

# Conversion Assessment

## General

The Housing Authority of Washington County operates 80 units of low-rent public housing, consisting of 24 three and four-bedroom single family dwellings scattered over 23 distinct physical locations in Washington County, outside the corporate limits of the City of Hagerstown, and 56 one-bedroom cottages in two communities, 28 at Blue Mountain Estates in Smithsburg, MD, and 28 at Parkview Knoll in Williamsport, MD. The Authority will continue the current uses of these 80 units. This Conversion Assessment includes the five following elements as set forth in 24 CFR 972.218:

- (a) Cost Analysis. The Housing Authority of Washington County completed the Cost Comparison spreadsheet provided by the Department of Housing and Urban Development at <http://hud.gov/offices/pih/centers/sac/conversion.cfm>. The Cost Analysis revealed that the cost to the federal government to continue operation of these 80 units of public housing would exceed the cost for converting these units to Section 8 assistance by 15%. (The Cost Comparison is attached as Exhibit 1.)
  
- (b) Analysis of market value. The Authority procured the services of the appraisal firm, James L. Randall, Inc. to make the following comparisons:
  - (1) In the appraisal, the value of the public housing units operated as public housing before rehabilitation was \$6,653,000, and the value of the public housing units operated as public housing after rehabilitation was \$7,244,500.
  - (2) In addition the appraisal made the following additional comparisons:
    - (i) The value of the public housing development operated as public housing before rehabilitation was found to be \$6,656,000, and the value of the combined development after conversion was \$6,656,000, exactly equal!
    - (ii) In the appraisal, the value of the public housing development operated as public housing after rehabilitation was \$7,244,500, and the value of the combined development if the conversion was done after the rehabilitation work was completed was \$7,244,500, again exactly equal.
  - (3) A copy of the appraisal findings and the analysis of market value for the development is attached as Exhibit 2.
  
- (c) Analysis of rental market conditions.
  - (1) When the 80 units of public housing are converted, the Authority will continue the tenancy of the existing residents, accepting Section 8 assistance in these units. We have therefore concluded that the residents of the public housing development will be 100% successful in

using their tenant-based assistance. The proposed conversion will also provide **benefits to the residents** that they do not have as public housing residents:

- (i) Elderly tenants will be able to transfer their rental assistance to qualifying care facilities if they come to a point in life where such options are important from a health point of view;
- (ii) Freedom to move with tenant-based rental assistance will also be an advantage to seniors that wish to move closer to family, or to families that might need to move with changing jobs;
- (iii) The 24 families in the scattered site portion of the development, will be able to more smoothly transition to home ownership by using Section 8 assistance as a bridge to purchase of the unit.

(2) Success rate.

- (i) In the 18 month period between July 2008 and December 2009, 112 families were issued Vouchers by the Authority. The following table summarizes the success rates by bedroom size:

Bedroom size	Vouchers issued	Families housed	Success rate
1	58	37	63.79%
2	29	18	62.07%
3	22	11	50.00%
4	3	2	66.67%
Overall	112	68	60.71%

If a current public housing participant is issued a voucher, they may stay in place; and, if they wish to relocate, current success rates in the voucher program would indicate that they have a 50% or better chance of finding a suitable rental unit. If their initial attempt is not successful, being a current tenant of the Housing Authority of Washington County, they will have the opportunity to try again without worrying about losing their present housing, further increasing their odds of success.

- (ii) All of the residents of the affected housing project will face challenges if they decide to move, using their assistance elsewhere, because 24 families need 3 or 4-bedroom homes and the remaining 56 are elderly. For this reason the Authority is not seeking to change the occupancy.

(d) Impact analysis .

- (1) Availability of affordable housing - Since the Authority is continuing the existing use after conversion, the proposed action will not decrease the availability of affordable housing in its neighborhoods.

- (2) Impact on the concentration of poverty in the neighborhood - Since the Authority is continuing the existing use after conversion, the proposed action will not affect the concentration poverty in their neighborhood.
- (3) Other neighborhood impacts - none.

