

OAK HILL APARTMENTS

3320-3322 WHEELER ROAD, SE, WASHINGTON, DC 20032



EXECUTIVE SUMMARY

Year Built	# Units	# Buildings	Total Sq. Ft.	Avg. Size (SF)	Current Occupancy	Avg. Rent per Unit	Avg. Rent PSF
1964	108	7	84,270	780	60.2%	\$1,458	\$1.87

AUCTION PROCESS

Exclusively representing the note holder, Berkadia is pleased to offer the opportunity to acquire at foreclosure auction Oak Hill apartments; a 108 value-add multi-family asset located in the Congress Heights neighborhood in Washington, DC. This opportunity is available through auction scheduled for April 14th, 2021 at 11:30 AM managed by Alex Cooper Auctioneers, Inc. In this auction, the buyer will post a hard money deposit of \$300,000 on the day of the auction and have 45 days to close. The auction will be held at the office of Alex Cooper Auctioneers, Inc located in 4910 Massachusetts Avenue NW, suite 100, Washington, DC 20016.

VALUE ADD OPPORTUNITY

New ownership can immediately increase rental income through leasing vacant units at HCVP rates set by the DC housing authority or marking rents to market on as many units as possible. Currently configured units are large considering the bedroom count. A value-add strategy is through adding 1 bedroom to each unit to increase rental income and have a more favorable unit mix.

TOPA EXEMPT

Given the property's foreclosure auction, Oak Hill is excluded from DC's Tenant Opportunity to Purchase Act (TOPA). This ensures an efficient and smooth acquisition process for any buyer.

ATTRACTIVE UNIT MIX

Well-balanced unit mix supports future strong performance. Unit mix includes 28 one-bedroom units (26% of total units); 53 two-bedroom units (49% of total units); and 27 three-bedroom units (25% of total units).

TRANSIT-ORIENTED

Oak Hill is within 0.4 miles to the Congress Heights Metro Station (Green Line), which is only two stops from Navy Yard/Ballpark and three stops from the Central Business District. There are five bus stops within a quarter of a mile, with the nearest bus stop about 200 feet from the property.



PROPERTY OVERVIEW

CONSTRUCTION

Building Style

Seven 3-story, walk-up garden apartment buildings built in 1964 with renovations completed in 2008 and 2009

Construction

Masonry and wood-frame over poured concrete slab with concrete spread footers

Exterior Materials

Painted brick veneer and wood trim with iron railings

Roof

Pitched asphalt shingles roofs; replaced in 2008 and 2009

Windows

Single-paned glass, aluminum framed

Entryways

Controlled-access entries to all 7 buildings

MECHANICALS

HVAC Systems

New in 2008 and 2009

Heating and Cooling

Individual unit split-systems consisting of gas furnace and pad-mounted condensing unit

Hot Water

Each building has an 80-gallon, gas-fired central water heater

Electric

Copper wiring, separately metered

Plumbing

Copper supply and PVC waste; new in 2008 and 2009

GENERAL CHARACTERISTICS

Site Area & Density

3.97 acres; 27.2 units per acre

Flood Zone

Minimal flood hazard in Zone C; Map # 1100010078C; September 2010

Zoning

R-2

Parking

101 surface parking spots (0.94 parking spots per unit)

Employee Count

Two full-time employees (one Property Manager and one Maintenance Technician); one part-time employee (24 hours per week)

Fire Safety

Fire extinguishers in common areas and in each unit

Central Laundry

One central laundry facility in each building (seven in total), with two washer/dryers in each building

UNIT INTERIORS

Oak Hill offers tenants 3 floor plan options, including one, two, and three-bedroom apartments. In-unit amenities and finishes include:

KITCHENS:

White appliances
Nice laminate countertops
Oak wood cabinetry
Vinyl tile flooring

BATHROOMS:

White counter over oak vanity
Ceramic tile flooring

ADDITIONAL FEATURES:

Carpeting in living areas

COMMON AMENITIES:

