

Hickory Way Apartments Phase III

CITY HOUSING MILLAGE APPLICATION

Submitted to:

**Jennifer Hall, Executive Director
Ann Arbor Housing Commission
Jennifer Hall, Secretary/Treasurer
Ann Arbor Housing Development Corporation
2000 S. Industrial Highway
Ann Arbor, MI 48104**

Submitted via email to:

jhall@a2gov.org

Submitted by:

**Avalon Nonprofit Housing Corporation
1327 Jones Dr., Suite 102
Ann Arbor, MI 48105**

August 29, 2024

H. Ann Arbor Affordable Housing Millage Funding Application COVER SHEET



ANNARBOR HOUSING COMMISSION

Applicant/Sponsor:

Sponsor/Applicant: Avalon Nonprofit Housing Corporation

Contact Name: Wendy Carty-Saxon

Address: 1327 Jones Dr., Suite 102, Ann Arbor Telephone: 734-663-5858 ext 211

Email: wcarty-saxon@avalonhousing.org

Owner (if different than Applicant): HWA III LDHA LLC Contact: Wendy Carty-Saxon

Address: 1327 Jones Dr, Suite 102 Telephone: 734-663-5858 x211 Email: wcarty-saxon@avalonhousing.org

List All Entities/Owners Who Are Earning Any Portion of Developer Fee:

Name: Avalon Nonprofit Housing Corporation Address: 1327 Jones Dr. Suite 102 %: 100

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Name: _____ Address: _____ %: _____

Ownership Entity Structure:

Individual/entities	501(c)3 or wholly owned subsidiaries	TIN#	% Owner
<u>HWA III MM LLC</u>	<u>wholly Owned Subsidiary</u>	<u>in process</u>	<u>0.01%</u>
<u>Investor Member</u>	<u>(to enter later)</u>		<u>99.99%</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Has Any Member of Applicant/Sponsor/Owner ever filed for bankruptcy, defaulted on any loan, or been debarred: NO YES; If yes, please submit a written explanation with the proposal. See App Info, Section 4, for info on prior loan default

Project Detail

Project Name: Hickory Way Apts Phase III Project Address: 1146 S. Maple, Ann Arbor, MI 48103

Parcel Identification Number: H-08-36-150-006

Check all that apply: New Construction Acquisition Rehabilitation
 Adaptive Re-Use Historic Preservation Mixed Use

Check all that apply: Mixed Income Permanent Supportive Housing

Low/Moderate Income (all units restricted below 60% AMI) SRO

Site Acreage: 1.04 Existing Building SF: n/a

Proposed Residential SF: 25,482 Existing Zoning: n/a (in Township)

Proposed commercial SF: 0 Residential Common Areas SF: 11,982

Check all that apply: Residential Unit Type: Apartment Duplex
 Townhome/Row House Semi-Attached Detached Other: _____

Total Residential Units: 39 Number of Restricted Units 31% - 60% AMI: 39

Number of Unrestricted Market Units: 0 Number of 30% AMI or less: 20

Project Funding (full description of funding plan must comply with Section E(d) of RFP):

Total Development Costs: 17,204,285 Amount of Funds Requested: \$500,000

Proposed Terms of Repayment: We are requesting a grant of the Housing Millage funds to be loaned into the partnership as a soft loan, 0%, fully deferred, 30 or 99 year term as City prefers.

We would have a 99 year affordability period even if it exceeds other loan terms.

Proposed Project Schedule:

Milestones

Date

Predevelopment

Ownership Entity Created	<u>8/27/2024</u>
Zoning	<u>PUD app submitted 5/2024</u>
Site Plan Approval	<u>Pending (submitted 5/2024)</u>
PILOT Approval (if applicable)	<u>On Council agenda 9/3/2024</u>

Financing Approvals

Firm Construction Financing Commitment(s)	<u>6/25/2024 and 6/27/2024</u>
Firm Permanent Financing Commitments (s)	<u>n/a</u>
Equity Financing Commitment(s)	<u>6/24/2024</u>
Other Subordinate Financing Commitment(s)	<u>6/25/21, 11/22/24, 3/25 (est)</u>

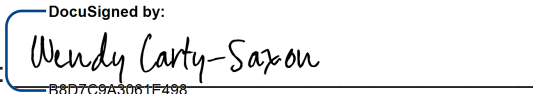
Closing and Construction/Rehab

Final Plans and Specifications	<u>May 2025</u>
Building and Other Required Permits	<u>July 2025</u>
Construction financing closing	<u>August 2025</u>
Construction Start	<u>August 2025</u>
50% Construction Completion	<u>May 2026</u>
100% Construction Completion	<u>March 2027</u>
Permanent financing closing	<u>n/a</u>

Lease Up/Stabilization

Start of Lease Up	<u>March 2027</u>
Lease Up Complete	<u>July 2027</u>
Stabilized Operations	<u>November 2027</u>

Certification of Application: As an authorized party of the sponsor/applicant/owner, I attest that all the information included in the AAAHM Application is true and correct.

Signature:  B8D7C9A3061E496...

Name: Wendy Carty-Saxon

Title: Director of Real Estate Development

Date: 8/29/2024

For ease of review, please label attachments

Hickory Way Phase III

A. Applicant information

- Organization Chart
- Developer / Sponsor Experience
- Project Team
- Debarments/Bankruptcies

Organizational Chart
Hickory Way Apartments Phase III
8/29/2024

Attached please find the following:

- Organizational chart of the newly established Hickory Way Apartments III LDHA LLC, including its Managing Member, Hickory Way Apartments III MM LLC. The chart also indicated ownership percentages.
- Organizational Chart of the Sponsor entity, Avalon Nonprofit Housing Corporation
- Formation docs / Articles for:
 - Hickory Way Apartments III LDHA LLC (Owner)
 - Hickory Way Apartments III MM LLC (Managing Member)
 - Avalon Nonprofit Housing Corporation (Sponsor)

Avalon Nonprofit Housing Corporation (Avalon) is the sole member of Hickory Way Apartments III MM LLC, the Managing Member of Hickory Way Apartments III LDHA LLC.

Hickory Way Apts Phase III
Project Ownership Organizational Chart

Hickory Way Apartments III
Limited Dividend Housing Association
Limited Liability Company
Michigan LDHA LLC to own Hickory Way Apts Phase III

Hickory Way Apartments III
MM LLC Michigan limited
liability company

Managing Member

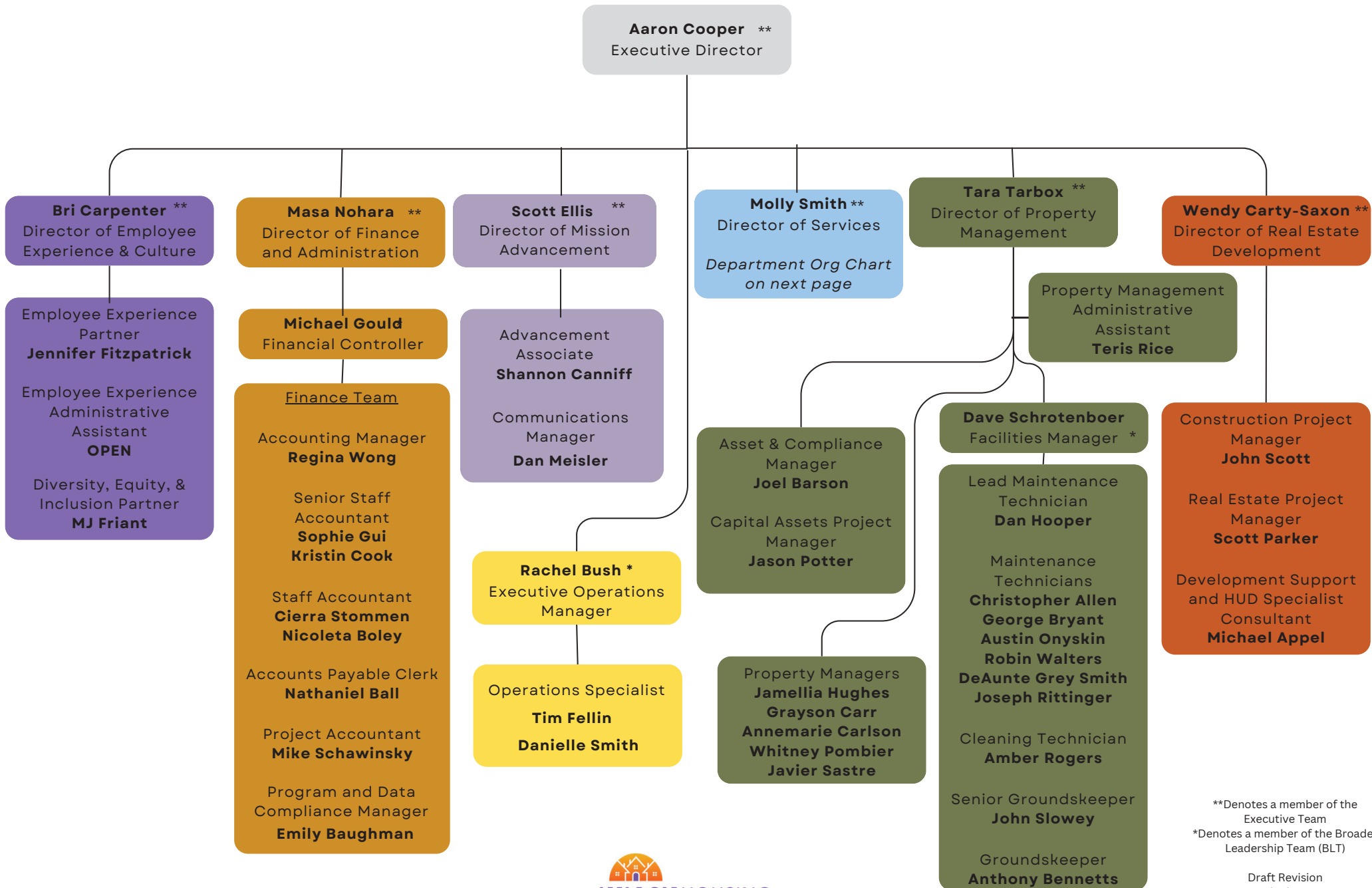
100% ownership of
The Hickory Way Apts III LDHA
LLC

Investor Member

To be admitted as a 99.99%
member - and - existing Member
will change to .01% ownership of
Hickory Way Apts III LDHA LLC

Avalon Nonprofit Housing Corporation
dba Avalon Housing, Inc.
Michigan non-profit Corporation
Sole Member of the Managing Member
Guarantor
Project Sponsor
Developer

AVALON HOUSING AGENCY STRUCTURE

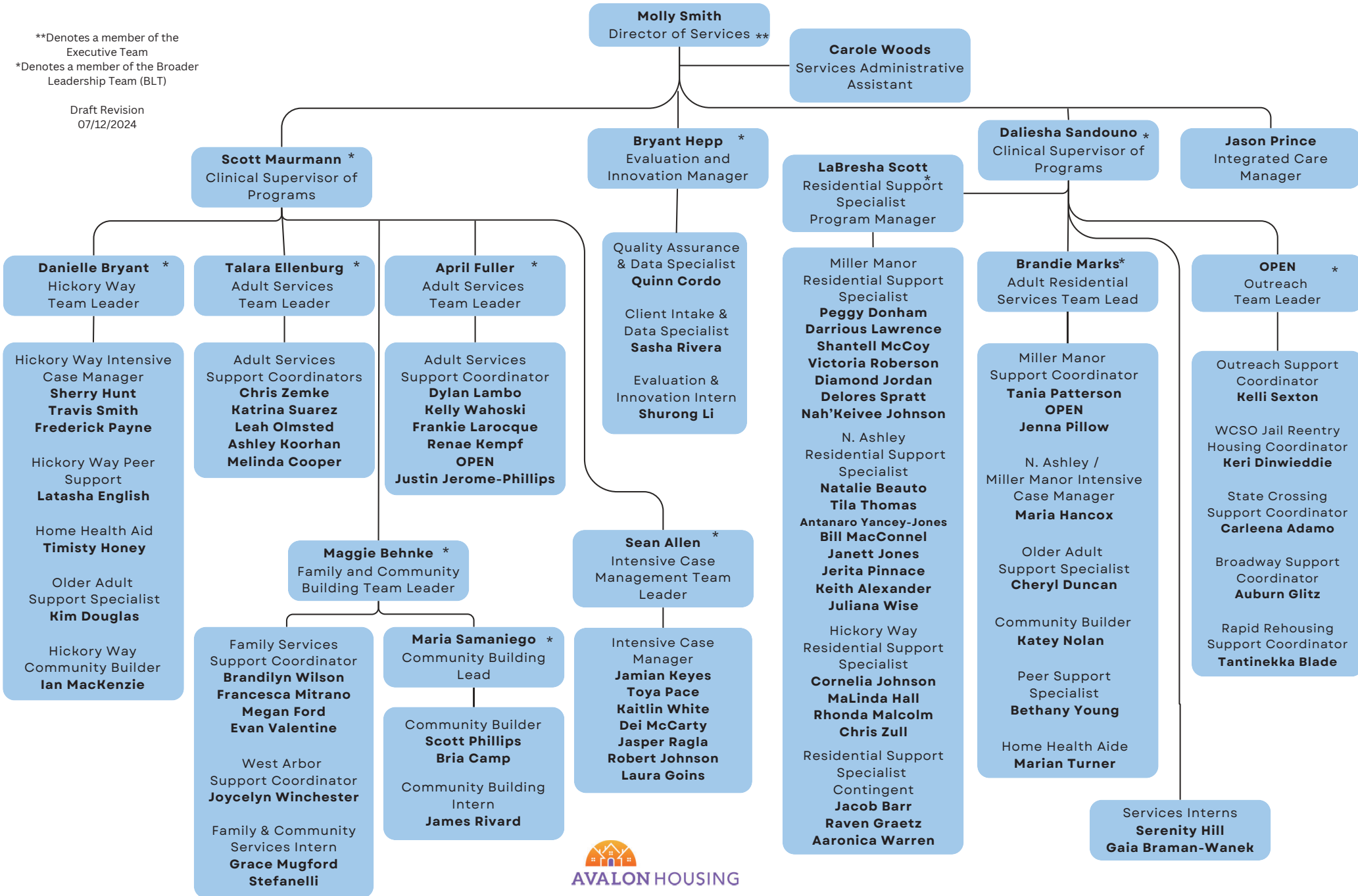


**Denotes a member of the Executive Team
*Denotes a member of the Broader Leadership Team (BLT)

AVALON HOUSING SERVICES DEPARTMENT STRUCTURE

**Denotes a member of the Executive Team
 *Denotes a member of the Broader Leadership Team (BLT)

Draft Revision
 07/12/2024





Form Revision Date 02/2017

ARTICLES OF ORGANIZATION

For use by DOMESTIC LIMITED LIABILITY COMPANY

Pursuant to the provisions of Act 23, Public Acts of 1993, the undersigned executes the following Articles:

Article I

The name of the limited liability company is:

HICKORY WAY APARTMENTS III MM LLC

Article II

Unless the articles of organization otherwise provide, all limited liability companies formed pursuant to 1993 PA 23 have the purpose of engaging in any activity within the purposes for which a limited liability company may be formed under the Limited Liability Company Act of Michigan. You may provide a more specific purpose:

Article III

The duration of the limited liability company if other than perpetual is:

Article IV

The street address of the registered office of the limited liability company and the name of the resident agent at the registered office (P.O. Boxes are not acceptable):

1. Agent Name: AARON COOPER

2. Street Address: 1327 JONES DRIVE

Apt/Suite/Other: SUITE 102

City: ANN ARBOR

State: MI Zip Code: 48105

3. Registered Office Mailing Address:

P.O. Box or Street Address: 1327 JONES DRIVE

Apt/Suite/Other: SUITE 102

City: ANN ARBOR

State: MI Zip Code: 48105

Article V

(Insert any desired additional provision authorized by the Act.)

THE BUSINESS OF THE LIMITED LIABILITY COMPANY IS TO BE MANAGED BY MANAGER(S).

Signed this 27th Day of August, 2024 by the organizer(s):

Signature	Title	Title if "Other" was selected
Wendy Carty-Saxon	Organizer	

By selecting ACCEPT, I hereby acknowledge that this electronic document is being signed in accordance with the Act. I further certify that to the best of my knowledge the information provided is true, accurate, and in compliance with the Act.

Decline Accept

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
FILING ENDORSEMENT

This is to Certify that the ARTICLES OF ORGANIZATION

for

HICKORY WAY APARTMENTS III MM LLC

ID Number: 803265255

received by electronic transmission on August 27, 2024 ***, is hereby endorsed.***

Filed on August 27, 2024 ***, by the Administrator.***

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27th day of August, 2024.

Linda Clegg

Linda Clegg, Director

Corporations, Securities & Commercial Licensing Bureau



Form Revision Date 02/2017

ARTICLES OF ORGANIZATION

For use by DOMESTIC LIMITED LIABILITY COMPANY

Pursuant to the provisions of Act 23, Public Acts of 1993, the undersigned executes the following Articles:

Article I

The name of the limited liability company is:

HICKORY WAY APARTMENTS III LIMITED DIVIDEND HOUSING ASSOCIATION LLC

Article II

Unless the articles of organization otherwise provide, all limited liability companies formed pursuant to 1993 PA 23 have the purpose of engaging in any activity within the purposes for which a limited liability company may be formed under the Limited Liability Company Act of Michigan. You may provide a more specific purpose:

All powers, appropriate and necessary under the Limited Liability Company Act of Michigan, to develop mixed income rental and ownership opportunities, mixed use buildings with retail components, community facilities, and open space to serve residential and wider communities.

Article III

The duration of the limited liability company if other than perpetual is:

Article IV

The street address of the registered office of the limited liability company and the name of the resident agent at the registered office (P.O. Boxes are not acceptable):

1. Agent Name:	AARON COOPER
2. Street Address:	1327 JONES DRIVE
Apt/Suite/Other:	SUITE 102
City:	ANN ARBOR
State:	MI
	Zip Code: 48105

3. Registered Office Mailing Address:

P.O. Box or Street Address:	1327 JONES DRIVE
Apt/Suite/Other:	SUITE 102
City:	ANN ARBOR
State:	MI
	Zip Code: 48105

Article V

(Insert any desired additional provision authorized by the Act.)

THE BUSINESS OF THE LIMITED LIABILITY COMPANY SHALL BE MANAGED BY THE MANAGING MEMBER.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

THE PARTIES AGREE THAT NOTWITHSTANDING ANY OF THE OTHER TERMS, COVENANTS AND CONDITIONS CONTAINED IN THIS RESTATED ARTICLES OF ORGANIZATION AND THE OPERATING AGREEMENT:

SUPERVISION:

THE OPERATIONS OF THE COMPANY MAY BE SUPERVISED BY THE AUTHORITY OR BY ANY OTHER GOVERNMENTAL BODY AS THE AUTHORITY DIRECTS AND THE COMPANY SHALL ENTER INTO AGREEMENTS WITH THE AUTHORITY OR WITH THE GOVERNMENTAL BODY AS THE AUTHORITY FROM TIME TO TIME REQUIRES. THE AGREEMENTS SHALL PROVIDE FOR REGULATION BY THE AUTHORITY OR THE GOVERNMENTAL BODY

Y OF THE PLANNING, DEVELOPMENT AND MANAGEMENT OF THE HOUSING DEVELOPMENT UNDERTAKEN BY THE COMPANY AND THE DISPOSITION OF THE COMPANY PROPERTY AND FRANCHISES OF THE COMPANY.

RIGHT TO APPOINT MANAGING AGENT:

THE AUTHORITY SHALL HAVE THE POWER TO APPOINT A MANAGING AGENT OF THE COMPANY AND ITS PARTNERS, WHO MAY BE AN OFFICER, EMPLOYEE, OR AGENT OF THE AUTHORITY, AND SUCH MANAGING AGENT SHALL HAVE COMPLETE POWER TO ACT AS AGENT AND ATTORNEY-IN-FACT FOR THE COMPANY AND ITS MEMBERS, IN CONNECTION WITH ANY ASSETS OR LIABILITY OF THE COMPANY, TO FULFILL ANY OBLIGATIONS THE COMPANY MAY HAVE TO THE AUTHORITY IF:

(A) THE COMPANY HAS RECEIVED A LOAN OR ADVANCE AS PROVIDED IN THE HOUSING ACT AND THE AUTHORITY DETERMINES THAT THE LOAN OR ADVANCE IS IN JEOPARDY OF NOT BEING REPAID;

(B) THE COMPANY HAS RECEIVED A LOAN OR ADVANCE AS PROVIDED FOR IN THE HOUSING ACT AND THE AUTHORITY DETERMINES THAT THE PROPOSED HOUSING DEVELOPMENT FOR WHICH THE LOAN OR ADVANCE WAS MADE IS IN JEOPARDY OF NOT BEING CONSTRUCTED;

(C) THE AUTHORITY DETERMINES THAT SOME PART OF THE NET INCOME OR NET EARNINGS OF THE COMPANY, IN EXCESS OF THAT PERMITTED BY OTHER PROVISIONS OF THE HOUSING ACT, SHALL INURE TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL, FIRM, CORPORATION, PARTNERSHIP, TRUST OR ASSOCIATION;

(D) THE AUTHORITY DETERMINES THAT THE COMPANY IS IN VIOLATION OF ANY AGREEMENTS ENTERED INTO WITH THE AUTHORITY PROVIDING FOR REGULATION BY THE AUTHORITY OF THE PLANNING, DEVELOPMENT AND MANAGEMENT OF ANY HOUSING DEVELOPMENT UNDERTAKEN BY THE COMPANY OR THE DISPOSITION OF THE COMPANY PROPERTY AND FRANCHISES OF SUCH COMPANY; OR

(E) THE AUTHORITY DETERMINES THAT THE COMPANY IS IN VIOLATION OF ITS RULES AS PROMULGATED UNDER SECTION 22 OF THE HOUSING ACT.

RETURN:

BY ACCEPTANCE OF A BENEFICIAL INTEREST IN SAID COMPANY OR BY EXECUTING THE OPERATING AGREEMENT AND THIS CERTIFICATE, EVERY PARTNER OF THE COMPANY SHALL BE DEEMED TO HAVE AGREED THAT HE, SHE OR IT AT NO TIME SHALL RECEIVE FROM THE COMPANY, ANY RETURN IN EXCESS OF THE FACE VALUE OF THE INVESTMENT ATTRIBUTABLE TO HIS, HER OR ITS RESPECTIVE INTEREST PLUS CUMULATIVE DIVIDEND PAYMENTS AT A RATE AS THE AUTHORITY DETERMINES TO BE REASONABLE AND PROPER, COMPUTED FROM THE INITIAL DATE ON WHICH MONEY WAS PAID OR PROPERTY DELIVERED IN CONSIDERATION FOR THE INTEREST, AND THAT UPON THE DISSOLUTION OF THE COMPANY, ANY SURPLUS IN EXCESS OF SUCH AMOUNTS SHALL BE PAID TO THE AUTHORITY OR TO ANY OTHER REGULATING GOVERNMENTAL BODY AS THE AUTHORITY DIRECTS. AS USED IN THIS PARAGRAPH, "SURPLUS" SHALL NOT BE DEEMED TO INCLUDE ANY INCREASE IN ASSETS OF THE COMPANY BY REASON OF REDUCTION OF A MORTGAGE, BY AMORTIZATION OR SIMILAR PAYMENTS OR REALIZED FROM THE SALE OR DISPOSITION OF ANY ASSETS OF THE COMPANY TO THE EXTENT SUCH SURPLUS CAN BE ATTRIBUTED TO ANY INCREASE IN MARKET VALUE OF ANY REAL PROPERTY OR TANGIBLE PERSONAL PROPERTY ACCRUING DURING THE PERIOD THE ASSETS WERE OWNED AND HELD BY THE COMPANY. ANY PAYMENT TO A PERSON HAVING A BENEFICIAL INTEREST IN THE COMPANY SHALL NOT BE DEEMED A "RETURN" TO SUCH PERSON IF THE FUNDS WITH WHICH SUCH PAYMENT IS MADE ARE FUNDS CONTRIBUTED TO THE COMPANY BY PERSONS PURCHASING A BENEFICIAL INTEREST IN THE COMPANY.

RELIANCE ON CONTINUING EFFECT OF PROVISIONS:

NOTWITHSTANDING ANY OTHER PROVISION OF THE OPERATING AGREEMENT AND THIS CERTIFICATE, THE PARTNERS AGREE THAT THE AUTHORITY MAY RELY UPON THE CONTINUING EFFECT OF THE OPERATING AGREEMENT AND THIS CERTIFICATE IN FORM AS APPROVED BY THE AUTHORITY, AND, BY THE EXECUTION HEREOF, SUCH PARTNERS AGREE NOT TO AMEND, ALTER OR CHANGE THE PROVISIONS OF THE OPERATING AGREEMENT AND THIS CERTIFICATE WITHOUT THE PRIOR WRITTEN CONSENT OF AN AUTHORIZED OFFICER OF THE AUTHORITY.

Signed this 27th Day of August, 2024 by the organizer(s):

Signature	Title	Title if "Other" was selected
Wendy Carty-Saxon	Organizer	

By selecting ACCEPT, I hereby acknowledge that this electronic document is being signed in accordance with the Act. I further certify that to the best of my knowledge the information provided is true, accurate, and in compliance with the Act.

Decline Accept

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
FILING ENDORSEMENT

This is to Certify that the ARTICLES OF ORGANIZATION

for

HICKORY WAY APARTMENTS III LIMITED DIVIDEND HOUSING ASSOCIATION LLC

ID Number: 803265249

received by electronic transmission on August 27, 2024 ***, is hereby endorsed.***

Filed on August 27, 2024 ***, by the Administrator.***

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27th day of August, 2024.

Linda Clegg

Linda Clegg, Director

Corporations, Securities & Commercial Licensing Bureau

CSCL/CD-511 (Rev. 10/17)



**MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**

Date Received:

JAN - 5 2021

AC1

(FOR BUREAU USE ONLY)

MAR 1 2021

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

TranInfo:1 24460998-1 01/04/21
Chk#: 11351 Amt: \$10.00
ID: 800838525

Name

Gary A. Bruder (P-31831)

Address

8278 Granite Court

City

Dexter, MI 48130

State

ZIP Code

FILED

EFFECTIVE DATE:

MAR 17 2021

Document will be returned to the name and address you enter above.
If left blank, document will be returned to the registered office.

ADMINISTRATOR
CORPORATIONS DIVISION

**RESTATED ARTICLES OF INCORPORATION
For use by Domestic Nonprofit Corporations**
(Please read information and instructions on the last page)

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Restated Articles:

1. The present name of the corporation is:

Avalon Nonprofit Housing Corporation

2. The identification number assigned by the Bureau is: 800838525

3. All former names of the corporation are:

Avalon Housing, Inc.

4. The date of filing the original Articles of Incorporation was: August 31, 1992

The following Restated Articles of Incorporation supersede the Articles of Incorporation as amended and shall be the Articles of Incorporation for the corporation:

ARTICLE I

The name of the corporation is:

Avalon Nonprofit Housing Corporation

ARTICLE II

The purpose or purposes for which the corporation is formed are:

See the attached Article II.

JT LL

ARTICLE III

1. The corporation is formed on a nonstock basis.
(stock or nonstock)

2. If formed on a stock basis, the aggregate number of shares that the corporation has authority to issue is _____ . If the shares are or are to be divided into classes, the designation of each class, the number of shares in each class, and the relative rights, preferences, and limitations of the shares of each class to the extent that the designations, numbers, relative rights, preferences, and limitations have been determined are as follows:

3a. If formed on a nonstock basis, the corporation is to be financed under the following general plan:
By rental income, developer fees, gifts, grants, bequests, devises and/or loans, including federally guaranteed or insured loans, and grants, advances and/or loans from the Michigan State Housing Development Authority.

b. The corporation is formed on a Directorship basis.
(membership or directorship)

ARTICLE IV

1. The name of the resident agent is: Aubrey Patino

2. The address of the registered office is:
1327 Jones Drive, Suite 102, Ann Arbor , Michigan 48105
(Street Address) (City) (ZIP Code)

3. The mailing address of the registered office, if different than above:
_____, Michigan _____
(Street Address or P.O. Box) (City) (ZIP Code)

ARTICLE V (Additional provisions, if any, may be inserted here; attach additional pages if needed.)

See attached Articles V, VI, VII, VIII, IX and X.

5. COMPLETE SECTION (a) IF THE RESTATED ARTICLES WERE ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS, OTHERWISE, COMPLETE SECTION (b). DO NOT COMPLETE BOTH.

a. These Restated Articles of Incorporation were duly adopted on the _____ day of _____, _____, in accordance with the provisions of Section 641 of the Act by the unanimous consent of the incorporator(s) before the first meeting of the Board of Directors under Section 611(1)(a).

Signed this _____ day of _____

(Signatures of a Majority of Incorporators; Type or Print Name Under Each Signature)

b. These Restated Articles of Incorporation were duly adopted on the _____ day of _____, 2020, in accordance with the provisions of section 641 of the Act: (check one of the following)

by the Board of Directors without a vote of the members or shareholders. These Restated Articles of Incorporation only restate and integrate the articles and include only amendments adopted under section 611(1) or section 611(2) of the Act and there is no material discrepancy between those provisions and the provisions of the Restated Articles of Incorporation.

were duly adopted by the shareholders, the members, or the directors (if organized on a nonstock directorship basis). The necessary number of votes were cast in favor of these Restated Articles of Incorporation.

were duly adopted by the written consent of all the shareholders or members entitled to vote in accordance with section 407(3) of the Act.

were duly adopted by the written consent of all the directors pursuant to section 525 of the Act as the corporation is formed on a directorship basis.

were duly adopted by the written consent of the shareholders, members, or their proxies having not less than the minimum number of votes required by statute in accordance with section 407 of the Act. Written notice to members or shareholders who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders, members, or their proxies is permitted only if such provision appears in the Articles of Incorporation).

Signed this _____ November _____ day of _____ 2, _____ 2020

By Aubrey Patino _____
(Signature of Authorized Officer or Agent)

Aubrey Patino Executive Director
(Type or Print Name) (Type or Print Title)

ARTICLE II

The purposes for which the Corporation is organized are as follows:

A. The Corporation has been organized under the provisions of Act No. 162 of the Michigan Public Acts of 1982, as amended (the "Nonprofit Corporation Act") and Act No. 346 of the Michigan Public Acts of 1966 as amended (the "Act"), to provide decent affordable housing for persons of low and moderate income, and, in general, to carry on any business in connection therewith and incident hereto not inconsistent with the Nonprofit Corporation Act and the Act, and with all powers conferred upon nonprofit corporations by the State of Michigan. The Corporation may also provide any social, recreational, commercial and communal facilities necessary to serve and improve a residential area in which Michigan State Housing Development Authority (the "Authority") aided or federally aided housing is located or is planned to be located, thereby enhancing the viability of the housing.

The Corporation believes that housing is a basic human right. The Corporation develops and manages permanent supportive housing for people who are homeless and who have a mental illness or physical disability. The Corporation provides supportive services for adults and children living in permanent supportive housing with the goals of helping them maintain housing stability, increase self-determination and build community. The Corporation seeks to develop permanent supportive housing in a variety of locations within Washtenaw County and outlying counties in response to identified needs and opportunities.

B. To receive and administer funds and to operate exclusively for charitable or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or to comparable provisions of subsequent legislation (the "Code") and to give funds and property from time to time to other organizations to be used or held for use directly in carrying out one or more such purposes.

C. To acquire, own, dispose of and deal with real and personal property and interests therein and to apply gifts, grants, bequests and devises and the proceeds thereof in furtherance of the purposes of the Corporation.

D. To do such things and to perform such acts to accomplish its purposes as the Corporation's board of trustees may determine to be appropriate and as are not forbidden by Section 501(c)(3) of the Code, with all the power conferred on nonprofit corporations under the laws of the State of Michigan.

ARTICLE V

A. The Corporation shall be operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Code as a nonprofit corporation. No trustee of the Corporation shall have any title to or interest in the corporate property or earnings in his or her individual or private capacity, and no part of the Corporation's net earnings may inure to the benefit of any member, founder, contributor or individual of the Corporation. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall the Corporation participate in or intervene in any political campaign on behalf of (or in opposition to) and candidate for public office.

B. Upon dissolution of the Corporation, subject to the rights of the Authority as set forth in Articles IX and X, the property remaining after providing for debts and obligations of the Corporation shall be distributed to such charitable organization or organizations as are described in Section 501(c)(3) of the Code, as amended, and are exempt from federal income tax under Section 501(a) of the Code, as the Corporation's board of trustees shall determine. Any assets of the Corporation not so disposed of, for whatever reason, shall be disposed of by order of the Circuit Court for the County of Washtenaw to such

organizations that are organized and operated exclusively for charitable purposes, as the Circuit Court shall determine.

ARTICLE VI

A. No trustee or volunteer officer of the Corporation, as that term is defined in the Nonprofit Corporation Act, shall be personally liable to the Corporation or its members or shareholders for money damages for any action taken or any failure to take any action as a trustee or as a volunteer officer; except liability for any of the following:

1. The amount of a financial benefit received by a trustee or volunteer officer to which he or she is not entitled.
2. Intentional infliction of harm on the Corporation, its shareholders or members.
3. A violation of section 551 of the Nonprofit Corporation Act.
4. An intentional criminal act.
5. A liability imposed under Section 497(a) of the Nonprofit Corporation Act.

B. If the Nonprofit Corporation Act is amended after filing these Restated Articles of Incorporation to authorize the further elimination or limitation of the liability of trustees or volunteer officers of nonprofit corporations, then the liability of members of the board of trustees or volunteer officers, in addition to the limitation, elimination and assumption of personal liability contained in this Article VI, shall be assumed by the Corporation or eliminated or limited to the fullest extent permitted by the Nonprofit Corporation Act, as so amended, except to the extent such limitation, elimination or assumption of liability is inconsistent with the status of the Corporation as an organization described in Section 501(c)(3) of the Code. No amendment or repeal of this Article VI shall apply to or have any effect on the liability or alleged liability of any member of the Corporation's board of trustees for, or with respect to, any acts or omissions of such trustee occurring prior to the effective date of any such amendment or repeal.

ARTICLE VII

Notwithstanding any other provision of these Restated Articles of Incorporation, all the income and earnings of the Corporation shall be used exclusively for its corporate purposes and no part of the net income or net earnings of the Corporation shall inure to the benefit or profit of a private individual, firm, corporation, partnership, or association.

ARTICLE VIII

Notwithstanding any other provision of these Restated Articles of Incorporation, the Corporation shall in no manner be controlled by or under the direction or acting in the substantial interest of any private individual, firm, corporation, partnership or association seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any dealing or transactions with the Corporation.

ARTICLE IX

A. Notwithstanding any other provision of these Restated Articles of Incorporation, the operations of the Corporation may be supervised by the Authority or by any other governmental body as the Authority directs, and the Corporation shall enter into agreements with the Authority or with the governmental body

as the Authority from time to time requires. These agreements shall provide for regulation by the Authority or by the governmental body of the planning, development, or management of any housing project undertaken by the Corporation and the disposition of the property and franchises of the Corporation.

B. Notwithstanding any other provisions of these Restated Articles of Incorporation, the Authority may rely upon the continuing effect of these Restated Articles of Incorporation in this form as approved by the Authority, and the Corporation agrees not to amend, alter or change the provisions of these Restated Articles of Incorporation without the prior written consent of an authorized officer of the Authority.

ARTICLE X

Notwithstanding any other provision of these Restated Articles of Incorporation or any other provision of law, the Authority shall have the power to appoint to the Corporation's board of trustees a number of new trustees, which number shall be sufficient to constitute a majority of the board of trustees, if:

A. The Corporation has received a loan or advance as provided for in the Act, and the Authority determines that the loan or advance is in jeopardy of not being repaid; or

B. The Corporation has received a loan or advance as provided for in the Act and the Authority determines that the proposed housing project for which the loan or advance was made is in jeopardy of not being constructed; or

C. The Authority determines that some part of the net income or net earnings of the Corporation is inuring to the benefit of any private individual, firm, corporation, partnership or association; or

D. The Authority determines that the Corporation is in some manner controlled by or under the direction of, or acting in the substantial interest of, any private individual, firm, corporation, partnership or association seeking to derive benefit or gain therefrom or seeking to eliminate or minimize losses in any dealings or transactions therewith; or

E. The Authority determines that the Corporation is in violation of the rules promulgated under Section 22 of the Act; or

F. The Authority determines that the Corporation is in violation of any agreements entered into with the Authority providing for regulation by the Authority of the planning, development, and management of any housing project undertaken by the Corporation and the disposition of the property and franchises of the Corporation.

**CERTIFICATE OF APPROVAL OF
ARTICLES OF INCORPORATION OR AMENDMENTS
TO ARTICLES OF INCORPORATION**

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
735 East Michigan Avenue, Lansing, Michigan 48912

In accordance with the provisions of Section 61, *et seq* of Act 346 of P.A. 1966, as amended (the "Act"), the Michigan State Housing Development Authority (the "Authority") consents to the filing of the attached Restated Articles of Incorporation submitted in the name of Avalon Nonprofit Corporation (the "Corporation") of the City of Ann Arbor, Washtenaw County, Michigan, dated November 2, 2020 with the Corporations, Securities and Commercial Licensing Bureau, Michigan Department of Licensing and Regulatory Affairs, for the sole purpose of dissolving the Corporation's existence under the Act.

In certification of the above, the undersigned executes this Certificate on behalf of the Authority.

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

Dated: November 4, 2020

By: Clarence L. Stone, Jr.
Clarence L. Stone, Jr.
Its: Director of Legal Affairs

Hickory Way Apartments Phase III

Developer Sponsor Experience

8/29/2024

Over the past five (5) years Avalon has developed a number of projects comparable to our current proposal for Hickory Way Apartments Phase III in Ann Arbor. Please find information below on developments by Avalon from 2019 through 2024:

Arbordale Apartments Resyndication, Placed in Service 12/2019

Arbordale Apartments is located at 1010, 1020, 1030 Arbordale in Ann Arbor. This was a resyndication of an existing Avalon LIHTC development that completed its initial compliance period with Avalon. Arbordale includes 39 units and an on-site community center. There are 34 one-bedroom units and 5 two-bedroom units in three, 2-story, walk-up buildings.

Total Development Costs for this redevelopment were \$6,121,282 and included funding sources from: County HOME, LIHTC Equity, Federal Home Loan Bank of Indianapolis AHP funds, MSHDA HOME Loan, MSHDA Taxable Lan and MSHDA Preservation Loan as well as Transfer of current reserves, income from Operations, a Construction Loan, GP equity and Deferred Developer Fee. In addition, this development also includes 38 project-based vouchers—30 from MSHDA and 8 from the Ann Arbor Housing Commission.

Avalon was the developer, owner (with 100% control of the General Partner), sponsor, property manager and service provider. National Equity Fund is our syndicator for the LIHTC. Our architect was Cornerstone Design, Civil Engineer Perimeter Engineering, and General Contractor was O'Brien Construction.

Our MSHDA Regulatory Agreement restricts all units to at below 50% of AMI. In addition, thirty (30) of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI. Nine of the units are restricted to households who are chronically homeless.

Hickory Way Apartments, Placed in Service, 5/2021

Hickory Way Apartments (HWA I) is located at 1120 S. Maple in Ann Arbor. This is a new construction LIHTC development. HWA I includes 34 one-bedroom units and an on-site community center, fitness center, and clinic. HWA I is a single, 3-story building, with an elevator.

Total Development Costs for this development were \$10,888,797 and included funding sources from: County HOME, LIHTC Equity, Ann Arbor Affordable Housing Funds, Federal Home Loan Bank of Indianapolis AHP funds, Construction Loan, a conventional perm loan, GP equity and Deferred Developer Fee. In addition, this development also includes 26 project-based vouchers— 11 from MSHDA and 15 from the Ann Arbor Housing Commission.

Avalon is the developer, owner (with 100% control of the General Partner), sponsor, property manager and service provider. National Equity Fund is our syndicator for the LIHTC. Our architect was Cornerstone Design, Civil Engineer Macon Engineering, and General Contractor was O'Brien Construction.

Our MSHDA Regulatory Agreement restricts 21 units to at below 50% of AMI. And 13 to households at or below 60%. In addition, seventeen of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI.

Hickory Way Apartments Phase II, Placed in Service, 11/2021

Hickory Way Apartments Phase II (HWA II) is located at 1130 S. Maple in Ann Arbor. This is a new construction LIHTC development adjacent to HWA I. HWA II includes 36 one-bedroom units and has full access to the community center, fitness center and clinic space at HWA I. HWA II is a single, 3-story, building, with an elevator.

Total Development Costs for this development were \$8,707,999 and included funding sources from: LIHTC Equity, Ann Arbor Affordable Housing Funds, Federal Home Loan Bank of Indianapolis AHP funds, City of Ann Arbor Housing Millage funds, Construction Loan, a conventional perm loan, GP equity and Deferred Developer Fee. In addition, this development also includes 24 project-based vouchers— 12 from MSHDA and 12 from the Ann Arbor Housing Commission.

Avalon is the developer, owner (with 100% control of the General Partner), sponsor, property manager and service provider. National Equity Fund is our syndicator for the LIHTC. Our architect was Cornerstone Design, Civil Engineer Macon Engineering, and General Contractor was O'Brien Construction.

Our MSHDA Regulatory Agreement restricts 22 units to at below 50% of AMI and 14 to households at or below 60%. In addition, eighteen of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI.

Hilltop View Apartments, Placed in Service, 4/2022

Hilltop View Apartments (HTV) is located at 7651 Dan Hoey Rd., in Dexter. This is a new construction LIHTC development. HTV includes twenty-four units and an on-site community center and food pantry. HTV consists of six one-bedroom, ten two-bedroom and eight three-bedroom units located in townhouses and stacked flats.

Total Development Costs for this development were \$10,654,438 and included funding sources from: Washtenaw County HOME funds, LIHTC Equity, Federal Home Loan Bank of Indianapolis AHP funds, Construction Loan, a conventional perm loan, GP equity, a philanthropic gift through the Dave and Louise Lutton Fund, and Deferred Developer Fee. In addition, this development also includes 15 project-based vouchers— 9 from MSHDA and 6 from the Ann Arbor Housing Commission.

Avalon is the developer, owner (with 100% control of the General Partner), sponsor, property manager and service provider. National Equity Fund is our syndicator for the LIHTC. Our architect was Cornerstone Design, Civil Engineer Macon Engineering, and General Contractor was Phoenix Contractors.

Our MSHDA Regulatory Agreement restricts 15 units to at below 50% of AMI and 9 to households at or below 60%. In addition, fifteen of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI.

The Grove at Veridian, currently under construction (anticipated July 2025)

The Grove at Veridian (TGV) is located at 2260 Platt Road, in Ann Arbor. This is a new construction LIHTC development. TGV include fifty units and an on-site community center. TGV consists of fourteen one-bedroom, ten two-bedroom and twenty-one three-bedroom units and five four-bedroom units located in townhouses and stacked flats.

Total Development Costs for this development are estimated at \$21,535,851 and include funding sources from: Washtenaw County HOME funds, LIHTC Equity, Federal Home Loan Bank of Indianapolis AHP funds, City of Ann Arbor Housing Millage funds, State Enhancement Grant, Construction Loan, a conventional perm loan, GP equity, a philanthropic gift through the Dave and Louise Lutton Fund, and Deferred Developer Fee. In addition, this development also includes 30 project-based vouchers from the Ann Arbor Housing Commission.

Avalon is the developer, owner (with 100% control of the General Partner), sponsor, property manager and service provider. National Equity Fund is our syndicator for the LIHTC. Our architect is Cornerstone Design, Civil Engineer Macon Engineering, and General Contractor is Phoenix Contractors.

Our MSHDA Regulatory Agreement will restrict 30 units to at below 50% of AMI and 20 to households at or below 60%. In addition, thirty of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI

121 Catherine/Dunbar Tower, currently under construction (estimated 2/2026)

121 Catherine, also known as Dunbar Tower (Dunbar) is located at 121 Catherine, in Ann Arbor. This is a new construction LIHTC development and a joint development with the Ann Arbor Housing Development Corporation and Avalon, with AAHDC having 51% ownership. Dunbar include sixty-three units, an on-site community center, as well as outward facing cultural and community space. Dunbar consists of sixty-two one-bedroom, and one two-bedroom unit in a six story building with elevators.

Total Development Costs for this development are estimated at \$33,772,787 and include funding sources from: Washtenaw County HOME funds, LIHTC Equity, Federal Home Loan Bank of Indianapolis AHP funds, City of Ann Arbor Housing Millage funds, City of Ann Arbor Bond funds, DDA Housing and Infrastructure funds, County Brownfield LBRF funds, State Environment, Great Lakes and Energy (EGLE) funds, State Revitalization and Placemaking (RAP) funds, Community Climate Action funds, Construction Loan, Member equity, and Deferred Developer Fee. In addition, this development also includes 32 project-based vouchers from the Ann Arbor Housing Commission.

AAHDC and Avalon are co-developers, sponsors and co-owners (with AAHDC having 51% and Avalon at 49%), AAHDC is the property manager, Avalon is the service provider. National Equity Fund is our syndicator for the LIHTC. Our architect is LBBA, Civil Engineer Macon Engineering, and General Contractor is O'Neal Construction.

Our MSHDA Regulatory Agreement will restrict 38 units to at below 50% of AMI and 25 to households at or below 60%. In addition, thirty-two of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI

206 N. Washington, approaching closing (anticipated 12/2024)

206 N. Washington (206) is located at 206 N. Washington, in Ypsilanti. This is a new construction LIHTC development. 206 includes twenty-two one-bedroom units and an on-site community center. 206 consists of a three-story walk-up building with at least four fully accessible ground floor units.

Total Development Costs for this development are estimated at \$10,780,000 and includes funding sources from: Washtenaw County HOME funds, 4% LIHTC Equity, Federal Home Loan Bank of Indianapolis AHP funds, MSHDA HOME-ARPA and CERA funds, County Brownfield

LBRF funding, Construction Loan, Member equity, and Deferred Developer Fee. In addition, this development also includes 8 project-based vouchers from the Ann Arbor Housing Commission.

Avalon is the developer, owner (with 100% control of the General Partner), sponsor, property manager and service provider. National Equity Fund is our syndicator for the LIHTC. Our architect is Cornerstone Design, Civil Engineer Macon Engineering, and General Contractor is Phoenix Contractors.