- (e) Conversion implementation. The conversion of these 80 units of low-rent public housing to Section 8 assistance should be seamless, since the future uses of the housing resources are not changing.
- (f) Resident comments. Residents at Blue Mountain Estates were pleased to learn that there would be no further REAC inspections if the conversion is approved by HUD. They were pleased to learn that the Authority could designate their communities for “seniors only” whereas the present HUD approval mechanism proved too cumbersome for HAWC to follow. They suggested that households should be eligible that contained at least one person age 62 or older and no family members under the age of 55. They were pleased to learn that the Authority contemplated no change in the maintenance procedures and no changes in the lease requirements. Comments of residents at Parkview Knoll related exclusively to various maintenance questions and clarifications. Residents at both BME and PVK appreciated the increased flexibility a housing choice voucher would give them if they needed to move.

## Public Housing Operating Cost

### 1. Calculation of Projected Operating Cost for the Revitalized Development

Enter the PHA's projected monthly costs for operating the development after revitalization or modernization in the green cells below. This estimate should reflect the costs of operating comparable developments and must be reasonable in light of the revitalization/modernization plan proposed.

a. Non-utility costs (including pro-rated share of overhead costs)	\$28,400
Utilities	\$2,105
Utility Allowances	\$10,563
<b>Total Projected Monthly Operating Costs for Revitalized Development</b>	<b>\$41,068</b>
b. Total Number of Units in Revitalized Development	80
c. Projected Monthly Operating Costs Per Unit	\$513
d. Total Projected Annual Operating Costs	\$492,816

### 2. Reasonableness Tests

Projected operating costs must be shown to be reasonable. This test compares projected monthly per-unit costs (above) with the current operating costs of the property. If projected costs are more than 10% lower than current costs, a narrative description must be provided detailing how this reduction in costs will be achieved. Current operating costs are calculated using either the development-based method or the PHA-wide method. If the development has a current vacancy rate of less than 20% and there is reliable development-level data on operating costs, use the development-based method (A). If the development has a current vacancy rate of 20% or greater or there is no reliable development-level data available, use the PHA-wide method (B).

What is the current vacancy rate of the development?  
Is there reliable development based data available?

Enter vacancy rate here:	2%
Enter Yes or No here:	Yes

Method to be used:

Use Development-Based Method	Go to Section
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**2A. Development-Based Method**

A1 Total Current Operating Cost for the Development

\$507,772

A2 Calculation of Vacancy-Adjusted Units for the Property (Enter the number of units of each type.)

Occupancy Adjustment	Property Units - Current	
	Units	Adjusted
# of Occupied units (x1)	79	79
# of Vacant Fully Funded (x1)	1	1
# of Long-Term Vacant (x0.2)	0	0
<b>Total</b>	<b>80</b>	<b>80</b>

80

A3 Current Operating Costs Per Unit Per Month (PUM) ((A1/A2)/12)

\$529

**2B. PHA-Wide Method**

B1 Total Current Operating Cost for the Agency

B2 Calculation of Vacancy-Adjusted Units for the PHA (Enter the number of units of each type.)

Occupancy Adjustment	PHA Units	
	Units	Adjusted
# of Occupied units (x1)		NA
# of Vacant Fully Funded (x1)		NA
# of Long-Term Vacant (x0.2)		NA
<b>Total</b>	<b>NA</b>	<b>NA</b>

NA

B3 Current Operating Costs Per Unit Per Month (PUM) ((B1/B2)/12)

NA

B4 Calculation of Bedroom Adjustment Factor (Enter the number of units of each type.)

Bedroom Adjustment	PHA Units		Property Units - Current	
	Units	Unit Cost Factor	Units	Unit Cost Factor
0 BR	0.7	NA		NA
1 BR	0.85	NA		NA
2 BR	1	NA		NA
3 BR	1.25	NA		NA
4 BR	1.4	NA		NA
5 BR	1.61	NA		NA
6 BR	1.82	NA		NA
Total		NA	NA	NA
Adjustment Factors		x	y	NA

B5 Overall Bedroom Adjustment Factor (y/x)

NA

B6 Current Monthly Operating Cost per Unit (B3\*B5)

NA

3. Comparison of Projected and Current Operating Costs (and Justification)

Projected Operating Costs (from Section 1)

Current Operating Cost

Percent difference

Using Development-Based Method

\$513  
\$529  
3.0%

If current costs exceed the PHA's projection by more than 10 percent, the PHA must justify the use of the lower amount in the space below.