One central laundry facility in each building with two washer/dryers

Children's playground

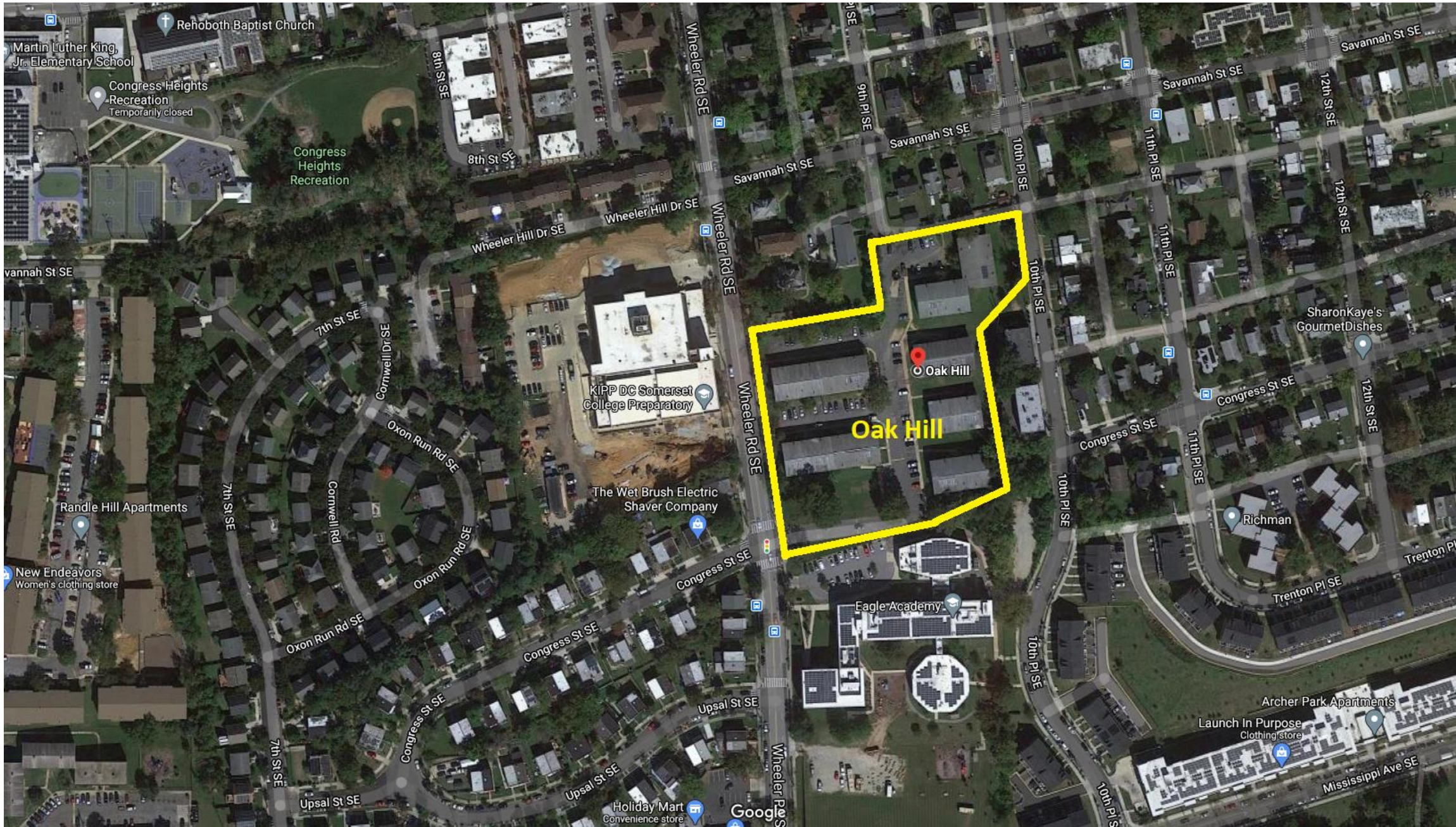


FLOOR PLANS

Units are large enough to be able to add an additional bedroom, thereby increasing value by collecting higher rents on higher bedroom count units that are in high demand in this submarket.



