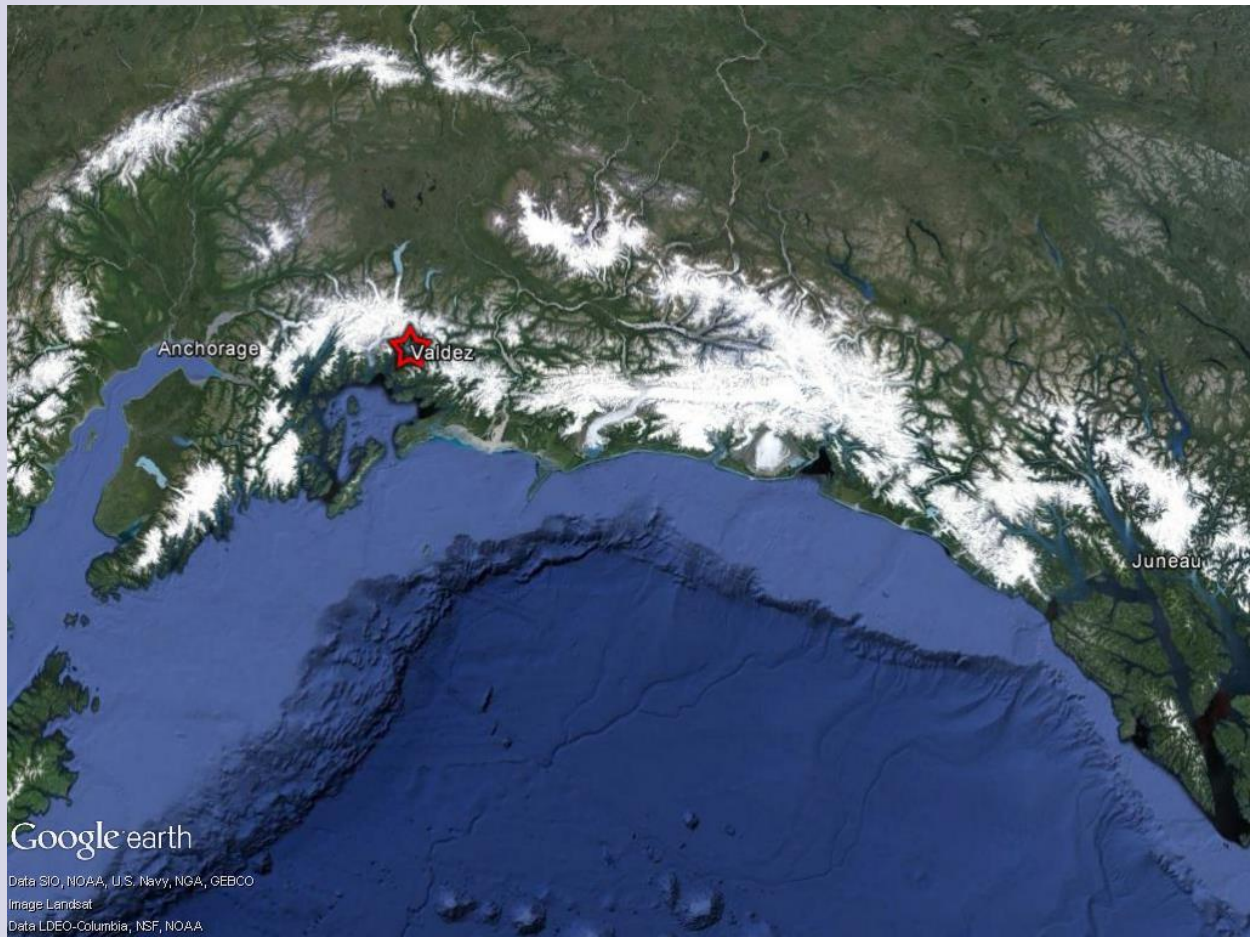


Consulting Assignment

Reliant



Valdez, AK

Multifamily Market Analysis

Reliant Reference Number: 16-0270

May 11, 2016

Prepared For:

Mr. John Bacigalupi

Pacific Development Group



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Letter of Transmittal

May 11, 2016

Mr. John Bacigalupi
Development Manager
2100 Pacific Avenue
Stockton, CA 95204

RE: Multifamily Analysis – Valdez
Reliant Reference Number: 16-0270

Dear Mr. Bacigalupi:

At your request, a multifamily rent study and demand analysis has been prepared. The results of the assignment are presented in this written report. The purpose of the assignment is to survey the market for current multifamily rents and occupancies, and to analyze potential demand for new multifamily given the general parameters provided by the Client.

This assignment has been prepared and presented in conformance with the client's instructions. Please refer to the engagement document in the Addenda, as well as the body of the report itself, for an explanation of the scope of work and limitations of this assignment. The reader should be aware that the assignment did not include an appraisal, determination of market rents, or feasibility analysis for any specific property.

The report will be used by Pacific Development Group (the Client) for internal decision making processes and it may not be suitable for other uses. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone outside of the intended user.

Market information and data regarding other similar real estate has been obtained. This data has been analyzed using various techniques and methodologies necessary to develop a credible and reliable understanding of the multifamily market in Valdez.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Theodore Jensen', is written over a light blue circular stamp.

Theodore Jensen, MAI
Managing Member
Alaska Certified General - No. 545
Appraisal Institute Member No. 482231
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Assignment Overview

Scope of Assignment / Work

Purpose and Scope

This is a consulting assignment, and does not include an appraisal of a specific property. It addresses prevailing rents within the Valdez market, but does not conclude an opinion of market rent for the subject units in particular (as either workforce or affordable housing). Further, it addresses market demand, but it does not conclude an opinion of feasibility for the proposed subject development.

MULTIFAMILY RENT SURVEY

A survey of one-bedroom, two-bedroom, and three-bedroom rental units was performed in Valdez, given the general parameters provided by the Client. This included market or workforce rental properties for background purposes. Preliminary research was performed through online and local sources (i.e. residential brokers, property management companies, etc.) to identify potential multifamily survey targets. Reliant then performed “on the ground” survey work in Valdez to identify additional targets. Photographs of existing complexes (considered the most likely competition for a new workforce development) were taken, and efforts were made to confirm current rents at these properties wherever possible. The survey primarily queried current rents, tenant expenses and occupancies at each complex, but also solicited general market feedback. The results of our research are presented in this written report, with detail sheets for individual complexes included in the Addenda.

PARAMETERS PROVIDED BY CLIENT

The client may propose a development in Valdez for low-income multifamily housing. This analysis is a study of the market conditions that a potential development could take place in. It is impossible to predict how it will actually perform without more knowledge about the details of the development.

The client is considering 10 one-bedroom, 25 two-bedroom units, and 5 three bedroom units for a total of 40 units. The rents would be set at 30% of household income. The maximum household income would be set at 60% of AMI based on family size.

MULTIFAMILY DEMAND ANALYSIS

This portion of the assignment considered and analyzed publically-available information in order to estimate potential demand for the subject development, as described preliminarily by the Client. Appropriate demographic and income information was analyzed with respect to the affordability of the proposed units. Although details of the proposed subject development are not known at this time, best efforts were made to estimate penetration and capture rates. Market / workforce housing segments were analyzed in Valdez as background context for the affordable housing segment the developers may be targeting.

DATA RIGHTS

All data provided was verified through sources deemed to be reliable by Reliant LLC. The information provided is believed to be accurate, however, Reliant LLC makes no warranty, either stated or implied, to this effect. **The data is licensed to the Client for their exclusive use and it may not be otherwise published, sold, rented, or otherwise provided to third parties without the express written permission of Reliant.** Reliant has not agreed to provide

appraisal services to the Client, including whether the provided data is comparable or applicable to a particular property or situation.

Intended Use of Assignment

The intended use of the assignment is internal decision making by the Client regarding potential multifamily development in Alaska. This is not a feasibility analysis, however, and it does not include an opinion from Reliant as to whether or not a potential development should be pursued.

Client(s)

Mr. John Bacigalupi
Pacific Development Group

Intended User(s) of Assignment

Mr. John Bacigalupi
Pacific Development Group

Multifamily Market Analysis – Valdez

Overview

Market

The primary goal of this report is to analyze the low-income multifamily residential market in Valdez. Because there are so few low-income properties to survey locally, however, this chapter first surveys and describes the market / workforce segment for background and context. For the purpose of this study, downtown Valdez provided the best properties to compare. Only three properties outside of downtown Valdez were considered and the furthest property was at mile four of the Richardson Hwy. An aerial image follows.

Data Sources

The data used to develop this analysis was gathered from a host of sources including but not limited to the following: Reliant LLC files, Alaska Department of Labor (DOL), Alaska Housing and Finance Corporation (AHFC), the U.S. Census Bureau, ESRI, Craigslist, property tax records, landlords, tenants, brokers, appraisers, developers, property managers, and owners. The available data has been carefully analyzed.

Background

Valdez maintains a steady population of about 3,600 and has had a stable economy in recent decades. Fundamentally, the city's most important feature is that it is the northernmost ice-free port in the U.S. Valdez's ice-free port has offered logistical access to interior Alaska for the Spanish explorers in 1790, the gold, copper, and silver miners, and the Trans-Alaska Pipeline System (TAPS) – which continues to support the local economy. In 1899 the US Army constructed the Richardson Hwy that started in Valdez and traversed Thompson Pass into the interior eventually ending in Fairbanks. Prior to that, narrow dog-sled and single horse trails navigated the pass. Although the Good Friday Earthquake caused some of the city's shoreline to slide into the sea in 1964, the city was relocated and was later selected to serve as the terminus of TAPS. From March of 1975 to May of 1977, TAPS was constructed to deliver oil from the fields on the North Slope to barges that could deliver it to the lower-48. This was the largest privately-funded project at the time (\$8 billion or \$33.5 billion in 2016 dollars). It starts and ends at sea level and reaches an elevation of 4,739 feet. The pipeline is over 800 miles of 48" pipe crossing three mountain ranges and thirty streams and rivers. The most oil delivered in one day was over 2.1 million barrels, and about 17 billion barrels have been moved over its lifetime.

In 1985, the oil industry crashed and occupancy rates around the state plummeted while a net of 44,000 people out-migrated from Alaska in five years. In the mid-1990s, a gradual recovery began. Steady expansion has taken place until July 2014 (even through the Great Recession).

In the summer of 2014, Saudi Arabia and new shale oil from the U.S. led a flooding of the crude market which resulted in oil prices dropping dramatically. At the time of writing, prices remain below \$40/barrel after almost two years. Nonetheless, the State of Alaska is sustaining its government operations by use of its substantial savings, while its legislators decide how to balance the \$4 billion deficit. While the oil industry contracts and the state responds to the

resulting sharp decline in revenues, tourism and fishing remain relatively healthy. Federal/military spending also contributes significantly to Alaska's economy and population, but cutbacks in that sector remain a risk for Alaska's economy in the long term. Healthcare is one of Alaska's strongest industries, but it relies on state spending, federal spending, and patients staying in Alaska. All said, the state is waiting to see how severe and how long the looming recession may be. The graph below shows the booms and busts of Alaska's economy by the price of oil per barrel (WTI adjusted for inflation) over 40 years. Of note, the dramatic drop and rapid recovery of the price from June 2008 to May 2009 did not last long enough to cause significant impacts to the state.

As would be expected, the late 70s and early 80s was the most recent boom for Valdez. Approximately 47% of the housing units now in Valdez were constructed between 1970 and 1979. Although commercial fishing and a smattering of tourist activities like whale watching and extreme skiing contribute, Valdez's current economic lifeline remains the TAPS terminal (including the transportation and construction industries that support it) on the opposite side of Port Valdez. Throughout the history of the pipeline, Valdez has benefited from economic stability. Even though the price of oil or quantity of oil transported may fluctuate widely, Valdez is home to many maintenance personnel who operate the TAPS terminal. Regardless of the performance of oil revenues, labor will be required to operate and maintain the aging pipeline as long as it operates.

