

January 15, 2018

Ms. Lisa Byers
OPAL Community Land Trust
286 Enchanted Forest Road # B101
Eastsound, WA 98245

RE: April's Grove
900 North Beach Road
Eastsound, WA 98245

Dear Ms. Byers:

At your request, a market study analysis has been made of the above referenced property, which is fully described in the attached report. The subject is briefly described as a proposed 45-unit apartment complex to locate at 900 North Beach Road in the Eastsound community of Orcas Island. It is planned to operate as low-income housing under the Federal Low Income Housing Tax Credit (LIHTC) program with units restricted to renters qualifying at 30%, 40%, and 60% of area median income (AMI). There are also planned units at 80% AMI and market rate with no income restrictions. This proposed property will also target large household and disabled households with 20% of the units set aside for each. The unit mix will include studio, one-bedroom, two-bedroom, and three-bedroom units averaging 954 sq ft, a mix of flats and townhouses. Units will locate in 12 two-story buildings. In addition, there is a planned common building. For purposes of this market study, it is an assumption that the complex exists, completed in 2018.

The property was inspected on January 5, 2018, the effective date of this market study. The study has been made in accordance with the certification on the following page. Based on the rental comparisons contained in this report, market and restricted rents for the project are summarized in the following table.

Ms. Lisa Byers
 Re: April's Grove
 Page ii

Unit Mix	No	Maximum Adjusted Monthly LIHTC Rent	Unrestricted Market Rent	Estimated Achievable Restricted Rent	Rent Gap	Appraiser's Estimated Achievable/ LIHTC Max	Appraiser's Estimated Achievable/ Market
30% AMI							
Studio	2	\$284	\$930	\$284	\$646	100%	31%
1-Bedroom	3	\$301	\$1,060	\$301	\$759	100%	28%
2-Bedroom	2	\$367	\$1,335	\$367	\$968	100%	27%
3-Bedroom	3	\$416	\$1,525	\$416	\$1,109	100%	27%
40% AMI							
Studio	1	\$403	\$930	\$403	\$527	100%	43%
1-Bedroom	6	\$428	\$1,060	\$428	\$632	100%	40%
2-Bedroom	8	\$520	\$1,335	\$520	\$815	100%	39%
3-Bedroom	4	\$592	\$1,525	\$592	\$933	100%	39%
60% AMI							
Studio	1	\$640	\$930	\$640	\$290	100%	69%
1-Bedroom	2	\$682	\$1,060	\$682	\$378	100%	64%
2-Bedroom	4	\$824	\$1,335	\$824	\$511	100%	62%
3-Bedroom	2	\$944	\$1,525	\$944	\$581	100%	62%
80% AMI							
2-Bedroom	3	\$1,129	\$1,335	\$1,129	\$206	100%	85%
3-Bedroom	4	\$1,296	\$1,525	\$1,296	\$229	100%	85%
Total	45						

It was a pleasure preparing this report for you. If you have any questions about the results, please feel free to call us at (206) 205-0200.

The opportunity to assist you has been appreciated.

Respectfully submitted,



Gary Klockenteger, MAI
 State-Certified General Real Estate
 Appraiser #1100479
 GCK-KLK/sh



Kelsey Klockenteger
 State Registered Estate Appraiser Trainee
 Appraiser # 1001891

Certification

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) We 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) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) Our 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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) The reported analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) We have made a personal inspection of the property that is the subject of this report.
- 9) We not have provided professional appraisal or consulting services concerning the subject property within the past three years.
- 10) No one provided significant real property appraisal assistance to the persons signing this certification.
- 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.
- 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, Gary Klockenteger, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute and Kelsey L. Klockenteger, Practicing Affiliate, has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Practicing Affiliates.



Gary Klockenteger, MAI
State-Certified General Real Estate
Appraiser #1100479



Kelsey Klockenteger
State Registered Estate Appraiser Trainee
Appraiser # 1001891

Limiting Conditions

Limiting conditions specific to this appraisal are:

- 1) The appraisers have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.
- 2) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures (including asbestos, soil contamination, or unknown environmental factors) that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.
- 3) No responsibility is assumed for the legal description or for matters including legal or title considerations.
- 4) The information identified in this report as being furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 5) The appraisers are not required to give testimony or attendance in court by reason of this appraisal unless arrangements have previously been made.
- 6) The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately in conjunction with any other appraisal.
- 7) The appraisers are competent and qualified to perform the appraisal assignment.
- 8) Valuation Advisory Services is a subsidiary of Kidder Mathews, a full service commercial real estate brokerage firm. On occasion, employees or agents of the firm have interests in the property being appraised. When present, interests have been disclosed, and the report has been made absent of any influence from these parties.

RESTRICTION UPON DISCLOSURE & USE:

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which he/she is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraisers. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus, or registration without the prior written consent of the appraisers.

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Executive Summary

Executive Summary

Purpose This market analysis was prepared to meet the requirements of the Washington State Housing Finance Commission and the Washington State Housing Trust Fund.

Identity of Property April's Grove
900 North Beach Road
Eastsound, WA 98245

TAX PARCEL NUMBER San Juan County Tax Parcel No. 271411007000

CENSUS TRACT 9601.00, San Juan County, WA

The subject is proposed to operate under the Federal Low-Income Housing Tax Credit program with 38 of the units targeted for family households earning no more than 30%, 40%, and 60% of area median income (AMI) for San Juan County. The remaining seven units are set aside for families earning no more than 80% AMI and market rate with no income restriction.

Set Asides Additional set asides of 20% of the units (9 units) at the subject will be set aside for large households, 20% (9 units) for disabled households, and 20% (9 units) for homeless. There are no other special set asides known to the appraisers.

Property Description The subject is a proposed 45-unit affordable apartment complex for family use. Unit mix includes studio, one-bedroom, two-bedroom/one-bath flats, two-bedroom/1.5-bath townhouses, three-bedroom/1.5-bath townhouses, and three-bedroom/two-bath flats. These will locate in 12 two-story buildings, mostly four-plexes. In addition there will be a single common building with the rental office, conference room, common laundry, and a community room with fireplace and kitchen facilities. The complex is to operate under the Federal Low Income Housing Tax Credit (LIHTC) program with 38 of the units restricted to renters qualifying at 30%, 40%, and 60% of area median income (AMI). The remaining seven units will be income controlled at 80% AMI and market rate with no income restriction.

Current planning calls for 4 studio units, 11 one-bedroom units, 16 two-bedroom units, and 14 three-bedroom units, a mix of flats and townhouses. Unit amenities planned include refrigerator, combination oven/range, and deck or patio with storage. In addition to the common

building planned site amenities include a community garden, picnic area, and play yard.

**Property Rights
Appraised**

This is an appraisal of the fee simple estate in the subject real estate whose definition is as follows:

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.

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Purpose of Appraisal

The purpose of this appraisal is to estimate the market value of the subject property. The term "Market Value" is defined as:

The most probable price which 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 the buyer under conditions whereby:

- a. the buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- e. 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.*

Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [g].

**Extraordinary
Assumptions**

Specific unit sizes were not provided for the different unit types, flats and townhouse. The average unit sizes are used for both configurations, flats and townhouses.

Use of the above Extraordinary Conditions may have affected the assignment results.

**Hypothetical
Conditions**

Market and restricted rents determined in this report assume that the proposed improvements are completed as proposed as of the current date.

Use of the above Hypothetical Conditions may have affected the assignment results.

Date of Report January 15, 2018

Date of Last Inspection The subject was last inspected on January 5, 2018.

Effective Date of Appraisal January 5, 2018

Competency Provision Please see the Appraisers' Experience Data included in the Addendum for specific information regarding the appraisers' background and experience. The undersigned has previously appraised this property type, and are capable of competently completing this assignment.

Summary of Market Study Findings

Apartment Market The subject is located in the Eastsound community of Orcas Island in San Juan County. San Juan County is unique being comprised of more than 400 islands and rocks, 134 of which are named. The four main islands are Orcas, San Juan, Lopez, and Shaw. The largest of these is Orcas Island, the location of the subject and the most populated is San Juan Island, containing the only incorporated city, Friday Harbor. Some description of the apartment market in San Juan County is provided by CoStar. According to this source, vacancy over the past five years has averaged 4.4%, the same as their current survey including 227 units. For this study 17 apartment properties were identified and 16 were surveyed (market rate and affordable). These included 309 units with a single vacant market rate unit, 0.3%. Those surveyed did acknowledge that vacancy has been higher in the past but has been tight at least over the past year. CoStar data is used help describe the market but with some degree of caution.

Low Income Demand The available supply of affordable housing was compared to the estimated demand at the income levels described in this report. The subject has a combined market penetration rate of 8.5% for all income groups and 6.5% excluding the 80% AMI and market units. These rates are far below 100% demonstrating sufficient demand.

MARKET RENTS	Studio	Low	High	Median	Range	Market Rent
	Unadjusted Range	\$500	\$1,275	\$850	155%	\$930
	Adjusted Range	\$685	\$1,130	\$885	65%	
	Best Comparisons	\$865	\$990	\$928	14%	

¹ Adjusted to eliminate outliers

	1-Bedroom	Low	High	Median	Range	Market Rent
	Unadjusted Range	\$600	\$1,288	\$869	115%	\$1,060
	Adjusted Range	\$915	\$1,268	\$1,041	39%	
	Best Comparisons	\$1,005	\$1,115	\$1,060	11%	

¹ Adjusted to eliminate outliers

	2-Bedroom	Low	High	Median	Range	Market Rent
	Unadjusted Range	\$600	\$1,288	\$886	115%	\$1,335
	Adjusted Range	\$1,175	\$1,533	\$1,330	30%	
	Best Comparisons	\$1,230	\$1,440	\$1,335	17%	

¹ Adjusted to eliminate outliers

	3-Bedroom	Low	High	Median	Range	Market Rent
	Unadjusted Range	\$700	\$1,300	\$905	86%	\$1,525
	Adjusted Range	\$1,390	\$1,705	\$1,508	23%	
	Best Comparisons	\$1,435	\$1,610	\$1,523	12%	

¹ Adjusted to eliminate outliers

CONCLUDED ACHIEVABLE RESTRICTED RENT	Unit Mix	No	Maximum	Unrestricted	Estimated	Appraiser's	Appraiser's	
			Adjusted	Market	Achievable			Estimated
			Monthly	Rent	Restricted	Rent	Achievable/	Achievable/
			LIHTC Rent		Rent	Gap	LIHTC Max	Market
	30% AMI							
	Studio	2	\$284	\$930	\$284	\$646	100%	31%
	1-Bedroom	3	\$301	\$1,060	\$301	\$759	100%	28%
	2-Bedroom	2	\$367	\$1,335	\$367	\$968	100%	27%
	3-Bedroom	3	\$416	\$1,525	\$416	\$1,109	100%	27%
	40% AMI							
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	60% AMI							
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	3-Bedroom	4	\$1,296	\$1,525	\$1,296	\$229	100%	85%
	Total	45						

Restricted rents at the 30%, 40%, and 60% of AMI levels are below market rents for all unit types. It is estimated that 100% of restricted rents can be achieved by the subject for each unit type.

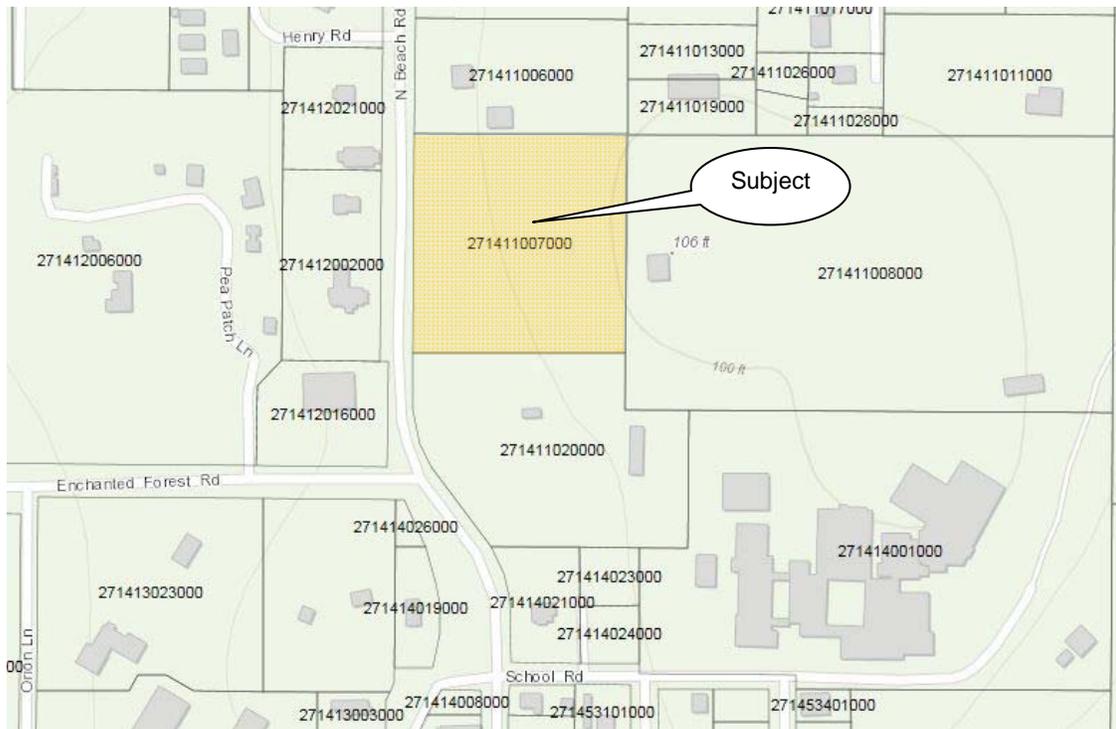
Absorption

As a tax credit property, the subject should experience good demand for its units and stable vacancy rates. There has been limited new construction of apartments in this market. Based on survey, vacancy in

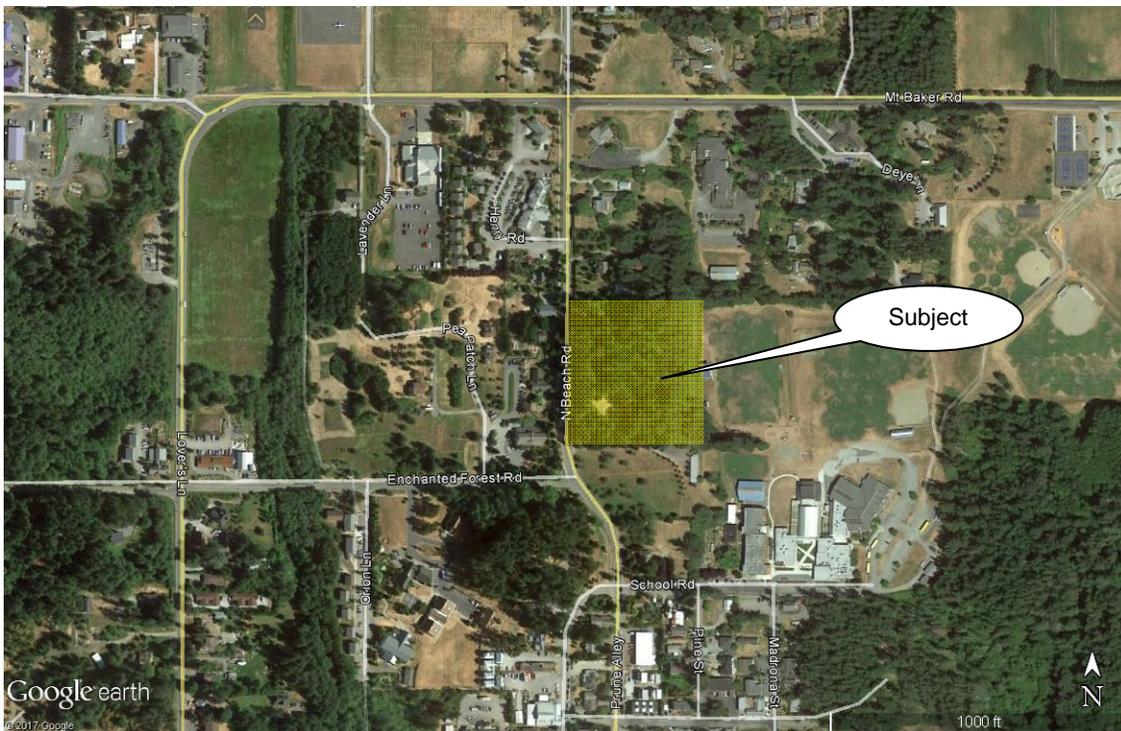
this market is almost nonexistent. All interviewed stated that there is limited supply of rental housing available. There are no new properties that provide any empirical data for absorption. The absorption model based on "fair share" anticipates absorption of 3.2 units/month. Given the comments and apparent vacancy, this is considered an absolute minimum. A more realistic rate is estimated at a minimum of 15 units/month; however, this estimate is not backed by supporting market data. Regardless, the subject will have limited impact on existing supply.

Conclusion

Based on existing data, there is a net shortage of affordable housing within the greater San Juan market and on Orcas Island. When considering the strength and demand existing in the market, the subject is considered to be a viable project.



Plat Map



Aerial Photo

Subject Photographs

The subject is heavily forested.
Its western frontage is on North
Beach Road.



View to the east across the
subject.



Some parts of the parcel have
been cleared.



Subject Photographs

The northern end of the driveway is across from the Children's House Early Learning Center and Salmonberry School. View is to the north.



View to the south from the northern end of the driveway.



The southern end of the driveway is across the street from the Funhouse Commons. This portion of the driveway provides shared access to the neighboring parcel.



Property Description

Site Data

Location Description

SITE ADDRESS	April's Grove 900 North Beach Road Eastsound, WA 98245
TAX PARCEL NUMBER	San Juan County Tax Parcel No. 271411007000
CENSUS TRACT	9601.00, San Juan County, WA
STREETS, ACCESS & EXPOSURE	The subject is located on the east side of North Beach Road approximately one-quarter mile southeast of the Orcas Island Airport and on the north side of Eastsound, the principal unincorporated community on Orcas Island. It is across from Children's House and the Funhouse Commons. The site is situated near schools and within easy walking distance of the commercial heart of Eastsound, less than ½ mile of Main Street and the bay. Vehicular traffic to Orcas Island is via ferry and the terminal is about seven miles south of Eastsound. Most traffic on the island passes through Eastsound and the subject is considered to have good exposure to local traffic.

Physical Description

SITE DIMENSIONS & LAND AREA	The subject consists of a single rectangular tax parcel. Based on county records, the site contains 3.79 acres, or 164,988 sq ft.
TOPOGRAPHY & SOIL CONDITIONS	Based on inspection and architectural drawings, the site slopes up from its frontage on North Beach Road with an elevation change of about 16 feet. A soils report was not provided. It is an assumption of this report that the soils are of sufficient load bearing capacity to allow for development and are free of contamination.
UTILITIES	Sanitary sewer is provided to the subject's area by Eastsound Sewer District, water by Eastsound Water Users Association, and electrical power by Orcas Power & Light Co-op (OPALCO). It is an assumption that all typical public utilities are available at the site.
EXISTING IMPROVEMENTS	The site is currently undeveloped.

Legal Restrictions

The following brief legal description was taken from public records. Given its source, verification is recommended for documentation purposes:

PR NENE EX CO RD PER BLM AFN 20160816003 Sec 14, T 37N, R 2W

ZONING

The site is zoned Village Residential/Institutional (Eastsound Subarea administered by San Juan County). This is primarily a residential classification by San Juan County. It also allows some limited commercial uses and nearly all institutional uses such as schools, community clubs, government offices, and emergency services.

The basic development guidelines for this classification are as follows (18.30.490 Village Residential/Institutional District).

Minimum Site Area:	7,000 sq ft
Minimum Density:	4 units/acre
Maximum Density:	12 units/acre
Maximum Site Coverage:	30%
Maximum Building Height:	35 feet
Minimum Open Space:	30%
Setbacks	80 ft
Front	40 feet from centerline of ROW
Side	6 feet
Rear	20 feet
Parking (residential)	
Unit under 550 sq ft	1.0 spaces/unit
Unit over 550 sq ft	1.5 spaces/unit

Plans are for development of an 45-unit low-income multifamily project for families. Based on review, the subject appears conforming as proposed.



EASEMENTS

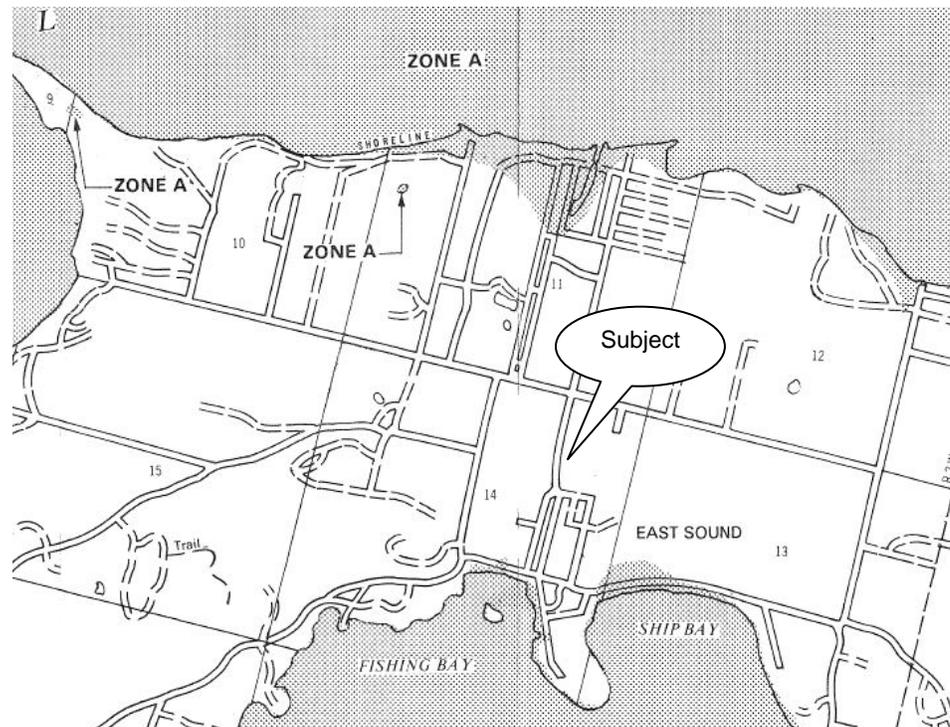
A title report was not provided to the appraisers. There were no noted encroachments, covenants, or easements noted on the site plan. It is an assumption of this report that there are no limitations that would affect the marketability or value of the property.

The subject is proposed to enter the LIHTC program. It is difficult to sell properties in this program during the first 15 years of operation, and buyer approval is required by the WSHFC during the extended period, typically 15 years for a bond project and 22 years for a tax credit project. However, they are sold based on cash flow for capitalization rates that mirror market rate transactions, indicating limited affect. This program does restrict income, tying attainable rents to median income levels. Compensation is provided in the form of tax credits, sold to offset construction cost. These are available for the first 10 years of operation, contributing to value. However, this program includes a covenant that goes with the land that affects the underlying real estate value.

Environmental Issues

FLOOD ZONE

The property is on Flood Hazard Map 5301490004B, last updated March 1, 1991. Within this area, there are a few isolated zone A pockets mainly along the coastlines. The subject is in zone X, an area outside the 500 year flood plain.



**SEISMIC HAZARD
CONDITIONS**

Washington State is a seismically active region and the risk of significant seismic activity is high throughout the state. However, this risk applies uniformly to all properties in the region and does not unduly affect value of the subject property. As the appraisers do not possess the expertise in seismic, structural, and geo-technical engineering, further analysis is required to determine the subject's degree of risk.

**HAZARDOUS
DISCLAIMER**

Kidder Mathews is unaware of any toxic or contaminating materials either in the subject soils or within the subject premises. For the purpose of this report, it is assumed that the subject property is free of contamination of any kind. This assumption should not be construed as a guarantee that such conditions do not exist. The reader is referred to Item 2 of the Limiting Conditions document, which immediately follows the certification and letter of transmittal at the beginning of this report.

Conclusion

In summary, the site characteristics are similar to other properties in the immediate vicinity and it appears to offer the potential for development to its highest and best use. There are no site conditions known to the appraisers that have a negative impact on the value or marketability of the subject site.

April's Grove
900 North Beach Road
Eastsound, WA

Site Address	Parcel No.	Size (SF)	Size (Acres)	Proposed Zoning	Jurisdiction
900 North Beach Road	271411007000	164,988 sq ft	3.79	Village Residential/Institutional	San Juan County
Total - Assessor		164,988 sq ft	3.79 Acres	Eastsound Subarea	
Subject portion		164,988 sq ft	3.79 Acres		

Density (Subject Portion only) 3,666 sq ft per unit 11.9 units/acre

Improvements	Utility Basis	Amenities
Year Built	Proposed	Water & Sewer - Owner Paid
Stories	2	Garbage - Owner Paid
Restricted Units	45	Electricity - Tenant Paid
Residential NRA	42,928	Water Heating - Tenant Paid
Average NRA/Unit	954	Resident Lounge
Gross Building Area	NA	Leasing Office
No. of Buildings	12	Laundry Facilities
Plus one common building		Gardening Area
		Picnic Area
		Play Yard

Parking	Total	Ratio
Shared open parking	66	1.47 stalls/unit

Summary Unit Mix	No.	Min SF	Max SF	Avg SF	Total SF
Studio	4	384	384	384	1,536
1-Bedroom	11	576	576	576	7,088
2-Bedroom	16	1,024	1,024	1,024	16,384
3-Bedroom	14	1,280	1,280	1,280	17,920
	45			954	42,928

Unit Mix by AMI%	30% AMI	40% AMI	60% AMI	80% AMI+	Total
Studio	2	1	1	0	4
1-Bedroom	3	6	2	0	11
2-Bedroom	2	8	4	3	17
3-Bedroom	3	4	2	4	13
Total	10	19	9	7	45
% Total	22%	42%	20%	15.6%	100.0%

	Studio	1 Bed	2 Bed/1 Bth	2 Bed/1.5 Bth	3 Bed/1.5 Bth	3 Bed/2 Bth	
Bldg 1	4			2			6
Bldg 2		2		2			4
Bldg 3			1		2	1	4
Bldg 4			1		2	1	4
Bldg 5		1		1	2		4
Bldg 6		1		1	2		4
Bldg 7		2		2			4
Bldg 8							0
Bldg 9	Common Building			2	2		4
Bldg 10		1		1	1		3
Bldg 11		2		2			4
Bldg 12		2		2			4
	4	11	2	15	11	2	45

Description of Planned Improvements

Introduction

A brief description of the improvements was prepared from information provided by the property owner. This includes preliminary architectural plans prepared by Opal Community Land Trust dated March 24, 2017, for April's Grove. Details describing the subject are summarized on the following pages.

Improvements

The subject will be located on a 3.79-acre site. The site is currently undeveloped. Planned development will include twelve two-story residential building with 45 units for family households. Unit mix will include 4 studio units, 11 one-bedroom units, 16 two-bedroom units, and 14 three-bedroom units. The complex will operate under the LIHTC program with income and rents restricted to 30%, 40%, and 60% of area median income (AMI). There are also planned units at 80% AMI and market rate with no income restrictions. Units will have complete kitchens with an oven/range combination and refrigerator. Complex amenities will include a leasing office, resident lounge, common laundry facilities, gardening area, picnic area, and children's playground. Open parking will be available and convenient to the residential buildings.

Unit Mix

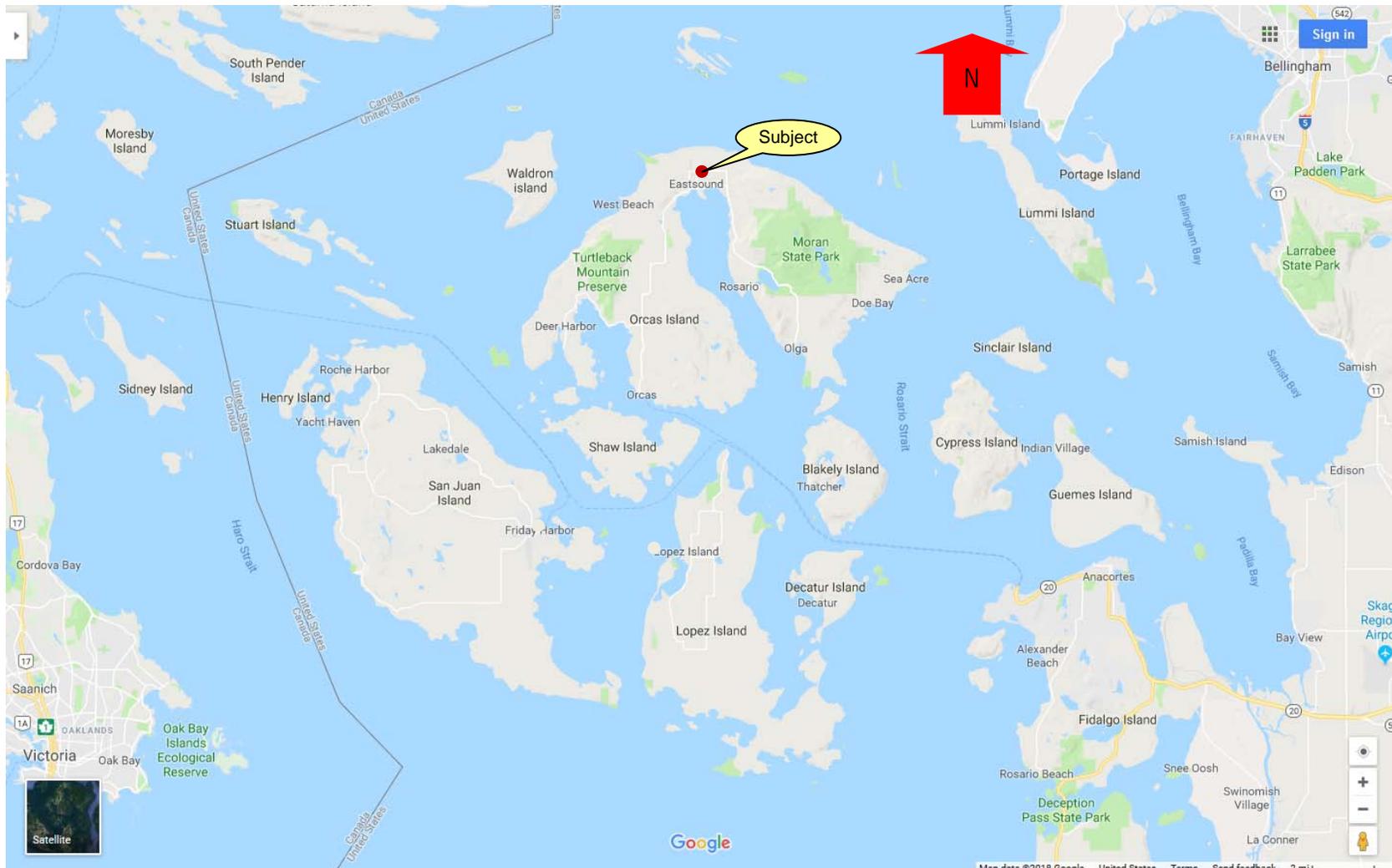
Summary Unit Mix	No.	Avg SF	Total SF
Studio	4	384	1,536
1-Bedroom	11	576	7,088
2-Bedroom	16	1,024	16,384
3-Bedroom	14	1,280	17,920
Total	45	954	42,928

CONSTRUCTION SUMMARY

<i>Occupancy Type</i>	<ul style="list-style-type: none"> Affordable family apartment
<i>Construction Type</i>	<ul style="list-style-type: none"> Wood frame
<i>Year Built</i>	<ul style="list-style-type: none"> Proposed
<i>No. of Buildings</i>	<ul style="list-style-type: none"> 12
<i>Stories</i>	<ul style="list-style-type: none"> 2-stories
<i>Ceiling Height</i>	<ul style="list-style-type: none"> Approximately 8 ft.
<i>Exterior Finish</i>	<ul style="list-style-type: none"> Fiber cement lap siding
<i>Roof</i>	<ul style="list-style-type: none"> Pitched roof
<i>Elevator</i>	<ul style="list-style-type: none"> No
<i>Parking</i>	<ul style="list-style-type: none"> Based on information provided, with 66 open parking stalls, 1.47 stalls/unit.
<i>Landscaping</i>	<ul style="list-style-type: none"> Perimeter landscaping, assumed
<i>Windows</i>	<ul style="list-style-type: none"> Double pane, vinyl

	<i>Entry Doors</i>	<ul style="list-style-type: none"> • Solid core w/viewports and deadbolts
	<i>Unit Entries</i>	<ul style="list-style-type: none"> • Units accessed from exterior entries.
	<i>Security</i>	<ul style="list-style-type: none"> • No
	<i>Fire Sprinklers</i>	<ul style="list-style-type: none"> • Yes (assumed)
	<i>Unit Hot Water</i>	<ul style="list-style-type: none"> • Individual hot water tanks, tenant paid.
	<i>Unit Heat</i>	<ul style="list-style-type: none"> • Electric heat in the living areas and bedrooms.
	<i>Effective Age</i>	<ul style="list-style-type: none"> • New
	<i>Remaining</i>	<ul style="list-style-type: none"> • Estimated 50 years or more
	<i>Economic Life</i>	
BUILDING & UNIT AMENITIES	<i>Laundry</i>	<ul style="list-style-type: none"> • Common laundry.
	<i>Recreational/ Common Amenities</i>	<ul style="list-style-type: none"> • Complex amenities will include a leasing office, resident lounge, common laundry facilities, gardening area, picnic area, and playground.
	<i>Other Unit Amenities</i>	<ul style="list-style-type: none"> • Units have full kitchens.
	<i>Unit Appliances</i>	<ul style="list-style-type: none"> • Four-burner oven/range and frostless refrigerator.
	<i>Floor Finish</i>	<ul style="list-style-type: none"> • Carpeting in bedrooms and hard surfaces elsewhere (assumed).
	<i>Cabinets & Countertops</i>	<ul style="list-style-type: none"> • Average quality cabinetry, laminate countertops.
UTILITY BASIS	<i>Water</i>	<ul style="list-style-type: none"> • Owner Paid
	<i>Sewer</i>	<ul style="list-style-type: none"> • Owner Paid
	<i>Garbage</i>	<ul style="list-style-type: none"> • Owner Paid
	<i>Hot Water</i>	<ul style="list-style-type: none"> • Tenant Paid
	<i>Heat</i>	<ul style="list-style-type: none"> • Tenant Paid
	<i>General Electric</i>	<ul style="list-style-type: none"> • Tenant Paid (cooking, lighting etc.)