SITE PLAN



NEIGHBORHOOD SUMMARY

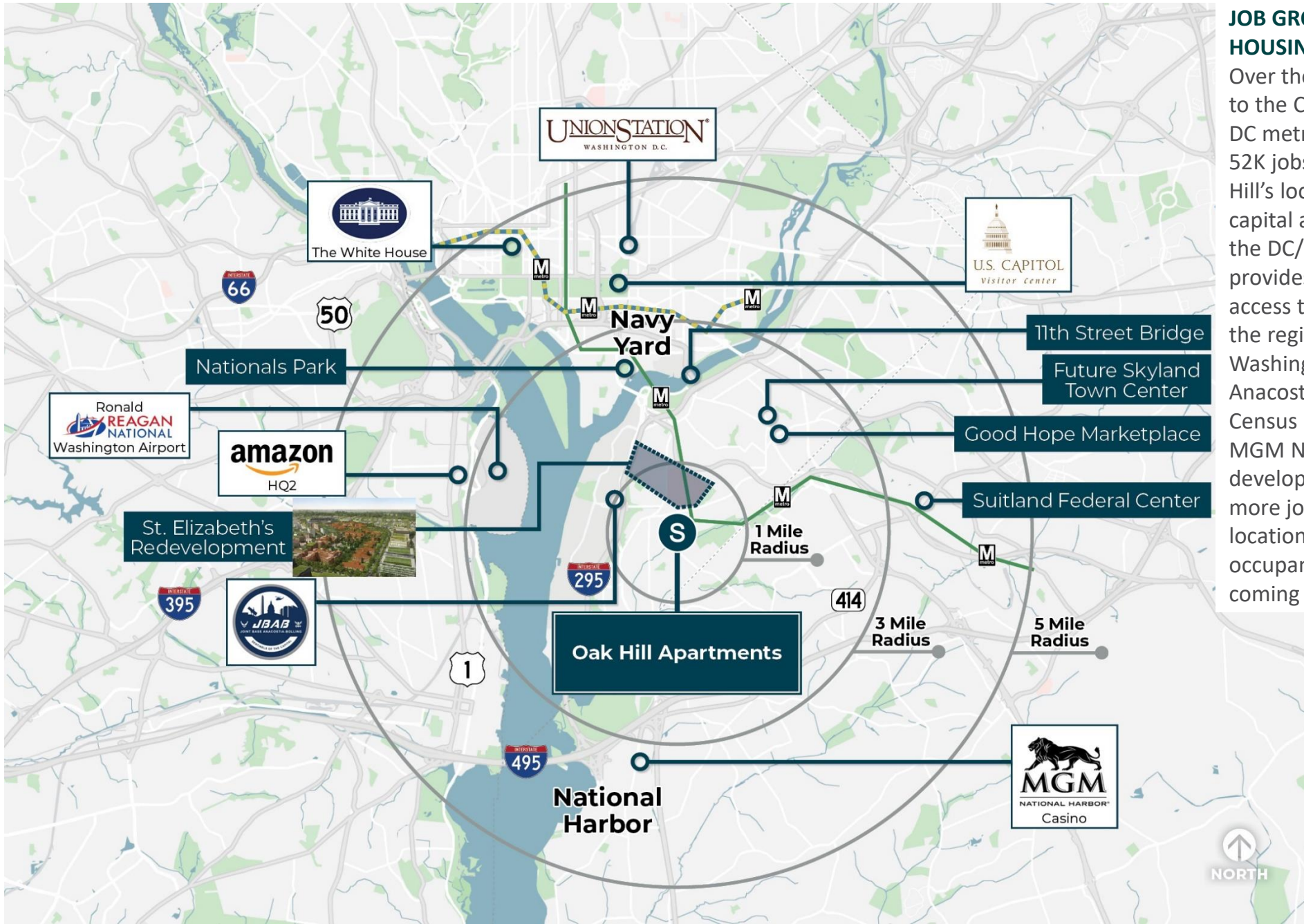
CONGRESS HEIGHTS

Oak Hill is strategically located in Congress Heights, one of D.C.'s most attractive neighborhoods for development and redevelopment, located east of the Anacostia River. Congress Heights has recently emerged as a pivot for sports events, live concerts, and other attractive community events mainly triggered by the redevelopment of the historic Saint Elizabeth's Hospital campus which includes the Entertainment and Sports Arena (ESA). Some developments underway of great significance include:

