VIEW OF PMA**



As shown above, the larger PMA is primarily mountainous and rural in nature with primary development located in and around the city of Hazard. However, as shown below, most areas of Hazard are within a 10 to 15 minute drive from the site.

**DRIVE-TIME**



## Demographic Profile of Market Area

The tables in the Demographic Profile of Market Area provide current population figures and projections for the subject's primary market areas. The 2024 population estimate and 2029 population projections are based on projected growth rates as estimated by Esri and applied to the actual Census data and American Community Survey (ACS). The data is delineated by the primary market area previously described.

### Population and Income

The following table provides historic, current, and projected trends. As shown, the population in the PMA decreased by 0.23% annually between 2000 and 2010. Population is projected to decrease from 2024 to 2029 at a rate of 0.75% annually.

The number of households in the PMA decreased 0.12% annually from 2000 to 2010, with the number of households projected to decrease 0.23% annually from 2024 to 2029.

Median household income is projected to increase 2.38% annually in the PMA from 2024 to 2029. As illustrated, average household size in the PMA is projected to decrease, while the median age is projected to increase.

### Total Population and Household Projections

	2000	2010	Annual % Change	2024	Annual % Change	2029	Annual % Change
<b>Population</b>							
<b>PMA</b>	29,390	28,712	-0.23%	27,490	-0.30%	26,458	-0.75%
<b>Households</b>							
<b>PMA</b>	11,460	11,319	-0.12%	11,274	-0.03%	11,145	-0.23%
<b>Median Household Income</b>							
<b>PMA</b>	-	-	-	\$51,002	-	\$57,074	2.38%
<b>Average Household Size</b>							
<b>PMA</b>	-	2.48	-	2.38	-	2.32	-
<b>Median Age</b>							
<b>PMA</b>	-	40.3	-	43.1	-	44	-

Source: Site To Do Business (STDB)

## Population By Age Estimates and Projections

As shown in the following table, the population in the subject's PMA is projected to decrease from 27,490 to 26,458 or 1,032 persons by 2029. Although some residents will be drawn from Age 55+ population, the majority of the subject's residents will be in the Age 25 to 54 age group. This group represents 37.37% of the total population in 2024 in the PMA, and is projected to decrease to 37.11% of the total population in 2029.

### Population by Age

Age Group	Primary Market Area			
	2024	2024	2029	2029
<b>0-4</b>	5.29%	1,453	5.14%	1,360
<b>5-9</b>	5.72%	1,572	5.20%	1,375
<b>10-14</b>	6.13%	1,686	5.84%	1,545
<b>15-24</b>	11.90%	3,272	11.17%	2,955
<b>25-34</b>	10.92%	3,003	11.31%	2,992
<b>35-44</b>	12.56%	3,452	12.55%	3,320
<b>45-54</b>	13.89%	3,817	13.25%	3,507
<b>55-64</b>	14.52%	3,991	14.11%	3,733
<b>65-74</b>	11.88%	3,266	12.82%	3,392
<b>75-84</b>	5.60%	1,540	6.79%	1,797
<b>85+</b>	1.59%	438	1.82%	482
<b>Total</b>	100.0%	27,490	100.0%	26,458
<b>Age 25 to 54</b>	37.37%	10,272	37.11%	9,819
<b>Total</b>		27,490		26,458

Source: Site To Do Business (STDB)

## Housing Tenure

In the PMA, renters constitute 23.02% of all housing units compared to 65.47% for owner occupied.

### Occupied Housing

2010 Tenure Occupied Housing	PMA	
	# of Persons	% of Pop
<b>Total</b>	12,791	100.00%
<b>Vacant</b>	1,472	11.51%
<b>Occupied</b>	11,319	88.49%
<b>Owner-Occupied</b>	8,374	65.47%
<b>Renter-Occupied</b>	2,945	23.02%

Source: Site To Do Business (STDB)

## Tenure by Age of Householder

As the following table indicates, of the total number of owner-occupied units in the PMA, approximately 74.73% are headed by non-seniors. Furthermore, approximately 86.25% of renter-occupied units in the PMA are headed by non-seniors.

### Age of Householder

2010 Tenure	PMA	
<b>Total</b>	<b>11,319</b>	
	# of Persons	% of Pop
<b>Owner-Occupied Housing Units</b>	8,374	
<b>Age 15 to 24</b>	168	2.01%
<b>Age 25 to 34</b>	837	10.00%
<b>Age 35 to 44</b>	1,415	16.90%
<b>Age 45 to 54</b>	1,896	22.64%
<b>Age 55 to 59</b>	971	11.60%
<b>Age 60 to 64</b>	971	11.60%
<b>Age 65 to 74</b>	1,255	14.99%
<b>Age 75 to 84</b>	636	7.59%
<b>Age 85 and Over</b>	225	2.69%
<b># Owners Headed by Non-Seniors</b>	6,258	74.73%
<b># Owners Headed by Seniors (65+)</b>	2,116	25.27%
<b>Renter-Occupied Housing Units</b>	2,945	
<b>Age 15 to 24</b>	306	10.39%
<b>Age 25 to 34</b>	624	21.19%
<b>Age 35 to 44</b>	591	20.07%
<b>Age 45 to 54</b>	579	19.66%
<b>Age 55 to 59</b>	220	7.47%
<b>Age 60 to 64</b>	220	7.47%
<b>Age 65 to 74</b>	245	8.32%
<b>Age 75 to 84</b>	124	4.21%
<b>Age 85 and Over</b>	37	1.26%
<b># Renters Headed by Non-Seniors</b>	2,540	86.25%
<b># Renters Headed by Seniors (65+)</b>	406	13.79%

Source: Site To Do Business (STDB)

## Transportation Type and Travel Time

The following tables reflect the type of transportation used and travel time to work for residents in the PMA. As the tables indicate, workers who drove alone to work greatly outnumber any other method of workers' transportation. Furthermore, the travel time to work for most working residents in the PMA is 15 to 29 minutes.

### Modes of Transportation

2024 Estimated Workers Age 16+	PMA	
	# of Persons	% of Pop
<b>Total Persons</b>	9,916	
<b>Drove Alone</b>	7,139	71.99%
<b>Motorcycled</b>	0	0.00%
<b>Car Pooled</b>	1,940	19.56%
<b>Public Transportation</b>	4	0.04%
<b>Walked</b>	133	1.34%
<b>Bicycle</b>	0	0.00%
<b>Other Means</b>	35	0.35%
<b>Worked at Home</b>	665	6.71%

Source: Site To Do Business (STDB)

### Travel Time to Work

2024 Estimated Workers Age 16+	PMA	
	# of Persons	% of Pop
<b>Total Persons</b>	9,251	
<b>Less Than 15 Minutes</b>	3,316	35.84%
<b>15 to 29 Minutes</b>	3,332	36.02%
<b>30 to 44 Minutes</b>	1,285	13.89%
<b>45 to 59 Minutes</b>	554	5.99%
<b>60 or More Minutes</b>	764	8.26%

Source: Site To Do Business (STDB)



## Commuting Patterns

The following table indicates the commuting patterns of workers in and out of the county. CEDIK no longer reports the number of persons commuting in and out of the county, but rather just the top five counties for each category.

### Commuting Patterns

#### **Perry County**

##### **Top 5 Counties People Commute From for Work - 2022**

**Knott County**  
**Letcher County**  
**Leslie County**  
**Breathitt County**  
**Pike County**

##### **Top 5 Counties People Commute To for Work - 2022**

**Fayette County**  
**Pike County**  
**Jefferson County**  
**Floyd County**  
**Laurel County**

*Source: Community & Economic Development Initiative of Kentucky (CEDIK)*

## Conclusion

As detailed, population and household decreases are anticipated through 2029, some of which may have been accelerated by the flooding disaster.

## Site Description

The subject site is located off Skyline Lane south of Hal Rogers Parkway. The site is elevated and will be accessed via a new road extending from Briar Fork Circle Road and Highway 451. While Hal Rogers Parkway is located just north of the site, the nearest access point is approximately 1.5 miles to the east. While access is somewhat cumbersome, it is certainly not atypical for the market due to the steep topography of the region and scarcity of developable land. As such, while the site is slightly removed from Hazard, it is considered well suited for the proposed development.

The general characteristics of the site are summarized as follows:

### Site Characteristics

Gross Land Area:	45.54 acres
Usable Land Area:	45.54 acres
Shape:	Irregular, but highly functional
Topography:	Level to sloping building area that steeply slopes on boundaries of site
Drainage:	Appears adequate
Grade:	At or above street grade
Utilities:	Utilities including water, sewer and electric are currently being installed to the site.
Interior or Corner:	Interior
Signalized Intersection:	No

### Street Frontage / Access

Frontage Road	Primary	Secondary
Street Name:	Skyview Lane	N/A

### Flood Zone Data

Flood Map Panel/Number:	21193C0300E
Flood Map Date:	August 14, 2024
Flood Zone:	X. Zone X is an area of minimal flood risk. No Base Flood Elevations or depths are shown within this zone and insurance purchase is not required.

### Other Site Conditions

Soil Type:	No soil tests have been furnished, but it is assumed the soil conditions are adequate to support any future improvements; however, no warranty of such is hereby made or implied.
Environmental Issues:	None noted. The value opinion contained herein assumes the property is environmentally clean of all surface and subsurface contaminants; however, no warranty is implied.

Easements/Encroachments: Typical utility easements were noted. No adverse easements or encroachments were observed, but no guarantees are made as to the non-existence of such adverse easements or encroachments.

### Adjacent Land Uses

North: Vacant land and Hal Rogers Parkway  
South: Vacant land  
East: Vacant land and religious facility  
West: Vacant land

### Site Ratings

Access: Average  
Visibility: Poor, as the site is not visible from the primary roadway due to its elevated position; however, this is not atypical in the market.

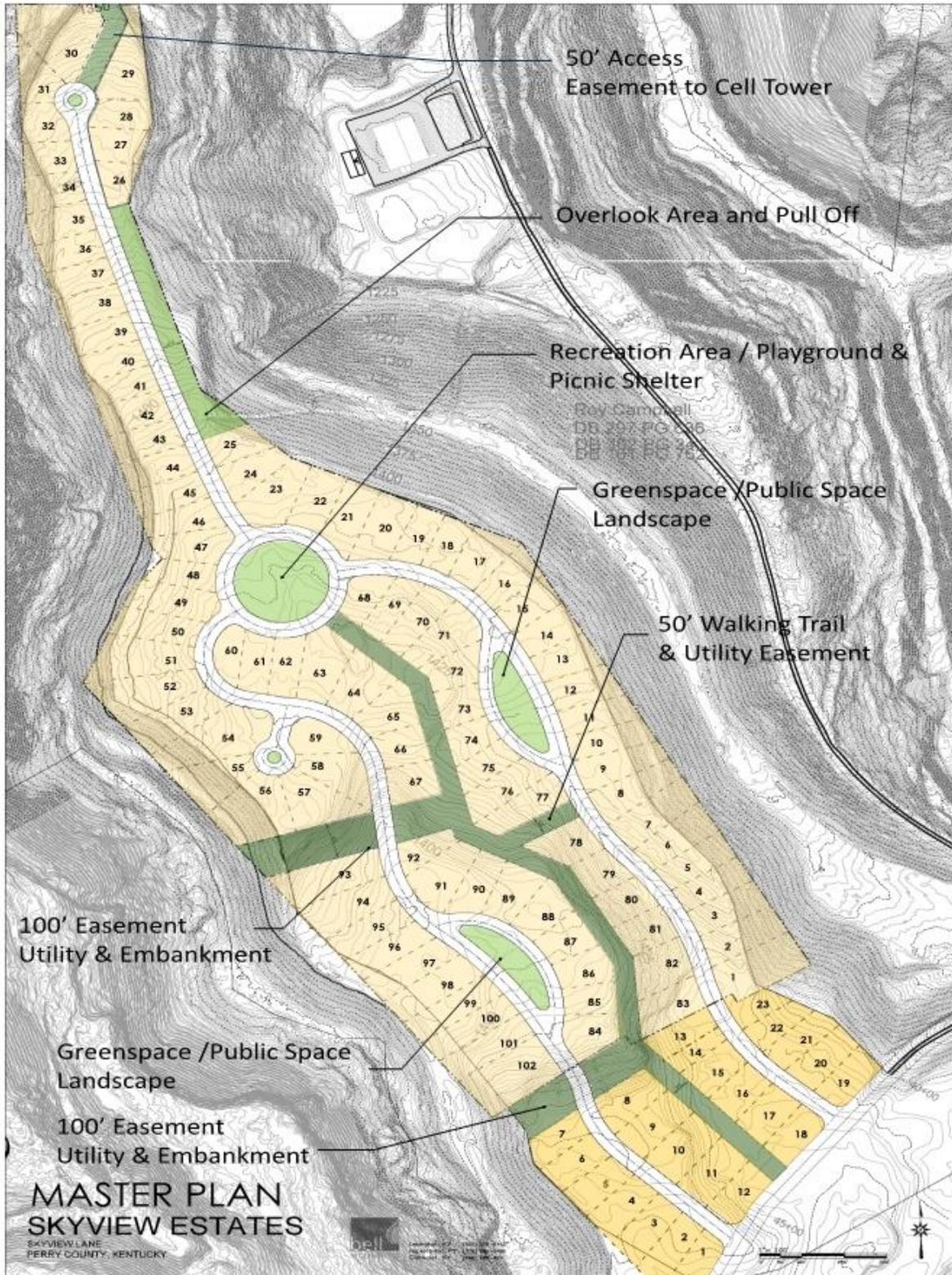
### Zoning Designation

Zoning Jurisdiction: Hazard Planning and Zoning  
Zoning Classification: Residential  
Zoning Comments: The zoning is appropriate for the location and use.