Market Overview



Regional Map

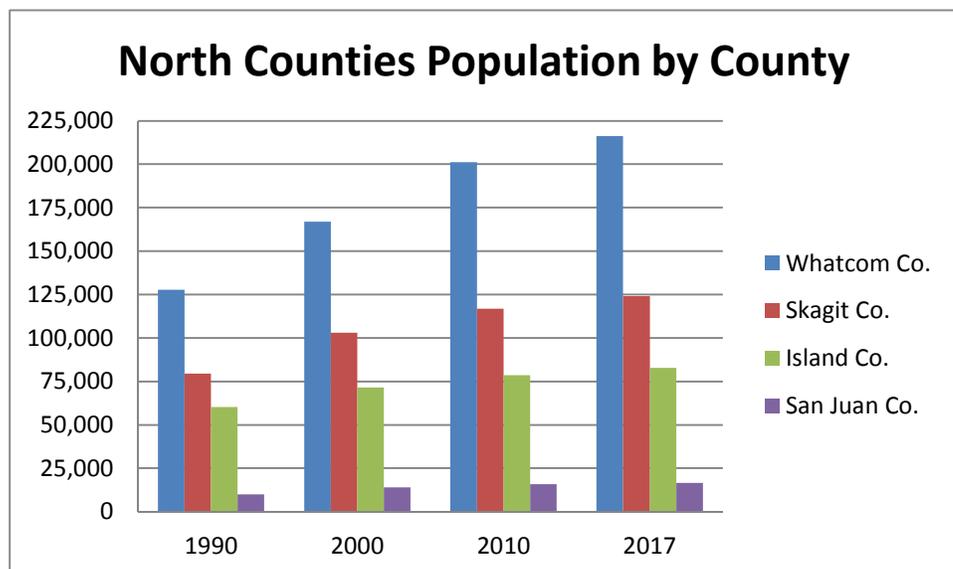
Regional Overview

Introduction

The predominant concentration of jobs and population for the state of Washington resides in the greater three-county Puget Sound Region, consisting of King, Pierce, and Snohomish Counties. Immediately north of this region is a second-tier market known as North Counties, which is comprised of Skagit and Whatcom Counties on the Washington mainland and Island and San Juan Counties off the mainland coast. The subject is located on Orcas Island in unincorporated San Juan County. As such, the analysis of regional data will primarily focus on population trends and economic forces in that county.

Population

According to the Washington State Office of Financial Management, the total population of North Counties in 2017 is estimated at 439,700, or 6.0% of the state total (7,310,300). An overview of historic population trends since 1990 is presented in the following chart.



Source: WA State Office of Financial Management and Department of Health; U.S. Census Bureau

San Juan County is the smallest in the North County market area. The 2010 census population was 15,769 and is estimated at 16,510 for 2017. Population growth in San Juan County has been due primarily to net migration. Although there is no decisive evidence, it is generally considered the result of growth and diversification in employment.

San Juan County Overview

The San Juan Island Archipelago, almost all of which is located in San Juan County, is a complex geological feature consisting of hundreds of islands grouped together in northwest Washington, at the confluence between Vancouver Island, the mainland, the Strait of Juan De Fuca, and the Strait of Georgia. The total island land area is about 100,000 acres with a total saltwater shoreline of roughly 375 miles, the highest of any county in the nation. The County's population is estimated at 16,510 residents with 2,255 residing in Friday Harbor, the only incorporated town in the County. The San Juan Island County economy has historically been based on agricultural and resource extraction, primarily logging. The popularity of the Islands as a tourism and second home destination has increased and today the majority of the economy in some way or another is related to tourism or serving non-native residents. The San Juan Islands are also a popular boating destination, with many excellent anchoring and mooring possibilities. The area continues to be a popular weekend getaway with lodging options ranging from camping and rustic cabins to fully serviced resorts.

Primary access to the San Juan Islands is via the Washington State Ferry System, providing access for both cars and passengers, connecting with Anacortes on the mainland, and Victoria on Vancouver Island to the west. The four ferry-served islands are San Juan, Orcas, Lopez, and Shaw. Other islands are accessed by private boat or float plane. The County maintains several State and County parks including Moran State Park on Orcas Island, Spencer State Park on Lopez Island and two national historic parks on San Juan Island.

Real Estate Market Overview

There has been volatility in the housing market in San Juan County and demand for residential property has fluctuated significantly even for high-end homes located on water front lots or large land tracts. Property values in the San Juan Islands have dropped precipitously due to the economic conditions caused by the national recession that has affected housing markets across the country.



Prior to the downturn in the housing market in late 2007, San Juan Island home prices steadily increased following the fallout of the dot.com bust in early 2000. The average sales price on the ferry served islands of San Juan, Orcas, Lopez and Shaw peaked in December of 2007. In late 2012, the residential market began picking up and has continued improving through 2017. According to the Northwest MLS, the median home price went from \$362,500 in 2012 to \$509,700 so far in 2017, an increase of 41%. The reader must be careful when analyzing this data because San Juan Island real estate is heavily influenced by multimillion-dollar home sales that proliferated in the market during good times, and are almost nonexistent in the current economy. So the raw data price points used in this analysis tend to drop more quickly when there are fewer multimillion-dollar waterfront home sales. Use of median statistic helps reduce this phenomenon.

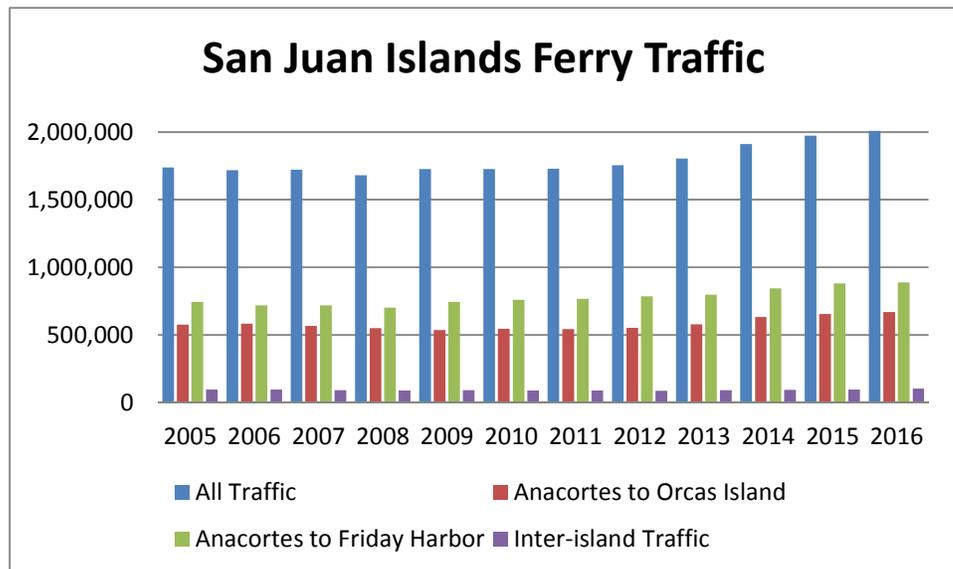
There are two commercial centers in San Juan County – Friday Harbor and Eastsound. The commercial real estate market on San Juan Island is heavily influenced by the tourist and commercial core within about four blocks of the ferry terminal at Friday Harbor. While there is no formal analysis and report regarding commercial sales trends, several brokers familiar with the market have indicated this most recent recession has been the worst of several real estate cycles for the market. Prices dropped an estimated 25% with vacant spaces within the retail core; the first major reduction in many cycles. It has since rebounded. Brokers indicate that there has been a pick-up in activity since about December 2010 as consumer confidence buoys businesses to act before real estate prices rebound. However, there are still a number of sellers who are practicing the island strategy of holding prices until they again begin to

approach those seen in late 2007s. The secondary commercial node is Eastsound on Orcas Island, the location of the subject, which has seen its vacancy dwindle significantly in the past year or so.

New construction is primarily in and around Friday Harbor. The Beaverton Valley Business Park was started during the last up cycle. All of the lots within the park have sold, but only limited new construction has occurred to this point. There have been several in-fill commercial buildings constructed including Reynolds dental clinic near the county offices. There have also been several new commercial buildings constructed on the western periphery of Eastsound. Development of the other vacant land parcels is waiting for the return of growth in the commercial real estate market, which will require the absorption of the vacated downtown properties in Friday Harbor and Eastsound, which is already occurring. Several commercial zoned properties on the periphery of Friday Harbor have recently sold suggesting pending new development.

Transportation

Orcas is the largest of the 172 islands comprising the San Juan group, and Eastsound is the main village. Automobile and foot passenger access to the islands is via the Washington State Ferry system, with a ferry terminal at Orcas and additional terminals on three other islands. The easterly terminus of the ferry run is at Anacortes, which is 75 miles northwest of Seattle via Interstate 5 and a secondary east/west highway. Driving time from Seattle to Anacortes is approximately two hours and an additional hour to hour and a half is required to travel by ferry from Anacortes to Orcas, including stops at other islands. Ferry service is adequate, although there are some inconveniences during peak travel periods. Reservations were added in 2015, which has helped prevent massive lines in the summer and peak travel times. Passengers and vehicles on the Anacortes/San Juan Island run for all stops decreased from 1,825,720 (875,766 vehicles) in 2002 to 1,725,430 (835,894 vehicles) in 2010, increasing more recently to 2,009,438 (947,064 vehicles) in 2016. Data for 2017 is not yet available.



A small commuter airline provides direct service from the Eastsound Airport to the Boeing Field Airport. Flying time is 65 minutes. Renovations are starting in 2018. Floatplane service is available to Deer Harbor on Orcas and to the other islands. The main airport is operated by the Port of Orcas.

Roads and Utilities

Most of the roads on the San Juan Islands are surfaced and county maintained. Domestic water is provided by either individual wells or community water systems. Sewage disposal is by individual septic systems. The town of Eastsound is an exception as the town operates both a water and sewer system. Power is by Orcas Power & Light Company (OPALCO) and cable service is by Direct TV or Dish TV. Garbage collection is provided by San Juan County.

Climate

The average year-round temperature is 49 degrees and annual rainfall is between 15 and 35 inches with less than 80 days of measurable precipitation. Climatic conditions are much more desirable than in Seattle because the islands are protected from Pacific storms by the Olympic mountain range to the south.

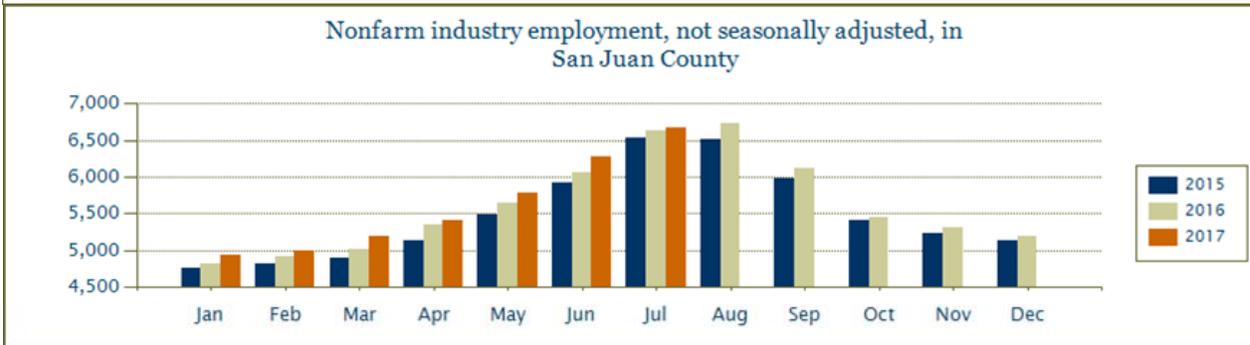
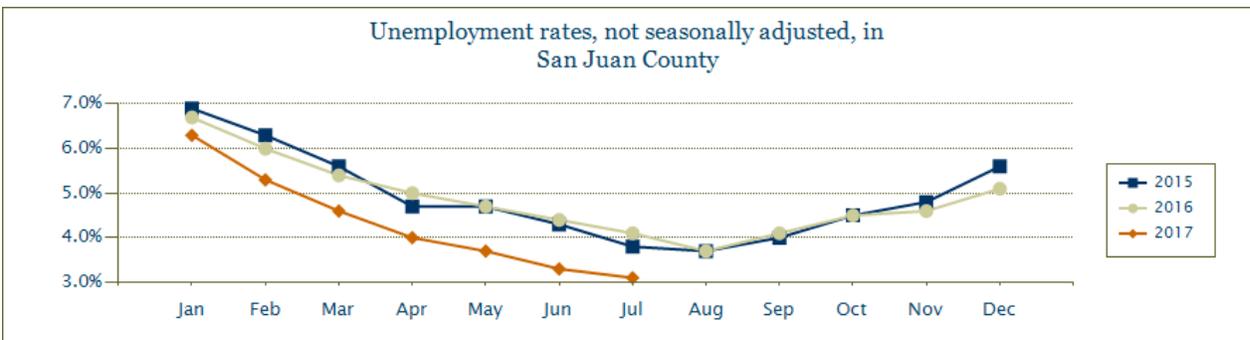
Population

The population of San Juan County was extremely small through about 1970 and then the population doubled between the 1970 and 1980 censuses. Population growth in the 1990s was very robust, typically exceeding that of the state. In the 2000s, growth slowed slightly, but still remained at approximately 10%. By the 2010 census, the population for the county had reached 15,769. The 2017 population is estimated to be 16,450. Most of the population growth is due to net migration into the

county from other regions. This population growth contributes substantially to the demand for real estate.

Employment

Service industries represent the largest employment source for the county followed by retail trade and government. Other leading employment sources include wholesale and retail trade, government, and construction. Friday Harbor is the county seat and the location of most governmental employment in the county. Also located in Friday Harbor is the University of Washington Oceanic School. Unemployment in San Juan County was 3.1% as of July 2017, an improvement from 4.1% in July 2016. The labor force grew 2.9% and employment grew 3.9% year over year.



General Services

All the necessary services for a self-sustaining community are available on Orcas Island, including schools through high school. There is also a new modern library, several churches, a movie theater, a performing arts theater, recreation facilities, and police and fire protection. Television reception is available via satellite and both American and Canadian ground stations.

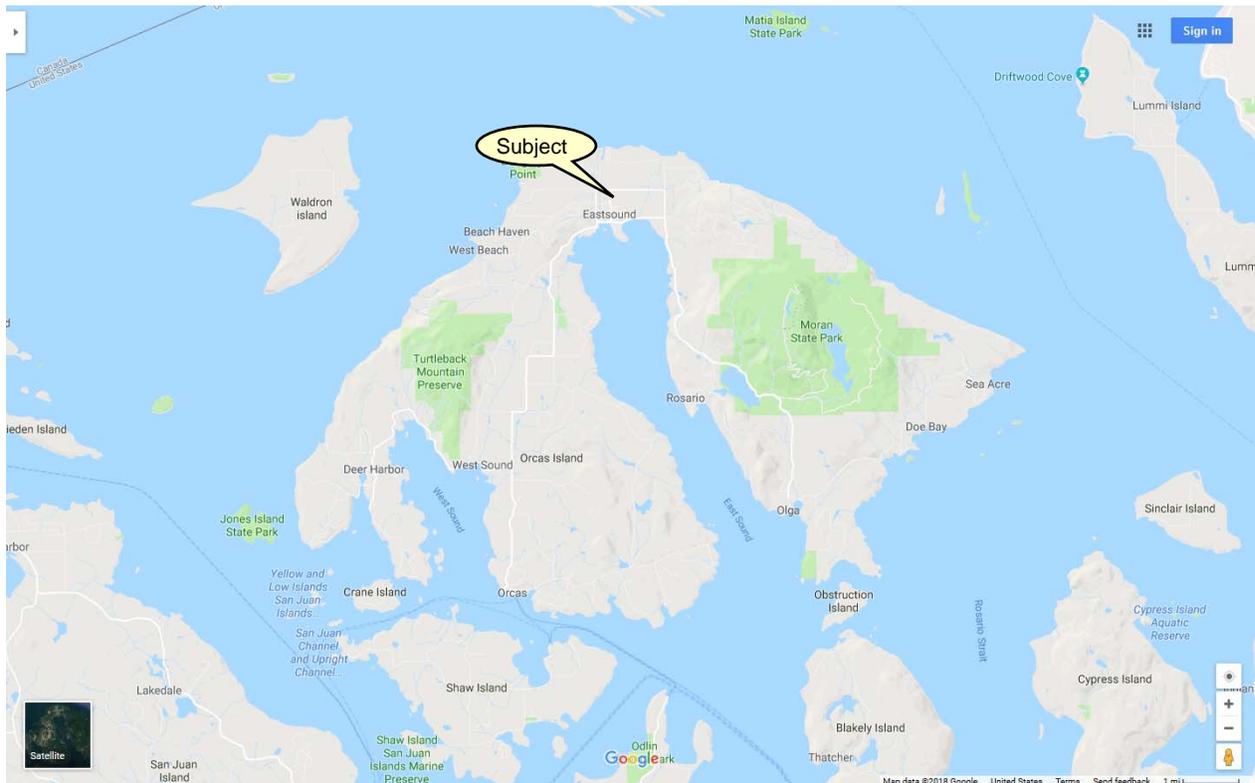
Conclusion

San Juan County is a desirable residential location. For the last few years, real estate has seen recovery with reduced vacancy and stable to increasing values.

Neighborhood Description

Introduction

The subject is located in Eastsound on Orcas Island in San Juan County as shown in the following map.



Access

Direct access is provided by Orcas Road, a two-lane arterial connecting Eastsound to the Orcas Ferry Terminal. Access to Orcas Island is provided by the Washington State Ferry System with regular service between Anacortes and Sidney, Canada, and stops at several of the San Juan Islands. The Orcas Island ferry terminal is at Orcas approximately an eight-mile drive to Eastsound. In Eastsound, Orcas Road splits, becoming Lover's Lane and Main Street/Crescent Beach Drive. Lover's Lane connects with Mt. Baker Road and Terrill Beach Road before it rejoins the main road and the name changes to Olga Road. The subject's location is north of Main Street/Crescent Beach Drive, south of Mt. Baker Road, and east of Lover's Lane.

Neighborhood Character

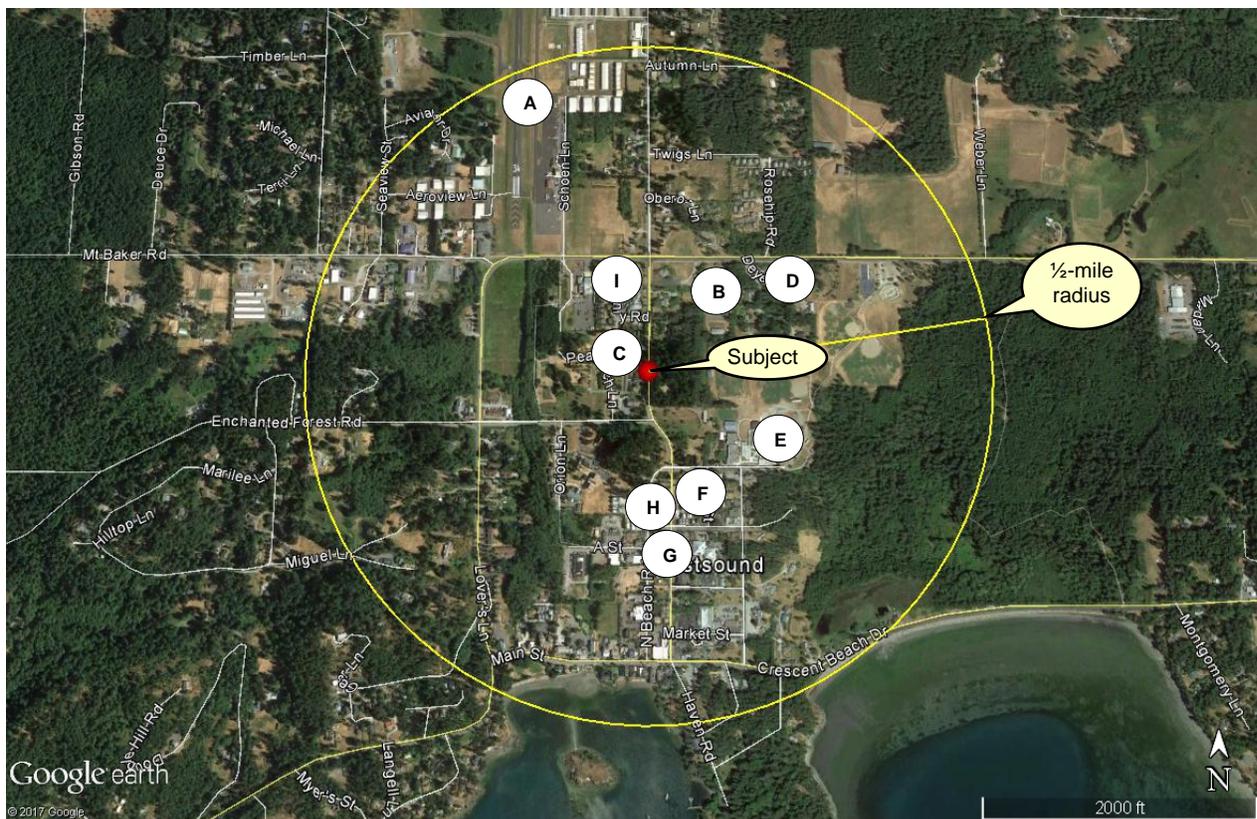
The subject is located in Eastsound on Orcas Island in San Juan County. This town is Orcas Island's hub. It has a combination of single family, multi-family residential, retail, and industrial uses. This area provides services to Eastsound and surrounding communities. The following map

provides a brief overview of land use elements and services that influence the neighborhood.

Surrounding Land Use

The following are some of the major land use and supporting land uses within half a mile of the subject.

No.	Description
A	Orcas Island Airport
B	Orcas Center (performing arts)
C	Salmonberry School
D	UW Medicine: Orcas Island Clinic
E	Orcas Island Elementary School, Orcas Island Middle School
F	Orcas Island Public Library
G	Orcas Food Cooperative, Island Market
H	Orcas Island Hardware, USPS
I	Orcas Island Fire Department



Demographics

The following demographic summary compares a one-, three-, and five-mile radius from the subject and the rest of San Juan County.

Demographic Summary	Radius From Subject			
	1 Mile	3 Miles	5 Miles	San Juan Co.
Population				
2010 Census	1,288	2,551	3,563	15,769
2017 Estimate	1,304	2,629	3,667	16,450
2022 Projection	1,330	2,708	3,772	17,064
Households/Housing (2017 Estimate)				
No. of Households	609	1,251	1,762	7,935
Avg Household Size	2.14	2.09	2.07	2.05
Owner Occupied	380	844	1,191	5,552
Renter Occupied	229	407	571	2,383
% Owner Occupied	45.8%	47.1%	44.7%	39.0%
% Renter Occupied	27.6%	22.7%	21.4%	16.8%
Income (2017 Estimate)				
Per Capita Income	\$35,230	\$34,995	\$34,856	\$35,017
Average Household Income	\$71,255	\$70,310	\$70,090	\$72,056
Median Household Income	\$49,161	\$49,717	\$49,404	\$53,502

Source: STDB

The highest proportion of renters are located in Friday Harbor. Our survey of properties identified 16 rental properties including apartment complexes and condominiums that rent units. Eight of these were affordable, in a variety of income controlled programs, 11 are in Friday Harbor. The newest was built in 1997. No new projects were identified, although there may be smaller properties four to eight units that were not identified.

Summary

The subject is located in Eastsound on Orcas Island in San Juan County. The subject is located north of downtown Eastsound, north of Orcas Road/Main Street/ Crescent Beach Drive/Olga Road. Around the subject is a combination of single-family residential and community services. The frontage of the subject on N. Beach Road is a mix of residential and services, the predominant land uses in the area.

Apartment Market Analysis

Apartment Market Analysis

Introduction The subject's primary apartment market area is considered to be all of San Juan County. The following discussion of the apartment market references CoStar.

Market Supply The apartment market in the San Juan market has seen a few periods of building, with no spikes since the mid-1990s. These reflect single projects.

Vacancy peaked in 2014 but then fell slightly as the economy improved. Based on employment, ferry traffic, and housing value data, San Juan County was hit hard by the Great Recession. Population continued to increase but tourist activity dropped – reflected by a drop in ferry traffic, and housing values fell. Those interviewed did say vacancy was higher in previous years; whereas, it is virtually non-existent in the current market.

Recently activity has increased, in part due to rising housing prices in the market, but also due to the lack of new supply and increasing population. Rental rates continue to rise and vacancy is extremely low. A significant portion of recent employment growth in the county was in lower-wage jobs that create rental demand.

The following table outlines the CoStar overview of the San Juan County apartment market and unit delivery history. CoStar data is from early January 2018.

San Juan County Apartment Market Overview- CoStar

Leasing Units	Survey	5-Year Avg
Vacant Units	10	10
Vacancy Rate	4.4%	4.4%
12 Mo. Absorption Units	0	0

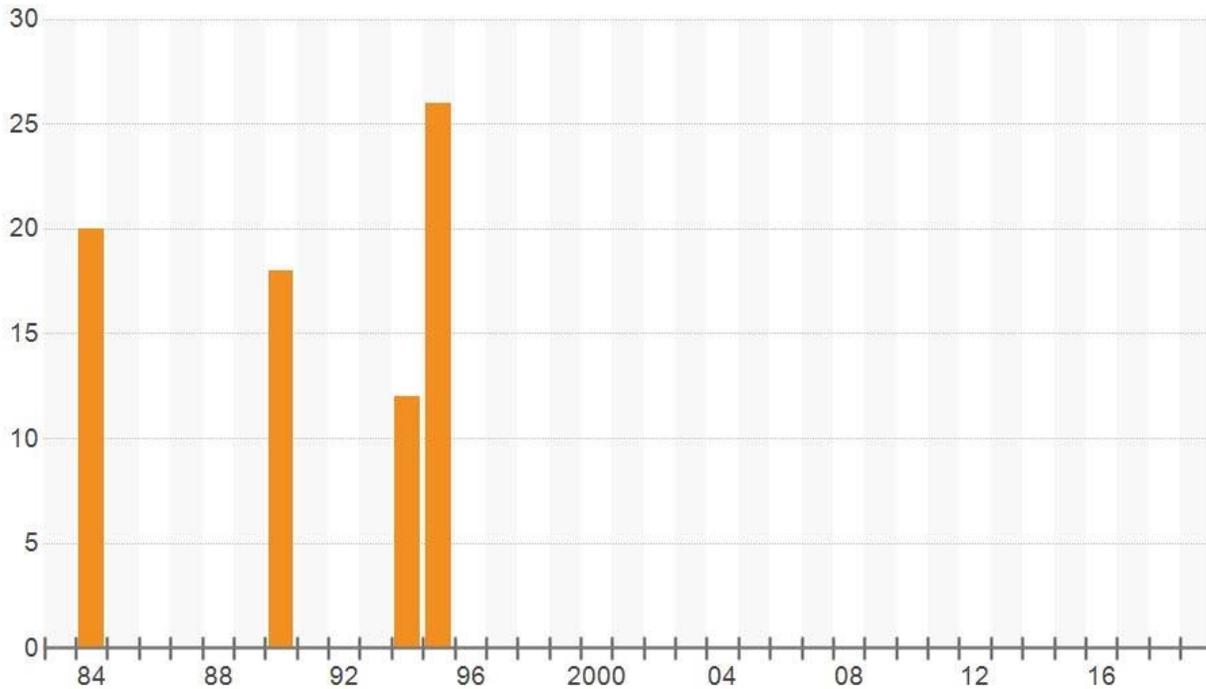
Rents	Survey	5-Year Avg
Studio Asking Rent	-	-
1 Bed Asking Rent	-	-
2 Bed Asking Rent	-	-
3+ Bed Asking Rent	-	-
Concessions	0.0%	0.0%

Inventory in Units	Survey	5-Year Avg
Existing Units	227	227
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Sales	Past Year	5-Year Avg
Sale Price Per Unit	-	\$80,769
Asking Price Per Unit	-	-
Sales Volume (Mil.)	-	\$0.4
Cap Rate	-	6.8%

The vacancy rate shown by this source is considered suspect based on our independent survey. However, the following table outlines the CoStar overview of the San Juan County apartment market and unit delivery history showing no new additions since the mid to late 1990s. CoStar data is from early January 2018.

Historical Deliveries In Units



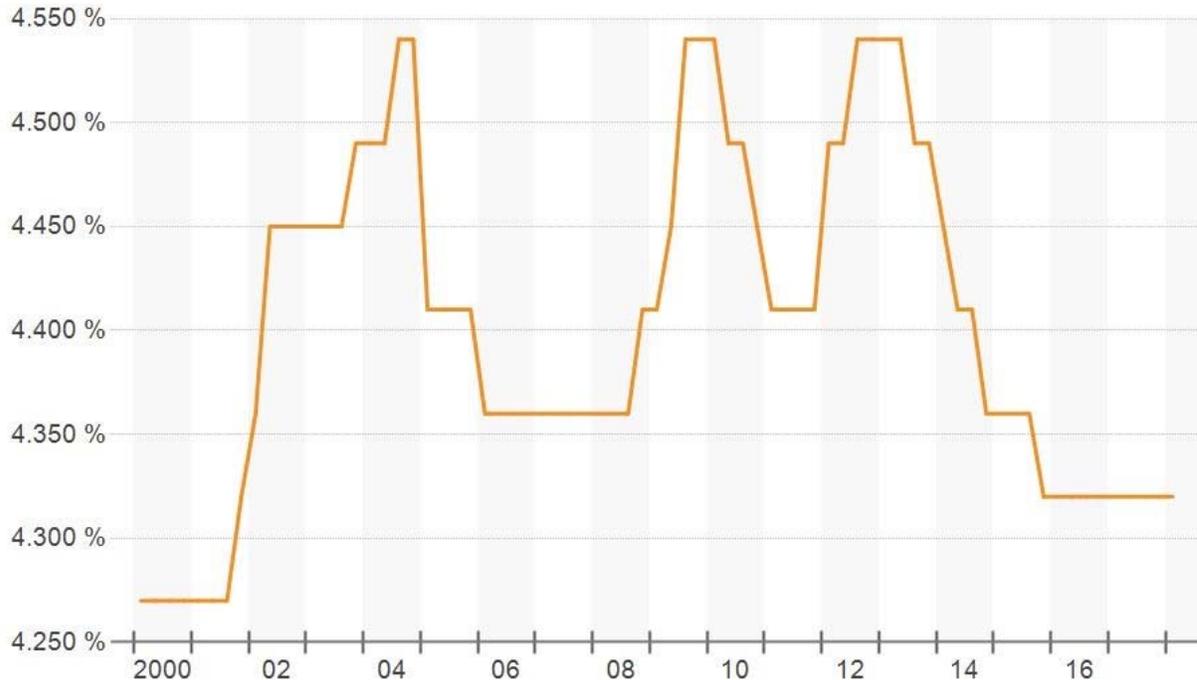
San Juan County New Unit Delivery History—CoStar

Vacancy and Absorption

The charts below outline the historic vacancy for San Juan County per CoStar’s coverage of the market. The vacancy rate per CoStar shows a year-end 2017 rate at 4.4 %.with no rent concessions. The method of collection in this small market relies heavily on vacant units reported through Apartments.com, a sister company, and not on actual survey. Their data included 227 units in 10 complexes. Because of the lack of data available for this market, a separate nearly exhaustive survey was included in report preparation. This study included a survey of 16 properties with 309 units. The properties surveyed had one vacant unit, for a vacancy rate of 0.3%. The results are summarized in the following table. Several of the managers also reported that they maintain waiting lists. CoStar shows vacancy oscillating between 4.25% and 4.55% over the past five years. Given the survey results and comment provided by managers or real estate agents, the CoStar data appears more representative of market peaks.

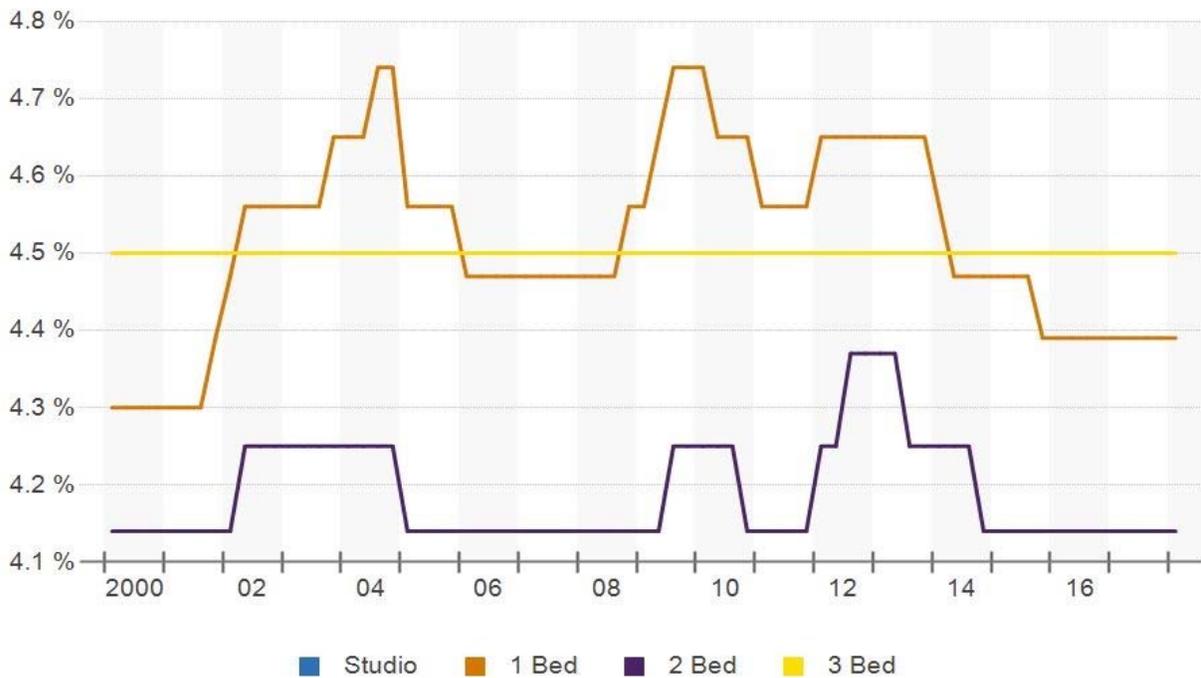
Name	Units	Age	Location	Vacant	Property Type
Westview	18	1990	Lopez Island	0	Affordable Housing
Surina Meadows	20	1992	Friday Harbor	0	Affordable Housing
Gerard Park	20	1993	Friday Harbor	0	Affordable Housing
Friday Harbor Village	26	1993	Friday Harbor	0	Apartment
Rosewood	18	1997	Friday Harbor	0	Affordable Housing
Sandpiper Condominiums	40	1978	Friday Harbor	1	Apartment
The Montecito	12	1997	Friday Harbor	0	Apartment
Island Meadows	19	1990	Friday Harbor	0	Apartment
Islewood	18	1990	Friday Harbor	0	Affordable Housing
Village Green	12	1994	Friday Harbor	0	Apartment
Lavender Hollow	22	1990	Eastsound	0	Affordable Housing
Orcas Longhouse	16	1985	Eastsound	0	Affordable Housing
Harbor View	20	1984	Friday Harbor	0	Affordable Housing
Madrona Court	12	1992	Friday Harbor	0	Apartment
Driftwood Condos	24	1979	Eastsound	0	Apartment
Northern Heights	12	1976	Eastsound	0	Apartment
Total Units	309			1	0.3%
Market Rate Units	157			1	0.6%
Affordable Units	152			0	0.0%
Number of Complexes	16				

Vacancy Rate



San Juan County Apartment Vacancy History—CoStar

Vacancy By Unit Mix



San Juan County Historic Vacancy by Unit Type—CoStar

The region has a current vacancy rate of 4.4% (CoStar January 2018), the same as the five-year average. As employment stabilizes along with increased in-migration and tourist activity, demand for housing will incrementally increase. The forecast is for vacancy to remain steady as the amount of new inventory is limited to a few small projects and there are no major known economic issues on the horizon. There were two new properties discovered, both with six units. One is in Friday Harbor and has a blanket contract with the Forest Service for one year. The contracted rent includes all utilities including electricity and heat and the rents are not considered market. The other in a six-unit condominium in Eastsound. Both were completed in 2017 showing some emerging market for multifamily.