- **St. Elizabeth's East Campus:** this 183-acre historic medical facility is currently under redevelopment into a 2MM SF transit-oriented, mixed-use asset including multifamily; residential for purchase; office and retail near the Congress Heights Metro Station (just 2 miles from Oak Hill). The first phase of St. Elizabeth's redevelopment is the ESA; the new Washington Wizards training facility which opened in September 2018. This \$69MM, 4,200-seat arena is home to the WNBA Washington Mystics and NBA G League Capital City Go-Go and hosts concerts and community events. The development of the ESA alone has created nearly 1,000 jobs and is projected to generate over \$100MM over the next 20 years.
- **Skyland Town Center:** currently under construction just over two miles from Oak Hill; Skyland will be the largest retail destination in Southeast DC with 140K SF of retail and 120K SF of medical office use.
- **Anacostia Business Improvement District (BID):** established in 2012 as a resource to support a successful, clean and safe commercial and arts district spanning 30 square blocks in Southeast DC; BID is a way to market and promote the neighborhood to residents and visitors. This BID seeks to increase commercial activity, create jobs, and increase occupancy rates by attracting new tenants to the area.
- **Anacostia Waterfront Initiative (AWI):** established in 2003, AWI has brought new life into communities east of the Anacostia River with new parks, transportation infrastructure, and entertainment/sporting venues. Recently, the US Coast Guard new headquarters opened just about 3 miles from Oak Hill. The 11th Street Bridge project, scheduled for delivery in 2023, will be a new community asset comparable to New York City's High Line which will include a 1,200-foot pedestrian-only bridge connecting Capitol Hill to Anacostia, including green spaces and cultural amenities.



INVESTMENT SNAPSHOT



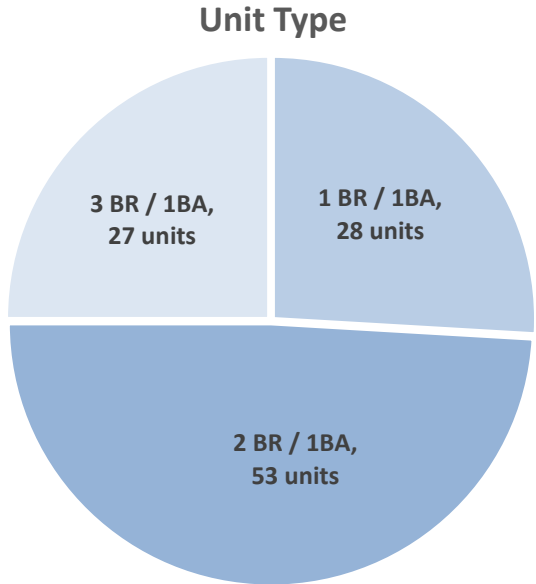
JOB GROWTH WILL INCREASE HOUSING DEMAND

Over the trailing 12 months prior to the COVID-19 pandemic, the DC metro area added more than 52K jobs (*Delta Associates*). Oak Hill's location in the nation's capital along its position along the DC/Maryland border, provides residents with favorable access to employment hubs in the region, including the Washington Navy Yard, Joint Base Anacostia-Bolling (JBAB), US Census Bureau, Capitol Hill, and MGM National Harbor. As development continues, bringing more jobs to the area, Oak Hill's location ensures strong occupancy performance in the coming future.

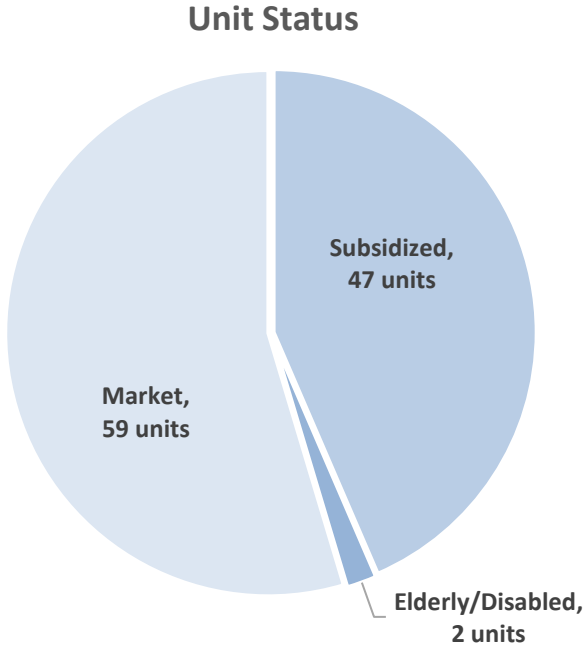


Summary of In-Place Rent Roll

Leased Units				
Type	# of Units	Unit SF	Leased \$/Unit	
1 BR / 1BA	18	675	\$1,139	
2 BR / 1BA	30	780	\$1,407	
3 BR / 1BA	17	890	\$1,887	
Total	65	780	\$94,784	