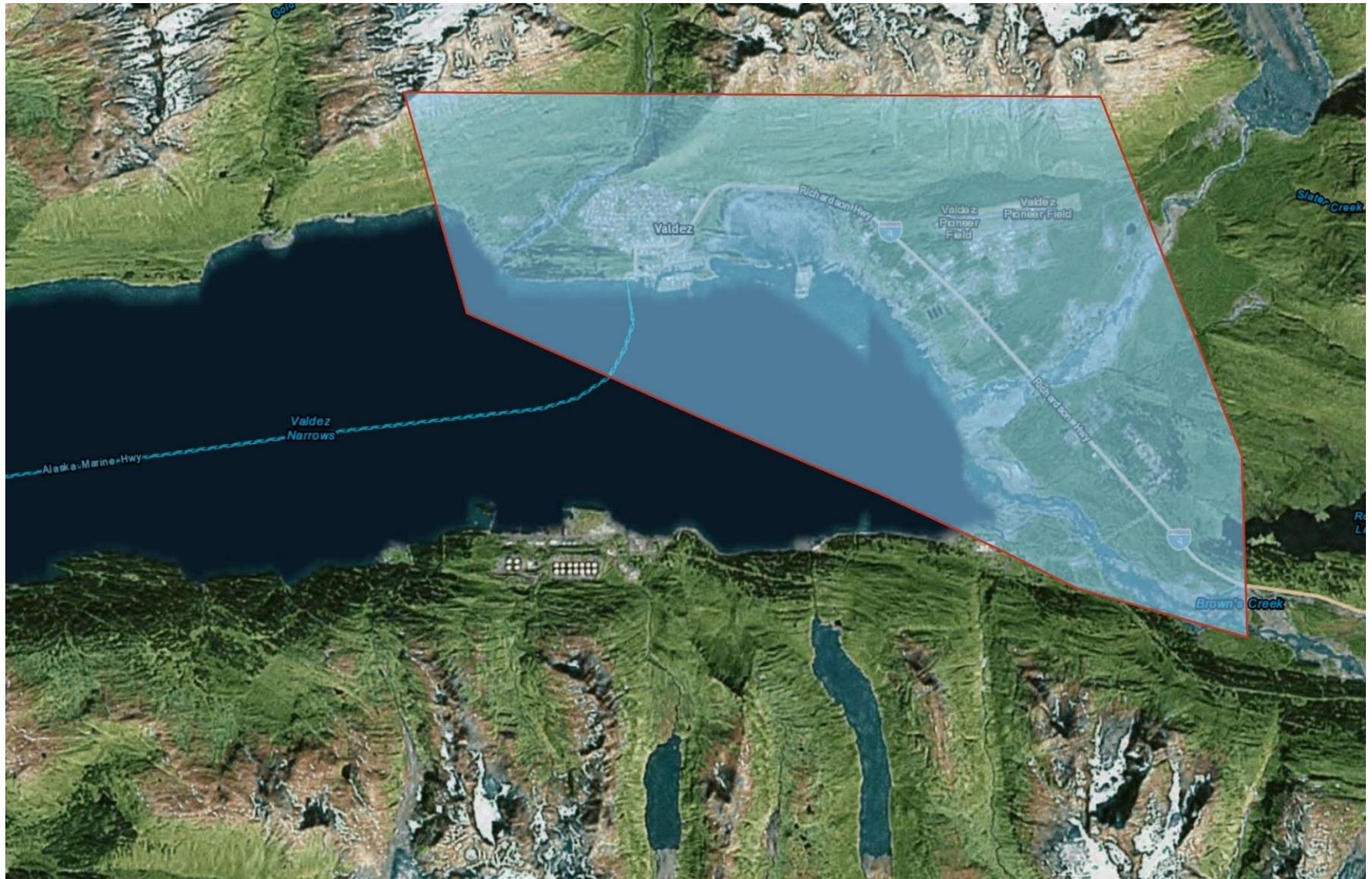


Source: Macrotrends.net

Demographics

Population Summary Demand for apartments depends primarily on population and income trends. This demographic study breaks down the population by a combination of factors that affect the likelihood people will rent and the amount they can afford in rent. The profile on the following pages was developed based on the Primary Market Area (PMA) outlined in the following aerial image. This area was selected based on geography, transportation patterns, and other relevant factors.

Aerial Image of Study Area





Demographic and Income Profile

Valdez

Area: 66.87 square miles

Prepared by Esri

Summary	Census 2010		2015		2020	
Population	3,597		3,555		3,590	
Housholds	1,415		1,427		1,444	
Families	861		861		867	
Average Household Size	2.44		2.39		2.38	
Owner Occupied Housing Units	954		954		968	
Renter Occupied Housing Units	461		473		477	
Median Age	36.4		37.1		37.5	
Trends: 2015 - 2020 Annual Rate	Area		State		National	
Population	0.20%		0.86%		0.75%	
Housholds	0.24%		0.96%		0.77%	
Families	0.14%		0.88%		0.69%	
Owner HHs	0.29%		1.02%		0.70%	
Median Household Income	2.26%		2.77%		2.66%	
Households by Income			2015		2020	
			Number	Percent	Number	Percent
<\$15,000			92	6.4%	84	5.8%
\$15,000 - \$24,999			104	7.3%	84	5.8%
\$25,000 - \$34,999			111	7.8%	88	6.1%
\$35,000 - \$49,999			136	9.5%	128	8.9%
\$50,000 - \$74,999			215	15.1%	204	14.1%
\$75,000 - \$99,999			221	15.5%	208	14.4%
\$100,000 - \$149,999			305	21.4%	377	26.1%
\$150,000 - \$199,999			144	10.1%	163	11.3%
\$200,000+			101	7.1%	109	7.5%
Median Household Income			\$80,022		\$89,492	
Average Household Income			\$94,632		\$106,261	
Per Capita Income			\$38,557		\$43,327	
Population by Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	253	7.0%	233	6.6%	230	6.4%
5 - 9	235	6.5%	237	6.7%	241	6.7%
10 - 14	254	7.1%	221	6.2%	232	6.5%
15 - 19	264	7.3%	230	6.5%	197	5.5%
20 - 24	246	6.8%	274	7.7%	222	6.2%
25 - 34	487	13.5%	496	13.9%	557	15.5%
35 - 44	492	13.7%	412	11.6%	443	12.3%
45 - 54	690	19.2%	569	16.0%	447	12.4%
55 - 64	472	13.1%	561	15.8%	554	15.4%
65 - 74	141	3.9%	249	7.0%	357	9.9%
75 - 84	44	1.2%	57	1.6%	94	2.6%
85+	17	0.5%	17	0.5%	17	0.5%
Race and Ethnicity	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
White Alone	2,913	81.0%	2,804	78.9%	2,752	76.7%
Black Alone	23	0.6%	42	1.2%	66	1.8%
American Indian Alone	304	8.5%	292	8.2%	289	8.1%
Asian Alone	72	2.0%	83	2.3%	95	2.6%
Pacific Islander Alone	31	0.9%	44	1.2%	61	1.7%
Some Other Race Alone	24	0.7%	33	0.9%	38	1.1%
Two or More Races	230	6.4%	257	7.2%	289	8.1%
Hispanic Origin (Any Race)	172	4.8%	235	6.6%	307	8.6%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

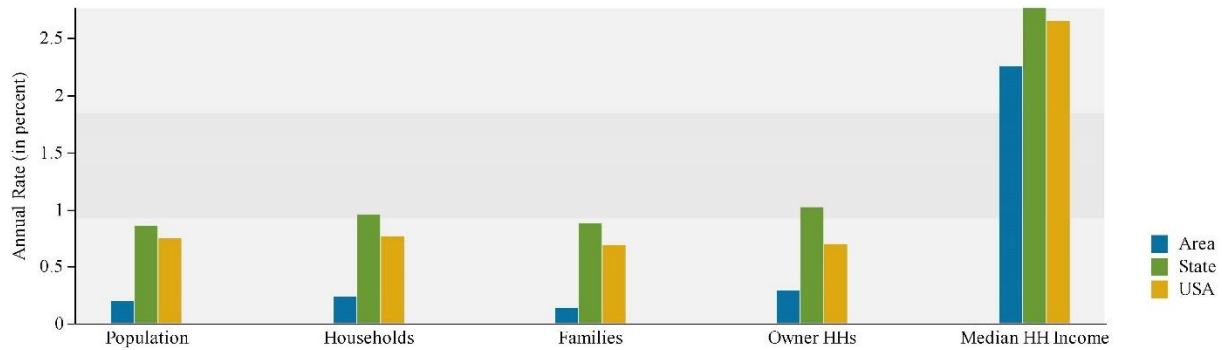


Demographic and Income Profile

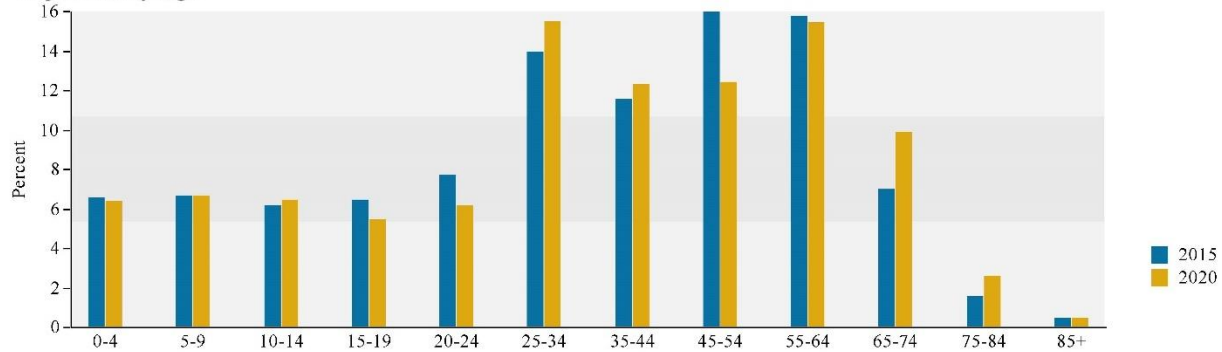
Valdez
Area: 66.87 square miles

Prepared by Esri

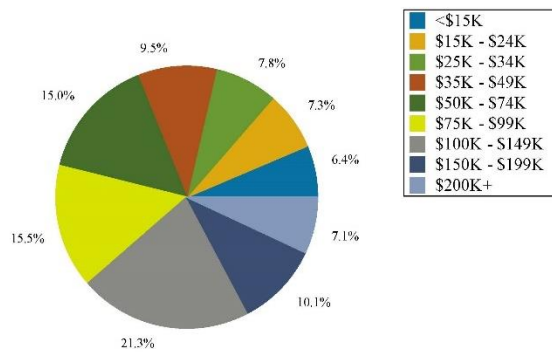
Trends 2015-2020



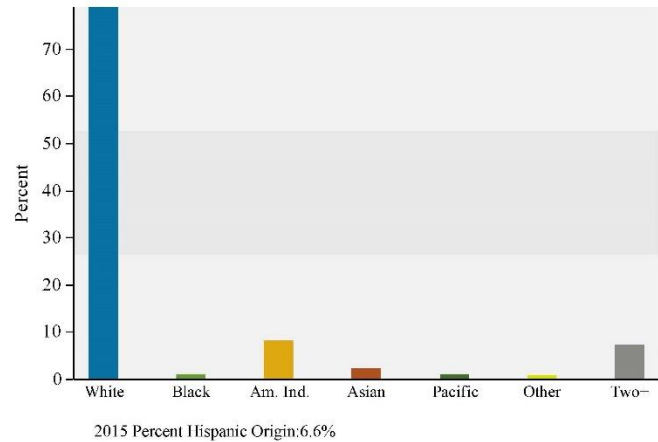
Population by Age



2015 Household Income



2015 Population by Race



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

Rents & Occupancy

Rents

The Reliant survey of workforce rents in Valdez included a variety of one- and two-bedroom units. Some duplexes and fourplexes were included due to the limited amount of data available and the high number of these types of homes that are rented. Although a number of individuals and brokers manage properties around Valdez, it is commonly known (including acknowledgment by the State of Alaska Dept. of Labor Research & Analysis Division) that Sound Realty manages the vast majority of the rentals in the area. This management company was invaluable as a resource for the market rent study. Overall, sufficient data was identified to draw reliable generalities about current rents and identify some of the common factors and risks that affect them.

An external report that is well-regarded and publicly available aligns with the data that Reliant gathered through its survey. Some relevant excerpts of this report were included on following pages. The Reliant survey follows.