Rental Rates

No information on rental rates is available from CoStar. The survey of properties included for this analysis included eight affordable and eight market rate complexes. Seven of the eight market rate projects have one-bedroom units and four had two-bedroom units. Only Friday Harbor Village had units larger than two-bedrooms. The median rent for the one-bedrooms was \$850/month, in a range of \$500 to \$1,275/month, and \$1.37 to \$1.70/sq ft. For the two-bedroom units the median rent is \$918/month in a range of \$875 to \$1,125/month, and \$0.92 to \$1.44/sq ft.

Asa in other markets, a change in delayed home buying by several generational groups, due to lack of confidence in a home as an investment, over burden of student loans, or just a desire to be more mobile. These factors appear to be durable and have sustained the strong apartment market for longer than previous market cycles.

Based on information available, the rental market has incrementally improved over the past ten years. The performance has been generally consistent across the San Juan market. The forecast is for continued low vacancy and continued rent growth. These are functions of steadily improving employment combined with the lack of new construction.

**Apartment
Investment Market**

The San Juan County apartment investment market has traditionally been driven by local owners. This is due to its classification as a tertiary market. Only limited apartment sales have occurred within the San Juan County. Two sales were identified. Friday Harbor Village was previously in the tax credit program. Based on information provided, this property was foreclosed on by the lender but according to the agent was still in full compliance and the reason for the foreclosure is not known. It was then resold as a market rate complex in May 2016 for \$2,100,000, or \$80,769/unit. Lavender Hollow was purchased by the client in May 2011 for \$1,065,576, or \$48,435/unit. It is in the USDA RD program and is further restricted by financing provided by the Washington State Housing Trust Fund, selling for a unit price commiserates with the restricted cash flow.

**Apartment Market
Summary**

There has been limited new construction of market rate apartments in the San Juan County market area. The recent projects built are under blanket contracts or are condominiums. The majority of market rate product in this market was constructed during or before the 1990s. The apartment market within the local market area as well as within the San Juan County market will retain similar patterns to those experienced in the recent past.

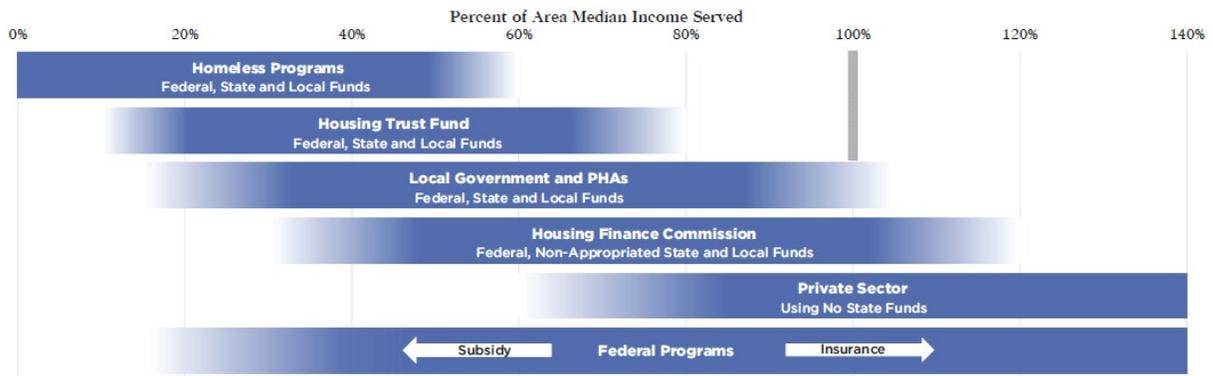
Affordable Housing Overview

Introduction

HUD defines housing as affordable if a household pays 30% or less of their income toward housing costs. There are several affordable housing programs, each with different definitions of affordability and income limits used to determine eligibility. Generally, most affordable housing programs provide housing that is affordable to households earning 80% or less of the area median income (AMI). The following table describes some of the basic categories and terminology.

	<u>Income Category</u>		Typical Program
	Min	Max	
Extremely Low Income	NA	30%	Public Housing, Subsidized
Very Low Income	30%	50%	Most Tax Credit
Low Income	50%	80%	Tax Credit, Workforce
Moderate Income	80%	100%+	

Collectively, various funders address housing need across the entire income spectrum as illustrated in the following.



Summary of Major Affordable Housing Programs

The affordable housing market is made up of several funder programs that fall into two broad categories; HUD assisted programs (here representing all federal programs including USDA RD) and Low Income Housing Tax Credit (LIHTC) housing. The HUD sponsored programs date back to 1930s/1940s and have a federal focus. In 1986, the LIHTC program was established to promote private investment in affordable housing and has since become the favored program for new projects. In the current political climate, production of new units under the old programs has been limited. The focus has trended toward preservation of existing housing, privatization of development with decisions on housing made at the state and local levels.

HUD Assisted Programs

Major HUD assisted programs can consist of both publically and privately owned housing including but not limited to the following:

SECTION 8 CERTIFICATE & VOUCHER PROGRAM

This is a HUD rent subsidy administered by the local government or local housing authorities. This program pays property owners the difference between 30% of a tenant's income and the unit rent or payment standard, whichever is lower. This program can be either project based (applied to an entire building) or in the form of vouchers given to income qualified rental households. In general, the tenant's income cannot exceed 50% of the area's median income (AMI) adjusted for family size, with exceptions up to 80% AMI. In practice, most participants have incomes less than 30% AMI.

PUBLIC HOUSING

Public Housing is generally owned and operated by the local or regional housing authority, where capital costs and some of the operating costs are fully subsidized. The rent charged is based on the same formula used for HUD Section 8 assistance. Typically, this type of housing is targeted towards "very-low" and "extremely-low" income households and most participants have incomes less than 30% AMI.

SECTION 202 (ELDERLY) & SECTION 811 (DISABLED)

Section 202 and 811 are federal programs limited to non-profit organizations that provide affordable housing targeting elderly or disabled households (who have incomes not exceeding 50% of AMI) that combine 100% financing and Section 8 rent subsidies.

HUD 236 PROGRAM

A federal program that subsidizes the interest payments on mortgages for rental or cooperative housing owned by private nonprofit or limited-profit landlords and rented to low-income tenants.

HOPE VI PROGRAM

These are project specific grants to public housing agencies to demolish, rehabilitate or replace existing distressed public housing and promote mixed income developments. In Western Washington, several HOPE VI projects have been developed including the NewHolly, High Point, Rainier Vista, Greenbridge, and Salishan redevelopments in the Puget Sound region. These are very large projects that typically combine tax credit housing with private investment and other forms of subsidy.

RURAL DEVELOPMENT PROGRAM

Formerly known as the Farmers Home Administration Section 515 Rural Rental Housing Program, Rural Development (RD) is regulated by the USDA. It is a federal program that provides low interest loans to finance housing that serves low-income persons in rural areas who pay 30% of their adjusted income on rent or the basic rent, whichever is higher – but not exceeding market rent. "Basic rent" is the rent needed to pay

operating and maintenance expenses plus the mortgage payment and is calculated annually by USDA RD. The program may include property-based rental assistance and interest reduction contracts to write down the interest on the loan to a rate as low as 1 percent.

Summary of the LIHTC Program

The Low Income Housing Tax Credit (LIHTC) program was established in 1986 by Section 42 of the Internal Revenue Code. Under this program, tax credits are allocated to a project based on the number of qualified low-income units and the costs of development. These tax credits run ten years and offset income tax liability of the investing limited partners. These credits are typically sold (in the form of a limited partnership interest) to private investors for a dollar-for-dollar credit against federal income tax. In return, the property owners agree to indirectly subsidize rents for low-income tenants by restricting rents to maximums (based on area median incomes) that are approved annually by the Department of Housing and Urban Development (HUD).

In order to qualify for the LIHTC program, several conditions must be met. First, the project owner must allocate at least 20% of the units to households within incomes at or below 50% of AMI or must allocate 40% of the units to households at or below 60% of AMI. In addition to the tenant income qualifications, the rent charged is based on 30% of the income limit for the household occupying each unit. Additionally, for utilities not provided, the rent limit must be adjusted downward by a utility allowance established by HUD or the Local Housing Authority for each unit type.

The tax credits are allocated over the first 10-year period; however, the low-income restrictions typically run for a period of 40 years; an initial 15-year compliance period required by the IRS plus an additional 22-year period referred to as the "extended low-income use period." During the compliance period, failure to adhere to the program specifications or reduction in the number of low income units on which the credit is based will result in recapture penalties

San Juan County

Estimate Year 2017
Population 16,450
Households 7,935
Renter Households 2,383
% Renter 30.0%

% of Median Family Income	% Renter HH Distribution CHAS Data	Demand					Affordable Units Needed		Affordable Supply		
		Estimated Renter Households	Cost Burdened*	Severely Cost Burdened**	Households In Affordable Units	In Affordable per 100 HH	Cost Burdened per 100 HH	Severely Cost Burdened per 100 HH	Designated Affordable Housing	Designated Affordable per 100 HH	Market Rate Affordable per 100 HH
		<=30%	21.5%	512	367	307	146	28	72	60	3
>30% to <=50%	18.6%	442	297	183	146	33	67	41	2	0	32
>50% to <=80%	21.7%	518	297	75	221	43	57	15	101	20	23
>80% to <=100%	9.0%	216	49		167	78	23				78
>100%	29.2%	695	42	4	653	94	6	1			94
Total	100.0%	2,383							106		

* Housing costs are >30% of household income

** Housing costs are >50% of household income

Washington State

Estimate Year 2017
Population 7,311,450
Households 2,823,946
Renter Households 1,058,452
% Renter 37.5%

% of Median Family Income	% Renter HH Distribution CHAS Data	Demand					Affordable Units Needed		Affordable Supply		
		Estimated Renter Households	Cost Burdened*	Severely Cost Burdened**	Households In Affordable Units	In Affordable per 100 HH	Cost Burdened per 100 HH	Severely Cost Burdened per 100 HH	Designated Affordable Housing	Designated Affordable per 100 HH	Market Rate Affordable per 100 HH
		<=30%	22.7%	240,222	187,737	158,680	52,485	22	78	66	33,364
>30% to <=50%	17.3%	182,727	150,078	60,295	32,649	18	82	33	31,713	17	1
>50% to <=80%	20.1%	213,047	107,765	14,487	105,282	49	51	7	39,578	19	31
>80% to <=100%	11.0%	116,482	24,900	1,805	91,582	79	21	2	598	1	78
>100%	28.9%	305,974	15,674	1,865	290,300	95	5	1			95
Total	100.0%	1,058,452							105,253		

* Housing costs are >30% of household income

** Housing costs are >50% of household income

Affordable Rental Housing Inventory

In January 2015 the Washington State Housing Needs Assessment (for brevity - WSHNA) was completed, the first effort in over ten years to collect and analyze federal, state and housing authority data on affordable housing in our state. To complete the assessment, a single data file was created by combining information from several sources including:

- Web-Based Annual Reporting System (WBARS) – a tool used by owners and managers to report data for their affordable rental projects. This provided information taken from the databases of the Washington State Housing Finance Commission, State Department of Commerce, cities and counties.
- A collection of federal datasets created by HUD and USDA.
- A statewide survey of public housing authorities in early 2014.

Combined, this dataset represents the majority of public and privately assisted affordable rental housing in the state.

Affordable Housing Gap

A summary profile for Washington State and San Juan County was created using the inventory list created for the WSHNA and compared with the respective household income distributions. The income distributions were prepared using the HUD “CHAS” dataset (Comprehensive Housing Affordability Strategy), which is used to demonstrate the number of households in need of housing assistance. Each profile compares the estimated number of renter households at various affordable income program levels to (1) the number of households in affordable units (i.e. the household is paying less than 30% of income toward rent/utilities and the housing unit could be either market rate or affordable) and (2) the number of existing designated affordable housing units. The difference, or “gap” in units, was then converted to the number of units per 100 households to allow for easy comparison between geographic areas.

For example, statewide for every 100-renter households earning at or below 30% AMI, 22 households reside in affordable units (i.e. paying less than 30% of income toward rent regardless whether the unit is market rate or designed affordable by program). Alternatively, it shows that for every 100 renter households, 78 are at least cost burdened (housing costs are more than 30% of household income) and 66 severely cost burdened (housing costs are more than 50% of household income). Also at this income level, there are 14 designated affordable housing units for

every 100 households. This implies there are also roughly 8 market rate units for every 100 households affordable to households at 30% AMI.

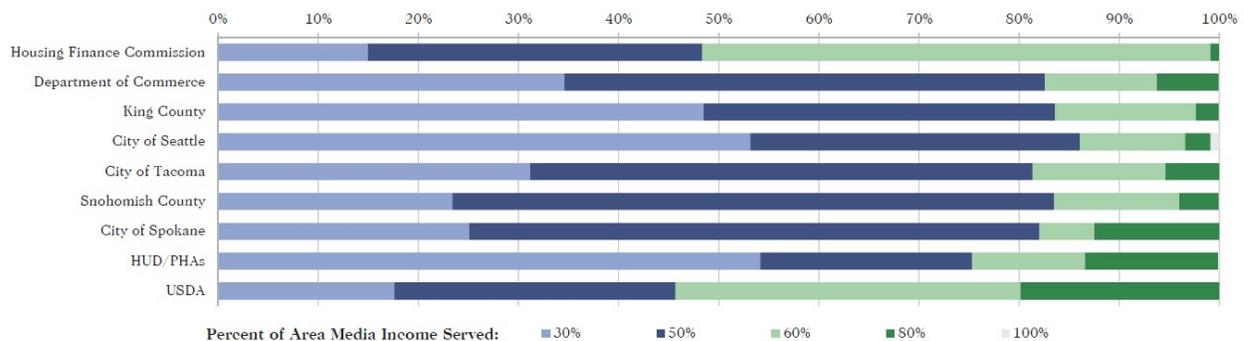
As household incomes increase, more housing choices become available and the gap shrinks. At the 50% to 80% income level, 51 households reside in affordable units – 18 units provided by designated affordable housing and the remaining 33 provided by the market not in a specific program. Although the number of cost burdened households paying more than 30% of income toward rent decreases with increasing household income, 49 out of 100 renter households at the 50% to 80% income level are cost burdened.

Affordable Demand

Similar trends were shown for San Juan County. At income levels below 50% of income, at least 67 out of 100 renter households are cost burdened and at least 41 out of 100 renter households are severely cost burdened. At the 50% to 80% of income level, 57 out of 100 renter households (297 households) are cost burdened (i.e. paying more than 30% or household income toward housing costs) and 15 of 100 renter households (75 households) are severely cost burdened (i.e. paying more than 50% of household income toward housing costs). These data show that there is a significant shortage of affordable housing across all income levels and likewise demand for affordable rental units.

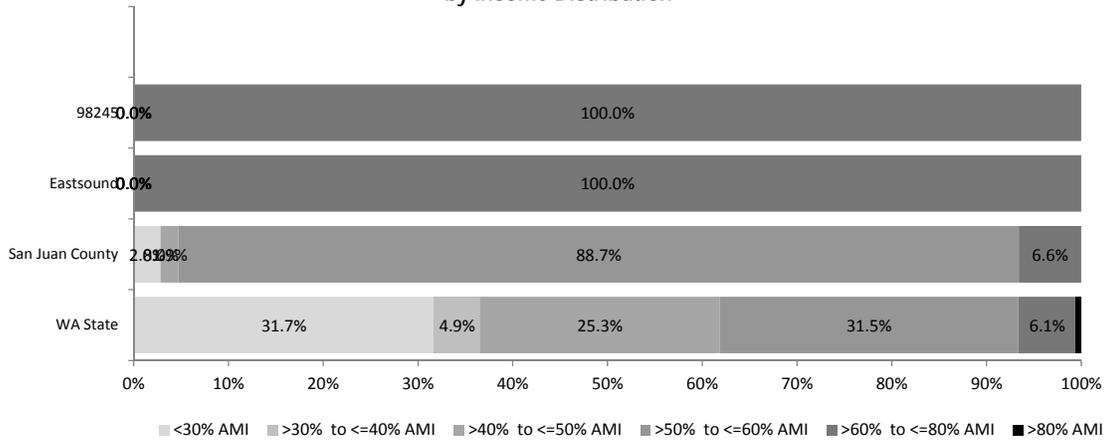
Inventory Characteristics

The type of affordable housing program drives the income level targeted at each designated affordable housing project. Different funders focus their resources on different segments of need.



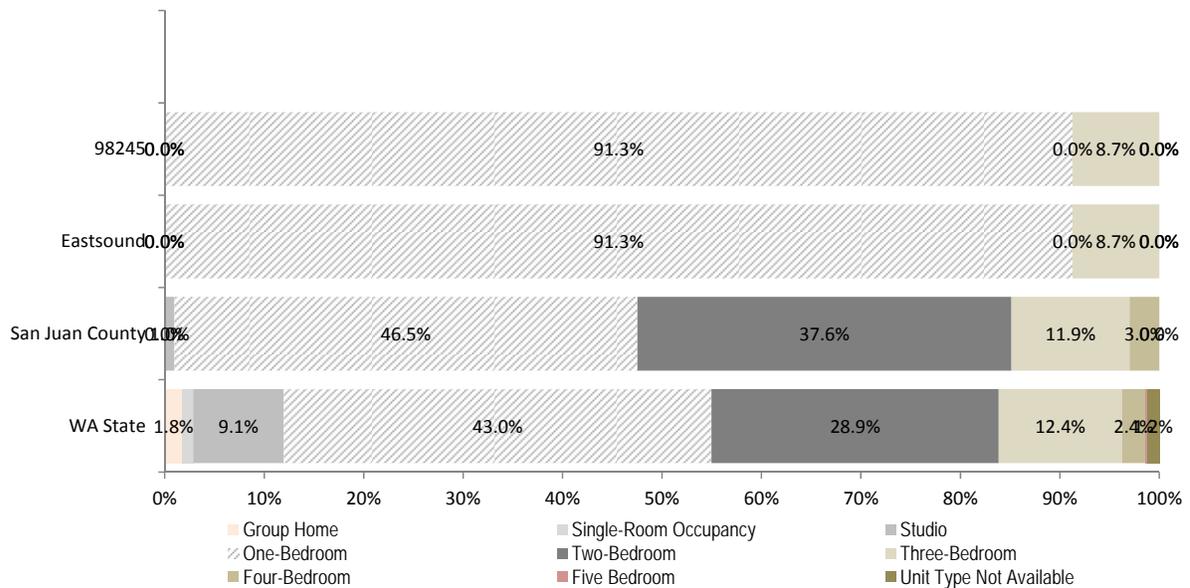
The following is a breakdown of existing units by income distribution including the Town of Eastsound and the subject's zip code.

Designated Affordable Housing by Income Distribution



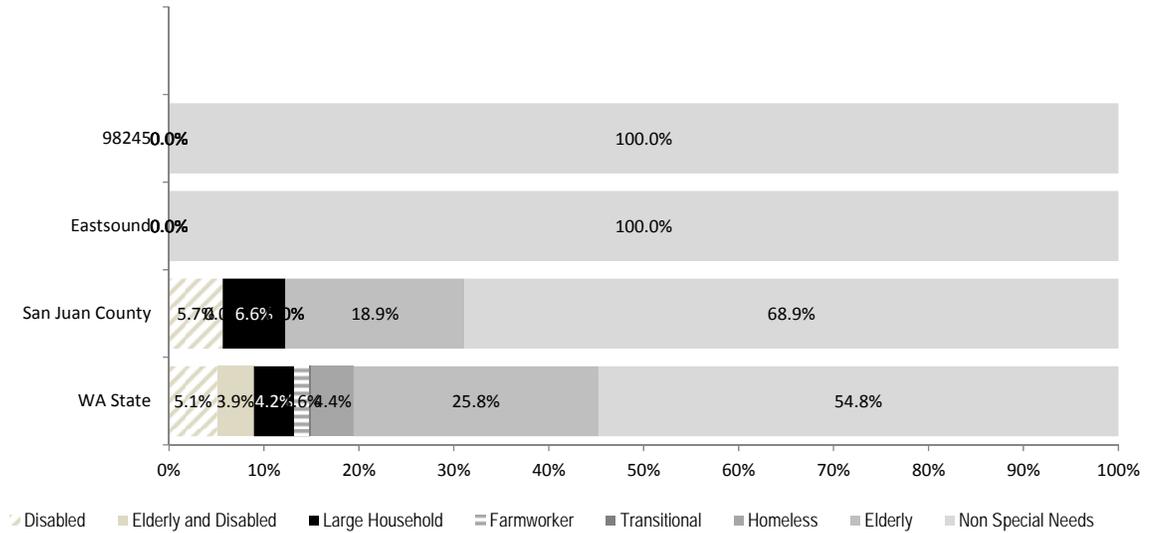
The following is a breakdown of existing units by unit type including the Town of Eastsound and the subject's zip code.

Designated Affordable Housing by Unit Type



The following is a breakdown of existing units by special needs including the Town of Eastsound and the subject's zip code.

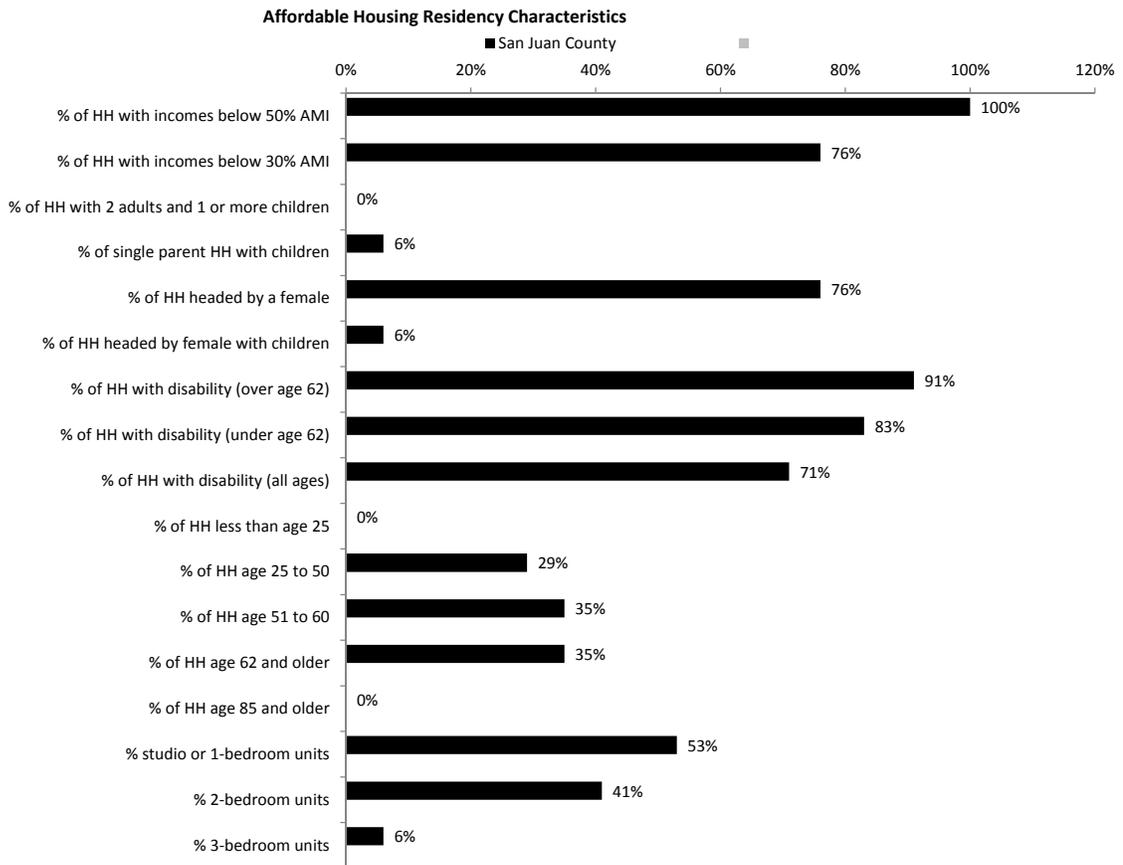
Designated Affordable by Special Needs



**Affordable Housing
Residency
Characteristics**

Regional Profile

The following tenant residency characteristics were compiled from the Picture of Affordable Housing 2012 survey and database prepared by HUD. The survey is a national survey of households that reside in HUD assisted housing (including public housing, project based Section 8 and other multifamily programs). Data was available down to the city and census tract level and we grouped the data into the market areas used in this analysis as follows:



As shown, 35% of tenants in San Juan County are seniors (age 62 plus) and 29% are age 25 to 50. Further, 71% of residents have a head of household with a disability. The income distribution shows that 76% of households in subsidized affordable housing earn less than 30% of the area median and 100% earn less than 50% of the area median.

Market Area Demographics

Introduction

For a housing project to succeed, sufficient demand must exist within the target market. There must be a sufficient number of households with the propensity to live in a rental apartment and have the required income to afford the unit. The first step is to identify the subject's appropriate market area and target market.

Primary Market Area (PMA)

The immediate market area for this analysis was discussed earlier in the neighborhood and apartment overview sections of this report.

Nearly all apartment projects located in this county are in Eastsound or Friday Harbor. The primary market area was defined as the zip code that encompasses most of Orcas Island and small islands north of Orcas Island with limited population. Missing portions of Orcas Island are in Moran State Park also with limited population. The geographic and socioeconomic/neighborhood influence within this area best represent the subject's primary market and this area is considered reasonable for describing the subject's location as restricted.



DEMOGRAPHIC PROFILE
2000, & 2010 Census, 2017 Estimates, & 2022 Projections

		PMA	SMA
POPULATION	2000 Census Population:	3,969	14,077
	2010 Census Population:	4,628	15,769
	2017 Estimated Population:	4,768	16,450
	2022 Projected Population:	4,909	17,064
	<i>Annual Growth (2000 to 2010):</i>	<i>1.7%</i>	<i>1.2%</i>
	<i>Annual Growth (2010 to 2017):</i>	<i>0.4%</i>	<i>0.6%</i>
	<i>Annual Growth (2017 to 2022):</i>	<i>0.6%</i>	<i>0.7%</i>
HOUSEHOLDS	2000 Census Population:	1,855	6,466
	2010 Census Population:	2,271	7,613
	2017 Estimated Population:	2,339	7,935
	2022 Projected Population:	2,408	8,229
	<i>Annual Growth (2000 to 2010):</i>	<i>2.2%</i>	<i>1.8%</i>
	<i>Annual Growth (2010 to 2017):</i>	<i>0.4%</i>	<i>0.6%</i>
	<i>Annual Growth (2017 to 2022):</i>	<i>0.6%</i>	<i>0.7%</i>
HOUSEHOLD SIZE	2000 Census:	2.14	2.16
	2010 Census:	2.03	2.05
	2017 Estimated:	2.03	2.05
	2022 Projected:	2.03	2.05
RENTER HOUSEHOLDS	2010 Census Renter Households:	714	2,253
	2017 Estimated Renter Households:	747	2,383
	2022 Projected Renter Households:	781	2,482
	<i>Annual Growth (2010 to 2017):</i>	<i>0.7%</i>	<i>0.8%</i>
	<i>Annual Growth (2017 to 2022):</i>	<i>0.9%</i>	<i>0.8%</i>
TENURE (% RENTER)	2000 Census:	20.5%	17.6%
	2010 Census:	19.8%	16.9%
	2017 Estimated:	19.5%	16.8%
	2022 Projected:	19.5%	16.6%

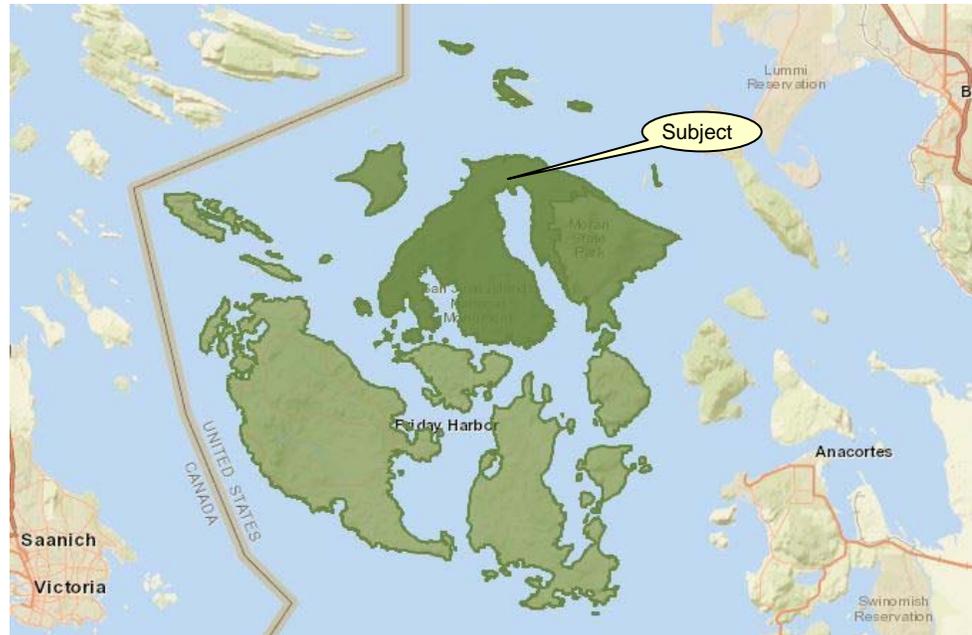
Source: ESRI, Kidder Mathews

PMA reflects the Wenatchee and East Wenatchee market

SMA reflects Chelan and Douglas Counties

Secondary Market Area (SMA)

The secondary market area consists of all of San Juan County as shown in the map below. It should be noted that the Salish Sea separating the islands is a major obstacle with multiple ferry crossings.



Demographics

The following tables summarize demographic information for 2010, with estimates for 2017 and projections for 2022 prepared by ESRI. This is the most current information available from this source.

Population

Housing needs are determined by characteristics of the existing and projected population. For this analysis, current estimates and forecasts are based on ESRI figures as viewed and reported by STBD.com. Data is taken from the 2010 Census. As of 2017 there are an estimated 4,768 people within the PMA, and this figure is forecast to grow to 4,909 by 2022, representing an annual growth of 0.6% and an average growth of 28 people per year.

Households

Population can be broken down into households—i.e. the number of related or unrelated people who live in one housing unit. As of 2017, there were an estimated 2,339 households within the PMA and this figure is forecast to grow to 2,408 by 2022, representing an annual growth of 0.6% or 14 households per year.

Household Size

Within the subject's PMA, the average household size decreased from 2.14 to 2.03 from 2000 to 2010. As of 2017, household size has remained steady at 2.03 people per housing unit and is forecast to stay there until at least 2022. This is illustrated in the previous table.

Median Income

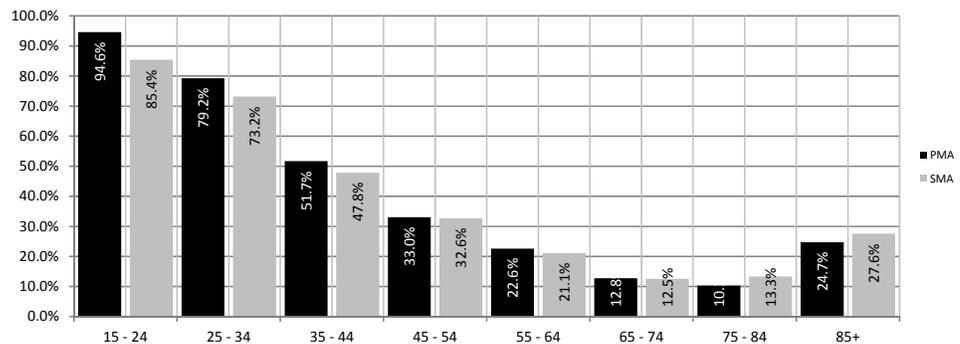
Median income in the primary market is \$48,205/year, less than in the competitive market of \$53,502/year. Per capita income is similar as the average household size is nearly the same: \$34,139/year compared to \$35,017/year.

Households by Age & Propensity to Rent

In the subject's PMA, renter households accounted for 19.8% of all households according to the 2010 Census and 19.5% in 2017. The 2017 living pattern reflected by distribution of renters by age is shown in the table below. The propensity to rent is forecast to remain at about this level through 2022.

As shown, the highest concentration of renters by age is those aged 24 and younger with 94.6% of households in this age category renting. This concentration gradually drops off as one gets older to a low of 10.3% renting between the ages of 75 and 84 then increases again at age 85 and over with 24.7% of this age group in the PMA renting.

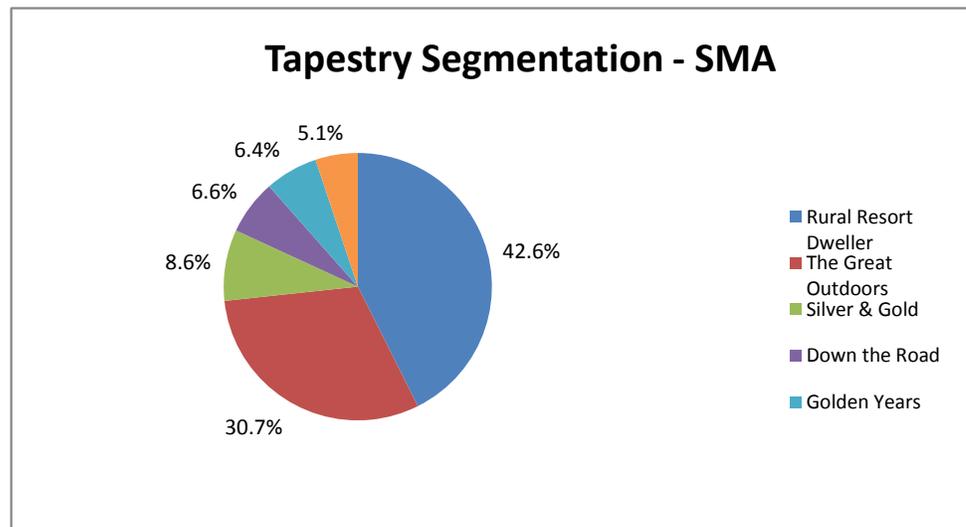
% Renter by Age (Census 2010) as % of age Cohort



Tapestry Segmentation

Another perspective providing insight is ESRI's Community Tapestry segmentation, which is a proprietary demographic analysis based on 2010 Census figures and other demographic sources used to capture data at a neighborhood level. It is a market segmentation system that began 30 years ago and has evolved into 65 community segments based on socioeconomic and demographic compositions.

The population for this group analysis was considered better described by the Secondary Market Area, including the entire county. At the SMA level, the top five tapestry segments account for 95% of the households. These include Rural Resort Dweller (42.6%), The Great Outdoors (30.7%), Silver & Gold (8.6%), Down the Road (6.6%), and Golden Years (6.4%).