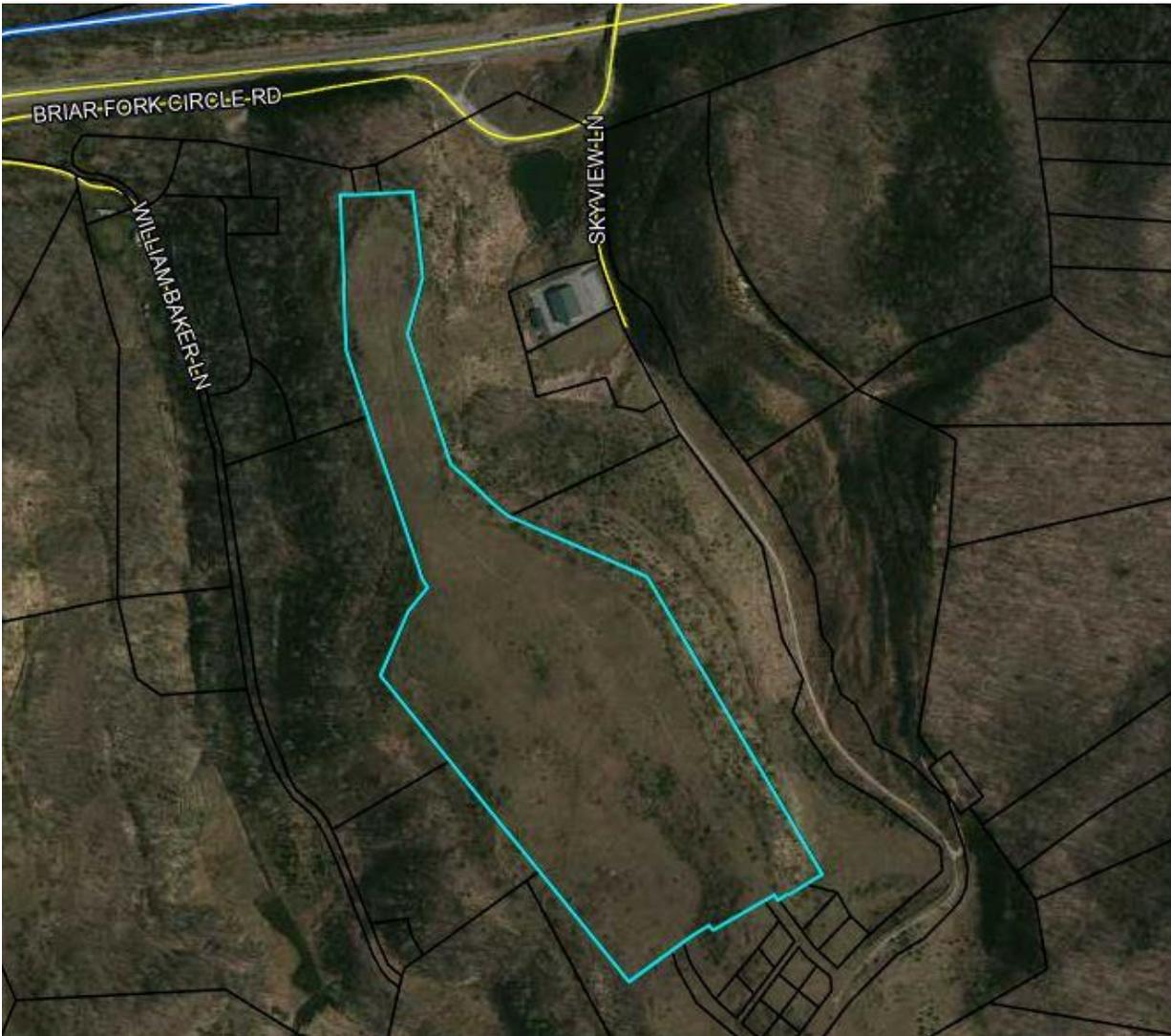
### Analysis/Comments on Site

Based on the subject's physical characteristics and the surrounding land uses, the subject site is well suited for residential development. The platted development plan is shown below. As detailed, there will be up to 102 potential lots within the subject site, although it is anticipated only 95 would be utilized for the development analyzed herein. Based on the recorded subdivision plat, lot sizes will range from approximately 9,000 square feet up to 27,000 square feet with the majority in the range of approximately 12,000 to 18,000 square feet or 0.28 to 0.41 acres. This range falls within lots sizes of comparable developments in the region. Furthermore, the development will feature green space throughout, including a walking trail running through most of the development, and an overlook area on the northeast side.

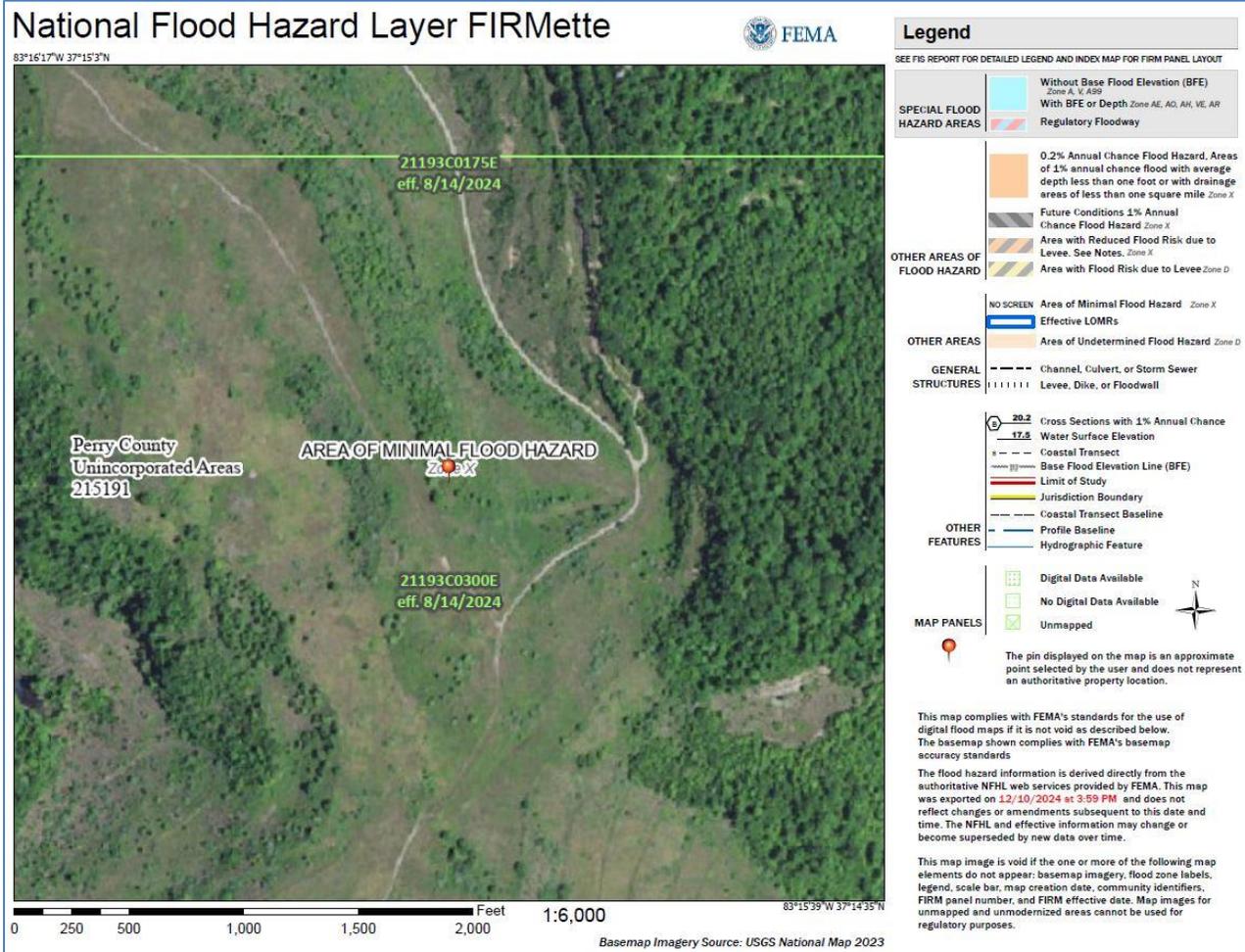
**DEVELOPMENT PLAN**



**AERIAL VIEW**



**FLOOD MAP**



## Subject Photos

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Partial View of Site



Partial View of Site



Temporary Drive to Development



Entrance to Development



## Improvements Description

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As discussed, the subject development is a proposed 95 lot subdivision that will be built out with a mix of single family home styles including one, two and three-bedrooms. The homes are intended to be sold to families displaced from flooding that occurred in the area in 2021 and 2022, along with other income qualified buyers who have income levels at or below 80% of area median income (AMI).

We have based our analysis of the existing market and recent developments in the larger market area that are primarily being built by Housing Development Alliance (HDA) who is the leading builder/developer in Perry County undertaking rebuilding efforts and has the most available information regarding homes being built.

Based on information provided by HDA and a review of homes being built in the area (excluding custom built homes), the following parameters are projected:

- Construction – One story wood frame built on a crawl space and built to KHC construction standards
- Size – 1,100 to 1,400 square feet, although some go up to 1,800 square feet
- Number of Bedrooms – 1 to 3 with 3 being the predominant home type requested
- Number of Bathrooms – 1 for one-bedroom homes and 2 for two and three-bedroom
- Exterior Finishes – Typically vinyl lap siding
- Interior Finishes – Vinyl plank flooring and carpet; modern kitchens with wood cabinets, laminate countertops and full appliance packages energy star rated
- Bathroom Finishes – Fiberglass shower/tub insert and wood vanity with mirror
- HVAC – Electric forced air furnaces and central air conditioning
- Laundry – Washer/dryer hookups provided
- Amenities – Most homes have a front porch or rear concrete patio
- Parking – Pad at front of house allowing 2-4 cars given the lack of public transportation and dependency on vehicle travel

Sample photographs of homes being built by Housing Development Alliance are shown below.



**View of Homes at Blue Sky**



**View of Homes at Gurney's Bend**

## Single-Family For Sale Component

This section of the report will address the current status of the “for sale” single family home market in Perry County and estimate if there is demand, and to what depth, for additional housing units. The data used to arrive at these conclusions includes heavy reliance on sales data provided by Housing Development Authority (HDA) as well as local public records, the Eastern Kentucky Association of Realtors Multiple Listing Service (MLS), which includes Perry County, and demographic data provided by the Census and Esri. Based on these discussions and our analysis of current housing conditions and trends in the subject market area, we have made the following general assessment.

### General Single Family Market Existing Supply

We analyzed demographic data provided by Esri and compared to MLS statistics to estimate current owner-occupied housing units supply. The tables below detail the current supply of owner-occupied housing units within Perry County.

#### OWNER OCCUPIED HOUSING SUMMARY

Owner Occupied Housing Units by Value	2024		2029		Change
	Total	Percent	Total	Percent	
Total	8,315	100.0%	8,293	100.0%	-22
Less than \$50,000	2,129	25.6%	1,957	23.6%	-171
\$50,000 to \$99,999	1,738	20.9%	1,601	19.3%	-137
\$100,000 to \$149,000	1,463	17.6%	1,352	16.3%	-112
\$150,000 to \$199,999	1,014	12.2%	1,103	13.3%	89
\$200,000 to \$249,999	674	8.1%	730	8.8%	56
\$250,000 to \$299,999	358	4.3%	431	5.2%	74
\$300,000 to \$399,999	266	3.2%	315	3.8%	49
\$400,000 to \$499,999	183	2.2%	216	2.6%	33
\$500,000 to \$749,000	432	5.2%	514	6.2%	82
\$750,000 to \$999,999	67	0.8%	75	0.9%	8

Esri

Housing Units by Year Built	Total	Percent
Total	13,226	100.0%
Built 2020 or Later	42	0.3%
Built 2010 to 2019	925	7.0%
Built 2000 to 2009	2,135	16.1%
Built 1990 to 1999	2,570	19.4%
Built 1989 to 1989	1,902	14.4%
Built 1970 to 1979	2,277	17.2%
Built 1960 to 1969	1,220	9.2%
Built 1950 to 1959	708	5.4%
Built 1940 to 1949	599	4.5%
Built 1939 or Earlier	848	6.4%
Median Year Built	1985	

ACS Data 2018-2022 Average

Income Range	Estimate	% of Total
<b>Owner occupied:</b>	8,541	
Less than \$10,000	394	5%
\$10,000 to \$14,999	693	8%
\$15,000 to \$19,999	392	5%
\$20,000 to \$24,999	391	5%
\$25,000 to \$34,999	1,241	15%
\$35,000 to \$49,999	782	9%
\$50,000 to \$74,999	1,557	18%
\$75,000 to \$99,999	1,312	15%
\$100,000 to \$149,999	1,115	13%
\$150,000 or more	664	8%

As shown in the tables above, according to Esri as of 2024, the primary owner-occupied housing units (50.70%) had an estimated value between \$50,000 and \$200,000 with an additional 25.6% having a value lower than \$50,000 and 23% having a value above \$200,000.

The year-built data does not appear to account for recently built homes throughout Perry County by HDA in response to flood relief. According to Esri, approximately 23% of homes were built after 2000 with 51% built between 1970 and 1999, which coincides with the strength of coal industry during this timeframe. Roughly 56% of homeowners have income between \$35,000 and \$149,000 with 36% having income between below \$35,000. The lower end of the income range is likely comprised of seniors and lower income households who likely have owned homes for many years.

The subject development will target buyers within household income at or below 80% AMI, which per Novogradac equates to a max income of \$61,920 for a family of four.

### Market Participant Interviews

We held discussions with several market participants and stakeholders in the local market ranging from property managers, real estate professionals, banking officials and government officials. Two of these discussions are summarized below in regards to the housing market. While discussions were held with various knowledgeable market participants, we have focused on conversations with officials at Housing Development Alliance and given the purpose and position in the market, have relied heavily on their sales data.