Our MSHDA Regulatory Agreement will restrict 14 units to at below 50% of AMI and 8 to households at or below 60%. In addition, eight of the units are considered supportive housing per MSHDA, so households moving in must be at or below 30% of AMI

General Partner/Member Experience
This page must be included in Exhibit 12a

General Partner/ Member Name:	Avalon Nonprofit Housing Corporation, sole member of Hickory Way Apartments III MM LLC, the General Partner of the Owner, Hickory Way Apartments III LDHA LLC	
Is the General Partner/Member shown in Section C.1 of the LIHTC Program Application?	Yes	
If you answered "No," please explain the relationship between the owner shown here to the owner in the application:		

Complete the chart below including ALL affordable developments the GP/Member has experience in owning and developing. Failure to fully complete this chart or clearly define the relationship between the entities shown above to the information presented in the LIHTC Program Application may result in a loss of points when applying to LIHTC.

Name and Project Number of Project Owned	City and State	Number of Units	Construction type	Date of Ownership (mm/dd/yy)		Date Project Last Placed in Service	Type of Financing HUD 221 (d)(4)	LIHTC Project?	8609 issue date (mm/dd/yy)	Has the project materially defaulted on any obligation?*	Does the Project have any uncorrected 8623s that have been outstanding longer than 6 months?***	Included in Owner/GP Experience Points? (Yes/No)
				Begin	End							
Example: ABC Apts A12345	Lansing, MI	23	Acq./Rehab	3/1/2001	current	10/1/2012	HUD 221 (d)(4)	Yes	1/5/2014	No	No	Yes
Sharon Ann Apartments, G16072	Chelsea, MI	17	Acq./Rehab	6/16/2017	On-going	7/24/2018	LIHTC	Yes	11/1/2019	No	No	Yes
Arbordale Apartments 1425-2	Ann Arbor, MI	39	Acq./Rehab	12/10/1998	On-going	12/16/2015	LIHTC/HOME	Yes	12/21/2017	No	No	Yes
Carrot Way Apts, 1020	Ann Arbor, MI	30	New Construction	9/1/2005	On-going	8/24/2005	LIHTC/HOME	Yes	8/10/2006	No	No	Yes
Pear Street Apts, Y08031	Ann Arbor, MI	20	Acq./Rehab	6/30/2008	On-going	6/3/2009	LIHTC/MSHDA	Yes	1/21/2011	No	No	Yes
Pauline Apts, B11008	Ann Arbor, MI	32	New Construction	6/11/2011	On-going	12/17/2013	LIHTC/HOME	Yes	12/1/2014	No	No	Yes
Hickory Way Apts I, I10018	Ann Arbor, MI	34	New Construction	5/24/2019	On-going	5/29/2021	LIHTC/HOME	Yes	9/1/2022	No	No	Yes
Hickory Way Apts II, I18066	Ann Arbor, MI	36	New Construction	10/31/2019	On-going	11/1/2021	LIHTC/HOME	Yes	8/10/2023	No	No	Yes
Hilltop View Apartments, J19082	Dexter, MI	24	New Construction	12/17/2020	On-going	4/27/2022	LIHTC/HOME	Yes	9/14/2023	No	No	Yes
The Grove at Veridian M22044	Ann Arbor, MI	50	New Construction	9/12/2023	On-going	n/a under constr	LIHTC/HOME	Yes	n/a	No	No	No
701 Miller, 3425	Ann Arbor, MI	23	Acq./Rehab	2/11/2011	On-going	3/20/2013	NSP/HOME	No		No	No	No
Stimson Apts CR41601	Ann Arbor, MI	23	Acq./Rehab	12/9/1994	4/26/2011	4/26/2011	HOME/FHLB	No		No	No	No
211 E. Davis	Ann Arbor, MI	14	Acq./Rehab	1/27/1994	On-going	6/3/2008	HOME	No		No	No	No
South Division	Ann Arbor, MI	16	Acq./Rehab	5/7/1992	On-going	4/20/2012	FHLB	No		No	No	No
William Street Apts	Ann Arbor, MI	6	Acq./Rehab	12/10/1992	On-going	1/1/1993	LIHTC/HOME	No		No	No	No
815/821 Gott	Ann Arbor, MI	6	Acq./Rehab	12/21/2016	On-going	12/21/2016	HOME	No		No	No	No
411 N. Ashley	Ann Arbor, MI	6	Acq./Rehab	12/21/1998	On-going	4/22/2011	HOME	No		No	No	No
610 W. Summit	Ann Arbor, MI	6	Acq./Rehab	7/10/1995	On-going	9/20/2013	HOME	No		No	No	No

* A material default on any obligation includes, but is not limited to the following: project foreclosure, filing a bankruptcy petition, or providing a deed in lieu of foreclosure. If answered yes, the project cannot be counted towards the general partner/member experience total. However, explanation can be provided on tab C of this workbook.

Hickory Way Phase III

B. Project information

- Project Narrative
- Rent Plan
- Conceptual Schematic Drawings
- Market Study
- Community Engagement

Hickory Way Apartments Phase III
Project Narrative
8/29/2024

Avalon is currently seeking entitlements and funding to construct thirty-nine (39) units of housing for Hickory Way Apartments Phase III (HWA III), a one (1) acre parcel at 1146 S. Maple Road, directly adjacent to Avalon’s existing Hickory Way I and II developments. The property was purchased by the City of Ann Arbor, exercising their right of first refusal, with the intent to further the development of affordable housing units at this site. Avalon has a Purchase Agreement with the City for this parcel. Additional information on this is included in Section C, Property Information.

HWA III will consist of a single, four-story building with 39 one-bedroom units, along with an elevator, community space and on-site laundry. Units are each approximately 650 square feet. All units will also have either patios or balconies. Design concepts and plans are included later in this application with additional detail.

Fifteen (15) units will be targeted to households at or below 60% of area median income. Twenty-four (24) units will be targeted to households at or below 50% of area median income. Twenty of these 50% units will be supportive housing and further targeted to households who have incomes below 30% of AMI. Referrals for the supportive housing units will come directly from the County's central wait list, maintained by Housing Access of Washtenaw County (HAWC).

HWA III Rent Schedule

AMI	Total Units	Bedroom Size	Rent
50%/30% AMI Supp Hsng PBVs	20	1 br	\$1480
50% AMI units	4	1 br	\$600
60% AMI units	15	1 br	\$600
Total	39		

If our current and anticipated funding applications are approved, we would anticipate HWA III receiving our Certificates of Occupancy and beginning lease up in early 2027. HWA III will be developed in a single phase. Below are some key benchmarks of the project schedule:

Apply for Low Income Housing Tax Credits	October 2024
All Financing Secured:	March 2025
Final Plans and Specifications	May 2025
Building and other Required Permits	July 2025
Closing on Acquisition and Project Financing	August 2025
Construction Commencement	August 2025
50% Construction Completion	May 2026
100% Construction Completion	March 2027
Start of Lease-up	March 2027
Fully Leased	July 2027
Stabilized Operations	November 2027

Our funding includes our request of \$500,000 in City Housing Millage Funds for HWA III development funding. In addition, our projected development funding also includes County HOME funds (\$197,765 approved); Low Income Housing Tax Credits (\$14,188,581 to be requested 10/2024); Federal Home Loan Bank Affordable Housing Program funds (\$750,000 requested 6/2024); and CoC Builds funding (\$1,567,838 being requested November 2024). Total Development Costs are projected at \$17,204,285.

We also commit to a 99 year affordability term as part of the City Housing Millage funding.

In addition to the HWA III City Housing Millage Funds for development, we are also requesting \$198,000 in City Housing Millage Funds for our first year of services. With lease to begin in March 2027, we would request City Housing Millage funding for Services to begin in January 2027.

This allows us to have support coordinators fully focused on serving these households, along with peer support, community builder and resident support staff, and the necessary professional and back-office supports.

Supportive housing services are grounded in a housing first philosophy, and focus on maintaining housing stability as well as enhancing tenants' quality of life. Eviction prevention efforts for high-risk tenants are prioritized and coordinated with property managers.

The supportive housing services are voluntary, highly individualized and flexible based on tenant need. Services include outreach and engagement, referral and advocacy,

community building, and a range of direct supports designed to address tenant behaviors that may threaten their housing. Common services provided include support for mental health management, relapse prevention, independent living skills, advocacy around benefits and health care, conflict resolution, and assistance with basic needs such as food. Support services for Hickory Way Apartments Phase III tenants are not time limited and will vary in frequency and intensity as needed throughout their tenancy.

HWA III's community space will provide a range of programs and activities designed to help tenants build skills, develop tenant organizations, foster peer support and connect with volunteers and community services.

We are committing to National Green Building Standards Certification NGBS Silver / Green + Zero Energy for our entire development as part of our LIHTC application. The HWA III development further commits to being all electric, except for back-up generators. In addition, we are also including a number of innovative sustainability features. These include cool roof technologies to increase the overall building performance by mitigation additional heat transferred to the building from the roof. We will also be using closed cell insulation to further insulate our building envelope. In addition, we will be using energy star windows and sliding glass doors; energy rated exhaust fans and appliances, LED lighting throughout. WE will also be installing EP Water Sense certified plumbing fixtures; floor covering for Indoor Advantage Gold Program LVT, VCT and NSF140 Gold and Cradle to Cradle V3.1 Silver Certified carpeting.

The proposed plan has submitted for site plan, zoning and annexation. The HWA III site (like HWA I and II before it) is currently located in Scio Township, but as it is within the highway ring, it is part of an existing agreement, allowing for annexation into the City of Ann Arbor at time of development entitlements. This annexation application has been submitted to the City of Ann Arbor. We anticipate the City Planning Commission hearing annexation, site plan and zoning sometime in October, with Scio Township addressing annexation shortly thereafter. In addition, HWA III will also need to go to Ann Arbor City Council for zoning and site plan approval, as it is a getting a PUD zoning. We are projecting City Council vote sometime in November of this year. Avalon has submitted for PILOT approval and is on the City Council agenda for September 3, 2024.

The property has small (0.08 acres) wetland, unregulated by EGLE. Our site plan submission also includes information on alternative development plans explored. In addition, as HWA III involves federal funds, we are currently working with our responsible entity, Washtenaw County, to follow HUD's 8-step process. We are developing our mitigation plans, which will be presented to the County as part of our 8-step process.

There are no relocation costs associated with this development as the property is currently vacant.

Information the project team is included with Section A, Applicant Information.

At the end of the application (Section E), please also find a reference list to the location of threshold requirements and zoning considerations.

Hickory Way Apartments Phase III

Rent Plan

8/29/2024

Attached is the rent plan that is expected to be included in our upcoming LIHTC application.

Following MSHDA policies, the LIHTC rent plan shows the units at 50% and 60% of AMI. As 20 of the 39 units will be supportive housing. We will be applying under the supportive housing category on the upcoming MSHDA application. All 20 of the supportive housing units will, therefore, be required to have households that move in be under 30% of area median income. That is who we commit to housing in these units. In addition, all 20 of these units will be for households who are chronically homeless, or on the top 10% based on need as determined by the community's list housing priority list.



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 Low-Income Housing Tax Credit Application
 2024-2025 Qualified Allocation Plan

II. Rental Income Summary

Total Monthly Income for Low-Income Housing Units (Base Rent from previous page)	\$41,000
Total Monthly Income for Market Rate Housing Units (Base Rent from previous page)	\$0
Total Monthly Rental Income	\$41,000
Monthly Garage/Carport Income	\$0
Monthly Non-Rental Income (Tenant generated - Please describe below)	\$0
Monthly Miscellaneous Income (Non-tenant generated - Please describe below)	\$0
Monthly Gross Potential Income (GPI)	\$41,000

1. Describe the monthly non-rental income sources and amounts:

Not applicable

2. Describe the monthly miscellaneous income sources and amounts:

Not applicable



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 Low-Income Housing Tax Credit Application
 2024-2025 Qualified Allocation Plan

III. Rental Assistance

1. Do (or will) any units receive rental assistance (not including tenant-based or MSHDA vouchers)? Yes

2. If yes, please describe the following:

a. Type of Rental Assistance: Project-Based Vouchers b. Total Number of Assisted Units: 20

c. When will the Rental Assistance Contract Expire? 20 years

d. Contract Administrator Contact: Jennifer Hall, AAHC Phone: 734-794-6721

e. Will the rental assistance "float" or be fixed to certain units? Fixed

3. Will this project request Project Based Voucher's from MSHDA? No

4. If yes, please indicate how many vouchers will be requested: n/a

5. If answered "yes" to either #1 or #3 above, please complete the following chart:

No. of Units	Type of Rental Assistance	Current Contract Rent	Effective Date of Current Contract Rent	Type of Renewal	Expected Contract Rent Post-Rehab
20	Project-based vouchers	n/a new units	n/a new units	n/a	\$1,480

***Please Note: Section 811 voucher are limited to 60% AMI rents**



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
Low-Income Housing Tax Credit Application
2024-2025 Qualified Allocation Plan

6. Please enter any additional comments:

We received an award of project-based vouchers from the Ann Arbor Housing Commission.

Hickory Way Apartments Phase III

Conceptual Schematic Drawings

8/29/2024

Please find attached the conceptual schematic drawings and submitted site plan pages for HWA III.

DEVELOPER:
 AVALON HOUSING, INC
 WENDY CARTY-SAXON
 1327 JONES DR, SUITE 102
 ANN ARBOR, MI 48105
 PHONE: 734-663-5856

ARCHITECT:
 FUSCO, SHAFFER & PAPPAS, INC.
 550 E NINE MILE ROAD
 FERNDALE, MI 48220
 PHONE: 248-543-4100

ENGINEER:
 MACON ENGINEERING, LLC
 KATHY KEINATH, PE
 PO BOX 314
 CHELSEA, MICHIGAN 48118
 PHONE: 734 216 9941

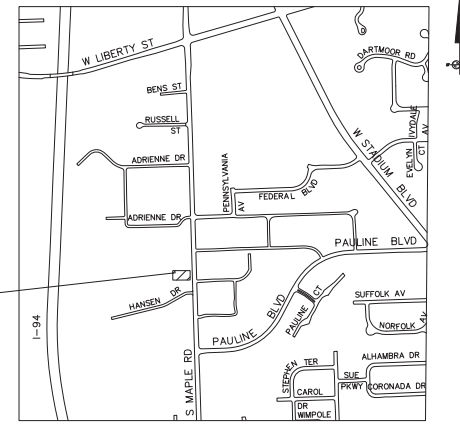
OWNERS
 CITY OF ANN ARBOR
 1146 S MAPLE ROAD
 ANN ARBOR, MI 48103

WETLAND CONSULTANT
 ENVIRONMENTAL CONSULTING AND
 TECHNOLOGY, INC
 BRIAN HUEBNER AND NICOLE
 ROCKENTINE
 2200 COMMONWEALTH BLVD
 ANN ARBOR, MI 48105
 PHONE: 734-769-3004

SURVEYOR:
 ARBOR LAND CONSULTANTS
 KEVIN GINGRAS
 8653 SCHNEIDER ROAD
 MANCHESTER, MI 48158
 PHONE: 734-669-2960

HICKORY WAY III

ANNEXATION, ZONING AND SITE PLAN CITY OF ANN ARBOR WASHTENAW COUNTY PRESUB24-0044 SP24-0010



LOCATION MAP
 N.T.S.

COMPARISON CHART

ZONING	EXISTING		PROPOSED	
	NA	RAE	PLD	
RESIDENTIAL UNITS	1		39	
TOTAL FLOOR AREA	1,830 sf		37,451 sf	
LOT AREA/DWELLING UNIT	50,257 sf	580 sf	1,157 sf	
ACTIVE OPEN SPACE PER DWELLING UNIT	n/a	150 sf	504 sf	
BUILDING HEIGHT	n/a	None	48 ft 4 stories	
LOT SIZE	50,257 sf	14,000 sf	45,142 sf	
LOT WIDTH	155 ft	120 ft	154.97 ft	
OPEN SPACE	n/a	40%	42%	
FRONT SETBACK	39 ft	15 ft	28.00 ft	
REAR SETBACK	208 ft	30 ft	90.28 ft	
SIDE SETBACK	44 ft	28 ft	13.53 ft	
OFF STREET PARKING	REQUIRED		PROVIDED	
PARKING	0		20	
BICYCLE PARKING RESIDENTIAL 1/5 UNITS 50% 50% C	4A/4C		6A/4B	
LOADING SPACES	0		0	
EV PARKING	0		0	
80%EV/C	18		18	
10%EV	2		2	
1 HP VAN EV	1		1	

* EXCLUDES ROW
 **SIDE SETBACK IS 10' PLUS 3' FOR EVERY FOOT OVER 35 FT BUILDING HEIGHT PLUS 1.5' FOR EVERY FOOT OVER 50 FT OF BUILDING LENGTH. BUILDING LENGTH IS 168 FT.

SHEET INDEX

- SP-01 COVER
- SP-02 ALTA SURVEY
- SP-03 DEMOLITION PLAN
- SP-04 LAYOUT PLAN
- SP-05 NATURAL FEATURES OVERLAY
- SP-06 NATURAL FEATURES ALTERNATIVES ANALYSIS
- SP-07 LANDSCAPE
- SP-08 UTILITIES
- SP-09 FIRE PROTECTION PLAN
- SP-10 GRADING
- SP-11 SOIL EROSION CONTROL
- SP-12 STORM WATER MANAGEMENT
- SP-13 SOLID WASTE MANAGEMENT PLAN
- SP-14 SITE DETAILS
- SP-15 PHOTOMETRIC PLAN
- SP-16 PHOTOMETRIC DETAILS
- A8.100 ARCHITECTURAL SITE PLAN AND SITE SECTION
- A.100 BUILDING PLANS
- A.200 EXTERIOR ELEVATIONS
- A.201 EXTERIOR ELEVATIONS
- A.202 PERSPECTIVE RENDERINGS

STANDARD SIDEWALK REPAIR AND MAINTENANCE NOTE
 ALL SIDEWALKS ARE TO BE KEPT AND MAINTAINED IN GOOD REPAIR BY THE OWNER OF THE LAND ADJACENT TO AND ABUTTING THE SAME. PRIOR TO THE ISSUANCE OF THE FINAL CERTIFICATE OF OCCUPANCY FOR THIS SITE, ALL EXISTING SIDEWALKS IN NEED OF REPAIR MUST BE REPAIRED IN ACCORDANCE WITH CITY STANDARDS.

LEGAL DESCRIPTION

(PER TITLE COMMITMENT)
 COMMENCING AT THE NORTHEAST CORNER OF SECTION 36, SCIO TOWNSHIP, WASHTENAW COUNTY, MICHIGAN; THENCE SOUTH 01 DEGREES 19 MINUTES EAST 954.44 FEET IN THE LAST LINE OF SECTION FOR A PLACE OF BEGINNING; THENCE CONTINUING SOUTH 1 DEGREES 19 MINUTES EAST 155.00 FEET; THENCE SOUTH 88 DEGREES 09 MINUTES WEST 320.00 FEET; THENCE NORTH 4 DEGREES 27 MINUTES WEST 155.23 FEET; THENCE NORTH 88 DEGREES 09 MINUTES EAST 328.50 FEET TO THE PLACE OF BEGINNING, BEING PART OF THE EAST 1/2 OF NORTHEAST 1/4, SECTION 36, TOWN 2 SOUTH, RANGE 6 EAST, WASHTENAW COUNTY, MICHIGAN.

COMMUNITY ANALYSIS

THE PROPOSED PROJECT IS LOCATED ON THE WEST SIDE OF SOUTH MAPLE ROAD BETWEEN LIBERTY ROAD AND PAULINE BOULEVARD. THE SITE CONSISTS OF ONE PARCEL CURRENTLY IN SCIO TOWNSHIP AND CONTAINING A SINGLE FAMILY HOME. THE PROPOSED PROJECT INCLUDES ANNEXATION AND ZONING TO PUD FOR MULTI FAMILY RESIDENTIAL WITH ONE BUILDING PROVIDING AFFORDABLE HOUSING.

THE PROPERTIES TO THE NORTH AND EAST ARE USED AS MULTI FAMILY RESIDENTIAL. TO THE SOUTH AND WEST OF THE PROJECT SITE IS CURRENTLY THE HANSEN NATURE AREA (A CITY PARK).

THE PROPOSED DEVELOPMENT WILL HAVE MINIMAL IMPACT ON PUBLIC SCHOOLS SINCE THE UNITS PROPOSED ARE SMALLER 1-BEDROOM UNITS. AIR AND WATER QUALITY SHOULD NOT BE AFFECTED, AND THE SITE IS NOT PART OF A HISTORIC DISTRICT. THE PROPOSED MULTIFAMILY USE IS CONSISTENT WITH THE SURROUNDING AREA AND WITH THE MASTER PLAN FOR THIS SITE WITH THE INCLUSION OF AFFORDABLE HOUSING.

STATEMENT OF INTEREST

AVALON HOUSING WILL BE THE OWNER AND DEVELOPER OF THE PARCEL. THE PROPERTY WILL BE PURCHASED FROM THE CURRENT OWNER (CITY OF ANN ARBOR) AFTER COMPLETION OF THE SITE PLAN PROCESS AND APPROVAL OF FUNDING.

DEVELOPMENT PROGRAM

THE PROPOSED DEVELOPMENT WILL BE MULTIFAMILY RESIDENTIAL WITH 39 UNITS TOTAL, IN ONE BUILDING WITH FOUR FLOORS. THE UNITS WILL INCLUDE ONE BEDROOM APARTMENTS AND ARE PLANNED TO MEET AFFORDABILITY STANDARDS. THE BUILDING DESIGNS, WITH ELEVATOR ACCESS TO UPPER FLOORS, AND COMMON INTERIOR HALLWAYS, ARE INTENDED TO PROVIDE AVALON WITH OPTIONS THEY DO NOT CURRENTLY HAVE FOR ACCESSIBILITY AND VISIBILITY AT MANY OF THEIR EXISTING PROPERTIES. THE DEVELOPMENT HAS BEEN PLANNED TO PROVIDE ADEQUATE PARKING, INGRESS AND EGRESS, STORM WATER MANAGEMENT FACILITIES, PEDESTRIAN CONNECTIONS AND ALL OTHER REQUIRED SITE ELEMENTS. THE SITE IS TO BE DEVELOPED IN ONE PHASE. THE ESTIMATED COST OF CONSTRUCTION IS \$10,000,000.

SOLID WASTE DISPOSAL PLAN

THE DEVELOPMENT PROPOSES TO PROVIDE TWO DUMPSTERS LOCATED IN THE PARKING AREA. THE LOCATION OF THE DUMPSTERS AND A DETAIL HAVE BEEN INCLUDED IN THE SITE PLAN.

TRAFFIC IMPACT ANALYSIS

VEHICULAR, PEDESTRIAN AND BICYCLE ROUTES ARE SHOWN ON THE PLANS. NO TRUCK TRAFFIC TO THE SITE IS ANTICIPATED. THE DEVELOPER'S HISTORY WITH THIS TYPE OF MULTIFAMILY DEVELOPMENT INDICATES THAT A MAJORITY OF THE TENANTS UTILIZE MASS TRANSIT. BECAUSE OF THIS, THE SITE HAS BEEN DESIGNED TO MINIMIZE PARKING SPACES. THE TRIP GENERATIONS ARE BASED ON AFFORDABLE HOUSING, IN A GENERAL URBAN SETTING.

BASE VEHICLE TRIP GENERATION									
Land Use	ITE Code	Amount	Units	AM Peak Hour			PM Peak Hour		
				In	Out	Total	In	Out	Total
Affordable Housing	223	39	DU	4.6	13.0	17.6	6.2	4.3	10.5

Trip Rates taken from ITE Trip Generation manual, 11th Edition

PEDESTRIAN TRIP GENERATION									
Land Use	ITE Code	Amount	Units	AM Peak Hour			PM Peak Hour		
				In	Out	Total	In	Out	Total
Affordable Housing	223	39	DU	N/A	N/A	34.3	N/A	N/A	23.0

Trip Rates taken from ITE Trip Generation manual, 11th Edition

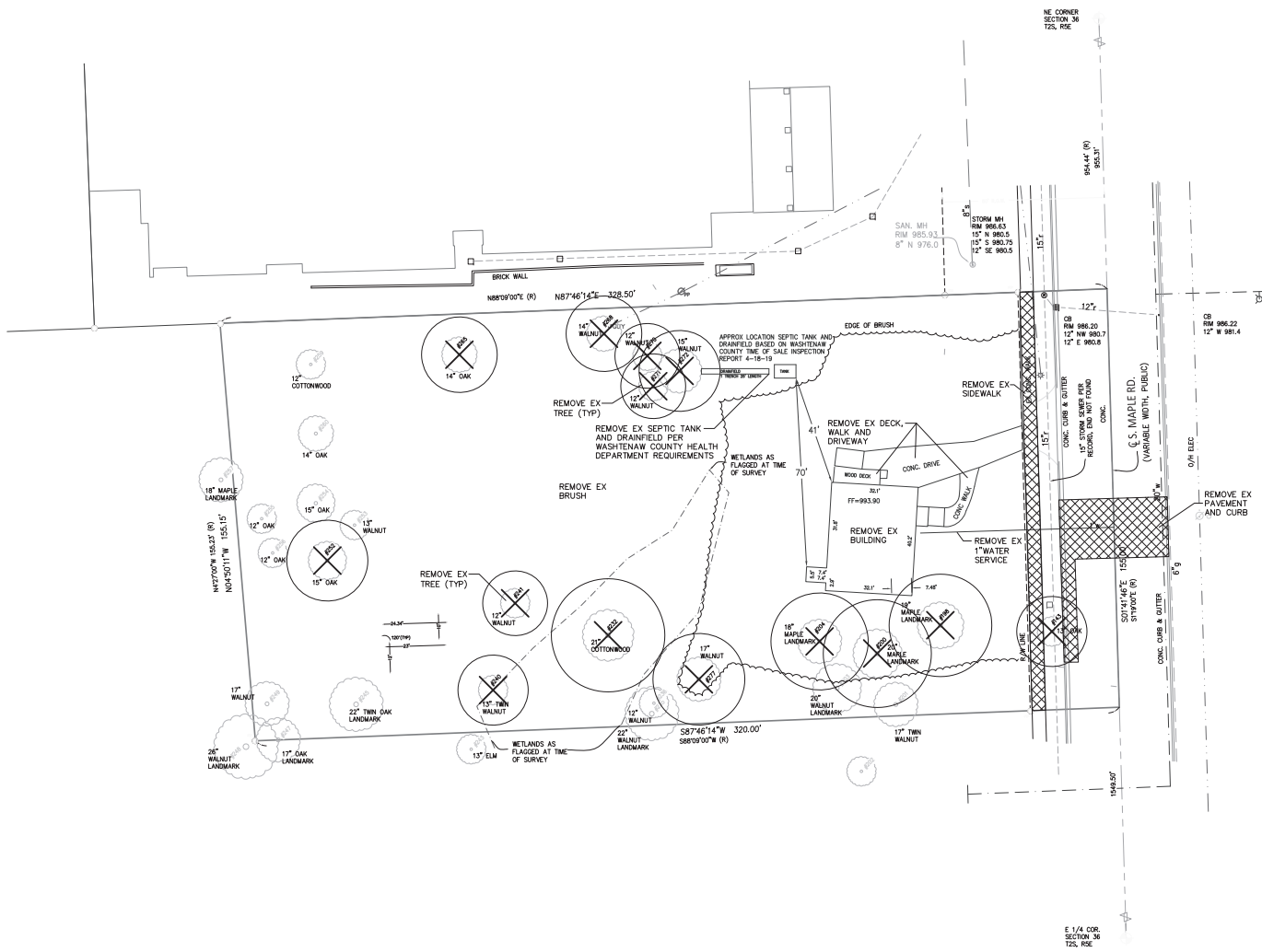


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HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 COVER



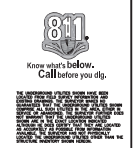
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	6-19-24
	5-14-24
DATE	4-25-24
SCALE	N.T.S.
SHEET NO.	SP-01



LEGEND

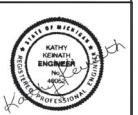
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- FOUND IRON PIPE
- FOUND IRON ROD
- SET IRON PIPE
- SET MAG NAIL
- FOUND MAG NAIL
- SET WOOD LATH
- CONTROL POINT
- MEASURED DIMENSION
- RECORDED DIMENSION
- SURFACE FLOW
- WATER MANHOLE
- FIRE HYDRANT
- GATE VALVE
- BEEHIVE CATCH BASIN
- CURB CATCH BASIN
- STORM MANHOLE
- CULVERT/END SECTION
- SANITARY MANHOLE
- LIGHT POLE
- UTILITY POLE
- TELEPHONE RISER
- GAS MAIN RISER
- ELECTRIC LINE
- GAS MAIN
- WATER MAIN
- STORM LINE
- SANITARY LINE
- CABLE TV LINE
- PHONE LINE
- CHAIN LINK FENCE
- WOOD FENCE
- BARBED WIRE FENCE
- PR STORM SEWER
- PR SANITARY SEWER
- PR WATER MAIN
- PR SILT FENCE
- PR TREE FENCE
- PR INLET FILTER
- PR CONCRETE
- PR ASPHALT
- PR GRAVEL
- PR CURB
- PR CONTOUR LINE
- PR SPOT GRADE
- PR REMOVAL
- PR TREE REMOVAL

STANDARD SIDEWALK REPAIR AND MAINTENANCE NOTE:
 ALL SIDEWALKS ARE TO BE KEPT AND MAINTAINED IN GOOD REPAIR BY THE OWNER OF THE LAND ADJACENT TO AND ABUTTING THE SAME. PRIOR TO THE ISSUANCE OF THE FINAL CERTIFICATE OF OCCUPANCY FOR THIS SITE, ALL EXISTING SIDEWALKS IN NEED OF REPAIR MUST BE REPAIRED IN ACCORDANCE WITH CITY STANDARDS.

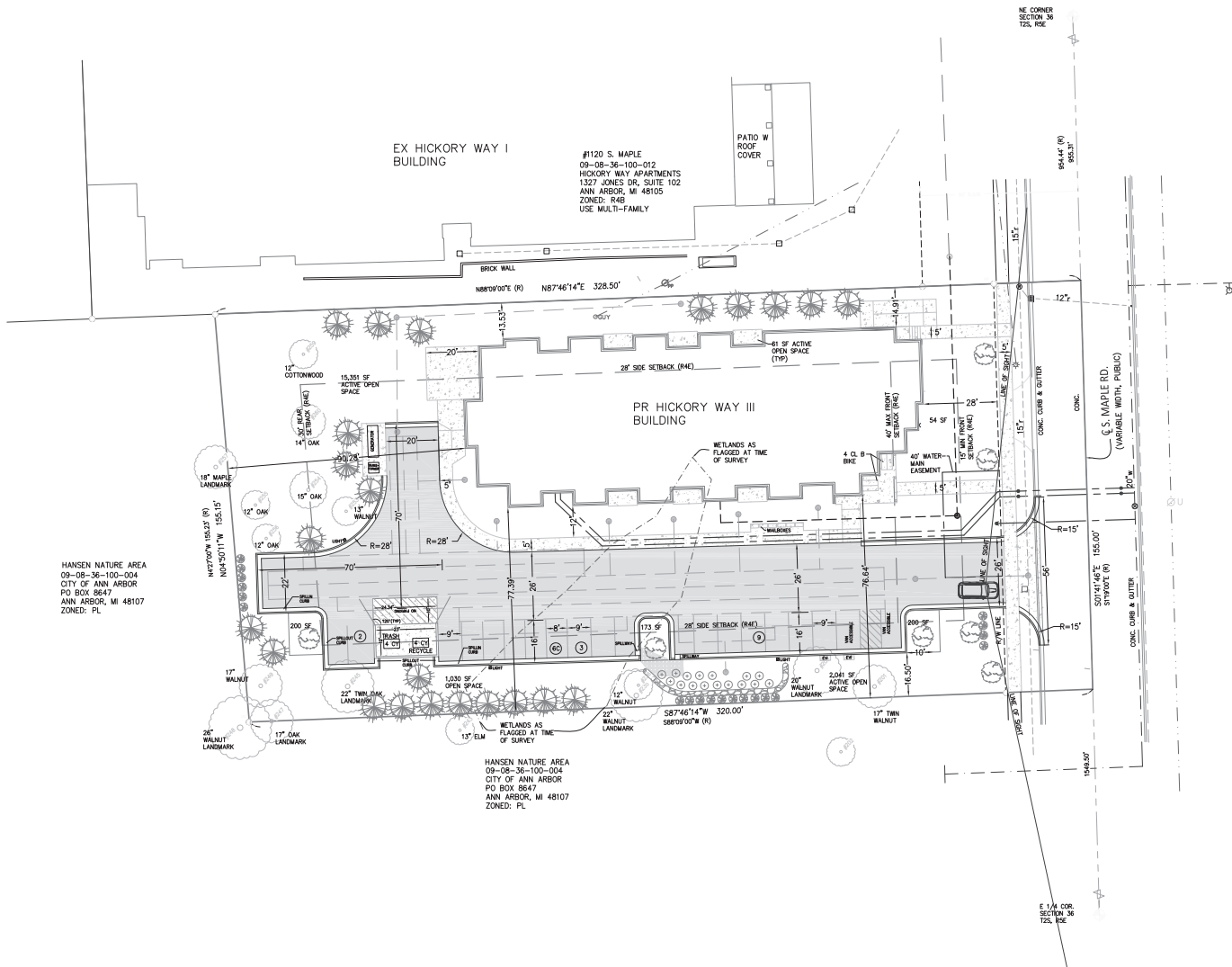


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HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 DEMOLITION

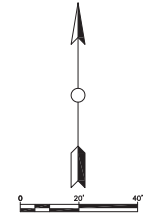


DATE	8-19-24
	6-19-24
	5-14-24
DATE	4-25-24
SCALE	1"=20'
SHEET NO.	SP-03



LEGEND

- SECTION CORNER
- FOUND IRON PIPE
- FOUND IRON ROD
- SET IRON PIPE
- SET MAG NAIL
- FOUND MAG NAIL
- SET WOOD LATH
- CONTROL POINT
- MEASURED DIMENSION
- RECORDED DIMENSION
- SURFACE FLOW
- WATER MANHOLE
- FIRE HYDRANT
- GATE VALVE
- BEEHIVE CATCH BASIN
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- STORM MANHOLE
- CULVERT/2ND SECTION
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- LIGHT POLE
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- PR GRAVEL
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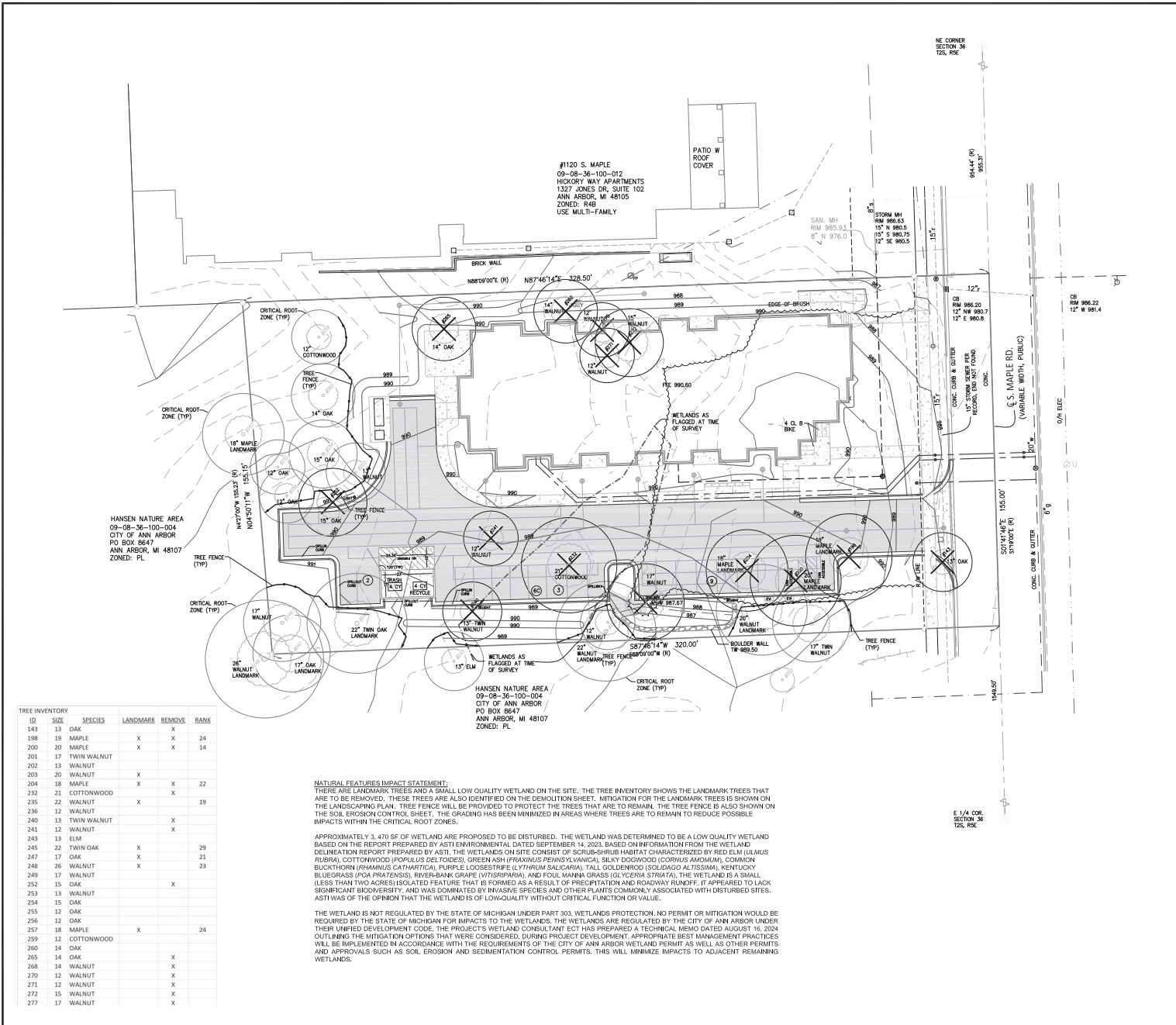
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HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 LAYOUT



STANDARD SIDEWALK REPAIR AND MAINTENANCE NOTE:
 ALL SIDEWALKS ARE TO BE KEPT AND MAINTAINED IN GOOD REPAIR BY THE OWNER OF THE LAND ADJACENT TO AND ABUTTING THE SAME. PRIOR TO THE ISSUANCE OF THE FINAL CERTIFICATE OF OCCUPANCY FOR THIS SITE, ALL EXISTING SIDEWALKS IN NEED OF REPAIR MUST BE REPAIRED IN ACCORDANCE WITH CITY STANDARDS.

DATE	8-19-24
DATE	6-19-24
DATE	5-14-24
DATE	5-6-24
SCALE	1"=20'
SHEET NO.	SP-04



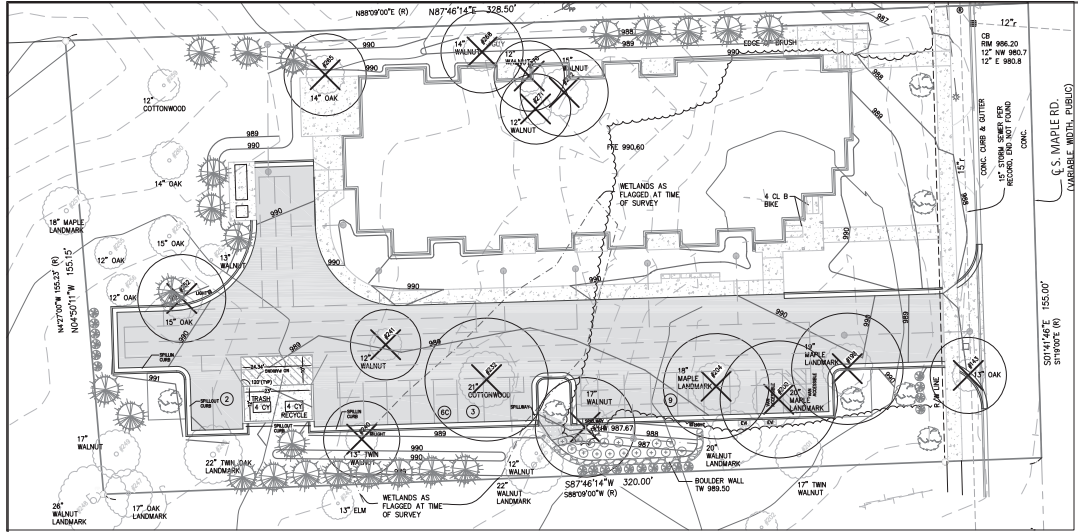
LEGEND

- SECTION CORNER
- FOUND IRON PIPE
- FOUND IRON ROD
- SET IRON PIPE
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- CONTROL POINT
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- BEEHIVE CATCH BASIN
- CURB CATCH BASIN
- STORM MANHOLE
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- PR ASPHALT
- PR GRAVEL
- PR CURB
- PR CONTOUR LINE
- PR SPOT GRADE
- PR TREE REMOVAL

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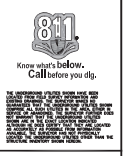
HICKORY WAY III
ANN ARBOR, MI
SITE PLAN
NATURAL FEATURES
OVERLAY

8-19-24
6-19-24
5-14-24
DATE 4-25-24
SCALE 1"=20'
SHEET NO. SP-05



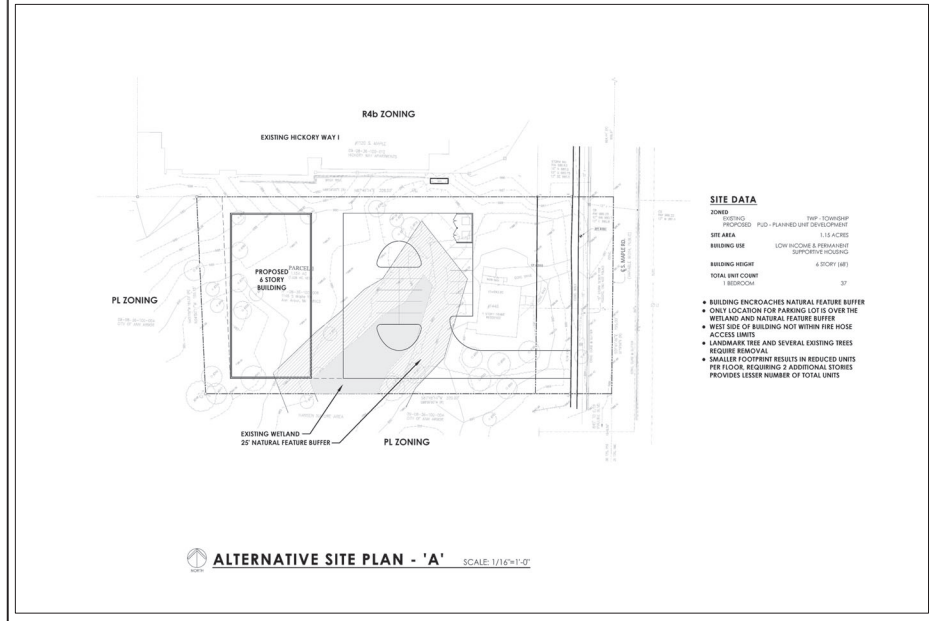
SELECTED ALTERNATIVE
 THE PROPOSED PROJECT PRESERVES SEVERAL OF THE MATURE TREES ON THE PROPERTY. THE LAYOUT INCLUDES SAVING THE MAJORITY OF THE TREES LOCATED ALONG THE WEST PROPERTY LINE AND INCORPORATING THEM INTO THE SITE DESIGN. EXISTING DRAINAGE PATTERNS HAVE BEEN MAINTAINED TO MINIMIZE IMPACTS TO THESE TREES. THE LAYOUT OF THE BUILDING HAS ALSO BEEN ESTABLISHED TO HAVE A LARGE PORCH ALONG THE PERIMETER OF THE TREAED AREAS TO PROVIDE THE RESIDENTS WITH A NATURALIZED SETTING. SIGNIFICANT AREA ON THE WEST AND SOUTH SIDES OF THE SITE ADJACENT TO THE HANSEN NATURE AREA IS PROPOSED TO REMAIN WITH EXISTING TREES AND GRADES.