*Preferring milder climates and pastoral settings, **Rural Resort Dwellers** residents live in rural nonfarm areas throughout the United States. The chief household type (39 percent of households) for this segment is a married couple with no children living at home. Other significant household types include singles who live alone (24 percent) and married couples with children (21 percent). This somewhat older segment has a median age of 46.9 years. Approximately 35 percent of the population and half of the householders are aged 55 years or older. There is little diversity in these communities: most residents are white. Although these low-density communities are small, households are growing at 2.1 percent annually. Typical of areas with rustic appeal, the household inventory features single-family structures (78 percent) and mobile homes (15 percent). Homeownership is at 82 percent and 18.2% are renters.*

***The Great Outdoors** neighborhoods can be found in pastoral settings with seventy-six percent living in single family homes and sixteen percent living in mobile homes. They are typically married couples, often with children no longer living at home. They like land and are inclined to garden, make home-cooked meals, and invest in more land. The median age is 46.3 years. Neighborhoods are concentrated in small towns and rural communities in the West, South, and Northeast. Seventy-eight percent own their homes while an average of twenty-two percent are renters.*

***Silver and Gold** residents are the second oldest of the Community Tapestry segments, with a median age of 59.3 years. More than 70 percent of the householders are aged 55 years or older. Most are retired from professional occupations. Half of the households are composed of*

married couples without children. This market is small, less than 1 percent of all U.S. households, but annual household growth is 3.2 percent. Silver and Gold residents are typically described as wealthy, educated seniors. Labor force participation is low at 44 percent. Only 28 percent of the population aged 16 years or older is employed full-time. The percentage of those working from home is higher than the U.S. worker percentage, and nearly one-fourth of employed residents are self-employed, also higher than the U.S. level. The affluence of Silver and Gold residents has allowed them the opportunity to relocate to sunnier climates. More than 60 percent of the households in this market are in the South, mainly in Florida. One-fourth of households are located in the West, mainly in California and Arizona. Neighborhoods are often characterized by a high percentage of seasonal housing, second highest among all the Community Tapestry segments. Because these seniors have moved to newer single-family dwellings, they are not typically living in the homes in which they raised their children. Home ownership is high with renters accounting for 16.2% on average.

***Down the Road** is a mix of low-density, semirural neighborhoods in large metropolitan areas; half are located in the South, with the rest chiefly in the West and Midwest. Almost half of householders live in mobile homes; approximately two-fifths live in single-family homes. These are younger, diverse communities. These family-oriented consumers value their traditions. Workers are in service, retail trade, manufacturing, and construction industries, with higher proportions in agriculture and mining, compared to the US. This market has higher unemployment, much lower median household income and home value, and a fifth of households with income below poverty level. Even so, approximately two-thirds own their own homes. On average, 33.6% of this group are renters.*

*Independent, active seniors nearing the end of their careers or already in retirement best describes **Golden Years** residents. This market is primarily singles living alone or empty nesters. Those still active in the labor force are employed in professional occupations; however, these consumers are actively pursuing a variety of leisure interests—travel, sports, dining out, museums, and concerts. They are involved, focused on physical fitness, and enjoying their lives. This market is smaller, but growing, and financially secure. This group has a median age of 51 years and a disproportionate share (nearly 30%) of residents aged 65 years or older. Single-person households (over 40%) and married-couple families with no children (one-third) dominate these neighborhoods; average household size is low at 2.05 persons. Most of their housing was built after 1970; approximately 43% of householders live in single-family homes and 42% in multiunit dwellings. An average of 36.3% rent.*

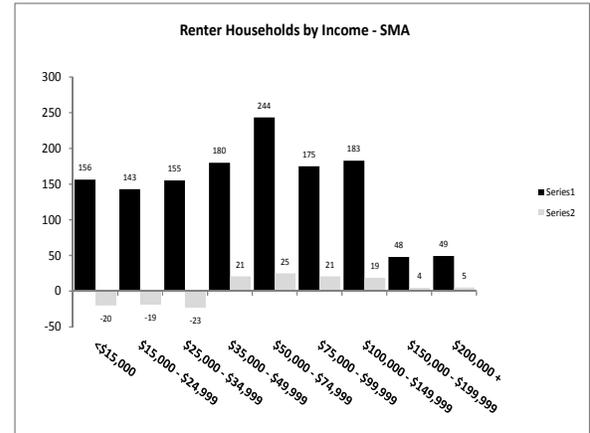
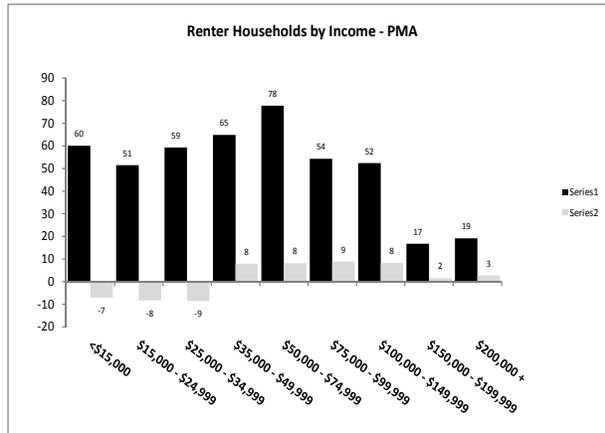
	Renters	% of Pop	Total Renter
Rural Resort Dweller	18%	42.6%	7.8%
The Great Outdoors	22%	30.7%	6.7%
Silver & Gold	16%	8.6%	1.4%
Down the Road	34%	6.6%	2.2%
Golden Years	36%	6.4%	2.3%
Sub-Total			20%
PMA			19.5%
SMA			16.8%

These five tapestry groups focus more on homeownership. When looking at the rental populations for the individual tapestry groups compared to the overall population, the renting households are quite small, comprising 20% of the total population. This is consistent with the data presented previously showing that 16.8% of the households in the SMA and 19.5% of households in the PMA were renters in 2017.

Demand Analysis & Absorption

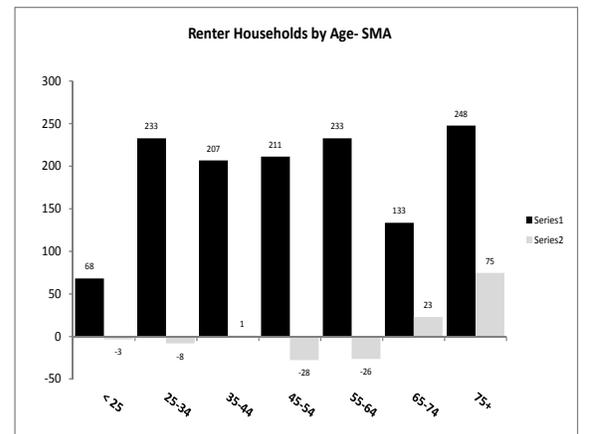
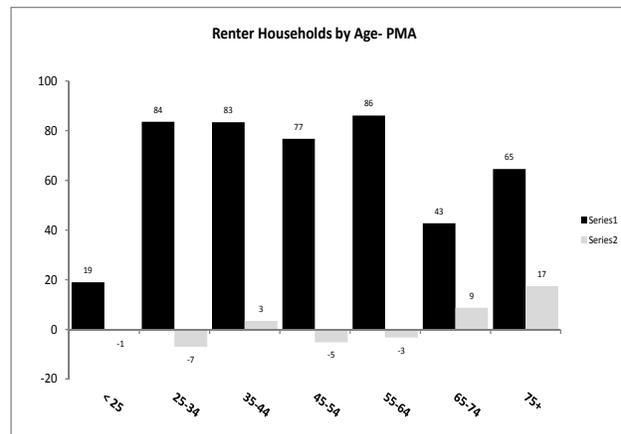
PMA Income	Renter HH 2017	Renter HH 2022	Net Renter Household Growth 2017-2022
<\$15,000	60	53	-7
\$15,000 - \$24,999	51	43	-8
\$25,000 - \$34,999	59	51	-9
\$35,000 - \$49,999	65	73	8
\$50,000 - \$74,999	78	86	8
\$75,000 - \$99,999	54	63	9
\$100,000 - \$149,999	52	61	8
\$150,000 - \$199,999	17	18	2
\$200,000 +	19	22	3
	456	470	13

SMA Income	Renter HH 2017	Renter HH 2022	Net Renter Household Growth 2017-2022
<\$15,000	156	136	-20
\$15,000 - \$24,999	143	124	-19
\$25,000 - \$34,999	155	132	-23
\$35,000 - \$49,999	180	201	21
\$50,000 - \$74,999	244	269	25
\$75,000 - \$99,999	175	196	21
\$100,000 - \$149,999	183	202	19
\$150,000 - \$199,999	48	52	4
\$200,000 +	49	55	5
	1,333	1,366	33



PMA Income	Renter HH 2017	Renter HH 2022	Net Renter Household Growth 2017-2022
< 25	19	18	-1
25-34	84	77	-7
35-44	83	87	3
45-54	77	72	-5
55-64	86	83	-3
65-74	43	51	9
75+	65	82	17
	456	470	13

SMA Income	Renter HH 2017	Renter HH 2022	Net Renter Household Growth 2017-2022
< 25	68	65	-3
25-34	233	224	-8
35-44	207	208	1
45-54	211	184	-28
55-64	233	206	-26
65-74	133	156	23
75+	248	322	75
	1,333	1,366	33



Source: ESRI, Kidder Mathews
PMA reflects the Orcas Island market
SMA reflects San Juan County

Demand Analysis & Absorption

Subject Demand Analysis

Apartment rental demand in the PMA is a function of two demand sources:

- 1) Annual change in demand resulting from normal turnover of existing renter households either relocating, or up/downsizing from a previously occupied rental unit.
- 2) Annual net new demand resulting from new household growth.

Earlier in the previous section, *Market Area Demographics*, existing and projected household growth in the PMA were described. This next section takes this analysis a step further by stratifying households according to age cohort and income distribution by the propensity to rent.

Existing Demand

The previous chart summarizes rental demand by household income existing today. In the PMA, the largest renter household segment by income is the \$50,000 to \$74,999 category with 78 households (17% of the total). Those earning less than \$50,000 represent a combined 236 households (52% of total). In terms of age cohort, the largest category is those households with a head of household age 55 to 64 (86 households) followed closely by those age 25 to 34 (84 households), and then by those 35 to 44.

Net New Demand

From 2017 to 2022, gross net renter households are projected to increase by 13 households. When analyzed by income category, the shift in demographics is revealed. Because the overall median household income is projected to increase, households in lesser income categories move up to higher levels. At the same time, net new household growth will be dominated by those 75 years of age and older, 65 to 74, and those age 35 to 44. As shown, households age 75 and older will grow by 17 households, a shift of 129% of the projected household growth toward this age cohort. The second largest group is those between 65 and 74, growing by 9 households, or 64% of the projected household growth.

Target Market

The subject offers apartment units to all age groups. Units at the subject will target family households at affordable rates based on area median income (AMI) levels. In this case, 100% of the subject units are to be income and rent restricted to levels based on 30%, 40%, and 60% of AMI. In San Juan County, the 2017 median household income is \$67,600.

In addition to qualifying under the income restriction, rents are limited to maximums based on the unit type, number of people per unit, and affordability factor (lease to income ratio of 30%). The following table summarizes the maximum allowed tax credit rent at the subject and the maximum qualifying income based on the subject's income restrictions and utility basis. Also shown is our estimate of the minimum income required to afford the rent payment. This is based on our estimate of a reasonable lease-to-income ratio of 50%. This percentage can vary depending on the program, lender, or owner/manager.

Unit Mix	Maximum LIHTC Rent/Mo¹	Maximum Qualifying Income²	Minimum Qualifying Income³
30% AMI			
Studio	\$355	\$14,220	\$8,520
1-Bedroom	\$380	\$15,225	\$9,120
2-Bedroom	\$456	\$18,270	\$10,944
3-Bedroom	\$527	\$21,105	\$12,648
40% AMI			
Studio	\$474	\$18,960	\$11,376
1-Bedroom	\$507	\$20,300	\$12,168
2-Bedroom	\$609	\$24,360	\$14,616
3-Bedroom	\$703	\$28,140	\$16,872
60% AMI			
Studio	\$711	\$28,440	\$17,064
1-Bedroom	\$761	\$30,450	\$18,264
2-Bedroom	\$913	\$36,540	\$21,912
3-Bedroom	\$1,055	\$42,210	\$25,320
80% AMI			
Studio	\$948	\$37,920	\$22,752
1-Bedroom	\$1,015	\$40,600	\$24,360
2-Bedroom	\$1,218	\$48,720	\$29,232
3-Bedroom	\$1,407	\$56,280	\$33,768

¹ 2017 Rent & Income Limits published by the WSHFC

² Assumes 30% of annual gross income toward rent & utilities

³ Assumes 50% of annual gross income toward rent & utilities

As such, the income range of renter households considered appropriate for the subject's units ranges from about \$8,500 to \$56,500/year for units restricted at the 30%, 40%, and 60% AMI ranges plus the 80% AMI group not covered by the LIHTC program.

Restricted Income	Maximum Qualifying Income*	Minimum Qualifying Income*
30% AMI	\$21,000	\$8,500
40% AMI	\$28,000	\$11,500
60% AMI	\$42,000	\$17,000
80% AMI	\$56,500	\$23,000

*Rounded to nearest \$500

**NET INCOME
QUALIFIED RENTER
DEMAND BY AGE &
INCOME**

The following chart summarizes the number of renter households by qualifying income by age existing today in the SMA. The SMA is used instead of the PMA due to the small number of rental properties (3) on Orcas Island. As shown in the bottom of the chart there are 169 income qualified renter households at 30% AMI (all ages), 247 income qualified renter households at 40% AMI (all ages), 375 income qualified renter households at 60% AMI, and 455 income qualified renter households at 80% AMI. Within this market, 10 of the units are restricted at the 30% level, 19 at the 40% level, 81 at the 60% AMI level, and 14 at the 80% AMI level including the subject's proposed units. When including the subject units, this leaves 1,220 un-served households in the San Juan SMA.

Households qualifying at 60% to 80% and above of AMI are not included in the LIHTC program and are therefore excluded from this analysis; however, they are shown. Also presented is the combined group without the 80% AMI income group. Only the units without the 80% AMI income group are considered in the following absorption model. When looking at these results, it is important to distinguish between the households qualifying at 30%, 40%, and 60% and the additional supply and demand provided by the 80% AMI and market units.

NET RENTER DEMAND BY INCOME, AGE & ABILITY TO AFFORD THE RENT - SMA

Base Household Demographics	Census	Estimate	Projection
	2010	2017	2022
Population	15,769	16,450	17,064
Household Size	2.05	2.05	2.05
Households	7,613	7,935	8,229
Percentage Renter	16.9%	16.8%	16.6%
Renter Households	1,287	1,333	1,366
Existing Renter Demand (2017)	1,333		
Net New Renter Demand (2017 - 2022)	33		

Existing Renter Households by Age & Income 2010

Total	< 25	25-34	35-44	45-54	55-64	65-74	75+
<\$15,000	156	9	32	21	22	30	12
\$15,000 - \$24,999	143	12	22	22	12	17	16
\$25,000 - \$34,999	155	7	27	20	18	23	15
\$35,000 - \$49,999	180	10	29	26	29	29	19
\$50,000 - \$74,999	244	15	45	37	43	44	23
\$75,000 - \$99,999	175	8	32	29	31	32	17
\$100,000 - \$149,999	183	4	29	32	38	37	22
\$150,000 - \$199,999	48	4	6	7	9	8	6
\$200,000 - \$249,999	49	0	9	13	8	12	3
\$250,000 - \$499,999	0	0	0	0	0	0	0
\$500,000 +	0	0	0	0	0	0	0
Total	1,333	68	233	207	211	233	133

Projected Net New Renter Households by Age & Income (2010 - 2017)

Total	< 25	25-34	35-44	45-54	55-64	65-74	75+
<\$15,000	-20	0	-6	-3	-6	-8	0
\$15,000 - \$24,999	-19	-2	-4	-4	-4	-6	-1
\$25,000 - \$34,999	-23	-3	-5	-4	-6	-7	-1
\$35,000 - \$49,999	21	1	1	1	-3	-2	5
\$50,000 - \$74,999	25	-1	3	3	-3	-1	7
\$75,000 - \$99,999	21	2	1	3	-2	-1	5
\$100,000 - \$149,999	19	0	1	4	-2	-1	6
\$150,000 - \$199,999	4	0	0	0	-1	0	1
\$200,000 - \$249,999	5	0	1	2	0	0	1
\$250,000 - \$499,999	0	0	0	0	0	0	0
\$500,000 +	0	0	0	0	0	0	0
Total	33	-3	-8	1	-28	-26	75

Existing Net Income Qualifying Renter Households by Age & Income 2010¹

Total	< 25	25-34	35-44	45-54	55-64	65-74	75+
@ 30% AMI	169	12	31	24	19	26	16
@ 40% AMI	247	17	42	36	26	35	25
@ 60% AMI	375	23	62	53	44	53	39
@ 80% AMI	455	26	77	64	64	70	47

Market Penetration Rate - PMA		30% AMI	40% AMI	60% AMI	80% AMI	W/O 80% AMI	Combined
Existing Affordable Inventory in PMA		0	0	72	7	72	79
Subject Units		10	19	9	7	38	45
Total Affordable Inventory		10	19	81	14	110	124
Income Qualified Renter Households		169	247	375	455	1,292	1,903
Market Penetration Rate		5.9%	7.7%	21.6%	3.1%	8.5%	6.5%

Subject Capture Rate - PMA		30% AMI	40% AMI	60% AMI	80% AMI	W/O 80% AMI	Combined
Subject Units		10	19	9	7	38	45
Income Qualified Renter Households		169	247	375	455	791	1,246
Subject Capture Rate		5.9%	7.7%	2.4%	1.5%	4.8%	3.6%

Notes:

[1] Net qualifying demand based on linear interpolation of the cumulative renter household by age & income

**Existing
Market Capture &
Market Penetration**

A common technique used by affordable housing analysts is to measure the penetration rate and market capture based on existing demand. These terms are defined as follows:

CAPTURE RATE

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

Source: National Council of Affordable Housing Market Analysts.

The capture rate is the ratio of income qualified renter households in the PMA that the subject must capture to achieve a stabilized level of occupancy.

Typically, the smaller the rate, the better the chance to lease up quickly and remain occupied over time. The rule of thumb used by analysts and market participants is that if a development needs to capture more than 10% of the qualified market, the project carries some additional risk. The subject is a proposed complex with 38 units restricted at 30%, 40%, and 60% of AMI restricted units. These units should be included in the total number of income qualified renter households. As shown in the table below, the subject's units are added in under "subject units." The 80% AMI and market units are excluded in the following table although they are included in the previous table to provided further project description.

Market Penetration Rate - PMA	30% AMI	40% AMI	60% AMI	80% AMI	W/O 80% AMI
Existing Affordable Inventory in PMA	0	0	72	7	72
Subject Units	10	19	9	7	38
Total Affordable Inventory	10	19	81	14	110
Income Qualified Renter Households	169	247	375	455	1,292
Market Penetration Rate	5.9%	7.7%	21.6%	3.1%	8.5%

The subject capture rate within the SMA is estimated at 4.8% for the combined AMI level indicating an adequately sized renter market for the subject and a low degree of occupancy risk.

PENETRATION RATE

The percentage of age and income qualified renter Households in the Primary Market Area that all existing and proposed

properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the Stabilized Level of Occupancy. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors.

Source: National Council of Affordable Housing Market Analysts.

The penetration rate is the ratio of the existing affordable inventory to net income qualified renter demand. When the penetration rate reaches 100% (considered the saturation point) or greater, there is no longer demand to support additional units.

On the following page is a list of the existing affordable housing inventory in the subject's SMA. The subject is added in under "subject units" (as shown in the chart below) for purposes of this appraisal. As above, the 30%, 40%, and 60% AMI group is analyzed and the 80% AMI group is shown but is not included in the total in the following table.

Market Penetration Rate - PMA	30% AMI	40% AMI	60% AMI	80% AMI	W/O 80% AMI
Existing Affordable Inventory in PMA	0	0	72	7	72
Subject Units	10	19	9	7	38
Total Affordable Inventory	10	19	81	14	110
Income Qualified Renter Households	169	247	375	455	1,292
Market Penetration Rate	5.9%	7.7%	21.6%	3.1%	8.5%

In the subject's SMA, there are 72 affordable units restricted to 30%, 40%, and 60% AMI, for all ages. The market penetration rate within the SMA is 8.5% at the 30%, 40%, and 60% AMI levels. There is a potential unmet demand for up to 1,182 affordable units at the 30%, 40%, and 60% AMI levels, after the subject units are added in. The penetration rate is below 100%, indicating that there is a significant demand for affordable units at 30%, 40%, and 60% levels.

RESTRICTED RENT COMPETITIVE SUPPLY

Name	City	Zip	No. of Units	Restricted Units 80% AMI or less	Affordability Program		Special Setasides				Breakout by Income Restriction						
					LIHTC	Housing Authority	Elderly	Transit./ Homess	Large HH	Disabled	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI		
Rental-Sustainable Community Homes	Lopez Island	98261	2	2										2			
Gerard Park	Friday Harbor	98250	20	19	Yes		20										19
Harbor View	Friday Harbor	98250	20	20	USDA RD												
Islewood	Friday Harbor	98250	18	18	USDA RD												
Lavender Hollow	Eastsound	98245	22	22	RD/HTF									22			
Orcas Longhouse	Eastsound	98245	16	16	USDA RD		16										
Reddick Property	Eastsound	98245	7	7													7
Rosewood Apartments	Friday Harbor	98250-7	18	17	Yes												17
Surina Meadows	Friday Harbor	98250	20	19	Yes					2	1						19
Westview Apartments	Lopez Island	98260	18	17	Yes												17
Total LIH Units			161	157		Total (All Ages)	36	-	2	1	-	-	24	72	7		
Total Project Count						% of Total	22.9%		1.3%	0.6%			15.3%	45.9%	4.5%		

Projected Subject Absorption

Our projected subject absorption analysis considers demand from turnover plus net new annual demand. According to the Institute of Real Estate Management, the typical annual turnover rate used in apartment forecasting is around 60%. This is a reasonable assumption if one assumes a stabilized frictional vacancy rate of around 5% (5% vacancy per month multiplied by 12 months equals a rollover of about 60%). This is consistent with property managers, who state they have an incentive to roll over units in order to keep pace with market rent changes.

If a 60% turnover factor is applied to the existing demand profile estimated from the capture rate analysis (i.e. a combined 1,292 renter households at 30%, 40%, and 60% AMI with the potential to rent a unit at the subject if housing were available), an average 775 of these households would be changing units. In addition to existing income qualified renter demand from turnover, population growth will add an additional 6 income qualified renter households per year for a total renter demand of 782 units.

For a balanced market, this estimated annual rent demand is divided by the ideal frictional occupancy rate to estimate the demand implied for a market that is 95% occupied. On the supply side, the subject's 38 affordable units at 30%, 40%, and 60% AMI will be added to the turnover units competing for this demand. Dividing this annual supply available by the annual units demanded indicates a unit absorption and absorption rate as illustrated below.

Subject Absorption and Sensitivity Analysis - SMA						
2010 Existing Annual Renter Demand	60% Turn Over	(2010-17) New Annual Renter Demand	Total Renter Demand	Frictional Occupancy	Estimated Annual Demand	Estimated Monthly Demand
1,292	775	6	782	0.95	823	69
	Subject's Share of Annual Absorption	Subject Absorption Units/Month	Months to 95% Leaseup			
Subject Fair Share	4.6%	3.2	11.4			
	6.6%	4.6	7.9			
	8.6%	5.9	6.1			
	10.6%	7.3	4.9			

As shown, the subject's fair share of annual absorption is extremely small, 4.6% (the subject's 38 affordable 30%, 40%, and 60% AMI units divided by annual vacant supply of 820 units) and if the subject captures its fair share of absorption, the subject would lease-up at a rate of 3.2 units per month achieving stabilized occupancy in 11.4 months. The sensitivity table shows a capture rate increasing at 2% intervals above this base rate of 4.6% to 6.6%, 8.6%, and 10.6%. The resulting absorption rates are 5 to 7 units per month achieving stabilized occupancy in 5 to 8 months.

Homeless Demand It is the understanding of the appraisers that 20% of the units at April's Grove will be set aside as supportive housing for the homeless. This program will target homeless or households that are at high risk for homelessness. The following is a brief discussion of homeless need and demand for these units.

People who are homeless are as varied as the general population with different family relationships, backgrounds, ages, ethnicities, and genders. The Stewart B McKinney Act of 1994 provides a definition used for federal funding resources. According to this act, a person is considered homeless if he/she "lacks a fixed, regular, and adequate night-time residence and has a primary night-time residence that is:

- (A) A supervised publicly or privately operated shelter designed to provide temporary living accommodations,
- (B) An institution that provides a temporary residence for individuals intended to be institutionalized, or,
- (C) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings."

Many communities across the country further identify homelessness in terms of three primary categories:

1. Transitionally homeless persons have a single episode of homelessness lasting an average of 58 days, although they might be homeless for up to six months.
2. Episodically homeless persons have four to five episodes of homelessness and are usually homeless for a short time, on average about 265 days.
3. Chronically homeless persons experience a disabling condition and have either been continuously homeless for a year or more or have had at least four episodes of homelessness in the past three years.

There are homeless families and individuals in every county of the state. In 2005, the Homeless Housing and Assistance Act (RCA 4.185C) was passed, which requires counties to conduct an annual point in time count of homeless persons. This count provides data on individuals residing in emergency shelters and transitional housing programs at a point in time but undercounts the unsheltered population and provides poor information on what kind of people are unsheltered. Nevertheless, this is the only statewide point in time data source available and it is relied upon to describe the extent of homelessness.

Point in Time Count of Homeless Persons (San Juan County)

Year	Sheltered	Unsheltered	Total Homeless	Chronically Homeless
2017	0	36	36	6
2016	0	58	58	5
2015	0	74	74	15
2014	0	44	44	0
2013	0	26	26	2
2012	16	16	32	6
2011	0	42	42	10
2010	0	29	29	0
2009	9	14	23	0
2008	0	9	9	0
2007	11	0	11	0

Source: Annual Point in Time, every January

As shown above, over the period 2007 to 2017 the sheltered homeless count ranged from 0 to 16 people.

The subject is targeting homeless. Based on a 20% set aside, 9 of the proposed 45 units will be set aside to serve homeless households. Based on the previous homeless overview and point in time count, the subject will provide a lacking housing recourse for this segment of the population. As a percentage of these totals, the subject's 9 homeless units are equivalent to 25% of the total homeless count for San Juan County for 2017, 25% of the unsheltered homeless, and 150% of the chronically homeless. These figures have fluctuated since 2007. However, the number of total homeless is typically marginal change is shown for the chronically homeless.

Disabled Demand

A special set aside of 20% is planned for disabled demand and housing needs. The WSHFC defines Disabilities/Disabled Housing as:

Units that are set aside for at least one individual in a household that has a physical or mental impairment that substantially limits one or more major life activities such as not being able to care for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

Estimated Market Demand - Disabled		
	Primary Market	Competitive Market
2010 Census Data (As % of Total HH)		
Total Disabled	13.8%	13.3%
Income Eligible Renter Demand		
@ 30% AMI	63	169
@ 40% AMI	91	247
@ 60% AMI	138	455
Total Income Eligible Disabled Renter Demand	431	1,246
Estimated Disabled Qualified Renter Demand		
@ 30% AMI	9	23
@ 40% AMI	13	33
@ 60% AMI	19	61
Total Estimated Disabled Qualified Renter Demand	60	167
New Disabled Income Qualified Demand		
@ 30% AMI	0	0
@ 40% AMI	0	0
@ 60% AMI	0	0
Total New Disabled Income Qualified Demand	1	2
Maximum Existing Disabled LIHTC Units ¹	26	78
Disabled Units at the Subject	9	9
Maximum Disabled Units Available	35	87
Maximum Market Penetration Rate	8.1%	7.0%
Capture Rate at Subject	15.0%	5.4%

¹ Includes disabled designated units from all income groups.

At the 30%, 40%, and 60% levels the subject has a capture rate of about 15.0% of disabled eligible household renters in the PMA. This is of all disabled eligible households regardless of age. In the subject's PMA, there are 26 disabled units excluding the subject units. Applying the subject units to these totals, the market penetration rate within the PMA is calculated at 8.1%. There is a potential unmet demand for up to 25 affordable disabled units at the 30%, 40%, and 60% levels. The penetration rate is well below 100%, indicating that there is significant demand for affordable disabled units.

Large Households The WSHFC defines Large Households as:

Units that contain three or more bedrooms that are occupied by four or more residents.

Estimated Market Demand - Large Households

Demand	PMA	SMA
Existing Income Qualified Renter Demand @ 30%, 40%, and 60% AMI	293	1,292
New Income Qualified Renter Demand @ 30%, 40%, and 60% AMI	+ 2	6
Total Income Qualified Renter Demand	294	1,299
Renter Households by HH Size as % Total, 2010 Census Data		
1-Person	48.4%	47.8%
2-Person	28.1%	28.1%
3-Person	12.3%	12.3%
4-Person	7.0%	7.7%
5-Person	2.8%	2.7%
6-Person	1.1%	1.2%
7+ Person	0.3%	0.2%
Total	100.0%	100.0%
Subtotal 4+ Person Renter Households	11.2%	11.8%
Total Income Qualified Renter Demand	294	1,299
% 4+ Person Renter Households	x 11.2%	11.8%
Estimated Large Household Income Qualified Renter HH	33	153
Supply		
Existing Large HH LIHTC Units @ 30%, 40%, and 60% AMI	0	2
Large HH Units at Subject (20%)	+ 9	9
Maximum Disabled Units Available	9	11
Subject Capture Rate	27.3%	5.9%
Market Penetration Rate (All Income Groups)	27.3%	7.2%

The residents of a large household unit do not necessarily need to be related. At the 30%, 40%, and 60% AMI level the subject's PMA has a penetration rate of 27.3% for large household qualified renters and in the SMA 7.2%. The subject's capture rate is 27.3% in the PMA and 5.9% in the SMA indicating a significant level of demand for large household units.

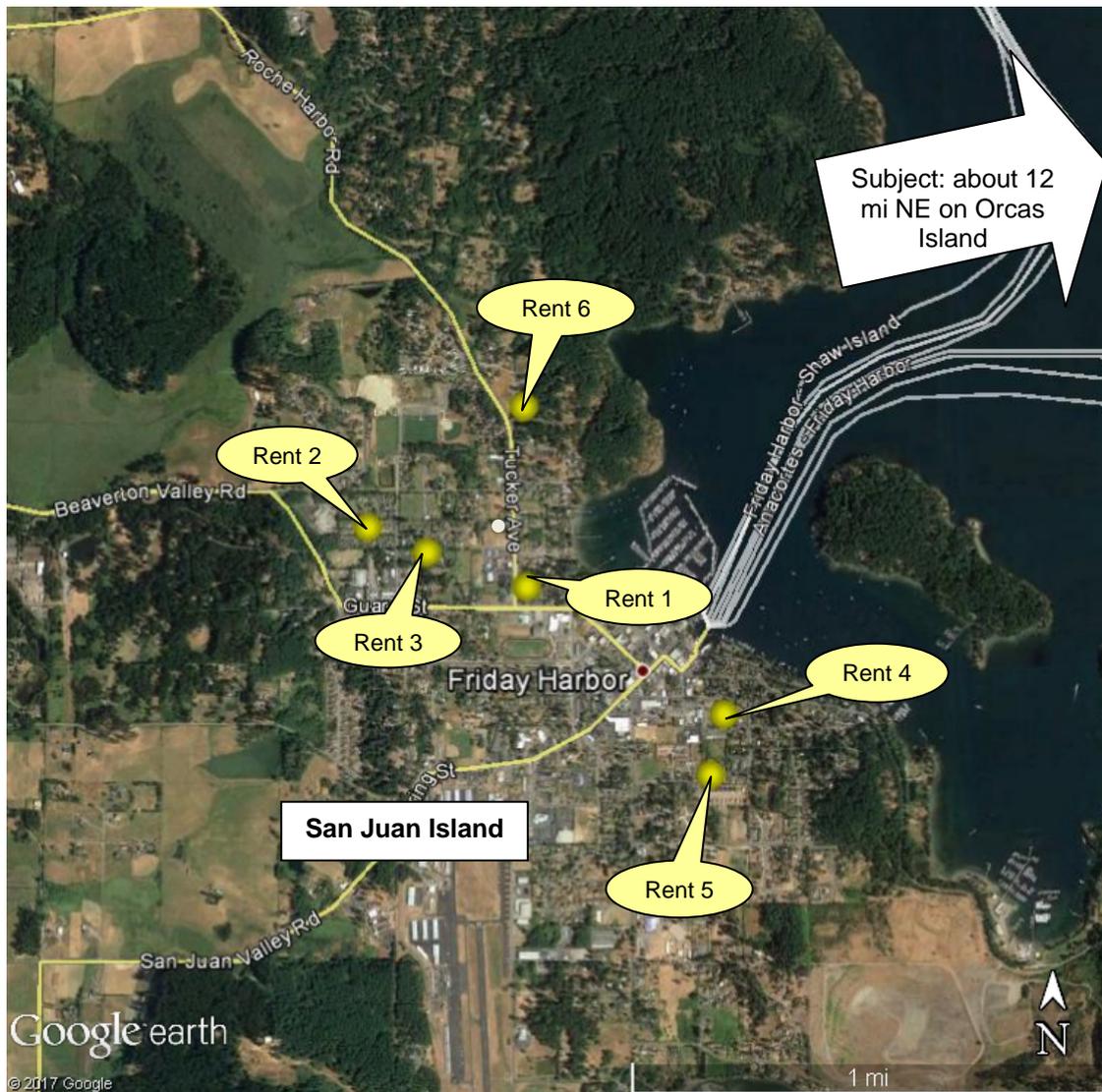
Subject Demand Conclusion

The subject will have 45 units of which 38 will be restricted to 30%, 40%, and 60% of AM and the balance will be at 80% AMI or market. It is proposed to operate under the tax credit program. Based on the information provided by the model, absorption is estimated at a probable rate of at least 5 to 7 units per month based on the model. Based on comment provided by those interviewed, absorption will likely be faster.

Effect on Market Area

Within the subject's SMA, there are 72 units affordable to households earning 30%, 40%, and 60% of AMI (all ages). When considering these existing units plus the subject's units, these programs are serving 8.5% of the income-qualified population. Because the penetration rate is below 100%, there is a potential unmet demand for up to 1,220 affordable units.

Market Rent Analysis



Rent Comparison Map 1



Rent Comparison Map 2

Rental Analysis

Comparable Rental Data

The subject will have studio, one-bedroom, two-bedroom, and three-bedroom units. An effort was made to find comparisons of similar age with similar unit mixes; however, there is a limited supply of market rate complexes in San Juan County. The rent comparisons were selected after a review of the local rental market. These are considered to best represent the subject and are most similar in location but include properties with a variety of finish and age. Description of the comparisons and adjustments made are presented in the following tables and are discussed in more detail in the following paragraphs and write-ups that are provided in the addendum of this report. The locations of the comparisons are shown on the maps on the previous pages.

RENT COMPARISON 1

The first comparison is the Sandpiper Condominiums, located at 250 Tucker Avenue on San Juan Island. It is a condominium and many of the owners rent out their units. This 40-unit complex was built in 1978 and renovated in 1993. It has one-bedroom flats that average 500 sq ft. Units feature decks, dishwashers, disposals, and ceiling fans. Rent is dependent on the quality of the unit finishes and the view. Site amenities include community laundry, an outdoor pool, and a courtyard. Tuck-under building parking is available, as is open parking. Water, sewer, and garbage are paid by the owners. When surveyed, there was one vacant unit.

RENT COMPARISON 2

The second comparison is Friday Harbor Village, located at 445 Carter Avenue on San Juan Island. Completed in 1993, this 26-unit project has a mix of two-bedroom/one-bath, three-bedroom/two-bath, and four-bedroom/two-bath flats. Unit amenities include dishwasher and disposal. Community amenities include laundry. The owner pays for water, sewer, and garbage. This complex used to be in the LIHTC program but has since become market rate. Both open parking and carports are available. When surveyed, there were no vacancies and no concessions were being offered.