#### John Stacy – County Attorney’s Office and Local Realtor

Discussions were held with Mr. Stacy who has been involved with real estate in Hazard and the surrounding area for over 30 years. Based on these discussions, it was gleaned that due to the local economy and scarcity of developable lots, there are very few spec or tract-built homes completed in Perry County. The custom home market, where homes can range over a million dollars, is often relegated to higher income buyers, such as doctors and attorneys, or those involved in ownership in the coal industry. The downfall of the coal industry on the local and regional economy has hit the once strong middle class hard resulting in less demand for new homes compared to years past. It was noted the primary builder in the market who was serving lower-to-middle class homebuyers was Housing Development Alliance (HDA) who is aiming to serve households under 120% AMI as well as residents impacted by the flooding.

Mr. Stacy also indicated there is significant demand for rental housing in Hazard and Perry County, especially at affordable rates. However, due to high costs, construction it is difficult to build affordable units. Most apartment development that has occurred over the past five years has been aimed at employees of Hazard ARH Regional Medical Center located in Hazard; particularly doctors or well-paid administrators or traveling nurses. These units have generally been two-bedroom townhomes and apartments with rents between \$1,200 and \$1,500 per month plus utilities.

Overall, Mr. Stacy believed demand existed for the proposed subject's 95 lots and if some multi-family development could be implemented, it would be in high demand as well.

### **Scott McReynolds** – Executive Director Housing Development Alliance

Housing Development Alliance (HDA) is the largest home builder in the region providing affordable homes for sale along with rehabilitation to existing homes and home repairs to allow residents to remain in their homes. The multi-faceted non-profit organization has been building throughout the region since 1989 and primary focuses on Perry, Knott, Breathitt and Leslie Counties. Their services also include housing and financial counseling, CDFI loans, home energy savings and affordable rentals. HDA has reportedly met the housing needs of over 2,900 people throughout the region.

Mr. McReynolds indicated demand for all types of housing is strong in Perry County and HDA has a significant waiting list of interested households. Meeting the demand is mostly due to a lack of availability of buildable lots, working with clients to allow them to become credit worthy for loans, and funds to bridge the gap that often exists between the appraised value of the finished home and the higher actual construction costs. HDA is the primary builder in Perry County outside of custom homes that are sporadically built for higher income families. Most of the homes being built by HDA are serving families at or below 120% AMI with many families below 80% AMI. Specific details related to HDA's recent sales and current client waiting list are provided later in the report.

Mr. McReynolds indicated there is easily demand for 95 homes at the subject's Skyview development with his projection that most homes would be in the 1,200 to 1,400 square foot size range. Based on reported current appraised values in the market and their most recent sales, pricing for this product type would likely be in the \$175,000 to \$225,000 range. He indicated while the subject program may be focused on households with 80% AMI or less, local community officials would really prefer to see a wider mix of income levels and home styles developed allowing households up to 120% to participate.

### **Single Family Home Pricing – MLS Data**

We researched historical sales since 2019 based on statistics compiled by the Eastern Kentucky Association of Realtor MLS for Perry County and summarized the data in the following table.

**CURRENT LISTINGS AND HISTORICAL SFH SALES SUMMARY – PERRY COUNTY**

Period	No. of Homes	Avg. Days On Mkt.	Median Price	Avg. Price	Total Volume
Current Listings	57	111	N/A	\$200,951	\$11,454,200
YTD Sold	78	97	\$138,000	\$148,000	\$11,592,038
2023	97	91	\$139,000	\$163,578	\$15,867,074
2022	134	141	\$133,000	\$150,138	\$20,118,430
2021	138	123	\$127,500	\$137,380	\$18,958,414
2020	104	154	\$99,400	\$134,423	\$13,979,965
2019	93	123	\$75,100	\$93,094	\$8,657,726

Eastern Kentucky Association of Realtors

As shown, the number of homes sold over the time period has fluctuated and peaked in 2021 and 2022 following the flooding that caused significant disruption in the market. Since 2022, total sales have continued to decrease more in line with 2019-2020 totals.

Median sale price increased significantly from \$75,100 in 2019 to \$138,000 year-to-date. The average sale price also increased from \$93,034 to \$163,578. The current average listing price is \$200,951. The increase in price is likely highly attributable to lower interest rates during the pandemic and the surge in demand from homeowners who lost their residence in the 2021 and 2022 flooding. The for-sale market has slowed from these historic highs, but is still considered good despite higher interest rates. It was also noted by market participants, that due to increases in home prices following demand and a lack of supply following the 2021 and 2022 flooding, many local banks are being more restrictive on new loans, as concerns weigh that a pricing bubble could have formed. It is assumed this will improve with the proposed new supply of homes should the subject development move forward.

### Single Family Home Pricing – Housing Development Alliance Data

Housing Development Alliance also provided data on their prior sales dating back to 2021 coinciding roughly with the first flooding catastrophe. Over this time period, not counting homes currently in development, they have sold 75 homes throughout the region with most being in Perry County, but also some in Breathitt, Leslie and Knott Counties. These sales have primarily been to buyers with income levels at or below 80% AMI, thus the data is considered highly relative to the analysis given the subject's lots/homes will be targeted at income levels below 80% AMI.

It is noted; HDA sales are private and not openly marketed for sale or listed on the MLS, as their clients are derived from a waiting list with clients becoming eligible after successfully completing their programs. As such, the data below is considered separate from the prior MLS data shown above.

According to Mr. McReynolds and HDA staff, they are currently working with 536 total clients on their waiting list with a goal of new home ownership. Of the total, 212 clients are flood survivors who have either been fully displaced by the loss of their home during the 2021 and 2022 floods or experienced damage and want to move to non-flood prone areas. The table below provides further details on HDA's client list.

### HDA CLIENT WAITING LIST SUMMARY

County	Approximate Total Clients*	Flood Survivor Clients	Non-Flood Clients*	Percent of Total
Perry	240	85	155	44.78%
Knott	135	54	81	25.19%
Breathitt	149	68	81	27.80%
Leslie	12	5	7	2.24%
<b>Total</b>	<b>536</b>	<b>212</b>	<b>324</b>	<b>100.00%</b>

\*Estimated based on Approximate % of Total

As shown above, the largest demand is present in Perry County, which makes sense given it is the largest population center in the region outside of Pikeville. According to HDA, 65 additional clients, heavily oriented toward Perry County, have been approved by their program and are looking for a site to build a new home. Once these clients find a site, they could start building immediately. This is significant, as if the subject development had lots available, it is likely many of these households could move forward now.

According to information provided by HDA, clients they have served since 2021 with income levels below 80% AMI, generally had income levels between \$12,000 and \$46,000 with an average of \$24,000 and a median of \$23,000. The income levels have been spread fairly evenly throughout the range. As shown below, most buyers have been one to four person households with only 12% representing 5 person or larger households. Despite three-bedroom homes being the most in-demand home type, one-person households is the highest category. This was reported as being driven higher by buyers with disabilities and SSI funding as well as seniors who were displaced during the flooding. HDA completed a 16 home development on an in-fill site in Hazard in 2021 that had prices between \$140,000 and \$165,000 that included several one-person households, which also influenced the household figures.

The table below details the approximate breakdown based on the last 75 sales.

### HDA Buyer Households by Number of Persons

	Approximate Percent of Total
<b>1 Person Renter Households</b>	33.0%
<b>2 Person Renter Households</b>	18.0%
<b>3 Person Renter Households</b>	20.0%
<b>4 Person Renter Households</b>	16.0%
<b>5+ Person Renter Households</b>	12.0%
<b>Total 1 Person Renter HH</b>	<b>33.0%</b>
<b>Total 1 to 2 Person Renter HH</b>	<b>51.0%</b>
<b>Total 1 to 3 Person Renter HH</b>	<b>71.0%</b>
<b>Total 1 to 4 Person Renter HH</b>	<b>87.0%</b>

As shown below, over the past 12 months, HDA has completed and sold 14 homes throughout Perry County ranging from two-bedroom to four-bedroom homes. Sales prices ranged from \$145,000 to

\$190,000 with an average of approximately \$164,000. This equates to an average of \$138 per square foot with the most built home consisting of three-bedrooms and two-bathrooms. Details of these sales are shown below.

### TRAILING 12 HDA SALES DATA

Sale Date	Subdivision	Home Type	Sale Price	Home Size	Price PSF	Beds	Baths	
12/15/23	Perry Co.	Hawkins - HB	\$175,000	1488 sq. ft.	\$117.61	4	2	
1/25/24	Airport	Broadway CP	\$160,000	1203 sq. ft.	\$133.00	3	2	
2/15/24	Perry Co.	Broadway	\$150,000	1203 sq. ft.	\$124.69	3	2	
2/29/24	Perry Co.	Hawkins - HB	\$188,000	1488 sq. ft.	\$126.34	4	2	
3/28/24	Perry Co.	Cornett	\$175,000	1080 sq. ft.	\$162.04	2	2	
4/25/24	Perry Co.	Cornett	\$155,000	1080 sq. ft.	\$143.52	2	2	
6/27/24	Perry Co.	Wilgus	\$165,000	1140 sq. ft.	\$144.74	3	2	
7/16/24	Airport	Francis	\$165,000	1184 sq. ft.	\$139.36	3	2	
9/19/24	Airport	Francis	\$155,000	1184 sq. ft.	\$130.91	3	2	
9/23/24	Airport	Wilgus	\$165,000	1140 sq. ft.	\$144.74	3	2	
10/21/24	Airport	Hawkins	\$190,000	1488 sq. ft.	\$127.69	4	2	
10/21/24	Hazard	Deborah	\$145,000	960 sq. ft.	\$151.04	2	1	
12/3/24	Perry Co.	Delph	\$152,000	1008 sq. ft.	\$150.79	3	1	
12/3/24	Airport	Wilgus	\$155,000	1140 sq. ft.	\$135.96	3	2	
			<b>Min</b>	<b>\$145,000</b>	<b>960</b>	<b>\$118</b>	<b>2</b>	<b>1</b>
			<b>Max</b>	<b>\$190,000</b>	<b>1488</b>	<b>\$162</b>	<b>4</b>	<b>2</b>
			<b>Average</b>	<b>\$163,929</b>	<b>1199</b>	<b>\$138</b>	<b>3</b>	<b>2</b>

The sales data shown above correlates to sales data that was also provided for 2022 and 2023. However, as would be expected, home pricing began to increase in late 2022 due to inflationary pressures, which seem to have leveled off at the end of 2023 and into 2024, but have yet to decrease. Mr. McReynolds stated due to increased costs, including higher loan interest rates, it currently costs more to build their prototypical home than the resulting appraised value. It is noted, the above sales prices are based on the appraised value not the actual cost. Currently, a typical three-bedroom home that appraises for \$165,000 costs approximately \$190,000 to build equating to a \$25,000 gap that must be bridged. Individual retail lot pricing is generally in the \$20,000 to \$22,000 range for sites with access to water and sewer and \$15,000 to \$16,000 for home sites in the county without sewer and often times without water. The subject development will have water and sewer utilities to the lot. As such, if the cost of the lot is backed out of the equation, the build/sell gap will be significantly diminished. Photographs of prototypical homes being built by HDA are shown below. These two properties were located in the Airport market.





## Demand and Absorption

To estimate potential demand for new single family home for sale development, we utilized two approaches. The first is an empirical net demand analysis considering income qualified owner households using four categories: owner occupied household growth; conversion of existing renter households; replacement of substandard housing; and new household formation based on new employers or expansions projected in the market, and consideration of displaced homeowners from the flood. This analysis details potential demand that exists if potential for homeownership programs that may be implemented by groups, such as the client and Kentucky Housing Corporation, along with USDA / Rural Development and others, to provide subsidies and incentives to convert lower income households and renters into homeowners.

The second relied strictly on the client waiting list data provided by Housing Development Alliance. We further considered other capture rate methodologies, but these were considered the most applicable given the current status of the market and availability of data.

In general, given the lack of employment growth leading to new household formations, the market is considered generally stable with most sales of new homes being to existing owners in the market; particularly survivors of the flooding and those looking for newer home opportunities or downsizing. This part of the market is important though, as it allows other buyers to step up as well into the homes being sold from the new home buyers, especially given the lack of supply available following the natural disaster and loss of significant dwellings.

**It is cautioned that the demand analysis should not be viewed or considered as an absolute for new for sale housing, but rather a reflection of where most demand exists in the near term. It is simply a snapshot of the current market and given recent trends in home sales in the local market, is likely conservative with upside potential. Furthermore, given the lower income levels in the market, and potential buyers required to have at or below 80% AMI household income, down payment assistance and other programs will be necessary to aid new homebuyers and reach the potential sales conclusions estimated herein. If this is not available to these potential buyers, sales potential will be significantly hampered and diminished.**

### NET DEMAND ANALYSIS – SINGLE FAMILY FOR SALE HOUSING

Category	Income Bracket		
	50% to 60% AMI \$31,000 to \$46,440	60% to 80% AMI \$37,200 to \$61,920	Total
AMI Level			
Income Bracket*			
Estimated Hourly (Based on 51 Weeks / 40 Hours per Week)	\$15.20 to \$22.76	\$18.24 to \$30.35	
2024 Total Owner Occupied Income Qualified Households	517	1,410	
2029 Total Owner Occupied Income Qualified Households	505	1,378	
<b>Total New Owner Occupied Income Qualified Households</b>	<b>-12</b>	<b>-32</b>	<b>-44</b>
Renters Converting to Owners			
2024 Income Qualified Renter Households	222	398	
Estimated Conversion Rate**	10.0%	10.0%	
<b>Total Potential New Owner Households</b>	<b>22</b>	<b>40</b>	<b>62</b>
2024 Total Owner Occupied Income Qualified Households	517	1,410	
Replacement of Substandard Existing Housing***	1.00%	1.00%	
<b>Potential New Replacement Housing</b>	<b>5</b>	<b>14</b>	<b>19</b>
New Employers / Employment Expansion	Minimal	Minimal	
<b>Potential New Household Formation</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Replacement Housing for Flood Survivors** / ****</b>	<b>58</b>	<b>155</b>	<b>213</b>
<b>Total Estimated Demand</b>	<b>73</b>	<b>177</b>	<b>250</b>

\*Min income is based on 2-Person HH / Max income is based on 4-Person HH - Represents majority of buyers, but conservatively excludes 1-Person HH

\*\*Assumes down payment assistance is available along with other programs to aid new homeowners

\*\*\*Estimated at 1.0% based on Bowen KY Gap Supply Analysis Owner Substandard Housing

\*\*\*\*Per FEMA 116 Homes Destroyed + (10% of 1,310 Uninhabitable Homes x 74% Homeowner Rate)

### HDA Waiting List Capture Rate

As detailed above, HDA has a total of 240 clients estimated on their current waiting list of which 85 are flood survivors. In addition, 65 clients are currently looking for land to build. We did not have the breakdown of how many of those are looking for housing in Perry County, but based on their other waiting list data, it is likely to be roughly 30% to 50%. For purposes of analysis, we have estimated 40% equating to 26 households. As such, the total interested clients, ranging from initial inquiries to those approved and looking for land to build equates to 266 in Perry County per HDA's waiting list.