- LEGEND**
- SECTION CORNER
 - FOUND IRON PIPE
 - FOUND IRON ROD
 - SET IRON PIPE
 - SET MAG NAIL
 - FOUND MAG NAIL
 - SET WOOD LATH
 - CONTROL POINT
 - MEASURED DIMENSION
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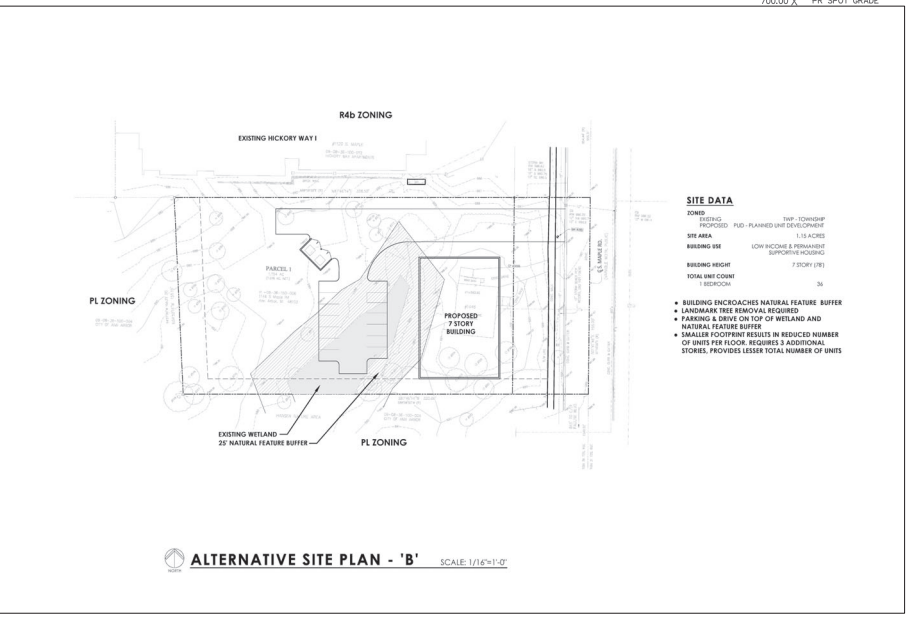


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HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 NATURAL FEATURES
 ALTERNATIVES ANALYSIS

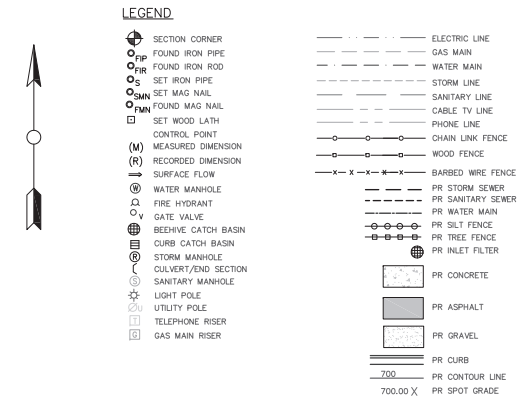
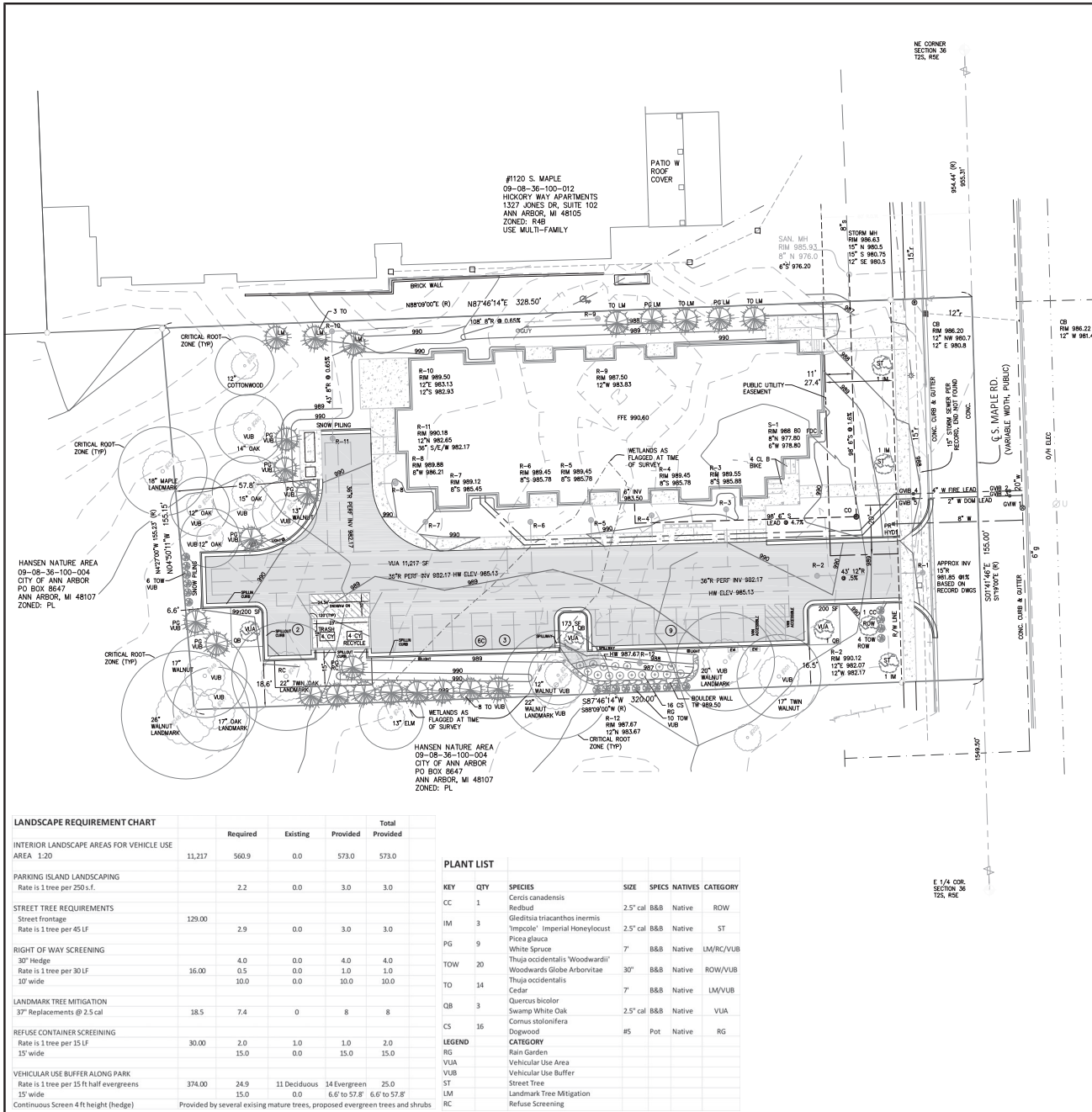


ALTERNATIVE SITE PLAN - 'A' SCALE: 1/16"=1'-0"



ALTERNATIVE SITE PLAN - 'B' SCALE: 1/16"=1'-0"

DATE	8-19-24
	6-19-24
	5-14-24
DATE	4-25-24
SCALE	1"=20'
SHEET NO.	SP-06



- LANDSCAPING SPECIFICATIONS:**
- ALL LANDSCAPING SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH CITY STANDARDS AND IN ACCORDANCE WITH CURRENT INDUSTRY STANDARDS IN A NEAT, HEALTHY AND WEED FREE CONDITION. ANY DEAD, DISEASED OR DAMAGED PLANT MATERIAL IS TO BE REPLACED WITHIN ONE YEAR, OR THE NEXT APPROPRIATE PLANTING PERIOD, AS A CONTINUING OBLIGATION FOR THE DURATION OF THE PROJECT.
 - THE LANDSCAPE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFICATION OF ALL UNDERGROUND AND OVERHEAD UTILITIES. PLANT MATERIAL IS TO BE LOCATED SUCH THAT IT WILL NOT INTERFERE WITH ANY UNDERGROUND OR OVERHEAD UTILITIES. CANOPY AND EVERGREEN TREES SHALL NOT BE PLANTED WITHIN 15 FEET OF THE SANITARY SEWER.
 - PLANT TREES AND SHRUBS AT THE SAME GRADE LEVEL AT WHICH THEY WERE GROWN AT THE NURSERY, IF HEAVY CLAY SOILS ARE EVENLY PLANT TREES AND SHRUBS HIGHER, APPROXIMATELY 1/3 OF THE ROOT BALL ABOVE THE GRADE.
 - REMOVE ALL TWINE, WIRE, NURSERY TREE GUARDS, TAGS AND INORGANIC MATERIAL FROM ROOT BALLS.
 - PEEL BACK THE TOP 1/3 OF BURLAP FROM EARTH BALLS AND REMOVE ANY BURLAP AROUND TREE TRUNKS.
 - ALL LANDSCAPE AREAS SHALL BE EXCAVATED OF ALL BUILDING/CONSTRUCTION MATERIAL AND POOR SOILS TO A DEPTH OF 18-24" AND BACKFILLED WITH GOOD, MEDIUM TEXTURED PLANTING SOIL. APPLICATIONS OF FERTILIZER BEYOND THE INITIAL TOPSOIL AND SEEDING SHALL BE A FERTILIZER WITH NO PHOSPHORUS.
 - BACKFILL DIRECTLY BEHIND ALL CURBS AND ALONG SIDEWALKS AND COMPACT TO TOP OF CURB OR WALK TO SUPPORT VEHICLE AND PEDESTRIAN WEIGHT WITHOUT SETTLING.
 - ALL DISTURBED UNPAVED AREAS ARE TO BE RESTORED. AREAS OF INDIVIDUAL TREES ARE TO BE MULCHED WITH A MINIMUM OF 4 INCHES SHREDED HARDWOOD BARK. LAWN TREES ARE TO BE MULCHED WITH A 4" DIAMETER SHREDED BARK RING. BARK IS TO BE PULLED AWAY FROM THE TRUNK OF TREES LEAVING A 3" CLEAR AREA AROUND THE TRUNK.
 - TOPSOIL SHALL BE REMOVED FROM STOCKPILES AND SPREAD IN THE AREAS SHOWN ON THE PLANS. THE DEPTH OF TOPSOIL SHALL BE A MINIMUM OF 4 INCHES IN LAWN AREAS AND A MINIMUM OF 8 INCHES IN LANDSCAPE PLANTING AREAS.
 - AFTER THE TOPSOIL IS IN PLACE IT SHALL BE FINE GRADED REMOVING ALL ROOTS, STICKS, STONES AND DEBRIS GREATER THAN 2 INCHES IN ANY DIMENSION. THE TOPSOIL SHALL BE FINE GRADED TO THE LINES AND GRADES SHOWN ON THE PLANS.
 - THE TOPSOIL SHALL HAVE A PH OF 5.5 TO 7.6 AND AN ORGANIC CONTENT OF 3 TO 20%. THE GRADATION OF THE TOPSOIL SHALL BE 100% PASSING 2 INCH SIEVE, 85 TO 100% PASSING THE 1 INCH SIEVE, 65 TO 100% PASSING THE 3/8 INCH SIEVE AND 20 TO 80% PASSING THE NO. 200 SIEVE.
 - WATER LAWN AREAS AS NEEDED TO PROMOTE GROWTH. THE CONTRACTOR WILL BE RESPONSIBLE TO WATER, RESEED OR WORK WHEN NECESSARY TO INSURE THE GROWTH OF THE LAWN UNTIL A COMPLETE AND UNIFORM STAND OF GRASS HAS GROWN AND BEEN CUT AT LEAST TWICE. EACH TREE AND SHRUBS SHALL BE WATERED WITH 5 GALLONS OF WATER ONE TIME PER WEEK, UNLESS ONE INCH OF RAIN HAS FALLEN THAT WEEK, FOR THE FIRST GROWING SEASON.
 - UNLESS OTHERWISE NOTED ON THE DRAWINGS, ALL AREAS NOT RECEIVING STRUCTURES, PAVEMENT, PIP RAPS, LANDSCAPING OR OTHER IMPROVEMENTS OR FUTURE IMPROVEMENTS SHALL BE CONSIDERED LAWN AREAS AND RECEIVE TOPSOIL AND SEEDING.
 - PLANTINGS SHALL BE SUPPLIED IN GOOD HEALTH, VIGOROUS, AND FREE OF INSECTS, LARVAE, EGGS, DEFECTS AND DISEASE.
 - PLANTING BEDS SHALL BE PREPARED BY LOOSENING THE TOP 1 FOOT OF TOPSOIL. PLANTS SHALL BE LOCATED PER THE PLANS. THE HOLES SHALL BE EXCAVATED WITH THE CENTER SLIGHTLY HIGHER TO PROMOTE DRAINAGE. BERM AROUND PLANTS TO FORM A BOWL SHAPE.

- NOTES:**
- THE CITY OF ANN ARBOR HAS ADOPTED AN ORDINANCE LIMITING PHOSPHORUS IN FERTILIZER, TO ASSIST IN COMPLIANCE WITH THE STATE MANDATED TMDL FOR PHOSPHORUS WITHIN THE MIDDLE HURON RIVER BASIN. APPLICATIONS OF FERTILIZER BEYOND THE INITIAL TOPSOIL AND SEEDING SHALL BE A FERTILIZER WITH NO PHOSPHORUS.
 - ALL SPECIES DEVIATIONS FROM THE APPROVED SITE PLAN MUST BE APPROVED IN WRITING PRIOR TO INSTALLATION BY THE CITY OF ANN ARBOR.

LANDSCAPE REQUIREMENT CHART

	Required	Existing	Provided	Total Provided
INTERIOR LANDSCAPE AREAS FOR VEHICLE USE AREA 1-20	11,217	560.9	0.0	573.0
PARKING ISLAND LANDSCAPING Rate is 1 tree per 250 s.f.	2.2	0.0	3.0	3.0
STREET TREE REQUIREMENTS Street frontage Rate is 1 tree per 45 LF	2.9	0.0	3.0	3.0
RIGHT OF WAY SCREENING 30" hedge Rate is 1 tree per 30 LF 10" wide	4.0 0.5 10.0	0.0 0.0 0.0	4.0 1.0 10.0	4.0 1.0 10.0
LANDMARK TREE MITIGATION 37" Replacements @ 2.5 cal	18.5	7.4	0	8
REFUSE CONTAINER SCREENING Rate is 1 tree per 15 LF 15" wide	30.00 15.0	2.0 15.0	1.0 0.0	2.0 15.0
VEHICULAR USE BUFFER ALONG PARK Rate is 1 tree per 15 ft half evergreens 15" wide Continuous Screen 4 ft height (hedge) Provided by several existing mature trees, proposed evergreen trees and shrubs	374.00 15.0	34.9 15.0	11 Deciduous 0.0	14 Evergreen 25.0 6.6' to 57.8' 6.6' to 57.8'

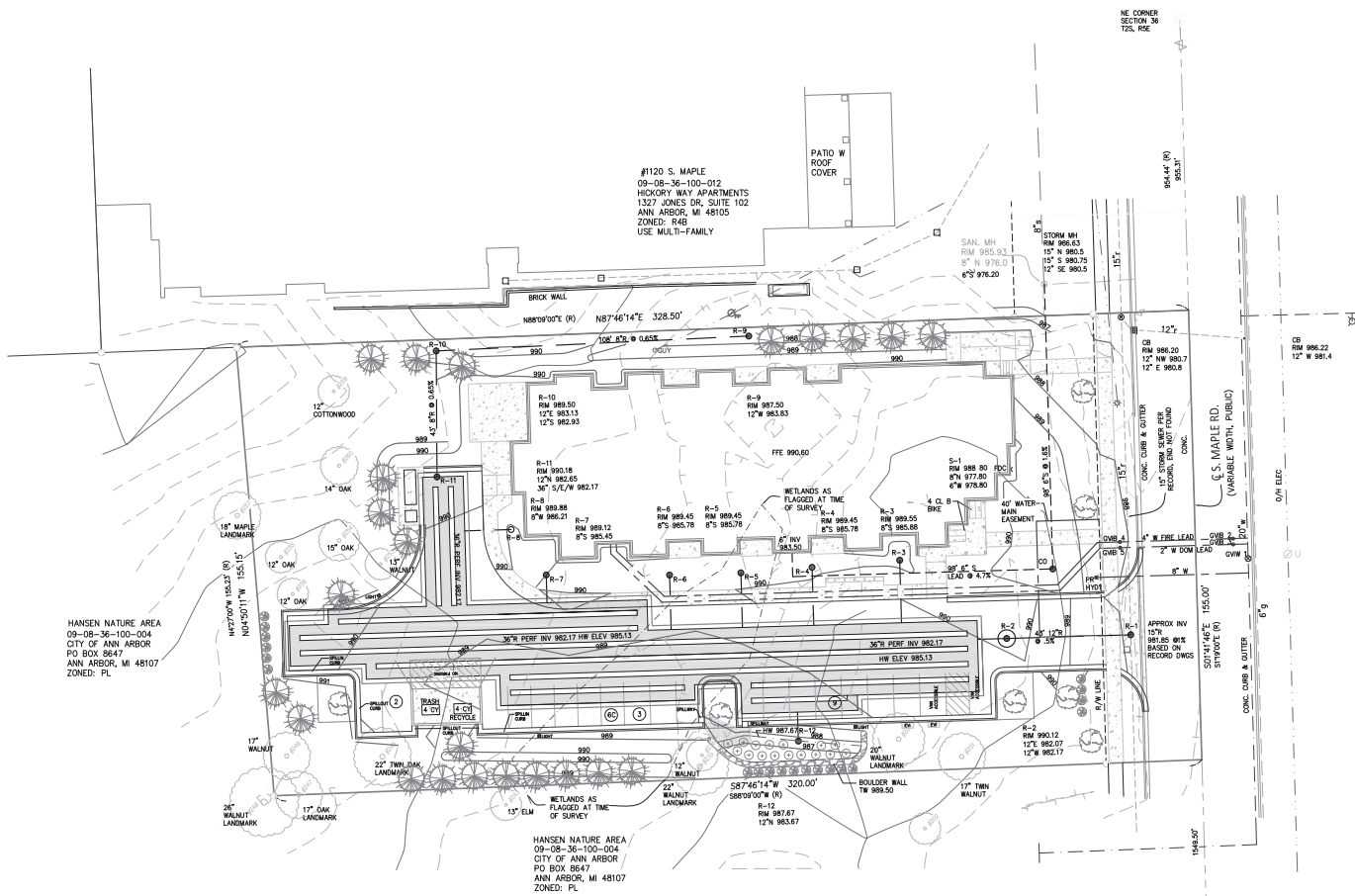
PLANT LIST

KEY	QTY	SPECIES	SIZE	SPECS	NATIVES	CATEGORY
CC	1	Cercis canadensis	2.5" cal	B&B	Native	ROW
IM	3	Gleditsia triacanthos inermis 'Impcoke' Imperial Honeylocust	2.5" cal	B&B	Native	ST
PG	9	Picea glauca White Spruce	7'	B&B	Native	LM/RC/VUB
TOW	20	Thuja occidentalis 'Woodwardii' Woodwards Globe Arborvitae	30"	B&B	Native	ROW/VUB
TO	14	Thuja occidentalis Cedar	7'	B&B	Native	LM/VUB
QB	3	Quercus bicolor Swamp White Oak	2.5" cal	B&B	Native	VUA
CS	16	Cornus stolonifera Dogwood	#5	Pot	Native	RG
RG		Rain Garden				
VUA		Vehicle Use Area				
VUB		Vehicle Use Buffer				
ST		Street Tree				
LM		Landmark Tree Mitigation				
RC		Refuse Screening				

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HICKORY WAY III
ANN ARBOR, MI
SITE PLAN
LANDSCAPE

	8-19-24
	6-19-24
	5-14-24
DATE	4-25-24
SCALE	1"=20'
SHEET NO.	SP-07



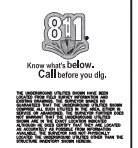
LEGEND

- SECTION CORNER
- FOUND IRON PIPE
- FOUND IRON ROD
- SET IRON PIPE
- SET MAG NAIL
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- NOTES:**
- NO FIRE WALLS ARE PROPOSED FOR NEW BUILDING.
 - BOOSTER PUMPS ARE NOT PROPOSED FOR THE BUILDING'S WATER SERVICES.
 - THERE IS A FIRE SUPPRESSION SYSTEM IN THE BUILDING.
 - FDC TO HAVE TWO 2.5" NST
 - KNOX BOX(S) TO BE PROVIDED AND LOCATION(S) COORDINATED WITH THE FIRE DEPARTMENT.

SANITARY SEWER MITIGATION CALCULATIONS

Existing	
Existing Residence (Septic)	
Not Connected to City Utilities	0 gpd
Total Existing Dry Weather Flow	0 gpd
Proposed	
Office Space	766 sf
Design Dry Weather Flow Rate	0.06 gpd/sf
Residential Units 601 to 1200 sf	39
Design Dry Weather Flow Rate	250 gpd/unit
Total Proposed Dry Weather Flow	9,796 gpd
Peaking Factor	4
System Recovery Factor	10%
Flow to be mitigated	43,102 gpd
Flow to be mitigated	30 gpm

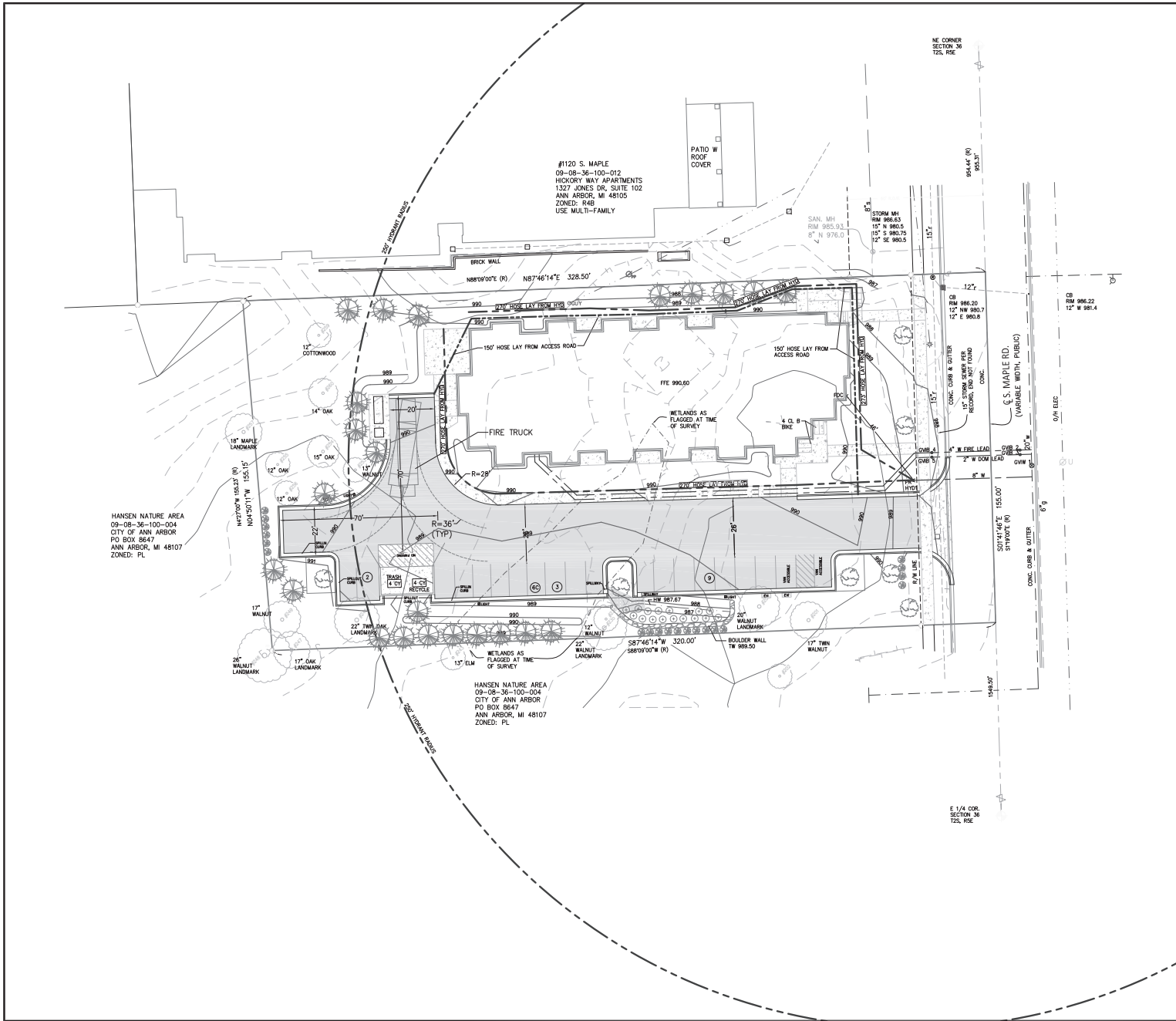


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HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 UTILITIES



8-19-24
 6-19-24
 5-14-24
 DATE 4-11-24
 SCALE 1"=20'
 SHEET NO. SP-08

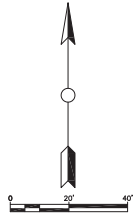


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 P.O. Box 314, Chelsea, MI 48118 734-216-9941

HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 FIRE PROTECTION PLAN

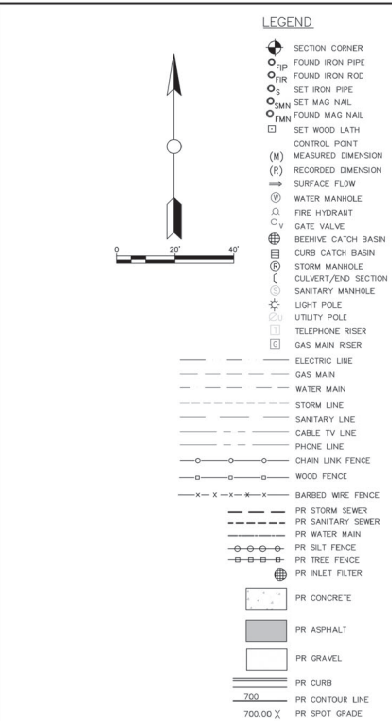
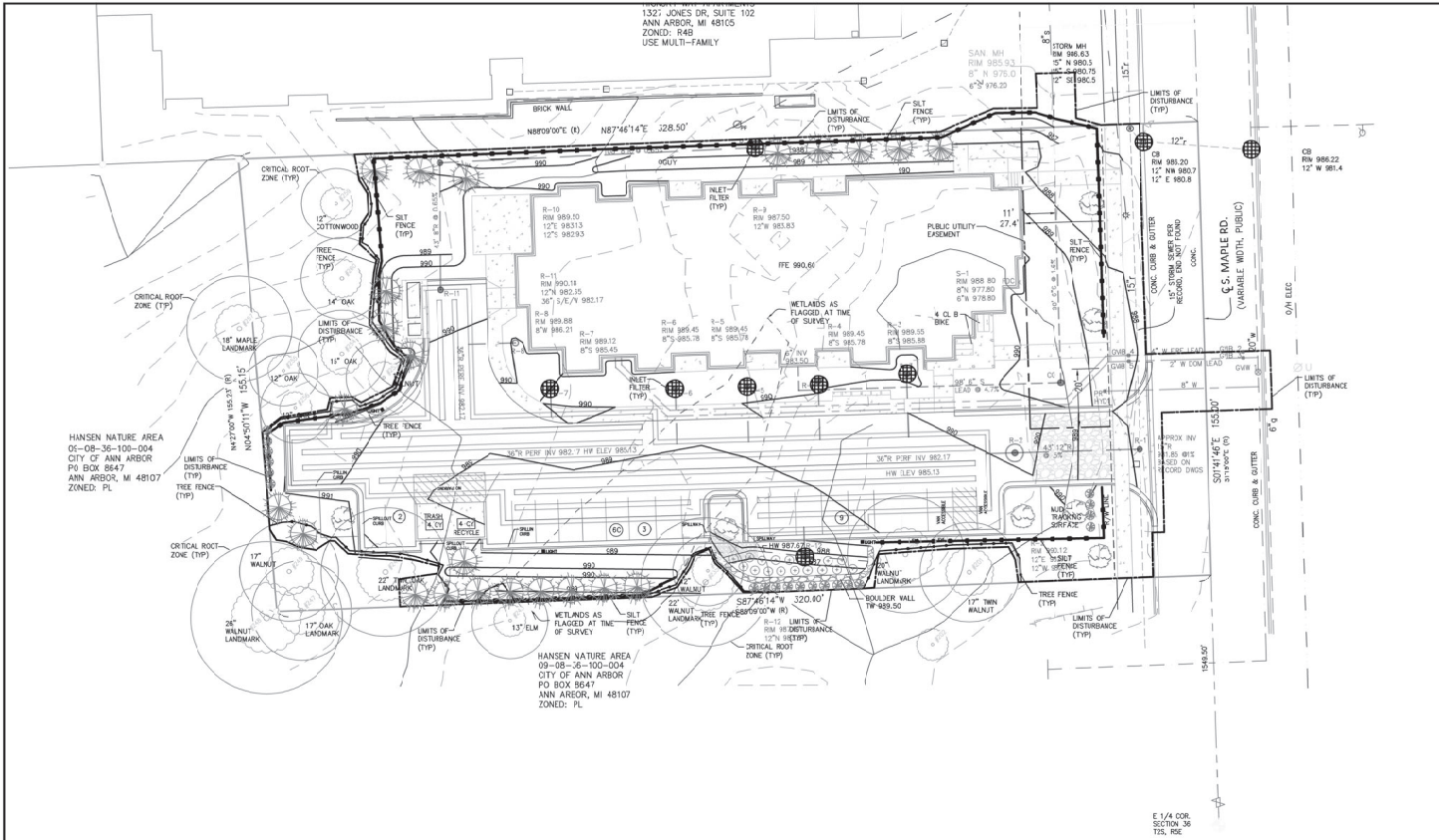


- LEGEND**
- SECTION CORNER
 - FOUND IRON PIPE
 - FOUND IRON ROD
 - SET IRON PIPE
 - SET MAG NAIL
 - FOUND MAG NAIL
 - SET WOOD LATH
 - CONTROL POINT
 - MEASURED DIMENSION
 - RECORDED DIMENSION
 - SURFACE FLOW
 - WATER MANHOLE
 - FIRE HYDRANT
 - GATE VALVE
 - BEEHIVE CATCH BASIN
 - CURB CATCH BASIN
 - STORM MANHOLE
 - CULVERT/ZERO SECTION
 - SANITARY MANHOLE
 - LIGHT POLE
 - UTILITY POLE
 - TELEPHONE RISER
 - GAS MAIN RISER
 - ELECTRIC LINE
 - GAS MAIN
 - WATER MAIN
 - STORM LINE
 - SANITARY LINE
 - CABLE TV LINE
 - PHONE LINE
 - CHAIN LINK FENCE
 - WOOD FENCE
 - BARBED WIRE FENCE
 - PR STORM SEWER
 - PR SANITARY SEWER
 - PR WATER MAIN
 - PR SILT FENCE
 - PR TREE FENCE
 - PR INLET FILTER
 - PR CONCRETE
 - PR ASPHALT
 - PR GRAVEL
 - PR CURB
 - PR CONTOUR LINE
 - PR SPOT GRADE



- NOTES:**
1. FIRE WALLS DO NOT EXIST.
 2. BOOSTER PUMPS ARE NOT PROPOSED FOR THE BUILDING'S WATER SERVICES. THERE IS A FIRE SUPPRESSION SYSTEM IN THE BUILDING.
 3. TDD TO HAVE TWO 2.5" NST.
 4. KNOX BOX(S) TO BE PROVIDED AND LOCATION(S) COORDINATED WITH THE FIRE DEPARTMENT.
 5. STORAGE AREA FOR CONSTRUCTION MATERIALS SHALL NOT INTERFERE WITH FIRE/EMERGENCY SITE ACCESS.
 6. HYDRANTS SHALL BE IN SERVICE DURING CONSTRUCTION.
 7. NO STOPPING, STANDING, PARKING - FIRE LANE SIGNAGE TO BE PROVIDED.
 8. EMERGENCY RESPONDER RADIO COVERAGE MUST MEET REQUIREMENTS AS SPECIFIED IN THE IFC SECTION 510.

8-19-24
6-19-24
5-14-24
DATE 4-25-24
SCALE 1"=20'
SHEET NO. SP-09

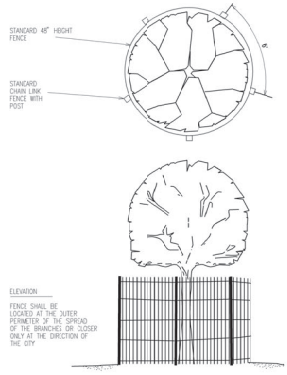


- SEQUENCE OF CONSTRUCTION**
1. SOIL EROSION CONTROL KICK OFF MEETING WITH CITY
 2. INSTALL INLET FILTERS AND TRACKING SURFACE
 3. REMOVE EXISTING CONCRETE AND BUILDINGS
 4. CLEAR SITE
 5. INSTALL TREE FENCE AND SILT FENCE
 6. ROUGH GRADE SITE
 7. INSTALL UNDERGROUND UTILITIES
 8. INSTALL CURB AND FIRST COURSE OF PAVING
 9. BUILDING CONSTRUCTION
 10. MAINTAIN SOIL EROSION CONTROL MEASURES AS REQUIRED
 11. CONSTRUCT DRIVES AND SIDEWALKS
 12. INSTALL FILTERS ON NEW INLETS & REPLACE AS NECESSARY
 13. COMPLETE CONSTRUCTION OF BUILDINGS
 14. REMOVE TEMPORARY EROSION CONTROLS
- NOTES:**
1. STREETS WILL BE CLEANED OF ANY TRACKED MUD IMMEDIATELY FOLLOWING EACH MUD-TRACKING OCCURRENCE
 2. NO SOIL WILL BE STOCKPILED ON-SITE
 3. PERMANENT SOIL EROSION CONTROLS ARE TO BE IN PLACE FIVE (5) DAYS AFTER FINAL GRADING.

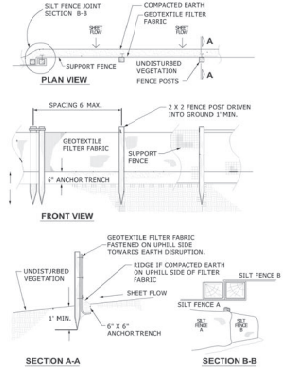
SOILEROSION CONTROL COST ESTIMATE

	QUANTITY	UNIT	TOTAL PRICE
SILT SACS	3 EA	\$100.00	\$300
MULTITRACKING	72 LY	\$75.00	\$5,475
SILT FENCE	660 LF	\$4.00	\$2,640
TOTAL			\$8,115

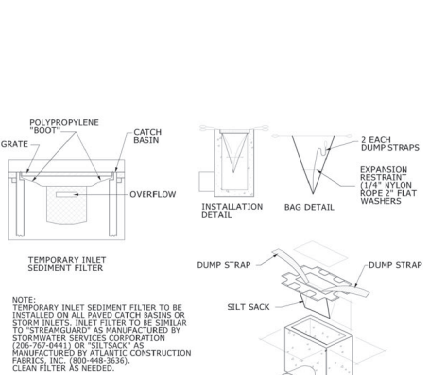
PROTECTING EXPOSED SURFACES \$5,500



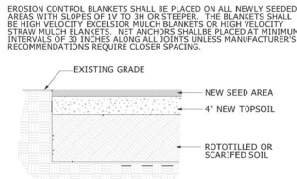
TREE PROTECTION DETAIL



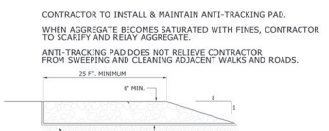
SILT FENCE DETAIL



SILT SACK DETAIL



NEW SEEDED AREA



MUD TRACKING PAD AREA

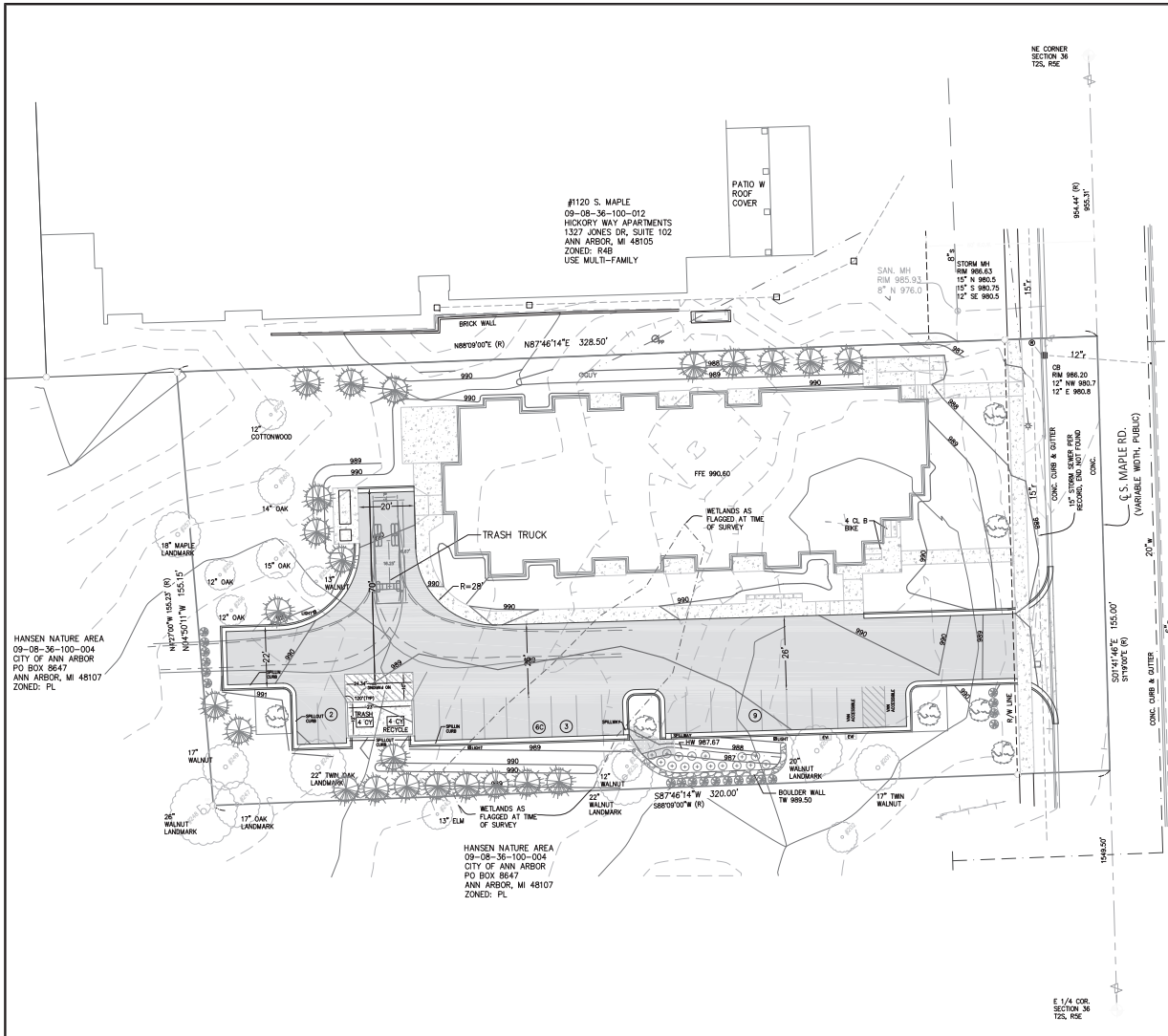


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HICKORY WAY III
 ANN ARBOR, MI
 SITE PLAN
 SOILEROSION CONTROL

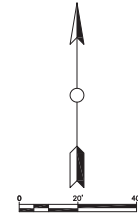


DATE	8-19-24
DATE	6-19-24
DATE	5-14-24
DATE	4-25-24
SCALE	1"=20'
SHEET NO.	SP-11



LEGEND

- SECTION CORNER
- FOUND IRON PIPE
- FOUND IRON ROD
- SET IRON PIPE
- SET MAG NAIL
- FOUND MAG NAIL
- SET WOOD LATH
- CONTROL POINT
- MEASURED DIMENSION
- RECORDED DIMENSION
- SURFACE FLOW
- WATER MANHOLE
- FIRE HYDRANT
- GATE VALVE
- BEEHIVE CATCH BASIN
- CURB CATCH BASIN
- STORM MANHOLE
- CULVERT/END SECTION
- SANITARY MANHOLE
- LIGHT POLE
- UTILITY POLE
- TELEPHONE RISER
- GAS MAIN RISER
- ELECTRIC LINE
- GAS MAIN
- WATER MAIN
- STORM LINE
- SANITARY LINE
- CABLE TV LINE
- PHONE LINE
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- WOOD FENCE
- BARBED WIRE FENCE
- PR STORM SEWER
- PR SANITARY SEWER
- PR WATER MAIN
- PR SILT FENCE
- PR TREE FENCE
- PR INLET FILTER
- PR CONCRETE
- PR ASPHALT
- PR GRAVEL
- PR CURB
- PR CONTOUR LINE
- PR SPOT GRADE



Solid Waste Generation

Office	1 lb/day per 100 sf	Wastecare Corporation Industry Standards/National Solid Waste Management Association
Residential (Apartment)	2.5 lbs/person	Wastecare Corporation Industry Standards/National Solid Waste Management Association
Residential (Apartment)	4 lbs/person	Wastecare Corporation Industry Standards/National Solid Waste Management Association

Approximately 30% of waste is recycled from USEPA data

Proposed Office

Building	Area	Waste per Day
Hickory Way III	766 sf	8 lbs/day
Total Waste		54 lbs/week
Trash Generated		38 lbs/week
Recycle Generated		16 lbs/week

Proposed Residential

Building	Units	Waste per Day
Efficiency	0	0 lbs/day
1 Bedroom	39	97.5 lbs/day
2 Bedroom	0	0 lbs/day
Total Waste		683 lbs/week
Trash Generated		478 lbs/week
Recycle Generated		205 lbs/week

Totals

Total Waste	736 lbs/week
Trash Generated	515 lbs/week
Recycle Generated	221 lbs/week

Conversion Factors

96 gal waste cart =	336 lbs	max capacity from City of Ann Arbor's website
1 gal waste =	3.5 lbs	max capacity from City of Ann Arbor's website
96 gal waste cart =	224 lbs	max capacity w/ 1.5 factor of safety
1 gal waste =	2.3 lbs	max capacity w/ 1.5 factor of safety
2 cy dumpster holds	400 lbs	Waste Management Capacity
2 cy dumpster holds	267 lbs	max capacity w/ 1.5 factor of safety
4 cy dumpster holds	800 lbs	Waste Management Capacity
4 cy dumpster holds	533 lbs	max capacity w/ 1.5 factor of safety
6 cy dumpster holds	1200 lbs	Waste Management Capacity
6 cy dumpster holds	800 lbs	max capacity w/ 1.5 factor of safety

Dumpsters Required w/o Compactor

2 cy dumpster	1.932315 ea	Trash per week
2 cy dumpster	0.828135 ea	Recycle per week
4 cy dumpster	0.966158 ea	Trash per week
4 cy dumpster	0.414068 ea	Recycle per week
6 cy dumpster	0.644105 ea	Trash per week
6 cy dumpster	0.276045 ea	Recycle per week

Dumpsters Provided

Trash Dumpster	1 ea	4 cy w/o compactor
Recycle Dumpster	1 ea	4 cy w/o compactor

SOLID WASTE NOTES:

- THE PAVEMENT SURFACE OF THE SOLID WASTE SERVICE ROUTE SHALL BE DESIGNED TO SUPPORT THE WEIGHT OF SOLIDE WASTE SERVICE VEHICLES (70,500 GVWR).
- THE CITY'S COMPOST PROGRAM DOES NOT CURRENTLY EXTEND TO MULTIFAMILY OR COMMERCIAL DEVELOPMENTS. PRELIMINARY SPACE FOR FUTURE MULTIFAMILY COMPOST COLLECTION MAY BE SHOWN ON THE PLANS NOTING THAT IT IS SUBJECT TO CHANGE DEPENDING ON WHAT THE COLLECTION NEEDS ARE DETERMINED TO BE. PRIVATE COMPOST SERVICE CAN BE ARRANGED THROUGH MY GREEN MICHIGAN.
- THE PROPERTY OWNER IS RESPONSIBLE FOR ALL SNOW AND ICE REMOVAL REQUIRED FOR SAFE ACCESS TO THE ENCLOSURES AND SERVICING OF THE SOLID WASTE CONTAINERS.

SOLID WASTE MANAGEMENT PLAN:

THE DEVELOPMENT PROPOSES TO PROVIDE BOTH REFUSE AND RECYCLING DUMPSTERS FOR STORAGE LOCATED IN THE DUMPSTER ENCLOSURE PROVIDED ON THE SOUTH SIDE OF THE PARKING LOT. CALCULATIONS ARE PROVIDED TO VERIFY THE NUMBER OF DUMPSTERS THAT ARE NEEDED TO SERVE THE PROJECT. ONE 4 CY DUMPSTER FOR TRASH AND ONE 4 CY DUMPSTER FOR RECYCLING WILL BE PROVIDED. ONE COLLECTION PER WEEK IS ANTICIPATED. TRUCKS WOULD ACCESS THE SITE FROM THE PROPOSED DRIVEWAY OFF S MAPLE ROAD AND THEN DRIVE WESTERLY TO THE LOCATION OF THE DUMPSTER PICK UP AREA AS SHOWN ON THE PLAN. A TURNAROUND AREA HAS BEEN PROVIDED FOR THE TRUCKS TO MANUEVER ON THE SITE. THE TRUCK WOULD EXIT THE SITE ON S MAPLE ROAD.