Not Applicable


**Public Housing Capital Cost**

1 Type of Modernization (Select one option):

- Light or Moderate Modernization (20 Yrs)
- Addresses All Backlog (30 Yrs)
- Equivalent to New Construction (40 Yrs)

2 Type of Conversion (Select one option):

- Required
- Voluntary

3 Initial Capital Costs (Enter costs over the appropriate time span.)

Year	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Modernization Cost	\$96,000	\$96,000	\$92,000	\$89,000	\$89,796	\$0	\$40,000	\$40,000	\$40,000	\$677,736
Total Initial Capital Cost	\$96,000	\$96,000	\$92,000	\$89,000	\$89,796	\$0	\$40,000	\$40,000	\$40,000	\$677,736
Total Number of Units in Revitalized Development	80									
Capital Cost per Unit	\$8,472									

4 Accrual (Enter the applicable HCC limits below, along with the bedroom distribution for the revitalized development.)

	Detached/Semi-Detached	Row House	Walkup	Elevator
	# of Units	HCC Limit	# of Units	HCC Limit
0BR				
1BR	56	\$65,407		
2BR				
3BR	21	\$128,211		
4BR	3	\$148,748		
5BR				
	24	\$3,086,675	0	\$0

a. HCC, per unit average	\$85,183
b. Total Number of Units in Revitalized Development	80
c. 50% of Capital Cost per Unit	\$4,236
d. Adjusted HCC (HCC (a) minus 50% of Capital Cost per Unit (c))	\$80,947
e. Annual per Unit Accrual for 40 Year Replacement Cycle (Adjusted ACC (d) x 0.025)	\$2,024
f. Annual Accrual after Modification (e x b)	\$161,915

Annual Accrual	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(Accrual begins in the year after modernization is complete.)

5 Opportunity Cost (If this is a voluntary conversion, enter the following costs)

a. Demolition Cost Paid for by PHA	\$65,736
b. Remediation Cost (if not in demo) Paid for by PHA	\$64,000
c. Market Value of Property	\$5,805,610
d. Residual Value	\$4,761,874

### Voucher Cost

**Voucher Cost**

Enter the number of units in the revitalized development by bedroom size and corresponding voucher costs per month.

	a	b	c
Unit Size Post Revitalization	# of Units	Voucher Costs	Units X Cost
0BR	0		\$0
1BR	56	\$319	\$17,864
2BR	0		\$0
3BR	21	\$713	\$14,973
4BR	3	\$702	\$2,106
5BR	0		\$0
	80		\$34,943

- d Monthly Voucher Cost Per Unit ( c / a )
- e Monthly Section 8 Administrative Fee (per unit)

\$437
\$22.25

- f Annual Voucher and Administrative Costs

\$440,676
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- g Per Unit Relocation Costs
- h Total Relocation Costs

\$0
\$0

**Cost Comparisons**

**Assumptions**

OMB Nominal Discount Rate	3.00%	3.00%
OMB Real Discount Rate	5.3%	5.2%
Useful Life (20, 30 or 40 Years)	20	20

Inflation Rate for the Selected Useful Life  
Real Discount Rate for the Selected Useful Life

	1.022
	1.030

Units

	80
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**Uninflated/Undiscounted Cost Summary**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Public Housing Annual Operating Cost	\$492,816	\$56,000	\$36,000	\$92,000	\$89,000	\$69,736	\$0	\$40,000	\$40,000	\$40,000
Capital Cost	\$105,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Accrual after Modification	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual Value	\$4,781,874									

**Vouchers**

Annual Voucher and Administrative Costs	\$440,676
Year 1 Relocation Costs	\$0

**PUM Cost Comparisons:**

	Net Present Value (Required Conversions Only)	New Budget Authority (Voluntary Conversion only)
Public Housing Vouchers Difference	\$920	\$571
Final Result	Public Housing Cost exceeds Voucher Cost	36%

Required Conversion Calculation  
Net Present Value of the Stream of Costs

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Operating	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816	\$402,816
Initial Capital	\$105,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Account	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual	\$4,731,874	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	\$5,279,690	\$578,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816	\$505,816
Discount Rates	1.000000	0.970874	0.942556	0.915142	0.888437	0.862382	0.836939	0.812052	0.787765	0.764017	0.740754	0.717921	0.701880
Discounted Costs	\$5,279,690	\$561,557	\$555,010	\$535,189	\$516,036	\$493,228	\$468,514	\$443,610	\$418,610	\$393,639	\$368,701	\$343,821	\$319,081