MOBILE HOME SEGMENT

An important side note is that over one-third of all housing units in Valdez are apparently mobile homes. These were not studied in detail. However, it is known that the owner of the Aleutian Village Trailer Park (Aleut Corporation) is considering its options to close or transfer ownership of the trailer park, and there is considerable concern about where these (approximately 60) households would live if the park is closed. Tenants have preliminarily been given an eviction notice for the end of August 2016. A survey of the tenants in the park is included in the Addenda. It was also discovered that the City of Valdez is concurrently trying to buy the land that Aleut Corp leases from the State of Alaska (a slow process) and negotiating a lease take-over. A take-over would require a cash settlement from Aleut for the liability of managing the park. Several other avenues are being pursued by the City on behalf of these mobile home residents. Melvin Smith at Aleut reports that they are keeping all their options open, and that no final decisions have been made regarding the park.

Occupancy

The Reliant survey illustrates what many of the brokers, property managers, and other real estate professionals asserted in interviews that took place during this study. In most of those conversations, the typical listing periods for vacant units were less than (often much less than) 30 days. The property managers at Sound Realty reported frequently having to turn potential renters away. Occupancy for one- and two-bedroom apartments in Valdez is between 96% (based on the 2016 Reliant Survey) and 98% (based on the one- & two-bedroom units in the 2015 AHFC *Residential Rental Market Survey*). Note that in the summary tables, vacancy is reported rather than occupancy. Nationwide, the rule of thumb is that approximately 5% vacancy is appropriate in a healthy, competitive housing market. This suggests pent-up demand in Valdez of 1% to 3%. Our penetration analysis in the Market Demand Section includes an allowance for this pent-up demand.

TRENDS & SEASONALITY

The economy in Valdez, as with most of Alaska, benefits from an increase in commercial activity during the summer months. The most prominent seasonal economic drivers are commercial fishing and tourism. A new seafood processing plant is being constructed that will employ 200 processors from May through September. However, the large majority of these will be recruited from

outside Valdez, and a bunk house was included in the project to house these workers going forward. These processors should infuse some cash into the economy due to their spending in Valdez during the very little free time they have, but this will only have a minor influence on demand for rentals. The tourism industry is similar in that it will bring a great deal more visitors than employees; however, spending will increase and some workforce members will come during the summer to host these visitors. The construction industry will most likely have the strongest seasonal impact on demand for housing in Valdez. Whether for public projects, TAPS, or other private projects, the best time for construction is May through October. These employees and/or their respective employers are already seeking rental units in Valdez for the construction season. Apart from year-round work, the only driver that specifically affects demand for housing during winter months is extreme snow-sport. Valdez has incredible amounts of snow and it accumulates at steeper angles than most other places in the world. Therefore, heli-skiing and cat-skiing guides operate to capitalize on winter tourism activities.

External Reports

Residential Market Survey and Economic Trends

The following resources are provided for reference. They were not used to develop the Reliant Survey for this study or determine the conclusions. They are, however, worthy of consideration.

AHFC RESIDENTIAL MARKET SURVEY

Alaska Housing and Finance Corporation (AHFC) is a state-owned lender. They hire the State of Alaska (SOA) DOL to research and develop their *Alaska Housing Market Indicators*. One report they produce annually is the *Residential Rental Market Survey*. Some of the highlights of the 2015 survey relevant to our survey follow.

Rental Costs and Vacancy Rates

All Units, Select Boroughs and Census Areas, 2015

Survey Area	Average Rent		Median Rent		Number of Units		Vacancy Rate	Percent of Units with Utilities Included in Contract Rent						
	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant		Heat	Light	Hot Water	Water	Garbage	Sewer	Snow
Valdez-Cordova CA	1,128	1,289	1,100	1,202	236	8	3.4%	70.8%	32.2%	61.0%	76.7%	75.4%	76.3%	80.5%

Apartment Rental Costs and Vacancy Rates

Select Boroughs and Census Areas, 2015

Survey Area	Average Rent		Median Rent		Number of Units		Vacancy Rate	Percentage of Units with Utilities Included in Contract Rent						
	Contract	Adjusted	Contract	Adjusted	Surveyed	Vacant		Heat	Light	Hot Water	Water	Garbage	Sewer	Snow
Valdez-Cordova CA														
0 Bedroom	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D
1 Bedroom	\$953	\$1,011	\$900	\$1,000	52	1	1.9%	90.4%	59.6%	86.5%	80.8%	80.8%	80.8%	96.2%
2 Bedroom	\$1,101	\$1,245	\$1,050	\$1,202	100	2	2.0%	80.0%	23.0%	60.0%	93.0%	93.0%	93.0%	98.0%
3 Bedroom	\$1,238	\$1,354	\$1,200	\$1,322	21	1	4.8%	95.2%	23.8%	85.7%	95.2%	95.2%	95.2%	95.2%

Occupied vs. Vacant Rental Unit Costs

All Units, Select Boroughs and Census Areas, 2015

Survey Area	Occupied Units					Vacant Units				
	Average Rent		Median Rent		# Units Surveyed	Average Rent		Median Rent		# Units Surveyed
	Contract	Adjusted	Contract	Adjusted		Contract	Adjusted	Contract	Adjusted	
Valdez-Cordova C.A.	1,130	1,294	1,100	1,203	228	1,056	1,136	950	1,001	8

Change in Median Adjusted Rent by Bedroom Size, Apartments 2015 vs. 2014

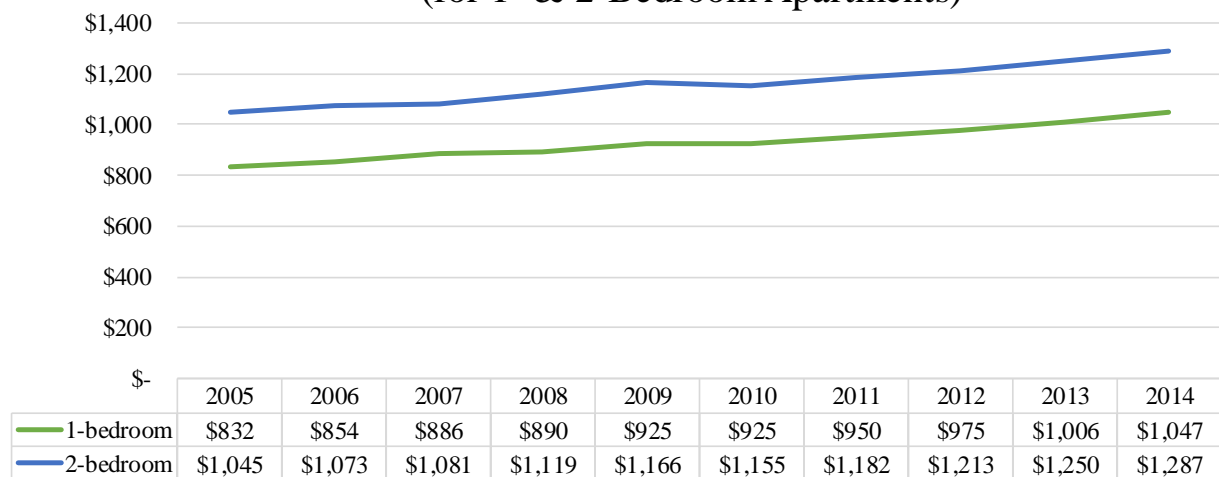
Survey Area	1 Bedroom	2 Bedroom	3 Bedroom
Valdez-Cordova C.A.	\$95	\$49	0

40th Percentile Adjusted Rent

All Units, Select Boroughs and Census Areas, 2015

Survey Area	Adjusted Rent	Number of Units
Valdez-Cordova C.A.	\$1,153	236

Median Adjusted Rents in Juneau (for 1- & 2-Bedroom Apartments)



Source: Alaska Department of Labor and Workforce Development - Research and Analysis Section.

Reliant LLC Survey

Survey Overview

Reliant Survey Methods

For this study, Reliant performed extensive remote and on-site primary research. Owners, brokers, property managers, tenants, and other market participants were contacted to gather information for the survey. Preliminary development parameters were provided by the client, but no specifics (i.e. location, quality, amenities, etc.) were available. Due to the small market size, some properties were included despite the fact that they could not be considered comparable to a new development of this general type (mostly due to age or unit size). These exceptions were made to increase the sample size, and because they could still potentially compete to some degree even against a new property. It should be noted that some duplexes and fourplexes were considered in this survey due to a lack of inventory.

Multifamily Rent Tables Summary

Although most of the multi-family units in Valdez are more than 30 years old, the properties included are still considered competition for new development in this case. Within a very tight market such as this, renters must often settle for aged apartments because there may not be any other option. Obviously, newer stock will almost always be more attractive than the older units provided they are priced similarly. The ongoing challenge in Alaska is for new construction to be built within a budget that allows feasibility at affordable rents for the market. In this remote location, with its relatively harsh climate, supply tends to follow demand with a fairly significant lag – meaning substantial speculative construction and over-building are very unusual historically.

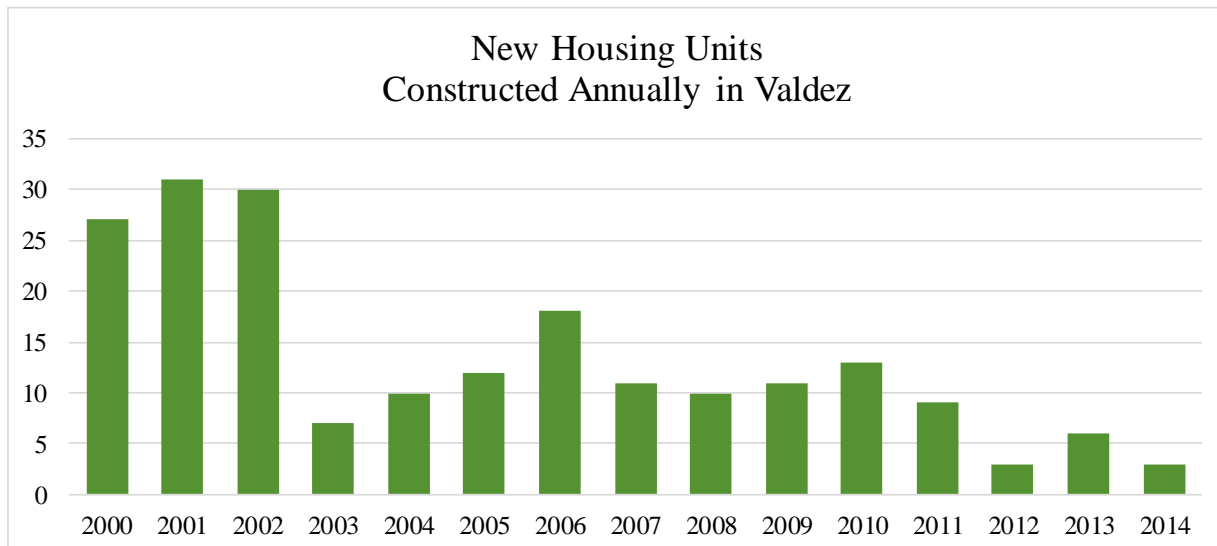
As shown on the following summary tables and the Addenda detail sheets, the survey data show overall occupancy for one- and two-bedroom units at approximately 96%, with prices ranging from \$1.10/sq ft/mo. to \$2.00/sq ft/mo. The one-bedroom units range from \$600 to \$1,250/mo., while the two-bedrooms range from \$1,000 to \$1,500/mo. The newest complex (R-9) sets the high end of the range, although even this property is 15 years old. Tenants at some complexes pay electricity in addition to rent. Moreover, many of the complexes reported that they heat with oil which is generally not included as a tenant expense. It should be pointed out that R-9 is fully furnished and operated as corporate apartments, but for analysis purposes the rents were estimated by the manager as if the units were operated as typical, unfurnished apartments. HUD allowable utility costs for Valdez are \$281 for one-bedrooms, \$357/mo. for two-bedrooms, and \$435 for three-bedrooms (including electricity for heat, cooking, and lights). Many of the existing complexes have electric unit heat, while some have central heating with oil.

4 Pages redacted for privacy

Market Supply

Historic Construction Trends

The chart below shows the historic additions in units to the housing market in Valdez. It should be noted that this includes all housing types (single family, multifamily, mobile homes), thus providing only a general trend in the housing supply.