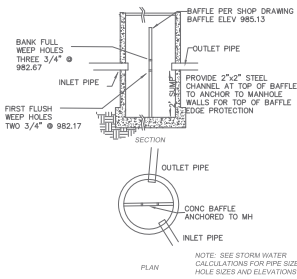


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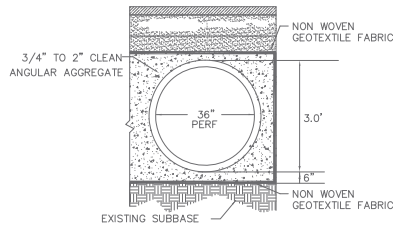
HICKORY WAY III
ANN ARBOR, MI
SITE PLAN
SOLID WASTE
MANAGEMENT PLAN



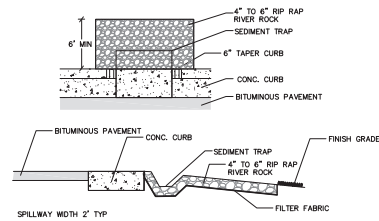
DATE	8-19-24
	6-19-24
	5-14-24
SCALE	1"=20'
SHEET NO.	SP-13



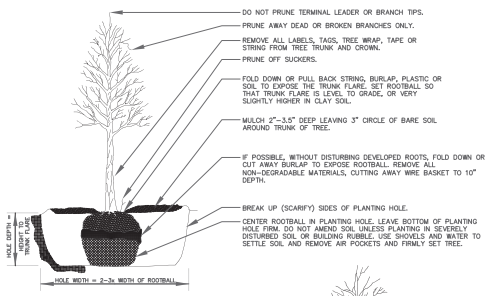
4' DIAMETER OUTLET STRUCTURE



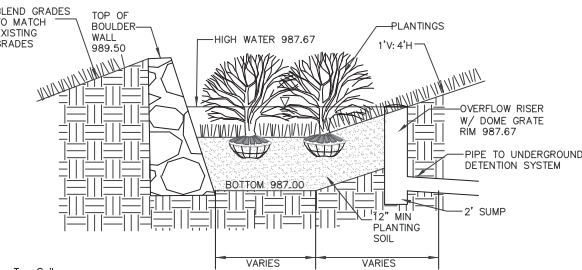
UNDERGROUND DETENTION SECTION



CURB CUT SPILLWAY AND SEDIMENT TRAP

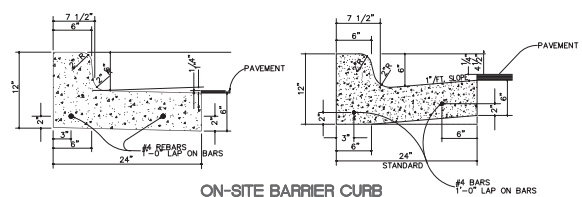


TREE PLANTING

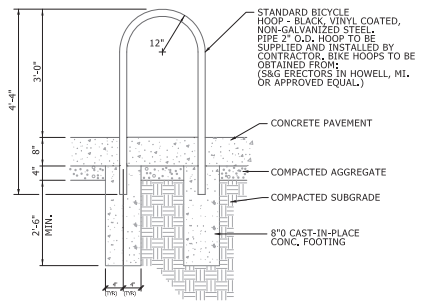


RAIN GARDEN/BIORETENTION CROSS-SECTION

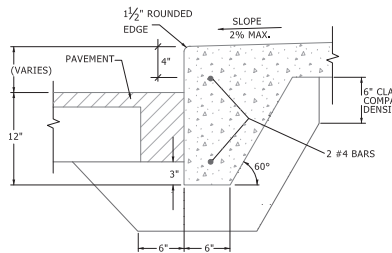
Top Soil
A
Topsoil planting mix in infiltration area shall be stockpiled or from offsite and shall be screened and meet the following criteria:
pH range between 5.5 - 6.5
organic content between 5 and 30%
sand 30-50%
clay content less than 5%



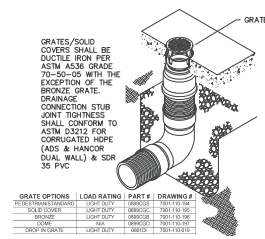
ON-SITE BARRIER CURB



ON-SITE BICYCLE HOOP DETAIL



ON-SITE THICKENED EDGE WALK DETAIL

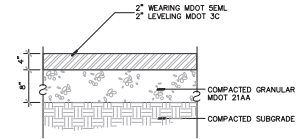


NYLOPLAST INLINE YARD DRAIN

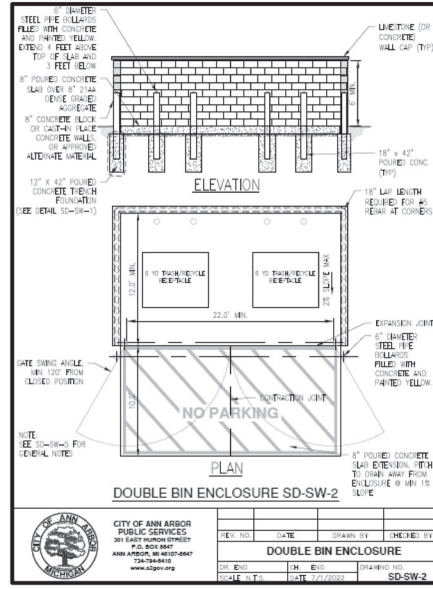
PERMANENT MAINTENANCE TASKS AND SCHEDULE

TASKS	Catch Basin Inlet Castings	Rain Gardens	Rip-Rap	Subsurface Infiltration	Emergency Overflow	SCHEDULE
Inspect for sediment accumulation	X	X	X	X	X	Following storms over 1 inch
Removal of sediment accumulation	X	X	X	X	X	As needed
Inspect for floatables and debris	X	X		X	X	Annually
Clearing of floatables and debris	X	X		X	X	Annually
Inspection for erosion		X	X			Annually
Re - establish permanent vegetation on eroded slopes		X				As needed
Replacement of stone			X			Every 3-5 years
Inspect Storm system components following storms of 1 inch or more	X	X	X	X	X	As needed
Make adjustments or replacements as determined by annual wet weather inspections	X	X	X	X	X	As needed
Keep records of inspections and maintenance activities and report to owner.	X	X	X	X	X	Annually
Keep records of costs for inspections, maintenance & repairs; report to owner.	X	X	X	X	X	Annually

The responsible party for implementing the maintenance plan will be the owner. The estimated cost for implementing the maintenance plan is \$1,000 annually.



ON-SITE BITUMINOUS PAVEMENT



CITY OF ANN ARBOR PUBLIC SERVICES 301 EAST HURON STREET ANN ARBOR MI 48106-0047 313-348-6810 www.a2gov.org		REV. NO.	DATE	DRAWN BY	CHECKED BY
DOUBLE BIN ENCLOSURE					
DES. NO.	IN. NO.	SCALE	DATE	DRAWING NO.	
			5/7/2022	SD-SW-2	



Macon Engineering, LLC.
P.O. Box 314, Chelsea, MI 48118
734-216-9941

HICKORY WAY III
ANN ARBOR, MI
SITE PLAN
DETAILS

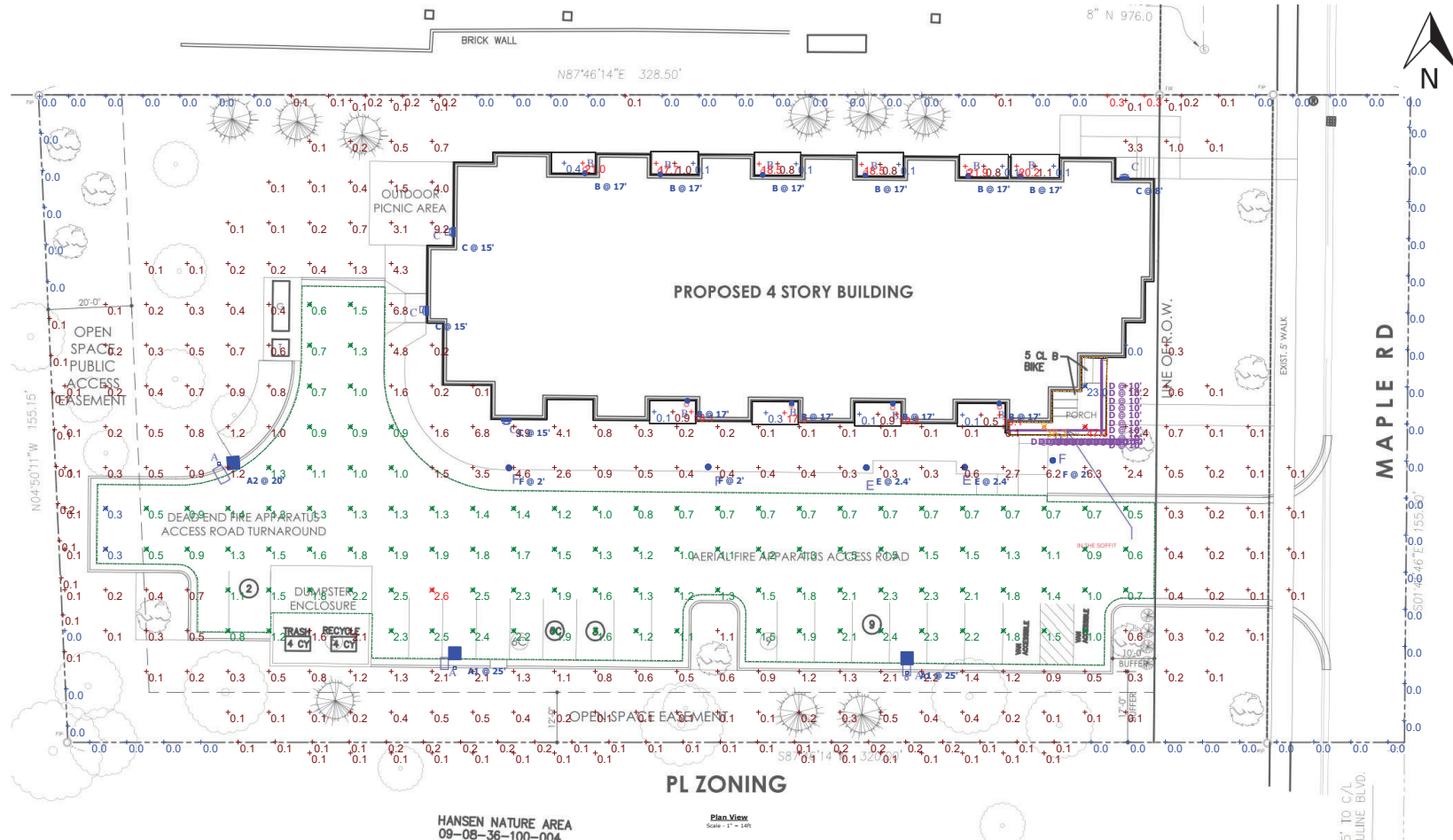


8-19-24
6-19-24
5-14-24
4-25-24
SCALE N.T.S.
SHEET NO. SP-14



HICKORY WAY III 1146 S MAPLE RD.
EXTERIOR PHOTOMETRIC PLAN
GASSER BUSH ASSOCIATES
WWW.GASSERBUSH.COM

Designer
Bk
Date
04/30/2024
Scale
Not to Scale
Drawing No.
#24-28511



General Note
1. SEE SCHEDULE FOR LUMINAIRE MOUNTING HEIGHT.
2. SEE LUMINAIRE SCHEDULE FOR LIGHT LOSS FACTOR.
3. CALCULATIONS ARE SHOWN IN FOOTCANDLES AT: GRADE

THE ENGINEER AND/OR ARCHITECT MUST DETERMINE APPLICABILITY OF THE LAYOUT TO EXISTING / FUTURE FIELD CONDITIONS. THIS LIGHTING LAYOUT REPRESENTS ILLUMINATION LEVELS CALCULATED FROM LABORATORY DATA TAKEN UNDER CONTROLLED CONDITIONS IN ACCORDANCE WITH ILLUMINATING ENGINEERING SOCIETY APPROVED METHODS. ACTUAL PERFORMANCE OF ANY MANUFACTURER'S LUMINAIRE MAY VARY DUE TO VARIATION IN ELECTRICAL VOLTAGE, TOLERANCE IN LAMPS, AND OTHER VARIABLE FIELD CONDITIONS. MOUNTING HEIGHTS INDICATED ARE FROM GRADE AND/OR FLOOR UP.

THESE LIGHTING CALCULATIONS ARE NOT A SUBSTITUTE FOR INDEPENDENT ENGINEERING ANALYSIS OF LIGHTING SYSTEM SUITABILITY AND SAFETY. THE ENGINEER AND/OR ARCHITECT IS RESPONSIBLE TO REVIEW FOR MICHIGAN ENERGY CODE AND LIGHTING QUALITY COMPLIANCE.

UNLESS EXEMPT, PROJECT MUST COMPLY WITH LIGHTING CONTROLS REQUIREMENTS DEFINED IN ASHRAE 90.1 2013. FOR SPECIFIC INFORMATION CONTACT GBA CONTROLS GROUP AT ASG@GASSERBUSH.COM OR 734-266-6705

Alternates Note
THE USE OF FIXTURE ALTERNATES MUST BE RESUBMITTED TO THE CITY FOR APPROVAL.

Drawing Note
THIS DRAWING WAS GENERATED FROM AN ELECTRONIC IMAGE FOR ESTIMATION PURPOSE ONLY. LAYOUT TO BE VERIFIED IN FIELD BY OTHERS.

Mounting Height Note
MOUNTING HEIGHT IS MEASURED FROM GRADE TO FACE OF FIXTURE. POLE HEIGHT SHOULD BE CALCULATED AS THE MOUNTING HEIGHT LESS BASE HEIGHT.

Statistics						
Description	Symbol	Avg	Max	Min	Max/Min	Avg/Min
Balcony 2	+	6.3 fc	17.7 fc	0.1 fc	177.0:1	63.0:1
Balcony 3	+	6.5 fc	18.5 fc	0.1 fc	185.0:1	65.0:1
Balcony 4	+	6.5 fc	18.5 fc	0.1 fc	185.0:1	65.0:1
Balcony 5	+	7.6 fc	21.9 fc	0.1 fc	219.0:1	76.0:1
Balcony 6	+	7.1 fc	20.2 fc	0.1 fc	202.0:1	71.0:1
Balcony 7	+	6.4 fc	18.1 fc	0.1 fc	181.0:1	64.0:1
Balcony 8	+	8.9 fc	17.5 fc	0.3 fc	58.3:1	29.7:1
Balcony 9	+	6.7 fc	19.2 fc	0.1 fc	192.0:1	67.0:1
Balcony 10	+	6.6 fc	19.1 fc	0.1 fc	191.0:1	66.0:1
Overall/Grade	+	1.4 fc	47.3 fc	0.0 fc	N/A	N/A
Parking & Drive Lanes	✕	1.4 fc	2.6 fc	0.3 fc	8.7:1	4.7:1
Porch	✕	36.2 fc	47.3 fc	23.0 fc	2.1:1	1.6:1
Property Line	+	0.1 fc	0.3 fc	0.0 fc	N/A	N/A
Balcony 1	+	10.7 fc	21.0 fc	0.4 fc	52.5:1	26.8:1

Schedule									
Symbol	Label	QTY	Manufacturer	Catalog	Description	Lamp Output	LLF	Input Power	
□	A1	2	Lithonia Lighting	DSX1 LED	D-Series Size 1 Area Luminaire	11348	0.9	102.1727	
□	A2	1	Lithonia Lighting	DSX1 LED	D-Series Size 1 Area Luminaire	5569	0.9	50.9	
○	B	10	Luminis Canada Inc.	SQ600	Syrios Square 6	2509	0.9	25.6	
□	C	4	Lithonia Lighting	WPX2 LED	WPX2 LED	5896	0.9	47.77	
—	D	21	Hydrel	HLC502	Hycove 502	1163	0.9	11.49	
○	E	2	Luminis Lighting	LN602	LN602	2149	0.9	23	
○	F	3	Luminis Lighting	LN601B	LN601B	1120	0.9	11	



DATE: _____
 MODEL: _____
 TYPE: _____



HLC502 Linear Cove

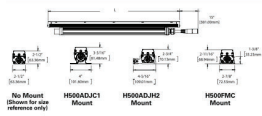
Tunable White TUWW and Warm Dimming WDM

HIGHLIGHTS

- Designed as low profile units to wash walls and ceilings with beautiful lighting
- One-piece extruded aluminum housing lending both high quality and longevity
- IP60 rated per IEC60598
- Available in 2ft, 3ft, or 4ft lengths with wide open distribution, placing the light where it is required
- DMX controllable with Remote Device Management (RDM) capability
- 30 vibration rated per ANSI C136.31

Model	Length	Weight
HLC02	2ft	1.10 lbs
HLC03	3ft	1.65 lbs
HLC04	4ft	2.20 lbs

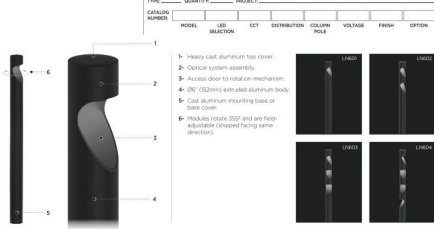
DIMENSIONS



LUMEN PACKAGES

Defined Package	2FT	3FT	4FT
Warm	1130	1695	2260
White	1130	1695	2260
DMX	101	151	201
DMX	101	151	201

LUMINIS LN601/LN602/LN603/LN604 SERIES INLINE COLLAR



MATERIALS
 Frame is made of corrosion resistant 306 heavy duty cast aluminum alloy with a copper (CU) content of less than 0.1% with stainless steel hardware

ELECTRICAL DRIVER
 Standard driver is 0-10V dimming-ready (80% to 100%) with 100-277 multi-volt compatibility (50/60Hz), operating temperature of 40°C/104°F to 50°C/122°F, outdoor over voltage protection, output over current protection, output short circuit protection with auto-recovery.

LIFE
 100,000h L70, based on IESNA TM-30 Test Method and LM-80 data. Up to 70,000h L70, (unpublished projection from LM-80 data)

FINISH
 Five-stage preparation process including pre-treating of cast aluminum parts for an extraction, and an environmentally friendly, self-sealing, Polyester powder coating is applied through an electrostatic process and cured over long term finish.

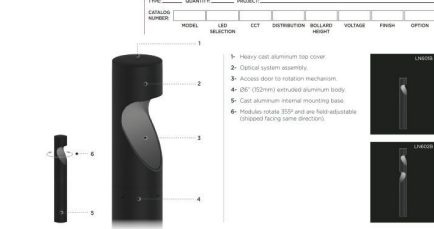
MOUNTING
 Mounts with a set of 4 1/2" x 15/16" or 3/4" x 1/8" galvanized anchor bolts. See page 1 for mounting details.

CERTIFICATION
 Certified and approved as per CSA C22.2 No. 250 standard and ANSI/UL 1598 standard for wall location. Rated IP60. Photometric testing performed by an independent laboratory in accordance with IES LM-79-09 standard at 25°C. Lumen depreciation in accordance with IESNA LM-80 standard.

Model	LN601	LN602	LN603	LN604
Light output range	176 - 228	228 - 280	280 - 332	332 - 384

*These weights not included here. Refer to page 1 and 2 for different pole lengths and additional EDA information.

LUMINIS LN601B/LN602B SERIES INLINE BOLLARD



MATERIALS
 Frame is made of corrosion resistant 306 heavy duty cast aluminum alloy with a copper (CU) content of less than 0.1% with stainless steel hardware

ELECTRICAL DRIVER
 Standard driver is 0-10V dimming-ready (80% to 100%) with 100-277 multi-volt compatibility (50/60Hz), operating temperature of 40°C/104°F to 50°C/122°F, outdoor over voltage protection, output over current protection, output short circuit protection with auto-recovery.

LIFE
 100,000h L70, based on IESNA TM-30 Test Method and LM-80 data. Up to 70,000h L70, (unpublished projection from LM-80 data)

FINISH
 Five-stage preparation process including pre-treating of cast aluminum parts for an extraction, and an environmentally friendly, self-sealing, Polyester powder coating is applied through an electrostatic process and cured over long term finish.

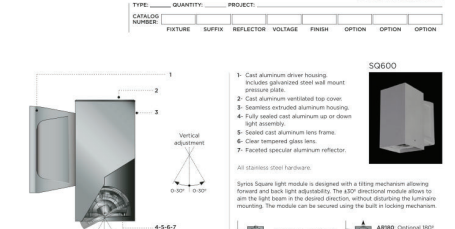
MOUNTING
 Mounts with a set of 4 1/2" x 15/16" or 3/4" x 1/8" galvanized anchor bolts. See page 1 for mounting details.

CERTIFICATION
 Certified and approved as per CSA C22.2 No. 250 standard and ANSI/UL 1598 standard for wall location. Rated IP60. Photometric testing performed by an independent laboratory in accordance with IES LM-79-09 standard at 25°C. Lumen depreciation in accordance with IESNA LM-80 standard.

Model	LN601B	LN602B
Light output range	176 - 228	228 - 280

*These weights not included here. Refer to page 1 and 2 for different pole lengths and additional EDA information.

LUMINIS SQ600 SERIES SYRISOS SQUARE WALL UP OR DOWN LIGHT



MATERIALS
 Syrisos Square is made of corrosion resistant 306 aluminum alloy with a copper (CU) content of less than 0.1%.

ELECTRICAL DRIVER
 Standard driver is 0-10V dimming-ready (80% to 100%) with 100-277 multi-volt compatibility (50/60Hz), operating temperature of 40°C/104°F to 50°C/122°F, outdoor over voltage protection, output over current protection, output short circuit protection with auto-recovery.

LIFE
 100,000h L70, based on IESNA TM-30 Test Method and LM-80 data. Up to 70,000h L70, (unpublished projection from LM-80 data)

FINISH
 Five-stage preparation process including pre-treating of cast aluminum parts for an extraction, and an environmentally friendly, self-sealing, Polyester powder coating is applied through an electrostatic process and cured over long term finish.

MOUNTING
 Maximum weight 9.5 lbs (4.3 kg). The mounting plate is designed to fit on a 4" (102mm) rectangular electrical box using 3/8" (9.5mm) CC mounting holes.

Model	SQ600
Light output range	176 - 228

*These weights not included here. Refer to page 1 and 2 for different pole lengths and additional EDA information.

D-Series Size 1 LED Area Luminaire

Specifications

Depth:	6.69 in (170 mm)
Length:	32.71 in (831 mm)
Width:	14.26 in (362 mm)
Height H1:	7.88 in (200 mm)
Height H2:	2.73 in (69 mm)
Weight:	34 lbs (15 kg)

Introduction
 The modern styling of the D-Series features a highly refined aesthetic that blends seamlessly with its environment. The D-Series offers the benefits of the latest in LED technology into a high performance, high efficacy, long-life luminaire.

The photometric performance results in sites with excellent uniformity, greater pole spacing and lower power density. D-Series outstanding photometry aids in reducing the number of poles required in area lighting applications with typical energy savings of 65% and expected service life of over 100,000 hours.

Ordering Information EXAMPLE: DSX1 LED P7 40K/703R 12M MVOLT SPA N1A2R2 FIRH9 DOXB2

Series	Size	Color Temperature	Beam Spread	Mounting	Accessories
DSX1B	P7	40K	703R	12M	N1A2R2 FIRH9 DOXB2
DSX1B	P7	30K	300K	300K	300K
DSX1B	P7	40K	400K	400K	400K
DSX1B	P7	50K	500K	500K	500K
DSX1B	P7	60K	600K	600K	600K
DSX1B	P7	70K	700K	700K	700K
DSX1B	P7	80K	800K	800K	800K
DSX1B	P7	90K	900K	900K	900K
DSX1B	P7	100K	1000K	1000K	1000K

WPX LED Wall Packs

Specifications

Depth:	6.69 in (170 mm)
Length:	32.71 in (831 mm)
Width:	14.26 in (362 mm)
Height H1:	7.88 in (200 mm)
Height H2:	2.73 in (69 mm)
Weight:	34 lbs (15 kg)

Introduction
 The WPX LED wall packs are energy-efficient, cost-effective, and aesthetically appealing solutions for both HD wall pack replacement and new construction opportunities. Available in three sizes, the WPX family delivers 1,550 to 5,200 lumens with a wide, uniform distribution.

The WPX full cut-off solutions fully cover the footprint of the HD glass wall packs that they replace, providing a neat installation and an upgraded appearance. Reliable IP66 construction and excellent LED lumen maintenance ensure a long service life. Photovolt and emergency ingress battery options make WPX ideal for every wall mounted lighting application.

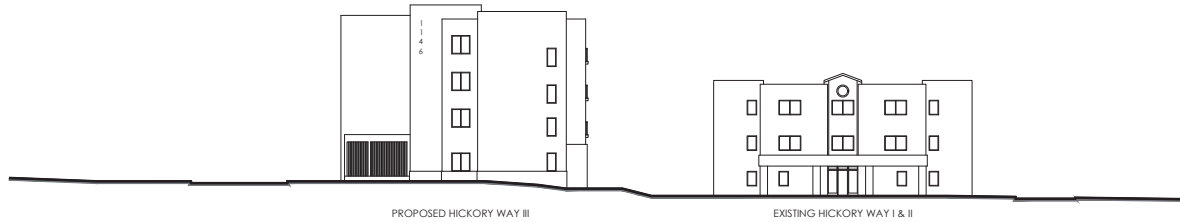
Ordering Information EXAMPLE: WPX2 LED 40K MVOLT DOXB2

Series	Color Temperature	Output	Options	Finish
WPX1B	1,550 Lumens, 180°	30K 300K	MOX1 10V 27V	300K
WPX1B	2,900 Lumens, 280°	40K 400K	30V 34V2	300K
WPX1B	4,350 Lumens, 470°	50K 500K		300K
WPX1B	5,200 Lumens, 500°			300K



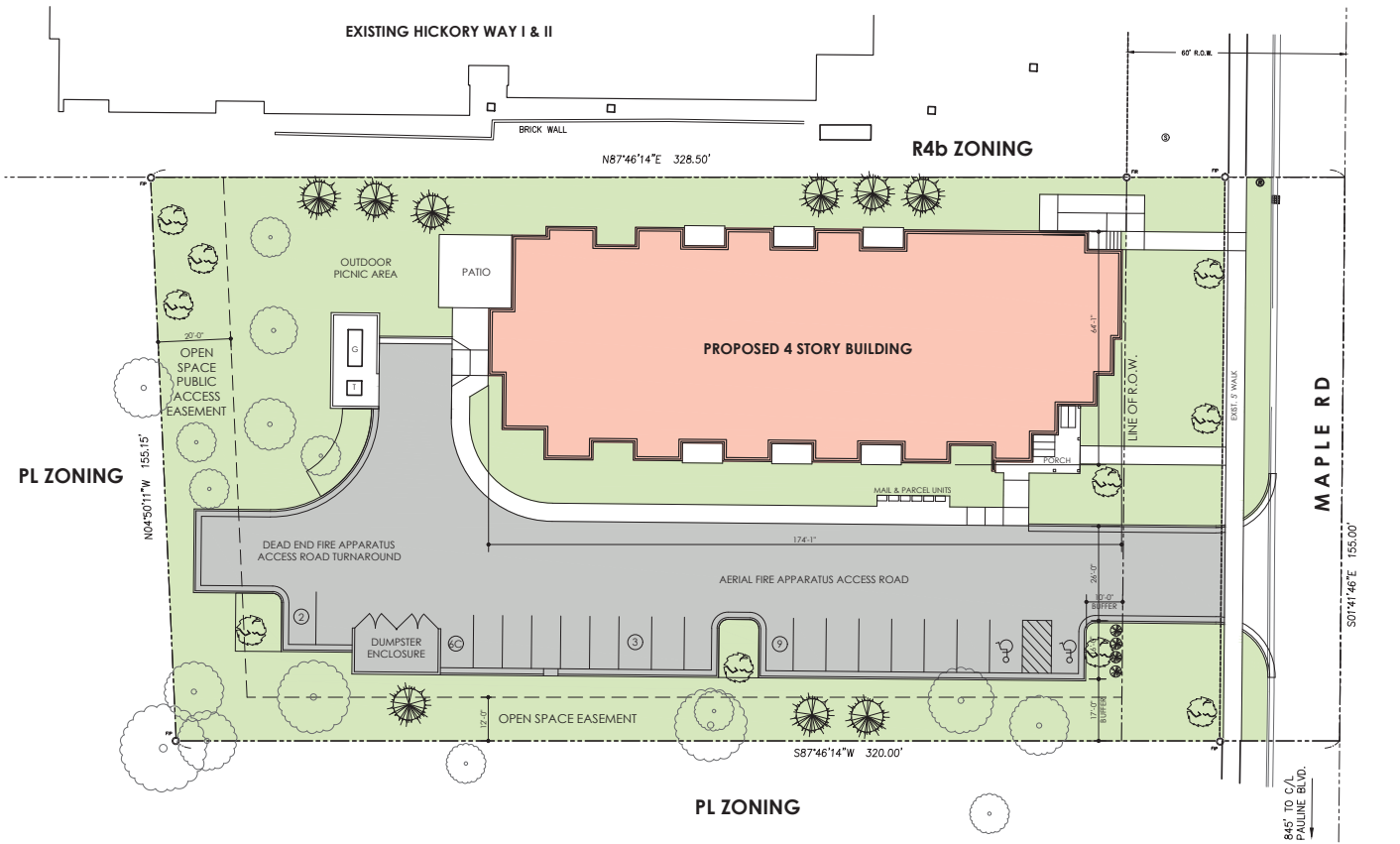
HICKORY WAY III 1146 S MARLE RD
 EXTERIOR PHOTOMETRIC PLAN
 GASSER BUSH ASSOCIATES
 WWW.GASSERBUSH.COM

Designer: Bx
 Date: 04/30/2024
 Scale: Not to Scale
 Drawing No: #24-28511



VERTICAL SITE SECTION

SCALE: 1/16"=1'-0"



SITE DATA

ZONING	EXISTING	TWP
	PROPOSED	PUD
SITE AREA	1.15 ACRES	
BUILDING USE	LOW INCOME & PERMANENT SUPPORTIVE HOUSING (MSHDA 9%)	
BUILDING HEIGHT	4 STORY (48')	
TOTAL UNIT COUNT		
	FIRST FLOOR	6
	SECOND FLOOR	11
	THIRD FLOOR	11
	FOURTH FLOOR	11
	TOTAL	39
BUILDING AREA		
	FIRST FLOOR	9,569
	SECOND FLOOR	9,294
	THIRD FLOOR	9,294
	FOURTH FLOOR	9,294
	TOTAL	37,451
VEHICLE PARKING		
	REQUIRED	0
	PROVIDED	20



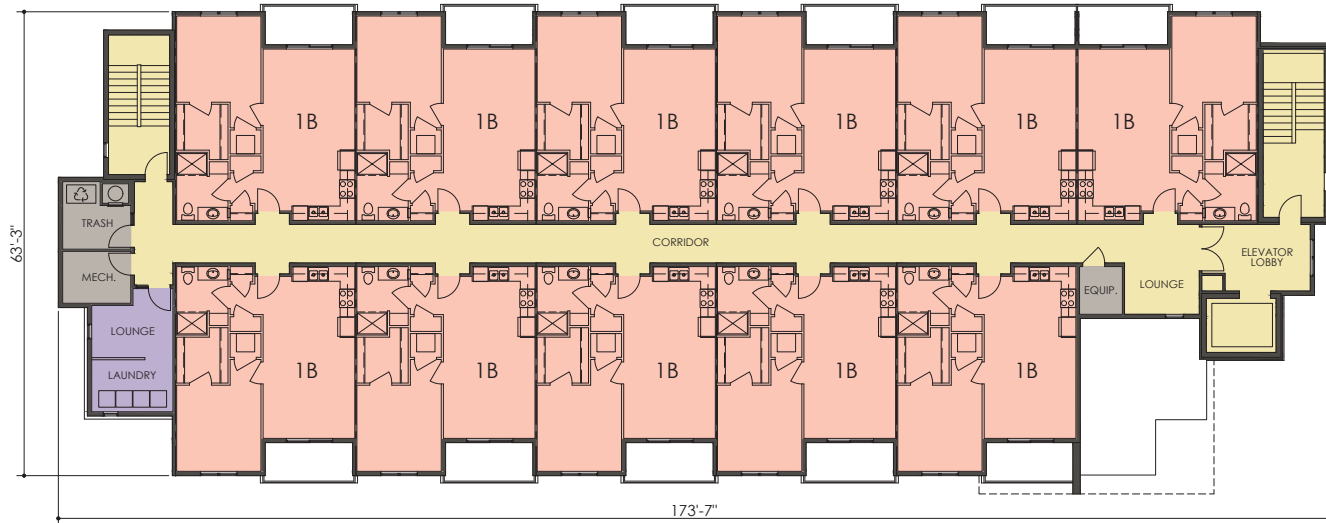
PROPOSED SITE PLAN

SCALE: 1/16"=1'-0"

HICKORY WAY III
ANN ARBOR MICHIGAN

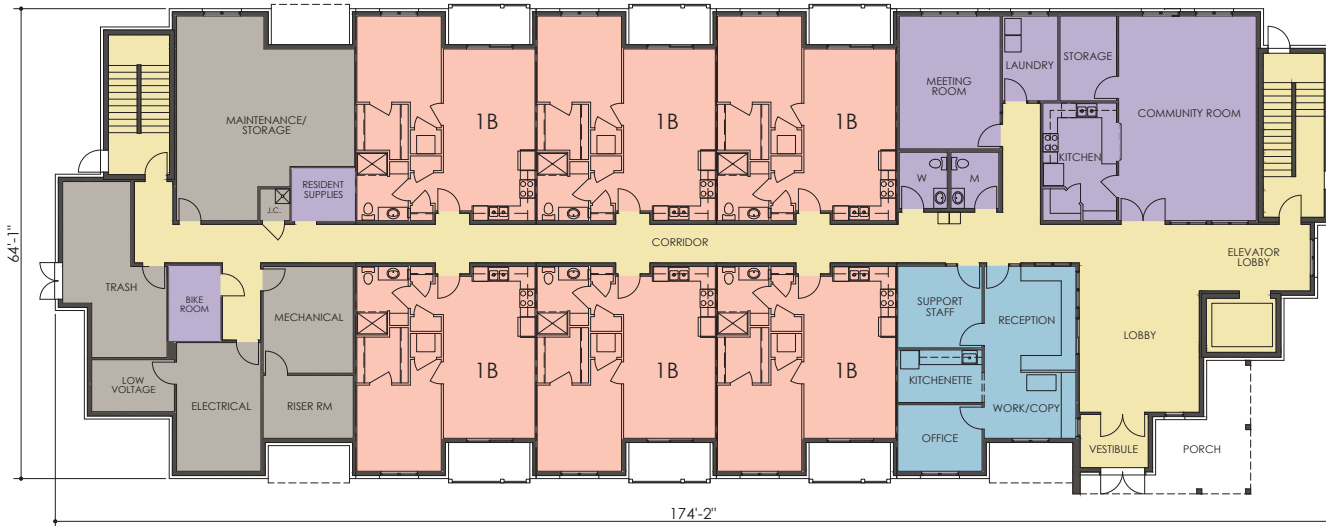
FUSCO,
SHAFFER &
PAPPAS, INC.
ARCHITECTS AND PLANNERS
550 EAST NINE MILE ROAD
PERDUE MICHIGAN 48220
734.248.5610 FAX 734.248.4841
www.fsparchitects.com

REVIEW
APRIL 29, 2024
AS.100

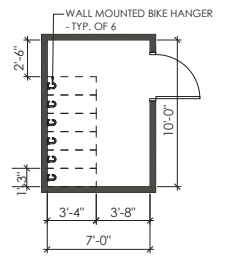


SECOND - FOURTH FLOOR PLAN SCALE: 1/8"=1'-0"

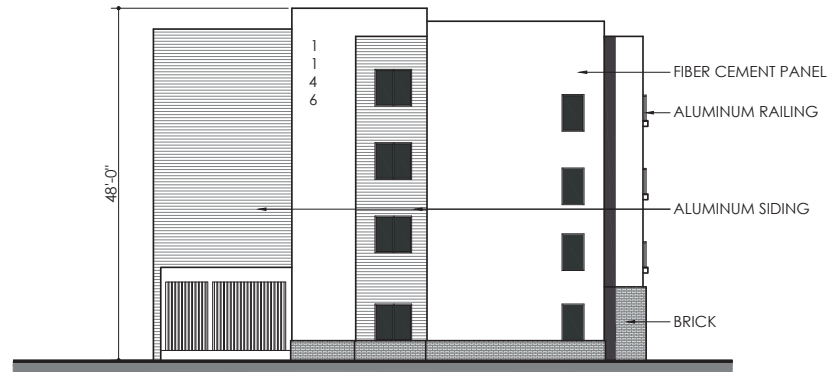
- RESIDENT UNITS
- COMMON AREAS
- ADMINISTRATIVE
- CIRCULATION
- BUILDING SUPPORT



FIRST FLOOR PLAN SCALE: 1/8"=1'-0"



CLASS 'A' BIKE ROOM DETAIL
SCALE: 1/4"=1'-0"



ELEVATION at MAPLE RD SCALE: 1/8"=1'-0"



FRONT ELEVATION

SCALE: 1/8"=1'-0"

HICKORY WAY III
ANN ARBOR MICHIGAN

**FUSCO,
SHAFFER &
PAPPAS, INC.**
ARCHITECTS AND PLANNERS
550 EAST NINE MILE ROAD
FERRISVILLE, MICHIGAN 48120
PH 248.543.4100 FAX 248.543.4141
www.fcparchitects.com

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A.200



END ELEVATION

SCALE: 1/8"=1'-0"



REAR ELEVATION

SCALE: 1/8"=1'-0"

HICKORY WAY III
ANN ARBOR MICHIGAN

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PAPPAS, INC.**
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PERDUE MICHIGAN 48220
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HICKORY WAY III
ANN ARBOR MICHIGAN

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SHAFFER &
PAPPAS, INC.
ARCHITECTS AND PLANNERS

Hickory Way Apartments Phase III

Community Engagement

8/29/2024

Avalon has conducted various community engagement opportunities around our proposed development.

Consistent with the City planning process, we held a community Citizen's Participation prior to submitting for site plan. Notices were sent to all households within 1000 feet of the site. The meeting was held on April 3, 2024. At the meeting, the project team describe the site, current plans for the development, environmental conditions, intended populations, and schedule and took questions for those in attendance.

In addition to the required Citizen Participation meeting the Design Team also held a meeting with tenants of HWA I and HWA II, along with staff. We were able to garner valuable feedback at this meeting from their experience living and working in a similar building.

In addition, we also attended the publicly noticed Pre-petition meeting of the Planning Commission on May 7, 2024, providing another public forum for discussion and feedback.

Attached please find the Citizen Participation Plan write-up



1146 S. Maple Road
Citizen / Community Participation Meeting Report
Wednesday, April 3, 2024 6-8pm

Development Presentation Team

- **Avalon Housing, Inc.** - Sponsor/Developer/Property Manager
 - **Wendy Carty-Saxon** - Director of Real Estate Development
 - **Molly Smith** - Director of Services
- **TRIBE Development** - Development Consultant
 - **Brandon Hodges** - Principal
- **Fusco, Shaffer & Pappas Inc.,** - Architects
 - **Scott Kelley** - Project Manager
 - **Venessa Cruz** - Project Designer
- **Macon Engineering LLC** - Civil Engineer
 - **Kathy Keinath** - Owner

Meeting Details

A public engagement session was held online via Zoom (virtually) on Wednesday, April 3, 2024 at 6:00pm. The objective of this meeting was to engage the community on the concept and history behind the affordable housing development for the site located at 1146 S. Maple Road while receiving public input on proposed plans.

1242 postcards were mailed to addresses per the list provided by the City of Ann Arbor. Households within 1000 feet of the proposed development received notice of the public meeting, per the City's requirement. Roughly 46 postcards were returned as they were unable to be delivered.

There were seventeen (17) virtual attendees, including the development team listed above. Fifteen (15) attendees signed in via the Zoom survey sign-in during the Zoom meeting. Two (2) attendees did not provide their contact information.

The summary includes the following additional documents:

- Meeting Presentation Summary
- Comments received via voicemail and email
- Public Notice Postcard
- Virtual sign-in record from the Zoom survey form
- Presentation Slides

Meeting Presentation Summary

- **Location of Project:**
 - 1146 S. Maple Road site, sometimes referred to as Hickory Way Apartments Phase III
 - Located on the west side of Ann Arbor just north of Pauline on S. Maple
- **Avalon Housing Team Members Attending the Meeting:**
 - Wendy Carty-Saxon, Director of Real Estate Development
 - Tara Tarbox, Director of Property Management
 - Molly Smith, Director of Services
 - Bri Carpenter, Director of Employee Experience & Culture
 - Joel Barson, Asset & Compliance Manager
 - Scott Parker, Real Estate Project Manager
 - Grayson Carr, Property Manager
- **Welcome & Housekeeping Ground Rules**
- **Avalon Housing Overview**
 - Avalon Housing began their work in 1992
 - Build and develop properties in Washtenaw County
 - Currently have 388 units in 29 properties
 - 27 properties are located within the City of Ann Arbor
 - Avalon has completed 5 other new construction developments to date
 - 4 are in the City of Ann Arbor
 - 3 additional new construction developments are currently in the pipeline
 - Partner with private landlords and provide services throughout Washtenaw County
 - Partnership with the Ann Arbor Housing Commission (AAHC)
 - Provide services with the AAHC developments
 - Overall, Avalon serves around 800 people including about 200 children
 - Avalon's Mission

- Avalon follows an evidence based model called *housing first*
 - prioritize moving people directly into housing
- Recognize housing as a basic human right and the foundation to stabilization
- Avalon's services, paired with affordable permanent housing begin before a tenant even moves in
 - Avalon provides pre-tenancy supports (document gathering; preparing to enter housing)
- Services continue once housed
 - Help to address unmet needs, identify areas of skill building, basic household management, financial literacy, and resolve issues that may impact housing stability going forward as well as quality of life
 - General social work services, case management, care coordination, working with the school, community building
- Avalon's target population for permanent supportive housing is those most in need community members
 - individuals or families struggling with a lot of unmet behavioral needs, chronic medical conditions, and are below the poverty limit
 - Avalon's services are voluntary but very individualized to address a wide spectrum of needs
- **Development Team**
 - Avalon Housing Inc.: Sponsor/Developer/Property Manager
 - Fusco, Shaffer & Pappas, Inc.: Architect
 - TBD: General Contractor
 - Macon Engineering: Civil Engineer
 - ASTI Environmental: Environmental Consultant
 - Environmental Consulting and Technology Inc. (ECT): Wetland Consultant
 - TRIBE Development: Development Consultant
- **Site Overview**
 - Site is just over an acre and adjacent to S. Maple Road
 - Existing home on the site; Avalon is buying the site from the City of Ann Arbor
 - Currently in Scio Township
 - Will need to go through annexation process

- Will seek a Planned Unit Development (PUD) zoning designation through the site plan approval process
 - Located next to Avalon's Hickory Way I and II properties (70 units of affordable housing, all one bedrooms)
 - Wetland Condition
 - There is a small, unregulated wetland identified on the property (0.08 acres)
 - The development team will work with local officials and our wetland consultant to ensure proper adherence to all required mitigation
- **Development Overview**
 - Total Units: 39 units
 - Unit Mix: 1 bedroom units
 - Population Served: Up to 60% Area Median Income tenants w/ at least 35% of units designated as Supportive Housing units
 - Development Amenities:
 - Community Room
 - Laundry room on each floor
 - Outside communal gathering space
 - On-Site tenant services
 - Central Air Conditioning
 - High Speed Internet
 - Resident Bike Storage
 - Green- National Green Building Standard (green plus net zero)
 - Building will sit close to S. Maple Road and to the north of the property to be closer to Avalon's Hickory Way I property
 - 20 parking spaces
 - Picnic area in the back
 - 4 stories
 - First floor: community spaces, offices and meetings spaces, lobby, mechanical rooms, trash disposal, bike storage
 - Floors 2-4: laundry, trash shoot, lounge
 - Each unit has its own balcony
 - Sustainable building materials
 - High efficiency components
 - Building will include an elevator
- **Financing**
 - MSHDA 9% Low Income Housing Tax Credits

- Washtenaw County HOME Funds
- Ann Arbor Payment In Lieu of Taxes (PILOT)
- Ann Arbor Housing Commission (AAHC) Housing Vouchers
- City of Ann Arbor Affordable Housing Millage
- Federal Home Loan Bank AHP Funding (Potential)
- Corporation for Supportive Housing (CSH) Project Initiation Loan
- Senior Construction Loan (TBD)

Schedule

Site Plan Submission: Spring 2024

LIHTC Submission: October 2024

Est. LIHTC Award: December 2024

Construction Commencement: Summer 2025

Construction Completion: Spring 2027

Q&A

Questioner's Comments:

Asked about the finality of Hickory Way III's construction

Noted police activity at Hickory Way I & II

Concerned about the presence of citizens listed on the Sex Offender Registry for the State of Michigan

Concerned about the impact on property values and a local school

Staff Response:

Affirmed Avalon's concern about reported behavior and involvement with tenants/community to address issues

Described Avalon's wrap-around support model

Report continues with the following additional documentation:

- Comments received via voicemail and email
- Public Notice Postcard
- Virtual sign-in record from the Zoom survey form
- Presentation Slides

Comments received prior to the meeting via voicemail or email:

None Received

Avalon Housing Inc.
1327 Jones Drive Suite 102
Ann Arbor, MI 48105

RESIDENT PARTICIPATION OPPORTUNITY!

You are invited to attend a Resident Participation Meeting hosted by the Developer for a project near you. At this meeting you will have the opportunity to learn about the proposed project, ask questions, and submit comments. A report of the meeting will be prepared by the Developer and submitted to the City of Ann Arbor with their final application. The report will include attendance, a summary of the meeting, and any written correspondence received by the Developer.

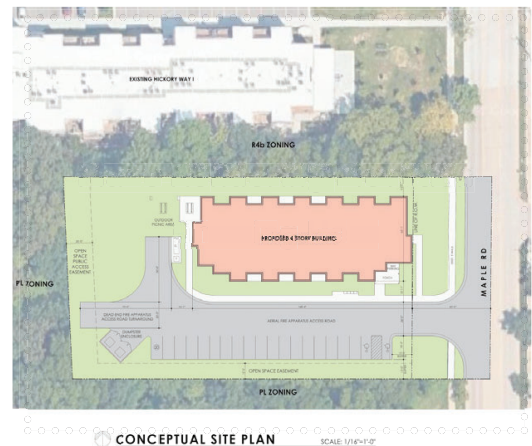
RESIDENT PARTICIPATION MEETING!

A PUBLIC MEETING IS BEING HELD BY **Avalon Housing Inc.**

FOR A PROJECT AT **1146 S. Maple Road**

Avalon Housing Inc. cordially invites residents and property owners within 1,000 ft of the proposed development site to a Virtual Citizen Participation Meeting.

The proposed development is a new construction multifamily building containing 39 units (all 1 bedrooms). The building will include 4 stories, serviced by an elevator, as well as community space. The development will result in the demolition of an existing single family home and the site includes 1.18 acres.



MEETING INFORMATION

Date: **Wednesday, April 3, 2024**

Time: **6pm**

Place: **Virtual Zoom Link: <https://us02web.zoom.us/j/89391217886>**

Meeting ID: 893 9121 7886 or Dial by Phone: (646) 931-3860

Accommodations for individuals with disabilities can be arranged by contacting:

Rachel Bush at 734-663-5858 ext 228 or rbush@avalonhousing.org

**Please contact Wendy Carty-Saxon for questions or comments on the Development:
wcarty-saxon@avalonhousing.org or 734-663-5858 ext 211.**

In accordance with the City of Ann Arbor's Citizen Participation Ordinance, the Developer for the above project is notifying residents and property owners within 1,000 feet of the above address. If this project is placed on an agenda for the City Planning Commission, the City of Ann Arbor will notice residents and property owners within 300 ft. of the above address. If you would like to be notified if this project is placed on a City Planning Commission agenda, please contact City of Ann Arbor Planning Services at 734-794-6265 or planning@a2gov.org.