Required Conversion Net Present Value: 30 Year 40 Year

Total \$12,948,104  
Per Unit \$161,851  
Per Unit Month \$574

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Voucher	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676
Penetration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676
Discount Rates	1.000000	0.970874	0.942556	0.915142	0.888437	0.862382	0.836939	0.812052	0.787765	0.764017	0.740754	0.717921	0.701880
Discounted Costs	\$440,676	\$427,841	\$415,379	\$403,281	\$391,585	\$380,191	\$369,059	\$358,110	\$347,314	\$336,741	\$327,954	\$319,364	\$310,981

Required Conversion Net Present Value: 30 Year 40 Year

Total \$6,752,835  
Per Unit \$84,810  
Per Unit Month \$302

Required Conversion Net Present Value DELTA: 30 Year 40 Year

Dollar \$225  
Percent 48%

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	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28
Public Housing															
Operating	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816
Final Capital															
Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual															
TOTAL	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816
Discount Rates	0.682651	0.651118	0.641862	0.622167	0.605016	0.587395	0.570366	0.553676	0.537549	0.521882	0.506652	0.491864	0.477506	0.463035	0.450189
Discounted Cash	\$335,684	\$285,809	\$246,290	\$207,107	\$168,162	\$129,477	\$91,046	\$52,980	\$16,973	\$27,187	\$39,706	\$242,428	\$236,272	\$229,516	\$221,880

	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28
Voucher															
Voucher	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676
Preallocation															
TOTAL	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676
Discount Rates	0.69281	0.651118	0.641862	0.622167	0.605016	0.587395	0.570366	0.553676	0.537549	0.521882	0.506652	0.491864	0.477506	0.463035	0.450189
Discounted Cash	\$300,079	\$291,329	\$282,830	\$274,615	\$266,615	\$258,851	\$251,311	\$243,982	\$236,885	\$229,985	\$225,287	\$216,700	\$210,468	\$204,329	\$198,388

	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Operating Initial Capital	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816
Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816	\$492,816
<b>TOTAL</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>	<b>\$492,816</b>
Discount Rates	0.427077	0.424266	0.411867	0.399337	0.377026	0.356045	0.336283	0.317629	0.299833	0.283526	0.268574
Discounted Costs	\$215,398	\$205,125	\$203,034	\$197,379	\$185,805	\$180,369	\$175,139	\$170,037	\$165,065	\$160,277	\$156,608

	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Voucher	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676
Residual	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676	\$440,676
<b>TOTAL</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>	<b>\$440,676</b>
Discount Rates	0.427077	0.424266	0.411867	0.399337	0.377026	0.356045	0.336283	0.317629	0.299833	0.283526	0.268574
Discounted Costs	\$192,809	\$186,099	\$181,553	\$171,131	\$168,746	\$161,307	\$156,589	\$152,048	\$147,619	\$143,219	\$139,745

Voluntary Conversion Calculation  
New Budget Authority

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
<b>Public Housing</b>														
Operating	\$482,216	\$500,821	\$515,071	\$525,570	\$538,331	\$550,352	\$562,641	\$575,205	\$588,050	\$601,181	\$614,605	\$628,229	\$642,040	\$656,044
Initial Capital	\$0	\$67,000	\$100,355	\$95,302	\$97,200	\$106,213	\$0	\$46,567	\$47,730	\$48,736	\$0	\$0	\$0	\$0
Annual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual	\$4,781,274	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$5,274,690</b>	<b>\$571,741</b>	<b>\$615,408</b>	<b>\$624,874</b>	<b>\$635,531</b>	<b>\$650,565</b>	<b>\$662,641</b>	<b>\$678,262</b>	<b>\$693,779</b>	<b>\$709,916</b>	<b>\$726,610</b>	<b>\$743,959</b>	<b>\$761,980</b>	<b>\$780,688</b>
Inflation Factor	1.000	1.0223	1.0452	1.0685	1.0924	1.1167	1.1417	1.1672	1.1932	1.2199	1.2471	1.2750	1.3034	1.3325
<b>Voucher</b>														
Voucher	\$440,675	\$450,516	\$461,576	\$473,951	\$487,376	\$499,125	\$503,114	\$514,348	\$525,834	\$537,576	\$549,590	\$561,852	\$574,336	\$587,225
Relocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$440,675</b>	<b>\$450,516</b>	<b>\$461,576</b>	<b>\$473,951</b>	<b>\$487,376</b>	<b>\$499,125</b>	<b>\$503,114</b>	<b>\$514,348</b>	<b>\$525,834</b>	<b>\$537,576</b>	<b>\$549,590</b>	<b>\$561,852</b>	<b>\$574,336</b>	<b>\$587,225</b>
Inflation Factor	1.000	1.0223	1.0452	1.0685	1.0924	1.1167	1.1417	1.1672	1.1932	1.2199	1.2471	1.2750	1.3034	1.3325