There are 95 proposed homes indicating a 35.71% capture rate is required. Essentially, for the property to sell-out, approximately 36% of the interested clients would need to buy a home at Skyridge. Considering 111 of HDA's clients are displaced from the flood, this is considered an achievable capture rate, especially given the homes will be newly built within a new subdivision proximate to the shopping district in Hazard and employment centers.

### HDA CAPTURE RATE SUMMARY

County	Flood Survivor Clients	Non-Flood Clients*	Approved & Looking for Land	Perry Co. Total Clients	Total Proposed Homes	Capture Rate**
Perry	85	155	26	266	95	35.71%

\*Estimated based on Approximate % of Total

\*\* Total homes / Total Clients

### Conclusions

Based on the data and inferred and empirical analyses, we estimate demand is good for the proposed 95 lots/homes at the subject development. Based on homes being built by Housing Development

Alliance and their waiting list and approved buyers, it is anticipated homes will consist of a mix of one, two and three-bedrooms with two and three-bedroom homes most prevalent. Home sizes will likely range in the 1,200 to 1,400 square foot range.

Development of homes in the \$150,000 to \$200,000 range are anticipated. Given the income ranges analyzed and program requirements to be under 80% AMI, buyers will likely be highly dependent upon non-profit development organizations, such as Housing Development Alliance and Habitat for Humanity, who have clients typically go through homeownership training and apply for down payment assistance. This type of down payment assistance is available through various programs for qualified individuals who work with one of the community builders and USDA / RD and Kentucky Housing Corporation. This model has worked well for Housing Development Alliance, as detailed throughout the report. It is noted that wide-spread speculative development is not recommended, and the best course of action would be to work directly with community builders who can tailor homes to a potential buyer's needs and financial capabilities.

In summary, we conclude through this analysis that demand is evident for additional for sale single family housing units and the subject's location and proposed design will be well accepted by the market.

## Estimated Absorption Period – For Sale Homes

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As detailed, the subject would provide much needed supply of new home lots with a desirable location proximate to commercial dining and shopping amenities in Hazard. There are 266 potential home buyers, most of whom have income levels below 80% AMI, who are working with Housing Development Alliance to build new homes. This includes 65 prospective buyers who are approved and currently looking for a lot in Perry County to build. As such, there is clear pent-up demand for new lots and housing.

We are not aware of any similar new developments in the market area for which to base absorption. Over the past year, HDA has built and sold 14 homes, which follows 10 in 2023 and 9 in 2022. An additional 78 homes have sold YTD according to MLS data equating to a total of 92 homes. The total homes in 2023 and 2022 sold by HDA and Realtors were 107 and 143, respectively. While total closings are slowing, the availability of quality and affordable lots, should increase sales activity.

Based on the waiting list information provided above and historical sales in Perry County, as well as the subject's new construction and location, it is estimated the lots/homes could be absorbed within three to four years from the start of sales; assuming lots were available to be built upon and enough skilled construction labor is available in the local market to build the homes at that pace. Demand is higher to achieve a quicker sell-out, but it is not known if there is enough skilled construction labor to build that many homes in a short time frame. Assuming 95 homes are built in this timeframe, would equate to annual absorption of 23 to 32 homes per year.

**However, it is stressed, given the lower income levels in the market, and potential buyers required to have at or below 80% AMI household income, down payment assistance and other programs will be necessary to aid new homebuyers and reach the potential sales conclusions estimated herein. If this is not available to these potential buyers, sales potential will be significantly hampered and diminished.**

## Projected Rental Range

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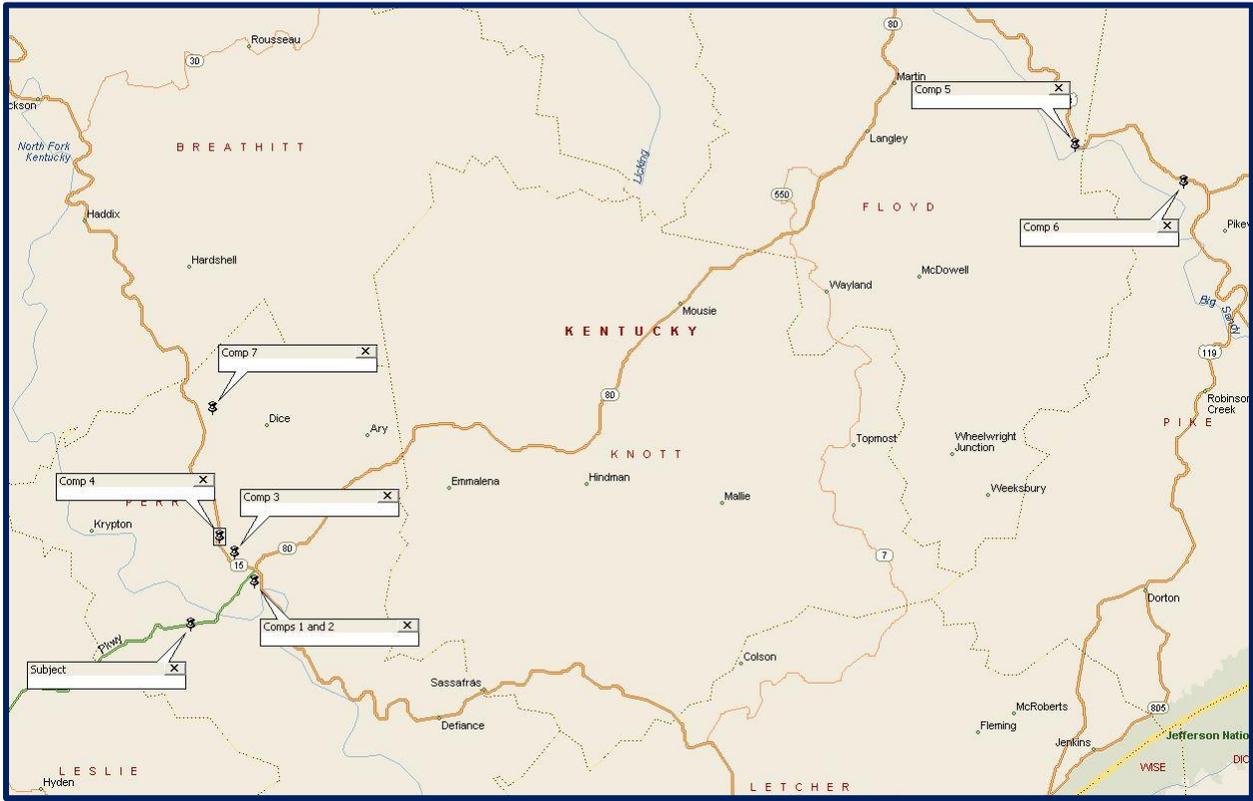
The purpose of this section is to estimate the achievable affordable rent for the subject as proposed based on the data and analyses presented in the previous sections of the report. **For a basis of analysis, we have assumed rental units at the subject development would be built similarly to single family homes that are proposed and would be ranch style single units or a duplex type unit on combined lots. We have utilized average sizes for one, two and three-bedroom units based on existing rental product in the market and the anticipated homes that will be built in the subdivision.**

To estimate an achievable rent for a tenant at or below 80% AMI, we have first estimated the market rent and then considered income and restricted LIHTC properties in the region, due to a lack of existing newer LIHTC properties within Perry County.

### Conventional Market Rent

There are few professional managed newer market rate properties in Perry County and we are not aware of any newer single family homes that are leased with the exception of some being leased in a lease-to-own program. As such, we have relied upon garden style and townhome rental units in the local and regional market. Those comparables that were considered most similar with regards to physical and locational characteristics were utilized in the analysis of market rent. A map locating each is shown below followed by comp sheets for each.

**MARKET RENT COMPARABLES MAP**




**Rent Comparable 1  
 Market Rate**

Oak Brook Apartments  
 122 Roy Campbell Drive  
 Hazard, KY

Contact: Property Manager  
 Phone: 606-436-8829  
 Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
2BR / 2.5BA	1050	\$900	\$0.86	36	Range	X Laundry Facility	Heat		X
					Refrigerator	X Free Parking	Cooking		X
					Dishwasher	X Paid Parking	AC		X
					Disposal	X Extra Storage	Electricity		X
					Microwave	Clubhouse/Meeting Rm.	Hot Water		X
					Washer/Dryer	Swimming Pool	Water/Sewer		X
					W/D Hook-ups	X Fitness Center	Trash Removal		X
					Patio/Balcony	X Business Center			
					Window Coverings	X Playground	Type of Heat		
					Central Air	X Basketball Court	Electric		X
					Electric Wall Units	Pavilion/Grill	Gas		
					Window Units	Pickleball Court			
				Total					

**Building Description:** This complex was originally constructed in the 1980s, renovated in approximately 2010, and is in average condition.

**Occupancy:** 99% with no rent specials.

**Additional Comments:** According to the representative and persons familiar with the market, this complex receives a premium over the market due to its proximity to the hospital.



### Rent Comparable 2 Market Rate

Oak Brook Apartments – New Construction  
 Roy Campbell Way  
 Hazard, KY

Contact: Property Manager  
 Phone: 606-436-8829  
 Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
2BR / 2BA	1200	\$1400	\$1.17	24	Range	X Laundry Facility	Heat		X
					Refrigerator	X Free Parking	Cooking		X
					Dishwasher	X Paid Parking	AC		X
					Disposal	X Extra Storage	Electricity		X
					Microwave	Clubhouse/Meeting Rm.	Hot Water		X
					Washer/Dryer	X Swimming Pool	Water/Sewer		X
					W/D Hook-ups	Fitness Center	Trash Removal		X
					Patio/Balcony	X Business Center			
					Window Coverings	X Playground	Type of Heat		
					Central Air	X Basketball Court	Electric		X
					Electric Wall Units	Pavilion/Grill	Gas		
					Window Units	Pickleball Court			
				Total					
				24					

**Building Description:** This complex was built around 2022 and is in excellent condition.

**Occupancy:** 100% with no rent specials.

**Additional Comments:** According to the representative and persons familiar with the market, this complex receives a premium over the market due to its proximity to the hospital.




**Rent Comparable 3  
 Market Rate**

 Townhomes  
 119 Commercial Drive  
 Hazard, KY

 Contact: Lucas Campbell  
 Phone: 606-312-7805  
 Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
2BR / 2BA	1000	\$1,100	\$1.10	6	Range	X Laundry Facility	Heat		X
					Refrigerator	X Free Parking	Cooking		X
					Dishwasher	X Paid Parking	AC		X
					Disposal	X Extra Storage	Electricity		X
					Microwave	Clubhouse/Meeting Rm.	Hot Water		X
					Washer/Dryer	Swimming Pool	Water/Sewer		X
					W/D Hook-ups	X Fitness Center	Trash Removal		X
					Patio/Balcony	X Business Center			
					Window Coverings	X Playground	Type of Heat		
					Central Air	X Basketball Court	Electric		X
					Electric Wall Units	Pavilion/Grill	Gas		
					Window Units	Pickleball Court			
			Total	6					

Building Description: These are newer townhome units in very good condition.

Occupancy/ Concessions 100%


**Rent Comparable 4  
 Market Rate**

 Townhomes  
 Sheriff Court  
 Hazard, KY

Contact: Reliable Third Party

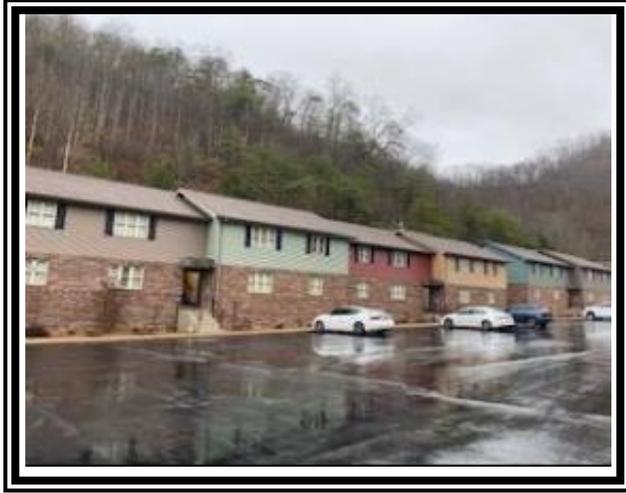
Phone:

Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
2BR / 2.5BA	1200	\$1200	\$1.00	8	Range	X Laundry Facility	Heat		X
					Refrigerator	X Free Parking	Cooking		X
					Dishwasher	X Paid Parking	AC		X
					Disposal	X Extra Storage	Electricity		X
					Microwave	Clubhouse/Meeting Rm.	Hot Water		X
					Washer/Dryer	Swimming Pool	Water/Sewer		X
					W/D Hook-ups	X Fitness Center	Trash Removal		X
					Patio/Balcony	X Business Center	Type of Heat		
					Window Coverings	X Playground	Electric		X
				Total	8	Central Air	Gas		
					Electric Wall Units	X Basketball Court			
					Window Units	Pavilion/Grill			
						Pickleball Court			

Building Description: These are newer townhome units in very good condition.