**1146 S. Maple Road
Citizen / Community Participation Meeting
Wednesday, April 3, 2024 6-8pm
Sign-in via Zoom Survey**

Full Name	Mailing Address	Email Address
Joel Barson	1240 W Cross Street, Ypsilanti, MI 48197	jbarson@avalonhousing.org
Wendy Carty-Saxon	1327 Jones Dr., Suite 102, Ann Arbor, MI 48105	wcarty-saxon@avalonhousing.org
Alex Kydd	1245 S. Maple Rd.	ajkydd@gmail.com
Brandon Hodges	Member of development team	bhodges@tribedevelopment.city
Briana Carpenter	350 n mansfield st ypsilanti, mi	bcarpenter@avalonhousing.org
Dave Snyder	2151 Pauline Ct	dgs@umich.edu
Venessa Cruz	550 E. Nine Mile Rd, Ferndale MI 48220	vcruz@fsparch.com
Grayson Carr	1013 Fountain St #1, Ann Arbor, MI 48103	gcarr@avalonhousing.org
Henry Nelson	1319 Ardmoor Avenue	xodthemighty@gmail.com
Kathy Keinath	11245 Boyce, Chelsea, MI 48118	kjkeinath@yahoo.com
Molly Smith	Avalon Housing	msmith@avalonhousing.org
Scott Parker	1327 Jones Dr #102 48105	sparker@avalonhousing.org
Tara Tarbox	1327 Jones Dr. Ste. 102 Ann Arbor, MI 48105	ttarbox@avalonhousing.org
Scott A. Kelley	550 East Nine Mile Rd. Ferndale. Michigan	skelley@fsparch.com
Beverly Winkelmann	1235 S. Maple 204	binkel@comcast.net

**1146 S. Maple Road
Citizen / Community Participation Meeting
Wednesday, April 3, 2024 6-8pm
Additional Participants on the Zoom who did not sign-in via the Zoom Survey**

(248) 877-8999		
Christine Folks		

Hickory Way Phase 3

1146 S. Maple Rd. Ann Arbor, MI 48103

Citizen
Participation
Meeting

April 3, 2024 6pm



Agenda

- Welcome & Housekeeping Ground Rules
- Avalon Housing Overview
- Development Team
- Site Overview
- Development Overview
- City Incentives & Entitlements
- Schedule
- Q&A

Welcome & Housekeeping Ground Rules

- Please sign-in
- Please mute yourself during the presentation
- Please be respectful
- Please pose all questions in the chat
- All questions will be answered during Q&A in the order they were received

***Our goal is to create a safe space for all participants**



Avalon Housing Overview: Team



Avalon Housing Overview: Mission

Our Mission

Our mission is to build healthy, safe and inclusive supportive housing communities as a long-term solution to homelessness.



We Offer Support

Avalon's number one goal is to help people and families stay in their homes. We do this by building positive relationships inside our properties and across Washtenaw County.

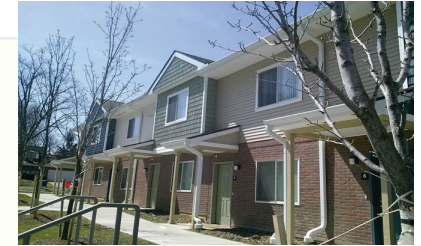
Through the support of donors and community partners, Avalon Housing tenants and clients can choose from a wide range of one-on-one supportive services.

- Case management: assessment, goal setting and action plans
- Access to our 24/7 on-call crisis response
- Assistance with basic needs and maintaining a safe and healthy household
- Advocacy and support with healthcare, substance use and mental health systems
- Primary medical care
- Medication management and transportation to critical appointments
- Support and advocacy around parenting and child welfare
- Financial advice and eviction prevention plans for at-risk tenants

Avalon Housing Overview: Population Served



Our Approach We Create Homes for Good



Since 1992, Avalon Housing has been Washtenaw County's leading provider of affordable, long-term housing with built-in care and support for our neighbors who need it.

This approach, known as supportive housing, is widely considered the best long-term solution to homelessness. Supportive housing prioritizes the health and well-being of every tenant by providing resources to help them stay—and thrive—in their homes.



Development Team

- Sponsor/Developer: Avalon Housing
- Architect: Fusco, Shaffer & Pappas Inc.
- Contractor: TBD
- Civil Engineer: Macon Engineering
- Environmental Consultant: ASTI Environmental
- Wetland Consultant: Environmental Consulting and Technology Inc. (ECT)
- Property Manager: Avalon Housing
- Development Consultant: TRIBE Development

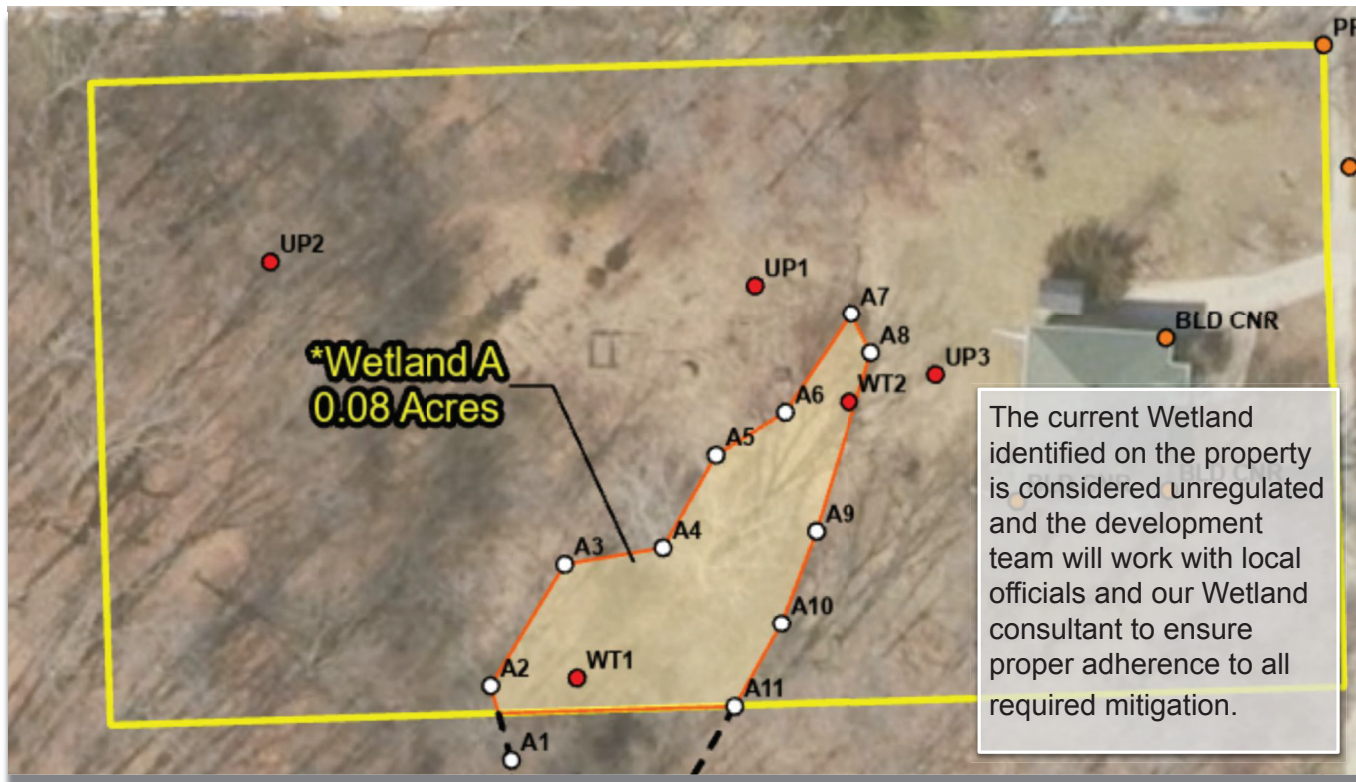
Site Overview



Site Overview: Zoning & Annexation



Site Overview: Wetland Condition



Development Overview

Total Units: 39 units

Unit Mix: 1BR units

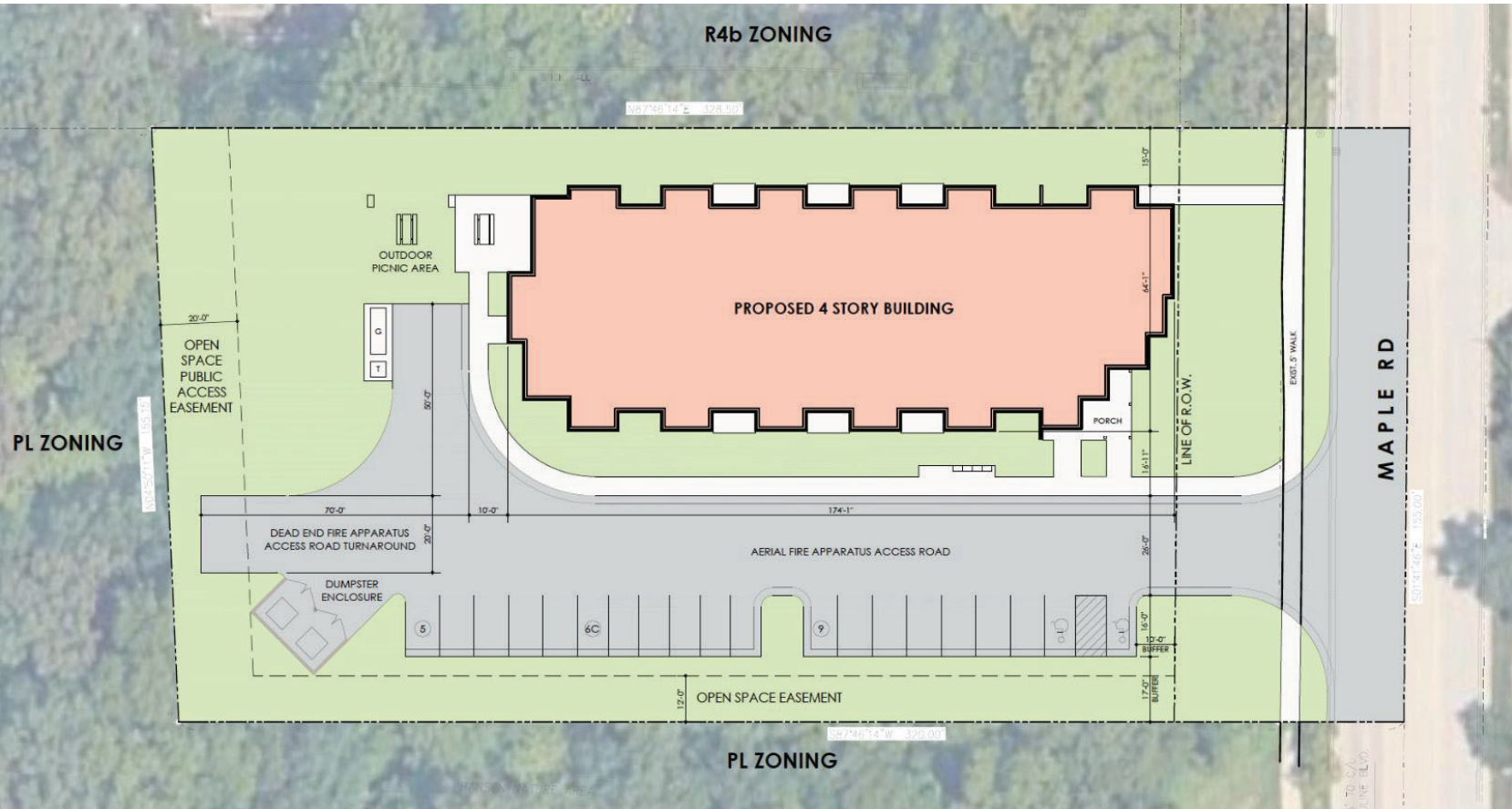
Population Served: Up to 60% Area Median Income tenants w/ at least 35% of units designated as Supportive Housing units

Development Amenities:

- Community Room
- Laundry room on each floor
- Outside communal gathering space
- On-Site tenant services
- Central Air Conditioning
- High Speed Internet
- Resident Bike Storage
- Green- National Green Building Standard (Green Plus Net Zero)



Development Overview: Site Plan



SITE DATA

ZONED	TWP - TOWNSHIP PROPOSED - PUD
SITE AREA	1.15 ACRES
BUILDING USE	PERMANENT SUPPORTIVE HOUSING (MSHDA 9%)
BUILDING HEIGHT	4 STORY (45')
TOTAL UNIT COUNT	
FIRST FLOOR	6
SECOND FLOOR	11
THIRD FLOOR	11
FOURTH FLOOR	11
TOTAL	39
BUILDING AREA	
FIRST FLOOR	9,569
SECOND FLOOR	9,294
THIRD FLOOR	9,294
FOURTH FLOOR	9,294
TOTAL	37,451
PARKING	
REQUIRED	0
PROVIDED	20



CONCEPTUAL SITE PLAN

SCALE: 1/16"=1'-0"

HICKORY WAY PHASE 3

ANN ARBOR MICHIGAN

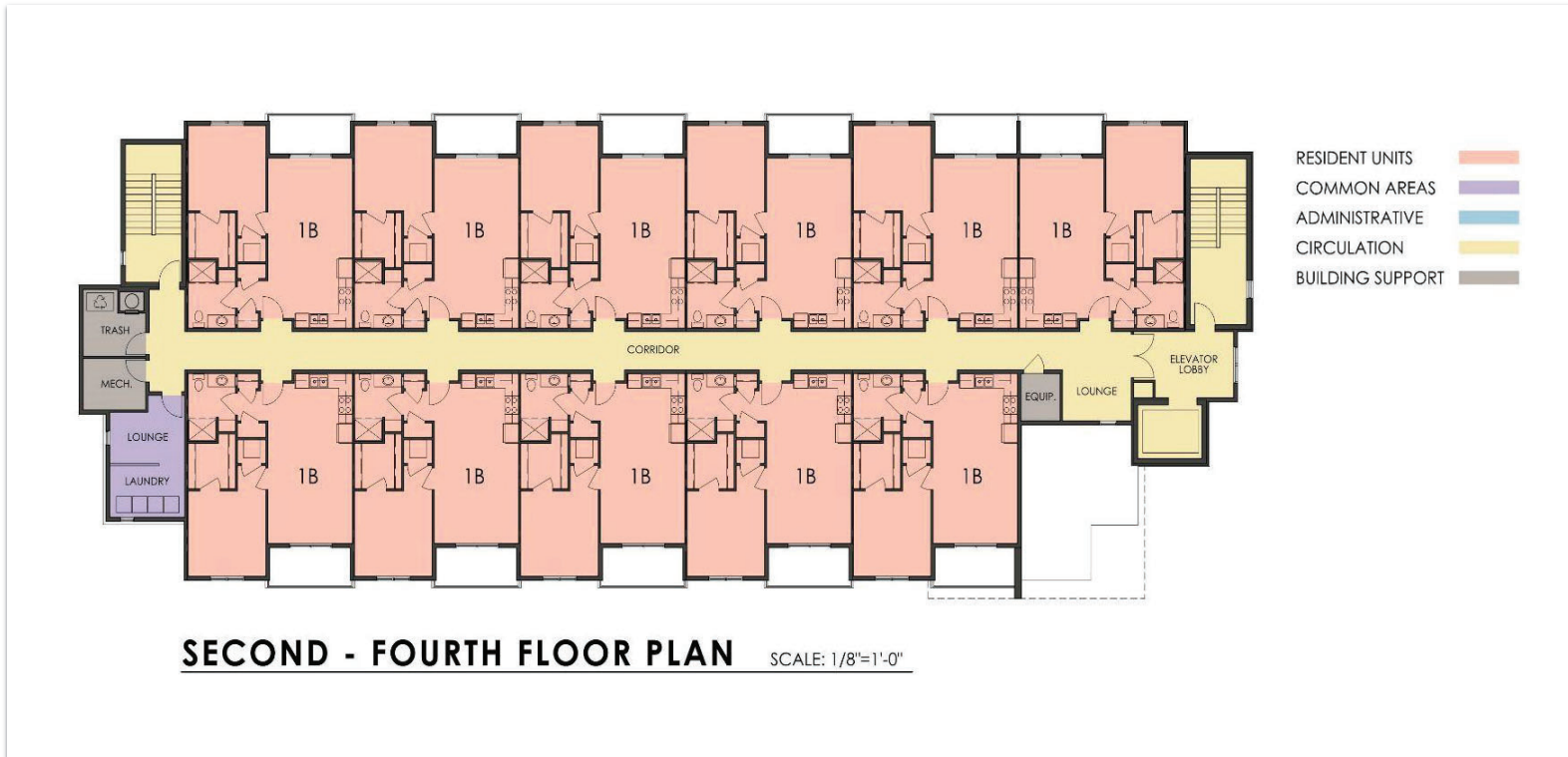
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PH 248.543.4100 FAX 248.543.4141
WWW.FSPARCHITECTS.COM

REVIEW
MARCH 26, 2023

Development Overview: First Floor Plan



Development Overview: Upper Floor Plan



Development Overview: Building Elevation





Development Overview: Building Elevation



Development Overview: Building Elevation



Financing & Incentives

- MSHDA 9% Low Income Housing Tax Credits
- Washtenaw County HOME Funds
- Ann Arbor Payment In Lieu of Taxes (PILOT)
- Ann Arbor Housing Commission (AAHC) Housing Vouchers
- City of Ann Arbor Affordable Housing Millage
- Federal Home Loan Bank AHP Funding (Potential)
- Corporation for Supportive Housing (CSH) Project Initiation Loan
- Senior Construction Loan (TBD)

Schedule/Next Steps



Community Questions?

Contact: Wendy Carty-Saxon, Director of Real Estate Development

Email: wcarty-saxon@avalonhousing.org

Phone: 734-663-5858 ext. 211



Hickory Way Phase III

C. Property information

- Property Ownership
- Appraisal
- Engineering / Environmental Reports Plan

Hickory Way Apartments III

Property Ownership

Purchase Agreement
Contingency A sign off
Extensions 1, 2, 3
Contingency B sign off

Hickory Way Apartments Phase III, located at 1146 S. Maple in Ann Arbor, is currently owned by the City of Ann Arbor. Avalon has a purchase agreement on this property. Documentation, as noted above, is attached.

RESIDENTIAL PURCHASE AGREEMENT

This purchase agreement (the “Agreement”) is entered into as of 10/02/2022, 2022, by the City of Ann Arbor, a Michigan municipal corporation, whose address is 301 East Huron Street, Ann Arbor, Michigan 48107 (“Seller”), and Avalon Nonprofit Housing Corporation, a Michigan nonprofit housing corporation, dba as Avalon Housing, Inc., on behalf of an affiliated entity to be formed for the purpose of property ownership under this Agreement, whose address is 1327 Jones Drive, Suite 102, Ann Arbor, Michigan 48105 (“Buyer”), on the terms and conditions set forth below.

1. **Description of Property.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller improved real property commonly known as 1146 S. Maple Rd, located in Scio Township, Washtenaw County, Michigan (as further described in Exhibit A) together with all improvements, fixtures, easements, appurtenances, mineral rights, riparian rights, and rights of adverse possession or acquiescence used, acquired, or otherwise existing in connection with the real property (the “Premises”).
2. **Effective Date.** This Agreement shall become effective when signed by the last of all the parties as shown below (“Effective Date”).
3. **Purchase Price.** The purchase price for the Premises is \$260,000.
4. **Payment of Purchase Price.** Buyer shall pay the full purchase price to Seller at Closing on signing and delivery of a warranty deed conveying marketable title to the Premises to Buyer on the provisions set forth in this Agreement.
5. **Fixtures and Personal Property.** All fixtures are included in this sale at no additional cost to Buyer. These items include, without limitation, the following, if now in or on the Premises: plumbing, heating and lighting fixtures; drapery and curtain hardware; window shades and blinds; built-in kitchen appliances; wall-to-wall carpeting, if attached; all attached mirrors and bathroom mirrors; stationary laundry tubs; water softener; water heater; heating and air-conditioning equipment; ceiling fans; built-in gas grills; water pump and pressure tank; TV antenna; screens and storm windows and doors; awnings; mailbox; all plantings; garage door openers and controls; fireplace screens and grates; and locks and keys.
6. **Affordable Housing.** Seller is selling the Premises to Buyer solely for the construction by Seller of multi-family affordable housing (the “Project”) for the benefit of the City of Ann Arbor and its residents. Buyer acknowledges that Buyer’s title to the Premises shall be subject to a restrictive covenant restricting the use of the Premises incorporating the following terms:

The Premises and Project shall be restricted to use as an affordable, low-income, multifamily housing development, which is defined as multiple, residential housing units within one or more buildings where all of the housing units shall be rented only to individuals or families whose income does not exceed 60% of area

median income. Area median income is as defined by the United States Department of Housing & Urban Development, or a successor government department or agency that determines area median income. (Renewal of an established tenancy for an individual or family whose income has increased to exceed the respective maximum area median income shall not be a violation of this restriction.)

Seller shall provide the Buyer with the form and language of the restrictive covenant incorporating the terms herein.

The Closing shall be contingent on Seller's confirmation that Buyer has secured financing to complete the construction of the Project consisting of at least fourteen (14) dwelling units.

7. **Easements:** Seller shall retain an easement for open space along the south 12 feet of the Premises. Seller shall retain an easement for open space and public access along the west 20 feet of the Premises to be maintained by Seller in the same manner as the adjacent natural area managed by Seller. (Seller may require that these easements be retained through the separate execution of grant of easements by Buyer at Closing.)
8. **Contingencies.** This Agreement has four contingencies, as provided below. If any one of the contingencies is not removed by Buyer by providing written notice to Seller within the specified time frame, this Agreement may thereafter be terminated in writing by Seller, at which time, the earnest money deposit shall be returned to Seller for contingencies a and b or retained by Seller for contingencies c and d.
 - a. At Buyer's expense, Buyer shall obtain a title search from First American Title within 15 days of the Effective Date of this Agreement, for Buyer's review and approval within 15 days of receipt of same. Buyer shall provide Seller with a copy of title search upon receipt.
 - b. Seller shall allow access to the Premises so Buyer can have third party vendors conduct investigations of the Premises. Buyer shall conduct investigations of the Premises at Buyer's sole expense, including a wetlands determination, survey, appraisal, contractor's inspection, environmental assessment, and soil evaluation as determined by the Buyer, within 90 days from the Effective Date of this Agreement. Buyer shall provide reasonable advance notice to Seller whenever third-party vendors and contractors will be visiting the Premises. Buyer also agrees that it will endeavor to minimize invasive investigation and testing, will not disturb the existing septic tank or field, and will repair any damage to the Premises caused by the investigations. In the event Buyer does not close on this transaction, Buyer shall share with Seller any appraisals, surveys, reports, wetlands determinations, and soil and environmental investigations regarding the Premises produced during Buyer's contingency periods.
 - c. Buyer shall promptly apply for and shall obtain annexation, zoning, and site plan approval for a development plan for the Premises satisfactory to Buyer, within 15

months of the date of removal of contingency b above. Seller's City Administrator or designee shall provide written permission and, if necessary, will sign any documents for Buyer's petitions and applications to the City of Ann Arbor, Scio Township or other municipalities. Buyer shall hold Seller harmless from any costs associated with the processing of petitions and applications which Buyer asks Seller to provide written permission for or which Seller signs.

- d. Buyer shall promptly apply for and shall obtain tax credit and other financing approvals to purchase the Premises and construct the Project acceptable to Buyer within 15 months of the date of removal of contingency c above.
9. **Possession.** Unless otherwise provided in this Agreement, Seller shall deliver the Premises and Buyer will accept the Premises in the same condition (normal wear and tear excepted) that it was at the time of the Effective Date of this Agreement. (Seller acknowledges that well and septic currently are not authorized for use as is.)
10. **Maintenance.** From the Effective Date of this Agreement to the Closing, Buyer agrees to maintain the lawn and grounds of the Premises, including mowing the lawn, caring and pruning trees and shrubs, and snow removal and sidewalk maintenance consistent with applicable law. Seller shall continue to maintain the single-family house on the Premises.
11. **Disclosure Statement.** Seller has complied with the Seller Disclosure Act by delivering a completed seller's disclosure statement to Buyer.
12. **Lead-Based Paint.** Buyer has a 10-day opportunity to conduct a risk assessment or inspection, at Buyer's expense, for the presence of lead-based paint or lead-based paint hazards. Buyer has waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint or lead-based paint hazards.
13. **Salvage:** Prior to Closing, buyer shall agree to work in good faith to enter into agreement or memorandum of understanding with Habitat for Humanity, or other nonprofit, which provides them with an opportunity to salvage materials from the single-family house and improvements on the Premises prior to demolition.
14. **Earnest Money; Default.** Upon execution of this Agreement, Buyer shall pay to Seller \$10,000 as earnest money, to be applied to the purchase price. Seller may terminate this Agreement by providing notice of termination to Buyer in writing if Seller does not satisfy any condition of this Agreement, and the earnest money shall be refunded to Buyer unless otherwise provided in this Agreement. Buyer may terminate this Agreement consistent with Section 7 (Contingencies), or if Seller's title is not marketable. If the Buyer defaults, the Seller agrees to be limited to the remedy of specific performance.
15. **Risk of Loss.** Seller shall bear the risk of loss or damage to the Premises until possession of the Premises is delivered to Buyer. Buyer acknowledges that the existence of the improvements on the Premises, including the single-family house and shed, were not a material inducement to the sale of the Premises by the buyer, and therefore Seller has no

obligation to restore or rebuild the Premises in case of loss or damage to the single-family house or shed on the Premises.

16. **Closing.** This sale shall be closed within 9 months after the date of removal of the last contingency.
17. **Costs of Closing.** On delivery of the warranty deed to the Premises, Buyer will pay all transfer taxes and the recording of the deed. Buyer shall also pay any fee charged by a closing agent for closing this transaction.
18. **Title Insurance.** At Closing, Buyer shall pay the premium for the issuance of the owner's policy of title insurance in the name of Buyer.
19. **Taxes and Special Assessments.** The Premises currently has tax exempt status per MCL 211.7(m). It is anticipated that the Buyer, or an affiliated entity of the Buyer, shall apply for a PILOT and that the Premises shall remain tax-exempt. However, if there are real property taxes affecting the Premises, such taxes shall be prorated through the date of closing on a due date basis, on the presumption that tax bills are paid in advance. All real property special assessments that have been assessed on the Premises on the date of Closing will be paid by Seller. The cost of improvements that are subject to future assessments against the Premises, assessed after the date of Closing, will be paid by Buyer. Seller has no knowledge of any pending assessments that have not been disclosed in writing to Buyer.
20. **Benefit Charges.** Any benefit charges against the Premises made by any government authority and/or utility company for installation of, and/or tap-in fees for, utility services, water, sanitary sewer, storm sewer, gas, electric, telephone, and/or cable lines for which charges have been made and/or incurred after the date of Closing shall be paid by Buyer.
21. **Indemnification.** To the fullest extent permitted by law, Buyer shall indemnify, defend and hold the City, its officers, employees and agents harmless from all suits, claims, judgments and expenses, including attorney's fees, resulting or alleged to result, from any acts or omissions by Buyer or its employees and agents occurring in the performance of or breach in this Agreement, except to the extent that any suit, claim, judgment or expense are finally judicially determined to have resulted from the City's negligence or willful misconduct or its failure to comply with any of its material obligations set forth in this Agreement.
22. **Insurance.** Seller shall procure and maintain from the Effective Date of this Agreement through the Closing, such insurance policies, including those set forth in Exhibit B, as will protect itself and the City from all claims for bodily injuries, death, or property damage which may arise under this Agreement; whether the act(s) or omission(s) giving rise to the claim were made by the Seller, any subcontractor, or anyone employed by them directly or indirectly. Seller shall provide to the City documentation satisfactory to the City, through City-approved means (currently myCOI), demonstrating it has obtained the policies and endorsements required by Exhibit B. Seller shall add

registration@mycoitracking.com to its safe sender's list so that it will receive necessary communication from myCOI. When requested, Seller shall provide the same documentation for its subcontractors, if any.

Any insurance provider of Seller shall be authorized to do business in the State of Michigan and shall carry and maintain a minimum rating assigned by A.M. Best & Company's Key Rating Guide of "A-" Overall and a minimum Financial Size Category of "V". Insurance policies and certificates issued by non-admitted insurance companies are not acceptable unless approved in writing by the City.

23. **Nondiscrimination.** For any services that Buyer performs under this Agreement (such as maintenance of the Premises) Buyer agrees to comply, and to require any subcontractors to comply, with the nondiscrimination provisions of MCL 37.2209 as well as the provisions of the federal Immigration Reform and Control Act of 1986. Buyer further agrees to comply with the nondiscrimination provisions of Chapter 112 of the Ann Arbor City Code and to assure that applicants are employed and treated during employment in a manner which provides equal employment opportunity.
24. **Living Wage.** For any services that Buyer performs under this Agreement (such as maintenance of the Premises) If the Buyer is a "covered employer" as defined in Chapter 23 of the Ann Arbor City Code, then the Buyer agrees to comply with the living wage provisions of Chapter 23 of the Ann Arbor City Code. Buyer agrees to pay those employees providing Services to the City under this Agreement a "living wage," as defined in Section 1:815 of the Ann Arbor City Code, as adjusted in accordance with Section 1:815(3); to post a notice approved by the Seller of the applicability of Chapter 23 in every location in which regular or contract employees providing services under this agreement are working; to maintain records of compliance; if requested by the Seller, to provide documentation to verify compliance; to take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee or person contracted for employment in order to pay the living wage required by Section 1:815; and otherwise to comply with the requirements of Chapter 23.
25. **Commissions.** Each party represents to the other that no real estate salesperson, broker, or other third party was involved in this transaction to whom either party could incur liability for a commission or other compensation.
26. **Binding Nature and Final Agreement.** This Agreement shall be binding on and inure to the benefit of the parties and their respective heirs, personal representatives, and assigns. However, neither party shall assign this Agreement without the prior written consent of the other party. This agreement sets forth the entire agreement between the parties and may not be amended, modified, altered, or changed except in writing signed by both parties. Neither party has relied on any prior representations, of any kind or nature, in entering into this Agreement. Notwithstanding anything herein to the contrary, Buyer reserves the right, on or before the date of Closing, to assign its entire right, title, and interest in this Agreement to an affiliated entity controlled by the Buyer without further written approval by the Seller.

27. **Construction.** This Agreement shall be governed by and construed according to the laws of the state of Michigan. Venue for any disputes under this Agreement shall lie in Washtenaw County where the Premises are located.

28. **Notices.** All notices required or permitted by this Agreement shall be in writing and, except as may otherwise be provided, shall be deemed served on the earlier of the date of mailing by first-class mail, postage prepaid, addressed to the other party, or hand-delivered, at its address set forth below or at such other address as such party has last designated by notice to the other:

To Seller: City of Ann Arbor
301 East Huron Street
Ann Arbor, Michigan 48107
Attn: City Attorney
Electronic Mail:
akaur@a2gov.org with a copy to kmcdonald@a2gov.org

To Buyer: Avalon Housing, Inc
1327 Jones Dr.
Ann Arbor, Michigan 48105
Attn: Wendy Carty-Saxon
Electronic Mail: wcarty-saxon@avalonhousing.org

29. **Time of the essence.** Time is of the essence in the performance of this Agreement.

30. **Extension.** Upon the receipt of a written request from Buyer prior to the termination of this Agreement, the City Administrator or designee may grant up to three extensions of 90 days each to allow additional time for Buyer to complete contingencies and satisfy other conditions of this Agreement.

31. **Modifications; Counterparts; Electronic Signatures.** No modification, alteration, extension, or amendment to this Agreement shall be binding unless in writing and signed by both Buyer and Seller. This Agreement may be executed electronically in pdf form and/or in counterparts, and all counterparts together shall constitute one integrated agreement and be deemed an original document. Notwithstanding anything herein to the contrary, the City Administrator or designee may change, modify or amend this Agreement for administrative changes not requiring approval by the City Council.

32. **Signature Authority.** Each of the persons signing below hereby represents and warrants that they are signing with full and complete authority to bind the party on whose behalf they are signing.

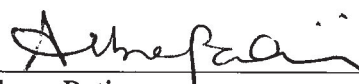
33. **Choice of Law and Forum.** This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction, excepting the principles of conflicts of law. The Buyer and

Seller submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The Buyer and Seller stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.

[Signatures on Following Page]


AVALON HOUSING, INC

Date: 8/25/22



Aubrey Patino
Executive Director

CITY OF ANN ARBOR

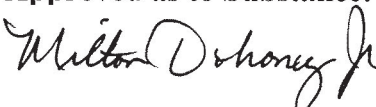
Date: _____

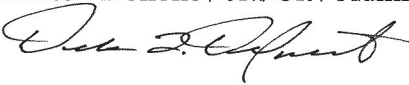
 09/30/2022
CHRISTOPHER TAYLOR, MAYOR
Mayor

Date: _____

 10/02/2022
JACQUELINE BEAUDRY, CITY CLERK
City Clerk

Approved as to Substance:

 09/29/2022
MILTON DOHONEY JR., CITY ADMINISTRATOR

 09/27/2022
DEREK DELACOURT
COMMUNITY SERVICES AREA ADMINISTRATOR
PROXY SIGNED BY DEWILLIAMS

Administrator

Approved as to Form and Content:

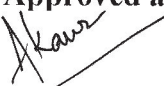
 09/29/2022
ATLEEN KAUR, CITY ATTORNEY

EXHIBIT A – Legal Description

Commencing at the Northeast corner of Section 36, Scio Township, Washtenaw County, Michigan; thence South 01 degrees 19 minutes East 954.44 feet in the East line of Section 36 for a Place of Beginning; thence continuing South 1 degrees 19 minutes East 155.00 feet; thence South 88 degrees 09 minutes West 320.00 feet; thence North 4 degrees 27 minutes West 155.23 feet; thence North 88 degrees 09 minutes East 328.50 feet to the Place of beginning, being part of the East 1/2 of Northeast 1/4, Section 36, Town 2 South, Range 5 East, Washtenaw County, Michigan.

Tax Identification #H-08-36-150-006

EXHIBIT B – Insurance Requirements

From the Effective Date of this Agreement, and continuing without interruption during the term of this Agreement, Buyer shall provide certificates of insurance to the City on behalf of itself, and when requested any subcontractor(s). The certificates of insurance and required endorsements shall meet the following minimum requirements.

A. The Buyer shall have insurance that meets the following minimum requirements:

1. Worker's Compensation Insurance in accordance with all applicable state and federal statutes. Further, Employers Liability Coverage shall be obtained in the following minimum amounts:

Bodily Injury by Accident - \$500,000 each accident
Bodily Injury by Disease - \$500,000 each employee
Bodily Injury by Disease - \$500,000 each policy limit

2. Commercial General Liability Insurance equivalent to, as a minimum, Insurance Services Office form CG 00 01 04 13 or current equivalent. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements which diminish the City's protections as an additional insured under the policy. Further, the following minimum limits of liability are required:

\$1,000,000	Each occurrence as respect Bodily Injury Liability or Property Damage Liability, or both combined
\$2,000,000	Per Project General Aggregate
\$1,000,000	Personal and Advertising Injury
\$2,000,000	Completed Operations Aggregate, which, notwithstanding anything to the contrary herein, shall be maintained for three years from the date the Project is completed.

3. Motor Vehicle Liability Insurance equivalent to, as a minimum, Insurance Services Office form CA 00 01 10 13 or current equivalent. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles. The City of Ann Arbor shall be an additional insured. There shall be no added exclusions or limiting endorsements that diminish the City's protections as an additional insured under the policy. Further, the limits of liability shall be \$1,000,000 for each occurrence as respects Bodily Injury Liability or Property Damage Liability, or both combined.
4. Umbrella/Excess Liability Insurance shall be provided to apply in excess of the Commercial General Liability, Employers Liability and the Motor Vehicle coverage enumerated above, for each occurrence and for aggregate in the amount of \$1,000,000.

- B. Insurance required under A.2 and A.3 above shall be considered primary as respects any other valid or collectible insurance that the City may possess, including any self-insured retentions the City may have; and any other insurance the City does possess shall be considered excess insurance only and shall not be required to contribute with this insurance. Further, the Buyer agrees to waive any right of recovery by its insurer against the City for any insurance listed herein.

- C. Insurance companies and policy forms are subject to approval of the City Attorney, which approval shall not be unreasonably withheld. Documentation must provide and demonstrate an unconditional and unqualified 30-day written notice of cancellation in favor of the City of Ann Arbor. Further, the documentation must explicitly state the following: (a) the policy number(s); name of insurance company; name(s), email address(es), and address(es) of the agent or authorized representative; name and address of insured; project name; policy expiration date; and specific coverage amounts; (b) any deductibles or self-insured retentions, which may be approved by the City in its sole discretion; (c) that the policy conforms to the requirements specified. Buyer shall furnish the City with satisfactory certificates of insurance and endorsements prior to commencement of any work. If any of the above coverages expire by their terms during the term of this Agreement, the Buyer shall deliver proof of renewal and/or new policies and endorsements to the City at least ten days prior to the expiration date.



HAND-DELIVERED

October 20, 2022

City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107
Attn: City Attorney

Dear Atleen Kaur:

Please consider this letter as Avalon's notice as Purchaser, that the Contingency A, Title Search for 1146 S. Maple, under Section 8a of the signed purchase agreement.

Attached please find a copy of the Title Search, as also noted under Section 8a of the Purchase Agreement

Please also consider this our written notice of removal of Contingency A.

If you have any questions or would like additional information, please feel free to contact me at 734-649-3958. Thank you.

Sincerely,

Wendy Carty-Saxon
Director of Real Estate Development



December 19, 2022

City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107
Attn: City Attorney

Re: Extension 1 of Purchase Agreement for 1146 S. Maple (Revised)

Dear Atleen Kaur:

Please consider this Avalon Housing's notice as Purchaser, of the exercising of the first of our three extensions under Section 30 of the Purchase Agreement regarding 1146 S. Maple.

With this permitted 90 day extension, our date to sign off on Contingency b), which includes third party investigations of the property, is extended to March 30, 2023.

If you have any questions or would like additional information, please feel free to contact me at 734-649-3958 or wcarty-saxon@avalonhousing.org.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Wendy Carty-Saxon', with a long, sweeping underline.

Wendy Carty-Saxon
Director of Real Estate Development



March 30, 2023

City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107
Attn: City Attorney

Re: Extension 2 of Purchase Agreement for 1146 S. Maple (Revised)

Dear Atleen Kaur:

Please consider this Avalon Housing's notice as Purchaser, of the exercising of the second of our three extensions under Section 30 of the Purchase Agreement regarding 1146 S. Maple.

With this permitted 90 day extension, our date to sign off on Contingency b), which includes third party investigations of the property, is extended to June 28, 2023.

If you have any questions or would like additional information, please feel free to contact me at 734-649-3958 or wcarty-saxon@avalonhousing.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Wendy Carty-Saxon", with a long horizontal flourish extending to the right.

Wendy Carty-Saxon
Director of Real Estate Development



June 27, 2023

City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107
Attn: City Attorney

Please consider this Avalon Housing's notice as Purchaser, of the exercising of the third of our three extensions under Section 30 of the Purchase Agreement regarding 1146 S. Maple.

With this permitted 90 day extension, our date to sign off on Contingency b). which includes third party investigations of the property, is extended to September 26, 2023.

If you have any questions or would like additional information, please feel free to contact me at 734-649-3958 or wcarty-saxon@avalonhousing.org.

Sincerely,

Wendy Carty-Saxon

Wendy Carty-Saxon (Jun 27, 2023 11:54 EDT)

Wendy Carty-Saxon
Director of Real Estate Development





HAND-DELIVERED

April 18, 2024

City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107
Attn: City Attorney

Re: Sign off on Contingency B

Dear Atleen and Kevin:

Please consider this Avalon Housing's notice as Purchaser that we are signing off Contingency B, to conduct investigations of the Premises, for 1146 S. Maple, under Section 8b of the signed purchase agreement.

We remain on track to complete Contingency C, obtaining annexation, site plan and zoning approvals, by 12/26/2024.

If you have any questions or would like additional information, please feel free to contact me at 734-649-3958. Thank you.

Sincerely

Wendy Carty-Saxon
Director of Real Estate Development



Hickory Way Apartments Phase III

Appraisal

8/29/2024

Please find attached a copy of the Appraisal for HWA III.

APPRAISAL OF

1146 South Maple Road,
Scio Township, Washtenaw County,
Michigan 48103

As of August 13, 2023
For
Avalon Housing, Inc.



GERALD ALCOCK COMPANY, LLC

Real Estate Counseling and Appraising

315 East Eisenhower Parkway, Suite 5
Ann Arbor, Michigan 48108
Telephone: (734) 994-0554
www.geraldalcock.com

GERALD ALCOCK COMPANY, L.L.C.
Real Estate Counseling and Appraising

August 22, 2023

Principals
Julie M. Simpson
Marcel H. Vidovic, MAI
Michael T. Williams, MAI

Susan B. Campbell, CPA
Controller

Lorie D. Alcock
Stephen J. Simpson
Karen L. Paul
Glee R. Loman
David A. Williams, PGA
Joanne M. Stockman
Alexander J. Groves, MAI
Robert F. Elder, PGA
Kristina L. Kieft
Craig M. Coleman

Gerald V. Alcock, MAI
Founder, 1977

Ms. Wendy Carty-Saxon
Director of Real Estate Development
Avalon Housing, Inc.
1327 Jones Drive, Suite 102
Ann Arbor, Michigan 48105

Re: Appraisal of 1146 South Maple Road, Scio Township, Washtenaw
County, Michigan 48103

Dear Ms. Carty-Saxon:

As detailed by engagement document, an appraisal of the above-referenced property has been completed, the findings of which are submitted in this report. The purpose of this appraisal is to express a current as-is opinion of market value for the noted real estate. The title interest appraised is fee simple estate.

This appraisal cannot be completely understood without reading the "General Assumptions and Limitations of Appraisal" and "Extraordinary Assumptions" sections of this report. Any reader of this report is advised to thoroughly read and understand said sections before relying on any information, analysis or conclusion presented therein.

The appraisers prepared this report and the value estimate herein in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This is an Appraisal Report. The "Required Statements" section of this report offers descriptions of these terms.

It is the appraisers' opinion that the current as-is market value of the appraisal property, pertaining to fee simple title interest, as of August 13, 2023, is:

Three Hundred Five Thousand (\$305,000) Dollars

315 East Eisenhower
Parkway, Suite 5
Ann Arbor, Michigan
48108

Telephone:
(734) 994-0554

Facsimile:
(734) 939-1100

email:
manager@geraldalcock.com

Web:
www.geraldalcock.com

August 22, 2023
Ms. Wendy Carty-Saxon
Director of Real Estate Development
Avalon Housing, Inc.

Page Two

This value estimate is made subject to the "General Assumptions and Limitations of Appraisal," and the following "Extraordinary Assumptions" to this report. There are no "Hypothetical Conditions" to this report.

1. It is an assumption of this report that various gross and/or various net areas delineated herein generally conform to actual conditions; if not, the value conclusion could be impacted; and
2. Valuation is predicated upon the assumption that there are no significant hindrances to potential development of the appraisal property, beyond issues noted in the text; if such is not the case, the value conclusion could be impacted; and
3. Valuation is predicated upon the assumption that the appraisal property is free and clear of any environmental hazards which would materially affect the property; if not, the value conclusion could be impacted and
4. As of the date of this writing, planning officials from the city of Ann Arbor have not responded to appraiser query regarding likely zoning parameter and density level of the appraisal property upon a 2009 West Area site recommendation plan, and have made deduction based upon adjacent zoning to the north. Valuation is predicated upon the assumption that rezoning of the appraisal property in the jurisdiction of the city with be similar to that assumed herein for analysis purposes. If such is not the case, the value conclusion could be impacted.

The use of this appraisal is to serve as an estimate of market value of the property under valuation for potential acquisition and due diligence.

This appraisal has been prepared for our client, Avalon Housing, Inc., National Equity Fund and the Michigan State Housing Development Authority, the intended users of the report.

The appraisers have not identified any other party, as an intended user of this appraisal. Receipt of a copy of this appraisal by such party or any other third party does not signify that the party is an intended user of this appraisal. Such parties are advised to obtain an appraisal from an appraiser of their choosing if they require an appraisal for their own use.

August 22, 2023
Ms. Wendy Carty-Saxon
Director of Real Estate Development
Avalon Housing, Inc.


Page Three

The attached report, comprising ten sections and one exhibit, is an explanation of the method of valuation. This letter and report must not be separated because together they provide the necessary detail, analysis and explanation in support of the value opinion expressed herein.

Respectfully submitted,
Gerald Alcock Company, LLC



Michael T. Williams, MAI
Michigan Certified General Appraiser
License No. 1205004033



Lorie Alcock
Certified General Appraiser
License No. 1205000499



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Executive Summary

- Location:** The appraisal property is located at the west side of South Maple Road, at the juncture of St. Charles Drive, south of West Liberty Street, in Section 136, Scio Township, Washtenaw County, Michigan.
- Address:** The property has an address assignment of 1146 South Maple Road, Ann Arbor, Michigan 48103.
- Tax Identification:** H-08-36-150-006
- Property Owner:** City of Ann Arbor
- Occupancy and Use:** The property is improved with a modest, older single family home and related site improvements, reported to have been vacated since 2019 or before. The property is slated for annexation to the city of Ann Arbor and is pending sale to Avalon Housing for development to an affordable multiple-family housing project. The appraisers have not been provided with a sales agreement and have relied upon detail of the agreement verbally conveyed by the client contact. Site planning has not yet been established.
- Type of Report:** This is an Appraisal Report.
- Site:** According to legal description found in municipal documentation, the appraisal property comprises 1.15 gross acres, with 155 feet of frontage on the west side of paved South Maple Road, having a maximum depth of 328.50 feet at its northern border. County parcel mapping indicates that the site extends to the centerline of the road; as digitally scaled by the appraisers, the right-of-way appears to have a depth of 33 feet at the southern border expanding to about 44 feet at its northern border, yielding a right-of-way of 0.14 acre, 1.01 acre, net of the right-of-way. assuming a 33-foot right-of-way, Topography slopes up from the street and is undulating. Coverage consists of scattered mature trees and overgrown landscaping surrounding the homesite to the east, and wooded coverage over the western portion of the site. USDA soil survey indicates there are no muck soils on site. National Wetlands Inventory mapping indicates that there are no wetlands on the appraisal property. The site represents a Scio Township island, slated for annexation to the city of Ann Arbor.



Improvements: The appraisers did not gain access to vacated building improvements on site, consisting of a 1,302-square-foot residence over full basement and 740-square-foot garage, and valuation presumes that they have non-contributory value, with a demolition cost of roughly \$15,000.

Utilities: Commercial utilities available or formerly serving the property include natural gas, electricity and telephone. The residence is served by private well and septic systems and the septic system is reported by the client to have failed. Upon annexation, Troy Baughman, P.E., Project Manager for the city of Ann Arbor Public Services—Systems Planning Unit, advises that sanitary sewer, storm sewer and a water main are currently available to the appraisal property without capacity issues.