RENT COMPARISON 3

Island Meadows is located at 360 Cater Avenue on San Juan Island. This complex was built in 1990 and has 19 units in five one-story buildings. Unit mix includes one- and two-bedroom/one-bath flats that average 816 sq ft. Unit amenities include garbage disposals. Laundry is available on site. The complex does not offer recreational amenities. Open parking is available. Water, sewer, trash, and gas are included in the base rent. This complex used to be in the USDA RD program, but is now market rate. When surveyed, there were no vacancies.

APARTMENT RENT COMPARISONS

No.	Building Name	Year Built	No. of Units	Total Vacant	Unit Type (Bed/Bath)	Size Range			Rent Range			Range		Avg \$/SF	Miles to Subject
						Min	Max	Avg	Min	Max	Avg	\$/SF	\$/SF		
1	Sandpiper Condominiums 250 Tucker Avenue Friday Harbor, WA	1978 Reno: 1993	40	1 2.5%	1-Bed	500 sf	- 500 sf	500 sf	\$850	- \$850	\$850	\$1.70	- \$1.70	\$1.70	12.4 Miles
2	Friday Harbor Village 445 Carter Avenue Friday Harbor, WA	1993	26	0 0.0%	2-Bed/1-Bath 3-Bed/2-Bath 4-Bed/2-Bath	835 sf 1,060 sf 1,209 sf	- 835 sf - 1,060 sf - 1,209 sf	835 sf 1,060 sf 1,209 sf	\$900 \$950 \$1,050	- \$1,000 - \$1,050 - \$1,050	\$950 \$1,000 \$1,050	\$1.08 \$0.90 \$0.87	- \$1.20 - \$0.99 - \$0.87	\$1.14 \$0.94 \$0.87	12.6 Miles
3	Island Meadows 360 Carter Avenue Friday Harbor, WA	1990	19	0 0.0%	1-Bed 2-Bed/1-Bath	696 sf 950 sf	- 696 sf - 950 sf	696 sf 950 sf	\$825 \$875	- \$825 - \$875	\$825 \$875	\$1.19 \$0.92	- \$1.19 - \$0.92	\$1.19 \$0.92	12.5 Miles
4	Montecito 355 C Street Friday Harbor, WA	1997	12	0 0.0%	1-Bed	900 sf	- 1,000 sf	950 sf	\$1,275	- \$1,300	\$1,288	\$1.42	- \$1.30	\$1.36	12.6 Miles
5	Village Green 15 Malcom Street Friday Harbor, WA	1994	12	0 0.0%	1-Bed 2-Bed/1-Bath	630 sf 780 sf	- 630 sf - 780 sf	630 sf 780 sf	\$995 \$1,125	- \$995 - \$1,125	\$995 \$1,125	\$1.58 \$1.44	- \$1.58 - \$1.44	\$1.58 \$1.44	12.7 Miles
6	Madrona Court 550 University Road Friday Harbor, WA	1994	12	0 0.0%	1-Bed	650 sf	- 650 sf	650 sf	\$850	- \$925	\$888	\$1.31	- \$1.42	\$1.37	12.2 Miles
7	Northern Heights 418 Pine Street Eastsound, WA	1976	12	0 0.0%	1-Bed	400 sf	- 400 sf	400 sf	\$500	- \$700	\$600	\$1.25	- \$1.75	\$1.50	0.2 Miles
8	Driftwood Condos 172 Lover's Lane Eastsound, WA	1979 1991	24	0 0.0%	1-Bed 2-Bed/1.75-Bath 2-Bed/2-Bath	576 sf 828 sf 1,628 sf	- 587 sf - 851 sf - 1,628 sf	582 sf 840 sf 1,628 sf	\$750 \$885 -	- \$750 - \$885 -	\$750 \$885 \$0	\$1.30 \$1.07 \$0.00	- \$1.28 - \$1.04 - \$0.00	\$1.29 \$1.05 \$0.00	0.3 Miles
			133	1 0.8%											
						Subject Size Range			Estimated Market Rent						
		Proposed	45			Floorplan	Min	Max	Avg	Avg	\$/SF				
						Studio	384 sf	- 384 sf	384 sf	\$930	\$2.42				
						1-Bedroom	576 sf	- 576 sf	576 sf	\$1,060	\$1.84				
						2-Bedroom	1,024 sf	- 1,024 sf	1,024 sf	\$1,335	\$1.30				
						3-Bedroom	1,280 sf	- 1,280 sf	1,280 sf	\$1,525	\$1.19				

Source: Property Managers, owners. Analysis by Kidder Mathews Valuation Advisory Services.

**RENT
COMPARISON 4**

Comparison four is The Montecito, located at 355 C Street on San Juan Island. Built in 1997, it features four two-story buildings with a total of twelve one-bedroom units. Units used to be six townhouses but were split between the upper and lower level to make more units. Due to this, four of the units do not have washer and dryers and two do not have dishwashers. Units average 950 sq ft. Additional unit amenities include gas fireplaces, microwaves, and disposals. There is also an on-site laundry facility. The complex does not offer recreational amenities. Water, sewer, and garbage are included in the rent. Garages are available for \$150 per month. When surveyed, there were no vacancies and no specials were being offered.

**RENT
COMPARISON 5**

The next rent comparison is Village Green, located at 15 Malcom Street on San Juan Island. This is one of the nicer properties in Friday Harbor. Built in 1994, this property has 12 units including a mix of one-bedroom and two-bedroom/one-bath flats. Unit amenities include deck or patio, in-unit washer and dryer, dishwasher, and disposal. The complex does not offer recreational amenities. Open parking is available. Water, sewer, and garbage are included in the rent. When surveyed, there were no vacancies and no specials were being offered.

**RENT
COMPARISON 6**

The sixth rent comparison is Madrona Court, located at 550 University Road on San Juan Island. Built in 1992, this property has 12 one-bedroom units that average 650 sq ft. Unit amenities include decks or patios, dishwashers, and disposals. Laundry is available on site. The complex does not offer recreational amenities. Open parking is available. Water, sewer, and garbage are included in the rent. When surveyed, there were no vacancies and no specials were being offered.

**RENT
COMPARISON 7**

The next rent comparison is Northern Heights, located at 418 Pine Street on Orcas Island. Built in 1976, this property has 12 one-bedroom units that average 400 sq ft. Units are basic and rent is dependent on the view. Laundry is available on site. The complex does not offer recreational amenities. Open parking is available. Water, sewer, and garbage are included in the rent. When surveyed, there were no vacancies and no specials were being offered.

**RENT
COMPARISON 8**

The last rent comparison is Driftwood Condos, located at 172 Lover's Lane on Orcas Island. Building A was built in 1979 and building B was added in 1991. This property has 24 one- and two-bedroom units that average 758 sq ft. Laundry is available on site. Common amenities include laundry, a picnic area, and bike racks. Open parking is available. Water, sewer, and garbage are included in the rent. When surveyed, there were no vacancies and no specials were being offered.

Adjustments Appropriate adjustments were considered for differences in location, age, quality of finish, unit size, and utilities included in the rent.

CONCESSIONS None of the comparisons were offering concessions. No adjustment is needed.

Often rent specials are offered during lease-up. These are usually retracted as soon as the complex is stabilized. All managers interviewed stated that concessions were not needed.

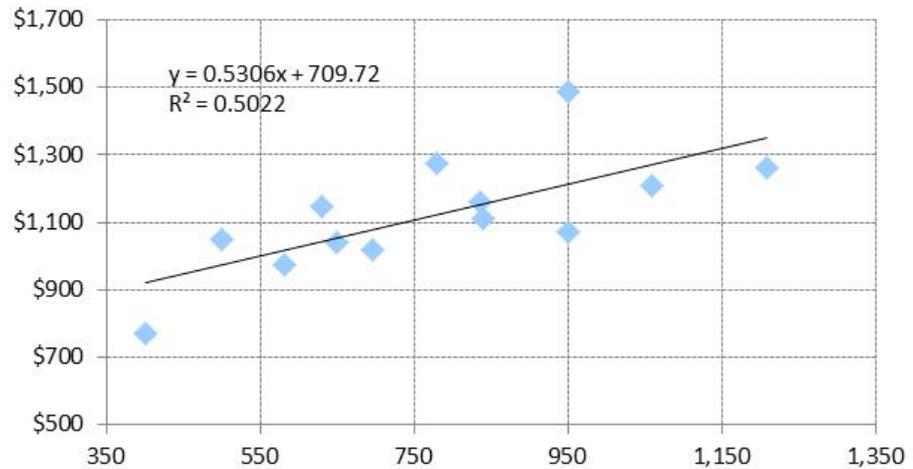
LOCATION All of the comparisons are located within San Juan County, six on San Juan Island, two on Orcas Island. Most locations in these markets are considered similar in quality. Friday Harbor is the only incorporated city in the county and Eastsound the other good sized commercial node. There was no evidence of locational differences and no adjustment is made.

AGE The subject is proposed new construction. The comparisons range from 1976 to 1997. Newer apartments tend to rent for more than properties that have had several cycles of unit turnover. All of the comparisons are older, the newest built in 1997. Northern Heights is the oldest property but is a condominium and rents are for units with some degree of renovation. Some indication is provided by Island Meadows (completed in 1990) and Montecito (completed in 1997) provide a rent/sq ft difference equivalent to \$0.01/sq ft/year. Units at Montecito provide further indication. This property was a condominium with six townhouses. The townhouses were split into upper and lower flats. Some most units were upgraded and modernized, leaving a few in the original state. The rent difference is between renovated and non-renovated units is equivalent to \$0.0089/sq ft/year. For this analysis, an age adjustment of \$0.01/year is reasonable and applied to the face rent based on the difference in age between the subject (assuming it were built today) and the comparisons rounded to the nearest \$5.

SIZE Generally, larger units rent for more than smaller units of the same quality and amenity. In this case, we looked at the comparisons used in this analysis. Each data point represents the rent for a certain sized unit. As units get larger in size (i.e. sq ft), rent generally increases.

The following graph illustrates this trend. Because of the age differences, each property was first adjusted for age. Following this adjustment, there is an increase of \$53 for every 100 sq ft increase in size. The slope of the best-fit line approximates the size adjustment. The slope is shown by the equation of the line shown above the graph with a slope of \$0.5306/sq ft.

This was rounded to \$0.53/sq ft for every one (1) sq ft increase in size and then this factor was applied to the difference in unit size between the subject and the comparisons and rounded to the nearest \$5.



NUMBER OF BEDROOMS/ BATHS

The subject is proposed to have a mix of studio, one-bedroom, two-bedroom, and three-bedroom units. The comparisons were specifically selected to include these types of units, although none includes all four. They were chosen because of their location. While none of the complexes have studio units, most have one-bedroom units. Friday Harbor Village, Island Meadows, Village Green, and Driftwood Condos all have two-bedroom units. Only Friday Harbor Village has three-bedroom units. A comparison was made between unit types at the same property following adjustment for size. Based on this analysis, it was determined that an adjustment of \$25/room is appropriate.

RECREATIONAL & UNIT AMENITIES

The subject is assumed to have average quality finish but will lack amenities provided at some of the comparisons, such as in-unit laundry. Common laundry facilities will be provided on site. Common areas will include a resident community room, picnic area, and playground. Some of the other comparisons have no recreational amenities. Adjustment is made for a variety of factors summarized in the following tables. The subject is superior in some ways but is concluded as generally inferior due primarily to the lack of washers and dryers in the units. Downward adjustments are made to these comparisons and are the subjective opinion of the appraisers based on cost and opinion of managers.

Unit Amenities	Subject	Sandpiper Condominiums	Friday Harbor Village	Island Meadows	Montecito	Village Green	Madrona Court	Northern Heights	Driftwood Condos
Decks/Patios	Yes	Yes	No	No	Yes	Yes	Yes	No	No
Air Conditioning	No	No	No	No	No	No	No	No	No
Dishwasher/Disposal	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No
Microwave	No	No	No	No	Yes	No	No	No	No
Washers & Dryers	No	No	No	No	Yes	Yes	No	No	No
Fireplace	No	No	No	No	Yes	No	No	No	No
Ext Common Areas	Yes	Yes	No	No	No	No	No	No	No
Ceiling Fans	No	Yes	No	No	No	No	No	No	No
Elevator & Secure Entry	No	No	No	No	No	No	No	No	No

Unit Amenities	Sandpiper Condominiums	Friday Harbor Village	Island Meadows	Montecito	Village Green	Madrona Court	Northern Heights	Driftwood Condos
Decks/Patios		10	10				10	10
Air Conditioning								
Dishwasher/Disposal			5				5	5
Microwave				-5				
Washers & Dryers				-45	-45			
Fireplace				-5				
Ext Common Areas		10	10	10	10	10	10	10
Ceiling Fans	5							
Elevator & Secure Entry								
Total Adjustment	5	20	25	-45	-35	10	25	25

Building Amenities	Subject	Sandpiper Condominiums	Friday Harbor Village	Island Meadows	Montecito	Village Green	Madrona Court	Northern Heights	Driftwood Condos
Pool	No	Yes	No	No	No	No	No	No	No
Playground	Yes	No	No	No	No	No	No	No	No
Patio/Picnic Area	Yes	Yes	No	No	No	No	No	No	Yes
Common Laundry	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Community Room/Clubh	Yes	No	No	No	No	No	No	No	No
Fitness Center	No	No	No	No	No	No	No	No	No
Business Center	No	No	No	No	No	No	No	No	No

Unit Amenities	Sandpiper Condominiums	Friday Harbor Village	Island Meadows	Montecito	Village Green	Madrona Court	Northern Heights	Driftwood Condos
Pool	-10							
Playground	10	10	10	10	10	10	10	10
Patio/Picnic Area		5	5	5	5	5	5	
Common Laundry					10			
Community Room/Clubhouse	10	10	10	10	10	10	10	10
Fitness Center								
Business Center								
Total Adjustment	10	25	25	25	35	25	25	20

QUALITY OF FINISH Adjustments for quality of finish were considered for each of the comparisons to offset features such as in-unit washers and dryers, decks or patios, higher end appliances, and other features not provided at the subject. Consideration of these items is incorporated in the table above. The subject is proposed as having exterior access.

UTILITIES As proposed, the subject will include water, sewer, and garbage. All of these items are included in the rent at the comparisons and no adjustment is needed.

PARKING

Open parking will be available at the subject. Most of the comparisons included open parking or carports in the rent. Sandpiper Condominiums and Montecito have garages. Montecito has an extra charge of \$150 for garages and the units available at Sandpiper are rented without garages. No adjustment is needed.

Rent Adjustment Grid															
Unit Type:		Studio													
Building	Age	Unit Type	Avg Size	Face Rent	Con-cessios	Loca-tion	Age	Fin-ish	Xtra Rm	Size	Util-ities	Park	Total	Adj Rent	Rent ¹ /SF
Sandpiper Condominiums	1978	1-Bed	500	\$850			200	15	-25	-60			130	\$980	\$2.55
Friday Harbor Village	1993	2-Bed/1-Bath	835	\$900			210	45	-50	-240			-35	\$865	\$2.25
Island Meadows	1990	1-Bed	696	\$825			195	50	-25	-165			55	\$880	\$2.29
Montecito	1997	1-Bed	950	\$1,275			200	-20	-25	-300			-145	\$1,130	\$2.94
Village Green	1994	1-Bed	630	\$995			150	0	-25	-130			-5	\$990	\$2.58
Madrona Court	1994	1-Bed	650	\$850			155	35	-25	-140			25	\$875	\$2.28
Northern Heights	1976	1-Bed	400	\$500			170	50	-25	-10			185	\$685	\$1.78
Driftwood Condos	1979	1-Bed	582	\$750			225	45	-25	-105			140	\$890	\$2.32
Subject		Proposed Studio	384											\$930	\$2.42

¹ Rent per square foot based on the subject's average unit size.

Min	\$500	Min	\$685	\$1.78
Max	\$1,275	Max	\$1,130	\$2.94
Median	\$850	Median	\$885	\$2.30
Average	\$868	Average	\$912	\$2.37
Range	155%	Range	65%	65%

STUDIO

None of the comparisons have studio units and the smallest unit types at the comparisons are used. The comparisons range from 400 to 950 sq ft. The proposed studio units at the subject will average 384 sq ft. Focusing on the lowest rents offered, before adjustments, these units rent in a range of \$500/month to \$1,275/month. The comparisons were adjusted for those items described above. Once adjusted, the comparisons provide a range of \$685 to \$1,130/month with a median of \$885/month. The best comparisons for the subject are those with small one-bedroom units, Northern Heights and Sandpiper Condominiums. These two comparisons provide indications of \$685 and \$980/month. The newest comparison, The Monticito, provides an indication of \$1,130/month. The outliers were removed from the range provided by the comparisons supporting a market rent in a range of \$865 to \$990/month. Weight is placed in the middle of this range, and \$930/month is selected as a reasonable market rent for the subject's studio units.

Studio	Low	High	Median	Range	Market Rent
Unadjusted Range	\$500	\$1,275	\$850	155%	\$930
Adjusted Range	\$685	\$1,130	\$885	65%	
Best Comparisons	\$865	\$990	\$928	14%	

¹ Adjusted to eliminate outliers

Unit Type:		1-Bedroom											Adj Rent	Rent ¹ /SF	
Building	Age	Unit Type	Avg Size	Face Rent	Con-cessios	Loca-tion	Age	Fin-ish	Xtra Rm	Size	Util-ities	Park	Total	Adj Rent	Rent ¹ /SF
Sandpiper Condominiums	1978	1-Bed	500	\$850			200	15		40			255	\$1,105	\$1.92
Friday Harbor Village	1993	2-Bed/1-Bath	835	\$950			210	45	-25	-135			95	\$1,045	\$1.81
Island Meadows	1990	1-Bed	696	\$825			195	50		-65			180	\$1,005	\$1.74
Montecito	1997	1-Bed	950	\$1,288			200	-20		-200			-20	\$1,268	\$2.20
Village Green	1994	1-Bed	630	\$995			150	0		-30			120	\$1,115	\$1.94
Madrona Court	1994	1-Bed	650	\$888			155	35		-40			150	\$1,038	\$1.80
Northern Heights	1976	1-Bed	400	\$600			170	50		95			315	\$915	\$1.59
Driftwood Condos	1979	1-Bed	582	\$750			225	45		-5			265	\$1,015	\$1.76
Subject		Proposed 1-Bedroom	576											\$1,060	\$1.84

¹ Rent per square foot based on the subject's average unit size.

Min	\$600	Min	\$915	\$1.59
Max	\$1,288	Max	\$1,268	\$2.20
Median	\$869	Median	\$1,041	\$1.81
Average	\$893	Average	\$1,063	\$1.85
Range	115%	Range	39%	39%

ONE-BEDROOM/ONE-BATH

Seven of the eight comparisons have one-bedroom/one-bath units. The remaining comparison's two-bedroom units are adjusted down. The comparisons' units range from 400 to 950 sq ft, with the subject at 576 sq ft. Before adjustments, these units rent in a range of \$600/month to \$1,288/month. The comparisons were adjusted for those items described above. Once adjusted, the comparisons provide a range of \$915 to \$1,268/month, with a median of \$1,041/month. The outliers were removed from the range provided by the comparisons supporting a market rent in a range of \$1,005 to \$1,115/month. The best comparisons for the subject are Village Green and Madrona Court. Both have small one-bedroom/one-bath units in more recent projects. They offer indications of \$1,268 and \$1,115/month. Driftwood Condos is closest in size and offers an indication of \$1,015/month. The other newer comparison, The Montecito, provides an indication of \$1,268/month. A rental rate in this range is considered appropriate for the subject and \$1,060/month is selected as a reasonable market rent for the subject's one-bedroom units.

1-Bedroom	Low	High	Median	Range	Market Rent
Unadjusted Range	\$600	\$1,288	\$869	115%	\$1,060
Adjusted Range	\$915	\$1,268	\$1,041	39%	
Best Comparisons	\$1,005	\$1,115	\$1,060	11%	

¹ Adjusted to eliminate outliers

Unit Type:		2-Bedroom											Adj Rent	Rent ¹ /SF	
Building	Age	Unit Type	Avg Size	Face Rent	Con-cessios	Loca-tion	Age	Fin-ish	Extra Room	Size	Util-ities	Park	Total	Adj Rent	Rent ¹ /SF
Sandpiper Condominiums	1978	1-Bed	500	\$850			200	15	25	280			520	\$1,370	\$1.34
Friday Harbor Village	1993	2-Bed/1-Bath	835	\$950			210	45		100			355	\$1,305	\$1.27
Island Meadows	1990	2-Bed/1-Bath	950	\$875			265	50		40			355	\$1,230	\$1.20
Montecito	1997	1-Bed	950	\$1,288			200	-20	25	40			245	\$1,533	\$1.50
Village Green	1994	2-Bed/1-Bath	780	\$1,125			185	0		130			315	\$1,440	\$1.41
Madrona Court	1994	1-Bed	650	\$888			155	35	25	200			415	\$1,303	\$1.27
Northern Heights	1976	1-Bed	400	\$600			170	50	25	330			575	\$1,175	\$1.15
Driftwood Condos	1979	2-Bed/1.75-B	840	\$885			325	45		100			470	\$1,355	\$1.32
Subject		Proposed 2-Bedroom	1,024											\$1,335	\$1.30

¹ Rent per square foot based on the subject's average unit size.

Min	\$600	Min	\$1,175	\$1.15
Max	\$1,288	Max	\$1,533	\$1.50

TWO-BEDROOM

Four of the comparisons have two-bedroom/one-bath units. The remaining comparisons' one-bedroom units are adjusted up. The comparisons' units range from 400 to 950 sq ft, with the subject at 1,024 sq ft. Before adjustments, these units rent in a range of \$600 to \$1,288/month. The comparisons were adjusted for those items described above. Once adjusted, the comparisons provide a range of \$1,175 to \$1,533/month, with a median of \$1,330/month. The outliers were removed from the range provided by the comparisons supporting a market rent in a range of \$1,230 to \$1,440/month. Those with two-bedroom units provide a range of \$1,355 to \$1,440/month. An amount in this range is selected as a representative market. The four largest provide a range of \$1,355 to \$1,533. The Montecito, considered the best comparison according to age, provides an indication of \$1,533/month. A rental rate in this range is considered appropriate for the subject and \$1,335/month is selected as a reasonable market rent for the subject's two-bedroom units.

2-Bedroom	Low	High	Median	Range	Market Rent
Unadjusted Range	\$600	\$1,288	\$886	115%	\$1,335
Adjusted Range	\$1,175	\$1,533	\$1,330	30%	
Best Comparisons	\$1,230	\$1,440	\$1,335	17%	

¹ Adjusted to eliminate outliers

Unit Type: 3-Bedroom													Adj	Rent'	
Building	Age	Unit Type	Avg Size	Face Rent	Con-cessios	Loca-tion	Age	Fin-ish	Extra Room	Size	Util-ities	Park	Total	Rent	/SF
Sandpiper Condominiums	1978	1-Bed	500	\$850			200	15	50	415			680	\$1,530	\$1.20
Friday Harbor Village	1993	3-Bed/2-Bath	1,060	\$1,050			265	45		115			425	\$1,475	\$1.15
Island Meadows	1990	2-Bed/1-Bath	950	\$875			265	50	25	175			515	\$1,390	\$1.09
Montecito	1997	1-Bed	950	\$1,300			200	-20	50	175			405	\$1,705	\$1.33
Village Green	1994	2-Bed/1-Bath	780	\$1,125			185	0	25	265			485	\$1,610	\$1.26
Madrona Court	1994	1-Bed	650	\$925			155	35	50	335			575	\$1,500	\$1.17
Northern Heights	1976	1-Bed	400	\$700			170	50	50	465			735	\$1,435	\$1.12
Driftwood Condos	1979	2-Bed/1.75-B	840	\$885			325	45	25	235			630	\$1,515	\$1.18
Subject		Proposed 3-Bedroom	1,280											\$1,525	\$1.19

¹ Rent per square foot based on the subject's average unit size.

Min	\$700	Min	\$1,390	\$1.09
Max	\$1,300	Max	\$1,705	\$1.33
Median	\$905	Median	\$1,508	\$1.18
Average	\$964	Average	\$1,520	\$1.19
Range	86%	Range	23%	23%

THREE-BEDROOM

One of the comparisons has three-bedroom/two-bath units. The remaining comparisons' one- and two-bedroom units are adjusted up. The comparisons' units range from 400 to 1,060 sq ft, with the subject at 1,280 sq ft. Before adjustments, these units rent in a range of \$700/month to \$1,300/month. The comparisons were adjusted for those items described above. Once adjusted, the comparisons provide a range of \$1,390 to \$1,705/month, with a median of \$1,508/month. The outliers were removed from the range provided by the comparisons supporting a market rent in a range of \$1,435 to \$1,610/month. The three-bedroom units at Friday Harbor Village provide an indication of \$1,475/month. An amount in this range is considered to be representative of this market. The large units at Island Meadows and The Montecito provide a range of \$1,390 to \$1,705/month. A rental rate in this range is considered appropriate for the subject and \$1,525/month is selected as a reasonable market rent for the subject's three-bedroom units.

3-Bedroom	Low	High	Median	Range	Market Rent
Unadjusted Range	\$700	\$1,300	\$905	86%	\$1,525
Adjusted Range	\$1,390	\$1,705	\$1,508	23%	
Best Comparisons	\$1,435	\$1,610	\$1,523	12%	

¹ *Adjusted to eliminate outliers*

Restricted Rent Analysis

INCOME LIMITS
San Juan County
2017 Median Income: \$67,600

Family Size	Multiplier	30% of Median Income	40% of Median Income	50% of Median Income	60% of Median Income	80% of Median Income
1 person	0.70	\$14,220	\$18,960	\$23,700	\$28,440	\$37,920
2 person	0.80	\$16,230	\$21,640	\$27,050	\$32,460	\$43,280
3 person	0.90	\$18,270	\$24,360	\$30,450	\$36,540	\$48,720
4 person	1.00	\$20,280	\$27,040	\$33,800	\$40,560	\$54,080
5 person	1.08	\$21,930	\$29,240	\$36,550	\$43,860	\$58,480
6 person	1.16	\$23,550	\$31,400	\$39,250	\$47,100	\$62,800
7 person	1.24	\$25,170	\$33,560	\$41,950	\$50,340	\$67,120

Source: Washington State Housing Finance Commission

Rental Rate Determination - 30% of Median

Unit Type	People per Unit	30% of Median Income	Max. Allowable Rent/Month	Utility Adjustment	Max. Adj. Rent
Studio	1.0	\$14,220	\$355	\$71	\$284
1 Bedroom	1.5	\$15,225	\$380	\$79	\$301
2 Bedroom	3.0	\$18,270	\$456	\$89	\$367
3 Bedroom	4.5	\$21,105	\$527	\$111	\$416

Rental Rate Determination - 40% of Median

Unit Type	People per Unit	40% of Median Income	Max. Allowable Rent/Month	Utility Adjustment	Max. Adj. Rent
Studio	1.0	\$18,960	\$474	\$71	\$403
1 Bedroom	1.5	\$20,300	\$507	\$79	\$428
2 Bedroom	3.0	\$24,360	\$609	\$89	\$520
3 Bedroom	4.5	\$28,140	\$703	\$111	\$592

Rental Rate Determination - 60% of Median

Unit Type	People per Unit	60% of Median Income	Max. Allowable Rent/Month	Utility Adjustment	Max. Adj. Rent
Studio	1.0	\$28,440	\$711	\$71	\$640
1 Bedroom	1.5	\$30,450	\$761	\$79	\$682
2 Bedroom	3.0	\$36,540	\$913	\$89	\$824
3 Bedroom	4.5	\$42,210	\$1,055	\$111	\$944

Rental Rate Determination - 80% of Median

Unit Type	People per Unit	80% of Median Income	Max. Allowable Rent/Month	Utility Adjustment	Max. Adj. Rent
Studio	1.0	\$37,920	\$948	\$71	\$877
1 Bedroom	1.5	\$40,600	\$1,015	\$79	\$936
2 Bedroom	3.0	\$48,720	\$1,218	\$89	\$1,129
3 Bedroom	4.5	\$56,280	\$1,407	\$111	\$1,296

San Juan County Housing Authority
Utility Allowances for Tenant Furnished Units
Effective August 2017

Utility Service	Type	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Special Study	Electric	\$71	\$79	\$89	\$111
Total Allowance - Electricity		\$71	\$79	\$89	\$111
Included at subject		\$0	\$0	\$0	\$0
Subject Utility Adjustment		\$71	\$79	\$89	\$111
water		\$32	\$35	\$39	\$42
sewer		\$69	\$69	\$69	\$69
trash		\$31	\$31	\$31	\$49
Total		\$132	\$135	\$139	\$160
		\$172	\$183	\$197	\$222

Restricted Rent Analysis

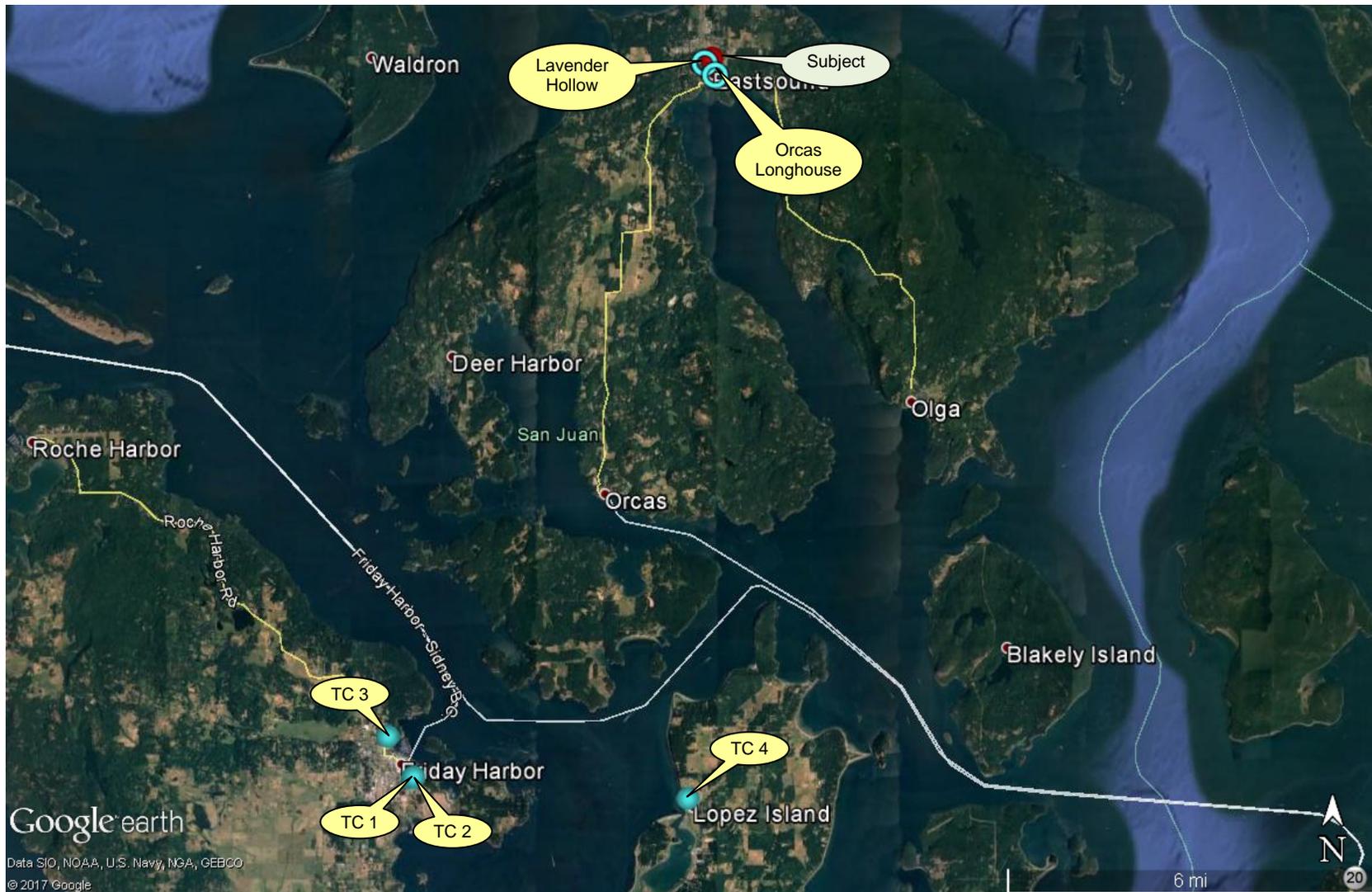
Household Income Restrictions

Under the Federal Low Income Housing Tax Credit (LIHTC) Program, 38 of the units at the subject will be restricted to rents based on 30%, 40%, and 60% of median income. In addition the subject is planned to have units restricted at 80% of AMI plus some market rate units. The LIHTC rents are determined both by income and by unit size. The chart on the previous page lists maximum income levels, which apply to the subject. Median income for 2017 for San Juan County is \$67,600, and this amount is used to determine maximum rents.

Median income levels for 2004 were the first year to use 2000 Census data, as opposed to trended 1990 Census data, as was used for the previous ten years. These are updated with county-level Bureau of Labor Statistics earnings data, Census American Community Survey (ACS), and Census Current Population Survey (CPS) data. Use of ACS surveys was initiated in 2000; however, full-scale ACS annual surveys were not available until 2005 and 2006 is the first year to use this data. This was done since trended information from 1990 resulted in unusual jumps of projected income levels in local markets over prior years due to the different methodology in forecasting median income. Based on statistical testing, HUD determined that forecasts using a combination of the state ACS and local BLS estimates offered a better approach to calculating local median income since the ACS and CPS surveys are based on different samples, have different methodologies, and produce different estimates. This new measurement technique is anticipated to help minimize the significant change, upward or downward, experienced in the past.

The first table on the facing page shows the various family incomes at the 30%, 40%, and 60% AMI levels. 80% AMI levels are also shown but only for illustrative purposes. In order to comply with the LIHTC program, units at the subject cannot be leased to households whose incomes exceed the levels shown in the table. Tenants must qualify at or below the respective median income levels.

Market rents for the subject were concluded earlier in this report. Maximum allowable rents for the subject are more than market rates for units at the 30%, 40%, and 60% levels. A survey was made of other tax credit properties to ascertain if these properties are able to achieve their maximum rents.



Restricted Rent Comparison Map

Unit Mix	No	Maximum Adjusted Monthly LIHTC Rent	Unrestricted Market Rent	Rent Gap Advantage/ (Disadvantage)	% Below/ (Above Mkt)
30% AMI					
Studio	2	\$284	\$930	\$646	69%
1-Bedroom	3	\$301	\$1,060	\$759	72%
2-Bedroom	2	\$367	\$1,335	\$968	73%
3-Bedroom	3	\$416	\$1,525	\$1,109	73%
40% AMI					
Studio	1	\$403	\$930	\$527	57%
1-Bedroom	6	\$428	\$1,060	\$632	60%
2-Bedroom	8	\$520	\$1,335	\$815	61%
3-Bedroom	4	\$592	\$1,525	\$933	61%
60% AMI					
Studio	1	\$640	\$930	\$290	31%
1-Bedroom	2	\$682	\$1,060	\$378	36%
2-Bedroom	4	\$824	\$1,335	\$511	38%
3-Bedroom	2	\$944	\$1,525	\$581	38%
80% AMI					
2-Bedroom	3	\$1,129	\$1,335	\$206	15%
3-Bedroom	4	\$1,296	\$1,525	\$229	15%
Total	45				

As shown in the table above, maximum adjusted restricted rents for the subject's units at the 30%, 40%, and 60% AMI levels are less than the market rents determined in this analysis.