Occupancy/ Concessions 100% occupied.


**Rent Comparable 5  
 Market Rate**

 Mellowbrook Apartments  
 7 Stacey Street  
 Harold, KY

 Contact: Management  
 Phone: 606-478-8000  
 Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
1BR/1BA	750	\$775	\$1.03	10	Range	X Laundry Facility	Heat		X
1BR/1BA- Deluxe	750	\$850	\$1.13		Refrigerator	X Free Parking	X Cooking		X
2BR/1BA	1000	\$875	\$0.88	24	Dishwasher	X Paid Parking	AC		X
2BR/1BA - Deluxe	1000	\$950	\$0.95		Disposal	X Extra Storage	Electricity		X
					Microwave (Deluxe)	X Clubhouse/Meeting Rm.	X Hot Water		X
					Washer/Dryer	X Swimming Pool	X Water/Sewer		X
					W/D Hook-ups	X Fitness Center	X Trash Removal		X
					Patio/Balcony	X Business Center			
					Window Coverings	X Playground	Type of Heat		
				Total 34	Central Air	X Basketball Court	X Electric		X
					Electric Wall Units	X Pavilion/Grill	X Gas		
					Window Units	X Pickleball Court			

**Building Description:** This complex was built in 1999, has been well maintained, and is in above average condition. The one-bedrooms are located in "cottages" and the two-bedrooms are located in two-story apartment style buildings.

**Occupancy:** Management would not verify occupancy.

**Additional Comments:** Deluxe units have upgraded cabinetry and counters, stainless steel appliances, and have a microwave. This property has more of a rural location, but it is in proximity to US 23, roughly halfway between Prestonsburg and Pikeville, which makes it popular for residents working in both areas.



### Rent Comparable 6 Market Rate

Pikeville Commons  
 121 Justice Way  
 Pikeville, KY

Contact: Christy  
 Phone: (606) 200-3055  
 Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
1BR/1BA	507	\$960	\$1.89		Range	X Laundry Facility	Heat		X
2BR/1BA	840	\$1,120	\$1.33		Refrigerator	X Free Parking	X Cooking		X
3BR/2.5BA	985	\$1,470	\$1.49		Dishwasher	X Paid Parking	AC		X
					Disposal	X Extra Storage	Electricity		X
					Microwave	X Clubhouse/Meeting Rm.	X Hot Water		X
					Washer/Dryer	X Swimming Pool	Water/Sewer		X
					W/D Hook-ups	Fitness Center	X Trash Removal		X
					Patio/Balcony	X Bike Storage	X		
					Window Coverings	X Game Room	X Type of Heat		
				Total 116	Central Air	X On Site Management	X Electric		X
					Electric Wall Units	Media Room	X Gas		
					Window Units	Picnic Area			

**Building Description:** Property was built in 2016 and is in very good condition. Units feature high end finishes, such as granite counters and black finish appliances. There is on site retail occupying the first floor. There are 5 units on the first floor as well.

**Occupancy:** 100% occupied. No waitlist Preleasing began in late 2015, but the property took until 2021 to reach stabilization. Based on discussions with market participants, the market may not have been originally fully accepting of the four-story design without elevators, which may be a form of functional obsolescence and not necessarily indicative of lack of demand. However, while absorption was extended, property is now stabilized.

**Additional Comments:** No rental concessions are offered. Price ranges based on square footage and if furnished. Prices given represent the starting prices. There are 15 premium units that rent for \$100 more. These units are bigger and have bigger patio/balconies. There are price differences based on floor location with lower floors at a premium. The 3rd and 4<sup>th</sup> floors are the same price but beyond that management did not have an exact number on this premium.


**Rent Comparable 7  
 Market Rate**

 Airport Rentals  
 Fly by Hazard Road  
 Hazard, KY

 Contact: Reliable Third Party  
 Phone:  
 Date of Interview: November 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
1BR / 1BA	650	\$600	\$0.92	6	Range	X Laundry Facility	Heat		X
					Refrigerator	X Free Parking	Cooking		X
					Dishwasher	X Paid Parking	AC		X
					Disposal	X Extra Storage	Electricity		X
					Microwave	Clubhouse/Meeting Rm.	Hot Water		X
					Washer/Dryer	Swimming Pool	Water/Sewer		X
					W/D Hook-ups	X Fitness Center	Trash Removal		X
					Patio/Balcony	Business Center	Type of Heat		
					Window Coverings	X Playground	Electric		X
					Central Air	X Basketball Court	Gas		
					Electric Wall Units	Pavilion/Grill			
					Window Units	Pickleball Court			
			Total	6					

Building Description: Two tri-plex buildings in average condition.

Occupancy/ Concessions 100%


**RENT COMPARABLE 8**

LIHTC

 Preston's Crossing Apartments  
 250 Town Branch Rd.  
 Prestonsburg, KY

 Contact: Manager  
 Phone: 606-297-4340  
 Date of Interview: December 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
2 BR / 1.5 BA – 60% AMI	900	\$761	\$0.85	24	Range	X Laundry Facility	X Heat – Elec.		X
3 BR / 1.5 BA – 60% AMI	1100	\$833	\$0.76		Refrigerator	X Free Parking	X AC		X
					Dishwasher	X Paid Parking	Electricity		X
					Disposal	Free Storage	Hot Water – Elec.		X
					Microwave	Paid Storage	Water/Sewer		X
					Washer/Dryer	Clubhouse/Meeting Rm.	Trash Removal		X
					W/D Hook-ups	X Swimming Pool	Cooking – Elec.		X
					Patio/Balcony	X Business Center			
					Window Coverings	X Playground			
					Central AC	X Grills			

Building Description: This complex was built in 2010 and is in good condition.

Occupancy: 100% occupied with a waiting list.

Comments: Property is 60% AMI.


**RENT COMPARABLE 9**

LIHTC- Family

 Sawgrass Greene Apartments  
 100 Sawgrass Lane  
 Grayson, KY

 Contact: Leanne  
 Phone: 606-475-0822  
 Date of Interview: December 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
1 BR/1 BA 50%	685	\$625	\$0.91		Range	X Laundry Facility	X Heat		X
1 BR/1 BA 60%	685	\$770	\$1.12		Refrigerator	X Free Parking	X Cooking		X
2 BR/1 BA 50%	963	\$745	\$0.77		Dishwasher	X Paid Parking	AC		X
2 BR/1 BA 60%	963	\$919	\$0.95		Disposal	X Extra Storage	Electricity		X
3 BR/1.5 BA 50%	1141	\$853	\$0.75		Microwave	Clubhouse/Meeting Rm. X	Hot Water		X
3 BR/1.5 BA 60%	1141	\$1054	\$0.92		Washer/Dryer	Swimming Pool	Water/Sewer		X
4 BR/2 BA TH 50%	1435	\$930	\$0.65		W/D Hook-ups	X Fitness Center	Trash Removal		X
4 BR/2 BA TH 60%	1435	\$1155	\$0.80		Patio/Balcony	X Business Center			
					Window Coverings	X Playground	X Type of Heat		
					Central Air	X Security	Electric		X
					Electric Wall Units	Basketball Court	Gas		
					Window Units	Elevator			
				Total: 54					

Building Description: This complex was built in 2006 and is in good condition.

Occupancy: 100% occupied with a long waiting list.

Additional Comments: The units are restricted to 50% and 60% AMI levels.


**RENT COMPARABLE 3**

LIHTC- Family

 Pinecrest Apartments  
 37 Pinecrest Dr  
 Louisa, KY

 Contact: Jamie  
 Phone: 606-638-9200  
 Date of Interview: April 2024

Unit Type	Unit Size	Rental Rates	Rent S.F.	Total Units	Unit Amenities	Site Amenities	Utilities	LL	T
2 BR/1 BA 50%	850	\$440	\$.46	6	Range	X Laundry Facility	Heat		X
2 BR/1 BA 60%	850	\$470	\$.49	6	Refrigerator	X Free Parking	Cooking		X
2 BR/1 BA Sec 8	850	\$405	\$.48	3	Dishwasher	Paid Parking	AC		X
3 BR/2 BA 50%	1050	\$495	\$.42	1	Disposal	Extra Storage	Electricity		X
3 BR/2 BA 60%	1050	\$520	\$.45	2	Microwave	Clubhouse/Meeting Rm.	Hot Water		X
3 BR/2 BA Sec8	1050	\$420	\$.40	2	Washer/Dryer	Swimming Pool	Water/Sewer		X
					W/D Hook-ups	X Fitness Center	Trash Removal		X
					Patio/Balcony	X Business Center			
					Window Coverings	X Playground	Type of Heat		
				Total: 20	Central Air	X Security	Electric		X
					Electric Wall Units	Basketball Court	Gas		
					Window Units	Elevator			

**Building Description:** This property was built in 2005 and is in generally good condition.

**Occupancy:** 100% occupied. The onsite property manager noted that there are approximately 15 households on the wait list, most of which do not have Section 8.

**Additional Comments:** No rent specials are currently being offered. The property has five units under a project base Section 8 contract.



**MARKET RENT GRID – 1BR**

Subject		Comp 1		Comp 7		Comp 3		Comp 4		Comp 5		Comp 6	
Skyview Apartments Skyview Lane Hazard, Perry		Data on Subject	Oak Brook Apts 122 Roy Campbell Dr Hazard, Perry	Tri-Plex Fly by Harard Road Hazard, Perry	Townhomes 119 Commercial Drive Hazard, Perry	Townhomes Sheriff Court Hazard, Perry	Mellowbrook Apts. 7 Stacey Street Harold, Floyd	Pikeville Commons 121 Justice Way Pikeville, Pike					
A. Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1 \$ Last Rent / Restricted?		\$900		\$600		\$1,100		\$1,200		\$775		\$1,120	
2 Date Last Leased (mo/yr)		Nov-24		Nov-24		Nov-24		Nov-24		Nov-24		Nov-24	
3 Rent Concessions		No		No		No		No	\$0	No		No	
4 Occupancy for Unit Type		99%		100%		100%		100%		NA		100%	
5 Effective Rent & Rent/sq. ft		\$900	0.86	\$600	0.92	\$1,100	1.10	\$1,200	1.00	\$775	1.03	\$1,120	1.33
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>													
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6 Structure / Stories	Ranch / 1	WU/ 2		Ranch / 1		Townhome		Townhome		WU / 2		WU / 4	
7 Year Built/ Renovated	2026	1980s		2000s		2000s		1999		2022		2016	
8 Condition /Street Appeal		Excellent		Inferior	\$90	Superior	(\$25)	Similar		Inferior	\$78	Inferior	\$25
9 Neighborhood	Average	Superior	(\$90)	Inferior	\$20	Similar		Similar		Inferior	\$78	Superior	(\$25)
10													
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11 # Bedrooms	1	2	(\$75)	1		2	(\$75)	2	(\$75)	1		1	
12 # Baths	1	2.5	(\$35)	1		2	(\$25)	2.5	(\$35)	1		1	
13 Unit Interior Sq. Ft.	650	1050	(\$104)	650	\$0	1000	(\$91)	1200	(\$143)	750	(\$26)	840	(\$49)
14 Balcony/ Patio	Y	Y		N	\$5	N	\$5	Y		Y		Y	
15 AC: Central/ Wall/ Window	Central	Central		Central		Central		Central		Central		Central	
16 Range/ refrigerator	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
17 Microwave/ Dishwasher	N/Y	N/Y		N/Y		Y/Y	(\$5)	N/Y		N/Y		Y/Y	(\$5)
18 Washer/dryer/Hookups/L	Hookups	Hookups		Hookups		Hookups		Hookups		W/D	(\$10)	W/D	(\$10)
19 Floor Coverings	C/V	C/V		C/V		C/V		C/V		C/V		C/V	
20 Window Coverings	Y	Y		Y		Y		Y		Y		Y	
21 Cable/ Satellite/Internet	N	N		N		N		N		N		N	
22 Special Features	N	N		N		N		N		N		N	
23 Elevator	N	N		N		N		N		N		N	
D. Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24 Parking ( \$ Fee)	Y	Y		Y		Y		Y		Y		Y	
25 Extra Storage	N	N		N		N		N		N		N	
26 Security	N	N		N		N		N		N		N	
27 Clubhouse/ Meeting Rooms	N	N		N		N		N		Y	(\$5)	Y	(\$5)
28 Amenities (Pool, Rec. Area)	0	0		0		0		0		5	(\$25)	4	(\$20)
29 Business Ctr / Nhd Netwk	N	N		N		N		N		N		N	
30 Service Coordination	N	N		N		N		N		N		N	
31 Non-shelter Services	N	N		N		N		N		N		N	
32 Senior Facility	N	N		N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33 Heat (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
34 Cooling (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
35 Cooking (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
36 Hot Water (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
37 Other Electric	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
38 Cold Water/ Sewer	Y	N	\$66	N	\$66	N	\$66	N	\$66	Y		Y	
39 Trash /Recycling	Y	Y		Y		Y		Y		Y		Y	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40 # Adjustments B to D		1	4	3	0	1	5	0	3	2	4	1	6
41 Sum Adjustments B to D		\$90	(\$304)	\$85	\$0	\$5	(\$221)	\$0	(\$253)	\$155	(\$66)	\$25	(\$114)
42 Sum Utility Adjustments		\$66	\$0	\$66	\$0	\$66	\$0	\$66	\$0	\$0	\$0	\$0	\$0
43 Net/ Gross Adjms B to E		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
		(\$148)	\$460	\$151	\$151	(\$150)	\$292	(\$187)	\$319	\$89	\$221	(\$89)	\$139
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44 Adjusted Rent (5+ 43)		\$752		\$751		\$950		\$1,013		\$864		\$1,031	
45 Adj Rent/Last rent			84%		125%		86%		84%		111%		92%
46													