Zoning: The property is currently zoned, A-1, General Agriculture District, under the jurisdiction of Scio Township. The city of Ann Arbor 2009 West Area Master plan recommends the property for high-density single-family subdivision or high density multiple-family affordable housing use.

Highest & Best Use: Highest and best use of the appraisal property is for redevelopment to a multiple-family project, as allowed by presumed code subsequent to annexation.

Interest Appraised: Fee Simple Estate

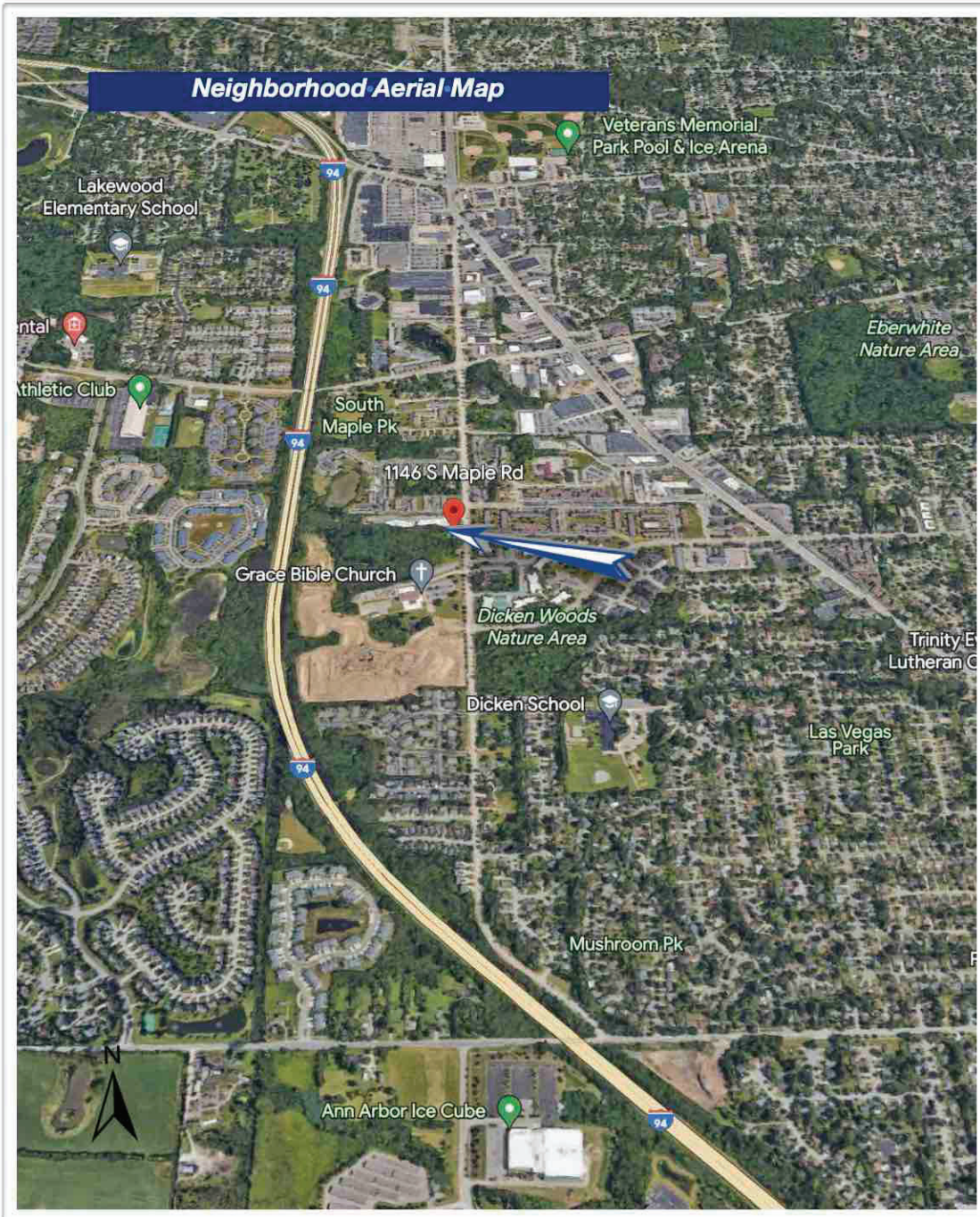
Est'd Market Value of Property:

<u>Valuation</u> <u>Condition</u>	<u>Valuation</u> <u>Date</u>	<u>Value</u> <u>Estimate</u>
Current	08/13/2023	\$305,000

This value estimate is made subject to the “General Assumptions and Limitations of Appraisal,” and the following “Extraordinary Assumptions” to this report. There are no “Hypothetical Conditions” to this report.



1. It is an assumption of this report that various gross and/or various net areas delineated herein generally conform to actual conditions; if not, the value conclusion could be impacted; and
2. Valuation is predicated upon the assumption that there are no significant hindrances to potential development of the appraisal property, beyond issues noted in the text; if such is not the case, the value conclusion could be impacted; and
3. Valuation is predicated upon the assumption that the appraisal property is free and clear of any environmental hazards which would materially affect the property; if not, the value conclusion could be impacted; and
4. As of the date of this writing, planning officials from the city of Ann Arbor have not responded to appraiser query regarding likely zoning parameter and density level of the appraisal property upon a 2009 West Area site recommendation plan, and have made deduction based upon adjacent zoning to the north. Valuation is predicated upon the assumption that rezoning of the appraisal property in the jurisdiction of the city will be similar to that assumed herein for analysis purposes. If such is not the case, the value conclusion could be impacted.





View South of
South Maple Road



View North of
South Maple Road



Non-Contributory Building and
Site Improvements



Non-Contributory Building and Site Improvements

Non-Contributory Building and Site Improvements

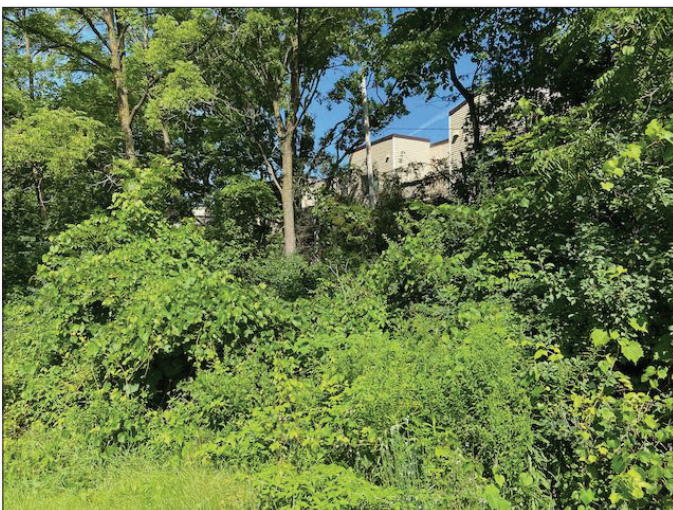


Non-Contributory Building and Site Improvements



Non-Contributory Building Improvement

View North of Site Interior



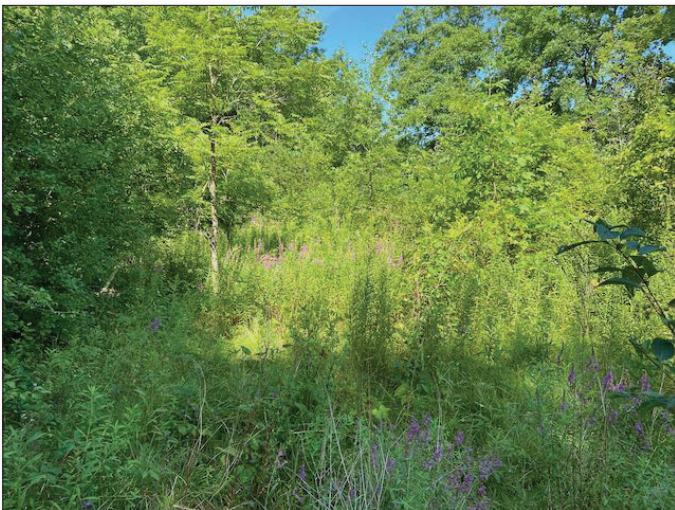
View North of Site Interior



View West of Site Interior



View West of Site Interior

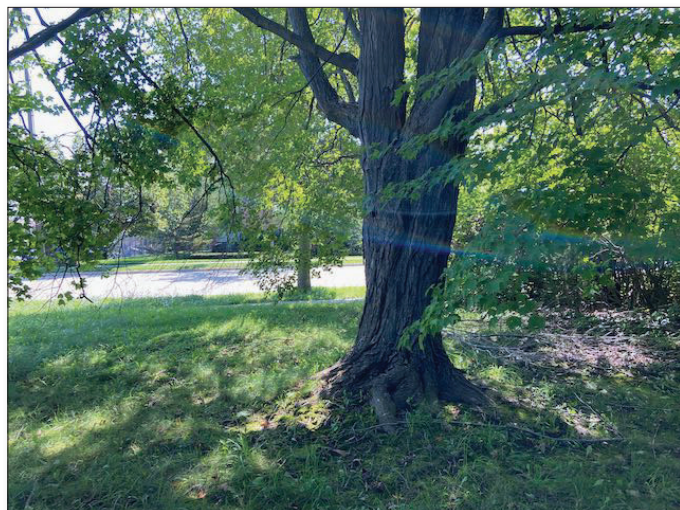


View West of Site Interior



View West of Site Interior

View North of Site Interior



Front Yard Detail



Sidewalk

Apartment Complex to the North



Side Yard Detail



Identification of Property

Real Property

Address

The property has an address assignment of 1146 South Maple Road, Ann Arbor, Michigan 48103.

Tax Identification Number

H-08-36-150-006

Legal Description

The appraisers have relied upon a legal description of the property, derived from municipal documents, put forth at exhibit A.

Leases and Title Interest Appraised

To the best of the appraisers' knowledge, the parent property is not subject to lease and the title interest under analysis is fee simple estate.

Client

The appraisers were engaged by the Avalon Housing, Inc. to prepare this appraisal report.

Property Owner

Municipal documents indicate that the property is owned by the city of Ann Arbor.

Occupancy and Use

The property is improved with a modest, older single family home and related site improvements, reported to have been vacated since 2019 or before. The property is slated for annexation to the city of Ann Arbor and is pending sale to Avalon Housing for development to an affordable multiple-family housing project. The appraisers have not been provided with a sales agreement and have relied upon detail of the agreement verbally conveyed by the client contact. Site planning has not yet been established.



Purpose, Definition of Market Value, Intended Use and User, and Scope of Work

Purpose

The purpose of this appraisal is to estimate a current as-is market value, pertaining to fee simple title interest to the property identified in the foregoing section of this report, subject to the conditions and limitations stated in this report.

Fee Simple Estate (Interest): Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Definition Of Market Value

As used herein, the definition of market value is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and by the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

¹ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, IL, 2010, p. 78

² As defined in the Board of Governors of the Federal Reserve System, in accordance with Title XI of FIRREA (1989).



Intended Use and User

The use of this appraisal is to serve as an estimate of market value of the property under valuation for potential acquisition and due diligence.

This appraisal has been prepared for our client, Avalon Housing, Inc., National Equity Fund and the Michigan State Housing Development Authority, the intended users of the report.

The appraisers have not identified any other party, as an intended user of this appraisal. Receipt of a copy of this appraisal by such party or any other third party does not signify that the party is an intended user of this appraisal. Such parties are advised to obtain an appraisal from an appraiser of their choosing if they require an appraisal for their own use.

Appraisal Development and Report Process (Scope)

The scope of this appraisal encompasses the necessary research and analysis to prepare a report in accordance with its intended uses as set forth in the above subsection and with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. In the appraisal of the subject property, the appraisers employed the following data sources:

Physical Data

The property was inspected on the date noted at the “Narrated Dates” subsection of this report. Client representative, Ms. Wendy Carty-Saxson, Director of Real Estate Development, for the Avalon Housing, Inc., was interviewed regarding various aspects of the property. In addition, the appraisers secured current assessment, special assessment, and zoning data pertinent to the subject property. The following are additional sources were used to provide information pertaining to the subject properties.

Washtenaw County Municipal and GIS Website
Scio Township Municipal Offices
City of Ann Arbor Municipal Offices
Various Local Brokers

Area and Neighborhood Data

The appraisers conducted a physical inspection of the area within which the subject is located to obtain area and neighborhood data. Additionally, governmental sources were contacted in order to obtain information pertaining to such things as adequacy of infrastructure; availability of utilities; employment statistics; zoning; flood hazards; environmental hazards; and anticipated development trends. Government officials, and real estate brokers conducting business in the area of the subject were contacted regarding supply, demand, and market trends.



Market Data Sources

Physical data for individual comparable are detailed at within the "Analysis of Value," subsection of this report. The sources of this data are cited at this section. Real estate brokers conducting business in the area of the subject were interviewed regarding recent real estate activity in the area. Sources of additional general market data are listed as follows:

Data files from the Gerald Alcock Company
Ann Arbor Area Board of Realtors Multiple Listing Service
(Site unavailable during the writing of this analysis)
Costar Comps

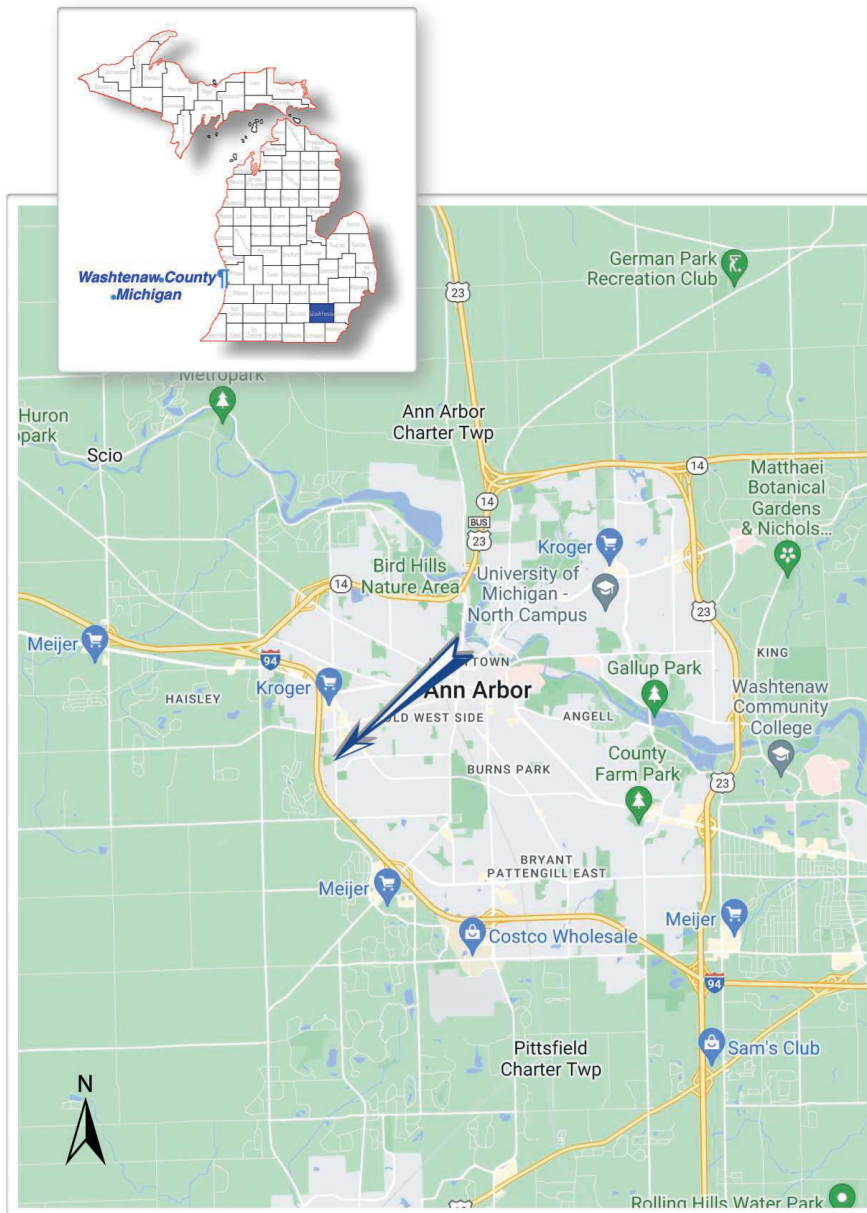
The steps the appraisers used to develop the value estimate stated herein proceed from the Highest and Best Use analysis set forth within the "Analysis of Value" subsection of this report. The General Underlying Assumptions and Limiting Conditions to which this report and its value conclusion are subject are set forth in the section bearing that title and must be thoroughly read and understood by anyone using this report.



DESCRIPTION OF PROPERTY

Regional and Local Data

As shown below, the appraisal property is a Scio Township island within western Ann Arbor, in Washtenaw County, Southeastern Michigan.





The Ann Arbor MSA encompasses areas only within the boundaries of Washtenaw County and thus has the same statistical data as the County. Owing to its central location, as well as cultural and educational advantages, the city of Ann Arbor is the metropolitan center to large portions of surrounding townships and neighboring towns. A summary of recent trends compiled by ESRI in population and households—the city of Ann Arbor, Washtenaw County, and the State of Michigan—is set forth in the following table.

Population and Households

As shown in the following graphic, the City actual and forecast annual growth rates for population and households, outperform relative to the County and State.

Population & Household Trends

	2020	2023	2028	Compound Annual Change	
				2020-2023	2023-2028
Population					
City of Ann Arbor	123,867	125,490	126,684	0.4%	0.2%
Washtenaw County	372,258	374,587	375,554	0.2%	0.1%
State of Michigan	10,077,331	10,098,040	10,076,564	0.1%	-0.0%
Households					
City of Ann Arbor	49,951	50,876	51,743	0.6%	0.3%
Washtenaw County	147,847	149,546	150,914	0.4%	0.2%
State of Michigan	4,041,760	4,079,897	4,116,402	0.3%	0.2%

Source: ESRI

Median Household Income

Median household income levels for the city of Ann Arbor, Washtenaw County and the State of Michigan are illustrated in the following table called, “Median Household Income.”

Median Household Income

	2023	2028	Compound
			Annual Change
			2023-2028
City of Ann Arbor	\$75,127	\$87,223	3.0%
Washtenaw County	\$80,904	\$94,396	3.1%
State of Michigan	\$65,287	\$75,808	3.0%

Source: ESRI



The reader should note that the figures cited in the foregoing table are expressed in current dollars. Actual and projected median household incomes in the County are above City, and State figures, although its annual projected growth rate for all jurisdictions are similar.

Employment

Important factors in determining present and potential commercial and industrial growth include total employment, the distribution of employment among industry segments and trends in distribution. The top employers in Washtenaw County are shown in the following table.

Top Employers in Washtenaw County			
Employer	Nature of Activity	July 1, 2022 Employment	
1	University of Michigan	Public University/Health System	34,805
2	Trinity Health	Healthcare	5,244
3	US Government	Government	3,522
4	Ann Arbor Public Schools	Public School District	2,532
5	IHA Health Services Corp.	Multi Specialty Physicians	1,693
6	State of Michigan	State Government	1,312
7	Eastern Michigan University	Public University	1,300
8	Washtenaw County	County Government	1,285
9	Forvia North America (Faurecia North America)	Automotive Supplier	1,162
10	Domino's Pizza Inc.	Restaurant Franchisor	1,100
11	Truck Hero Inc. (Realtruck)	Automotive Supplier	768
12	City of Ann Arbor	City Government	732
13	Ford Motor Co.	Automobile Manufacturer	680
14	U.S. Postal Service	Postal Service	600
15	Stellantis NV (Formerly FCA USA LLC)	Automobile Manufacturer	596
16	Ypsilanti Community Schools	Public School District	585
17	DTE Energy Co.	Energy Company	546
Source: Crain's 2022 Book of Lists			58,462

The Washtenaw economy is structured differently than it was twenty, or even ten, years ago, with a much smaller share of jobs in manufacturing and a larger share in higher education, professional and business services, and private education and health care. As shown in the foregoing table, the employment base of the Ann Arbor Region is centered around education and health care. The region's largest employer, The University of Michigan, is the largest university in the state of Michigan. Eastern Michigan is another large public university in the state, situated in the city of Ypsilanti. The University of Michigan's Health system attracts employees to the area.



Unemployment

The annual unemployment rates and employment growth rates for the subject's area, based on information from the Michigan Bureau of Labor Market Information and Strategic Initiatives, are summarized in the following table.

Unemployment Trends						
	2018 Annual Average	2019 Annual Average	2020 Annual Average	2021 Annual Average	2022 Annual Average	2023 March Average
City of Ann Arbor						
Labor Force	65,368	65,895	63,549	62,110	64,205	66,136
Employment	63,726	64,332	60,034	59,893	62,287	64,215
Unemployment Rate	1,642	1,563	3,515	2,217	1,918	1,921
	2.5%	2.4%	5.5%	3.6%	3.0%	2.9%
Washtenaw County						
Labor Force	196,380	199,232	194,032	188,812	194,931	200,755
Employment	190,374	193,476	181,053	180,627	187,847	193,662
Unemployment Rate	6,006	5,756	12,979	8,185	7,084	7,093
	3.1%	2.9%	6.7%	4.3%	3.6%	3.5%
State of Michigan						
Labor Force	4,945,000	4,976,000	4,863,000	4,780,000	4,836,000	4,870,000
Employment	4,739,000	4,774,000	4,379,000	4,502,000	4,633,000	4,671,000
Unemployment Rate	206,000	202,000	484,000	278,000	203,000	199,000
	4.2%	4.1%	10.0%	5.8%	4.2%	4.1%

Source: Michigan Department of Technology, Management & Budget

As indicated, total employment in Ann Arbor, Washtenaw County and the State of Michigan increased annually from 2015 through 2019. During this time, data reflected continued job growth, income growth and improving demand for industrial, office, and retail properties. As a direct result of the COVID-19 pandemic, total employment on all three levels decreased significantly in 2020.

The most recent annual unemployment rates are 2.9% for Ann Arbor, 3.5% for Washtenaw County and 4.1% for the State of Michigan. As shown, annual unemployment rate on each level spiked in 2020 as a direct result of mandated "stay-at-home" orders and the temporary shut down and/or slowdown of several business owing to the onset of the COVID-19 pandemic.

As indicated, the 2021 annual unemployment rate on each level remained higher than the 2019 pre-pandemic annual rate. Nonetheless, total employment on each level has improved significantly since the initial adverse effects of the onset of the COVID-19 pandemic in March



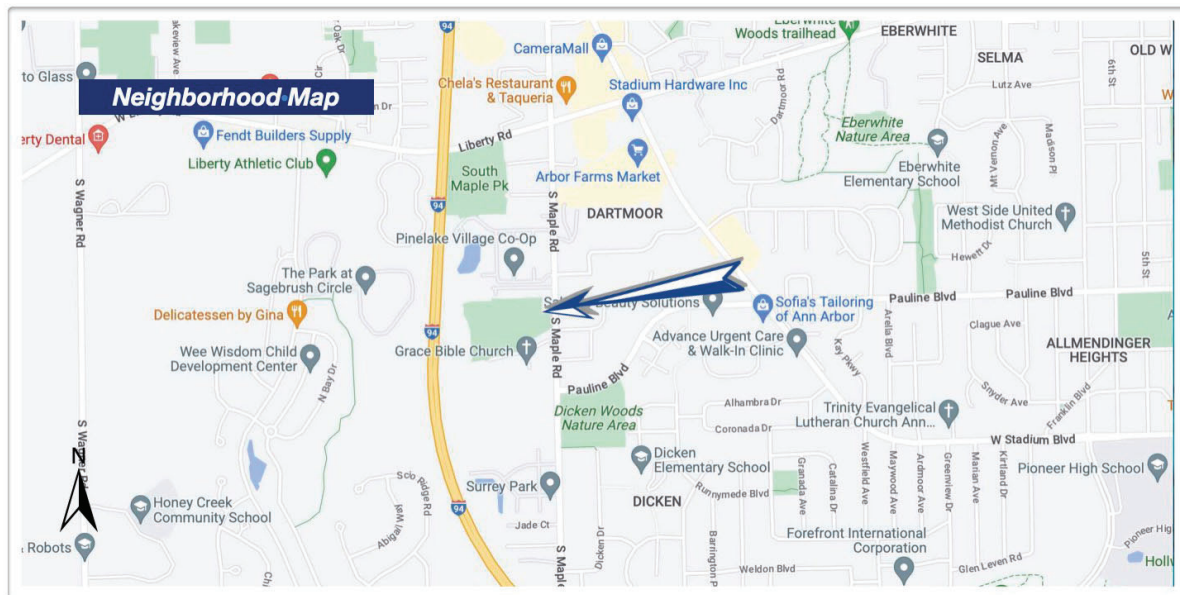
2020. As of March 2023, total employment on all three levels continues to increase, while unemployment rates continue to decrease, indicating continued improvement.

Summary

The local economy in Washtenaw County, greater Ann Arbor, and surrounding communities historically improved in the early aughts with an increasing employment base owing to a diverse local economy anchored by the University of Michigan, health care, and a variety of high-tech, research and development businesses. Washtenaw County and greater Ann Arbor have historically been insulated from cyclical economic conditions owing to their more diverse employment base. The subject is slated for annexation to the city of Ann Arbor.

Location and Neighborhood

As shown in the adjacent map graphic, the appraisal property is located at the west side of South Maple Road, at the juncture of St. Charles Drive, south of West Liberty Street, in Section 136, Scio Township, Washtenaw County, Michigan. The property has an Ann Arbor mailing address and is serviced by Ann Arbor Public School District.



The city of Ann Arbor is bounded to the east by US-23, to the south and west by Interstate-94 and to the north by M-14, which expressways provide access to surrounding cities in Southeastern Michigan. Interstate 94 is about one fourth mile to the west and is accessed by the Jackson Avenue/I-94 interchange. US-23 is several miles to the east and can be accessed by the Maple Road/M-14 interchange, about two miles north of the subject. The Central Business District of the city of Ann Arbor is located two miles to the northeast, with the University of Michigan Central Campus another mile or so east of Downtown.



The subject neighborhood is fully developed and urban in nature, proximate to the institutional backdrop of the University of Michigan. Though there is little growth, per se, owing to a lack of available development land, real estate in the larger neighborhood has historically been in great demand with substantial redevelopment of properties occurring as properties become available for lease or sale.

In the vicinity of the subject, South Maple Road is a variable two- and three-lane, bituminous-covered artery. North of West Liberty Street, the artery forms the side of a densely developed triangular intersection with West Stadium Boulevard. Commercial development is prevalent at this juncture. The subject is just southeast of a Kroger Grocery store. West Towne residential condominium project is located adjacent to the north of the subject. Various auto repair, a strip center and office and retail facilities can be found on this artery within this commercial hub. Winewood Avenue, also north of West Liberty Street, dedicated to industrial and office uses, is a tertiary artery providing nexus from South Maple to West Stadium Boulevard. South Maple Road, in the vicinity of the subject, between West Liberty Street and Pauline Boulevard, is developed with established, newer and under construction multiple-family projects, interspersed with scattered, modest single-family residential uses, such as the subject; some of which are awaiting redevelopment. The subject is adjacent to Hansen Nature Area to the south and west, with Dicken Woods Nature Area located at the southeast corner of Pauline Boulevard and South Maple Road. A religious facility is located south of Hansen Nature Area.

West Stadium is a primary commercial corridor linking the east and west sides of the City, with access to US-23 and I-94 interchanges; it is improved with such uses as automobile dealerships, community shopping centers, several small retail strip centers, fast food and full-service restaurants, professional and personal service enterprises. Westgate Shopping Center anchors the commercial corridor of this neighborhood along with Maple Village Shopping Center, both to the north. Maple Village is anchored by Plum Market, an upscale grocery store. Westgate is anchored by a TJ Max outlet, a Staples store, Nicola's Books, a Public Library Branch, Zingerman's Roadhouse restaurant and Seva restaurant. In the vicinity of the subject site, West Stadium Boulevard, it is a five-lane, asphalt-paved thoroughfare with center turning lane.

The subject is about one fourth mile south of Jackson Avenue, an east-west artery that functions as the western gateway to the City, extending eastward to the downtown business district and the central campus of the University of Michigan. A Jackson Road interchange for Interstate-94, an east-west expressway connecting the city of Detroit to the east and the cities of Battle Creek and Chicago to the west, is about one mile northwest of the subject. West Liberty Street also provides east/west nexus through the City CBD and Campus areas to the east to more rural uses in Scio Township to the west.

In summary, the appraisal location is mixed-use, peripheral, but convenient to the University of Michigan and Ann Arbor's Central Commercial District, the west side commercial district undergoing rejuvenation, as well as to local highways and interstates. The city of Ann Arbor, while largely developed, continues to attract a diverse homeowner base, buoyed by the relative



resilience of the commercial and educational core. Development opportunities emerge through annexation of land, infill and raze and redevelopment. While population and household growth estimates fluctuate, new housing units are generally well patronized.

The local economy in Washtenaw County, greater Ann Arbor, and surrounding communities historically improved in the early aughts with an increasing employment base owing to a diverse local economy anchored by the University of Michigan, health care, and a variety of high-tech, research and development businesses. Washtenaw County and greater Ann Arbor have historically been insulated from cyclical economic conditions owing to their more diverse employment base. The City remains one of the most stable communities in the area owing to the presence of the University of Michigan and the University of Michigan Medical Center. The subject's location is convenient to city amenities and expressways, and serves as a desirable residential area with natural features, suitable to a variety of users.

Improvements

The appraisers did not gain access to vacated building improvements on site, consisting of a 1,302-square-foot residence over full basement and 740-square-foot garage, and valuation presumes that they have non-contributory value, with a demolition cost of roughly \$15,000.

Site, Yard Improvements and Utilities

According to legal description found in municipal documentation, the appraisal property comprises 1.15 gross acres, with 155 feet of frontage on the west side of paved South Maple Road, having a maximum depth of 328.50 feet at its northern border. County parcel mapping indicates that the site extends to the centerline of the road; as digitally scaled by the appraisers, the right-of-way appears to have a depth of 33 feet at the southern border expanding to about 44 feet at its northern border, yielding a right-of-way of 0.14 acre, 1.01 acre, net of the right-of-way. assuming a 33-foot right-of-way, Topography slopes up from the street and is undulating. Coverage consists of scattered mature trees and overgrown landscaping surrounding the homesite to the east, and wooded coverage over the western portion of the site. USDA soil survey indicates there are no muck soils on site. National Wetlands Inventory mapping indicates that there are no wetlands on the appraisal property. The site represents a Scio Township island, slated for annexation to the city of Ann Arbor.

Commercial utilities available or formerly serving the property include natural gas, electricity and telephone. The residence is served by private well and septic systems and the septic system is reported by the client to have failed. Upon annexation, Troy Baughman, P.E., Project Manager for the city of Ann Arbor Public Services—Systems Planning Unit, advises that sanitary sewer, storm sewer and a water main are currently available to the appraisal property without capacity issues.



Annexation of the property will typically incur some expense. Troy Baughman cites 2023 storm sewer improvements charges of \$6,606.85 and 2023 Sidewalk Improvement charge of \$6,635.16. Crystal Allen, Customer Service Supervisor for the city, advises that water and



sanitary capital cost recovery charges are typically due upon connection and that determination for potential meter size upgrade, if necessary cannot be determined without site plan and use submission. As of the date of this writing, officials in the city Planning Department have not returned appraiser query regarding current map rezoning charge and annexation fee, which were \$1,400 and \$1,590, respectively in 2021.

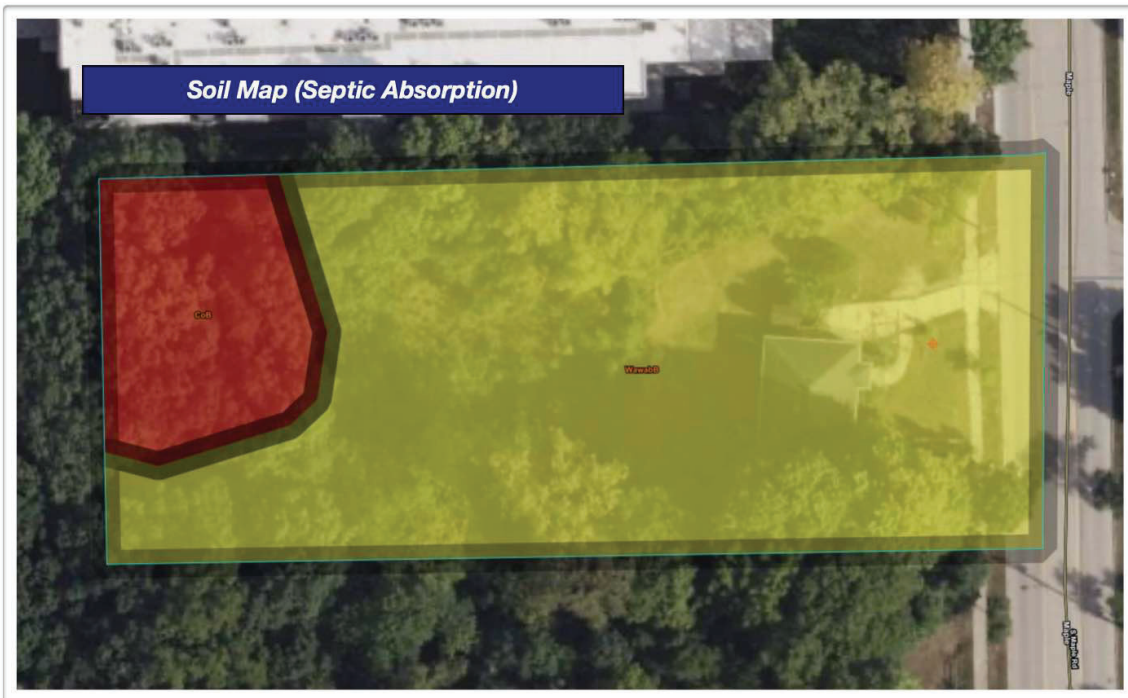
Soils

The proposed appraisal property has the following soil profile, derived from excerpts of a survey published by the U.S. Department of Agricultural Natural Resources Conservation Service, summarized in the following discussion.

Soil Characteristics					
Soil Symbol	Soil Name	Slope	Limitations for		Site Coverage
			Res. Without Bs. Const.	Septic Absorption	
CoB	Conniver loam	0% to 4%	Somewhat Limited	Very Limited	15.20%
WawabB	Wawasee loam	2% to 6%	Not Limited	Somewhat Limited	84.80%

The graphics presented on the following page are color-coded, wherein green represents ‘not limited,’ yellow represents ‘somewhat limited’ and red represents ‘very limited’ ratings. The study indicates that the soils on site pose 84.80 percent ‘not limited’ and 15.20 percent ‘somewhat limited’ suitability for residential building development without basements. The noted soils are characterized in the survey as posing 84.80 percent ‘somewhat limited’ and 15.20 percent ‘very limited’ suitability for the absorption of septic fields. The latter category is a moot issues because all utilities are available to the appraisal property. There are no muck soils on site.

These soil determinations are presented on a broad basis; it is the appraisers’ experience that development which contemplates residential use can generally occur on most soil types with the exception of the most inferior muck and low lying areas. The appraisers do not have expertise to determine the impact of non muck soils on site. Definitive determination can only be made by qualified contractors and on-site tests, which requires the expertise and on-site testing by a qualified engineer. Given surrounding neighboring development, presumed to have similar underlying soil profiles, the subject soils are presumed suitable for development.





Assessed Valuation and Taxes

On August 22, 1994, Proposal “A” was adopted by Michigan voters. Proposal A established a new property tax base for Michigan which is known as taxable value. State Equalized Value, or S.E.V., is no longer the tax base. Property taxes are now calculated using the following formula.

$$\text{Tax Rate (Mills Levied)} \times \text{Taxable Value} = \text{Tax Bill}$$

Proposal A provides that, until such time as the ownership of a property is transferred, its taxable value may not increase annually at greater than five percent, or the annual inflation rate, whichever is less. This process is referred to as putting a limit, or cap, on annual increases in property taxes and applies to each individual parcel of property. The notable exception to this would be in the case of new construction or loss of improvements.

The Michigan constitution requires that an assessed value be established annually for each parcel of property according to the market value of the property, at 50 percent of “the usual selling price,” as has historically occurred. Assessments are subject to county and state equalization and each taxable parcel is assigned an S.E.V. Neither assessed values nor S.E.V.’s are capped.

The appraisal property is identified under the following tax code in the jurisdiction of Scio Township, with a tax exempt status.

Tax Code	2023 SEV	2023 TV
H-08-36-150-006	Exempt	Exempt

To assist in the analysis, the appraisers estimate an SEV, derived from 50 percent of the value conclusion found herein, equating to \$152,500. Assuming the property were annexed into the city of Ann Arbor, the appraisers simulate a tax liability scenario assuming a private-sector non-homestead basis. State Treasury documentation indicates that that the combined Summer and Winter 2022 non-homestead millage rate for the city of Ann Arbor in the Ann Arbor Public School district, is \$65.7169 per thousand dollars of taxable value, augmented by a one percent administration fee. Based on the foregoing, the projection year taxes for the property, inclusive of a one percent administration fee, is estimated as follows.

2023 SEV est.		NH Millage Rate		1% Admin. Fee		Est. Tax Liability
(\$152,500	x	.0657169)	x	1.01	=	\$10,122

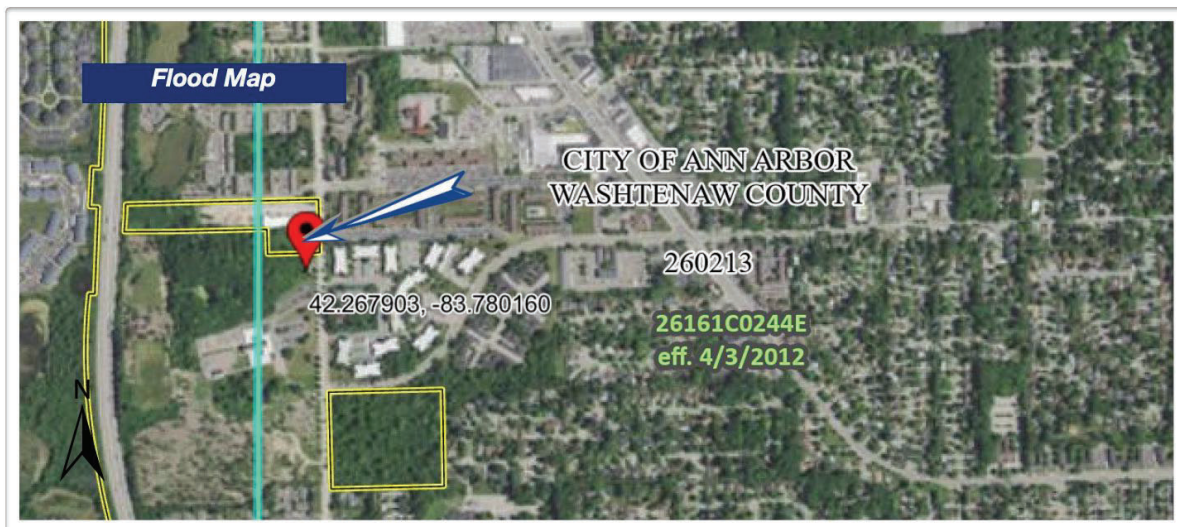
Scio Township treasury department indicates that there is a 10-year Scio Road special assessment levied against the property, with a start date of 2013, that has been transferred to tax. The appraisers assume the assessment is paid in full. Both Scio Township and Washtenaw County treasury documentation indicate 2020 delinquent taxes owing in the amount of \$6,386.69. As the date is subsequent to acquisition by the city of Ann Arbor and the County website does not tabulate an amount owing inclusive of interest and late fees, as is typical, the appraisers presume the cited liability is an oversight. If such is not the case, the



amount owing is assumed to be paid by the property owner, or result in a direct offset to the value conclusion presented herein.

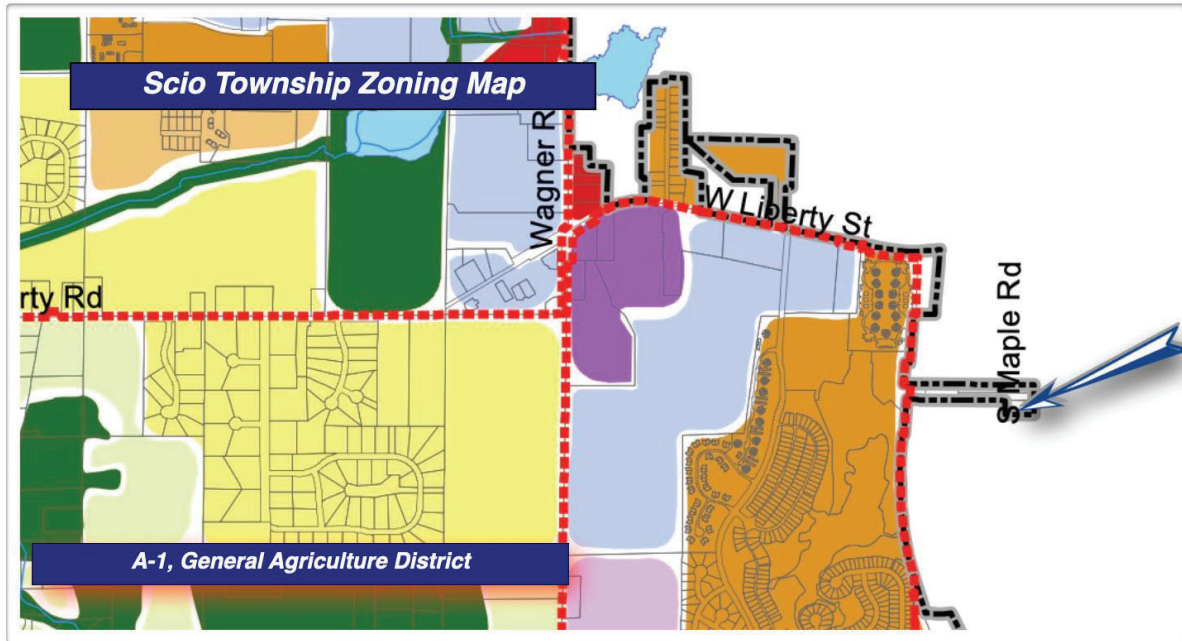
Flood Hazard

Examination of Federal Emergency Management Agency (FEMA) flood mapping indicates that the subject property lies in a Zone X designation, determined to be an area of minimal flood hazard.



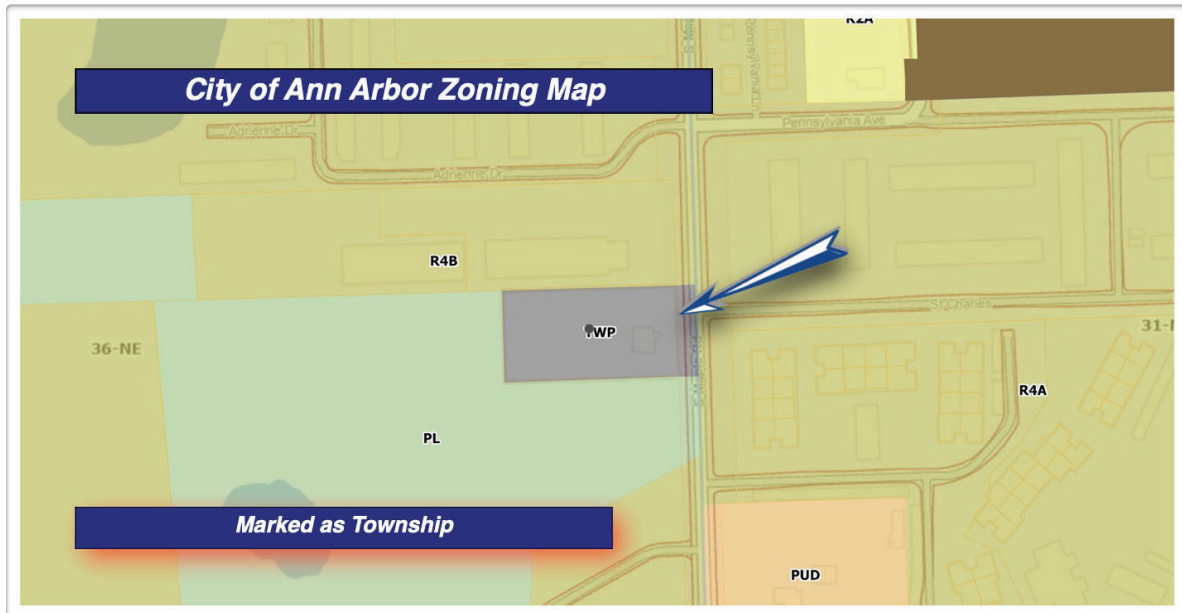
Zoning

As shown in the following zoning map excerpt, the property is zoned A-1, General Agriculture District in the jurisdiction of Scio Township. The district allows for single-family dwellings as well as a variety of agricultural and special-purpose uses, imposing a minimum building site of 2.50 acres (0.40 UPA) and a minimum lot width of 200 feet.



The Scio Township Future Land Use Plan indicates only that the property lies within Township boundaries without making a land use recommendation—the appraisers presume because the appraisal property is among those slated for annexation into the city.

The city of Ann Arbor current zoning map identifies the appraisal property as a Township property.





The city of Ann Arbor 2009 West Area Master Plan recommends the property for high-density single-family subdivision or high density multiple-family affordable housing use.



Site 18 - This six acre site is located on the west side of South Maple Road, between Pauline Boulevard and Liberty Street. There are four single-family homes fronting on Maple Road, leaving a long, narrow portion at the rear that could potentially be divided and developed. Multiple-family uses exist across Maple Road, and Hansen Park is immediately south of this site. I-94 is the western boundary, while the Pinelake Village Cooperative is to the north.

It is recommended that a high density, single-family subdivision be created. Single-family development at this location will serve to provide diversity in the area and offer additional housing options. A secondary recommendation would be the expansion of the Pinelake Village Cooperative housing development onto this site. Higher density multiple family uses of this nature are appropriate if affordable housing is being provided. This would serve as an additional opportunity to provide affordable housing in the neighborhood. The woodlands on the western portion of the site should be protected and appropriate buffering from I-94 should be included in the site design. The Parks and Recreation Department requests the provision of an access easement through the site to Hansen Park.