Four tax credit rent comparisons were selected as reasonably similar to the subject and were surveyed to gauge the restricted rent level that is achievable in the market. Also considered are two low-income properties on Orcas Island. Since these are not in the LIHTC program, they are not included as part of the analysis. Descriptions of the comparisons are discussed in more detail in the following paragraphs and write-ups are provided in the addendum of this report. The locations of the comparisons are shown on the map on the previous page and are summarized in the following table.

**RESTRICTED RENT
COMPARISON 1**

The first restricted rent comparison is Gerard Park, located at 595 Linder Street on San Juan Island. This property was built in 1993 and features 20 units including one-bedroom/one-bath and two-bedroom/one-bath flats. Units come equipped with private decks/patios and garbage disposals. Community amenities include laundry facilities. Water, sewer, and garbage are included in the rent. When surveyed, there were no vacant units and no rent specials were available. The units are restricted to 60% AMI and to seniors.

- RESTRICTED RENT COMPARISON 2** The second restricted rent comparison selected is Surina Meadows, located at 535 Linder Street on San Juan Island. It was built in 1992. It has 20 units, including one-bedroom, two-bedroom/one-bath, and three-bedroom/two-bath flats. Unit amenities include dishwashers and disposals. Community amenities include laundry facilities. Water, sewer, and garbage are included in the rent. Units are restricted to 60% AMI. When surveyed there were no vacancies and no specials were offered.
- RESTRICTED RENT COMPARISON 3** The third restricted rent comparison selected is Rosewood, located at 525 Perry Place on San Juan Island. It was built in 1997 and includes 18 units including one-bedroom/one-bath, two-bedroom/one-bath, and three-bedroom/two-bath flats. Unit amenities include disposals. Community amenities include laundry facilities. Water, sewer, and garbage are included in the rent. Parking is open. Units are restricted to 60% AMI and are in the USDA RD program. When surveyed there were no vacancies and no specials were offered.
- RESTRICTED RENT COMPARISON 4** The fourth comparison is Westview, located at 452 Lopez Road on Lopez Island. It was built in 1990 and consists of 18 units including one- and two-bedroom/one-bath flats. Units feature patios. There is on-site laundry. Water, sewer, and garbage are included in the rent. Parking is open. Units are controlled at 60% of AMI. When surveyed there were no vacancies and no specials were offered.

TAX CREDIT RENT COMPARISONS

No.	Building Name/Address	Year Built	No. of Units	Total Vacant	Unit Type	Avg SF	Rent Range			Avg \$/SF	Max Rent For each	Achieved/Max Rent	
							Min	Max	Avg				
1	Gerard Park 595 Linder Street Friday Harbor, WA <i>Tenants pay electricity</i>	1993	20	0 0.0%	1BR/1BA 60% AMI 2BR/1BA 60% AMI	696 sf 798 sf	\$628 \$686	- -	\$628 \$686	\$628 \$686	\$0.90 \$0.86	\$682 \$824	92% 83%
2	Surina Meadows 535 Linder Street Friday Harbor, WA <i>Tenants pay electricity</i>	1992	20	0 0.0%	1BR/1BA 60% AMI 2BR/1BA 60% AMI 3BR/2BA 60% AMI	696 sf 780 sf 900 sf	\$730 \$788 \$845	- - -	\$730 \$788 \$845	\$730 \$788 \$845	\$1.05 \$1.01 \$0.94	\$682 \$824 \$944	107% 96% 90%
3	Rosewood 525 Perry Place Friday Harbor, WA <i>Tenants pay electricity</i>	1997	18	0 0.0%	1BR/1BA 60% AMI 2BR/1BA 60% AMI 3BR/2BA 60% AMI	682 sf 923 sf 1,179 sf	\$755 \$825 \$910	- - -	\$755 \$825 \$910	\$755 \$825 \$910	\$1.11 \$0.89 \$0.77	\$682 \$824 \$944	111% 100% 96%
4	Westview 452 Lopez Road Lopez Island, WA <i>Tenants pay electricity</i>	1990	18	0 0.0%	1BR/1BA 60% AMI 2BR/1BA 60% AMI	696 sf 780 sf	\$747 \$817	- -	\$747 \$817	\$747 \$817	\$1.07 \$1.05	\$682 \$824	110% 99%
Considered but not Used													
*	Lavender Hollow 38 Orion Lane Eastsound, WA <i>Tenants pay electricity</i>	1990	22	0 0.0%	1BR/1BA USDA RD 2BR/1BA USDA RD 3BR/1BA USDA RD	656 sf 923 sf 1,179 sf	\$720 \$775 \$823	- - -	\$720 \$775 \$823	\$720 \$775 \$823	\$1.10 \$0.84 \$0.70	\$555 \$672 \$768	130% 115% 107%
*	Orcas Longhouse 236 Prune Alley Eastsound, WA <i>Tenants pay electricity</i>	1985	16	0 0.0%	1BR/1BA USDA RD	656 sf	\$520	-	\$520	\$520	\$0.79	\$682	76%
			114	0 0.0%									
							Maximum Adjusted Monthly LIHTC Rent	Unrestricted Market Rent	Estimated Achievable Restricted Rent	Appraiser's Estimated Achievable/Market	Appraiser's Estimated Achievable/LIHTC Max		
April's Grove 900 North Beach Road Eastsound, WA		Studio			30% AMI	\$284	\$930	\$284	31%	100%			
					40% AMI	\$403	\$930	\$403	43%	100%			
					60% AMI	\$640	\$930	\$640	69%	100%			
					80% AMI	\$877	\$930	\$877	94%	100%			
		1-Bedroom			30% AMI	\$301	\$1,060	\$301	28%	100%			
					40% AMI	\$428	\$1,060	\$428	40%	100%			
					60% AMI	\$682	\$1,060	\$682	64%	100%			
					80% AMI	\$936	\$1,060	\$936	88%	100%			
		2-Bedroom			30% AMI	\$367	\$1,335	\$367	27%	100%			
					40% AMI	\$520	\$1,335	\$520	39%	100%			
					60% AMI	\$824	\$1,335	\$824	62%	100%			
					80% AMI	\$1,129	\$1,335	\$1,129	85%	100%			
		3-Bedroom			30% AMI	\$416	\$1,525	\$416	27%	100%			
					40% AMI	\$592	\$1,525	\$592	39%	100%			
					60% AMI	\$944	\$1,525	\$944	62%	100%			
					80% AMI	\$1,296	\$1,525	\$1,296	85%	100%			

**CONSIDERED BUT
NOT USED**

Lavender Hollow, located at 38 Orion Lane on Orcas Island, was built in 1990. It consists of 22 units including one-bedroom/one-bath, two-bedroom/one-bath, and three-bedroom/two-bath flats. Unit amenities include decks/patios off the one-bedroom units and disposals. On-site laundry is available. Water, sewer, and garbage are included in the rent. Open parking is available. Units are in the USDA RD program and are further restricted by funding provided by the HFC restricting units to 50% AMI. When surveyed there were no vacancies and no specials were offered.

**CONSIDERED BUT
NOT USED**

Orcas Longhouse, located at 236 Prune Alley on Orcas Island, was built in 1985. It consists of 16 one-bedroom/one-bath flats. On-site laundry is available. Water, sewer, and garbage are included in the rent. Open parking is available. This is an age-restricted property for seniors over age sixty-two and disabled. Units are in the USDA RD. When surveyed there were no vacancies and no specials were offered.

**Estimated
Achievable
Restricted Rent**

The comparisons have units controlled at 60% of the area median income. Some operate with other programs that provide rent subsidies, which makes comparison difficult. Additional programs are not considered in this analysis. The subject will have rents controlled at 30%, 40%, and 60%. All of the comparisons have units restricted at 60% AMI. These are considered the best comparisons for the subject. If these properties are able to achieve rents near the 60% maximum, the subject should be able to achieve maximum 30%, 40%, and 60% rents. The achieved rent at these properties was compared to the maximum adjusted rents at their respective income maximums adjusted for appropriate utilities. All unit types come close to meeting or exceeding their maximums. Recognizing the subject will be new construction, the subject units should lease for the maximum levels at all restriction barriers, 30%, 40%, and 60% AMI levels.

The utility allowance is usually determined by the local housing authorities, based on the size and type of heat and utilities paid by the tenant. However, the applicant may elect to do a special study. If this is done, utility rates may be reduced, altering the maximum adjustable rents. Water, sewer, and garbage will be included at the subject.

In order to remain in compliance with the Federal Tax Credit Program, the owners are required to maintain the units at restricted rent and income levels for at least 15 years and more likely 22 years beyond the contract period plus a three-year workout period. Based on discussions with owners and managers of LIHTC properties, in order to remain competitive with market-rate properties, and insure sufficient tenants to remain in

compliance with the tax credit program, rents at or below market rents must be offered at these properties.

In the past, it seemed as if sufficient incentive was required for a tenant to undergo the income evaluation process, to compensate for the lack of amenities, and offset any negative stigma there may be to residing in a moderate-income project. However, tax credit properties are often the nicest projects available, especially in small markets. The subject, as proposed, should compare well with most new market rate complexes in the greater market, and the stigma, if any exists, is minimal. However, as the pool of available tenants is smaller at tax credit properties because of the income restrictions, it is highly likely that tenants must be accepted from even lower income levels in order to maintain occupancy and remain in compliance with the tax credit program. In other words, tenants with incomes above the maximum allowed will be turned away, leaving a smaller pool of tenants from which to choose. Most new tax credit projects can compete quality wise with most market-rate units.

Conclusion

Conclusion

The subject should compete well as a low-income housing development. The factors supporting this conclusion are summarized below.

Unit Mix	No	Maximum Adjusted Monthly LIHTC Rent	Unrestricted Market Rent	Estimated Achievable Restricted Rent	Rent Gap	Appraiser's Estimated Achievable/ LIHTC Max	Appraiser's Estimated Achievable/ Market
30% AMI							
Studio	2	\$284	\$930	\$284	\$646	100%	31%
1-Bedroom	3	\$301	\$1,060	\$301	\$759	100%	28%
2-Bedroom	2	\$367	\$1,335	\$367	\$968	100%	27%
3-Bedroom	3	\$416	\$1,525	\$416	\$1,109	100%	27%
40% AMI							
Studio	1	\$403	\$930	\$403	\$527	100%	43%
1-Bedroom	6	\$428	\$1,060	\$428	\$632	100%	40%
2-Bedroom	8	\$520	\$1,335	\$520	\$815	100%	39%
3-Bedroom	4	\$592	\$1,525	\$592	\$933	100%	39%
60% AMI							
Studio	1	\$640	\$930	\$640	\$290	100%	69%
1-Bedroom	2	\$682	\$1,060	\$682	\$378	100%	64%
2-Bedroom	4	\$824	\$1,335	\$824	\$511	100%	62%
3-Bedroom	2	\$944	\$1,525	\$944	\$581	100%	62%
80% AMI							
2-Bedroom	3	\$1,129	\$1,335	\$1,129	\$206	100%	85%
3-Bedroom	4	\$1,296	\$1,525	\$1,296	\$229	100%	85%
Total	45						

If rents are set at the above-proposed levels, the subject should achieve 100% of the maximum allowed at the 30%, 40%, and 60% levels. It is important to note that this market analysis only considers the subject under the context of the Tax Credit program, not in conjunction with any proposed subsidy programs.

Project Units/ Project Amenities/ Market Position

The subject is a proposed low-income project. If operating as a market rate property, it would be competitive with other market rate properties in the area.

Subject Viability

The project will be restricted to the LIHTC guidelines. Based upon the previous analysis, the subject is anticipated to be well received and viable in the market place at the income restrictions described.

Demand

All units at the subject will be for limited income households. This report shows there is a reasonable gap between the number of income eligible renters in the market to the number of tax credit properties available. As

such, there is demand for affordable housing in the subject's San Juan County market area.

When analyzing the subject, efforts were made to isolate vacancy rates for the specific household income groups targeted by the proposed project as described by the Washington State Housing Trust Fund. The ability to accurately measure vacancy in complexes for specific income groups is a difficult task, and one that may not be achievable even if an extensive survey is made of all rent-restricted properties in the area. The restricted comparisons surveyed had an overall vacancy level of 0.0%. These properties were selected for their comparability with the subject and similar AMI income restrictions or restrictions that exceed those planned for the subject. These comparisons are summarized in the following table.

Name	Gerard Park	Surina Meadows	Rosewood	Westview
City	Friday Harbor, WA	Friday Harbor, WA	Friday Harbor, WA	Lopez Island, WA
Vacancy Date	Dec-17	Dec-17	Dec-17	Dec-17
Number of Units	20	20	18	18
LIH Units	19	20	17	18
Age	1993	1992	1997	1990
Property Type	Tax Credit	Tax Credit	Tax Credit	Tax Credit
Units at 30% AMI	0	0	0	0
Units at 40% AMI	0	0	0	0
Units at 50% AMI	0	0	0	0
Units at 60% AMI	19	19	17	17
Disabled Units	0	1	0	0
Large Household Units	0	2	0	0
Elderly Units	19	0	0	0
1 Bedroom Vacancy	0	0	0	0
2 Bed/1 Bath Vacancy	0	0	0	0
3 Bed/2 Bath Vacancy	NA	0	0	NA
Other	NA	NA	NA	NA
Total Vacant	0	0	0	0
Overall % Vacant	0.0%	0.0%	0.0%	0.0%
Concessions	None	None	None	None

ADDENDUM

ADDENDUM

Engagement Letter

August 8, 2017

Lisa Byers
Executive Director
OPAL Community Land Trust

Via e-mail - opalclt@opalclt.org

RE: Engagement of Services - Tax Credit Market Study

Dear Ms. Byers:

We are pleased to have the opportunity to furnish a Tax Credit Market Study in connection with the property located at 900 North Beach Road in Eastsound, Washington. The purpose of this letter is to confirm the scope of our services for this engagement, our office practices and policies.

We will prepare a Tax Credit Market Study in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, our services will comply with and be subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The proposed scope will follow that outlined in the Tax Credit Program Market Study Requirements by the Washington State Housing Finance Commission and Housing Trust Fund. It is our understanding that this is the same outline used by the Housing Trust Fund. In order to comply with these guidelines, we will need some specifics relating to project design. Our study will incorporate any additional data provided by your office. From review of the WSHFC study criteria, items needed include: 1) project description, 2) description of the local market area, 3) quantification of demand and supply, 4) description of the rental market, and 5) conclusions of findings. The intended user is OPAL Community Land Trust.

The cost of the Tax Credit Market Study will be _____ This fee is based on the scope and timing of our analysis as outlined in this letter. If the scope of analysis changes during the appraisal process, the change could alter the cost. At the stated fee you will receive an electronic copy of the report in PDF format. You may request up to two optional hard copies without additional charge by checking the box by the signature block. Additional hard copies will be available at nominal expense (billed at \$75/hour for administrative staff's time), but it is helpful if we know of your copy requirements at the time we begin work on the project. Payment for our services is due no later than 30 days following delivery of the completed reports. Any past-due accounts bear interest at the rate of 18 percent per year.

Because of the nature of our business, it is difficult to quote a precise delivery date for the completed report. However, we anticipate delivery of the report will be made within four weeks from the date we receive from you a signed copy of this engagement letter authorizing us to proceed.

Either party may terminate this engagement for any reason upon written notification delivered any time prior to completion of the project. Upon such termination, you remain obligated to pay us promptly for all charges for services rendered to date, as well as for all charges incurred as a result of termination.

Lisa Byers
August 8, 2017
Page 2

We do not anticipate that any disputes will arise out of our relationship with you. However, if any dispute should arise about our services or fees or any other aspect of our relationship, we and you agree to seek a fair negotiated resolution. If this is not successful, all disputes shall be resolved by binding arbitration in Seattle under the American Arbitration Association ("AAA") Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof. The arbitrator may award attorneys' fees and costs to the prevailing party.

If you agree with these terms of engagement and wish us to proceed, please sign where indicated below and return the letter via facsimile at 206.205.0220.

Very truly yours,

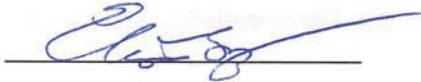
KIDDER MATHEWS



Gary Klockenteger, MAI
Senior Vice President

Check if two hard copy reports are required:

ACCEPTED & AGREED this 6th day of December, 2017:



080817 OPAL Community Land Trust/ds

Market Rent Comparisons

Sandpiper Condominiums

Address: 250 Tucker Avenue
 City: Friday Harbor
 State/Zip: WA 98250



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units: 40
 Age: 1978
 Renovated: 1993
 No of Bldgs: 1
 Stories: 2
 Density: 84.6
 Heat source: Elec. baseboard
 Heat paid by: Tenant
 Water/Sewer: Owner Paid
 Garbage: Owner Paid
 Roof Type: Metal
 Exterior: Wood frame with board and batt appearance siding

Decks: Yes
 Fireplace: No
 Ceiling Fans: Yes
 Laundry: Common
 Dishwasher: Yes
 Microwave: No
 Disposal: Yes
 Security: No
 Elevator: No
 Air Cond.: None

Recreation: Outdoor pool and courtyard

Parking: Tuck under garage parking plus open

Notes: Condo complex. Many of the units are rented. Individual owners. Tile floors. All 1 bedroom. No of units was estimated by manager at Windermere

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	40	500	500	500	\$850	\$850	\$850	\$1.70	\$1.70	1
Total Units		40	Avg SF	500		Avg Rent	\$850		Avg \$/SF	\$1.70	1 2.5%

Date of Survey: 21-Dec-2017

Concessions: None

Other Notes: Dean Johnson, Windermere Property Management

Phone Number: (360) 378-3600

Contact: Windermere Prop Mngt

Friday Harbor Village

Address: 445 Carter Avenue
 City: Friday Harbor
 State/Zip: WA 98250



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	26	Decks:	
Age:	1993	Fireplace:	No
Renovated:		Ceiling Fans:	No
No of Bldgs:	4	Laundry:	Common
Stories:	2	Dishwasher:	Yes
Density:	10.9	Microwave:	No
Heat source:	Elec. baseboard	Disposal:	Yes
Heat paid by:	Tenant	Security:	No
Water/Sewer:	Owner Paid	Elevator:	No
Garbage:	Owner Paid	Air Cond.:	None
Roof Type:	Composition		
Exterior:	Vinyl frame with siding		

Recreation: None

Parking: 60 parking spaces, carports

Notes: Was in LIHTC program, now market rate

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
3-Bed/2-Bath	Flat, 60% AMI	12	1,060	1,060	1,060	\$950	\$1,050	\$1,000	\$0.90	\$0.99	0
4-Bed/2-Bath	Flat, 60% AMI	6	1,209	1,209	1,209	\$1,050	\$1,050	\$1,050	\$0.87	\$0.87	0
2-Bed/1-Bath	Flat, 60% AMI	8	835	835	835	\$900	\$1,000	\$950	\$1.08	\$1.20	0
Total Units		26	Avg SF	1,025		Avg Rent	\$996		Avg \$/SF	\$0.97	0 0.0%

Date of Survey: 18-Dec-2017

Concessions: Units rent fast, usually rented before vacant. All utilities are typically about \$125/month. 30% units have vouchers.

Other Notes: Rent contact Todd Stabler & Associates. Friday Harbor Village(425) 260-0125

Phone Number: (425) 646-6327

Contact: Martha, manager

Island Meadows

Address: 360 Carter Avenue
 City: Friday Harbor
 State/Zip: WA 98250



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	19	Decks:	No
Age:	1990	Fireplace:	No
Renovated:		Ceiling Fans:	No
No of Bldgs:	5	Laundry:	Common
Stories:	0	Dishwasher:	No
Density:	11.4	Microwave:	No
Heat source:	Elec. baseboard	Disposal:	Yes
Heat paid by:	Tenant	Security:	No
Water/Sewer:	Owner Paid	Elevator:	No
Garbage:	Owner Paid	Air Cond.:	None
Roof Type:	Composition		
Exterior:	Wood frame		

Recreation: None

Parking: Open parking

Notes: 5 - 4-plexes. Nice floor coverings and cabinets. Was in USDA RD program, prepaid loan & now market

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	10	696	696	696	\$825	\$825	\$825	\$1.19	\$1.19	0
2-Bed/1-Bath	Flat	9	950	950	950	\$875	\$875	\$875	\$0.92	\$0.92	0
Total Units		19	Avg SF	816		Avg Rent	\$849		Avg \$/SF	\$1.04	0 0.0%

Date of Survey: 19-Dec-2017

Concessions: No turnover in 2 bed units since left RD program. Rents probably low

Other Notes: Managed by Ad-West

Phone Number: (425) 391-3937

Contact: Warren Westlag

Montecito

Address: 355 C Street
 City: Friday Harbor
 State/Zip: WA 98250



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	12	Decks:	Yes
Age:	1997	Fireplace:	Gas
Renovated:		Ceiling Fans:	No
No of Bldgs:	4	Laundry:	Most+common
Stories:	2	Dishwasher:	Yes
Density:	9.1	Microwave:	Yes
Heat source:	Elec. baseboard	Disposal:	Yes
Heat paid by:	Tenant	Security:	No
Water/Sewer:	Owner Paid	Elevator:	No
Garbage:	Owner Paid	Air Cond.:	None
Roof Type:	Composition		
Exterior:	Wood frame with lap and shingle siding		

Recreation: None

Parking: Garages available \$150/month

Notes: Central electricity, tenants billed back. Large 1 bed units. Built as a 6 unit townhouse condo project. Unit split into upper & lower flats. 4 units lack W/D & 2 do not have DW. Most kitchens in lower units modernized. Upper all complete.

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	12	900	— 1,000	950	\$1,275	— \$1,300	\$1,288	\$1.42	\$1.30	0
Total Units		12	Avg SF	950		Avg Rent	\$1,288		Avg \$/SF	\$1.36	0 0.0%

Date of Survey: 22-Dec-2017

Concessions: None. 1 unit coming available in January asking \$1,300/mo.

Other Notes: Managed by Harbor Lands

Phone Number: (360) 734-2222

Contact: Chis, Harbor Lands

Village Green

Address: 15 Malcom Street

City: Friday Harbor

State/Zip: WA 98250



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	12	Decks:	Yes
Age:	1994	Fireplace:	No
Renovated:		Ceiling Fans:	No
No of Bldgs:	1	Laundry:	Yes, in unit
Stories:	2	Dishwasher:	Yes
Density:		Microwave:	No
Heat source:	Elec. baseboard	Disposal:	Yes
Heat paid by:	Tenant	Security:	No
Water/Sewer:	Owner Paid	Elevator:	No
Garbage:	Owner Paid	Air Cond.:	None
Roof Type:	Composition		
Exterior:	Wood frame with siding		

Recreation: None

Parking: Open parking only

Notes: One of the nicer rental properties in Friday Harbor

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	6	630	630	630	\$995	\$995	\$995	\$1.58	\$1.58	0
2-Bed/1-Bath	Flat	6	780	780	780	\$1,125	\$1,125	\$1,125	\$1.44	\$1.44	0
Total Units		12	Avg SF	705		Avg Rent	\$1,060		Avg \$/SF	\$1.50	0 0.0%

Date of Survey: 21-Dec-2017

Concessions: None, units rent before they are empty

Other Notes: Windermere

Phone Number: (360) 472-7027

Contact: Windermere Mngt

Madrona Court

Address: 550 University Road
 City: Friday Harbor
 State/Zip: WA 98250



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

- No. of Units: 12
- Age: 1992
- Renovated:
- No of Bldgs: 2
- Stories: 2
- Density: 29.3
- Heat source: Elec. baseboard
- Heat paid by: Tenant
- Water/Sewer: Owner Paid
- Garbage: Owner Paid
- Roof Type: Composition
- Exterior: Wood frame with T1-11 siding
- Recreation: None
- Parking: Open parking only
- Notes: Current listed for sale
- Decks: Yes
- Fireplace: No
- Ceiling Fans: No
- Laundry: Common
- Dishwasher: Yes
- Microwave: No
- Disposal: Yes
- Security: No
- Elevator: No
- Air Cond.:

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	12	650	650	650	\$850	\$925	\$888	\$1.31	\$1.42	0
Total Units		12	Avg SF	650		Avg Rent	\$888		Avg \$/SF	\$1.37	0 0.0%

Date of Survey: 21-Dec-2017

Concessions: None. Rents considered low, market estimated at \$940/month

Other Notes:

Phone Number: (800) 869-7129

Contact: Rent roll

Northern Heights

Address: 418 Pine Street
 City: Eastsound
 State/Zip: WA



Property Type: Apartment

PHYSICAL DATA AND PROPERTY AMENITIES

- No. of Units: 12
- Age: 1976
- Renovated:
- No of Bldgs: 1
- Stories: 2
- Density: 38.7
- Heat source: Elec. baseboard
- Heat paid by: Tenant
- Water/Sewer: Owner Paid
- Garbage: Owner Paid
- Roof Type: Composition
- Exterior: Wood frame with siding
- Recreation: None
- Parking: Open Parking
- Notes: All 1 bedroom, small basic units
- Decks: Entry
- Fireplace: No
- Ceiling Fans: No
- Laundry: Common
- Dishwasher: No
- Microwave: No
- Disposal: No
- Security: No
- Elevator: No
- Air Cond.: None

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	12	400	400	400	\$500	\$700	\$600	\$1.25	\$1.75	0
Total Units		12	Avg SF	400		Avg Rent	\$600		Avg \$/SF	\$1.50	0 0.0%

Date of Survey: 09-Jan-2018

Concessions: None, rents vary based on view

Other Notes:

Phone Number: (714) 271-1215

Contact: Alan, owner

Driftwood Condos

Address: 172 Lover's Lane
 City: Eastsound
 State/Zip: WA 98245



Property Type: Condominium

PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units: 24
 Age: 1979
 Renovated:
 No of Bldgs: 2
 Stories: 2
 Density: 13.5
 Heat source: Elec. baseboard
 Heat paid by: Tenant
 Water/Sewer: Owner Paid
 Garbage: Owner Paid
 Roof Type: Composition
 Exterior: Wood frame with T1-11 siding

Decks: No
 Fireplace: No
 Ceiling Fans: No
 Laundry: Common
 Dishwasher: No
 Microwave: No
 Disposal: No
 Security: No
 Elevator: No
 Air Cond.: None

Recreation: Picnic area

Parking: Open parking

Notes: Variety of finish - typically plain but some with nice renovations. Rents are for 3 units

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	11	576	587	582	\$750	\$750	\$750	\$1.30	\$1.28	0
2-Bed/1.75-Bath	Flat	13	828	851	840	\$885	\$885	\$885	\$1.07	\$1.04	0
2-Bed/2-Bath	Flat	1	1,628	1,628	1,628						0
Total Units		25	Avg SF	758		Avg Rent	\$790		Avg \$/SF	\$1.04	0 0.0%

Date of Survey: 09-Jan-2018

Concessions: None. Rents are for 3 units

Other Notes:

Phone Number: (360) 376-2202

Contact: Cherie Lindolm Realty

Restricted Rent Comparisons

Restricted Rent Comparison 1



Gerard Park

Address: 595 Linder Street
 City: Friday Harbor
 State/Zip: WA 98250



PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	20	LIH Units:	19
Age:	1993	No of Bldgs:	2
Renovated:		Stories:	1
Roof Type:	Composition	Density:	16.5
Laundry:	Common	Decks:	Yes
Heat source:	Elec. baseboard	Fireplace:	No
Heat paid by:	Tenant	Dishwasher:	
Water/Sewer:	Owner Paid	Security:	No
Garbage:	Owner Paid	Elevator:	No

AFFORDABLE OPERATION

LIHTC: Yes
 HUD:
 USDA RD:
 Proj Sponsor:
 Subsidized:

INCOME RESTRICTION

30% AMI:
 40% AMI:
 50% AMI:
 60% AMI: 19
 80% AMI:
 Mrkt Rate Units: 0

Recreation: None

Parking: Open parking only

SPECIAL SETASIDE

Senior Hsg: Yes
 Transitional:
 Disabled Hsg:

Affordable Units:
 Total Units:
 Disabled Units:
 Large HH Units:
 Homeless Units:
 Elderly Units: 19

General: LIHTC download 1-09, Senior age restricted

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:	
			Min	Max		Min	Max					
1-Bed	Flat	18	696	696	696	\$628	\$628	\$628	\$0.90	\$0.90	0	
2-Bed/1-Bath	Flat	2	798	798	798	\$686	\$686	\$686	\$0.86	\$0.86	0	
Total Units		20	Avg SF	706		Avg Rent	\$634		Avg \$/SF	\$0.90	0	0.0%

Concessions: None

Rent Notes: Diamond Management, 360-733-0468. On-site hours 9-11 M-Th, Shanon Hobbs

Date of Survey: 21-Dec-2017

Contact: Jo, Diamond Mgmt

Phone Number: (360) 378-5407

Restricted Rent Comparison 2



Surina Meadows

Address: 535 Linder Street
 City: Friday Harbor
 State/Zip: WA 98250



PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	20	LIH Units:	20
Age:	1992	No of Bldgs:	2
Renovated:		Stories:	2
Roof Type:	Composition	Density:	24.1
Laundry:	Common	Decks:	
Heat source:	Elec. baseboard	Fireplace:	No
Heat paid by:	Tenant	Dishwasher:	Yes
Water/Sewer:	Owner Paid	Security:	No
Garbage:	Owner Paid	Elevator:	No

AFFORDABLE OPERATION

LIHTC: Yes
 HUD:
 USDA RD:
 Proj Sponsor:
 Subsidized:

INCOME RESTRICTION

30% AMI:
 40% AMI:
 50% AMI:
 60% AMI: 19
 80% AMI:
 Mrkt Rate Units: 0

Recreation: None

Parking: Open parking only

SPECIAL SETASIDE

Senior Hsg:
 Transitional:
 Disabled Hsg:

Affordable Units:
 Total Units:
 Disabled Units: 1
 Large HH Units: 2
 Homeless Units:
 Elderly Units:

General: LIHTC download 1-09

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	2	696	696	696	\$730	\$730	\$730	\$1.05	\$1.05	0
2-Bed/1-Bath	Flat	14	780	780	780	\$788	\$788	\$788	\$1.01	\$1.01	0
3-Bed/2-Bath	Flat	2	900	900	900	\$845	\$845	\$845	\$0.94	\$0.94	0
Total Units		18	Avg SF	784		Avg Rent	\$788		Avg \$/SF	\$1.00	0 0.0%

Concessions: None, Mngt stated that if a units tuns over it quickly rents

Rent Notes: Diamond Management

Date of Survey: 21-Dec-2017

Contact: Jo, Diamond Mngt

Phone Number: (360) 225-7019

Restricted Rent Comparison 3



Rosewood

Address: 525 Perry Place
 City: Friday Harbor
 State/Zip: WA 98250



PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	18	LIH Units:	17
Age:	1997	No of Bldgs:	4
Renovated:		Stories:	1
Roof Type:	Composition	Density:	
Laundry:	Common	Decks:	No
Heat source:	Elec. baseboard	Fireplace:	No
Heat paid by:	Tenant	Dishwasher:	No
Water/Sewer:	Owner Paid	Security:	No
Garbage:	Owner Paid	Elevator:	No

AFFORDABLE OPERATION

LIHTC: Yes
 HUD:
 USDA RD:
 Proj Sponsor:
 Subsidized:

INCOME RESTRICTION

30% AMI:
 40% AMI:
 50% AMI:
 60% AMI: 17
 80% AMI:
 Mrkt Rate Units: 0

Recreation: None

Parking: Open Parking

SPECIAL SETASIDE

Senior Hsg:
 Transitional:
 Disabled Hsg:

Affordable Units:
 Total Units:
 Disabled Units:
 Large HH Units:
 Homeless Units:
 Elderly Units:

General: LIHTC at 60% AMI plus USDA RD

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	4	682	682	682	\$755	\$755	\$755	\$1.11	\$1.11	0
2-Bed/1-Bath	Flat	10	923	923	923	\$825	\$825	\$825	\$0.89	\$0.89	0
3-Bed/2-Bath	Flat	4	1,179	1,179	1,179	\$910	\$910	\$910	\$0.77	\$0.77	0
Total Units		18	Avg SF	926		Avg Rent	\$828		Avg \$/SF	\$0.89	0 0.0%

Concessions: None. Note rate rents shown. In USDA RD program plus LIHTC at 60% AMI

Rent Notes: Ad-West Realty Services 360-378-3000

Date of Survey: 19-Dec-2017

Contact: Warren Weslad, manager

Phone Number: (425) 391-3937

Restricted Rent Comparison 4



Westview

Address: 452 Lopez Road
 City: Lopez Island
 State/Zip: WA 98260



PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	18	LIH Units:	18
Age:	1990	No of Bldgs:	2
Renovated:		Stories:	2
Roof Type:	Composition	Density:	15.3
Laundry:	Common	Decks:	Patio only
Heat source:	Elec. baseboard	Fireplace:	No
Heat paid by:	Tenant	Dishwasher:	No
Water/Sewer:	Owner Paid	Security:	No
Garbage:	Owner Paid	Elevator:	No

AFFORDABLE OPERATION

LIHTC: Yes
 HUD:
 USDA RD:
 Proj Sponsor:
 Subsidized:

INCOME RESTRICTION

30% AMI:
 40% AMI:
 50% AMI:
 60% AMI: 17
 80% AMI:
 Mrkt Rate Units: 0

Recreation: None

Parking: Open parking only

SPECIAL SETASIDE

Senior Hsg:
 Transitional:
 Disabled Hsg:

Affordable Units:
 Total Units:
 Disabled Units:
 Large HH Units:
 Homeless Units:
 Elderly Units:

General: LIHTC Property

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:	
			Min	Max		Min	Max					
1-Bed	Flat	6	696	696	696	\$747	\$747	\$747	\$1.07	\$1.07	0	
2-Bed/1-Bath	Flat	12	780	780	780	\$817	\$817	\$817	\$1.05	\$1.05	0	
Total Units		18	Avg SF	752		Avg Rent	\$794		Avg \$/SF	\$1.06	0	0.0%

Concessions: None, a waiting list is maintained. 50% are in USDA RD program, mostly seniors

Rent Notes: Diamond Management 360-468-3821

Date of Survey: 18-Dec-2017

Contact: Manager

Phone Number: (360) 225-7019

Restricted Rent Comparison 5



Lavender Hollow

Address: 38 Orion Lane
 City: Eastsound
 State/Zip: WA 98245



PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	22	LIH Units:	22
Age:	1990	No of Bldgs:	7
Renovated:		Stories:	2
Roof Type:	Composition	Density:	6.6
Laundry:	Common	Decks:	1 bed only
Heat source:	Elec. baseboard	Fireplace:	No
Heat paid by:	Tenant	Dishwasher:	No
Water/Sewer:	Owner Paid	Security:	No
Garbage:	Owner Paid	Elevator:	No

AFFORDABLE OPERATION

LIHTC: Yes
 HUD:
 USDA RD: Yes
 Proj Sponsor:
 Subsidized:

INCOME RESTRICTION

30% AMI:
 40% AMI:
 50% AMI: 22
 60% AMI:
 80% AMI:
 Mrkt Rate Units: 0

Recreation: None

Parking: Open parking

SPECIAL SETASIDE

Senior Hsg:
 Transitional:
 Disabled Hsg:

Affordable Units:
 Total Units:
 Disabled Units:
 Large HH Units:
 Homeless Units:
 Elderly Units:

General: In the USDA RD program & also under the Washington State Housing Trust Fund financing at 50% AMI

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	12	656	656	656	\$720	\$720	\$720	\$1.10	\$1.10	0
2-Bed/1-Bath	Flat	8	923	923	923	\$775	\$775	\$775	\$0.84	\$0.84	0
3-Bed/1-Bath	Flat	2	1,179	1,179	1,179	\$823	\$823	\$823	\$0.70	\$0.70	0
Total Units		22	Avg SF	801		Avg Rent	\$749		Avg \$/SF	\$0.94	0 0.0%

Concessions: In the USDA RD program & also under the Washington State Housing Trust Fund financing at 50% AMI

Rent Notes:

Date of Survey: 19-Dec-2017

Contact: Warren Weslad

Phone Number: (425) 391-3937

Orcas Longhouse

Address: 236 Prune Alley
 City: Eastsound
 State/Zip: WA 98245



PHYSICAL DATA AND PROPERTY AMENITIES

No. of Units:	16	LIH Units:	16
Age:	1985	No of Bldgs:	1
Renovated:		Stories:	2
Roof Type:	Composition	Density:	39.0
Laundry:	Common	Decks:	No
Heat source:	Elec. baseboard	Fireplace:	No
Heat paid by:	Tenant	Dishwasher:	No
Water/Sewer:	Owner Paid	Security:	
Garbage:	Owner Paid	Elevator:	No

AFFORDABLE OPERATION

LIHTC:
 HUD:
 USDA RD: Yes
 Proj Sponsor:
 Subsidized:

INCOME RESTRICTION

30% AMI:
 40% AMI:
 50% AMI:
 60% AMI:
 80% AMI:
 Mrkt Rate Units: 0

Recreation: Community room

Parking: Open parking

SPECIAL SETASIDE

Senior Hsg:
 Transitional:
 Disabled Hsg:

Affordable Units:
Total Units:
 Disabled Units:
 Large HH Units:
 Homeless Units:
 Elderly Units:

General: Senior, interior hallways

Unit Type	Subtype	No	Size Range (SF)		Avg SF	Rent Range		Avg Rent	Base \$/SF	Max \$/SF	No Vacant:
			Min	Max		Min	Max				
1-Bed	Flat	16	656	— 656	656	\$520	— \$520	\$520	\$0.79	\$0.79	0
Total Units		16	Avg SF	656		Avg Rent	\$520		Avg \$/SF	\$0.79	0 0.0%

Concessions: Age restricted 62+ & disabled. In USDA RD program

Rent Notes: Ad-West

Date of Survey: 18-Dec-2017

Contact:

Phone Number: (360) 376-2023

Architectural Plans



LAND USE CODE INFORMATION

TAX PARCEL NUMBER: 2714100700
 LOT SIZE: 165,084 S.F. = 3.79 ACRES

ALLOWABLE RESIDENTIAL USES: S.J.C.C. 18.30.460 TABLE 5
 MULTI-FAMILY (3+ UNITS)

S.J.C.C. 18.30.490 TABLE 11
 ALLOWED

ALLOWED	PROVIDED
DENSITY: 4 UNITS/ACRE MIN. 12 UNITS/ACRE MAX. 3.79 ACRES X 12 UNITS/ACRE = 45	45
MIN. LOT SIZE: 7000 S.F.	165,084 S.F.
BUILDING HEIGHT: 35' MAX.	30'-10"
FRONT SETBACK: 40' TO CENTERLINE OF R.O.W.	40' (BUILDING 2 & 9)
SIDE SETBACK: 5' MIN., AGGREGATE 12' MIN.	(BLDG. 1, 6, 7, 9, 10, 11, 12) 6' MIN., 12' AGGREGATE
REAR SETBACK: 20'	20' (BUILDING 7)
MAX. LOT COVERAGE: 30% = 49,525 S.F.	31,962 S.F. = 19.4%
MIN. OPEN SPACE 30% = 49,525 S.F.	110,047 S.F. = 66.7%

S.J.C.C. 18.30.430 TABLE 22.D - PARKING - RESIDENTIAL USES
 1.5 SPACES/UNIT OVER 500 S.F. - 1411 UNITS
 1 SPACES/UNIT UNDER 500 S.F. - 141 UNITS
 (86) REQUIRED SPACES
 25% COMPACT = 36
 5% ACCESSIBLE SPACES = (4) REQD.