Vacant Units				
Type	# of Units	Unit SF	HCVP Rents	
1 BR / 1BA	10	675	\$1,202	
2 BR / 1BA	23	780	\$1,360	
3 BR / 1BA	10	890	\$1,893	
Total	43	781	\$62,230	



Total	108	84,270	\$157,014	
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UNDERWRITING

As-Is Unit Mix

Type	# of Units	Unit SF	% of Total	Market Rent/Unit
1 BR / 1BA	28	675	26%	\$1,161
2 BR / 1BA	53	780	49%	\$1,386
3 BR / 1BA	27	890	25%	\$1,889
Total	108	780	100%	\$157,014

General Underwritten Assumptions

General Vacancy: 5%

Concessions, Bad Debt, Down Unit Vacancy: 2%

Total Expenses Per Unit: \$8,449

Market Rent Inflation: 3% per year

Expense Ratio: 52%

Operating Expense Inflation: 2.5% per year



CASH FLOW ANALYSIS

with As-Is Unit Mix

	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Current Rent Income</i>	\$1,910,402	\$1,967,714	\$2,026,745	\$2,087,548	\$2,150,174
Total Rent Income	\$1,910,402	\$1,967,714	\$2,026,745	\$2,087,548	\$2,150,174
<i>Per Unit (per month)</i>	<i>\$1,474</i>	<i>\$1,518</i>	<i>\$1,564</i>	<i>\$1,611</i>	<i>\$1,659</i>
<i>(Vacancy)</i>	<i>(\$95,520)</i>	<i>(\$98,386)</i>	<i>(\$101,337)</i>	<i>(\$104,377)</i>	<i>(\$107,509)</i>
<i>(Employee/Admin Vacancy)</i>	<i>(\$13,749)</i>	<i>(\$14,161)</i>	<i>(\$14,586)</i>	<i>(\$15,024)</i>	<i>(\$15,475)</i>
<i>(Concessions)</i>	<i>(\$4,478)</i>	<i>(\$4,612)</i>	<i>(\$4,750)</i>	<i>(\$4,893)</i>	<i>(\$5,039)</i>
<i>(Credit Loss)</i>	<i>(\$23,880)</i>	<i>(\$24,596)</i>	<i>(\$25,334)</i>	<i>(\$26,094)</i>	<i>(\$26,877)</i>
Effective Gross Rental Income	\$1,772,775	\$1,825,958	\$1,880,737	\$1,937,159	\$1,995,274
Effective Rent / Unit	\$1,471	\$1,515	\$1,560	\$1,607	\$1,655
Additional Income					
Other Income/Fees/Charges	\$12,424	\$12,424	\$12,625	\$13,004	\$13,394
Effective Gross Revenue	\$1,785,199	\$1,838,382	\$1,893,362	\$1,950,163	\$2,008,668
Operating Expenses					
<i>Electric</i>	\$36,036	\$36,937	\$37,861	\$38,807	\$39,777
<i>Gas</i>	\$36,395	\$37,305	\$38,238	\$39,194	\$40,174
<i>Water/Sewer</i>	\$151,689	\$155,481	\$159,368	\$163,353	\$167,437
<i>Repairs & Maintenance</i>	\$208,751	\$213,970	\$219,319	\$224,802	\$230,423
<i>Contract Services</i>	\$66,368	\$68,027	\$69,727	\$71,471	\$73,257
<i>Turnover</i>	\$12,817	\$12,817	\$12,817	\$12,817	\$12,817
<i>Personnel</i>	\$152,925	\$156,748	\$160,667	\$164,683	\$168,800
<i>Advertising/Marketing/Leasing</i>	\$4,014	\$4,114	\$4,217	\$4,323	\$4,431
<i>Administrative</i>	\$46,190	\$47,334	\$48,517	\$49,730	\$50,973
<i>Management Fees</i>	\$53,556	\$55,151	\$56,801	\$58,505	\$60,260
<i>Insurance</i>	\$66,551	\$68,214	\$69,920	\$71,668	\$73,459
<i>Real Estate Taxes</i>	\$91,532	\$94,278	\$97,106	\$100,019	\$103,020
Total Operating Expenses	\$926,824	\$950,378	\$974,559	\$999,372	\$1,024,829
<i>Per Unit</i>	<i>\$8,582</i>	<i>\$8,800</i>	<i>\$9,024</i>	<i>\$9,253</i>	<i>\$9,489</i>
<i>Expense Ratio</i>	<i>52%</i>	<i>52%</i>	<i>51%</i>	<i>51%</i>	<i>51%</i>
<i>Annual Growth</i>	<i>1.6%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>
Net Operating Income (NOI)	\$858,375	\$888,004	\$918,803	\$950,791	\$983,839

(i) The above underwritten 'Total Rent Income' includes in-place rent roll income and HCVP rents for the vacant units.