Source: Alaska Department of Labor and Workforce Development - Research and Analysis Section

Current Inventory

Approximately 47% of the housing units present in Valdez were constructed between 1970 and 1979. Just a handful of properties have been built in the last twenty years. In the Reliant Survey, only four of these “newer” properties were identified, and only one rents at market (R-9) as opposed to “affordable” rents.

Proposed & Forecast Construction

No new multifamily units are planned for Valdez at this time. North Pacific Rim Housing Authority was the only named party that is contemplating any more developments, and they are very likely to offer a “Native preference” given the developer.

Costs

The cost of construction is unusually high in Alaska generally, and in Valdez specifically. Everything from fill, to lumber, and from labor to fuel is significantly higher than similar costs in the Lower 48. Alaska’s extreme climate demands more durable exterior finishes, deeper foundations to reach beneath the frost layer, and better insulation. Building from October through May is much more expensive due to the frozen ground and the decreased productivity in the cold and dark months. Shipping materials add a premium to their prices. Given the cost of living, the cost of labor is also elevated. Valdez, in particular, has an inordinate amount of snow – they average about 27’ of uncompacted snowfall per year. This requires snow shedding roofs, space in the parking lot for piling snow, and exterior walls that are exposed to the weight and moisture of melting snow for months. Additionally, if you were to ask a Valdez resident what design improvement they would want most, covered parking would be the answer.

All the cost factors above tend to narrow developers’ margins, generally

speaking. Moreover, while the Valdez economy is stable and the median income level is healthy, the cost of living is relatively high due to the remote location. Local residents are also accustomed to paying the rent levels set by aged product. Because little new construction has come online in recent years, there is additional perceived risk to a developer as to whether the higher rents required to make development feasible are actually achievable. That said, as the gap in quality between new construction and the majority of other options widens over time, it is reasonable to expect that new construction will continue to be more and more attractive to residents.

Market Demand

Risk Factors

As discussed in the overview, the decline in the price of oil over the past two years presents a significant risk to most investments in Alaska. Affecting all regions of Alaska, the oil and gas industry has been the keystone of the state's economy for the past four decades. According to the Alaska Department of Revenue, the four sources of revenue from petroleum production (production tax, royalties, property tax, and corporate income tax) accounted for 28% of the total revenue for the State of Alaska in 2015 and is forecasted to decline to between 15% and 19% till 2025. However, much of the total revenue is restricted. From 2006 to 2015 petroleum revenue accounted for 89% of the state's unrestricted revenue on average. The forecasted share of unrestricted revenue paid for by petroleum revenues is dropping dramatically with each revision of the forecast. The most recent estimated the General Fund Unrestricted Revenue (GFUR) to be \$1.2 billion. This is based on the price of oil maintaining \$40/barrel with production at 500,000 barrels per day.

Legislators are facing a \$4 billion budget deficit, a vast amount of restricted wealth, and contrary constituents pressuring them to balance the budget in a fair way (i.e. tax the "other guys"). Legislators will be forced to change fiscal policy in the next few years if they don't do it in the next few weeks during the current extension of the legislative session. Many state-funded agencies will likely take a cut, but the effects on Valdez may not be dramatic at first. Valdez may be one of the few places in Alaska that remain stable through this drop in the price of oil and the State's budget crisis. Since the City's budget is funded mostly by an endowment from when TAPS started, they have a steady source of income. Further, maintenance on the pipeline and the transport of oil out of Port Valdez will continue for many years – regardless of crude prices. So, although the state as a whole may see a recession, Valdez is less likely to feel it directly.

One factor that may affect the demand for units in Valdez over time is the aging population that may seek more a hospitable environment for their retirement. Many retirees seek low-maintenance, low-cost housing like apartment rentals as a place to live during early retirement. The uncertainty is whether they will stay in a remote northern state, and this increases the risk associated with demand for multifamily units to some degree in the longer term.

Trends

The table below shows the historical growth in households as well as the projected new households in Valdez. As illustrated, in 2010, some shrinkage in total households occurred, but it is forecasted to remain flat through 2020. If current projections turn out to be correct, they suggest there will be new

demand of approximately one additional multifamily household annually over the next five years. This of course only represents demand from new households. It does not reflect any pent-up demand from the tight market (that is, the difference between the current vacancy rate of approximately 3% and a typical structural vacancy rate of 5% which would be indicative of a healthy, competitive market). Nor does it reflect the high likelihood that new product would capture market share from older product. Evidence for this is demonstrated by the anecdotal information that was collected during interviews. Property managers report having to turn potential tenants away repeatedly. In short, this is neither a large nor growing market, but rather a small and stable one.

Projected New Households & Renters

	1980	1990	2000	2010	Est. 2015	Proj. 2020
Population (City & Borough of Juneau)	3,079	4,068	4,036	3,597	3,555	3,590
Total Households	957	1,277	1,494	1,415	1,427	1,444
Average Household Size	2.88	2.90	2.58	2.44	2.39	2.38
Annual New Households (Average)		64	43	(16)	2	3
Percentage Owner Occupied		58.2%	63.7%	58.1%	61.2%	61.2%
Annual New Renter Households		27	16	(7)	1	1
Less Condominium Rentals est. @ 5.0%		0	0	0	0	0
Estimated New Multifamily Demand (Units)		27	16	(7)	1	1

Sources: US Census, STDB Online

Near Term Outlook

Supply

The preceding analysis shows that the supply of new one- and two-bedroom apartments is quite small, and quite static. No large or long-term developments are planned. Aside from the Client's considerations, North Pacific Rim Housing Authority is the only developer that has shown interest in adding new inventory. However, they still have not made significant progress and the city of Valdez considers it in only a prospecting phase.

Demand

By the numbers, the demand trend is stable by ESRI's estimate. They estimate just one new renter household annually and an annual increase of 2.26% in median household income. Demand from population growth is effectively zero. However, regular turnover and the potential closure of the Aleutian Village Trailer Park (assuming this actually occurs, and assuming the City is unable to come up with a viable solution) would generate some additional demand. However, in the absence of firm information on the closure outcome, the current income levels of the mobile home park residents, and the numbers of residents that would actually move into rental apartments rather than moving out of Valdez altogether, it is impossible to reliably predict the degree of demand growth from this source.

Rents

Rents for older, un-renovated inventory are the norm in this market. The single example of newer construction in Valdez -a 15-year-old property - shows a demonstrable premium. Presumably, the appeal gap between older and newer product will continue to widen over time, but given how tight this market is the older product will still compete for the foreseeable future, putting some constraints on the rents that can be achieved by new product. In the short run at

least, rents for all multifamily properties are expected to remain stable, with modest increases likely stemming from increases in operating costs rather than substantial increases in demand. That is, however, contingent on how much demand the potential closure of the Aleutian Village Trail Park temporarily generates, how the market behaves during that potential transition, and how many households decide to leave the market.

Occupancy

The research performed shows high occupancy rates for one- and two-bedroom apartments in Valdez at this time. The data suggest that the rate of new demand is stagnant, although a spike is possible by the end of the summer. Occupancy is generally expected to hold steady. The displacement of the Aleutian Village Trailer Park residents would max out capacity and bring occupancy to approximately 100% (potentially putting some households in hotels temporarily) until either households leave Valdez, or new product is delivered.

Low Income Housing Study

Overview

Market

Following is an analysis of the Valdez low-income multifamily residential rental market. Due to the small market size, only three properties were available to query. An aerial image follows. The client requested this analysis for their consideration of potential low-income housing in Valdez. Specific details of any potential development were not provided, but the client did give general parameters for possible income restrictions.

Data Sources

The data used to develop this analysis was gathered from a host of sources including but not limited to the following: Reliant LLC files, Novogradac, Alaska Department of Labor (DOL), Alaska Housing and Finance Corporation (AHFC), the U.S. Census Bureau, ESRI, HUD, Craigslist, property tax records, landlords, tenants, brokers, appraisers, developers, property managers, and owners. The data available has been carefully analyzed.

Supply

Soundview is the only traditional apartment complex in Valdez that serves low-income tenants. As shown below, the other two low income developments are comprised of duplexes. They were built near the high school “in town” in 1997 and are well maintained. In fact, Soundview is the only example of a relatively modern apartment complex in Valdez – workforce or affordable. This complex is comprised of 8 two-bedroom units and 12 three-bedroom units. They feature a covered community patio and play structure. Sound View’s occupancy is 100%. There are income restrictions (60% AMI), rent is set at 30% of income, and they do not accept vouchers.

Another low income option is a block of 7 two- and three-bedroom units (in duplexes) called Valdez Arms. This property is run by Alaska Housing and Finance Corp (AHFC). They have 6- to 12-month waitlists. They accept anyone below 80% of AMI and their rents are described the table below.

The last low-income multi-family option identified is the Switzerland Apartment complex located four miles from downtown Valdez (near the airport). These duplexes are owned and operated by the North Pacific Rim Housing Authority. This is an Indian Housing Authority development that provides affordable housing only to Alaska Natives and/or American Indian families. They use HUD Income Limits and set rent at 30% of household income. Tenants pay electric, but heat is included. Currently they have one vacancy. It is rumored that NPRHA is considering developing apartments for non-Natives, but the City considers it highly speculative (“pie-in-the-sky”) at this point.

Aerial Image – Multifamily Low Income Housing



VALDEZ LOW INCOME OPTIONS

	Units	1-bed	2-bed	3-bed	Rents	Income Restrictions
Sound View Apartments	20		8	12	30% of income	60% of AMI
Switzerland Apartments	18		18		30% of income	HUD Limits
Valdez Arms	7		4	3	\$1,156 for 2-bed \$1,329 for 3-bed	80% of AMI

Demand

The method to determine the demand for low income housing in Valdez was similar to that used to in the previous market scenario. The following section attempts to quantify demand for low-income housing in the local market. As a first step, the Novogradac online tool (see Addenda for results) was used to determine maximum rents and income levels, assuming that typical LIHTC rules for 60% AMI properties apply. For the low income demand calculation, the upper income limit was set based on LIHTC maximums (determined by % of AMI, varying by household size for each unit type) and the lower income limit was set based on what a household would need to earn in order to afford the target rents (using the standard 30% rule of thumb for affordability).

The client only provided very basic parameters for this assignment. They would potentially limit incomes to 60% of AMI, and set rents at approximately 30% of income. In practice, rents at affordable projects throughout Alaska tend to be set incrementally below the maximum allowable rent for an LIHTC project of that type. In recognition of this reality, the “pro forma” rents shown below were selected by the appraiser at 85% of the max allowable LIHTC rents for Valdez. Please refer to the Novogradac rent and income limit calculator information included in the Addenda for more detailed source information.

LOW INCOME RENT SUMMARY

Unit Type	AMI	Max Allowable Rent (1)	Pro Forma Rents (2)	HUD FMR (3)
1-Bedroom	60%	\$1,017	\$864	\$851
2-Bedroom	60%	\$1,221	\$1,038	\$1,139
3-Bedroom	60%	\$1,410	\$1,199	\$1,413

(1) FY2016 LIHTC Rent limits based on household size per unit. No HUD utility allowance adjustment is required in this case.

(2) Appraiser estimate of likely restricted rents (all utilities included in rent), based on 85% of max allowable rent.

(3) Final FY2015 Fair Market Rents for Valdez. No utility adjustment.

LOW INCOME - INCOME REQUIREMENTS

Unit Type	No. Units	AMI	Pro forma Restricted Rent (1)	Annual Restricted Rent	LIHTC Minimum Income (2)	LIHTC Maximum Income (3)
1-Bedroom	10	60%	\$864	\$10,373	\$34,578	\$40,700
2-Bedroom	25	60%	\$1,038	\$12,454	\$41,514	\$48,840
3-Bedroom	5	60%	\$1,199	\$14,382	\$47,940	\$56,430

- (1) Appraiser estimate of restricted rents (including all utilities). For reference, FY2016 LIHTC Rent limits based on household size per unit, including all utilities, are \$1,017 for 1-beds., \$1,221 for 2-beds. & \$1,410 for 3-beds (60% AMI).
- (2) Required annual income calculated using annual rent, at 30% of annual income.
- (3) FY2016 LIHTC maximum allowable income levels (based on MTSP Income Limits).