Voluntary Conversion New Budget Authority

	20 Year	30 Year	40 Year
Public Housing PUM	\$526		
Voucher PUM	\$571		
Delta Dollar	\$349		
Delta Percent	38%		

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Public Housing	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28
Operating	\$671,368	\$688,360	\$701,587	\$717,355	\$735,374	\$749,750	\$766,452	\$783,688	\$801,106	\$818,595	\$837,283	\$855,689	\$875,094	\$894,635
Initial Capital														
Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$671,368</b>	<b>\$688,360</b>	<b>\$701,587</b>	<b>\$717,355</b>	<b>\$735,374</b>	<b>\$749,750</b>	<b>\$766,452</b>	<b>\$783,688</b>	<b>\$801,106</b>	<b>\$818,595</b>	<b>\$837,283</b>	<b>\$855,689</b>	<b>\$875,094</b>	<b>\$894,635</b>

Initial Factor	1.3623	1.3927	1.4208	1.4556	1.4881	1.5214	1.5553	1.5901	1.6255	1.6615	1.6980	1.7359	1.7757	1.8154
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Voucher	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28
Voucher	\$600,327	\$613,745	\$627,448	\$641,458	\$655,783	\$670,427	\$685,287	\$700,792	\$716,249	\$732,345	\$748,998	\$765,417	\$782,509	\$799,982
Rebalcon														
<b>TOTAL</b>	<b>\$600,327</b>	<b>\$613,745</b>	<b>\$627,448</b>	<b>\$641,458</b>	<b>\$655,783</b>	<b>\$670,427</b>	<b>\$685,287</b>	<b>\$700,792</b>	<b>\$716,249</b>	<b>\$732,345</b>	<b>\$748,998</b>	<b>\$765,417</b>	<b>\$782,509</b>	<b>\$799,982</b>

Initial Factor	1.3623	1.3927	1.4238	1.4556	1.4881	1.5214	1.5553	1.5901	1.6255	1.6615	1.6980	1.7359	1.7757	1.8154
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	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Public Housing											
Comming	\$014,612	\$035,026	\$055,515	\$065,083	\$1,021,282	\$1,044,200	\$1,057,517	\$1,061,285	\$1,115,725	\$1,140,636	\$1,166,110
Initial Capital			\$877,260								
Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual											
<b>TOTAL</b>	<b>\$014,612</b>	<b>\$035,026</b>	<b>\$055,515</b>	<b>\$065,083</b>	<b>\$1,021,282</b>	<b>\$1,044,200</b>	<b>\$1,057,517</b>	<b>\$1,061,285</b>	<b>\$1,115,725</b>	<b>\$1,140,636</b>	<b>\$1,166,110</b>

Inflation Factor	1.8539	1.8973	1.9397	1.9820	2.0243	2.1188	2.1682	2.2145	2.2640	2.3145	2.3682
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	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
Voucher													
Voucher	\$917,946	\$856,109	\$854,779	\$873,956	\$913,329	\$933,724	\$954,574	\$975,890	\$997,651	\$1,019,560	\$1,042,735		
Relocation													
<b>TOTAL</b>	<b>\$917,946</b>	<b>\$856,109</b>	<b>\$854,779</b>	<b>\$873,956</b>	<b>\$913,329</b>	<b>\$933,724</b>	<b>\$954,574</b>	<b>\$975,890</b>	<b>\$997,651</b>	<b>\$1,019,560</b>	<b>\$1,042,735</b>		

Inflation Factor	1.8539	1.8973	1.9397	1.9820	2.0243	2.1188	2.1682	2.2145	2.2640	2.3145	2.3682		
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**JAMES L. RANDALL, SRA, LLC**  
*Senior Residential Appraiser*  
 33 West Franklin Street, Suite 201  
 Hagerstown, Maryland 21740