In addition to the subject property, Site 18 also includes two properties to the north, developed in 2019 to Hickory Way Apartments, having an R4B, Multiple-family Dwelling District zoning parameter allowing 15 UPA. Avalon Housing Director of Real Estate Development, Ms. Wendy Carty-Saxon, advises that site planning for the subject property has not taken place, the entity envisions an affordable housing project of about 25 units (equating to 21 UPA) which, she notes, would be dependent upon approvals by the city for such density. As of the date of this writing, repeated queries to various city of Ann Arbor Planning officials, have not been returned.



In the absence of such guidance, the appraisers presume the property will be rezoned to a multiple-family zoning parameter of at least 15 UPA upon annexation. If such is not the case, the value conclusion could be impacted.

Easements

The appraisers express no opinion as to the existence of other easements or restrictions to the appraisal property that would adversely affect the subject's market value or in any way create an exception to clear title. For the purposes of this appraisal, it is presumed that any easements or restrictions to clear title consist only utility easements and road right-of-way that do not preclude normal development of the site, and have no influence on the subject's market value, beyond that delineated herein.

Environmental Hazards

The appraisers did not detect the presence of obvious signs of contamination on the site as a result of physical inspection and the property. The appraisers specifically note that the recognition, detection, and measurement of contamination are outside the scope of this appraisal assignment and their professional expertise. Consequently, the value opinion expressed herein is predicated upon the absence of toxic or otherwise hazardous substances or materials from the subject property. If contaminants now affect the subject site, or will do so in the future, their presence may adversely affect the marketability and/or value of the property expressed in this report.



ANALYSIS OF VALUE

Current Market Conditions and Trends

National

According to the University of Michigan's Research Seminar in Quantitative Economics executive summary, dated May 2023, "A wide range of economic scenarios remains in play for the next year and a half. The recent stress in the banking sector has added to the pre-existing uncertainty. While the primary focus is on regional banks, the broader banking system balance sheet is under pressure from declines in asset values, deposit outflow, and the prospect of an upcoming recession. We believe that the stress in the banking sector will persist until banks have had time to heal their balance sheets. Many banks are likely to tighten standards further to lower the average credit risk of their loan portfolios.

The debt ceiling was officially reached on January 19, 2023. The Treasury could run out of "extraordinary" measures for debt management as soon as early June. The level of stress in the debt markets is high, with steep discounts for Treasury bills maturing next month. The probability of a U.S. default, while still very low, is markedly higher than during previous debt ceiling fights. Nonetheless, we expect the current standoff to be resolved with minimal damage to the economy.

These stressors aid the widespread narrative that recession is imminent. Tighter lending standards, low current and expected level of industrial activity, stalled business fixed investment, and declining service sector sentiment all support that view. While the unemployment rate remains exceptionally low, the labor market appears to be cooling meaningfully along several other key metrics, albeit from an overheated state.

On the other hand, consumption expenditures grew at a 3.7 percent annualized pace in 2023Q1, the fastest since 2021Q2. Vehicle sales have surprised on the upside so far this year. Wage growth remains brisk, supporting incomes. So, there are plenty of reasons for optimism that the U.S. economy will be able to avoid a recession in 2023–24. Our outlook lies somewhere in between these two scenarios.

Considerable year-over-year declines in energy prices, stabilizing food prices, and a substantial slowdown of inflation for goods are contributing to ongoing declines of all-items inflation. Measures of underlying trend inflation, however, remain stubbornly high. Despite shelter inflation finally beginning to slow, core CPI inflation has averaged an annualized pace of 5.1 percent from January to April 2023. Inflation in wage sensitive service industries has yet to begin cooling. As shelter inflation slows further, core inflation will decelerate, but a meaningful slowing to levels consistent with the Federal Reserve's 2.0 percent target is likely to require noticeable labor market softening."³

³ University of Michigan, RSQE, May 19, 2023



More highlights within the May 2023, released RSQE executive summary forecast are reported as, “The 30-year fixed mortgage rate topped 7.0 percent last fall, but has since settled into the mid-6.0 percent range. The demand for housing appears to have stabilized after plummeting during last year’s run-up in rates. We therefore judge the remaining housing market correction to be marginal, with the market avoiding large volumes of distressed sales or mortgage defaults with major spillovers to the rest of the economy.

Current homeowners’ reluctance to give up their low rate mortgages has contributed to limited supply in the market for existing homes, cushioning prices against larger declines. As a result, the residential construction sector is likely already seeing an inflow of buyers unable to find an existing house to purchase.

Despite stubbornly high measures of trend inflation and the still tight labor market, the Fed is widely expected to pause its monetary tightening cycle. The Fed is hoping policy lags from the previously-administered 500 basis points of rate increases to cool off the economy without additional hikes.

Research suggests that the effects of monetary tightening ramp up gradually over the course of many quarters, and it can take a few years before the full impact is evident. Additionally, the anticipated disinflation is expected to deliver gradually rising short-term real interest rates over the next few quarters, effectively tightening monetary policy further.

We project the Fed will hold its current 5.0–5.25 percent target range for the federal funds rate steady for the rest of 2023. We expect the Fed to start cutting rates in early 2024, as inflation slides and the labor market softens, decreasing at a pace of roughly 25 basis points at every other meeting.

House Republicans are demanding spending cuts in exchange for lifting the debt ceiling, and we expect that the eventual deal will feature some. Given the tight schedule, a short-term relaxation of the debt ceiling appears likely, with a broader deal passing later this summer.

We think that mandatory spending reform is unlikely and that defense spending will probably be spared from cuts. Hence, discretionary non-defense spending growth is set to bear the brunt of cuts in the debt ceiling deal and the upcoming fiscal 2024 budget fight.

The modest projected slowdown of federal spending growth will not be enough to lower the deficit due to the ballooning interest payments on debt. The federal deficit grows from 4.3 percent of GDP in fiscal 2022 to 5.9 percent in fiscal 2024.”⁴

RSQE: The 2023-2024 Outlook

“We expect growth to falter by late 2023, driven by a slowdown in consumer spending. Headline growth slows but remains positive in 2023Q2–Q3. By 2023Q4, economic momentum

⁴ Ibid



fades, as the effects of prior monetary policy tightening accumulate and scarcer credit bites. Headline growth turns slightly negative in 2023Q4–24Q1, with a cumulative contraction of about 0.2 percent of GDP. By early 2024, conditions warrant some monetary policy easing, which helps GDP growth to rebound above the 2.0 percent pace by 2024H2. Weak quarterly growth readings late in 2023 and early in 2024 contribute to the slowdown of calendar year GDP growth from 1.3 percent in 2023 to 0.5 percent in 2024.

We project significant progress on inflation over the next year as consumers pull back due to higher interest rates and the rental market cools. Core CPI inflation falls from 4.9 percent in 2023 to 3.1 percent in 2024. Headline CPI inflation is expected to stay below core inflation throughout the forecast, with food and energy price growth lagging behind.

The downward trend in job gains continues in the forecast. The economy sheds 522,000 jobs between 2023Q4 and 2024Q3 before adding back 90,000 jobs in 2024Q4. On a calendar year basis, payroll employment adds 3.3 million jobs in 2023 and loses 0.1 million in 2024. The unemployment rate stays flat in 2023, and climbs to 4.1 percent in 2024.

The pace of light vehicle sales is expected to stall for the next several quarters at around 15.5 million units as the economy goes through a soft patch and high vehicle financing interest rates bite. As economic growth returns in the second half of 2024, and interest rates fall, the vehicle sales pace turns up, topping 16 million units late in the year.

With the recent peak in mortgage rates behind us, the pace of single-family starts bottoms out in the third quarter of 2023 before embarking on a slow recovery. As a wave of new supply comes to the market and a slowing economy puts further downward pressure on rents, multi-family starts fall modestly throughout the forecast. As a result, total housing starts edge down during 2023 and stabilize in 2024, averaging 1.4 and 1.3 million units, respectively.”⁵

Michigan

According to the University of Michigan’s Research Seminar in Quantitative Economics executive summary, dated May 2023, “Michigan’s labor market is flashing unmistakable signs that it is nearing a full recovery from the pandemic recession. The state lost 1,056,000 payroll jobs at the start of the pandemic, but after three years of recovery, the remaining shortfall is only 30,000 jobs. If the average pace of job gains over the past six months were to continue, Michigan would recover to its pre-pandemic employment level by this September.

Longtime observers of the state economy can be forgiven for worrying that the good news means something is about to go wrong. We acknowledge the rising risks that Michigan’s recovery could shift into reverse, but we forecast the state economy to keep growing through 2024. We project job gains to total 67,300 this year and 49,100 next year, even as the national economy flirts with recession. We believe Michigan’s blue-collar industries will continue to lead the recovery.

⁵ Ibid



Michigan's unemployment rate fell to 3.8 percent in April, in line with its pre-pandemic level. We project it to edge up toward 4.5 percent by the middle of next year as labor force growth outpaces job gains and then hover near that level.

Michigan's personal income per capita increased by nearly 15 percent between 2019 and 2021, from \$49,300 to \$56,500. It barely eked out positive growth last year, to \$56,800, as the labor market recovery continued but federal stimulus faded into the rearview mirror. We project Michigan's personal income per capita to grow by an average of 3.4 percent per year in 2023 and 2024. That trajectory would bring Michigan's personal income per capita to \$60,700 next year, or 23.3 percent higher than in 2019.

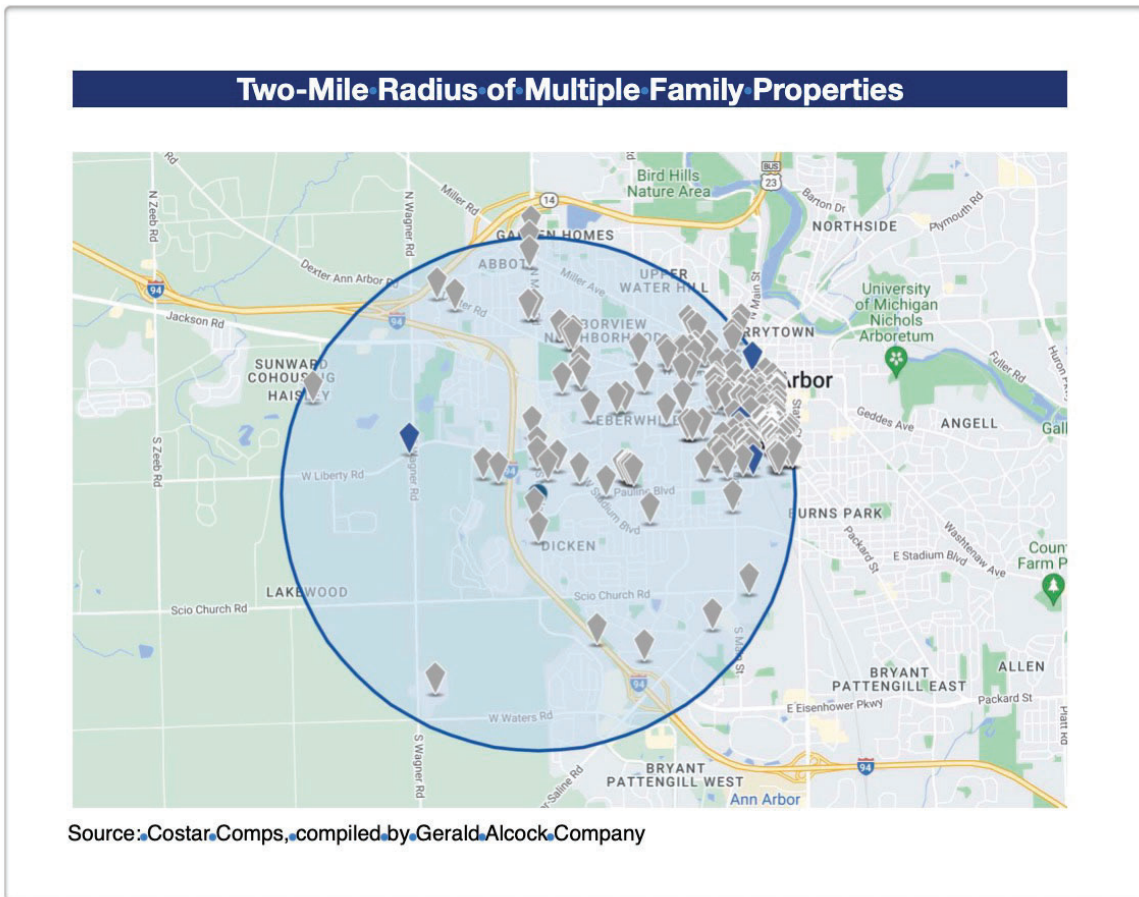
Real disposable income per capita fell by nearly 10 percent last year, as nominal income growth was hit hard by skyrocketing inflation. Unfortunately, we expect elevated inflation to continue to chip away at nominal income growth. Real disposable income per capita slips by a cumulative 0.3 percent over the next two years. Our forecast would take real disposable income per capita in 2024 to an average of \$45,000, or roughly \$1,100 less than 2019's average. Thus, we project that state residents will experience a decrease in living standards over a period of five years, from 2019 to 2024, despite the growth in nominal incomes during that time.”⁶

Local Market

The overall Washtenaw County market has historically been stable in terms of employment, population, and median household income.

The following map graphic represents the local multiple-family market within a two-mile radius of the subject, as compiled by the appraisers from Costar Comps.

⁶ University of Michigan, RSQE, May 26, 2023



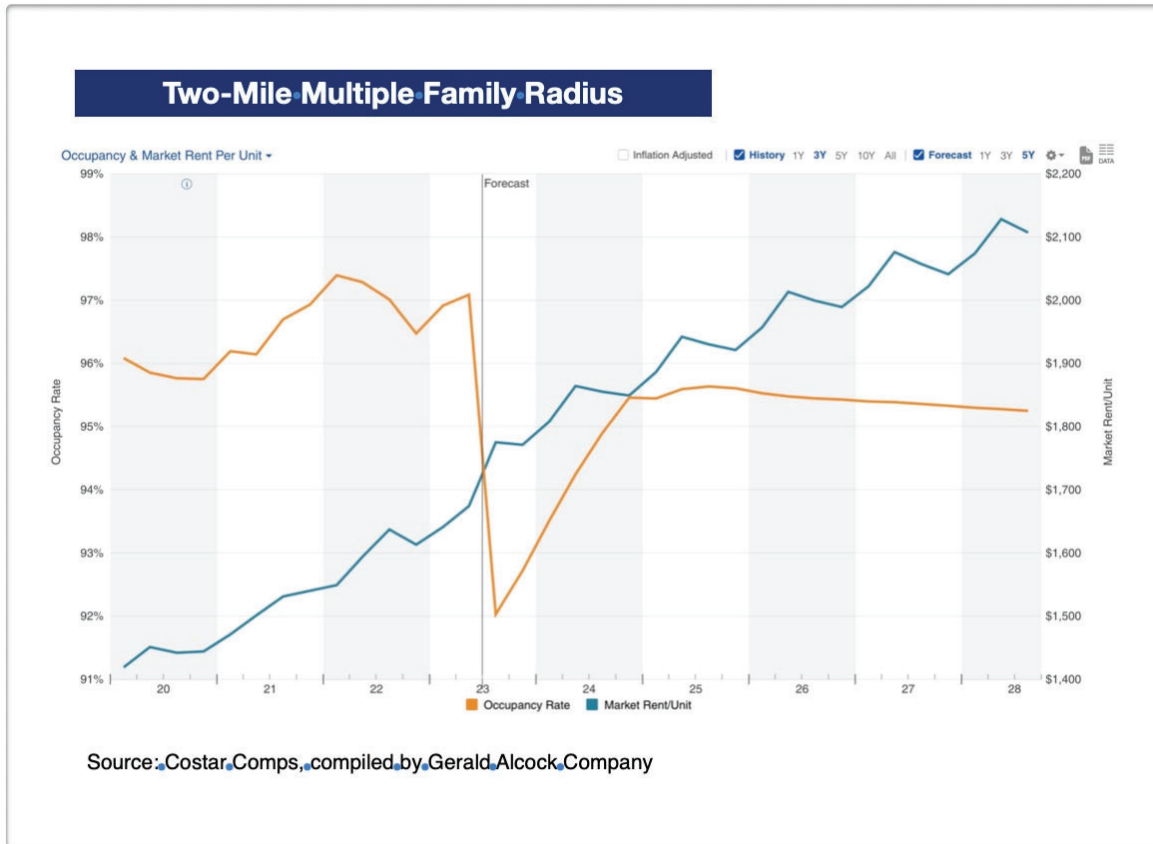
The following table, derived from CoStar Comps, summarizes current trend statistics in the local multiple-family market within a two-mile radius of the subject.



Market Summary
**2-Mile Radius
Multi-Family (Units)**

Buildings	191		
Rentable Building Area/Units	5,512		
Vacant Building Area/Units	166		
YTD Net Absorption	10		
2022	(15)		
2021	191		
2020	(6)		
2019	31		
Vacancy	3.0%		
3Q 22	3.0%		
3Q 21	3.3%		
3Q 20	4.2%		
3Q 19	3.4%		
Asking Rent		Gross Rent/Mo/Unit	
		% Δ	
3Q 22	\$1,637	6.9%	
3Q 21	\$1,531	6.2%	
3Q 20	\$1,442	2.1%	
3Q 19	\$1,412		
Current	\$1,676		

Source: CoStar



The foregoing graph presents the historical and projected vacancy/occupancy rates and market rents.

The estimated multiple-family occupancy rate has decreased slightly since since the third quarter of 2022. CoStar forecasts continued occupancy over 90% for the next few years with gradual increases in market rent.

Highest and Best Use of Property

As defined by the Appraisal Institute, the highest and best use is

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.⁷

The use to which land can be put and the intensity to which it can be developed have a direct bearing on its value. The purpose of the highest and best use analysis, therefore, is to identify

⁷ Appraisal Institute, *The Appraisal of Real Estate*, Eleventh Edition, Chicago, Illinois, p. 275.



the most probable and profitable use of the property so that a value may be estimated predicated on that use.

This definition reflects the importance of determining the subject property's most productive use as it relates to value. Certain criteria—legally permissible, physically possible, financially feasible, and maximally productive—are considered in order to determine its highest and best use.

The property is analyzed “As Though Vacant” and “As Improved” in consideration of a premise which states “as long as the value of the property as improved is greater than the value of the land as though vacant, the highest and best use is the use of the property as improved.”⁸The proposed appraisal property is vacant and the as improved analysis is not applicable.

As Though Vacant: Legally Permissible

No deed restrictions or environmental restrictions, to the best of our knowledge, prohibit development of the subject property, as allowed by code. Legal restrictions, as they apply to the subject property, involve the public restrictions of the present zoning and utility easements. Although the property is zoned A-1, General Agriculture District under the jurisdiction of Scio Township, the city of Ann Arbor 2009 West Area Master Plan recommends the property for high-density single-family subdivision or high density multiple-family housing use. The property is slated for annexation to the city with availability of all municipal utilities. As of the date of this writing, repeated queries to various city of Ann Arbor Planning officials, have not been returned. Given adjacent development with an R4B, Multiple-family Dwelling District designation allowing 15 UPA, it is reasonable to assume the appraisal property could obtain a similar designation and density level.

Physically Possible

This aspect considers all physical characteristics of a site, with special consideration for any features that might preclude or enhance development of the property for a particular type of use. The analysis of the appraisal site comprises 1.15 gross-acres with adequate frontage and natural-feature amenities, including rolling topography and coverage having mature trees and partial woodlands, adjacent to parklands at two borders. An existing single-family residential building and related site improvements are deemed non-contributory. There appear to be no physical characteristics of the site that would interfere with, or preclude, normal development of the subject to any legally permissible uses, if annexed and rezoned as presumed herein.

⁸ Ibid.



Financially Feasible

Financial feasibility considers a use that will produce an income or return which is equal to or greater than the amount needed to satisfy operating expenses in addition to a return on investment. However, it is difficult to determine with certainty, lacking benefit of plans, specifications, or costs for a proposed project. The appraisers note that the intent of the pending purchaser is to develop an affordable housing project of about 25 units which would equate to 21.74 UPA and such initial plan would require city approval.

Maximally Productive

The maximally productive and highest and best use of the appraisal property is for redevelopment to a multiple-family project, as allowed by presumed code subsequent to annexation.

Methods and Date of Valuation

There are three generally recognized approaches to valuing real property: The cost approach, the sales comparison approach, and the income approach. Each of the three approaches has inherent strengths. In selection of the procedures and techniques to be used in a valuation, the appraisers must consider the appropriateness of the valuation approaches relative to the nature of the property under valuation to determine which approaches will produce supportable estimates of market value. Each method and its applicability in the instant analysis are discussed below.

Each method and its applicability in the instant appraisal are discussed below.

Discussion of the Cost Approach and Its Appropriateness in this Analysis

In the cost approach, the cost of replacement or reproduction of the buildings and all other improvements to the land are estimated. Depreciation, if any, from all causes is then estimated and deducted from reproduction or replacement cost to give net depreciated reproduction or replacement cost of improvements. To this is added land value to give an indication of total property value by the cost approach. This approach is most useful for valuing property with new or proposed improvements that utilizes a site to its most intense use. In valuing income-producing properties, this approach generally sets an upper limit to value. This is based on the tenet known in appraising as the principle of substitution which, “. . . states that a prudent purchaser would pay no more for real property than the cost of acquiring or developing an equally desirable substitute. . .”⁹

⁹ Real Estate Appraisal Terminology, The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, 1975, Ballinger Publishing Company, Cambridge, Massachusetts, P. 201.



The cost approach is not appropriate for valuation of vacant land and will not be utilized in the analysis at hand.

Discussion of the Income Approach and Its Appropriateness in this Analysis

The income capitalization approach assumes that the value of the property arises from its potential for producing income to an investor. First, gross income, operating expenses and net operating income before allowances for depreciation charges and debt service are estimated. The resulting estimated net operating income (NOI or Io) is then capitalized into an indication of value using a market related capitalization rate.

Generally, market participants of income producing properties consider income potential when establishing selling prices. The income approach is generally not applicable to the fee simple valuation of vacant lands and will not be utilized.

Discussion of the Sales Comparison Approach and Its Appropriateness in this Analysis

The sales comparison approach, is defined as "[an] appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions (...). It is a process of correlation's and analysis of similar recently sold properties. . ."

The sales comparison approach is typically used in valuing vacant property such as subject, when there is adequate and reliable sale information of comparable properties. Sales of such properties provide viable market indicators from which value may be deduced. The sales comparison approach will be employed in the analysis of the property under valuation.

Summary

The sales comparison approach to value will be applied to valuation of the appraisal property.

Effective Dates

The effective date of the current valuation is August 13, 2023.



Sales Comparison Approach

The sales comparison approach is based on the principle of substitution. This approach has greatest value in appraisal situations involving land or improved properties within a particular area, having common elements and similar amenities. In the absence of sales with sufficient similarity to allow direct comparison, other reasonably similar properties are considered, because they provide a range of unit prices within which the current real estate market is operating and within which the appraisal property would be expected to sell.

To best apply this method, land sales of similar parcels are analyzed, compared and contrasted, and then adjusted to estimate the subject's value as vacant at its highest and best use. The value method of choice depends on the specific situation and the availability of current and reliable market data. The sales comparison technique is used for the analysis of the subject, because there is an adequate amount of sales data of similar properties in the subject's immediate area.

Several units of comparison can be used depending upon the type of property under valuation. A typical unit of comparison most recognized by the market for vacant land is the price per gross square foot of land area. This is the unit of comparison used in the instant analysis. The significant items of comparisons are the transaction and physical items shown as follows:

Transaction Items

- Buyer Expenditures
- Property Rights
- Financing Terms
- Conditions Of Sale
- Market Conditions

Physical Items

- Location
- Topography/ Cover
- Zoning
- Road Frontage
- Utilities
- Development Potential
- Size

The nine sales—one of which represents an undisclosed offer and one of which represents an active listing—considered to best represent the subject market are provided in detail and are summarized and adjusted in the table called, "Land Sales Adjustment Grid." A map locating the comparables relative to the subject property as well as detail of the comparable sales are put forth on the following pages and precede the presentation of the grid table. Any minor numerical discrepancies within the table are attributable to rounding within the spreadsheet.





Comparable 1

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Common Name: Veridian at County Farm

Location: WS Platt Road, S of Washtenaw Avenue, Ann Arbor, Washtenaw County, MI

Sale Date: July 2021

Sale Price: \$1,025,000 Cash to mortgage

Purchaser: 2270 Platt, LLC

Seller: Washtenaw County

Site: The subject contains 8.91 gross, or 8.36 net acres, after consideration of a 43-foot wide road right-of-way. The parcel has 560 feet of frontage along the west side of Platt Road and a depth of about 740 feet. Site topography is level with scattered trees. The southern lot line runs along a residential subdivision, the western boundary is to woodlands within County Farm Park.

Zoning: PUD, Planned Unit Development

Utilities: All Municipal

Tax Code: 09-12-03-100-008

Occupancy: % Occupied

Comments: The property, which had been previously exempt, was rezoned in tandem with acquisition and will allow for the development of 99 housing units within a solar-powered, mixed-income, sustainable living community. The mix will incorporate 16 village homes, 42 townhomes, 30 walk-up flats and 11 'nest' micro-unit apartments. The project will also feature a farmhouse building, barn, community center, garden shed, bike shed and encouragement of passive circulation with interconnected sidewalks and green ways.

Source: Washtenaw County Register of Deeds, M-Live

Indicators: \$ 2.64 per gross square foot

\$ 2.81 per net square foot

\$ 10,354 per unit

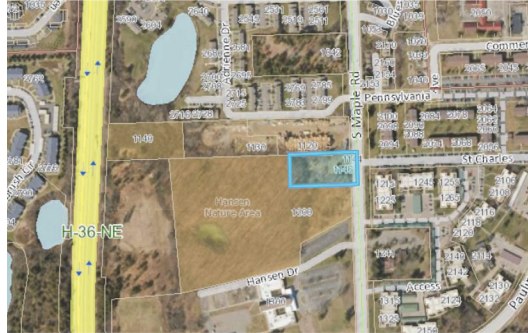
Recorded L5434 P693 WCR



Comparable 2

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Location: 1146 S. Maple Road, Scio Township, Washtenaw County, MI

Sale Date: September 2019

Sale Price: \$260,000 Cash

Purchaser: City of Ann Arbor

Seller: Victoria J. Moessner

Site: This parcel contains 1.15 acres, or 50,094 square feet and is located on the west side of S. Maple Road. Property sits just south of Avalon's new Hickory Way apartments complex and abuts Hansen Nature Area to the south and west. Topography is undulating and coverage is wooded. The property is improved with a 1,302-square-foot older residence over full basement. The septic system is reported to be failing.

Zoning: A-1, Agriculture District (0.40 UPA) To be Annexed to Multiple-Family

Utilities: Well and Septic (all municipal upon annexation)

Tax Code: H-08-36-150-006

Occupancy: Vacant

Comments: Estimate demo costs at \$20,000 for improvements on site to be demolished. In October 2022 the property is pending sale to Avalon Housing, Inc., for consideration of \$260,000, which proposes a multiple-family affordable housing development. The agreement allows for an extended due diligence period, similar to that developed to Hickory Way Apartments developed in 2019 to the north by Avalon. As of August 2023, Director of Real Estate Development for Avalon Housing, Wendy Carty-Saxon advises that a site plan has not been submitted to the city; the property has not yet been annexed; and Avalon envisions an affordable housing development in a range from 14 to 25 UPA, which is dependent upon City Planning approvals.

Source: Wendy Carty-Saxon, Director of R. E. Development, Avalon Housing , (734) 663-5858

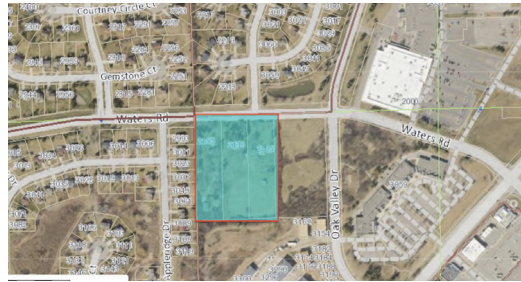
Indicators: \$ 5.19 per square foot
\$ 226,087 per acre



Comparabe 3

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Common Name: Townes on the Green

Location: SS Waters Road, W of Oak Valley Road, Pittsfield Township, Washtenaw County, MI

Sale Date: May 2022

Sale Price: \$2,125,000 Cash

Purchaser: Robertson Townes on the Green, LLC

Seller: Brussolo R & M; Brooks L & Vangelatos V.; Baccouche S & M

Site: The subject contains 6.14 gross, or 5.52 net acres after consideration of road right-of-way. There is 450.50 feet of frontage along the south side of Waters Road and a depth of 594 feet. Topography is level and mostly clear.

Zoning: FB (Form Based Mixed Use) District

Utilities: All Municipal

Tax Code: L-12-07-200-004; -005; -006

Occupancy: Owner Occupied

Comments: The sale represents three transactions occurring in April and May 2022. Demolition expense for three residences is estimated at \$30,000.

The site will be developed with 64 townhouse units (2 or 3 story with attached garages). Centralized green space has picnic tables, grills, and chairs. The net overall density is 11.59 units-per-acre.

Source: MLive; Pittsfield Township Assessor / Planning Dept.

Indicators: \$ 7.95 per gross square foot

\$ 8.84 per net square foot

\$ 33,203 per unit

Recorded L5985, P641 & 642 / L5480, P278



Comparable 4

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Location: 2195 E. Ellsworth Road, E of Stone School Road, Ann Arbor, Washtenaw County, MI
 Sale Date: October 2021
 Sale Price: \$1,900,000 Cash to mortgage
 Purchaser: Lockwood of Ann Arbor Limited DIVID
 Seller: Bajwa Harlivleen Kaur
 Site: Property contains 7.26 gross, or 6.54 net acres after consideration of 60-foot road right-of-way. There is 502 feet of frontage along the north side of E. Ellsworth Road. Topography is level and lightly treed.
 Zoning: R1C - SF Residential District to Planned Unit Development (PUD)
 Utilities: All Municipal
 Tax Code: 09-12-10-304-098
 Occupancy: Owner Occupied
 Comments: Lockwood of Ann Arbor will include a three-story, 168,130-square-foot building with 154 independent senior apartments, including 65 units dedicated as affordable housing. Overall density is 24 UPA (net).
 Demolition expense for a house and garage is estimated at \$15,000, and not included in the sale price.
 Source: Assessors Record and MLive News Article
 Indicators: \$ 6.67 per square foot
 \$ 290,520 per net acre
 \$ 12,338 per unit
 Recorded L5454, P345



Comparable 5

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Location: SS Clark and WS Golfside, Pittsfield Township, Washtenaw County, MI

Sale Date: May 2023

Sale Price: \$4,000,000 Cash or Equivalent

Purchaser: Lockwood Development, LLC

Seller: Carol Van Curler

Site: The "L" shaped site has 328 feet of frontage along the west side of Golfside and 519 feet along the south side of Clark Road. Site area is 17.48 gross acres or 16.84 acres, net of ROW.

Zoning: PUD

Utilities: All Municipal

Tax Code: L-12-01-100-046

Exposure Time: 112 months

Occupancy: Vacant

Comments: The site was originally planned for a 153,000 square feet, multi-tenant, medical office development. Limited retail and multi-unit residential were other potential uses. It had been listed since August 2012 with no price reduction at \$4,800,000 representing a 16.7% discount.

According to the Broker, multi-family/senior housing is planned for 295 units.

Source: Costar. Chanda Wilbanks, Colliers, 734-769-5003

Indicators: \$ 5.45 per net square foot
 \$ 5.25 per gross square foot
 \$ 13,559 per unit



Comparable 6

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Common Name: Under Construction for Hickory Way Apartments

Location: 1110 and 1132 South Maple Road (to Become 1120 South Maple), Ann Arbor,

Sale Date: March 2018

Sale Price: \$995,000 Cash to mortgage

Purchaser: Avalon Nonprofit Housing Corporation

Seller: Harry Gable Jr., and Erik and Mary Hansen

Site: Two contiguous sites, recently annexed from Scio Township, together configure to an elongated rectangle and contain 4.937 gross acres, with 178.26 feet of frontage on the west side of South Maple Road, between Adrienne Drive and St. Charles Street, south of West Liberty Street. The maximum depth of the site is 1,206.84 feet. Topography is level and coverage consists of woodlands and two older homes dating to 1948, together comprising 2,803 square feet. Estimated cost to demolish the non-contributory improvements is \$20,000.

Zoning: R4B, Multiple-Family Dwelling District (15 UPA)

Utilities: All Municipal

Tax Code: 09-08-36-100-010 and -011

Occupancy: Owner Occupied

Comments: As of March 2019, the property is under construction for development to a two phase 70-unit affordable housing apartment complex comprising 92,281 square feet, housed in two three-story buildings with elevators and 105 parking spaces, equating to 1.5 spaces per unit. Thus the project equates to 14 UPA. The first phase with 34 units has received an \$8 million tax credit for Michigan State Housing Development Authority (MSHDA) and other funding is in process.

The transactions from separate sellers occurred on the same day.

Source: Assessment Record, M-Live, Avalon Housing, (734) 663-5858

Indicators: \$ 201,539 per acre

\$ 4.63 per square foot

\$ 14,214 per unit

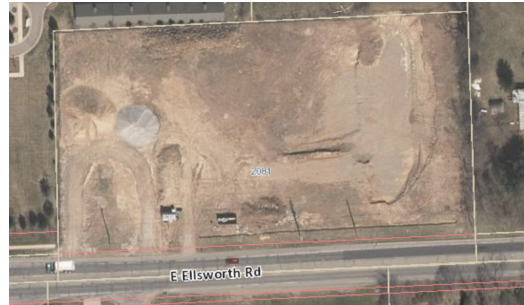
\$ 10.78 per square foot of proposed buildings area, before demolition



Comparable 7

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Location: 2081 East Ellsworth Road, Ann Arbor, Washtenaw County, MI

Sale Date: September 2019

Sale Price: \$637,500 Cash

Purchaser: Ann Arbor Public Schools Board of Education

Seller: The Summit Limited Dividend Housing

Site: The rectangular site contains 3.32 gross, or 2.956 net acres, after consideration of right-of-way. The size is approximately 128,763 square feet and found on the north side of East Ellsworth Road, east of Stone School Road. The parcel has 482.26 feet of frontage and a depth of 300 feet. Topography is sloping with 42-foot elevation changes over the site, heightened in the eastern portion of the site.

Zoning: R3, Townhouse District (10 UPA)

Utilities: All Municipal

Tax Code: 09-12-10-304-099

Occupancy: Vacant

Comments: The AAPS purchased this land to develop a possible second entrance to Bryant Elementary School, as this parcel connects the school through the landlocked parcel and the subject to Ellsworth Road.

The subject previously sold in 12/2011 for \$160,000 or \$1.24 per square foot, after plans for a 24-unit townhouse development (8.0 UPA) stalled in the market slowdown. The land was more recently marketed for \$1.2 million.

Source: City of Ann Arbor Assessor, Ann Arbor Public Schools

Indicators: \$ 215,663 per net acre
\$4.95 per square foot



Comparable 8

MARKET DATA

Vacant Multi-Family Development Land Offer



Photograph Date:

Location: 3400 Dexter-Ann Arbor Road and 647 Ironwood Drive, Ann Arbor *, Washtenaw

Offering Date: August 2023

Offering Price: \$1,200,000 Cash or Equivalent

Purchaser: Undisclosed

Seller: 3400 DA, LLC

Site: Two contiguous sites together comprise 4.817 gross acres, irregularly shaped with about 135 feet of usable frontage on the north side of Dexter-AA Road and 80 feet of frontage on the west side of Ironwood Drive. The property abuts the east right-of-way of M-14 at its western border, having about 745 feet of exposure. Topography is rolling and coverage is wooded. The larger site is located in Scio Township and will be annexed to the city of Ann Arbor upon redevelopment. The smaller site, presently in the city, was acquired for access to utilities and requires 295 feet of water and sewer extension to serve a new development. Assessment records indicate the properties now have barn and garage improvements, and the listing broker believes that residences have been demolished.

Zoning: A-1 Township, R1B Ann Arbor/ Master Planned for Multiple-Family

Utilities: All Municipal upon Annexation**

Tax Code: H-08-24-330-002 and 09-08-24-302-004

Exposure Time: 3.8 months

Occupancy: Vacant

Comments: The property has been exposed to the market for 114 days with an asking price of \$1,200,000. The listing broker advises of two interested parties, one of which is presently submitting plans to the city for a 34-unit townhouse project, equating to a density level of 7.06 UPA. The broker advises that the city is in favor of a high-density residential development. While the ultimate price will be dependent upon approvals by the city, the broker advises that the undisclosed working offer is close to the asking price. The asking price is used for this comparable.

Source: Costar/ Assessor/ Megan Allor Farkas, Solomon Real Estate, (248)921-2896

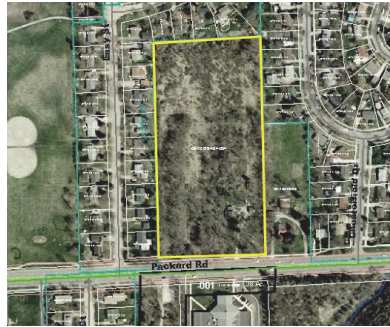
Indicator: \$ 5.72 per gross square foot



Comparable 9

MARKET DATA

Vacant Single Family Development Listing



Photograph Date:

Location: 2857 Packard Road, Ann Arbor, Washtenaw County, Michigan

Sale Date: August 2023

Sale Price: \$2,990,000 Cash

Purchaser: Active

Seller: Robert R. Weber

Site: The site is nearly rectangular in shape and consists of 7.9 acres or 344,124 square feet. The site has about 407 feet of frontage on Packard Road and an average depth of 853 feet. Topography is generally level with some tree and brush cover. The property is located just east of Burh Park and Cobblestone Farm. The property includes a 1,521 SF house, built circa 1850, deemed to have interim rental use, offsetting to demolition upon redevelopment.

Zoning: R1E, Residential Single Family (min. lot size 4,000 sf; 9 UPA)

Utilities: All Municipal

Tax Code: 09-12-03-404-054

Exposure Time: 77.7 months

Occupancy: Vacant

Comments: In 2009, the broker the owner has received three offers around \$1,300,000 and rejected them. The owner had been willing to participate in the profits of a residential development while accepting a lower price. More recently the property is listed at the \$1,590,000 and the owner advises of potential for rezoning to PUD allowing multi-family and assisted living options; however, the South Area master plan indicates a site specific (Site 8) recommendation for detached single family use. An offer for an undisclosed amount was made in February, 2016 and rejected. The property was pending sale for \$1,800,000 in May 2016. As of October 2017, the property has not sold and is back on the market at the cited rate. The current list price is \$2,990,000, presumably reflecting a change in zoning from R1C, allowing 6 UPA, to R1E, allowing 9 UPA).

Source: William Eddy, General Equity Group, 734-436-6468

Indicators: \$ 8.69 per square foot
\$ 378,481 per acre



	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9
Sale Price	\$1,025,000	\$260,000	\$2,125,000	\$1,900,000	\$4,000,000	\$995,000	\$637,500	\$1,200,000	\$2,990,000
Date of Sale	Jul 1, 2021	Sep 13, 2019	May 1, 2022	Oct 1, 2021	May 1, 2023	Mar 1, 2018	Sep 1, 2019	Undisclosed	Active List
Buyer Expenditures	\$0	\$15,000	\$30,000	\$15,000	\$0	\$20,000	\$0	\$20,000	\$0
Property Rights Transferred	0%	0%	0%	0%	0%	0%	0%	0%	0%
Conditions Of Sale	0%	0%	0%	0%	0%	0%	0%	0%	0%
Financing	0%	0%	0%	0%	0%	0%	0%	0%	0%
Market Conditions	8.33%	15.67%	5.00%	7.33%	1.00%	21.67%	15.67%	-5.00%	-20.00%
Adjusted Price	\$1,110,417	\$318,093	\$2,282,750	\$2,055,433	\$4,040,000	\$1,234,917	\$737,375	\$1,159,000	\$2,992,000
Site Size In Acres	8.91	1.15	6.14	7.26	17.48	4.94	3.32	4.817	7.90
Adjusted Price Per Square Foot	\$266	\$635	\$646	\$650	\$531	\$574	\$510	\$532	\$695
Location	Platt	S. Maple	Waters	E. Elsworth	Clark, Golfside	S. Maple	E. Elsworth	Dexter, Ironwood, M-14	Packard
Township	Ann Arbor	Scio Twp/AA Annex	Pittsfield Twp	Ann Arbor	Pittsfield Twp	Scio Twp to Ann Arbor	Ann Arbor	Scio Twp to be Annexed	Ann Arbor
Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%
Topography/ Cover	Roll / Trees	Roll/ Part Wood	Level/ Predom. Clear	Level/ Trees	Level/ Clear	Level/ Wood	Level, Slope / Clear	Roll/ Wood	Level/ Trees
Adjustments	0%	0%	0%	0%	0%	0%	0%	0%	0%
Zoning	PUD (11.84 UPA)	Annex (Assume 15 UPA)	FB (11.59 UPA)	RIC to PUD (24 UPA)	PUD (Prop. for 16.88 UPA)	R4B (Developed to 14 UPA)	RS (10 UPA) A-1 / Proposed for 7.06 UPA	R1E/ (9 UPA)	
Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	
Road Frontage	560'	155'	450.50'	502'	328' + 519'	178.26'	482.26'	135' east + 80'	407'
Adjustment	-10%	0%	-10%	-10%	-15%	0%	-10%	0%	-10%
Utilities	All Municipal	Similar	All Municipal	All Municipal	All Municipal	All Municipal/ Extension	All Municipal	All Municipal with Annex.	All Municipal
Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	
Development/Hindrance	None	None	None	None	None	None	Part Slope	285-Foot Water/Sewer Ext.	None
Adjustment	10%	0%	0%	0%	0%	0%	0%	10%	0%
Size	8.91	1.15	6.14	7.26	17.48	4.94	3.32	4.817	7.90
Adjustment	20%	0%	20%	20%	30%	10%	10%	10%	20%
Gross Adjustments	40%	0%	30%	30%	45%	10%	20%	20%	30%
Net Adjustments	20%	0%	10%	10%	15%	10%	0%	20%	10%
Adjusted Sale Price Per Square Foot	\$343	\$635	\$931	\$715	\$510	\$632	\$510	\$663	\$765

High	\$9.31
Mean	\$6.45
Median	\$6.35
Low	\$3.43

- Index of Comparable Land Sales
1. WS Platt Road, Ann Arbor
 2. 1146 South Maple Road, Scio Township (Anticipated for AA Annexation)
 3. SS Waters Road, Pittsfield Township
 4. 2195 East Elsworth Road, Ann Arbor
 5. SS Clark and WS Golfside Roads, Pittsfield Township
 6. 1110 and 1132 (to become 1120) South Maple Road, Ann Arbor
 7. 2087 East Elsworth Road, Ann Arbor
 8. 3400 Dexter-Ann Arbor Road and 647 Ironwood Drive, Scio Township and Ann Arbor
 9. 2857 Packard Road, Ann Arbor



Adjustments

Buyer Expenditures

Buyer expenditures include the costs incurred by buyers immediately following the purchase of a property. These costs may include demolition, renovation, environmental costs, or legal and zoning costs. Comparables Two through Four, Six and Eight are adjusted for demolition of non-contributory improvements. None of the remaining presented data require adjustment in this category.

Property Rights

The fee simple title to the subject property is under analysis. The presented comparable sales conveyed with fee simple title interest and adjustments for property rights are not warranted.

Financing

The presented comparables sales were purchased with cash to the seller or presumed cash equivalent terms. Therefore, no adjustments are made.

Conditions of Sale

All of the sales are reported to be arm's-length transactions. Therefore, no adjustments are warranted.

Market Conditions

The consummated sales have occurred within 65 months of the current date of valuation. Upward adjustment is applied at a rate of four percent per annum, or 0.3333 percent per month from the date of comparable sale through the current date of valuation, owing to demand in the area. Slight downward adjustment is applied to Comparable Eight an undisclosed offer reported to be close to the cited listing price. Greater downward adjustment is applied to Comparable Nine, an active listing, in consideration of negotiation inherent to real estate transactions.

Location

Location adjustments are made in consideration of visibility characteristics, traffic patterns, accessibility, local economies, demographic trends, and neighborhood real estate values. The subject property is situated in a Scio Township island, slated for annexation to the city of Ann Arbor, in an area of rejuvenation. No adjustment is applied to the presented data, variably located in greater Ann Arbor and/or surrounding Townships in areas of activity and demand.

Topography/ Cover

The subject property features rolling topographical characteristics. Coverage includes mature copses and partial woodlands. The presented data have varying topographical and coverage characteristics which do not warrant adjustment on an overall basis.

Zoning

Once annexed into the city, the subject property is anticipated for a presumed multiple-family zoning designation with a density level of 15 UPA. The pending purchaser envisions a slightly higher density level of 21.74 UPA, which would require city approvals. All of the data represent multiple-family properties, except Comparable Nine, which is held to a high-density single-



family parameter. The presented data have, or were ultimately developed to, varying density levels and no adjustment is applied for the differentials in the case at hand.

Road Frontage

The subject features 155 feet of road frontage. The presented data have road frontage in a range from 155 to 847 feet. No adjustment is applied to Comparables Two, Six and Eight on an overall basis. Variable downward adjustment is applied to the remaining presented data, with greater frontage characteristics affording flexibility of development.

Utilities

All municipal utilities are reported to be available to the appraisal property upon annexation. The owner of Comparable Six is reported to have extended utilities across the front of the site and no adjustment is applied. All municipal utilities are available to the remaining presented data and no adjustment is applied.

Development Potential

There are no known significant hindrances to potential development of the appraisal property, other than some annexation costs, which are considered in the reconciliation of value. Upward adjustment is applied to Comparable Eight, which required acquisition of a contiguous site and will require some extension for connection to the larger site. No adjustment is applied to the remaining presented data.

Size

The appraisal property comprises 1.15 gross acres, while the presented data range in size from 1.15 to 17.48 acres. Generally, the market for parcels of land exhibits a downward trend in unit price as parcel size increases. Such trend intensifies as it applies to smaller sites. No adjustment is applied to Comparable Two, representing a historical sale of the appraisal property. Variable upward adjustment is applied to the remaining presented data, larger in size relative to the subject property.