**LOW INCOME HOUSEHOLDS**

Valdez

Area: 66.87 square miles

Households by Income	Number	2015	Target	
		Percent	% of Range	# of HH
<\$15,000	92	5.7%		
\$15,000 - \$24,999	104	3.8%		
\$25,000 - \$34,999	111	6.6%	5%	6
\$35,000 - \$49,999	136	10.7%	100%	136
\$50,000 - \$74,999	215	16.6%	25%	54
\$75,000 - \$99,999	221	22.4%		
\$100,000 - \$149,999	305	20.7%		
\$150,000 - \$199,999	144	7.2%		
\$200,000+	101	6.2%		
Totals	1,427	100%	14%	196
Median Household Income	\$80,022			
Average Household Income	\$94,632			
Per Capita Income	\$38,557			
Source: U.S. Census Bureau, Census 2010 Data. Esri forecasts for 2015 and 2019				

Overall, according the following calculations as well as anecdotal information from local property manager queries, there is some pent up demand for low income housing in Valdez. The following table illustrates this.

CAPTURE/ PENETRATION RATE ANALYSIS

Total Households		1,427
% Income Eligible (1)	x	13.7%
Income Eligible Households		196
% Renter Occupied (2)	x	65.0%
Eligible Renter Households		127
Annual Unit Turnover (3)	x	20%
Annual Demand from Turnover		25
Pent-up Demand (4)		2
Annual Demand from Growth (5)	+	0
Total Annual Demand		27
Number of units proposed by client		40
Capture Rate (6)		148.1%
Market Supply (7)		45
Penetration Rate (8)		26.5%

(1) Based on HH income distribution data for primary market area and appraiser selected income range.

(2) ESRI Data suggest that overall renter population is 33.1% of total households. However recognizing that low income households are more likely to rent than own, appraiser estimated renter percentage of 65% has been applied in this analysis.

(3) Typical annual rental turnover ranges from 15% (LIHTC) to 50% (market), based on information from several local landlords. Appraiser conclusion shown.

(4) Vacancy (excluding units with Native Alaskan/American Indian preference) is 0%, suggested vacancy is 5%, the difference of 5% is the calculated pent-up demand.

(5) Estimated new annual low-income multifamily demand from population growth through 2020 (source STDB Online).

(6) Number of proposed subject units as % of annual demand from eligible renter households. Refer to "Projected New Households and Renters" Table on p. 20 and note (1) on this table.

(7) Number of affordable units already in primary market area.

(8) Market penetration calculated using existing and new inventory relative to eligible renter households.

The preceding capture and penetration analysis table demonstrate the relative position of a development of 40 low income multifamily units within the current Valdez market environment. Essentially the capture rate shows what percent of a year's worth of demand would the 40 units under consideration require for them to be fully absorbed. In this case it might take a year-and-a-half's worth (145% of a year's annual demand of 26 households) to occupy 40 units. That estimate is made on assumptions about competitive product and similar options which are not well supported in Valdez. In the very tight market of Valdez, tenants might try to transition faster to get into new construction, or

multiple families renting a large home may split into two that meet low income requirements.

The penetration rate shows the relationship between the 40 new units under consideration as a percentage of all the unmet demand in Valdez (units under consideration divided by eligible renter households less current inventory). In short, there appear to be approximately 82 eligible renter households without a low income unit to rent.

Remote communities like Valdez offer unique challenges and advantages in calculating reliable numbers for an analysis like this one. Since the data is limited compared to larger metro areas and the trends are harder to identify, it is difficult to make large-scale generalizations. On the other hand, the fact that the lines of Valdez are not blurred with any other community (as would be the case in most urban and suburban areas) makes it easier to define the space and the community that is being analyzed. Said another way, there is no leakage of apartment demand into a nearby community.

The capture rate shown above implies the client's proposed development would require roughly 1.5 years to absorb. However, it reflects only demand from typical annual turnover, along with a very small amount of indicated pent-up demand. There is effectively no new demand expected from population growth. In all likelihood, though, a new complex should be able to easily capture market share from much older product, all things being equal. One would reasonably expect a much shorter absorption period in reality than that indicated by the numbers above. All of this said, it should be recognized that even this relatively small proposed development would be targeting nearly half of the eligible income households in the market area. This is, again, a reflection of the very small market in Valdez.

If the Aleutian Village Trailer Park closes and the city cannot find a solution for these residents, there may be a temporary spike in demand from turnover. Thirty-one households (of approximately 60 total) claimed that leaving Valdez was a realistic option, but ten of those reported that leaving was their only option. Conversely, only eleven households reported that renting a house or apartment in Valdez was a realistic option. Moreover, the group of tenants from the trailer park would likely have to make significant life changes to move into apartments. For example, the following table summarizes the storage needs indicated by the survey.

Question 8: What types of parking, storage, and outdoor structures do you currently have at Aleutian Village? (Responses=51)

Current structures/storage/parking	% of households	# of households	Average # of structures/vehicles per household
Personal Vehicles	96.1%	49	2
Storage shed/ other detached structure	54.9%	28	1
Four-wheelers/snowmachines/other recreational vehicles	49.0%	25	2
Wanagan/porch/attached add-on	41.2%	21	2
Boats	21.6%	11	1
Garden	13.7%	7	1
Enclosed trailer	7.8%	4	2

Although detailed demographics about the tenants are not available, the storage/parking table makes it clear that these tenants would probably be better suited for and more likely interested in single-family homes than apartments if the park ultimately ends up closing. Many tenants might simply leave Valdez.

Households that qualify for low-income housing but are not presently in low income housing must find the most affordable market rents they can (at market complexes). This would obviously change if a new low income complex came online. The potential closure of Aleutian Village Trailer Park could cause a minor spike in demand. The incomes of many of the trailer park tenants would meet low income limits. As many as 28 trailer households (approximately half) could contribute to the demand for generic low-income housing in Valdez (see the Aleutian Village Survey in the Addenda). Of the 28 low income (80% AMI) or very low income (50% AMI) households in the trailer park, 23 have three or fewer persons in their households. It is unknown what percentage is below the 60% AMI level. Unfortunately, details about how many of the subset of low income tenants from the trailer park are interested or able to move into apartments is not available either. As the survey indicated, the number of cars, boats, cats, or sheds may motivate tenants to make a more dramatic change and simply move out of the area. Ultimately, it is difficult to comment with any more certainty on this potential closure and its impacts on the rental market at this time.

Occupancy

The research performed shows high occupancy rates for all of the low income units in Valdez. Out of 45 units, only one is available. This unit also has a restriction that the head of household be Alaska Native/American Indian (which represents approximately 8% of the local population, per Census data). There are reportedly waitlists at the other two properties.

Near Term Outlook

Supply

The preceding analysis shows that the supply of affordable housing is low, yet the universe of eligible households is also small. No large or long-term developments are planned. Aside from the Client's considerations, North Pacific Rim Housing Authority is the only developer that has shown interest in adding new inventory. However, they still have not made any real progress and the city of Valdez considers it in a prospecting phase. Furthermore, it was unclear as to whether they would be developing low income or market rate

housing.

Demand

Demand for low-income households is expected to remain stable. However, turnover due to the potential closure of the Aleutian Village Trailer Park (assuming it occurs, and assuming the City does not provide a solution) could cause a temporary increase in demand.

Rents

In two of the three complexes, rents are determined as a percentage of household income. In the third, rents are set at \$1,156 and \$1,359 for two- and three-bedroom apartments respectively. No significant changes in affordable housing rents are expected at this time, as income levels are expected to remain stable.

Occupancy

The data suggest that the rate of new demand is stagnant, although a spike is possible by the end of the summer (if the Aleutian Village Trailer Park actually closes). No significant changes in occupancy levels for affordable housing are expected for the foreseeable future, though, as they are already near 100%.

**Conclusions for
Potential Development**

Valdez represents a very small, static market. The bulk of annual demand results from typical unit turnover. There is a very small degree of pent-up demand that would be income-eligible. Essentially no new demand is expected from population growth in this stable area. In consideration of developing new, good quality units, the gap in age and quality versus the existing low-income options is much smaller than that of the market rent options, since most of the low-income units are approximately 15 years old (as opposed to 30+). While age/condition will certainly help to some degree, the location, amenities, and other features of a new development may have more influence in absorption and ongoing competitiveness in this case. That said, one could reasonably expect a new, good quality complex of the intended size (40 units) to compete effectively in this market.

As a reminder, much of the information in the survey should be considered confidential, and this report is intended for internal use only. The very small community in Valdez is obviously close-knit and sharing certain portions of this report with other parties (including public officials) is likely to expose sensitive information. Consider the market participants who made this possible, the Intended User from the Assignment Overview, and the General Assumptions & Limiting Conditions that follow before sharing this information.

General Assumptions & Limiting Conditions

1. **Applicable to All Assignments:** Unless explicitly stated to the contrary, the following General Assumptions & Limiting Conditions apply to all assignments:
2. **Acceptance of Report/Limit of Liability:** The client's acceptance and/or use of this report also establishes the complete acceptance of all contingencies, assumptions, limiting conditions, etc., as stated within the report. The client is responsible to become familiar with these assumptions and limiting conditions. If placed in the possession of anyone other than the client, the client shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) has no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial.
3. **Responsibility of Client/Intended User to Accurately Communicate Results:** If placed in the possession of anyone other than the client or intended user, they shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) has no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial.
4. **Post Appraisal Services:** The contract for consultation, or other service is fulfilled upon completion of the assignment. The appraiser(s) or others assisting in this report will not be required to provide testimony in court or other hearing, and will not participate in services other than routine questions with the client or third parties so designated by the client without a separate engagement and for an additional fee. If testimony or deposition is required due to subpoena, the client shall become responsible for the incursion of fees and charges for any additional time, regardless of the party.
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expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the document by any such unauthorized person or entity. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.

7. **Reliability of Information Used:** Through the course of this assignment the appraiser(s) collected data from numerous sources deemed reliable, but not guaranteed. No liability is assumed for the inaccuracies of data supplied by the various sources either public or private. Data relied upon in this report has been confirmed with primary or secondary sources considered reliable and/or reasonable, and appropriate for inclusion in the analysis. Although there were no reasons to doubt the general accuracy of such data, unimpeachable verification or affidavits of all data is an impractical and an uneconomic expenditure of time and resources and/or may involve legal or confidentiality issues.
8. **Right to Amend Report:** The appraiser(s) reserves the right to amend, modify, alter, or correct any and all statements, analyses, and conclusions of the value indications in the event that incorrect data was supplied, withheld, altered, or that any other pertinent data unknown, not disclosed, or revealed to the appraiser(s), whether intentionally or unintentionally, during the course of this assignment subsequently becomes available. Examples of such data that could impact the opinions of market value include but are not limited to: street addresses, Assessor's Parcel Numbers, site area, site dimensions, gross building area, net rentable area, usable area, common area, number of units, number of room, rent rolls, historical operating statements and budgets, sales data, etc.
9. **Market Dynamic and Valuation Fluctuations:** Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to: length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions are made as of the report date and subject to fluctuations over time as a result of natural market forces.
10. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses of the appraisal are based upon the known market conditions as of the date of report. Changes in market conditions or purchasing power may warrant a new appraisal assignment. The appraiser(s) is available for consultations regarding changes in the economic conditions.
11. **Limitations of Competency:** The appraiser is competent in the valuation of real estate, which is a subset of the field of economics. The appraiser is not competent in the fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.
12. **Exhibits:** Maps, plats, sketches, photographs, and other exhibits are intended for illustration, visualization, and assistance in describing and analyzing the property in full context. Such exhibits may not be removed, reproduced, or separately used beyond this report.
13. **Building Area:** Reliant, LLC makes no warranty or certification relating to building area. In instances when building area is not provided and is either partially or entirely unknown the appraiser may be required to measure the property to provide an indication of building area. Measurements by the appraiser may be made onsite or be made from property drawings, sketches, or actual architectural plans. The user(s) of this assignment are cautioned not to view the appraisers building area estimate as having the same degree of accuracy as a building area study performed by an appropriately qualified/certified individual such as an architect or engineer and are recommended to engage such individuals for this type

of information.