(ii) Operating expenses were underwritten primarily based on T-12 statements during receivership period after marking to market personnel expense and management fees line items.

UNDERWRITING

Unit Mix with additional bedroom

Type	# of Units	Avg. Size SF	% of Total	Market Rent/Unit
2 BR / 1BA	28	675	26%	\$1,360
3 BR / 1BA	53	780	49%	\$1,893
4 BR / 1BA	27	890	25%	\$2,036
Total	108	780	100%	\$193,381

General Underwritten Assumptions

General Vacancy: 5%

Concessions, Bad Debt, Down Unit Vacancy: 2%

Total Expenses Per Unit: \$8,560

Market Rent Inflation: 3% per year

Expense Ratio: 43%

Operating Expense Inflation: 2.5% per year



CASH FLOW ANALYSIS

including Unit Mix with additional bedroom

	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Current Rent Income</i>	\$2,352,967	\$2,423,556	\$2,496,263	\$2,571,150	\$2,648,285
Total Rent Income	\$2,352,967	\$2,423,556	\$2,496,263	\$2,571,150	\$2,648,285
<i>Per Unit (per month)</i>	<i>\$1,816</i>	<i>\$1,870</i>	<i>\$1,926</i>	<i>\$1,984</i>	<i>\$2,043</i>
<i>(Vacancy)</i>	<i>(\$117,648)</i>	<i>(\$121,178)</i>	<i>(\$124,813)</i>	<i>(\$128,558)</i>	<i>(\$132,414)</i>
<i>(Employee/Admin Vacancy)</i>	<i>(\$16,934)</i>	<i>(\$17,442)</i>	<i>(\$17,965)</i>	<i>(\$18,504)</i>	<i>(\$19,059)</i>
<i>(Concessions)</i>	<i>(\$5,515)</i>	<i>(\$5,680)</i>	<i>(\$5,851)</i>	<i>(\$6,026)</i>	<i>(\$6,207)</i>
<i>(Credit Loss)</i>	<i>(\$29,412)</i>	<i>(\$30,294)</i>	<i>(\$31,203)</i>	<i>(\$32,139)</i>	<i>(\$33,104)</i>
Effective Gross Rental Income	\$2,183,458	\$2,248,961	\$2,316,430	\$2,385,923	\$2,457,501
Effective Rent / Unit	\$1,811	\$1,866	\$1,922	\$1,979	\$2,039
Additional Income					
Other Income/Fees/Charges	\$12,424	\$12,424	\$12,625	\$13,004	\$13,394
Effective Gross Revenue	\$2,195,882	\$2,261,385	\$2,329,055	\$2,398,927	\$2,470,895
Operating Expenses					
<i>Electric</i>	\$36,036	\$36,937	\$37,861	\$38,807	\$39,777
<i>Gas</i>	\$36,395	\$37,305	\$38,238	\$39,194	\$40,174
<i>Water/Sewer</i>	\$151,689	\$155,481	\$159,368	\$163,353	\$167,437
<i>Repairs & Maintenance</i>	\$208,751	\$213,970	\$219,319	\$224,802	\$230,423
<i>Contract Services</i>	\$66,368	\$68,027	\$69,727	\$71,471	\$73,257
<i>Turnover</i>	\$12,817	\$12,817	\$12,817	\$12,817	\$12,817
<i>Personnel</i>	\$152,925	\$156,748	\$160,667	\$164,683	\$168,800
<i>Advertising/Marketing/Leasing</i>	\$4,014	\$4,114	\$4,217	\$4,323	\$4,431
<i>Administrative</i>	\$46,190	\$47,334	\$48,517	\$49,730	\$50,973
<i>Management Fees</i>	\$65,876	\$67,842	\$69,872	\$71,968	\$74,127
<i>Insurance</i>	\$66,551	\$68,214	\$69,920	\$71,668	\$73,459
<i>Real Estate Taxes</i>	\$91,532	\$94,278	\$97,106	\$100,019	\$103,020
Total Operating Expenses	\$939,145	\$963,068	\$987,630	\$1,012,835	\$1,038,696
<i>Per Unit</i>	<i>\$8,696</i>	<i>\$8,917</i>	<i>\$9,145</i>	<i>\$9,378</i>	<i>\$9,618</i>
<i>Expense Ratio</i>	<i>43%</i>	<i>43%</i>	<i>42%</i>	<i>42%</i>	<i>42%</i>
<i>Annual Growth</i>	<i>1.6%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>2.6%</i>
Net Operating Income (NOI)	\$1,256,737	\$1,298,317	\$1,341,425	\$1,386,092	\$1,432,199