**MARKET RENT GRID – 2BR**

Subject		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6	
Skyview Apartments	Data	Oak Brook Apts		Oak Brook - New Const.		Townhomes		Townhomes		Mellowbrook Apts.		Pikeville Commons	
Skyview Lane	on	122 Roy Campbell Dr		Roy Campbell Way		119 Commercial Drive		Sheriff Court		7 Stacey Street		121 Justice Way	
Hazard, Perry	Subject	Hazard, Perry		Hazard, Perry		Hazard, Perry		Hazard, Perry		Harold, Floyd		Pikeville, Pike	
Rents Charged		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
\$ Last Rent / Restricted?		\$900		\$1,400		\$1,100		\$1,200		\$875		\$1,120	
Date Last Leased (mo/yr)		Nov-24		Nov-24		Nov-24		Nov-24		Nov-24		Nov-24	
Rent Concessions		No		No		No		No	\$0	No		No	
Occupancy for Unit Type		99%		100%		100%		100%		NA		100%	
Effective Rent & Rent/sq. ft		\$900	0.86	\$1,400	1.17	\$1,100	1.10	\$1,200	1.00	\$875	0.88	\$1,120	1.33
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>													
Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Structure / Stories	Ranch / 1	WU / 2		WU / 3		Townhome		Townhome		WU / 2		WU / 4	
Year Built/ Renovated	2026	1980s		2023		2000s		2022		1999		2016	
Condition /Street Appeal	Excellent	Inferior	\$90	Similar		Superior	(\$25)	Similar		Inferior	\$88	Inferior	\$25
Neighborhood	Average	Superior	(\$90)	Superior	(\$140)	Similar		Similar		Inferior	\$88	Superior	(\$25)
Unit Equipment/ Amenities		Data	\$ Adj	Data	Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
# Bedrooms	2	2		2		2		2		2		2	
# Baths	2	2.5	(\$10)	2		2		2.5	(\$10)	1	\$15	1	\$15
Unit Interior Sq. Ft.	1000	1050	(\$13)	1200	(\$53)	1000	\$0	1200	(\$53)	1000	\$0	840	\$42
Balcony/ Patio	Y	Y		Y		N	\$5	Y		Y		Y	
AC: Central/ Wall/ Window	Central	Central		Central		Central		Central		Central		Central	
Range/ refrigerator	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
Microwave/ Dishwasher	N/Y	N/Y		N/Y		Y/Y	(\$5)	N/Y		N/Y		Y/Y	(\$5)
Washer/dryer/Hookups/L	Hookups	Hookups		W/D	(\$10)	Hookups		Hookups		W/D	(\$10)	W/D	(\$10)
Floor Coverings	C/V	C/V		C/V		C/V		C/V		C/V		C/V	
Window Coverings	Y	Y		Y		Y		Y		Y		Y	
Cable/ Satellite/Internet	N	N		N		N		N		N		N	
Special Features	N	N		N		N		N		N		N	
Elevator	N	N		N		N		N		N		N	
Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Parking ( \$ Fee)	Y	Y		Y		Y		Y		Y		Y	
Extra Storage	N	N		N		N		N		N		N	
Security	N	N		N		N		N		N		N	
Clubhouse/ Meeting Rooms	N	N		N		N		N		Y	(\$5)	Y	(\$5)
Amenities (Pool, Rec. Area)	0	0		0		0		0		5	(\$25)	4	(\$20)
Business Ctr / Nhd Netwk	N	N		N		N		N		N		N	
Service Coordination	N	N		N		N		N		N		N	
Non-shelter Services	N	N		N		N		N		N		N	
Senior Facility	N	N		N		N		N		N		N	
Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
Heat (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
Cooling (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
Cooking (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
Hot Water (in rent?/ type)	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
Other Electric	N/Elect	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
Cold Water/ Sewer	Y	N	\$66	N	\$66	N	\$66	N	\$66	Y		Y	
Trash /Recycling	Y	Y		Y		Y		Y		Y		Y	
Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
# Adjustments B to D		1	3	0	3	1	2	0	2	3	3	3	5
Sum Adjustments B to D		\$90	(\$113)	\$0	(\$203)	\$5	(\$30)	\$0	(\$63)	\$190	(\$40)	\$82	(\$65)
Sum Utility Adjustments		\$66	\$0	\$66	\$0	\$66	\$0	\$66	\$0	\$0	\$0	\$0	\$0
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
<i>Net/ Gross Adjmts B to E</i>		\$43	\$269	(\$137)	\$269	\$41	\$101	\$3	\$129	\$150	\$230	\$17	\$147
Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
Adjusted Rent (5+ 43)		\$943		\$1,263		\$1,141		\$1,203		\$1,025		\$1,137	
Adj Rent/Last rent			105%		90%		104%		100%		117%		102%

**MARKET RENT GRID – 3BR**

Subject		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6	
Skyview Apartments Skyview Lane Hazard, Perry		Oak Brook Apts 122 Roy Campbell Dr Hazard, Perry		Oak Brook - New Const. Roy Campbell Way Hazard, Perry		Townhomes 119 Commercial Drive Hazard, Perry		Townhomes Sheriff Court Hazard, Perry		Mellowbrook Apts. 7 Stacey Street Harold, Floyd		Pikeville Commons 121 Justice Way Pikeville, Pike	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$900		\$1,400		\$1,100		\$1,200		\$875		\$1,120	
2	Date Last Leased (mo/yr)	Nov-24		Nov-24		Nov-24		Nov-24		Nov-24		Nov-24	
3	Rent Concessions	No		No		No		No	\$0	No		No	
4	Occupancy for Unit Type	99%		100%		100%		100%		NA		100%	
5	Effective Rent & Rent/ sq. ft	\$900	0.86	\$1,400	1.17	\$1,100	1.10	\$1,200	1.00	\$875	0.88	\$1,120	1.33
<i>In Parts B thru E, adjust only for differences the subject's market values.</i>													
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	Ranch / 1		WU / 2		WU / 3		Townhome		Townhome		WU / 2	
7	Year Built/ Renovated	2026		1980s		2023		2000s		2022		1999	
8	Condition /Street Appeal	Excellent	\$90	Inferior		Similar		Superior	(\$25)	Similar		Inferior	\$88
9	Neighborhood	Average		Superior	(\$90)	Superior	(\$140)	Similar		Similar		Inferior	\$88
10												Superior	(\$25)
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		2	\$50	2	\$50	2	\$50	2	\$50	2	\$50
12	# Baths	2		2.5	(\$10)	2		2		2.5	(\$10)	2	
13	Unit Interior Sq. Ft.	1250		1050		1200		1000		1200		1000	
14	Balcony/ Patio	Y		Y		Y		N	\$5	Y		Y	
15	AC: Central/ Wall/ Window	Central		Central		Central		Central		Central		Central	
16	Range/ refrigerator	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
17	Microwave/ Dishwasher	N/Y		N/Y		N/Y		Y/Y	(\$5)	N/Y		Y/Y	(\$5)
18	Washer/dryer/Hookups/L	Hookups		Hookups		W/D	(\$10)	Hookups		Hookups		W/D	(\$10)
19	Floor Coverings	C/V		C/V		C/V		C/V		C/V		C/V	
20	Window Coverings	Y		Y		Y		Y		Y		Y	
21	Cable/ Satellite/Internet	N		N		N		N		N		N	
22	Special Features	N		N		N		N		N		N	
23	Elevator	N		N		N		N		N		N	
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking ( \$ Fee)	Y		Y		Y		Y		Y		Y	
25	Extra Storage	N		N		N		N		N		N	
26	Security	N		N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	N		N		N		N		Y	(\$5)	Y	(\$5)
28	Amenities (Pool, Rec. Area)	0		0		0		0		5	(\$25)	4	(\$20)
29	Business Ctr / Nhd Netwk	N		N		N		N		N		N	
30	Service Coordination	N		N		N		N		N		N	
31	Non-shelter Services	N		N		N		N		N		N	
32	Senior Facility	N		N		N		N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
34	Cooling (in rent?/ type)	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
35	Cooking (in rent?/ type)	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
36	Hot Water (in rent?/ type)	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
37	Other Electric	N/Elect		N/Elect		N/Elect		N/Elect		N/Elect		N/Elect	
38	Cold Water/ Sewer	Y	\$66	N		N	\$66	N	\$66	Y	\$66	Y	\$66
39	Trash /Recycling	Y		Y		Y		Y		Y		Y	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	3	2	2	2	3	2	2	1	5	3	2	5
41	Sum Adjustments B to D	\$193	(\$100)	\$63	(\$150)	\$121	(\$30)	\$63	(\$10)	\$306	(\$40)	\$133	(\$65)
42	Sum Utility Adjustments	\$66	\$0	\$66	\$0	\$66	\$0	\$66	\$0	\$66	\$0	\$66	\$0
43	Net/ Gross Adjmts B to E	\$159	\$359	(\$21)	\$279	\$157	\$217	\$119	\$139	\$266	\$346	\$68	\$198
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,059		\$1,379		\$1,257		\$1,319		\$1,141		\$1,188	
45	Adj Rent/Last rent		118%		99%		114%		110%		130%		106%
46													

## Hypothetical Market Rent Reconciliation

Adjustments were made to the comparables based on combinations of typical market adjustments, matched pairs, and our experience with similar markets. The comparables feature various positive and negative characteristics depending on renter motivations. Adjustments were made for differences in age and condition, location, unit size, amenity package, and utility structure.

### One-Bedroom

The adjusted rental range is from \$751 to \$1,031 per month with a mean of \$893. Comps 5, 6 and 7 are one-bedroom units while Comps 1, 3 and 4 are adjusted two-bedroom units. Placing most weight on Comps 1, 5 and 7 with consideration of the higher indications of the newer properties, rent at the mid-range would be anticipated and a rental range between \$775 to \$850 per month with \$800 utilized for purposes of analysis.

### Two-Bedroom

The adjusted rental range is from \$943 to \$1,263 per month with a mean of \$1,119. Most weight is placed on Comps 1-4 given location and age/condition. Based on the above discussion, the estimated market rental range for the subject's two-bedroom unit is \$1,000 to \$1,200 per month with \$1,150 estimated for purposes of analysis.

### Three-Bedroom

The adjusted rental range is from \$1,059 to \$1,379 per month with a mean of \$1,224. Only (1) three-bedroom comp could be located (Comp 6) and its indication is well bracketed by the remaining adjusted comparables. Therefore, the estimated market rental range for the subject's three-bedroom unit is \$1,150 to \$1,300 per month with \$1,250 estimated for purposes of analysis.

## Rent Summary – Multi-Family

Assumptions were made to arrive at a hypothetical unit based on the preceding analysis. The subject's units would be in new condition. Unit sizes are based on market data. The comparables were adjusted based on their perceived comparison for appeal/condition and location compared to the subject. Utility adjustments were made based on the utility allowance grid provided by KHC for the Central Region, which covers Perry County and the comparables' locations.

It is noted that once floorplans and designs are established, a more accurate market rent may be estimated. At this time, given the numerous unknowns, a range is most appropriate, but a specific rent has been estimated to aide in estimating minimum income levels for use in the demand analysis.

The table below summarizes a reasonable market rent for each unit type. A wider range is shown later in the report, but the rent below was utilized for purposes of analysis.

### HYPOTHETICAL MULTI-FAMILY MARKET RENT SUMMARY

Unit Type/ AMI Restriction	Unit Size	Current Market Rent
1BR / 1BA - 80% AMI	650 sf	\$800
2BR / 2BA - 80% AMI	1,000 sf	\$1,150
3BR / 2BA - 80% AMI	1,200 sf	\$1,250

### Market Rental Vacancy – Market Rate Properties

Based on the comparable market rate complexes located throughout the immediate region responding to our occupancy survey, the reported weighted occupancy rate is 99.8% indicating minimal vacancy in the market and no frictional vacancy allowing tenants options.

### Market Occupancy Rates

#	Avail Units	Occup Rate	Occupied Units	Weighted Occupancy Rate
1	36	99%	36	
2	24	100%	24	
3	6	100%	6	
4	8	100%	8	
6	116	100%	116	
7	6	100%	6	
<b>Total</b>	<b>196</b>		<b>196</b>	<b>99.8%</b>

### Projected Affordable Rental Range

The purpose of this section is to estimate the restricted affordable rent for the hypothetical subject as proposed based on the data and analyses presented in the previous sections of the report. For purposes of analysis, rent and income levels will be analyzed as though they must be below the 80% AMI level.

As such, the maximum gross rents at the 80% AMI level (effective April 2024 – most recent published) are utilized. From these, the appropriate utilities, based on KHC Central Region tenant utility allowances (effective January 2024) are deducted to arrive at maximum net restricted rent. Based on utility structures of existing supply in the larger market, we have assumed prospective subject units would provide water, sewer and trash removal, and that all units would be electric.

### MAXIMUM ALLOWABLE RENTS @ 80% AMI

Unit Type/ AMI Restriction	Unit Size	Max Gross Rest. Rent	Heat Range		Other Electric	Air Cond.	Hot Water	Total Utilities	Net Rest. Rent
1BR / 1BA - 80% AMI	650 sf	\$1,162	\$43	\$7	\$21	\$8	\$22	\$101	\$1,061
2BR / 2BA - 80% AMI	1,000 sf	\$1,394	\$51	\$9	\$27	\$10	\$29	\$126	\$1,268
3BR / 2BA - 80% AMI	1,200 sf	\$1,610	\$60	\$11	\$34	\$13	\$35	\$153	\$1,457

## Achievable Restricted Rent

In some cases, the lower of maximum net restricted rent and market rent is considered achievable restricted rent. However, in some markets, due to the income restrictions, household incomes are not sufficient to support the lower of net restricted or market rent. As such, rents from existing LIHTC developments in the larger region are compared.

We are not aware of any affordable housing properties not featuring project based rental assistance in Perry County. As such, we considered three LIHTC properties in the region. None feature 80% AMI restricted units so 60% AMI units were analyzed.

The table below shows adjusted rents at each of the responding comparable tax credit developments. The comps have only been adjusted for differences in utility structure.