14. **Environmental Compliance:** Unless otherwise noted, the appraiser(s) makes the assumption that the property is in compliance with all applicable national, state, or local environmental regulations.
15. **Asset Recommendations and Consultations:** Asset Recommendations and Consultations: No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended user should consider this document as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. The assignment is not intended to be either a positive or a negative indication, nor endorsement, of the soundness of an investment or underwriting decision.
16. **Agreement to Mediation and Binding Arbitration:** If a dispute arises out of or relates to this assignment and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable procedures. Any controversy or claim arising out of or relating to this assignment that cannot be resolved through said mediation shall be settled by binding arbitration administered by the American Arbitration Association under its applicable rules and binding judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
17. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this report to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.
18. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains appropriate for the client and intended user(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, and analyses, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. This assignment shall not be relied upon by the Client or intended user(s) after a period of thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.
19. **Duration (Term) of Assignment Validity & Reliant Liability:** The assignment is valid only as of the effective date. The applicability of the assignment for the intended use is a function of a variety of factors, including the degree of changes in market and property conditions. However, the market/subject factual information, and analyses, or any other aspect of the assignment, are valid for a period no greater than thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client. The assignment may only be relied upon by the Client(s) or Intended User(s) for this specified period of time and Reliant shall have no liability under this agreement to the Client, intended user(s) or any other party after this specified period of time.
20. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or

Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, that the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.

21. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.
22. **Data Utilization:** The market and comparable data developed by Reliant, LLC and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.

Addendum: Rent Detail Sheets

Addendum: Letter of Engagement



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Letter of Engagement

March 11, 2016

Mr. John Bacigalupi
Pacific Development Group
2100 Pacific Ave.
Stockton, CA. 95204
Phone: 209-473-9705
Fax: 209-473-9710
Via Email: john@pacificdg.com

RE: Multifamily Market Studies – Anchorage, Juneau, Valdez

Dear Mr. Bacigalupi,

Thank you for choosing Reliant, LLC to perform this assignment. The following is a proposal to perform services. Upon execution by your signature this proposal becomes a binding agreement between the parties.

Property Identification

Name	Multifamily Market Studies
Identification	Juneau / Valdez / Anchorage, Alaska
Property Type	Residential / Multifamily

Scope of Assignment / Work

Compliance	The analysis and reporting of the assignment will be compliant with the following: <ul style="list-style-type: none">• Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.• The bylaws of the Appraisal Institute.
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Consulting Assignment

This will be a consulting assignment, and will not include an appraisal of a specific property. It will address prevailing rents within the appropriate market segment, but will not conclude an opinion of market rent for the subject units in particular. Further, it will address market demand, but it will not conclude an opinion of feasibility for the proposed subject development.

MULTIFAMILY RENT SURVEY

A survey will be performed of one- and two-bedroom rental units in each city, given the general parameters provided by the Client. This will include market or workforce rental properties, and in Valdez only will also include affordable or subsidized housing. Preliminary research will be performed through online and local sources (i.e. residential brokers, property management companies, etc.) to identify potential multifamily survey targets. Reliant will then perform "on the ground" survey work in all three markets, tentatively for 1 day each. Photographs of existing complexes (most likely competition) would be taken, and efforts will be made in-person to confirm current rents at these properties wherever possible. Upon returning to the office, additional efforts will be made via telephone to contact remaining complexes.

Given the small size of these markets, it is difficult to say exactly how many relevant comparables will be identified and how responsive owners/managers will be to our inquiries. At the outset, the plan is to survey at least 10-15 properties in each market. The ultimate goal is to end up with a reasonably-sized sample of properties that include a mixture of 1-bedroom and 2-bedroom units. When possible, properties will be selected with an eye towards better quality and newer condition. Subsidized or low-income housing will not be surveyed, with the exception of Valdez.

The results of our research will be presented in a written report, which will include a summary table as well as detail sheets for individual complexes with photos and relevant information (i.e. age, complex size, unit sizes, rents, tenant expenses, occupancy, amenities, contact information, etc.).

MULTIFAMILY DEMAND ANALYSIS

This portion of the assignment will consider and analyze publically-available information in order to estimate potential demand for the subject developments, as described preliminarily by the Client. Appropriate demographic and income information will be analyzed with respect to the affordability of the proposed units. Any supply additions (in the pipeline or known to be proposed) will be taken into account. Although it is likely that full details of the proposed subject developments will not be known at this time, best efforts will be made to estimate penetration and capture rates.

Market / workforce housing segments will be analyzed for all three markets, given the proposed rents provided by the client. In addition, affordable housing with reduced rents will be considered for the Valdez market only, assuming funding in part from low income housing tax credit (LIHTC) equity. The client will need to provide additional parameters for this latter portion of the assignment in terms of



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% area median income (AMI) set-asides and restricted rent levels.

DATA RIGHTS All data provided will be verified through sources deemed to be reliable by Reliant LLC. The information provided is believed to be accurate, however, Reliant LLC makes no warranty, either stated or implied, to this effect. The data is licensed to the Client for their exclusive use and it may not be otherwise published, sold or provided to other third parties without the express written permission of Reliant. Reliant has not agreed to provide appraisal services to the Client, including whether the provided data is comparable or applicable to a particular property or situation.

Intended Use of Assignment Internal decision making by the Client regarding potential multifamily developments in Alaska. This is not a feasibility analysis, however, and it will not include an opinion from Reliant as to whether or not a potential development should be pursued.

Client(s) Mr. John Bacigalupi
Pacific Development Group

Intended User(s) of Assignment Mr. John Bacigalupi
Pacific Development Group

Assignment Fee & Payment

Total Fee	Juneau	\$7,000.00
	Valdez	\$8,000.00
	<u>Anchorage</u>	<u>\$5,000.00</u>
	Total Fee	\$20,000.00

Retainer \$5,000.00

Balance Due Upon Final Delivery \$15,000.00

Payment Due Date Final payment is due in net 15 days from Final Report Delivery. An invoice will be provided at that time.

Financing of Late Payments Reliant LLC reserves the right to charge interest on payments more than 30 days past due from the date of invoice accruing at monthly compound interest rate of 3.0%, which equates to an annualized rate of 42.5% annually.

Assignment Schedule of Delivery

Date of Assignment The assignment will be completed within six weeks from the date of the engagement. It is understood that the Juneau market study should be prioritized



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Delivery and delivered upon completion. You may authorize this assignment by signing this letter and returning it to us with the requested retainer.

Timeliness of Delivery Every effort to deliver the assignment within the agreed upon time frame will be made. Should circumstances dictate a change in time frame, the Client will be contacted immediately for advisement. Reliant cannot be responsible for delays beyond its control.

Other Important Conditions

Final Report Delivery A digital (.pdf) document shall constitute final report delivery of the assignment.

Hard Copies of Report At the stated fee, three hard copies of the report will be provided if requested by the Client. Additional copies of the assignment are available at a charge of \$100 per copy. The Client may request via email that any hard copies be provided per the terms of this agreement at any time after final report delivery of the appraisal and after their internal review has been completed.

Authorization to Communicate via Email The Client(s) authorize the appraiser to communicate and conduct business via email. This includes authorization for the email communication of financial information, including delivery of electronic copies of the appraisal report.

Individual(s) to Perform Assignment The assignment will be prepared by a Managing Member of the firm (either Theodore S. Jensen, MAI or Per E. Bjorn-Roli, MAI) with the assistance of Reliant support staff.

Assignment Termination

**CLIENT INITIATED
TERMINATION -
PARTIALLY
COMPLETED
ASSIGNMENTS** If you wish to cancel this assignment anytime following your authorization to proceed with the assignment, a written notice of cancellation must be provided. In the event of cancellation, the Client agrees to pay the greater of either A) the professional time spent on engagement and performance of the assignment multiplied by the applicable hourly rate plus job specific materials and/or expenses or B) Reliant's estimate of the percentage of assignment work product completed multiplied by the total fee. In the event of cancellation, upon request, the Client shall be provided access to the appraisers work to date (and documentation on the work product completed), including the work file, upon payment for the amount due.

**CLIENT INITIATED
TERMINATION -
TERMINATION FEES** The parties acknowledge that Reliant LLC has placed this assignment on their work schedule and that an assignment termination causes a material economic loss to the firm. Therefore, in addition to a recovery of the actual work performed to date per the terms of this agreement, Reliant LLC shall be paid an assignment termination fee of no less than 10% of the total fee.



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RELIANT INITIATED TERMINATION

In the event of a medical emergency, illness or sickness involving a principle of Reliant, Reliant may either A) modify the assignment due date, B) reassign the assignment to another Principle at Reliant, C) withdraw from the assignment or D) identify a suitable subcontractor to complete the assignment. If, during the course of an assignment, new conditions and scope of work are identified that are beyond the expertise of Reliant, Reliant may either A) reassign the assignment to another Principle at Reliant, C) withdraw from the assignment or D) identify a suitable subcontractor to assist in completion of the assignment. If any of the above remedies are required, the Client may, at their sole discretion, cancel this agreement without penalty and be entitled to a refund of all fees paid to date. If the Client makes documented false statements or provides inaccurate, false or misleading information such that Reliant believes that their professional licensing and reputation are placed at risk, at Reliant's discretion, Reliant may withdraw from the assignment without penalty and the Client shall pay the fees specified under the Partially Completed Assignment and Termination Fee clauses.

Assignment Review

As part of this assignment, responses will be made to appropriate reviews conducted by yourself, employees, reviewers of your staff and/or by independent reviewers whom you employ. No obligation exists to respond to reviews from any other recipient of the report and responses to reviews by non-related third parties that will be at an additional fee. While review comments will be considered, Reliant, LLC and its employees have no obligation to modify the assignment or opinions in any way. All review comments shall be provided in writing.

Unresolved Issues

Post assignment review and consideration of review comments by the appraiser, in the event that the Client(s) continues to object to the assignment reporting, analysis or conclusions, the Client(s) shall not withhold or delay the payment due under this agreement. However, the Client(s) shall be entitled to pursue mediation and binding arbitration per the terms of this agreement to obtain either 1) voluntary modification of the assignment by the appraiser or 2) a partial or full refund of the fee paid.

Binding Arbitration

If a dispute arises out of or relates to this assignment and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable procedures. Any controversy or claim arising out of or relating to this assignment that cannot be resolved through said mediation shall be settled by binding arbitration administered by the American Arbitration Association under its applicable rules and binding judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Post Assignment Services & Expert Testimony

The report communicating assignment results is intended as a standalone document. While normal questions may arise during the review process and responses to a review is not billable by Reliant LLC, the scope of work does not include any additional services after completion of the assignment and scope of



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work stated in this agreement. Unless otherwise explicitly stated within the Scope of Assignment section, the performance of this assignment does not contemplate or include any post assignment delivery hourly services such as expert testimony, consultation, etc. Please refer to Item 2 of the General Assumptions & Limiting Conditions. Provided that post assignment services are initiated by the Client, the Client(s) do hereby agree to compensate Reliant LLC for all their post Final Report Delivery and Invoicing hourly work they perform that is in addition to the scope of work outlined in the Scope of Assignment section, based on Reliant, LLC's normal fee schedule in place at the time said the work is performed.

Subpoena by Someone Other than the Client

Relating to the assignment covered by this agreement, except as required by law, Reliant LLC and/or its representatives will not provide services or testify voluntarily for anyone other than the designated Client(s). If the Client disputes in writing the claim that testimony by Reliant LLC and/or its representatives is required by law, Reliant LLC may obtain an opinion in writing on the matter from legal counsel licensed to practice law in the State of Alaska. If this written legal opinion states that Reliant LLC and/or its representatives is required to testify, then Client does hereby pre-authorize Reliant LLC to do so and agrees to compensate Reliant LLC for the written legal opinion up to an amount of \$1,000.00. If Reliant LLC is subpoenaed by a Third Party other than the Client, that Third Party will be notified in writing that they will be responsible for compensating Reliant LLC per the terms of this agreement, including compensation for preparation of expert testimony as well as the testimony itself. If, however, the Third Party disputes this payment obligation in part or entirety, since said services and testimony are a direct result of work performed for the Client under this agreement, the Client agrees to compensate Reliant LLC no later than 30 days after Reliant LLC invoices the Client. Reliant LLC will cooperate with the Client, free of charge, in any attempt they make to collect this debt from the Third Party.