(86) SPACES PROVIDED
 (12) COMPACT SPACES
 (8) ACCESSIBLE SPACE

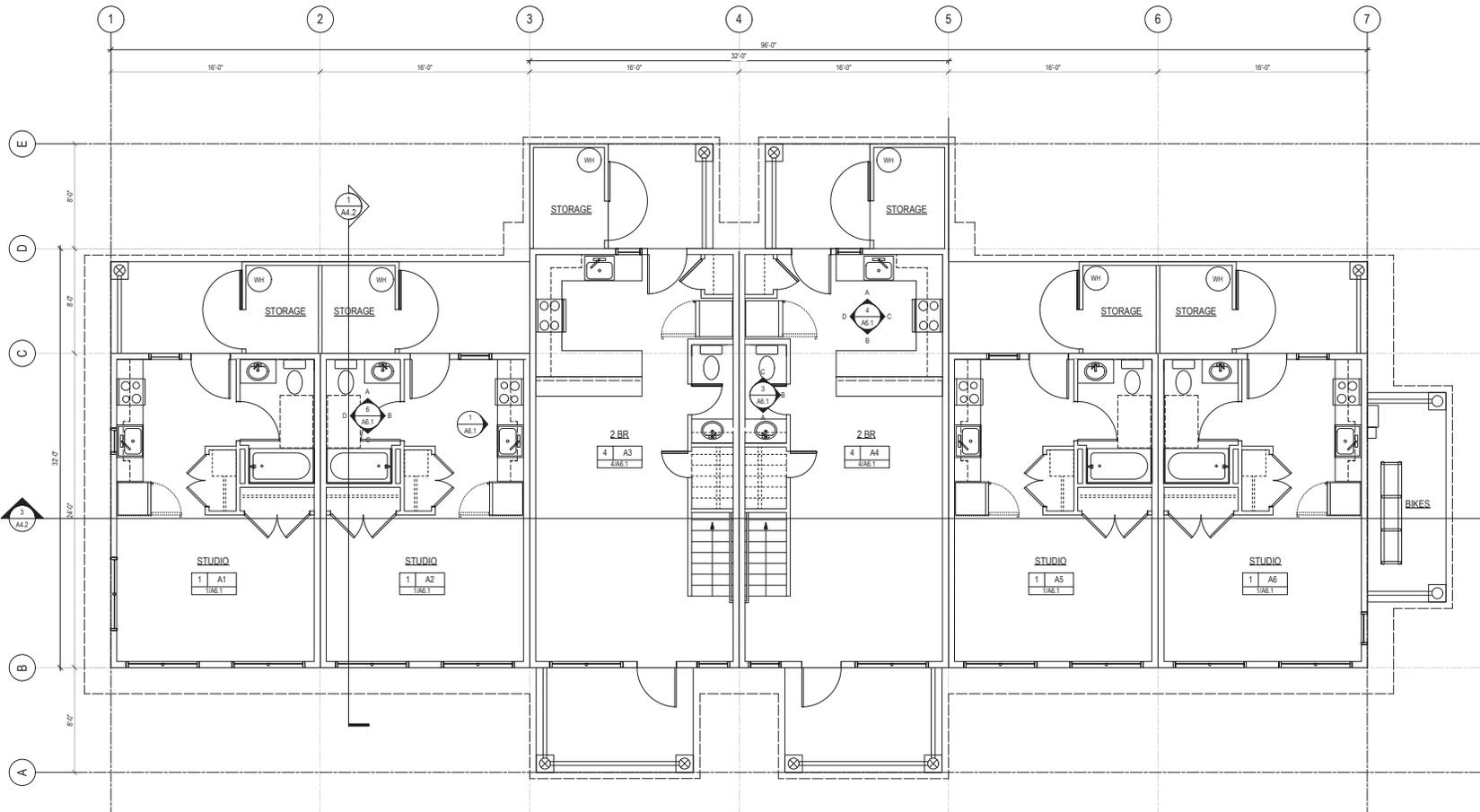


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April's Grove
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 North Beach Road
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Date: **06 September 2017**
 Drawing Issue
 Reviewers
 Drawn by: **BS/AP/SC/JD**
 Checked by: (P.M.): **BS**
 Checked by: (O.C.):
 Project No.: **15-028**

Site Plan
 Scale: 1" = 20 ft



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First Floor Plan

Date
24 March 2017
Drawing Issue
Revisions

Drawn by
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BS
Checked by (G.C.):
Project No.
15-028

1 Building A First Floor Plan
Scale: 1/4" = 1'-0"

2,560 S.F.
0 5 10 FT

A2.1-A

April's Grove

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Building A Elevations

Date
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Drawn by
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Building A Rear Elevation - South
Scale: 1/4" = 1'-0"



Building A Front Elevation - North
Scale: 1/4" = 1'-0"

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Building A Elevations

Date
24 March 2017
Drawing Issue

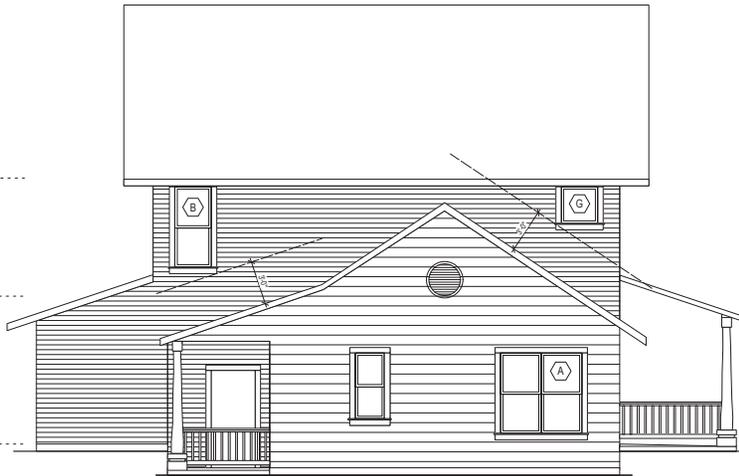
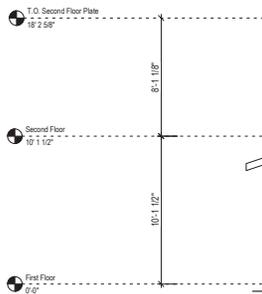
Revisions

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BS

Checked by: (G.C.):

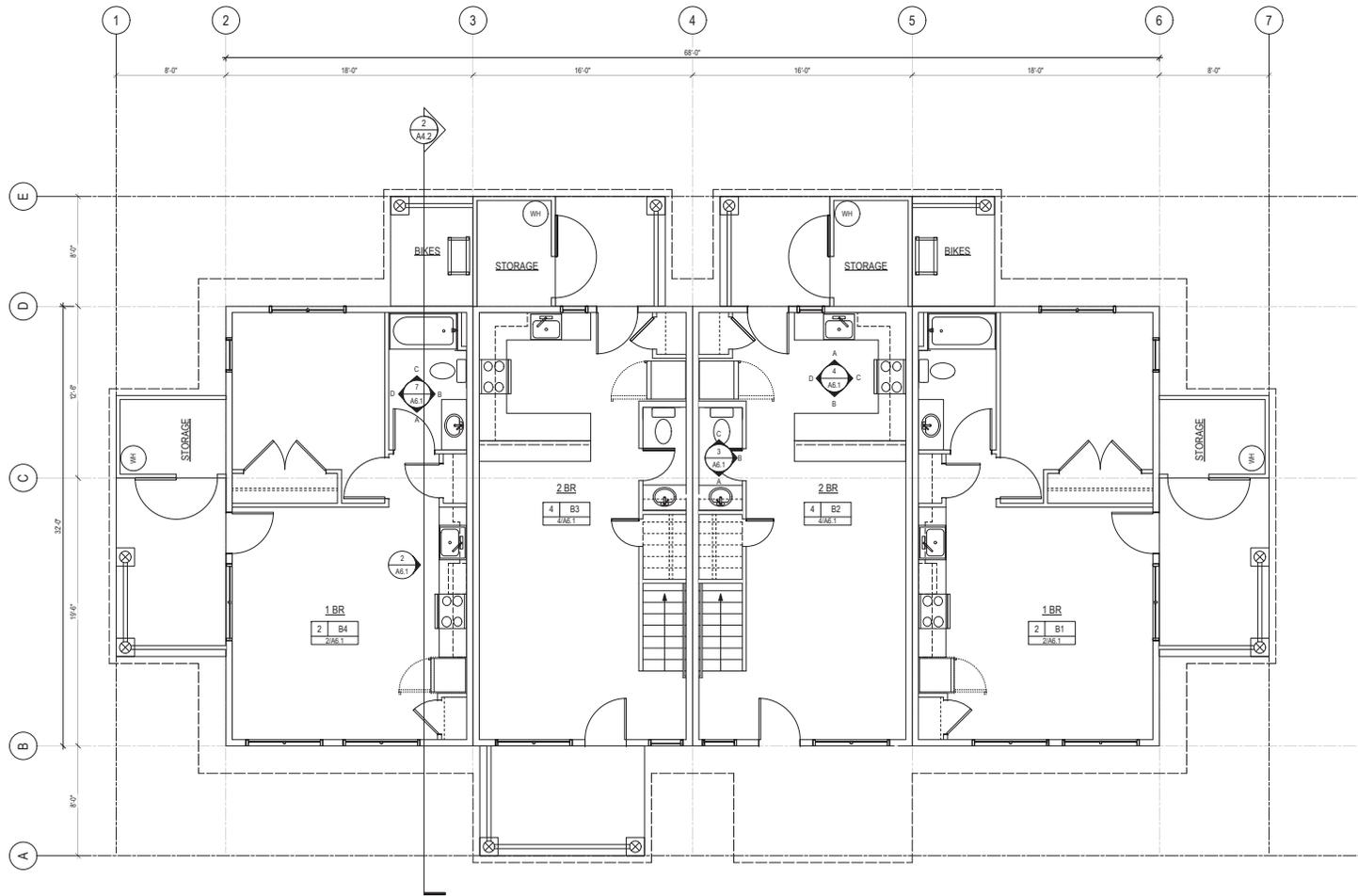
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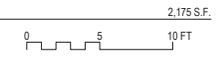
○ Building A West Elevation
Scale: 1/4" = 1'-0"



○ Building A East Elevation
Scale: 1/4" = 1'-0"



1 Building B - First Floor Plan
 A1.1-B Scale: 1/4" = 1'-0"

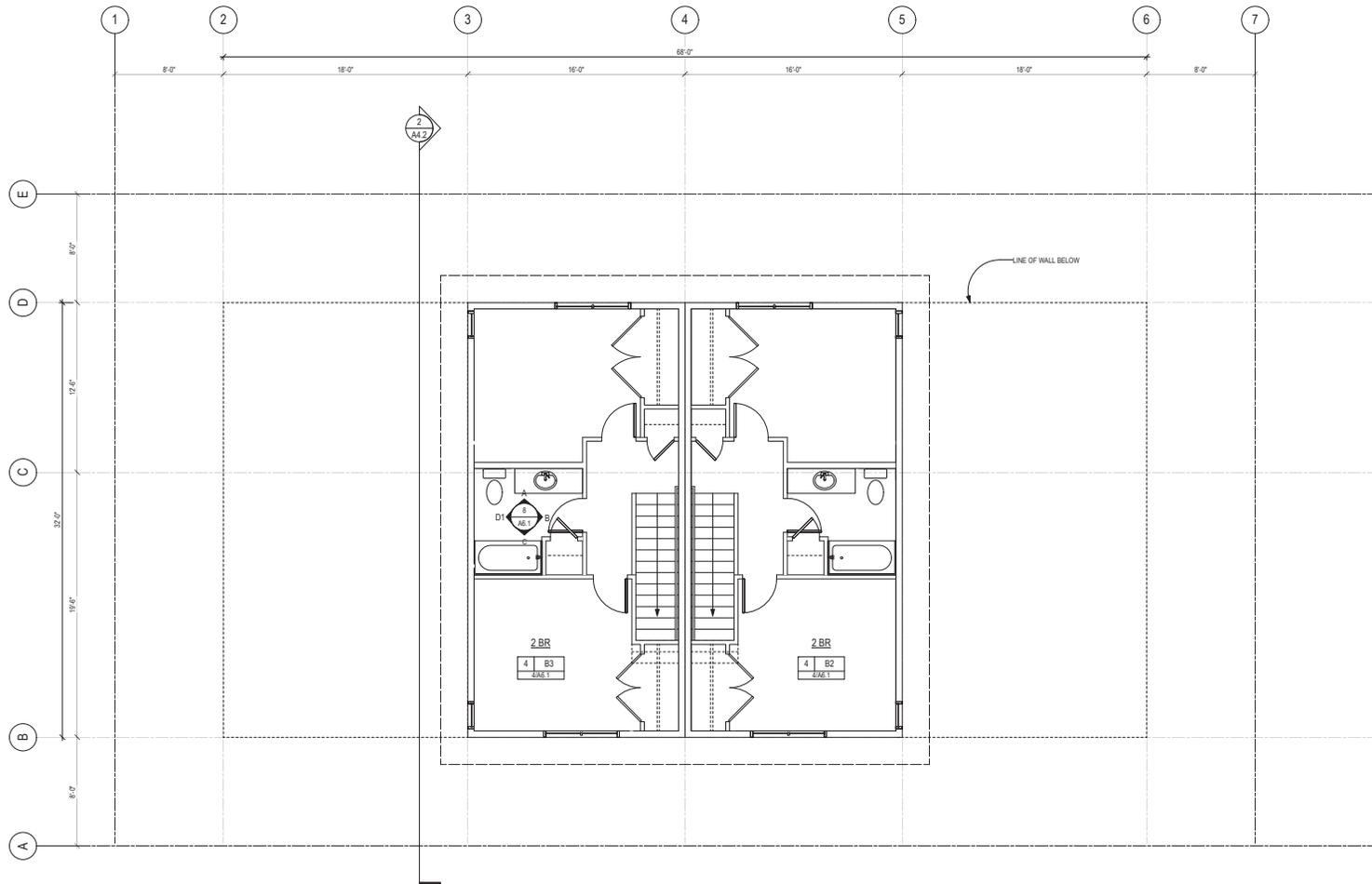


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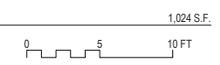
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Bldg. B First Floor Plan

Date
24 March 2017
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1 Building B - Second Floor Plan
 A1.2-B Scale: 1/4" = 1'-0"



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Bldg. B Second Floor Plan

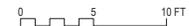
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Building B - East Elevation
Scale: 1/4" = 1'-0"



Building B - West Elevation
Scale: 1/4" = 1'-0"



Community Design Center

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Building B Elevations

Date	24 March 2017
Drawing Issue	
Revisions	
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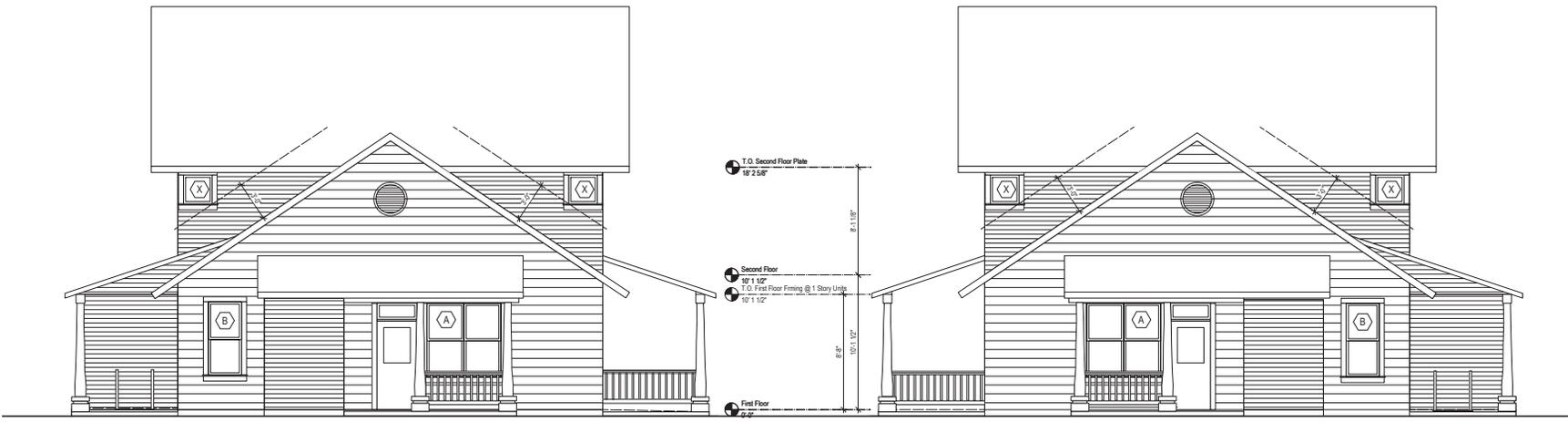
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Building B Elevations

Date
24 March 2017
Drawing Issue

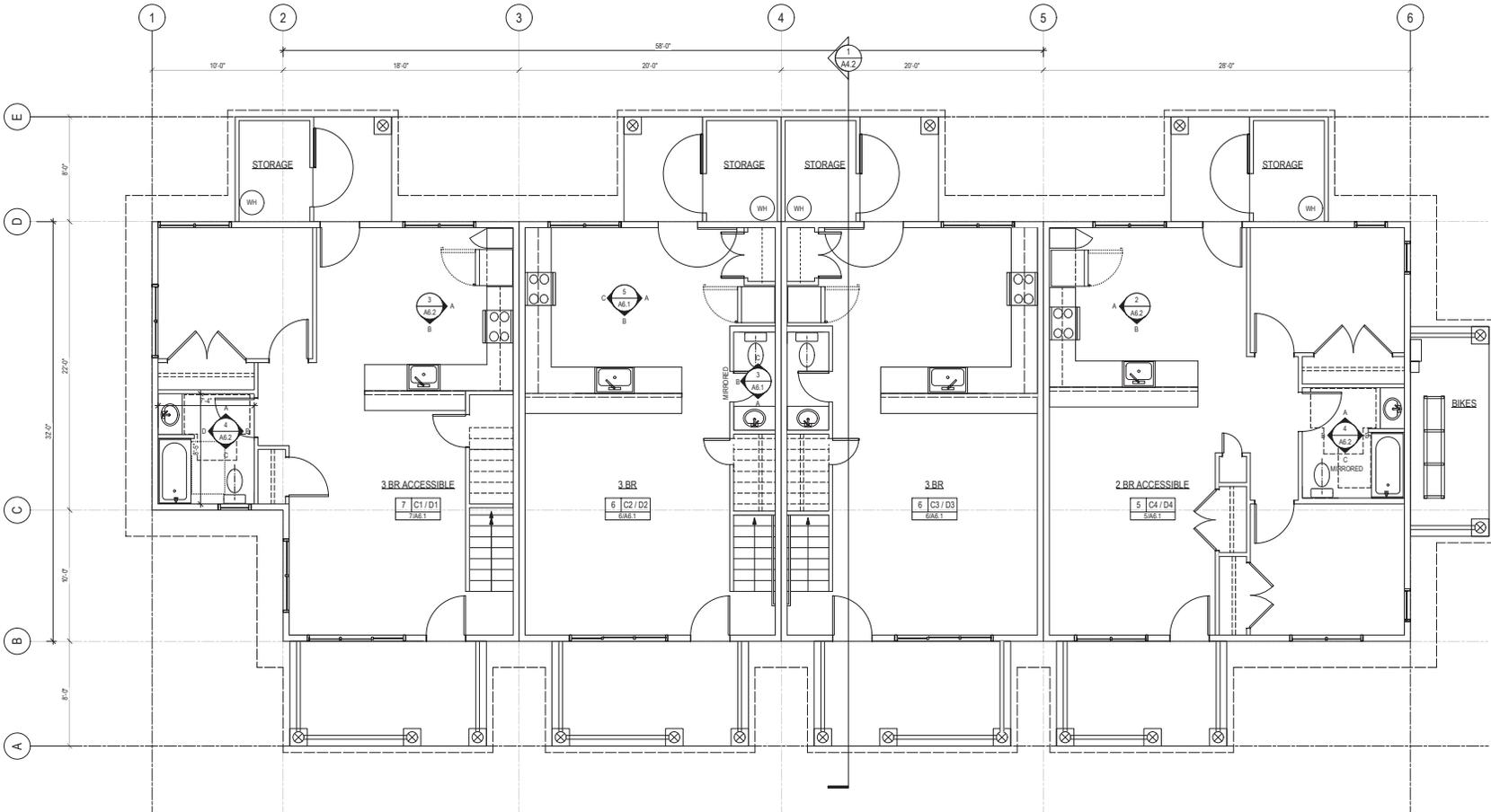
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Project No.
15-028



Building B - North Elevation
Scale: 1/4" = 1'-0"

Building B- South Elevation
Scale: 1/4" = 1'-0"



1 Building C & D First Floor Plan
 A2.1-C D Scale: 1/4" = 1'-0"

2,912 S.F.



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First Floor Plan

Date
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 Drawing Issue

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Building C & D - Rear Elevation
Scale: 1/4" = 1'-0"



Building C & D - Front Elevation
Scale: 1/4" = 1'-0"



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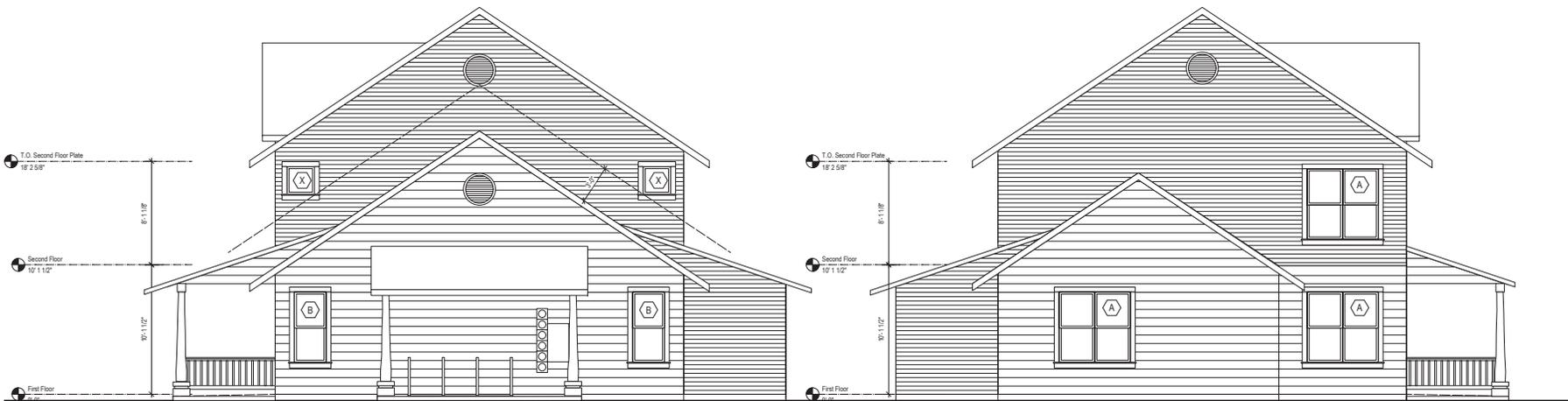
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.....	T.O. Second Floor Plate	18'-2 5/8"
.....	Building C&D Elevations	
.....	Second Floor	12'-1 1/2"
.....	Date	
.....	24 March 2017	
.....	Drawing Issue	
.....	Revisions	
.....	Drawn by	
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.....	Checked by (P.M.):	
.....	BS	
.....	Checked by (O.C.):	
.....	Project No.	
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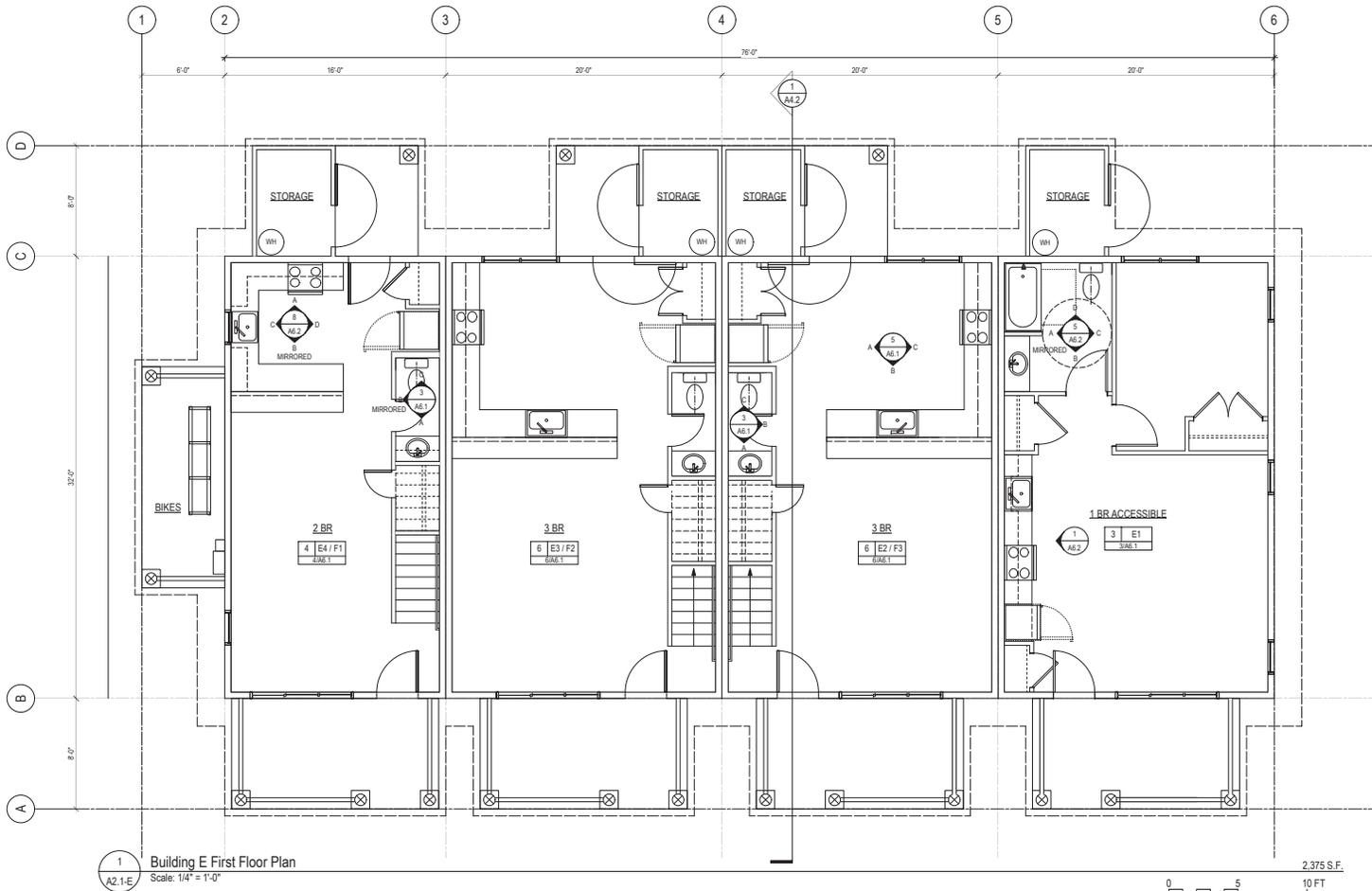
○ Building C & D -North Elevation
Scale: 1/4" = 1'-0"

○ Building C & D -South Elevation
Scale: 1/4" = 1'-0"

..... Building C&D Elevations

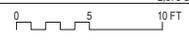
..... Date
..... **24 March 2017**
..... **Drawing Issue**
..... Revisions

..... Drawn by:
..... **BS/AP/SC/JD**
..... Checked by (P.M.):
..... **BS**
..... Checked by (O.C.):
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1 Building E First Floor Plan
 A2.1-E Scale: 1/4" = 1'-0"

2,375 S.F.



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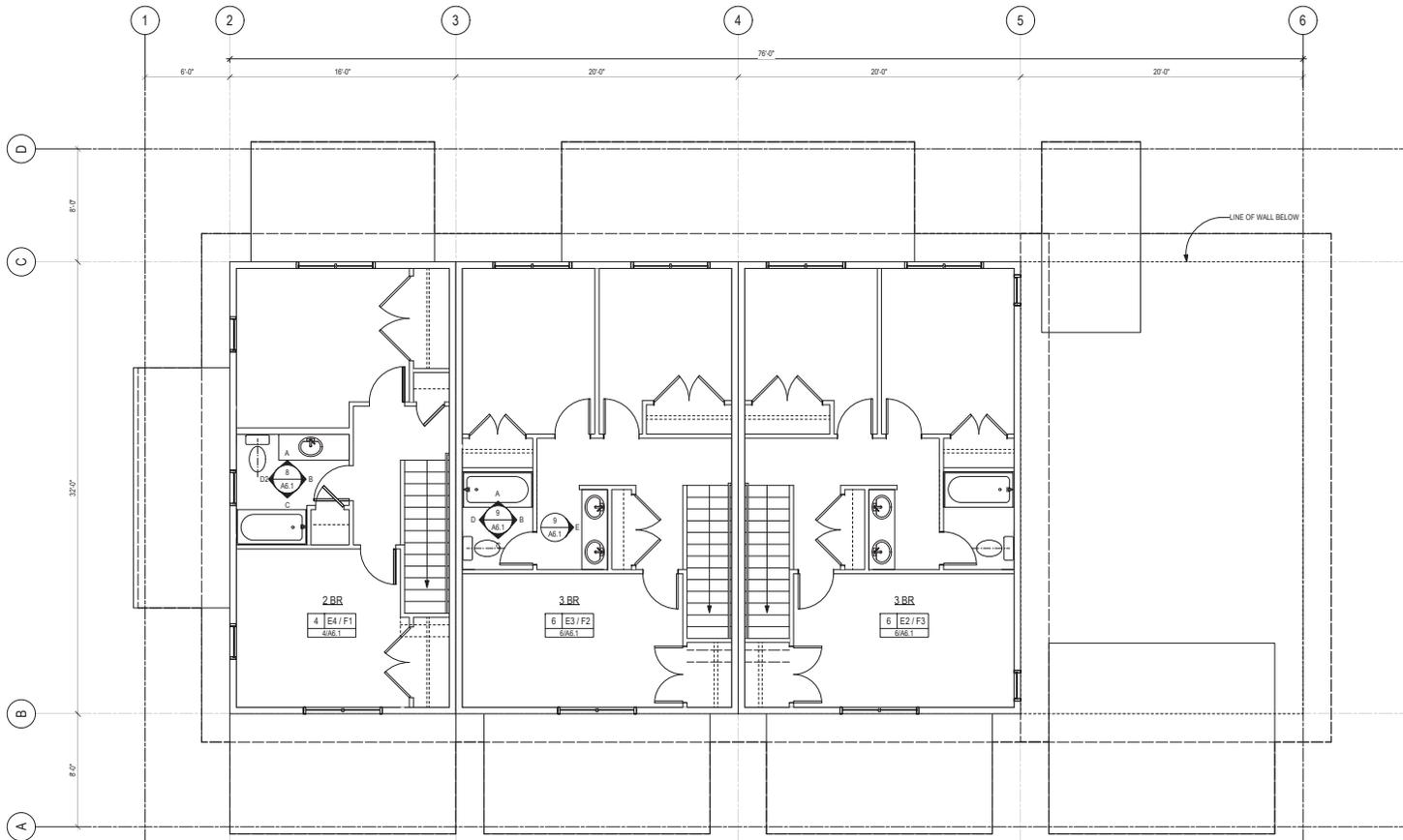
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First Floor Plan

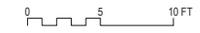
Date
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1 Building E Second Floor Plan
 A2.2-E Scale: 1/4" = 1'-0"

1,792 S.F.