### ADJUSTED COMPARABLE TAX CREDIT RENTS

Unit Type	Trended Max Net Rest. Rent	Estimated Market Rent	Comp 8	Comp 9	Comp 10
1BR / 1BA - 80% AMI	\$1,061	\$800	---	\$770	---
2BR / 2BA - 80% AMI	\$1,268	\$1,150	\$761	\$919	\$470
3BR / 2BA - 80% AMI	\$1,457	\$1,250	\$833	\$1,054	\$520

Given the subject's location and higher AMI level, higher rents than the comparables should be achieved. However, Comp 9 recently increased rents significantly. While these rents may be achievable, to date few leases have been signed at the higher levels.

NCHMA professionals generally recommend at least a 5% to 10% market rent advantage for 80% AMI units. Given demand in the market and lack of affordable rental units, we have considered a 5% market rent advantage sufficient.

Based on rent levels at comparable projects in the region, we have estimated net achievable restricted rent in the subject's market to be \$750, \$850 and \$975 per month. While higher rents may be achievable and these rents may be on the conservative side, to capture the greatest number of renter households, lower rent levels will be necessary. As such, for the purposes of this analysis, these rents are considered to be the achievable restricted rents with potential for higher rents based on market conditions and project specifications. **Again, these rents are not necessarily the highest achievable, but are considered maximally productive to allow for financial feasibility for development and capture the most renter households. Furthermore, should project-based rental assistance be provided, demand for additional units would exist.**

### HYPOTHETICAL ACHIEVABLE RESTRICTED RENTS

Unit Type/ AMI Restriction	Unit Size	Achievable Rest. Rent W/O RA
1BR / 1BA - 80% AMI	650 sf	\$750
2BR / 2BA - 80% AMI	1,000 sf	\$850
3BR / 2BA - 80% AMI	1,200 sf	\$975

### Market Rent Advantage – Without Rental Assistance

As indicated in the following table, based on our preliminary estimates of achievable restricted rents indicate a market rent advantage between 6.25% and 26.09%.

#### Market Rent Advantage W/O RA

Unit Type	Achievable Rent Upon Completion	Market Rent Upon Completion	Market Rent Advantage
1BR / 1BA - 80% AM	\$750	\$800	6.25%
2BR / 2BA - 80% AM	\$850	\$1,150	26.09%
3BR / 2BA - 80% AM	\$975	\$1,250	22.00%

**Please note that the rent conclusions herein are based on hypothetical unit designs and characteristics and that the actual rents will vary based on unit specifications finalized prior to construction. The rents have been set to maximize ability to capture as many income qualified renter households as possible and in some cases increased rents may be attainable.**

### Market Rental Vacancy

Based on the comparable LIHTC complexes located throughout the immediate region responding to our occupancy survey, the reported weighted occupancy rate is 100%; indicating a highly competitive market with no frictional vacancy for normal turnover.

#### Subsidized Occupancy Rates

#	Avail Units	Occup Rate	Occupied Units	Weighted Occupancy Rate
8	24	100%	24	
9	54	100%	54	
10	20	100%	20	
Total	98		98	100.0%

# Projected Market Demand – 80% AMI Rental Units

The purpose of this section is to estimate the demand for the subject property. The primary information source for this analysis is demographic and trend analyses taken from STDB.

Demand for the subject improvements is estimated by identifying the specific characteristics attributable to likely tenants of the project and then estimating the number of persons exhibiting these characteristics within the market area. As mentioned previously, occupancy in all of the subject's units will be limited to households with incomes no higher than either 80% of AMI.

## Income Qualified Renter Households

In the Demographic Profile section of this report, a growth estimate of income qualified renter households was calculated. The respective one-year growth estimates for each unit size under each scenario in the PMA are used in the capture rate calculations.

### Qualifying Income PMA - W/O RA

Primary Market Area									
	Renter Hshlds	% Inc Eligible	Income Qualified Renter Hshlds	% Inc Eligible	Income Qualified Renter Hshlds	% Inc Eligible	Income Qualified Renter Hshlds	% Inc Eligible	Income Qualified Renter Hshlds
<b>Unit Type</b>		1BR / 1BA - 80% AMI		2BR / 2BA - 80% AMI		3BR / 2BA - 80% AMI		Total	
<b>Unit Size</b>		650 sf		1,000 sf		1,200 sf		45,800 sf	
<b>AMI Rent Restriction</b>		80% AMI		80% AMI		80% AMI			
<b>AMI Income Restriction</b>		80% AMI		80% AMI		80% AMI			
<b>Minimum Income</b>		\$29,177		\$33,463		\$38,674		\$29,177	
<b>Maximum Income</b>		\$49,600		\$61,920		\$71,840		\$71,840	
<b>Less than \$5,000</b>	402	0.0%	0	0.0%	0	0.0%	0	0.0%	0
<b>\$5,000 to \$9,999</b>	78	0.0%	0	0.0%	0	0.0%	0	0.0%	0
<b>\$10,000 to \$14,999</b>	463	0.0%	0	0.0%	0	0.0%	0	0.0%	0
<b>\$15,000 to \$19,999</b>	220	0.0%	0	0.0%	0	0.0%	0	0.0%	0
<b>\$20,000 to \$24,999</b>	89	0.0%	0	0.0%	0	0.0%	0	0.0%	0
<b>\$25,000 to \$34,999</b>	554	58.2%	323	15.4%	85	0.0%	0	58.2%	323
<b>\$35,000 to \$49,999</b>	313	97.3%	305	100.0%	313	75.5%	236	100.0%	313
<b>\$50,000 to \$74,999</b>	275	0.0%	0	47.7%	131	87.4%	240	87.4%	240
<b>Inc Qual Renter Hshlds in 2024</b>		627		529		477		876	
<b>Total Households in 2024</b>		11,274		11,274		11,274		11,274	
<b>Inc Qual Renter Hshlds as % of Total Hshlds in 2024</b>		5.6%		4.7%		4.2%		7.8%	
<b>2029 Total Projected Hshlds</b>		11,145		11,145		11,145		11,145	
<b>2029 Proj Inc Qual Renter Hshlds</b>		620		523		471		866	
<b>Five Years Growth</b>		-7		-6		-5		-10	
<b>One Years Growth</b>		-1		-1		-1		-2	
<b>Inc Qual Renter Hshlds Upon Comp</b>		<b>624</b>		<b>527</b>		<b>474</b>		<b>872</b>	

Source: Site To Do Business (STDB)

## Household Size

Based on our analysis, demand of 48 one, two and three-bedroom units was considered feasible. The percentages shown below for each household size will be utilized in the capture rate calculations. For the project as a whole, households with 1-6 members are utilized.



### Renter Households by Number of Persons

	PMA	
	Households 2010	Percent of Total
<b>Total Occupied Households</b>	11,319	100.0%
<b>Total Owner Households</b>	8,374	74.0%
<b>Total Renter Households</b>	2,945	26.0%
<b>1 Person Renter Households</b>	1,071	36.4%
<b>2 Person Renter Households</b>	803	27.3%
<b>3 Person Renter Households</b>	535	18.2%
<b>4 Person Renter Households</b>	326	11.1%
<b>5 Person Renter Households</b>	143	4.9%
<b>6 Person Renter Households</b>	44	1.5%
<b>7 or More Person Renter Households</b>	23	0.8%
<b>Total Renter Households</b>	2,945	100.0%
<b>Total 1 to 2 Person Renter HH</b>	<b>1,874</b>	<b>63.6%</b>
<b>Total 2 to 4 Person Renter HH</b>	<b>1,664</b>	<b>56.5%</b>
<b>Total 4 to 6 Person Renter HH</b>	<b>513</b>	<b>17.4%</b>

Source: Site To Do Business (STDB)

### Directly Competing Units Under Construction and Proposed

We are not aware of any competing proposed affordable housing units.

### Capture Rate Calculations

The capture rate calculations, which are based on the percentages derived in the previous discussions, are summarized in the following table.

**Standard Capture Rate PMA - W/O RA**

Unit Type	1BR / 1BA - 80% AMI	2BR / 2BA - 80% AMI	3BR / 2BA - 80% AMI	Total
<b>Unit Size</b>	650 sf	1,000 sf	1,200 sf	45,800 sf
<b>Rent Level</b>	80% AMI	80% AMI	80% AMI	
<b>Income Level</b>	80% AMI	80% AMI	80% AMI	
<b>Number of Household Members Assumed</b>	1-2	2-4	4-6	1-6
<b>Minimum Income</b>	\$29,177	\$33,463	\$38,674	\$29,177
<b>Maximum Income</b>	\$49,600	\$61,920	\$71,840	\$71,840
<b>Proposed Units</b>	12	26	10	48
<b>Proj Annual Hsld Growth - Income Qualified Renter Hslds</b>	-1	-1	-1	-2
<b>Estimated Percentage of Renter Hshlds based on Size</b>	63.6%	56.5%	17.4%	99.2%
<b>Potential Demand From Household Growth:</b>	-1	-1	0	-2
<b>Total Income Qualified Renter Hslds @ Completion</b>	624	527	474	872
<b>Estimated Percentage of Renter Hshlds based on Size</b>	63.6%	56.5%	17.4%	99.2%
<b>Potential Demand From Qualified Hslds @ Completion:</b>	397	298	83	865
<b>Total Housing Demand @ Stabilization</b>	396	297	82	863
<b>Directly Competing Units Under Construction and Proposed</b>	0	0	0	0
<b>Demand Remaining After Competing Proposed Units</b>	396	297	82	863
<b>Proposed Subject Units</b>	12	26	10	48
<b>Capture Rate</b>	<b>3.0%</b>	<b>8.8%</b>	<b>12.1%</b>	<b>5.6%</b>

### Discussion of Capture Rate

In general terms, and given the methodology utilized, most proposed housing projects requiring a capture-rate of 10% or less are considered likely to succeed so long as no unusual externalities are present.

As shown, the total capture rate for the subject's units in the PMA is 5.6%, indicating very good demand for the subject's units as proposed. The three-bedroom capture rate is higher, but still considered reasonable given the lack of rent units in the market.

### Penetration Rate

Based on the following calculations, there is good demand for the subject's units.

#### PMA Penetration Rate

	W/O RA
<b>All Competing Units in Market Area + Subject</b>	48
<b>Income and Tenure Qualified Hshlds</b>	872
<b>Penetration Rate</b>	5.5%

## Estimated Absorption Period – Rental Units

We are aware of several recently completed LIHTC developments located throughout Kentucky with some in smaller markets, such as the subject, in which to measure absorption. These developments have reasonably similar rent and income restrictions as those proposed for the subject.

### ABSORPTION RATES

Comp #	Property	Location	Region	# of Units	Began Leasing	Reached Stabilization	Approx. Monthly Absorption Rate
<b>LIHTC Properties</b>							
1	Little River Landing	Hopkinsville, KY	Western KY	88	Apr-23	Dec-23	11.00
2	Linda's Place	Shepherdsville, KY	Central KY	87	Apr-22	Oct-22	14.50
3	Breas Crossing II	Shelbyville, KY	Central KY	37	2021-2022	Leased as Finished	N/A
4	Emma Rose	Cadiz, KY	Western KY	41	Jun-21	Nov-21	8.00
5	Kirkman Terrace	Hopkinsville, KY	Western KY	45	Dec-20	Jul-21	6.00
6	Payton Landing	Bowling Green, KY	Southwestern KY	76	Nov-19	Apr-20	12.00
7	Haven Crossings	Walton, KY	N. Central, KY	57	May-23	Aug-23	16.33
8	Kearney Ridge Apts.	Lexington, KY	Central KY	252	Jul-23	Jun-24	21.70
9	Three Thirty Newtown	Lexington, KY	Central KY	208	Sep-24	Sep-24	16.50
10	Oakdale Apts.	Lexington, KY	Central KY	144	Sep-24	Sep-24	12.00
Monthly Avg.							13.11

The subject would be newly constructed in a market area with high demand for quality rental housing targeting low-to-moderate income family households. The subject will have very competitive rent levels and will be affordable compared to available market rate properties. To reach the 95% estimated stabilized physical occupancy, a total of 46 units must be leased.

Based on the absorption information provided above, the subject's new construction it is estimated the units will reach stabilized occupancy within three to six months of completion equating to monthly absorption of approximately 7 to 15 units per month.

# Strengths & Weaknesses/ Conclusions and Recommendations

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The natural disaster that occurred in 2021 and 2022 heavily disrupted the housing market in Perry County and surrounding region. Many of the displaced homeowners and renters did not have flood insurance making rebuilding efforts even more difficult. Local non-profit organizations have provided significant relief through administration of private and government funding that has helped a portion of the homeowners rebuild, rehab or find a suitable path forward. However, due to the scarcity of available land outside of the floodplain, large scale recovery has been slowed.

The subject development will provide 95 lots within a planned subdivision proximate to shopping and dining amenities, and employment centers. The availability of these lots and various subsidies and grants that may be available for potential homebuyers will provide much needed new, modern and safe housing. The lack of existing modern housing for sale and rental units at affordable pricing has made economic development difficult. Based on the demand exhibited by empirical demographic analyses, discussions with local market participants and real estate professions point to pent-up demand for new for sale homes and rental units, not only for flood survivors, but also residents looking for new opportunity. It is noted that wide-spread speculative development of for sale housing is not recommended and the best course of action would be to work directly with community builders who can tailor homes to a potential buyer's needs and financial capabilities.

Negatives for new development include the smaller market location with negative projected population and household growth, which may have been accelerated by the flooding, and lack of significant demand generators proposed that may shift these dynamics. These negatives are reflected in our demand analysis, but based on the indicators, we believe there is pent-up demand for newer for sale and rental housing options, which is needed to unlock the housing market and allow new households to move for employment opportunities.

Overall, we believe when analyzed in its entirety, continued demand exists for additional for sale housing in the subject's market area. It is important to note that the concluded number of units is a baseline projection of what the market indicates it could support over the next few years given current market conditions, demographics, and trends. At this point, it would be subjective to forecast demand beyond as analyzed herein, but this should be considered more of a "snapshot" of the market and not absolute demand going forward. Lastly, given the lower income levels in the market, and potential buyers required to have at or below 80% AMI household income, down payment assistance and other programs will be necessary to aid new homebuyers and reach the potential sales conclusions estimated herein. If this is not available to these potential buyers, sales potential will be significantly hampered and diminished.