Hourly Fee Schedules

This is a fixed fee consulting assignment. The cost of any additional work stemming from a change in scope or post-assignment services will negotiated with the Client. For reference purposes, current hourly rates are as follows:

Managing Members:	\$300/hour
Expert Testimony:	\$400/hour
Analysts:	\$150/hour
Admin Support Staff:	\$100/hour

Hourly Billing Policy

Unless otherwise agreed in writing, all hours dedicated to working on an assignment or post assignment related services are considered billable, including analytical work, problem solving, preparation work, phone calls with the client or other parties as relating to this assignment, time spent in route to meetings or traveling (if applicable). Testimony includes stand by time while waiting to give actual testimony. Sleep time is not billable, however, there is a \$1,000 per day



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charge for overnight stays. Upon notification of the client, a premium may be charged for rush or emergency hourly work on a negotiated basis.

Confidentiality & Non-Disclosure

Reliant LLC has an agency relationship with the client and therefore information provided by the client to the firm is confidential in nature. Documentation provided by the client to Reliant LLC may contain nonpublic personal information about consumers subject to the restrictions of the Gramm-Leach-Bliley Act. Reliant LLC may not directly or indirectly reuse or re-disclose such information for any purpose other than to provide the services for which you are receiving the information without the written authorization of the client. Compliant with Local, State and Federal Law, Reliant LLC is authorized to use the information provided by the client provided that the above referenced confidentiality and non-disclosure provisions of this agreement are met. During the course of this assignment, unless otherwise stated in writing, Reliant LLC is authorized by the client to disclose that they are involved in an assignment related to the subject to any third party market participants that Reliant LLC deems are necessary to interview or obtain information from, provided that such disclosure is necessary to comply with the Uniform Standards of Professional Appraisal Practice in that reliable and credible assignment results could not be obtained without said disclosure. Such third parties may include government agencies such as the assessor or planning department or private entities such as property management companies, accountants, brokers or other appraisers.

Certification & General Assumptions & Limiting Conditions

A sample Certification is enclosed for the Clients review. The Certification is part of the terms and conditions of this assignment. General Assumptions & Limiting Conditions that will be incorporated into the assignment are enclosed the Client's review.

Additional Terms of Contract

- This agreement represents the entire agreement between the parties.
- This agreement may not be modified by either party except in writing.
- Any part of this agreement that is found not to be binding shall be struck from this agreement and the remainder of the agreement shall be legally binding.
- Unless otherwise stated in writing, this is a standalone and separate agreement between the parties, whose performance, fees, terms and conditions are not contingent upon or subject to any other agreement that the Client or Reliant LLC may be a party to.

Ethical Engagement & Authorization to Proceed as Evidenced by Attached Signature

I the undersigned, do hereby attest that this engagement represents the full agreement between the parties and was not contingent upon any other written or verbal assignment conditions, including but not



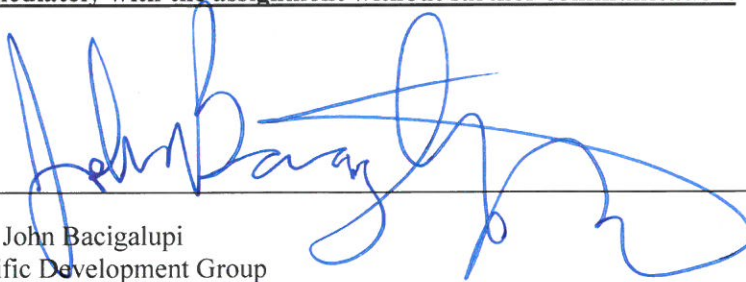
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limited to a predetermined value, result or outcome, direction in value, result or outcome, analysis, methodology, use or exclusion of particular comparables or any other assignment condition(s) that would be in violation of professional ethics and the Uniform Standards of Professional Appraisal Practice.

I have further reviewed the Sample Certification and General Assumptions & Limiting Conditions and agree to their use, terms and conditions.













I the undersigned, indicate my acceptance of this proposal and authorize Reliant LLC to proceed immediately with the assignment without further communication.


Mr. John Bacigalupi
Pacific Development Group




3/11/16
Date

Addendum: Novogradac Information

LIHTC Income Limits for 2016
 (Based on 2016 MTSP Income Limits)

	Charts	60.00%	140.00%
1 Person		37,980	53,172
2 Person		43,440	60,816
3 Person		48,840	68,376
4 Person		54,240	75,936
5 Person		58,620	82,068
6 Person		62,940	88,116
7 Person		67,260	94,164
8 Person		71,640	100,296
9 Person		75,960	106,344
10 Person		80,280	112,392
11 Person		84,600	118,440
12 Person		88,980	124,572

LIHTC Rent Limits for 2016
 (Based on 2016 MTSP/VLI Income Limits)

Bedrooms (People)	Charts	60.00%	FMR
1 Bedroom (1.5)		1,017	851
2 Bedrooms (3.0)		1,221	1,139
3 Bedrooms (4.5)		1,410	1,413

LIHTC Rent Limits With Utility Allowance Reduction for 2016
 (Based on 2016 MTSP/VLI Income Limits)

Bedrooms (People)	60.00%	U/A Entered by User
1 Bedroom (1.5)	935	82
2 Bedrooms (3.0)	1,119	102
3 Bedrooms (4.5)	1,288	122

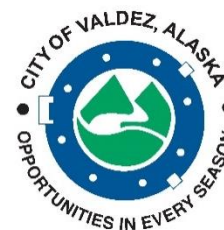
Addendum: Aleutian Village Trailer Park Survey

Aleutian Village Trailer Park

Household Survey



Prepared for the City of Valdez



Prepared by

Sheinberg Associates



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

November 2015

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BACKGROUND

On September 9, 2015 the Aleut Corporation announced plans to close the Aleutian Village Trailer Park, which they operate on state land sublet from the City of Valdez, by August 31, 2016. The closure of the park would eliminate over 60 affordable housing units and displace nearly 200 residents. The City of Valdez hired Sheinberg Associates, a Community Planning firm based in Juneau, Alaska, to conduct a household survey of the Aleutian Village Trailer Park in October of 2015.

SURVEY PURPOSE

The purpose of this survey is to help the City of Valdez to assist residents by:

- Identifying what financial, equipment, and other housing related assistance Aleutian Village residents will need to stay in Valdez;
- Understanding what housing alternatives residents are most likely to pursue; and
- Gathering income data to document the neighborhood's eligibility for housing assistance programs and grants.

SURVEY METHODOLOGY

The Aleutian Village Trailer Park has 61 occupied dwelling units. Although the park includes 102 spaces, the remainder are vacant. All residents were included in the selected survey group. The survey period lasted two weeks, from October 16th through October 30th, 2015.

Sheinberg Associates utilized multiple methods to reach each household, and provided a variety of options for residents to complete the survey. The owners of all 61 units were mailed a paper copy of the survey, using addresses from the city property tax records. The paper survey gave residents the option to take the survey online, complete and return the paper copy, or call the Sheinberg Associates Office and complete the survey by phone. A contact list of residents was also generated from the phone book and sign-in sheets at public meetings regarding the Aleutian Village Trailer Park. Using this contact information, households received an email with a link to the online survey in addition to the mailed paper version. Households with known phone numbers received follow-up calls. Each household for which no contact information was known received at least two site visits, including one by Sheinberg Associates staff on October 17th, and one by a volunteer resident in the second week of the survey period.

Out of the 61 households in Aleutian Village, 58 responded to the survey. Two of those responses were incomplete (meaning they did not include income information).

SURVEY RESPONSES

Question 1: Do you own or rent your mobile home? (Responses=56)

Answer	% of households	# of households
Own, with loan payments	1.8%	1
Own, free and clear	91.1%	51
Rent	1.8%	1
Other	5.4%	3
Total	100%	56

Over 90% (51) of households responding to the survey own their mobile homes outright. One respondent indicated that they own, with loan payments. One household reported renting.

Of the three households that marked “other,” one reported renting to own, one reported that they had paid for the mobile home in full but did not have a title yet, and one indicated that they owned their mobile home free and clear, and operated it as a rental property.

Question 2: Have you already begun the process of relocating out of Aleutian Village? (Responses=56)

Answer	% of households	# of households
No	89.3%	50
Yes	10.7%	6
Total	100%	56

If yes, what steps have you taken?

- *None*
- *Have looked into moving the trailer, cost for spaces in south central*
- *Renting a house in town, but space rent is paid through April to give me time to move slowly.*
- *Retired*
- *Checked with VMHP about availability of spaces.*
- *I have submitted my trailer title and dimensions to Valdez Mobile Park. I have looked at available lots to fit my trailer and attachments. I do not want to move but preventative measures.*

Just under 11% of responding households (6) reported that they had already begun the process of moving out of Aleutian Village. Of the 6 households that said they were already beginning to relocate, 3 were looking into moving their trailer to other mobile homes in Valdez. One had rented a house in Valdez, and one reported retiring from their job.

Sheinberg Associates learned through conversations with community residents that one mobile home has been moved to Valdez Mobile Home Park since the Aleut Corporation mailed it's closure notice in September 2015.

Question 3: How many people live in your household, and how old are they? (Responses=56)

Household size	% of Households	# of Households	# of total residents
1 Person	33.9%	19	19
2 Persons	25.0%	14	28
3 Persons	21.4%	12	36
4 Persons	17.9%	10	40
5 Persons	1.8%	1	5
>5 Persons	0	0	0
Total	100%	56	128

Respondents were asked to report the age of each member of their household. The responding households represent a total of 128 residents. 16 households reported at least one child between the ages of 2 and 18, for a total of 25 children among all responding households. Another 17 residents are seniors aged 60 or above.

Question 4: Is anyone in your household Alaska Native or American Indian? (Responses=56)

Answer	% of households	# of households
Yes	25.0%	14
No	71.4%	40
I don't know	3.6%	2
Total	100%	56

A quarter of households surveyed, or 14, reported at least one household member as Alaska Native or American Indian. Some respondents indicated during phone surveys that not all family members were native.

Question 5: Does anyone in your household have special needs or disabilities that may affect your ability to relocate? (Responses=14)

Special Need or Disability	% of households	# of households
Vision, hearing, or speech impaired	0.0%	0
Limited physical mobility	12.5%	7
Developmental disability	1.8%	1
Other	10.7%	6

Seven households responded that a member of their household had limited mobility to the extent that it would make relocation a challenge. One household reported having a family member with a developmental disability. An additional six respondents marked “other.” Out of these six, two wrote that they had no special needs or disabilities, and four wrote in medical circumstances beyond those listed on the survey.

43 households skipped the question, and are presumed to have no medical issues that would affect their household’s ability to move if needed.

Question 6: Does your household have pets that may make relocation a challenge? (Responses=55)

Answer	% of households	# of households
Yes	58.2%	32
No	41.8%	23
Total	100%	55

Over half (58.2%, or 32) of responding households have pets. Of these, 29 households described the type and number of pets in the open-ended response fields. 27 listed at least one dog, and eight households also keep at least one cat. Other pets reported included reptiles, birds, and fish. One resident expressed concern during a phone interview that landlords frequently deny applicants with pit bull terriers; two households specified that their dog was at least part pit bull.

Question 7: Do you operate a business out of your home (such as a daycare, home office, etc.)? (Responses=55)

Answer	% of households	# of households
No	89.1%	49
Yes	10.9%	6
Total	100%	55

Out of 55 respondents, six indicated that they operated a business out of their home. In addition, a business that did not complete the survey reported in a phone interview that they maintain a mobile home in Aleutian Village as workforce housing. That unit is occupied 90% of the time by a rotating crew of workers.

Question 8: What types of parking, storage, and outdoor structures do you currently have at Aleutian Village? (Responses=51)

Current structures/storage/parking	% of households	# of households	Average # of structures/vehicles per household
Personal Vehicles	96.1%	49	2
Storage shed/ other detached structure	54.9%	28	1
Four-wheelers/snowmachines/other recreational vehicles	49.0%	25	2
Wanagan/porch/attached add-on	41.2%	21	2
Boats	21.6%	11	1
Garden	13.7%	7	1
Enclosed trailer	7.8%	4	2

Question 9: What is the source of heat for your home? (Responses=55)

Heat Source	% of households	# of households
Heating Fuel Alone	50.9%	28
Heating Fuel and Wood	18.2%	10
Heating Fuel and Electricity	12.7%	7
Heating Fuel, Wood, and Electricity	10.9%	6
Wood Alone	3.6%	2
Heating Fuel plus Toyo	1.8%	1
Electricity Plus Toyo	1.8%	1
Total	100%	55

Over 90% of respondents reported using heating fuel to heat their homes. The majority of households responding to the survey (28, or 50.9%) said that they use heating fuel as the only source of heat in their home, while 24 use heating fuel in combination with at least one other source. Two households chose “other,” and wrote that they used a Toyo stove, one in combination with electricity, and one in combination with heating fuel. Two households reported using wood as their only heat source.