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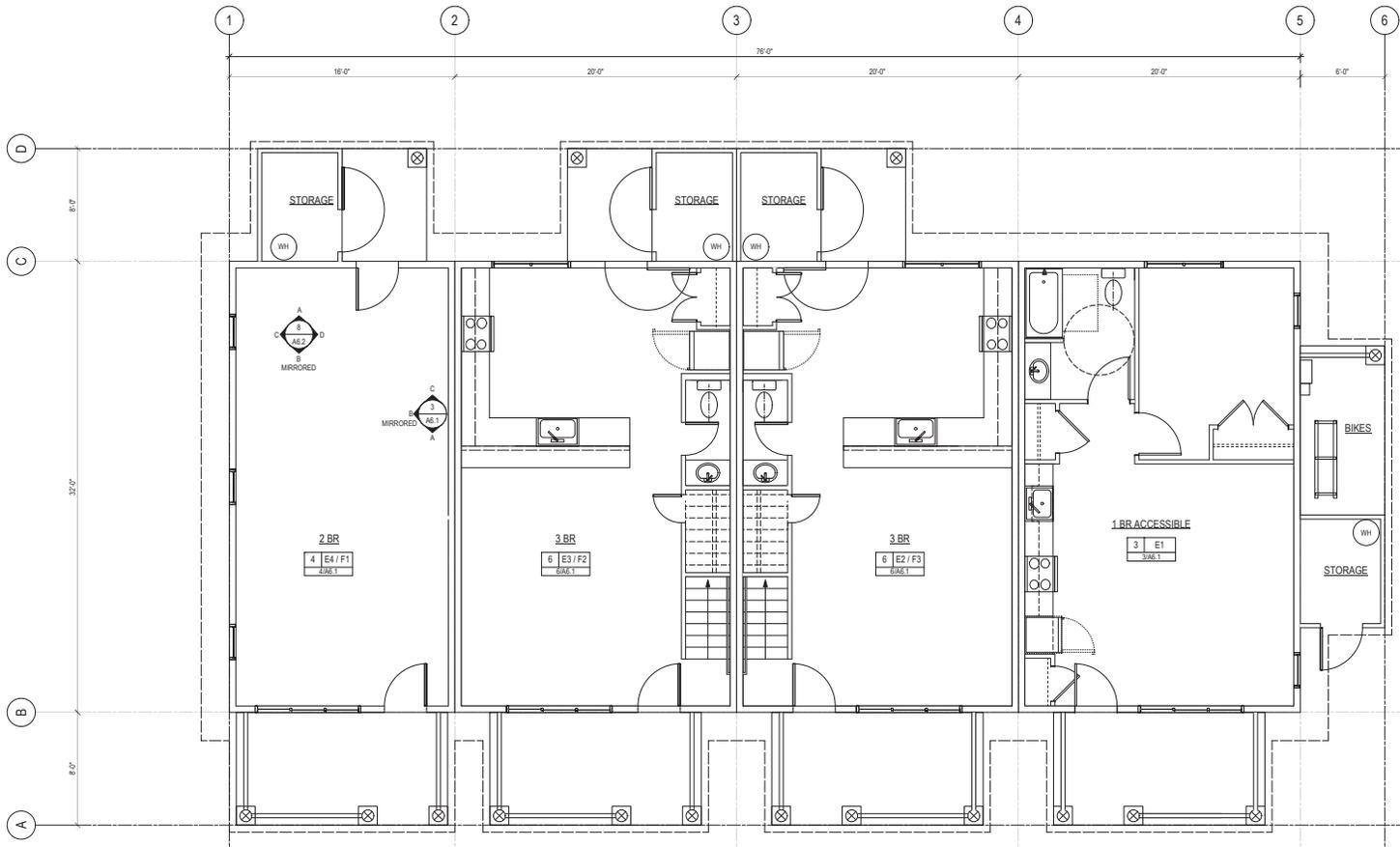
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Second Floor Plan

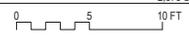
Date
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 Drawing Issue
 Revisions

Drawn by
BS/AP/SC/JD
 Checked by (P.M.):
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 Checked by (O.C.):
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1 Building F First Floor Plan
 A2.1-E-F Scale: 1/4" = 1'-0"

2,375 S.F.



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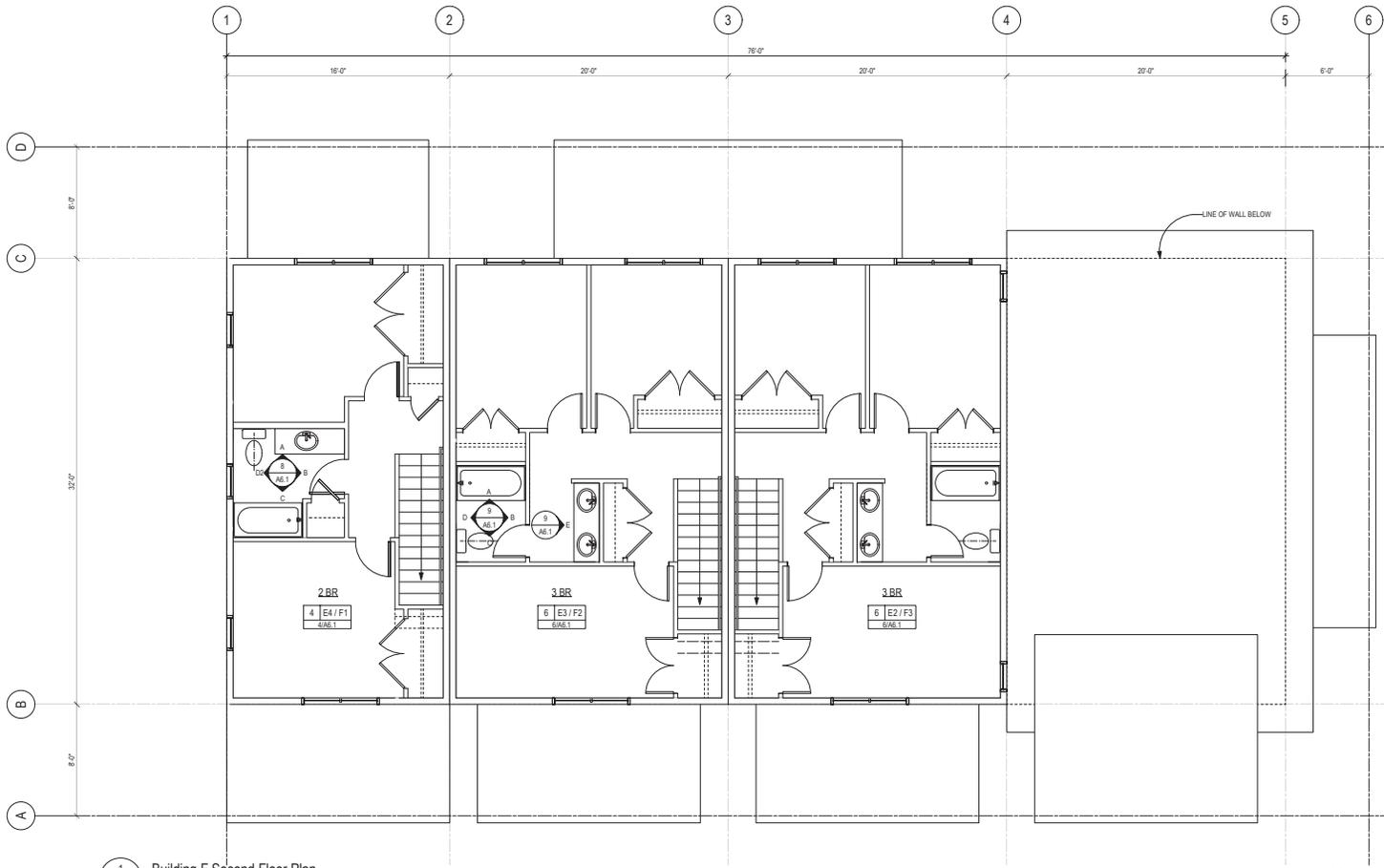
April's Grove

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First Floor Plan

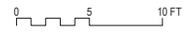
Date
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 Drawing Issue
 Revisions

Drawn by
BS/AP/SC/JD
 Checked by (P.M.):
BS
 Checked by (O.C.):
 Project No.
15-028



1 Building F Second Floor Plan
 A2.2.E.F Scale: 1/4" = 1'-0"

1,792 S.F.



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April's Grove

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Second Floor Plan

Date
24 March 2017
 Drawing Issue
 Revisions

Drawn by
BS/AP/SC/JD
 Checked by (P.M.):
BS
 Checked by (O.C.):
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Building F - Front Elevation
Scale: 1/4" = 1'-0"



Building F Rear Elevation
Scale: 1/4" = 1'-0"

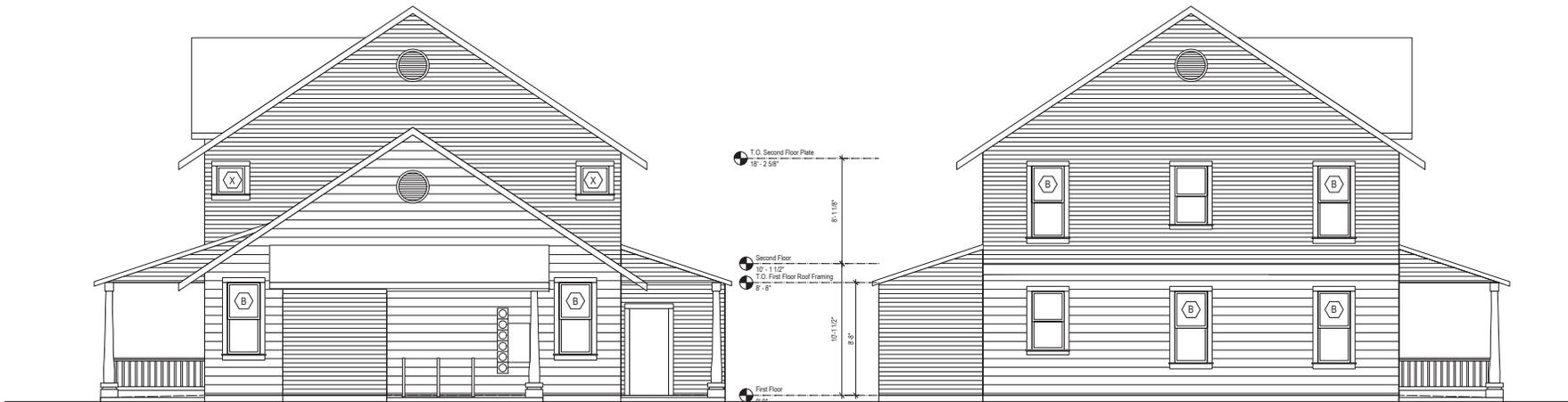


Building F Elevations

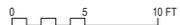
Date	24 March 2017
Drawing Issue	
Revisions	
Drawn by	BS/AP/SC/JD
Checked by (P.M.)	BS
Checked by (O.C.)	
Project No.	15-028

April's Grove

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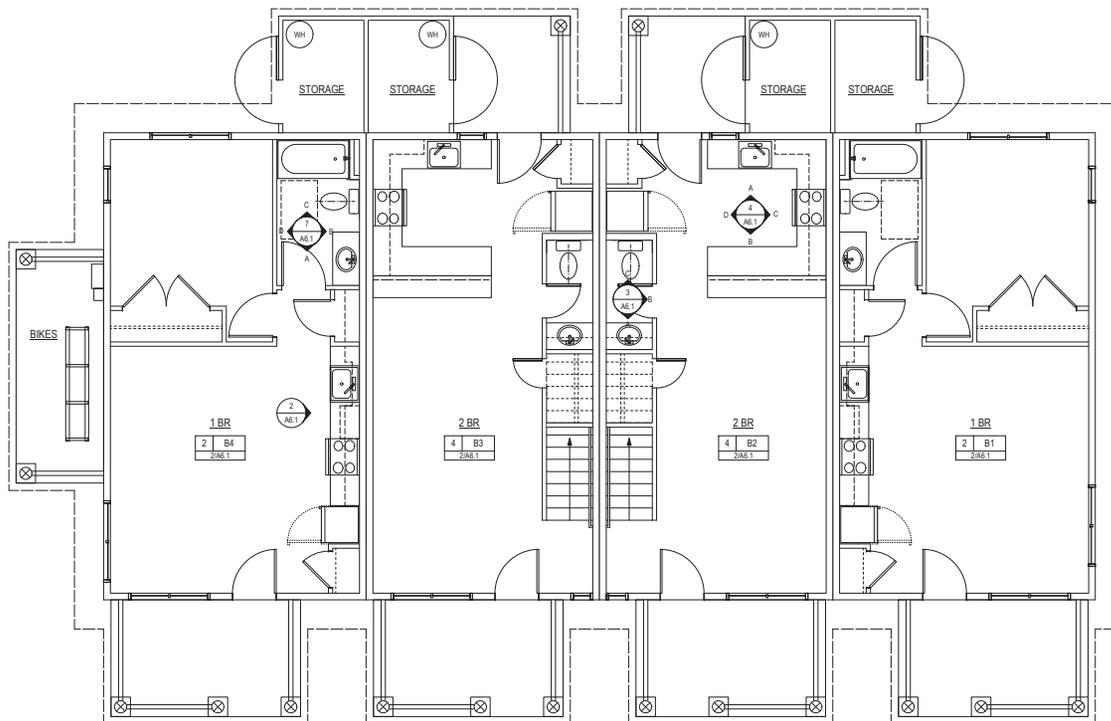
Building F - North Elevation
Scale: 1/4" = 1'-0"



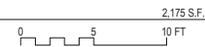
Building F - South Elevation
Scale: 1/4" = 1'-0"

Building F Elevations

Date
24 March 2017
Drawing Issue
Revisions
Drawn by
BS/AP/SC/JD
Checked by (P.M.):
BS
Checked by (O.C.):
Project No.
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1 Building G - First Floor Plan
 A2.1-G Scale: 1/4" = 1'-0"



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April's Grove

OPAL Community Land Trust
 North Beach Road
 Eastbound, WA 98425

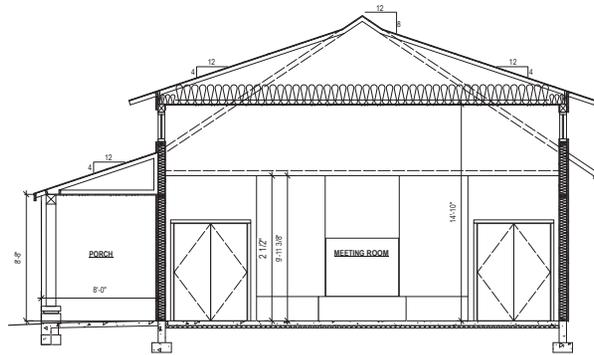
First Floor Plan

Date
24 March 2017
 Drawing Issue

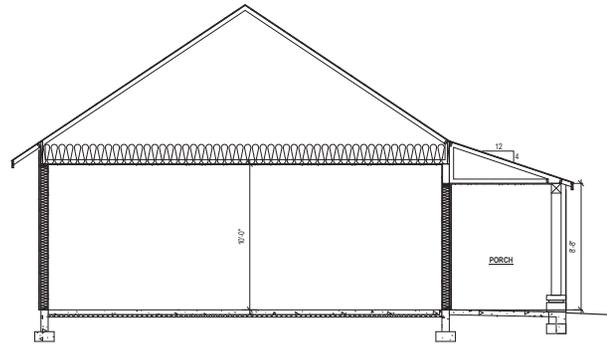
Revisions

Drawn by
BS/AP/SC/JD
 Checked by (P.M.):
BS
 Checked by (O.C.):

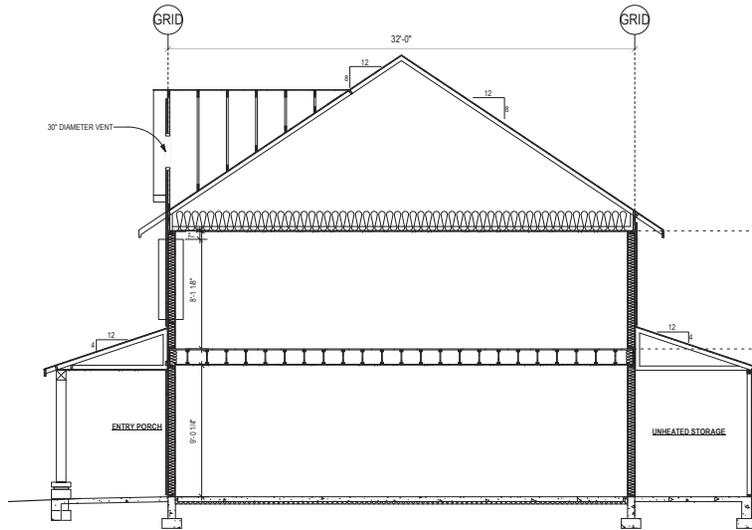
Project No.
15-028



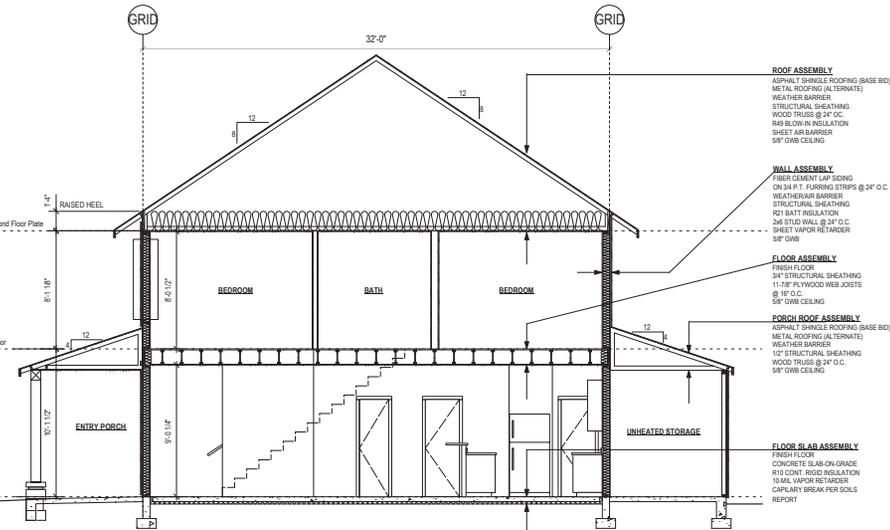
4 Section Through Commons
Scale: 1/4" = 1'-0"



2 Section Through Commons @ Storage Room
Scale: 1/4" = 1'-0"

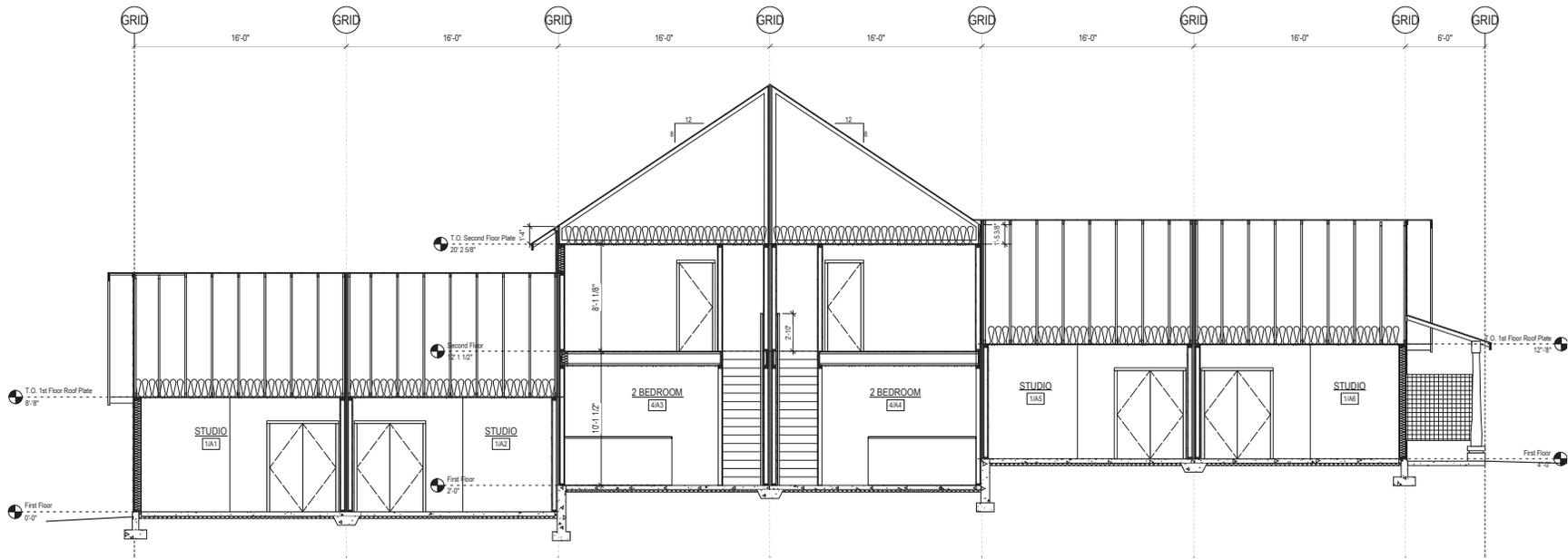


3 Building Section Thru Dormer (C/D/E/F)
Scale: 1/4" = 1'-0"



1 Building Section Thru 2-Story Townhome
Scale: 1/4" = 1'-0"

- ROOF ASSEMBLY**
ASPHALT SHINGLE ROOFING (BASE BID)
METAL ROOFING (ALTERNATE)
WEATHER BARRIER
STRUCTURAL SHEATHING
WOOD TRUSS @ 24" O.C.
R48 BLOW-IN INSULATION
SHEAT AIR BARRIER
5/8" GWB CEILING
- WALL ASSEMBLY**
FIBER CEMENT LAP SIDING
ON 3/4" P.F. FURRING STRIPS @ 24" O.C.
WEATHER BARRIER
STRUCTURAL SHEATHING
R21 BATT INSULATION
2x4 STUD WALL @ 24" O.C.
SHEAT VAPOR RESISTANCE
5/8" GWB
- FLOOR ASSEMBLY**
FINISH FLOOR
3/4" STRUCTURAL SHEATHING
1-1/8" PLYWOOD WEB JOISTS
@ 48" O.C.
5/8" GWB CEILING
- PORCH ROOF ASSEMBLY**
ASPHALT SHINGLE ROOFING (BASE BID)
METAL ROOFING (ALTERNATE)
WEATHER BARRIER
12" STRUCTURAL SHEATHING
WOOD TRUSS @ 24" O.C.
5/8" GWB CEILING
- FLOOR SLAB ASSEMBLY**
FINISH FLOOR
CONCRETE SLAB ON GRADE
R10 CONT. RIGID INSULATION
10 MIL VAPOR RESISTANCE
CAPILLARY BREAK PER SOLS
REPORT



Building Section Thru Building A
Scale: 1/4" = 1'-0"



402 15th Avenue East
Seattle, Washington 98112
206.329.8500
206.329.8484 fax

April's Grove

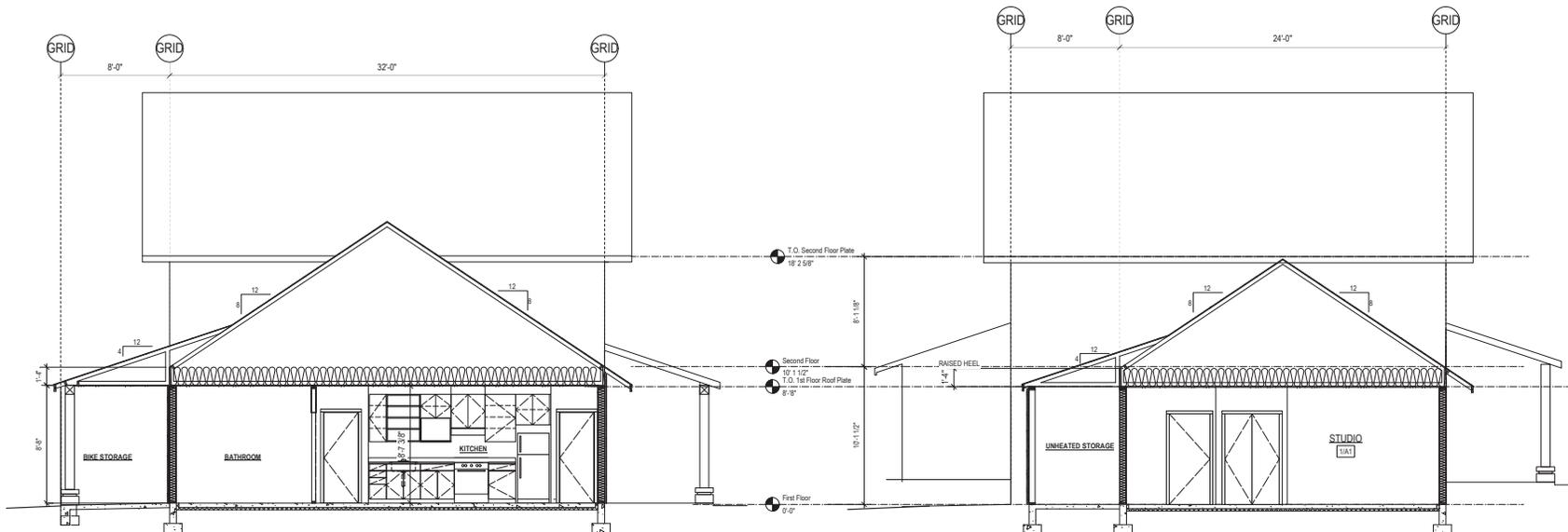
OPAL Community Land Trust
North Beach Road
Eastbound, WA 98425

Building Sections

Date
24 March 2017
Drawing Issue
Revisions

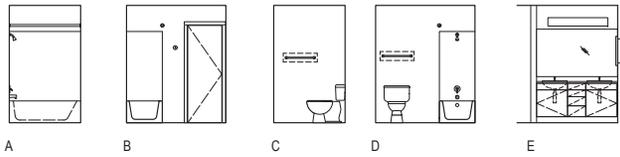
Drawn by
BS/AP/SC/JD
Checked by (P.M.):
BS
Checked by (O.C.):

Project No.
15-028

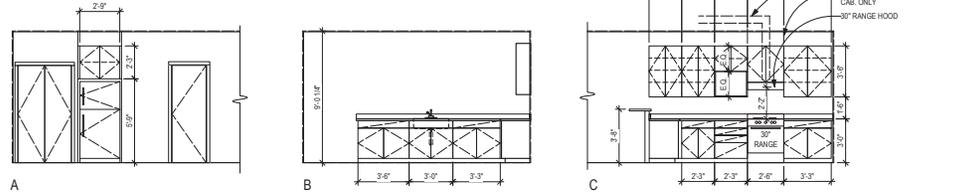


Typ. Building Section Thru 1 Story Section (B/G)
Scale: 1/4" = 1'-0"

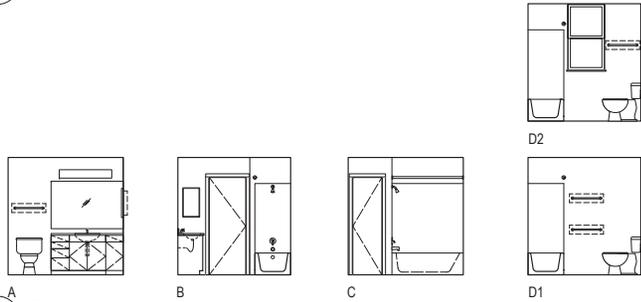
Typ. Building Section Thru 1 Story Section (A)
Scale: 1/4" = 1'-0"



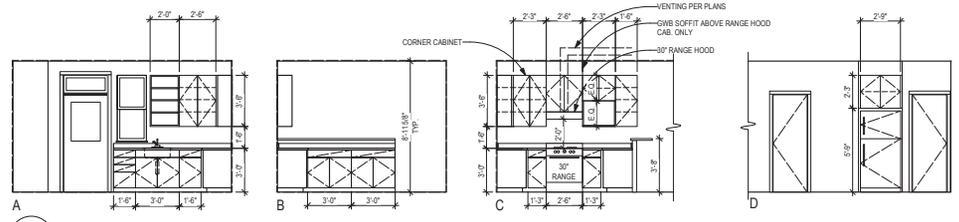
9 Typical 3 Bedroom Upper Bath
Scale: 1/4" = 1'-0"



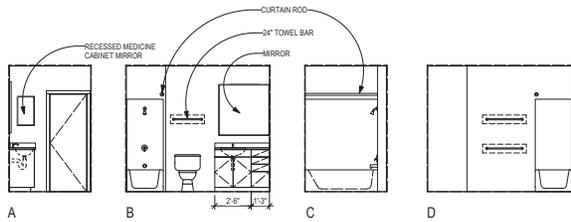
5 Typical 3 Bedroom Kitchen
Scale: 1/4" = 1'-0"



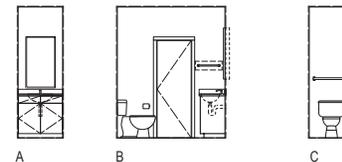
8 Typical 2 Bedroom Upper Bath
Scale: 1/4" = 1'-0"



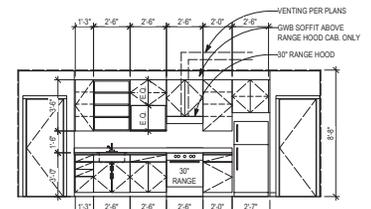
4 Typical 2 Bedroom Kitchen
Scale: 1/4" = 1'-0"



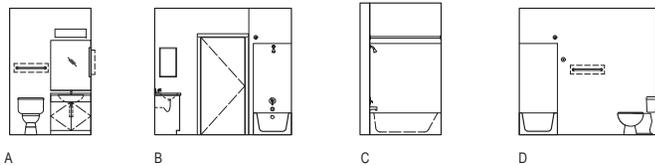
7 Typical 1 Bedroom Flat Bathroom
Scale: 1/4" = 1'-0"



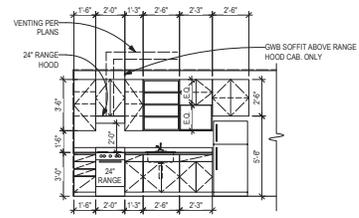
3 Typical 2 & 3 Bedroom Lavatory
Scale: 1/4" = 1'-0"



2 Typical 1 Bedroom Flat Kitchen
Scale: 1/4" = 1'-0"



6 Typical Studio Flat Bathroom
Scale: 1/4" = 1'-0"



1 Typical Studio Kitchen
Scale: 1/4" = 1'-0"

Appraisers' Experience



Gary Klockenteger, MAI
Senior Vice President
Valuation Advisory Services

CAREER SUMMARY

Gary Klockenteger graduated in 1967 from Kansas State University with a Bachelor of Arts Degree in Economics and from California State University; Humboldt Campus in 1974 with a Masters Degree in Regional and Natural Resource Economics. Over the past 30 years, he has provided economic and market evaluation service and appraisals to the real estate industry. In 1987 he was awarded his MAI designation by the American Institute of Real Estate Appraisers (now known as the Appraisal Institute) and is certified as a General Real Estate Appraiser by the State of Washington.

Gary's experience includes appraisals, market analyses, and feasibility studies of apartments, vacant land, large-scale residential property, retail, office, industrial and high-tech developments, visitor facilities and recreational property. Since 1990, he has specialized in apartment properties, including vacant land, proposed construction, existing properties ranging in size from less than 10 to 750 units, tax subsidized complexes, and senior independent living apartments. Assignments have been conducted throughout the Pacific Northwest, as well as other regions of the United States and overseas.

He represents clients primarily in the analysis of real estate, valuation, market, and development feasibility. Clients include individual investors, developers, corporations and government.

COURT EXPERIENCE

Washington Superior Court

PROFESSIONAL LICENSES

- State of Washington Certified General Real Estate Appraiser (No. 1100479)
- State of Oregon, Certified General Real Estate Appraiser (No. C000975)

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Seattle, WA 98101
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F 206.205.0220
garyk@kiddermathews.com
.....

Gary Klockenteger, MAI continued

PARTIAL CLIENT LIST

Allstate Life Insurance Co.	John Hancock	Quadrant Corporation
American Property Investment Co.	JPMorgan Chase Bank	Resolution Trust Co.
Bank of America	KeyBank	Seattle Mortgage
Bank of California	The Koll Co.	Short Cressman & Burgess
Bank of Montreal	Lincoln Property Co.	St. Paul Federal
California Federal Bank	Lorig Associates	Trammell Crow Residential
Central Washington University	Metropolitan Life	TRI Financial Corporation
CitiCorp Real Estate	Mitsubishi Bank	Union Bank
Continental Mortgage Co.	Mullally Development	University of Washington
Davis Wright Tremaine	New York Life	US Bancorp
Evergreen Mortgage Co.	Paine Webber	Washington Federal
First Interstate	Properties Four, Inc.	Washington Trust Bank
First Mutual Bank	Puget Power	Weyerhaeuser Real Estate
Glacier Park Co.	Puget Western	

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION



THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

**GARY CURTIS KLOCKENTEGER
KIDDER MATHEWS
601 UNION STREET
SUITE 4720
SEATTLE WA 98101-2355**

1100479

License Number

07/25/1991

Issued Date

08/14/2019

Expiration Date


Pat Kohler, Director



Kelsey Klockenteger
Associate Appraiser
Valuation Advisory Services

CAREER SUMMARY

Kelsey Klockenteger joined the Valuation Advisory Services department of Kidder Mathews in August 2015 as an assistant. In July 2016, she was promoted to associate appraiser.

Simultaneously, Kelsey works as a book editor and designer, specializing in educational materials and books for young readers. She has edited textbooks for major educational publishers and designed covers for award winning books. Prior to working at Kidder Mathews, she interned for several publishing companies in the Pacific Northwest.

EDUCATION

Bachelor of Arts: major in English Literature, minor in Geology. Western Washington University. 2010
Master of Science: major in Writing: Book Publishing. Portland State University. 2011

STATE CERTIFICATION

Kelsey is a registered real estate appraiser trainee in Washington State (License No. 1001891).

APPRAISAL COURSEWORK

- Uniform Standards of Professional Appraisal Practice, Appraisal Institute – 2016
- Basic Appraisal Principals, Appraisal Institute – 2015
- Basic Appraisal Procedures, Appraisal Institute – 2016
- Supervisor-Trainee Course for Washington, McKissock – 2016

PROFESSIONAL AFFILIATIONS

- Practicing Affiliate of the Appraisal Institute, Member No. 598856
- Northwest Independent Editors Guild

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STATE OF WASHINGTON

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THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

STATE REGISTERED REAL ESTATE APPRAISER TRAINEE

KELSEY LEE KLOCKENTEGER
8005 EAST MERCER WAY
MERCER ISLAND WA 98040

1001891
License Number

07/08/2016
Issued Date

06/23/2018
Expiration Date

Pat Kohler
Pat Kohler, Director