(i) The above underwritten 'Total Rent Income' includes in-place rent roll income and HCVP rents for the vacant units.

(ii) Operating expenses were underwritten primarily based on T-12 statements during receivership period after marking to market personnel expense and management fees line items.

RENT COMPARABLES

ONE BEDROOM - RENT SORTED BY MARKET RENT PER UNIT

Property Name	Year Built	# of Units	Avg. Size (SF)	Market Rent/Unit	Market Rent/SF
Park Naylor	1964	51	580	\$1,246	\$2.15
Max. HCVP (without utilities)	-	-	-	\$1,202	-
Ridgecrest Village	1951	4	800	\$1,201	\$1.50
Washington View	1967	1	600	\$1,178	\$1.96
Oak Hill Apartments	1964	28	675	\$1,161	\$1.72
Total/Average	1962	21	622	\$1,215	\$1.95

TWO BEDROOM - RENT SORTED BY MARKET RENT PER UNIT

Property Name	Year Built	# of Units	Avg. Size (SF)	Market Rent/Unit	Market Rent/SF
Ridgecrest Village	1951	180	883	\$1,554	\$1.76
Cole Gardens	1965	52	720	\$1,469	\$2.04
Park Naylor	1964	181	823	\$1,458	\$1.77
Oak Hill Apartments	1964	53	780	\$1,386	\$1.78
Washington View	1967	120	769	\$1,380	\$1.79
Max. HCVP (without utilities)	-	-	-	\$1,360	-
Pomeroy Gardens	1964	50	836	\$1,298	\$1.55
Total/Average	1963	106	819	\$1,453	\$1.77

RENT COMPARABLES

THREE BEDROOM - RENT SORTED BY MARKET RENT PER UNIT

Property Name	Year Built	# of Units	Avg. Size (SF)	Market Rent/Unit	Market Rent/SF
Cole Gardens	1965	14	780	\$1,997	\$2.56
Max. HCVP (without utilities)	-	-	-	\$1,893	-
Oak Hill Apartments	1964	27	890	\$1,889	\$2.12
Ridgecrest Village	1951	88	986	\$1,664	\$1.69
Washington View	1967	220	942	\$1,541	\$1.64
Pomeroy Gardens	1964	10	945	\$1,505	\$1.59
Total/Average	1962	72	943	\$1,614	\$1.71

PROPERTY SUMMARY - RENT SORTED BY MARKET RENT PER UNIT

Property Name	Year Built	# of Units	Avg. Size (SF)	Market Rent/Unit	Market Rent/SF
Ridgecrest Village	1951	272	915	\$1,584	\$1.73
Cole Gardens	1965	66	733	\$1,581	\$2.16
Washington View	1967	353	894	\$1,506	\$1.68
Oak Hill Apartments	1964	108	780	\$1,458	\$1.87
Park Naylor	1964	232	769	\$1,411	\$1.83
Total/Average	1962	206	849	\$1,505	\$1.77

SALES COMPARABLES

Date	Distance	Property Name	Address	Price (\$)	\$/Units	Total Units	Yr Built
Sep-20	1.3	Crescent Park Village	2 Elmira St SE	\$11,530,000	\$104,818	110	1944
Feb-20	1.1	Cascade Park	4232 4th St SE	\$14,500,000	\$109,848	132	1949
Apr-19	1.6	Oak Park	125 Ivanhoe St SW	\$11,340,000	\$105,000	108	1944
Mar-20	2.3	Skyline Apartments	2549 Elvans Rd SE	\$58,733,350	\$147,571	398	1965
Mar-20	1.7	Woodberry Village	2224 Savannah Ter SE	\$19,000,000	\$100,000	190	1949



Crescent Park Village



Cascade Park



Oak Park



Skyline Apartments



Woodberry Village

Property Images





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