# General Assumptions and Limiting Conditions

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This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Kentucky will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Kentucky is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.

9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Kentucky and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Kentucky.

17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.
28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and 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, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.



29. The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an 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 could have a negative effect on 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 ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Kentucky both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Kentucky and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Kentucky or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Kentucky for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Kentucky shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Kentucky. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Kentucky and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Kentucky harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Kentucky in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Kentucky. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

## Certification – Jonathan S. Beery, MAI

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I certify that, to the best of my 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 are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have not performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. I have personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

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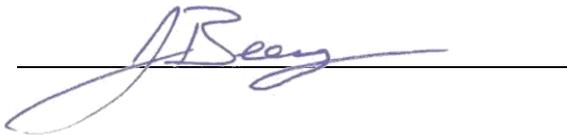
Jonathan S. Beery, MAI  
Certified General Real Property Appraiser  
Kentucky License #4057  
Expiration Date: 07-01-2025

## NCHMA Certification

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This market study has been prepared by Valbridge Property Advisors / Kentucky, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms Used in Market Studies for Affordable Housing Projects*, and *Model Content Standards for the Content of Market Studies for Affordable Housing Projects*. These Standards are designed to enhance the quality of market studies and to make them easier to understand and use. These Standards are voluntary only, and the National Council of Housing Market Analysts assumes no legal responsibility regarding their use.

Valbridge Property Advisors / Kentucky is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principals participate in NCHMA educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Valbridge Property Advisors / Kentucky is an independent market analyst. No principal or employee of Valbridge Property Advisors / Kentucky has any financial interest whatsoever in the development for which this analysis has been undertaken.



Formerly known as  
National Council of Affordable  
Housing Market Analysts

# Addenda

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Exhibits

Glossary

Qualifications

Jonathan S. Beery, MAI

Information on Valbridge Property Advisors

Office Locations

## Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition (Dictionary), the Uniform Standards

### Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

### Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

### Base Rent

The minimum rent stipulated in a lease. (Dictionary)

### Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

### Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

### Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

### Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

### Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

### Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4<sup>th</sup> Ed.)

### Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

### Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

### Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

### Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ( $DCR = NOI/Im$ ), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

### Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

### Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

### Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.

The property is subjected to market conditions prevailing as of the date of valuation;

Both the buyer and seller are acting prudently and knowledgeably;

The seller is under compulsion to sell;

The buyer is typically motivated;

Both parties are acting in what they consider to be their best interests;

An adequate marketing effort will be made during the exposure time;

Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

### Easement

The right to use another's land for a stated purpose. (Dictionary)

### EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

### Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

### Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

### Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

### EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

### Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

### Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

### Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

### Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated



parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

### Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

### Exposure Time

The time a property remains on the market.

The estimated length of time that 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;

**Comment:** Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

### Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**Comment:** Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

### Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

### Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

### Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

### Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

### Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going*

*concern* or *market value of the total assets of the business*. (Dictionary)

### Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

### Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

### Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

### Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

### Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

### Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

### Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

## HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

## Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

## Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

**Comment:** Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

## Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

## Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

## Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements.

Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

## Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

## Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

## Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

## Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

## Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

## Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

Consummation of a sale within a short time period.  
The property is subjected to market conditions prevailing as of the date of valuation.  
Both the buyer and seller are acting prudently and knowledgeably.  
The seller is under extreme compulsion to sell.  
The buyer is typically motivated.  
Both parties are acting in what they consider to be their best interests.  
A normal marketing effort is not possible due to the brief exposure time.  
Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.  
The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

### Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

### Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

### Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

### Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;  
Both parties are well informed or well advised, and acting in what they consider their own best interests;  
A reasonable time is allowed for exposure in the open market;  
Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and  
The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

### Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of

the Appraisal Standards Board of the Appraisal Foundation)

### Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

### Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

### Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

### Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

### Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

### Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

### Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

### Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

### Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

### Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

### Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

### Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

### Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

### Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

### Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

### Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

### Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

### Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

### TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

### Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *net net net lease*, or *fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

### Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

### Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

**VTAB**

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)

# Qualifications

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Jonathan S. Beery, MAI  
Senior Managing Director  
Valbridge Property Advisors | Kentucky

## *Independent Valuations for a Variable World*

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### State Certifications

Certified General  
State of Kentucky  
State of Indiana  
State of Ohio  
State of Tennessee  
State of Illinois  
State of Texas

### Membership/Affiliations

Member: Appraisal Institute – Designated Member  
Sales Associate: Kentucky Real Estate Commission  
Member: Greater Louisville Association of Realtors  
Member: National Association of Realtors

### Appraisal Institute & Related Courses

Principles of Real Estate Appraisal and Single Family Appraisal  
Procedures of Real Estate Appraisal and Single Family Appraisal  
Standards of Professional Practice (USPAP)  
Small Residential Income Property Valuation

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### Education

Bachelor of Arts  
University of Kentucky

Business Practices and Ethics  
Rent Comparability Study for HUD Project-Based Section 8 Contract Renewals  
Evaluating Commercial Construction  
Basic Income Capitalization  
Apartment Appraisal  
General Applications  
Subdivision Valuation  
General Market Analysis and Highest & Best Use  
Advanced Sales Comparison & Cost Approach  
Advanced Applications  
Report Writing & Valuation Analysis  
MAP Appraising  
Advanced Income Capitalization  
Uniform Appraisal Standards for Federal Land Acquisitions

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### Contact Details

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502-589-7480 (f)  
[jbeery@valbridge.com](mailto:jbeery@valbridge.com) (e)

Valbridge Property Advisors |  
Kentucky  
9000 Wessex Place, Suite 306  
Louisville, Kentucky 40222

[www.valbridge.com](http://www.valbridge.com)

### Experience

#### **Senior Managing Director**

ValbridgePropertyAdvisors|Allgeier Company (2013 - present)  
Allgeier Company (2004 - 2012)

Appraisal/valuation and consulting assignments include: apartment and condominium complexes; retail buildings and shopping centers; office buildings; industrial buildings; single-family residential; and vacant industrial, commercial and residential land. Assignments also include net lease properties, Section 8 based complexes, LIHTC market studies and appraisals, and HUD MAP valuations and market studies.

In the name and by the Authority of the

# Commonwealth of Kentucky



## Kentucky Real Estate Appraisers Board

Hereby grants a/an Certified General Real Property Appraiser

To Jonathan Beery  
9401 Williamsburg Plaza Ste. 204 Louisville KY 40222

who has complied with the provisions of Chapter 324A of the Kentucky Revised Statutes IN WITNESS WHEREOF, we have caused the official seal to be fixed and attested for the year shown below.

/s John Dexter Outlaw

Chair



License Number: 4057  
Issue Date: November 13, 2007  
Expire Date: July 1, 2025



# Valbridge

PROPERTY ADVISORS

## FAST FACTS

COMPANY INFORMATION

- Valbridge is North America's largest independent commercial appraisal firm.
- Valbridge provides custom appraisal reports in the U.S., Canada, and Puerto Rico.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a Senior Managing Director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

INSIGHT. IMPACT. INTEGRITY.

**Valbridge Property Advisors, Inc.**

Phone: 888.981.2029

[valbridge.com](https://www.valbridge.com)







**Valbridge**  
PROPERTY ADVISORS

## VALBRIDGE PROPERTY ADVISORS OFFICE LOCATIONS

### ALABAMA

26241 Equity Dr., Ste. 101  
Daphne, AL 36526  
(251) 929-9090

4245 Balmoral Dr. SW, Unit #201  
Huntsville, AL 35801  
(256) 210-1555

4732 Woodmere Blvd.  
Montgomery, AL 36106  
(334) 277-5077

### CALIFORNIA

3160 Crow Canyon Pl.  
San Ramon, CA 94583  
(925) 327-1660

825 Colorado Blvd., Ste. 201  
Los Angeles, CA 90041  
(626) 486-9327

17822 17<sup>th</sup> St., Ste. 211  
Tustin, CA 92780  
(714) 449-0852

775 Sunrise Ave., Ste. 260  
Roseville, CA 95661  
(916) 361-2509

1530 The Alameda, Ste. 100  
San Jose, CA 95126  
(408) 279-1520

### COLORADO

5345 Arapahoe Ave., Ste. 6  
Boulder, CO 80303  
(303) 867-1935

### FLORIDA

301 Almeria Ave., Ste. 350  
Coral Gables, FL 33134  
(305) 639-8029

3780 Burns Rd., Ste. 4  
Palm Beach Gardens, FL 33410  
(561) 833-5331

3033 Riviera Dr., Ste. 106  
Naples, FL 34103  
(239) 514-4646

### IDAHO

3910 S. Yellowstone Hwy., Ste. B5  
Idaho Falls, ID 83402  
(208) 534-5505

1875 N. Lakewood Dr., Ste. 100  
Coeur d'Alene, ID 83814  
(208) 292-2965

### INDIANA

6801 Lake Plaza Dr., Ste. C-301  
Indianapolis, IN 46220  
(317) 687-2747

### KANSAS

10990 Quivira Rd., Ste. 100  
Overland Park, KS 66210  
(913) 451-1451

### KENTUCKY

1890 Star Shoot Pkwy.  
Lexington, KY 40509  
(502) 585-3651

9401 Williamsburg Plaza, Ste. 204  
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### MARYLAND

11100 Dovedale Ct.  
Marriottsville, MD 21104  
(443) 333-5525

### MASSACHUSETTS

260 Bear Hill Rd., Ste. 106  
Waltham, MA 02451  
(781) 790-5645

### MICHIGAN

1420 Washington Blvd.  
Detroit, MI 48226  
(313) 986-3313

2127 University Park Dr.  
Okemos, MI 48864  
(517) 336-0001

### MINNESOTA

1515 Central Pkwy., Ste. 120  
Eagan, MN 55121  
(651) 370-1475

### MISSISSIPPI

1010 Ford St.  
Gulfport, MS 39507  
(228) 604-1900

224 Avalon Cir.  
Brandon, MS 39047  
(601) 853-0736

501 Highway 12 W., Ste. 150-M  
Starkville, MS 39759  
(662) 617-2350

### MISSOURI

1118 Hampton Ave., Ste. 208  
St. Louis, MO 63139  
(314) 255-1323

### CORPORATE OFFICE

1250 Fairmont Avenue, Mount Pleasant, SC 29464 | Phone: (239) 325-8234 | Fax: (239) 325-8356

*Each Valbridge office is independently owned and operated.*

[valbridge.com](http://valbridge.com)

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**NEVADA**

3034 S. Durango Dr., Ste. 100  
Las Vegas, NV 89117  
(702) 242-9369

1575 Delucchi Ln., Ste. 209  
Reno, NV 89502  
(775) 204-4100

**NEW MEXICO**

7301 Indian School Rd. NE, Ste. A  
Albuquerque, NM 87110  
(505) 884-4721

**NORTH CAROLINA**

5950 Fairview Rd., Ste. 405  
Charlotte, NC 28210  
(704) 376-5400

**NORTH DAKOTA**

118 Broadway N., Ste. 509  
Fargo, ND 58091  
(701) 289-1676

**OHIO**

8298 Clough Pike, Ste. 1  
Cincinnati, OH 45244  
(513) 785-0820

**OKLAHOMA**

6666 S. Sheridan Rd., Ste. 104  
Tulsa, OK 74133  
(918) 712-9992

3121 Quail Springs Pkwy., Ste. 150  
Oklahoma City, OK 73134  
(405) 603-1553

**PENNSYLVANIA**

900 West Valley Rd., Ste. 503  
Wayne, PA 19087  
(215) 545-1900

4701 Baptist Rd., Ste. 304  
Pittsburgh, PA 15227  
(412) 881-6080

**SOUTH CAROLINA**

1250 Fairmont Ave.  
Mt. Pleasant, SC 29464  
(843) 884-1266

11 Cleveland Ct.  
Greenville, SC 29607  
(864) 233-6277

920 Bay St., Ste. 26  
Beaufort, SC 29902  
(843) 884-1266

**TENNESSEE**

3500 Ringgold Rd., Ste. 3  
Chattanooga, TN 37412  
(423) 206-2677

213 Fox Rd.  
Knoxville, TN 37922  
(865) 522-2424

756 Ridge Lake Blvd., Ste. 225  
Memphis, TN 38120  
(901) 753-6977

5205 Maryland Way, Ste. 202  
Brentwood, TN 37027  
(615) 369-0670

**TEXAS**

901 Mopac Expy. S., Bldg. 1, Ste. 300  
Austin, TX 78746  
(737) 242-8585

10210 North Central Expy., Ste. 115  
Dallas, TX 75231  
(214) 446-1611

974 Campbell Rd., Ste. 204  
Houston, TX 77024  
(713) 467-5858

2731 81st St.  
Lubbock, TX 79423  
(806) 744-1188

9901 IH-10 West, Ste. 1035  
San Antonio, TX 78230  
(210) 227-6229

**UTAH**

527 E. Pioneer Rd., Ste. 240  
Draper, UT 84020  
(801) 262-3388

20 North Main St.  
St. George, UT 84770  
(435) 773-6300

321 N. County Blvd., Ste. D  
American Fork, UT 84003  
(801) 492-0000

**VIRGINIA**

656 Independence Pkwy., Ste. 220  
Chesapeake, VA 23320  
(757) 410-1222

1231 Alverser Dr.  
Midlothian, VA 23113  
(757) 345-0010

5107 Center St., Ste. 2B  
Williamsburg, VA 23188  
(757) 345-0010

**WASHINGTON**

8378 W. Grandridge Blvd., Ste. 110-D  
Kennewick, WA 99336  
(509) 221-1540

324 N. Mullan Rd.  
Spokane Valley, WA 99206  
(509) 747-0999

**WISCONSIN**

12660 W. North Ave.  
Brookfield, WI 53005  
(262) 782-7990

NORTH AMERICA'S LARGEST INDEPENDENT COMMERCIAL APPRAISAL FIRM



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