Voice: (301) 797-8066 • Fax: (301) 791-6253  
 Email: [jamesrandall@myactv.net](mailto:jamesrandall@myactv.net)

James L. Randall  
 David M. Salvatore

Wayne D. Ridenour

February 4, 2010

Housing Authority of Washington County  
 319 E. Antietam Street,  
 2nd Floor, P. O. Box 2944  
 Hagerstown, MD 21740  
 Attention: Mr. Richard Willson

Re: Blue Mountain Estates  
 Parkview Knoll  
 24 Single Family Residences,  
 Washington County, Maryland

Dear Mr. Willson:

As requested, we have personally inspected, analyzed, and appraised the properties in the ownership of the Housing Authority of Washington County. The "as is" and "as repaired" as public housing values have been provided in the accompanying appraisals.

Our opinion and conclusion of the market value of the herein described properties as of January 25, 2010 as is and subject to the basis of a hypothetical condition that the proposed improvements have been completed as public housing are listed below.

Reference	Property Address	"As Is" Value	"As Repaired" Value
0602J0	26 E. Frederick Street	\$170,000	\$171,000
0603J0	126 Bethlehem Court	\$90,000	\$96,000
0604J0	11303 Marbern Road	\$155,000	\$156,000
0605J0	13820 Countryside Drive	\$145,000	\$158,000
0606J0	20 N. Colonial Drive	\$115,000	\$125,000
0607J0	22 N. Colonial Drive	\$115,000	\$125,000
0608J0	11228 Marbern Road	\$160,000	\$167,000
0609J0	11337 Greenberry Road	\$160,000	\$166,000
0610J0	13844 Countryside Drive	\$160,000	\$176,000
0611J0	114 Wabash Street	\$120,000	\$136,000
0612J0	17930 Hickory Lane	\$105,000	\$116,000
0613J0	17944 Hickory Lane	\$125,000	\$139,000
0614J0	17839 Sherman Avenue	\$160,000	\$167,000

0615J0	1846 Abbey Lane	\$115,000	\$141,000
0616J0	13834 Village Mille Drive	\$140,000	\$151,000
0617J0	11311 Grouse Lane N.	\$128,000	\$141,000
0618J0	17524 Shepherdstown Pike	\$166,000	\$192,000
0619J0	11425 Englewood Road	\$188,000	\$199,000
0620J0	1926 Abbey Lane	\$110,000	\$117,000
0621J0	17708 Winterberry Road	\$160,000	\$168,500
0622J0	400 Mayfair Avenue	\$160,000	\$171,000
0623J0	17324 Gay Street	\$150,000	\$156,000
0624J0	11204 Cristins Circle	\$105,000	\$130,000
0625J0	11206 Robins Glenn	\$98,000	\$108,000
Parkview Knoll Blue Mountain Estates	Otho Holland Drive   S. Main St and Bishop Lane	\$1,728,000   \$1,625,000	\$1,847,000   \$1,825,000

The "as is" and "as repaired" as privately held real estate occupied by residents using tenant-based rental assistance values would be the same as the "as is" and "as repaired" as public housing values.

Our opinion and conclusion of the market value of the herein described properties as of January 25, 2010 as is and subject to the basis of a hypothetical condition that the proposed improvements have been completed privately held real estate occupied by residents using tenant-based rental assistance are listed below.

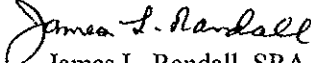
Reference	Property Address	"As Is" Value	"As Repaired" Value
0602J0	26 E. Frederick Street	\$170,000	\$171,000
0603J0	126 Bethlehem Court	\$90,000	\$96,000
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0608J0	11228 Marbern Road	\$160,000	\$167,000
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0622J0	400 Mayfair Avenue	\$160,000	\$171,000
0623J0	17324 Gay Street	\$150,000	\$156,000

Conversion Assessment - Exhibit 2

0624J0	11204 Cristins Circle	\$105,000	\$130,000
0625J0	11206 Robins Glenn	\$98,000	\$108,000
Parkview			
Knoll	Otho Holland Drive	\$1,728,000	\$1,847,000
Blue			
Mountain			
Estates	S. Main St and Bishop Lane	\$1,625,000	\$1,825,000

“Highest and Best Use Market Value” as assisted, unassisted, or market rate housing shows the fair market rate is the same for public housing and market rate housing.

Respectfully submitted,

  
James L. Randall, SRA