Question 10: In addition to space rent, what are your monthly costs for loan payments/rent and utilities? (Responses=53)

Utility cost	Average cost per household
\$/month rent (not counting space rent)	\$417
\$/month electric bill (on average)	\$141
\$/month heating fuel use (on average)	\$233
\$/month loan payments	\$374

Seven households reported loan payments of some sort as a monthly expense, including student loan payments. Some respondents provided both a summer and a winter monthly costs for heating and electricity bills. For the purposes of this survey, these ranges were averaged. Many respondents reported their space rent in the “rent” column. These responses were not included in the average calculation of monthly rent payments, leaving three households reporting rent payments.

Five respondents reported loan payments averaging 374/month. In Question 1 of this survey, one household reported owning their mobile home with loan payments, indicating that most households reported loan payments for other purchases in this column on Question 12.

Question 11: With the right equipment, is your trailer structurally sound enough to be moved? (Responses=55)

Answer	% of households	# of households
Yes	14.5%	8
No	32.7%	18
I don't know	52.7%	29
Total	100%	55

Comments:

- *I haven't had the trailer inspected to move but I believe it could, but I don't want to move.*
- *probably not. unsure about what it would take to find and install axles with tires.*
- *It's a 1972 Gibraltar. Maybe?*
- *can be moved, but has weak points that would need to be braced, and the roof might cave in where it has not been replaced, would need to be reinforced before it could be moved. Would cost 5,000, but not guaranteed to make it.*
- *Have plans to demolish it or give it away if someone else wants it.*
- *have floor and roof issues*
- *However, considering the significant costs and effort to do so, I most definitely would prefer not to.*
- *It might be movable with some repairs*
- *Have built a snow-shedding roof over it, might be impossible to move.*
- *Would just need new wheels*
- *our trailer is a 1975 it has a lot of old and rotten wood on our budget we can only do a little at time. it has a 9000.00 dollar new roof and a new hot water tank.*
- *My home was built in 1996 by Randy Bell (previous manager of park) by adjoining 2 ATCO units and building up around the frame.*
- *Has been sheet-rocked. would cost 7,500 to move it.*
- *I'm not sure Built in 1975, structure is weathered but sound enough for current location. I don't know if there is wheels on it or not.*
- *The sides are starting to sag*
- *Our mobile home is very old.*
- *It is two older homes side by side with a huge roof build over both units. I have no wheels for axles to move home.*
- *It will fall apart, not strong enough to withstand a move.*
- *May come apart at the front due to some rot issues*
- *It has wheels under it. I don't know if it will hold together to go down the road.*
- *I think so. Would have to detach front porch on left side of trailer and the built on room and carport on the right side. That would leave my trailer open to the elements on all sides. My concern is the possible structural damage in the move.*
- *It is unlikely that we will be able to move it; plus a long storage area is attached.*

Eight respondents (14.5%) replied that their mobile home could be moved. The majority of survey respondents (52.7%, or 29 respondents) did not know if it would be feasible to move their mobile home. Some had the job appraised and felt it was not worth the cost; others had installed sheetrock that would crack in a move. Respondents that felt their home could not be moved noted the cost, the age and instability of the home, and the difficulty of moving add-on structures including rooms and roofs.

Question 12: What assistance would you need to move to a new location in Valdez?
(Responses=54)

Assistance Needed	% of households	# of households
Assistance to recover lost value of my mobile home	72.2%	39
Assistance to move my mobile home	66.7%	36
Assistance to replace older mobile home with newer, more energy efficient mobile home	57.4%	31
Assistance to move personal belongings	40.7%	22
No assistance needed	7.4%	4
Other assistance needed	24.1%	13

Other Assistance/Comments:

- *Would like land to move my trailer onto. The city has a lot of land it could develop for people.*
- *Need assistance to find a place to stay that accepts pit bulls*
- *Moving a mobile home is hardly done without assistance? However, myself personally, I could facilitate most things without assistance. I assume the hiring of an entity to actually move a MH to a different location would be considered assistance, which I would need to do.*
- *Need to move the two wanagans*
- *If I have to move, it would not be in Valdez.*
- *Single mom 3 boys love my home house paid off and I can remodel how ever I have the money , what now ?*
- *Probably a loan*
- *Sale*
- *Labor*
- *I have no intention of moving this home.*
- *Down payment assistance for a house. Note on assistance to move mobile home: to dispose of it.*
- *A place to move the trailer to*
- *This is conditional that I either have to move to another locale or tear down my current one.*

Assistance to recover lost value of their mobile home was the most frequently cited need for assistance, with nearly three quarters of respondents (72.2%, or 39 households) indicating that they would accept payment for the value of the home rather than move it. Two-thirds of respondents (66.7%, or 36 households) said that they will need assistance if they are to move their trailer, with one individual noting in the comments that they would move their trailer only to dispose of it, which carries an additional cost. Over half (57%, or 31 households) also expressed interest in the idea of a replacement program, in which they would receive assistance to replace their older unit with a newer, more efficient home.

Question 13: At some mobile home parks around the country residents are forming non-profit cooperatives to collectively purchase mobile home park land. Every resident owns a share of the park, and the group uses space rents to pay for maintenance.

Would you be interested in forming a group with other mobile home owners to purchase and manage the Aleutian Village Trailer Park or a mobile home park at another location? (You can assume that electricity and other park utility upgrades would be completed prior to purchasing the property.) (Responses=55)

Answer	% of households	# of households
I am interested in cooperative ownership of Aleutian Village, but not another location.	38.2%	21
I am interested in cooperative ownership of a trailer park.	32.7%	18
I am interested, but only if my housing costs do not go up.	23.6%	13
I am not interested in cooperative park ownership and management.	14.5%	8
I don't know.	23.6%	13

Comments:

- *Depending on how responsible people are, but would be interested to hear more.*
- *Don't know enough about what it would entail. I might be interested.*
- *Might move back if this works out - I could be interested.*
- *I would be happy to pay more money if it meant the utilities were improved. I'm tired of the electricity going out all the time.*
- *Would nice be cooperatively managed rather than owned, since the land is owned by the state.*
- *I don't have time to manage the park, but would be okay with it if other people take care of the work.*
- *I have to research the pro's and con's of a cooperative ownership type of resolution before I can answer this question.*
- *Never work here. Too many deadbeats.*
- *contradicting no?*
- *Not enough responsible residents.*
- *I would like not to chance a move if I can help it. The best option for this house is not to move it.*
- *I do not feel encouragement to form a coop as there are too many unknown variables, the reliance on people I do not know, the fact that some neighbors may need to be evicted for nonpayment and the follow thru to do such. I would be agreeable to an increase of \$100-\$150 to bring in new managers.*

Many respondents indicated interest in some form of cooperative management of the park, with 21 (38.2%) stating interest in cooperative management of Aleutian Village only, and 18 (32.7%) stating interest in cooperative management of a trailer park in any location. Although the

question suggested the idea of cooperative ownership of the park, some residents pointed out that because the land is owned by the state, they would only be interested in cooperative management, rather than ownership of the park.

Among the eight households that said they were not interested in a cooperative, the most frequent reason cited (3) was concern over the lack of responsible residents. Others, both in the survey and during conversations with Sheinberg Associates staff, noted unease over how rents would be collected, or residents evicted if necessary. Some expressed cautious interest, with three stating that they wanted more information.

Keeping space rent under control is important to residents. Thirteen respondents noted that they would only be interested in a cooperative if their housing costs did not go up, while two stated in the comments section that they would be willing to pay more in space rent if it meant improved management, site maintenance and utilities.

Question 14: If the Aleutian Village Trailer Park closes in August 2016, which of these alternatives is a realistic choice for your household? (Check all that apply) (Responses=55)

Realistic Housing Options	% of households	# of households
Leave Valdez.	56.4%	31
Move existing mobile home to a different Valdez trailer park.	40.0%	22
Move existing mobile home to private property in Valdez.	29.1%	16
Purchase and place another mobile or manufactured home in a different Valdez trailer park.	14.5%	8
Purchase and place another mobile or manufactured home on private property in Valdez.	9.1%	5
Purchase a house in Valdez.	20.0%	11
Rent a house or apartment in Valdez.	20.0%	11
Move in with a friend or family member in Valdez.	5.5%	3
Other (please specify)	23.6%	13

Other:

- *There really is no cost effective option. There aren't affordable houses in Valdez.*
- *If I could find affordable land, I would buy land and move onto that. Don't want to be in another trailer park if I don't have to.*
- *I do not think my trailer can be moved it been on the ground for 37 years. If able to get help to purchase another mobile home.*
- *Sue the city.*

- *Move our trailer if it's able to be moved. We bought this trailer we can't afford to make new payments. There is no land around Valdez that is reasonably priced. I already bought my home not interested in starting over again.*
- *need more time to assess options*
- *Sell trailer after moving it then look into buying a house*
- *Rather move the place I own but if push comes to shove I may just move*
- *Not decided.*
- *None are really realistic. We have no savings and live paycheck to paycheck. Note on Purchase a house in Valdez: If I had the money or no other choice.*
- *If all other options are exhausted leaving Valdez is the only other choice*
- *That above [move existing mobile home to a different trailer park] would be my only option that I would hope to consider. I am too old to deal with roommates and storing my art and precious belongings.*
- *One resident of the trailer would have challenges in locating another home. The other resident would probably have to leave Valdez sooner than intended.*

Of the 31 households that selected “Leave Valdez” as a reasonable option for their household, 10 marked it as their only choice.

Question 15: Household Size and Income (Responses=54)

This survey question provided the necessary information to determine if the Aleutian Village Trailer Park neighborhood was eligible for a Community Development Block Grant (CDBG). In order for a specific neighborhood to be eligible for this funding source, a community must be able to document that at least 51% of residents live in Low or Moderate Income Households (LMI), as defined by the census area’s median income and household size.

Residents were asked to provide their household size, and then choose an income range that best captures their household. Income ranges were based on the CDBG’s definitions of Very Low (VLOW), Low (LOW), Moderate (MOD) and Above Moderate income levels. The table below summarizes the number of responding households that fell into each income category, by household size.

Aleutian Village Household Income by Household Size

Hshld size	VLOW income limit	Hshlds < VLOW income	Indiv. < VLOW income	LOW income limit	Hshlds < LOW income	Indiv. < LOW income	MOD income limit	Hshlds < MOD income	Indiv. < MOD income	Hshlds > MOD income	Indiv. > MOD income
1	\$18,100	6	6	\$30,150	4	4	\$46,100	2	2	6	6
2	\$20,700	2	4	\$34,450	5	10	\$52,650	3	6	4	8
3	\$25,120	2	6	\$38,750	3	9	\$59,250	1	3	5	15
4	\$30,320	0	0	\$43,050	5	20	\$65,800	3	12	2	8
5	\$35,520	0	0	\$46,500	1	5	\$71,100	0	0	0	0
6	\$40,740	0	0	\$49,950	0	0	\$76,350	0	0	0	0
7	\$45,920	0	0	\$53,400	0	0	\$81,600	0	0	0	0
8	\$51,120	0	0	\$56,850	0	0	\$86,900	0	0	0	0
Total		10	16		18	48		9	23	17	37

	Total LMI	% LMI	Total >MOD	% >MOD	Overall Total
Total # of households surveyed	37	68.5%	17	31.5%	54
Total # of persons in households surveyed	87	70.2%	37	29.8%	124

Among the 54 households that completed the income question of the survey, there are a total of 124 residents. A total of 37 households, housing 87 residents, indicated that their household income was Very Low, Low, or Moderate. Those 87 residents, or 70.2% of residents represented in this survey sample, are considered LMI, while the remaining 37 residents (29.8%) live in households that make more than moderate income levels. These figures are then used to calculate the number of LMI households and individuals among all 61 homes in Aleutian Village. Those calculations, along with documentation of the survey process, were provided to the Community Development Block Grant staff at the Alaska Department of Commerce, Community, and Economic Development on November 6, 2015.

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