Summary

After all adjustments, the comparable land sale prices range from \$3.43 to \$9.31, with a mean of \$6.45 and a median indicator of \$6.35 per square foot. If the high and low indicators are discarded, the remaining presented data adjust to an average of \$6.47 per square foot. Comparable Two, requiring least adjustment, represents a historical sale of the subject property, adjusting to \$6.35 per square foot. The consummated 2022 and 2023 data, inclusive of undisclosed offer, average \$7.35 per square foot. As previously detailed, annexation of the the appraisal property includes some costs, not all of which may be calculated, at this point in time. Comparables Two, Six and Eight adjust to an average of \$6.43 per square foot and also also will or have incurred annexation expenses. After consideration of the subject location and anticipated annexation, the appraisers resolve to a market indicator of \$6.50 per square foot, before consideration of cost to demolish non contributory improvements. Thus,

50,094 gross square feet (1.15 gross acres) @ \$6.50/square foot = \$325,000 (rd.)

Such figure must be discounted for cost to demolish existing non-contributory improvements, estimated by the appraisers at \$15,000. Thus,



Market Value Estimate Before Demolition Costs	\$325,000
Estimated Demolition Cost	<u>(\$15,000)</u>
Current Market Value	\$305,000

The appraisers conclude that the current as-is market value, as of August 13, 2023, is:

Three Hundred Five Thousand (\$305,000) Dollars

This value estimate is made subject to the “General Assumptions and Limitations of Appraisal,” and the following “Extraordinary Assumptions” to this report. There are no “Hypothetical Conditions” to this report.

1. It is an assumption of this report that various gross and/or various net areas delineated herein generally conform to actual conditions; if not, the value conclusion could be impacted; and
2. Valuation is predicated upon the assumption that there are no significant hindrances to potential development of the appraisal property, beyond issues noted in the text; if such is not the case, the value conclusion could be impacted; and
3. Valuation is predicated upon the assumption that the appraisal property is free and clear of any environmental hazards which would materially affect the property; if not, the value conclusion could be impacted; and
4. As of the date of this writing, planning officials from the city of Ann Arbor have not responded to appraiser query regarding likely zoning parameter and density level of the appraisal property upon a 2009 West Area site recommendation plan, and have made deduction based upon adjacent zoning to the north. Valuation is predicated upon the assumption that rezoning of the appraisal property in the jurisdiction of the city will be similar to that assumed herein for analysis purposes. If such is not the case, the value conclusion could be impacted.

Sales History Analysis

Municipal documents indicate the property is owned by the city of Ann Arbor, which entity acquired the property on September 13, 2019 from Victoria Moessner, for consideration of \$260,000. The property contact advises that the property had been exposed for sale as a residence, but the failing septic system, deterred interest for single-family residential use. MLive reports that in October 2022 the property is pending sale to Avalon Housing, Inc, for consideration of \$260,000, which envisions development to a multiple-family affordable housing project, similar to Hickory Way Apartments developed in 2019 by Avalon. The pending agreement has an extended due diligence period of 33 months. It is assumed that the pending sale agreement was not exposed to the open market. The appraisers’ value estimate is above the historical and pending sale prices and the appraisers attribute the differential to an uptrending market with regard to the historical transactions, as well as presumed beneficial



offering to Avalon Housing. There has been no other sales activity to report within the last three years.

Estimated Marketing Period, Exposure Period

As used herein, the definition of exposure time is as follows.

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal: a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal...

A discussion with area brokers and review of similar investments in our company database indicates that marketing times can range from six months to numerous years depending on availability of utilities, zoning parameters, size, and location of a property. Given market conditions and location of the property, the appraisers consider an exposure time of 12 months to be a reasonable estimate.

As used herein, the definition of marketing period is as follows.

The time it takes an interest in a real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal...

Marketing time is prospective and takes into account current market conditions. The estimated market value in this report assumes a reasonable exposure time to the market, which is normal for properties of this type. The marketing time is an estimated forecast of the length of time the property interest under analysis will be listed on the market prior to a hypothetical sale at the estimated market value after the effective date of the appraisal.

Assuming the subject property were aggressively marketed by a competent broker at a listing price close to the estimated market value, the appraisers estimate approximately 12 months.



ASSUMPTIONS AND LIMITATIONS OF APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraiser(s) is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

Appraisal is not a Survey

It is assumed that there is no encroachment or trespass unless noted in this appraisal report.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships or location. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

The legal description given to the appraiser is presumed to be correct, but it has not been confirmed by a survey.

Appraisal is not a Legal Opinion

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimated contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.



Appraisal is not an Engineering or Property Inspection Report

It is assumed that there are no hidden or unapparent conditions of the property or sub-soil that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

The appraiser(s), thus, have not inspected the appraisal property for suitability for well drilling, availability of potable water from an aquifer adequate for long-term delivery of water and for soils that are suitable for development of a septic field or fields at reasonable cost.

The sketches included in this report are only for the purpose of aiding the reader in visualizing the property, are not based on survey. Sizes and dimensions not shown should not be scaled from the sketches.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that an engineering expert be hired for a detailed investigation.

Appraisal is not an Environmental Issues or a Hazardous Materials Report

No toxic materials or environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser(s) hereby reserves the right to alter, amend, revise or rescind any of the value opinion(s) based upon subsequent or subsequently-revealed toxic materials, pollutants or environmental impact studies, research or investigations, or due to stigma associated with potential environmental hazards.

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of mold, urea-formaldehyde foam insulation, toxic waste, asbestos, radon gas, PCB's, lead-based paint, contaminants such as petroleum products, or hazardous chemicals escaping from underground storage tanks, other potentially hazardous materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature which we would believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser(s) on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is



further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous materials or substances into the groundwater or the environment unless otherwise noted in the report.

Appraisal is Made Under Conditions of Uncertainty with Limited Data

As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser(s) (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser(s) to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

There is also an economic constraint, however. The appraisal budget (and the fee for this appraisal) did not contain unlimited funds for investigation. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will do the most good, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.

Before relying on any statement made in this appraisal report, interested parties should contact us for the exact extent of our data collection on any point which they believe to be important to their decision-making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

Information provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s).

The comparable sales data relied upon in this appraisal are believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are based on our analysis as of the effective date(s) of valuation stated in this appraisal report. (The value[s] estimated in this appraisal report may change in the future because of changing local or national economic conditions or capital money market changes.) These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.



Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of our incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.

Restrictions Upon Disclosure and Use of the Appraisal

Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the appraiser.

The appraisal report may not be used for any purpose except substantiation of the value estimated without written permission from the appraiser. All valuations in this appraisal report are applicable only under the stated program of use. The valuation of a component part of the property is applicable only as a part of the whole property.

Neither the name of Gerald Alcock Company nor the name of the appraiser(s) nor this appraisal report nor any material contained in this appraisal report may be included in any prospectus, or used in any activities or transactions such as offerings or representations in connection with a real estate syndicate or syndicates, a real estate investment trust or trusts, or any securities-related exposures.

Neither this appraisal report nor any part of it may be submitted to the Securities and Exchange Commission nor to any state securities regulatory agency without the express written permission of the appraiser(s).

Neither the name of the Gerald Alcock Company nor the name of the appraiser(s) nor this appraisal report nor any material contained in this appraisal report may be used for activities or transactions that are subject to the Employee Retirement Income Security Act of 1974, as amended, without the express written permission of the appraiser(s).



Appraisal Report Limitations

Appraisal reports are technical documents addressed to the specific needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance which may be important to others but which, with our limited acquaintance of the property and our limited expertise, does not seem to be important to us.

Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports.

The appraiser should be contacted with any questions before this report is relied on for decision-making.



APPRAISERS' CERTIFICATIONS

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions;
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
7. Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice;
8. We (I) have not performed a prior appraisal or any other any service, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to accept this assignment;
9. Lorie Alcock made a personal exterior inspection of the property that is the subject of this report. Michael T. Williams did not inspect the property.
10. No one provided significant real property appraisal assistance to the author of this report;
11. The reported analysis, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;



13. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan; and
14. As of the date of this report, Michael T. Williams has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.

A handwritten signature in cursive script that reads "Michael T. Williams".

Michael T. Williams, MAI
Michigan Certified General Appraiser
License No. 1205004033

A handwritten signature in cursive script that reads "Lorie Alcock".

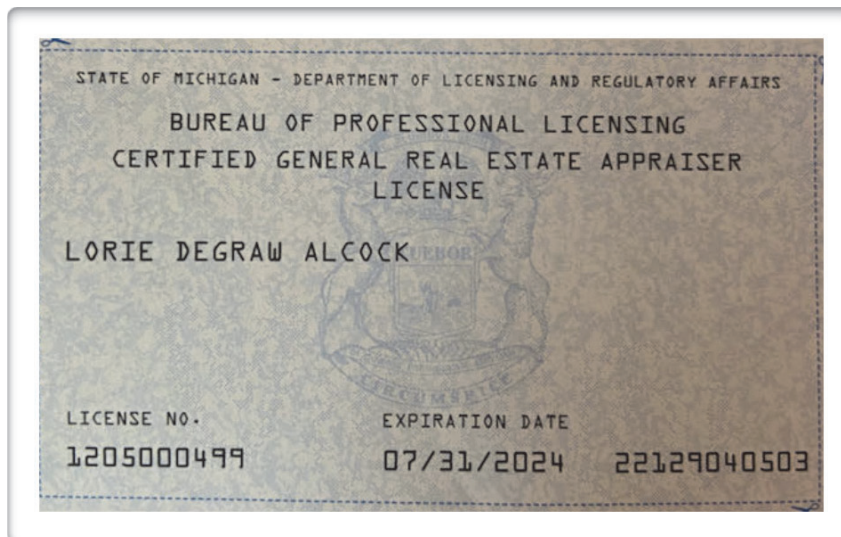
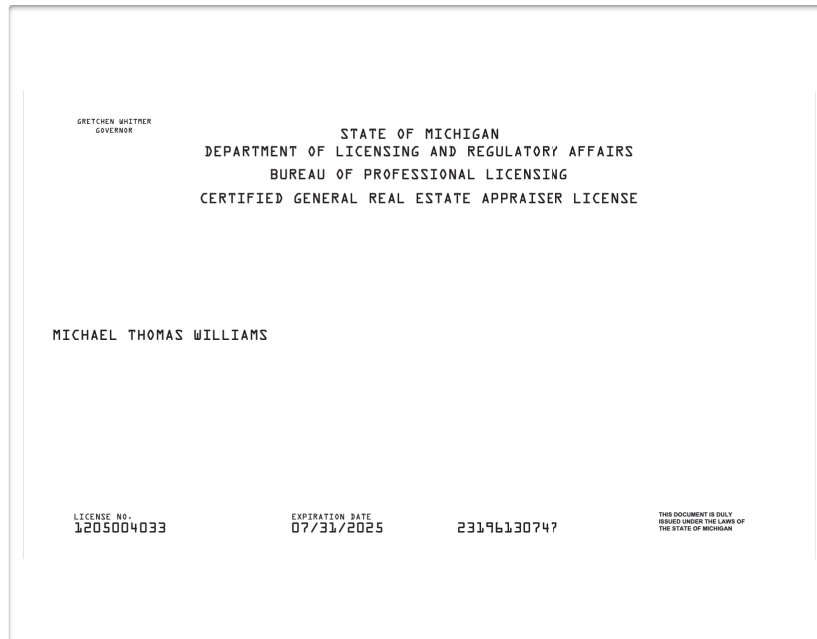
Lorie Alcock
Certified General Appraiser
License No. 1205000499



REQUIRED STATEMENTS

LICENSURE

Appraisers are required to be licensed, and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing Michigan 48909. The appraiser(s) are currently and properly licensed. Copies of these licenses are set forth below.





APPRAISAL REPORT

This report is classified as an Appraisal Report under the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, Standards Rule 2-2(a). Broadly defined, an Appraisal Report gives the contents of the report in a summary form and connotes a concise level of detail in the presentation of information.

USPAP COMPETENCY PROVISION

This appraisal complies with the Competency Provision of the USPAP.

UNAVAILABILITY OF INFORMATION

The appraisers were not provided with current title work. The appraisers did not gain access to vacated building improvements on site, consisting of a 1,302-square-foot residence over full basement and 740-square-foot garage, and valuation presumes that they have non-contributory value, with a demolition cost of roughly \$15,000.

NARRATED DATES

Date of Appraisal Report

The date of this appraisal report is August 22, 2023.

Effective Date(s) of Value

The effective current date of valuation is August 13, 2023, the date of property inspection.

Date(s) of Inspection and Inspector(s)

The property exterior was inspected by Lorie Alcock on August 13, 2023. Michael T. Williams did not inspect the property.



PROFESSIONAL QUALIFICATIONS

MICHAEL T. WILLIAMS, MAI

Principal and President with the Gerald Alcock Company, LLC since 2003 and an associate since 1995 preparing and managing valuation and consulting assignments.

Valuations have been performed on various properties including, but not limited to, retail shopping centers, net leased retailers, general commercial properties, single and multi-tenant industrial buildings, high-tech office properties, professional and medical office buildings, mixed-use facilities, residential subdivisions, apartments, and vacant land for a variety of uses. Assignments for special purpose properties include public and private golf courses and country clubs, tennis and health clubs, gas station and convenience stores, car washes, bowling alleys, hotels, self-storage facilities, churches, schools, day care facilities, specialty-medical properties, and assisted living facilities.

Consulting assignments include appraisal reviews, lease recommendations, market studies, ground lease consultations, and buy-sell negotiations.

Assignments have been performed for financing, disposition and acquisition, estate planning, federal estate tax filing, tax appeal, condemnation, internal corporate planning, and foreclosure due diligence. Valuations and market studies have been completed for proposed, partially completed, renovated, and existing structures.

Clients served include commercial banks, life insurance companies, mortgage bankers, law firms, accountants, investment firms, developers, as well as private and public agencies.

EDUCATION:

UNIVERSITY OF MICHIGAN
School of Business Administration
Bachelor of Business Administration, 1993
Concentration in Finance and Real Estate

WALSH COLLEGE
Master of Science in Finance, 2002
Magna Cum Laude
Course work in Business Valuation, Real Estate Finance, and Lease Finance
APPRAISAL INSTITUTE

Courses Completed:

Standards of Professional Practice, Part A, 1993



Standards of Professional Practice, Part B, 1994
Standards of Professional Practice, Part C, 1999
Appraisal Principles, 1994
Appraisal Procedures, 1993
Basic Income Capitalization, 1993
General Applications, 1994
Advanced Income Capitalization, 1994
Highest & Best Use/Market Analysis, 1994
Advanced Sales Comparison & Cost Approach, 1996
Report Writing & Valuation Analysis, 1996
Advanced Applications, 1997
Fundamentals of Separating Real Property, Personal Property, and
Intangible Business Assets, 2012

Seminars Completed:

Building Construction In Michigan, 1995
Small Hotel/Motel Valuation, 1997
Non-Residential Demonstration Report Writing, 1998
Appraisal Office Management, 1999
Attacking and Defending an Appraisal for Litigation, 1999
Appraisal Review – General, 2001
Effective Report Writing, 2002
The Road Less Traveled: Special Purpose Properties, 2003
Rates and Ratios, 2003
Regression Analysis, 2003
Uniform Standards For Federal Land Acquisitions, 2003
National USPAP Update, 2004
Michigan Appraiser Licensing Law & Rules, 2004
Appraisal of Local Retail Properties, 2004
Appraisals and Real Estate Lending, 2004
Appraising Convenience Stores, 2005
Business Practice and Ethics, 2005
Mortgage Fraud, 2006
Reappraising, Readdressing, Reassigning, 2007
Analyzing Distressed Real Estate, 2007
National USPAP Update, 2007
Appraisal Issues In Publicly-Funded Land Transactions, 2007
Effective Bank - Appraiser Communication, 2007
Appraisal Issues in Publicly Funded Land Transaction, 2007
Capstone Realty Sources: Land Conservation Marketplace I, 2009
Appraisal Curriculum Overview (Two-Day General), 2009
Spotlight on USPAP: Common Errors and Issues, 2009
Michigan Economy, 2009
Online McKissock: Michigan Law, 2009
Online McKissock: 2008-09 National USPAP Update, 2009
Spotlight on USPAP: Confidentiality, 2010



Business Practice and Ethics, 2010
Data Verification Methods, 2010
Spotlight on USPAP: Appraisal Review, 2011
Michigan Economy, 2011
Online McKissock: Michigan Law, 2011
Online Analyzing Distressed Real Estate, 2011
National USPAP Equivalent Course 2010-2011, 2011
Spotlight on USPAP: Agreement For Services-Instructions, 2011
Preparing Valuation Disclosures, Entire MI Tax Tribunal, 2011
Supervising Appraisers, A Mentoring Process, 2012
Michigan Economy, 2012
National USPAP Equivalent Course 2012-2013, 2012
Michigan Laws and Rules, 2012
Contemporary Topics For Appraisers Involving the MI Tax Tribunal, 2013
Michigan Economics, 2013
Great Lakes Chapter Economic Summit, 2013
Online Subdivision Valuation, 2013
Contemporary Topics For Appraisers Involving the MI Tax Tribunal, 2014
Great Lakes Chapter Economic Summit, 2014
Michigan Economics, 2014
Appraising Airports and Airplane Hangars, 2014
National USPAP Equivalent Course 2014-2015, 2014
Michigan Economics, 2015
Online McKissock: Michigan Law, 2015
Government and The Housing Market, 2015
Great Lakes Chapter Economic Summit, 2015
Business Practices and Ethics, 2015
LARA and the Michigan Real Estate Appraisal Profession, 2016
Contemporary Michigan Property Tax Issues, 2016
National USPAP Equivalent Course 2016-2017, IRWA, 2016
Michigan Economics, 2016
Michigan Legislative Update, 2016
Supervisory Appraiser/Trainee Appraiser Course, 2016
Great Lakes Chapter Economic Summit, 2016
Natural Resources: An Economic Drive, 2017
Contract or Effective Rent: Finding the Real Rent, 2017
Michigan Economy, 2017
Michigan Appraisal Law, 2017

PROFESSIONAL AND TRADE AFFILIATIONS:

Michigan State Certified General Appraiser #1205004033

Ohio State Certified General Appraiser #2011002568



Member, Appraisal Institute (MAI), Certificate No. 11570

Leadership Ann Arbor Program, Ann Arbor Chamber of Commerce, 2006-2007

Leadership Development & Advisory Council (LDAC), Appraisal Institute, 2014, 2015, & 2016

Treasurer, Southeast Michigan Subchapter of the Great Lakes Chapter of Appraisal Institute, 2001-2003

Board of Directors, Great Lakes Chapter of Appraisal Institute, 2007-2011

Chairperson, Membership Development, Retention and Development, Great Lakes Chapter of Appraisal Institute, 2007-2012

Assistant Regional Ethics Administrator For Region III, Appraisal Institute, 2004-2007

Regional Member Ethics Administrator For Region III, Appraisal Institute, 2008-2009

Chair, Ethics Administration Division, Appraisal Institute, 2010-2011

Chair, Ethics Appeals Panel, Appraisal Institute, 2012

Member, Professional Standards and Guidance Committee, 2013

Secretary, Great Lakes Chapter of Appraisal Institute, 2013

Treasurer, Great Lakes Chapter of Appraisal Institute, 2014

Functional Coordinator/ Commercial Appraisals, Great Lakes Chapter of Appraisal Institute, 2015

President, Great Lakes Chapter of Appraisal Institute, 2016

Past President, Great Lakes Chapter of Appraisal Institute, 2017



Lorie Alcock

Past responsibilities at the Gerald Alcock Company have included book-keeping and valuations for residential properties, specializing in exclusive single-family housing. Recent responsibilities, from 2000 through the present, include valuations for various properties, including, but not limited to, Regional Commercial properties, single- and multiple-tenant industrial buildings, high-tech office properties, professional and medical office buildings, mixed-use facilities, residential subdivisions, and vacant land for a variety of uses.

Assignments have been performed for financing, disposition and acquisition, estate planning, tax appeal, condemnation, internal corporate planning, foreclosure due diligence, and litigation support. Valuations and market studies have been completed for proposed, partially completed, renovated, and existing structures.

Clients served include commercial banks, life insurance companies, mortgage bankers, law firms, accountants, investment firms, developers, as well as private and public agencies.

EDUCATION

University of Michigan Bachelor of Fine Arts, 1979

APPRAISAL INSTITUTE

Courses Completed:

Real Estate Appraisal Principles, 1986

Residential Valuation, 1986

Basic Valuation Procedures, 1987

Basic Income Capitalization, 2000

General Applications, 2001

Seminars Completed:

Income Valuation of Small Mixed-Use Properties, 2001

BUSINESS EXPERIENCE

1986 – present Staff Appraiser, Gerald Alcock Company, L.L.C.

1982 – 1986 Production Artist, Group 243, Incorporated

1980 – 1982 Art Teacher, Ann Arbor Recreation Department

PROFESSIONAL AFFILIATION

State of Michigan General Certified Real Estate Appraiser, License Number 1205000499

COURT EXPERIENCE

Qualified as expert witness in Washtenaw County Circuit Court




Municipal Document



Parcel Number - H -08-36-150-006 | Scio Township | BS&A Online

8/9/23, 1:05 PM

1146 S MAPLE RD ANN ARBOR, MI 48103 (Property Address)
 Parcel Number: H -08-36-150-006



Property Owner: CITY OF ANN ARBOR

Summary Information

- > Residential Building Summary
 - Year Built: N/A
 - Bedrooms: 3
 - Full Baths: 1
 - Half Baths: 0
 - Sq. Feet: 1,302
 - Acres: 1.150
- > Assessed Value: \$0 | Taxable Value: \$0
- > 1 Special Assessment found
- > Property Tax information found

Item 1 of 3 2 Images / 1 Sketch

Owner and Taxpayer Information

Owner	CITY OF ANN ARBOR P O BOX 8647 ANN ARBOR, MI 48107-8647	Taxpayer	SEE OWNER INFORMATION
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General Information for Tax Year 2023

Property Class	401 RESIDENTIAL-IMPROVED	Unit	H Scio Township
School District	ANN ARBOR PUBLIC SCHOOLS	Assessed Value	\$0
MAP #	BOOK 6, MAP 36-1	Taxable Value	\$0
XSTATUS		State Equalized Value	\$0
USER ALPHA 1		Date of Last Name Change	09/17/2019
USER ALPHA 3		Notes	
Historical District		Census Block Group	
USER ALPHA 2		Exemption	

Principal Residence Exemption Information

Homestead Date

Principal Residence Exemption	June 1st	Final
2023	0.0000 %	0.0000 %

Previous Year Information

Year	MBOR Assessed	Final SEV	Final Taxable
2022	\$0	\$0	\$0
2021	\$75,000	\$0	\$0
2020	\$113,400	\$113,400	\$113,400

Land Information

Zoning Code	A-1	Total Acres	1.150
Land Value	\$0	Land Improvements	\$148
Renaissance Zone		Renaissance Zone Expiration Date	
ECF Neighborhood	M - ANN ARBOR ANNEX AREA	Mortgage Code	
Lot Dimensions/Comments		Neighborhood Enterprise Zone	No

Lot(s)	Frontage	Depth
No lots found.		
Total Frontage: 0.00 ft		Average Depth: 0.00 ft

Legal Description



Parcel Number - H -08-36-150-006 | Scio Township | BS&A Online

8/9/23, 1:05 PM

COM AT NE COR OF SEC, TH S 1 DEG 19' E 954.44 FT IN E LINE OF SEC FOR PL OF BEG, TH CONT S 1 DEG 19' E 155.0 FT IN E LINE OF SEC, TH S 88 DEG 09' W 320.0 FT, TH N 4 DEG 27' W 155.23 FT, TH N 88 DEG 09' E 328.50 FT TO PL OF BEG, BEING PART OF E 1/2 OF NE 1/4 SEC 36 T2S-R5E 1.15 AC.

Land Division Act Information

Date of Last Split/Combine		Number of Splits Left	
Date Form Filed		Unallocated Div.s of Parent	0
Date Created	01/01/0001	Unallocated Div.s Transferred	0
Acreeage of Parent	0.00	Rights Were Transferred	
Split Number	0	Courtesy Split	
Parent Parcel			

Sale History

Sale Date	Sale Price	Adj. Sale Price	Instrument	Grantor	Grantee	Terms of Sale	Liber/Page
09/13/2019	\$260,000.00	\$260,000.00	WD	MOESSNER, VICTORIA J	CITY OF ANN ARBOR	03-ARM'S LENGTH	5320/929

Building Information - 1302 sq ft RANCH (Residential)

General

Floor Area	1,302 sq ft	Estimated TCV	\$157,430
Garage Area	0 sq ft	Basement Area	1,302 sq ft
Foundation Size	1,302 sq ft		
Year Built		Year Remodeled	
Occupancy	Single Family	Class	C
Effective Age	30 yrs	Tri-Level	No
Percent Complete	0%	Heat	Forced Air w/ Ducts
AC w/Separate Ducts	No	Wood Stove Add-on	No
Basement Rooms	0	Water	Water Well
1st Floor Rooms	0	Sewer	Septic
2nd Floor Rooms	0	Style	RANCH
Bedrooms	3		

Area Detail - Basic Building Areas

Height	Foundation	Exterior	Area	Heated
1 Story	Basement	Siding	1,302 sq ft	1 Story

Exterior Information

Brick Veneer	0 sq ft	Stone Veneer	0 sq ft
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Basement Finish

Recreation	0 sq ft	Recreation % Good	0%
Living Area	0 sq ft	Living Area % Good	0%
Walk Out Doors	0	No Concrete Floor Area	0 sq ft

Plumbing Information

3 Fixture Bath	1
-----------------------	---

Fireplace Information

Exterior 1 Story	1
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Porch Information

CGEP (1 Story)	30 sq ft	Foundation	Standard
CPP	28 sq ft	Foundation	Standard
CCP (1 Story)	32 sq ft	Foundation	Standard

****Disclaimer:** BS&A Software provides BS&A Online as a way for municipalities to display information online and is not responsible for the content or accuracy of the data herein. This data is provided for reference only and WITHOUT WARRANTY of any kind, expressed or inferred. Please contact your local municipality if you believe there are errors in the data.

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Hickory Way Apartments Phase III

Environmental Reports

8/29/2024

Please find attached the following environmental reports related to HWA III.

- Phase I Environmental Assessment dated 10/25/2023 (provided under separate cover--uploaded to sharefile 8/28/2024)
- Wetland Delineation Report 9/14/2023
- EGLE Letter 11/21/23 noting no permit required and wetland is not regulated

Description of Plans for Remediation or other clean up

There is a 0.08 acre wetland on the existing site. A copy of the wetland delineation report is attached. Staff from Michigan's Environment, Great Lakes and Energy (EGLE) came out and evaluated the site and wetland. As noted in their attached letter, this wetland is not regulated under the Wetlands Act and no permit is required. As we have federal funds as part of our project funding, the project is following the 8-step process. This includes alternative evaluation as well as the exploration of potential mitigation options. The City does not separately require mitigation for an unregulated wetland of this size. We are working with our environment consultant and the County as the responsible entity as we continue the 8-step process. We have also begun conversation with the City to see if there are possible locally beneficial options for potential mitigation.

As noted in the Phase I report, this property is not located in a flood hazard zone.



Sent Via Email Only

September 14, 2023

Wendy Carty-Saxon
Avalon Housing
1327 Jones Drive
Suite 102
Ann Arbor, MI 48105

*RE: Wetland Delineation and Jurisdictional Assessment with GPS Survey
1146 South Maple Road, Ann Arbor, MI
Scio Township, Washtenaw County, Michigan
ASTI File No. 2-12923*

Wendy Carty-Saxon:

On August 28 and September 8, 2023, ASTI Environmental (ASTI) conducted a site investigation to delineate wetland boundaries on approximately 1.18 acres of land at the above-referenced property in Scio Township, Washtenaw County, Michigan ("Subject Property"). One wetland not likely regulated by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) or Scio Township was found on the Subject Property (Figure 1 – *GPS-Surveyed Wetland Boundaries*). Wetland boundaries, as depicted on Figure 1, were located using a professional grade, hand-held Global Positioning System unit (GPS).

SUPPORTING DATA AND MAPPING

The USDA Web Soil Survey (WSS), the National Wetland Inventory Map (NWI), EGLE Wetlands Map Viewer web site, and digital aerial photographs were all used to support the wetland delineation and subsequent regulatory status determination. The EGLE map did not indicated the presence of wetland within any portions of the Subject Property.

In addition, the WSS indicated the Subject Property is comprised of the soils Conover loam (0-4% slopes) and Wawasee loam (2-6% slopes). None of these soil complexes are listed as hydric by the WSS.

FINDINGS

ASTI investigated the Subject Property for the presence of any lakes, ponds, wetlands, and watercourses. This work is based on *MCL 324 Part 301 (Inland Lakes and Streams)* and *Part 303 (Wetland Protection)*, as well as the *Code of Ordinances Township of Scio, Washtenaw County, Michigan, Chapter 16 – Environment, Article V, Wetland and Watercourse Protection*. In addition to those resources regulated by EGLE, Scio Township regulates isolated (non-contiguous) wetlands from five to two acres in size and those wetlands less than two acres in size determined by the Township to be essential to the preservation of the natural resources of the Township.

In addition, in some circumstances the US Army Corps of Engineers (ACOE) may also have jurisdiction of wetlands or watercourses on the Subject Property. If either is the case for your site, this information will also be noted in the wetland descriptions below.

The delineation protocol used by ASTI for this delineation is based on the US Army Corps of Engineers' *Wetland Delineation Manual, 1987*, the *Regional Supplement to the Corps of Engineer Wetland Delineation Manual: Midwest Region*, and related guidance/documents, as appropriate. Wetland vegetation, hydrology, and soils were used to locate the wetland boundaries.

One wetland was found on the Subject Property, as discussed below.

Wetland A

Wetland A is a scrub/shrub wetland located in the southern portion of the Subject Property (Figure 1). Wetland A is 0.08 acre on-site and continues off-site to the south. The entire on-site and off-site complex of Wetland A is estimated to be 0.36 acre in size. Dominant vegetation found within Wetland A included red elm (*Ulmus rubra*), cottonwood (*Populus deltoides*), green ash (*Fraxinus pennsylvanica*), silky dogwood (*Cornus amomum*), common buckthorn (*Rhamnus cathartica*), purple loosestrife (*Lythrum salicaria*), tall goldenrod (*Solidago altissima*), Kentucky bluegrass (*Poa pratensis*), river-bank grape (*Vitis riparia*), and foul manna grass (*Glyceria striata*). Soils within Wetland A were loamy/clayey and are considered hydric because criteria for depleted below dark surface and depleted matrix were met. Indicators of wetland hydrology observed within Wetland A included water-stained leaves and drainage patterns.

Dominant vegetation observed within the upland adjacent to Wetland A included black walnut (*Juglans nigra*), green ash, gray dogwood (*Cornus racemosa*), common buckthorn, amur honeysuckle (*Lonicera maackii*), autumn olive (*Elaeagnus umbellata*), Kentucky bluegrass, ,English plantain (*Plantago*



lanceolata), and thicket creeper (*Parthenocissus inserta*). Upland soils were loamy/clayey, and no evidence of wetland hydrology was observed.

It is ASTI's opinion that Wetland A is not regulated by EGLE or Scio Township because it is isolated and less than two acres in size. Field observations and aerial photographs were used to estimate the size of the off-site wetland complex contiguous with Wetland A. Although Scio Township regulates any wetland deemed essential by the Township, Wetland A is an isolated wetland, formed as a result of precipitation and roadway runoff, lacks biodiversity, and is dominated by invasive species and other plants commonly associated with disturbed sites. It is ASTI's opinion that Wetland A is a low-quality wetland without critical function or value and, as such, is not likely to be deemed essential by Scio Township. Please note that if federal funds are used for the potential project, Wetland A will be regulated by EGLE under EO11990.

Wetland Flagging

Wetland boundaries were marked in the field with day-glow pink and black striped flagging with the following flagging numbers:

Wetland A: A-1 through A-11

SUMMARY

Based upon the data, criteria, and evidence noted above, it is ASTI's professional opinion that the Subject Property includes one wetland (Wetland A) not likely regulated by EGLE under the Natural Resources and Environmental Protection Act (1994 P.A. 451), Part 303 Wetland Protection, or by Scio Township under the Township's Wetland and Water Course Protection ordinance (Chapter 16, Article V- Wetland and Watercourse Protection). However, please note that EGLE and Scio Township have the final authority on the extent of regulated wetlands, lakes, and streams in the State of Michigan and within the Township limits, respectively. Additionally, ASTI recommends EGLE verification of wetland regulatory status of any wetlands that ASTI deems non-regulated, prior to any wetland impacts. If federal funds are used for the potential project, Wetland A will be regulated by EGLE under EO11990.

It should also be noted that Scio Township has a tree and woodland resource preservation ordinance that regulates the removal of trees 6 inches or greater in diameter at breast height (dbh).

Attached are Figure 1, which shows the GPS-surveyed locations of wetland flagging on the Subject Property and completed US Army Corps of Engineers (ACOE) Wetland Data Forms. Please note that the data sheet numbers match the data collection sampling points shown on Figure 1.



Thank you for the opportunity to assist you with this project. Please let us know if we can be of any further assistance in moving your project forward.

Sincerely yours,

ASTI ENVIRONMENTAL

A handwritten signature in black ink, appearing to read 'Shane Jennings'.

Shane Jennings
Ecologist/ Arborist
ISA Certified Arborist #MI-4668A

A handwritten signature in blue ink, appearing to read 'Dianne C. Martin'.

Dianne C. Martin
Vice President
Professional Wetland Scientist #1313

Attachments: Figure 1 – *GPS-Surveyed Wetland Boundaries*
Completed ACOE Wetland Data Forms



1146 South Maple Road
 (Parcel ID: H-08-36-150-006) Scio Township, Washtenaw County, MI



Client: Avalon Housing
 Created by: RMH, September 8, 2023, ASTI Project 2-12923
 Imagery: Michigan Best Available

Figure 1 - GPS-Surveyed Wetland Boundaries

Project/Site: 1146 S. Maple Rd. City/County: Scio Twp, Washtenaw Co. Sampling Date: 8/28/2023
 Applicant/Owner: Avalon Housing State: MI Sampling Point: UP1
 Investigator(s): ASTI- SPJ Section, Township, Range: Sec. 26, T02S R05E
 Landform (hillside, terrace, etc.): Slope Local relief (concave, convex, none): None
 Slope (%): 0-2 Lat: 42.267983 Long: -83.780463 Datum: NAD 83
 Soil Map Unit Name: Wawasee loam NWI classification: None

Are climatic / hydrologic conditions on the site typical for this time of year? Yes X No (If no, explain in Remarks.)
 Are Vegetation , Soil , or Hydrology significantly disturbed? Are "Normal Circumstances" present? Yes X No
 Are Vegetation , Soil , or Hydrology naturally problematic? (If needed, explain any answers in Remarks.)

SUMMARY OF FINDINGS – Attach site map showing sampling point locations, transects, important features, etc.

Hydrophytic Vegetation Present? Yes <u> </u> No <u>X</u> Hydric Soil Present? Yes <u> </u> No <u>X</u> Wetland Hydrology Present? Yes <u> </u> No <u>X</u>	Is the Sampled Area within a Wetland? Yes <u> </u> No <u>X</u>
Remarks: Adjacent to Wetland A.	

VEGETATION – Use scientific names of plants.

Tree Stratum (Plot size: <u>30ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status	
1. <u>Juglans nigra</u>	<u>15</u>	Yes	FACU	Dominance Test worksheet: Number of Dominant Species That Are OBL, FACW, or FAC: <u>5</u> (A) Total Number of Dominant Species Across All Strata: <u>10</u> (B) Percent of Dominant Species That Are OBL, FACW, or FAC: <u>50.0%</u> (A/B)
2. <u>Fraxinus pennsylvanica</u>	<u>5</u>	Yes	FACW	
3. <u> </u>				
4. <u> </u>				
5. <u> </u>				
<u>20</u> =Total Cover				
Sapling/Shrub Stratum (Plot size: <u>15ft</u>)				
1. <u>Cornus racemosa</u>	<u>30</u>	Yes	FAC	Prevalence Index worksheet: Total % Cover of: Multiply by: OBL species <u>0</u> x 1 = <u>0</u> FACW species <u>20</u> x 2 = <u>40</u> FACU species <u>70</u> x 3 = <u>210</u> UPL species <u>30</u> x 5 = <u>150</u> Column Totals: <u>165</u> (A) <u>580</u> (B) Prevalence Index = B/A = <u>3.52</u>
2. <u>Rhamnus cathartica</u>	<u>10</u>	Yes	FAC	
3. <u>Lonicera maackii</u>	<u>10</u>	Yes	UPL	
4. <u>Elaeagnus umbellata</u>	<u>10</u>	Yes	UPL	
5. <u>Fraxinus pennsylvanica</u>	<u>5</u>	No	FACW	
<u>65</u> =Total Cover				
Herb Stratum (Plot size: <u>5ft</u>)				
1. <u>Poa pratensis</u>	<u>30</u>	Yes	FAC	Hydrophytic Vegetation Indicators: <u> </u> 1 - Rapid Test for Hydrophytic Vegetation <u> </u> 2 - Dominance Test is >50% <u> </u> 3 - Prevalence Index is ≤3.0 ¹ <u> </u> 4 - Morphological Adaptations ¹ (Provide supporting data in Remarks or on a separate sheet) <u> </u> Problematic Hydrophytic Vegetation ¹ (Explain) ¹ Indicators of hydric soil and wetland hydrology must be present, unless disturbed or problematic.
2. <u>Parthenocissus inserta</u>	<u>15</u>	Yes	FACU	
3. <u>Torilis japonica</u>	<u>10</u>	No	UPL	
4. <u>Campsis radicans</u>	<u>5</u>	No	FACU	
5. <u>Solidago altissima</u>	<u>5</u>	No	FACU	
6. <u> </u>				
7. <u> </u>				
8. <u> </u>				
9. <u> </u>				
10. <u> </u>				
<u>65</u> =Total Cover				
Woody Vine Stratum (Plot size: <u>30ft</u>)				
1. <u>Vitis riparia</u>	<u>10</u>	Yes	FACW	Hydrophytic Vegetation Present? Yes <u> </u> No <u>X</u>
2. <u>Campsis radicans</u>	<u>5</u>	Yes	FACU	
<u>15</u> =Total Cover				
Remarks: (Include photo numbers here or on a separate sheet.)				

SOIL

Sampling Point: UP1

Profile Description: (Describe to the depth needed to document the indicator or confirm the absence of indicators.)							
Depth (inches)	Matrix		Redox Features			Texture	Remarks
	Color (moist)	%	Color (moist)	%	Type ¹		
0-5	10YR 3/4	100					Loamy/Clayey
5-20	10YR 4/3	100					Loamy/Clayey

¹Type: C=Concentration, D=Depletion, RM=Reduced Matrix, MS=Masked Sand Grains.

²Location: PL=Pore Lining, M=Matrix.

Hydric Soil Indicators:	Indicators for Problematic Hydric Soils ³ :
<input type="checkbox"/> Histosol (A1)	<input type="checkbox"/> Coast Prairie Redox (A16)
<input type="checkbox"/> Histic Epipedon (A2)	<input type="checkbox"/> Iron-Manganese Masses (F12)
<input type="checkbox"/> Black Histic (A3)	<input type="checkbox"/> Red Parent Material (F21)
<input type="checkbox"/> Hydrogen Sulfide (A4)	<input type="checkbox"/> Very Shallow Dark Surface (F22)
<input type="checkbox"/> Stratified Layers (A5)	<input type="checkbox"/> Other (Explain in Remarks)
<input type="checkbox"/> 2 cm Muck (A10)	
<input type="checkbox"/> Depleted Below Dark Surface (A11)	
<input type="checkbox"/> Thick Dark Surface (A12)	
<input type="checkbox"/> Sandy Mucky Mineral (S1)	
<input type="checkbox"/> 5 cm Mucky Peat or Peat (S3)	
<input type="checkbox"/> Sandy Gleyed Matrix (S4)	
<input type="checkbox"/> Sandy Redox (S5)	
<input type="checkbox"/> Stripped Matrix (S6)	
<input type="checkbox"/> Dark Surface (S7)	
<input type="checkbox"/> Loamy Mucky Mineral (F1)	
<input type="checkbox"/> Loamy Gleyed Matrix (F2)	
<input type="checkbox"/> Depleted Matrix (F3)	
<input type="checkbox"/> Redox Dark Surface (F6)	
<input type="checkbox"/> Depleted Dark Surface (F7)	
<input type="checkbox"/> Redox Depressions (F8)	

³Indicators of hydrophytic vegetation and wetland hydrology must be present, unless disturbed or problematic.

Restrictive Layer (if observed): Type: _____ Depth (inches): _____	Hydric Soil Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
---	---

Remarks:

HYDROLOGY

Wetland Hydrology Indicators:	
Primary Indicators (minimum of one is required; check all that apply)	Secondary Indicators (minimum of two required)
<input type="checkbox"/> Surface Water (A1)	<input type="checkbox"/> Water-Stained Leaves (B9)
<input type="checkbox"/> High Water Table (A2)	<input type="checkbox"/> Aquatic Fauna (B13)
<input type="checkbox"/> Saturation (A3)	<input type="checkbox"/> True Aquatic Plants (B14)
<input type="checkbox"/> Water Marks (B1)	<input type="checkbox"/> Hydrogen Sulfide Odor (C1)
<input type="checkbox"/> Sediment Deposits (B2)	<input type="checkbox"/> Oxidized Rhizospheres on Living Roots (C3)
<input type="checkbox"/> Drift Deposits (B3)	<input type="checkbox"/> Presence of Reduced Iron (C4)
<input type="checkbox"/> Algal Mat or Crust (B4)	<input type="checkbox"/> Recent Iron Reduction in Tilled Soils (C6)
<input type="checkbox"/> Iron Deposits (B5)	<input type="checkbox"/> Thin Muck Surface (C7)
<input type="checkbox"/> Inundation Visible on Aerial Imagery (B7)	<input type="checkbox"/> Gauge or Well Data (D9)
<input type="checkbox"/> Sparsely Vegetated Concave Surface (B8)	<input type="checkbox"/> Other (Explain in Remarks)
<input type="checkbox"/> Surface Soil Cracks (B6)	
<input type="checkbox"/> Drainage Patterns (B10)	
<input type="checkbox"/> Dry-Season Water Table (C2)	
<input type="checkbox"/> Crayfish Burrows (C8)	
<input type="checkbox"/> Saturation Visible on Aerial Imagery (C9)	
<input type="checkbox"/> Stunted or Stressed Plants (D1)	
<input type="checkbox"/> Geomorphic Position (D2)	
<input type="checkbox"/> FAC-Neutral Test (D5)	

Field Observations: Surface Water Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Depth (inches): _____ Water Table Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Depth (inches): _____ Saturation Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Depth (inches): _____ (includes capillary fringe)	Wetland Hydrology Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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Describe Recorded Data (stream gauge, monitoring well, aerial photos, previous inspections), if available:

Remarks:

Project/Site: 1146 S. Maple Rd. City/County: Scio Twp, Washtenaw Co. Sampling Date: 8/28/2023
 Applicant/Owner: Avalon Housing State: MI Sampling Point: UP2
 Investigator(s): ASTI- SPJ Section, Township, Range: Sec. 26, T02S R05E
 Landform (hillside, terrace, etc.): Slope Local relief (concave, convex, none): None
 Slope (%): 0-1 Lat: 42.268001 Long: -83.780895 Datum: NAD 83
 Soil Map Unit Name: Conover loam NWI classification: None

Are climatic / hydrologic conditions on the site typical for this time of year? Yes X No (If no, explain in Remarks.)
 Are Vegetation , Soil , or Hydrology significantly disturbed? Are "Normal Circumstances" present? Yes X No
 Are Vegetation , Soil , or Hydrology naturally problematic? (If needed, explain any answers in Remarks.)

SUMMARY OF FINDINGS – Attach site map showing sampling point locations, transects, important features, etc.

Hydrophytic Vegetation Present? Yes <u> </u> No <u>X</u> Hydric Soil Present? Yes <u> </u> No <u>X</u> Wetland Hydrology Present? Yes <u> </u> No <u>X</u>	Is the Sampled Area within a Wetland? Yes <u> </u> No <u>X</u>
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Remarks:
 Located in the northwestern portion of the Subject Property.

VEGETATION – Use scientific names of plants.

<u>Tree Stratum</u> (Plot size: <u>30ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status															
1. <u>Quercus rubra</u>	35	Yes	FACU	Dominance Test worksheet: Number of Dominant Species That Are OBL, FACW, or FAC: <u>2</u> (A) Total Number of Dominant Species Across All Strata: <u>6</u> (B) Percent of Dominant Species That Are OBL, FACW, or FAC: <u>33.3%</u> (A/B)														
2. <u>Carya ovata</u>	15	Yes	FACU															
3. <u>Tilia americana</u>	15	Yes	FACU															
4. <u>Malus pumila</u>	10	No	UPL															
5. <u> </u>	75	=Total Cover																
<u>Sapling/Shrub Stratum</u> (Plot size: <u>15ft</u>)				Prevalence Index worksheet: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Total % Cover of:</td> <td style="text-align: center;">Multiply by:</td> </tr> <tr> <td>OBL species <u>0</u></td> <td>x 1 = <u>0</u></td> </tr> <tr> <td>FACW species <u>10</u></td> <td>x 2 = <u>20</u></td> </tr> <tr> <td>FACU species <u>40</u></td> <td>x 3 = <u>120</u></td> </tr> <tr> <td>UPL species <u>20</u></td> <td>x 5 = <u>100</u></td> </tr> <tr> <td>Column Totals: <u>140</u> (A)</td> <td><u>520</u> (B)</td> </tr> <tr> <td colspan="2" style="text-align: center;">Prevalence Index = B/A = <u>3.71</u></td> </tr> </table>	Total % Cover of:	Multiply by:	OBL species <u>0</u>	x 1 = <u>0</u>	FACW species <u>10</u>	x 2 = <u>20</u>	FACU species <u>40</u>	x 3 = <u>120</u>	UPL species <u>20</u>	x 5 = <u>100</u>	Column Totals: <u>140</u> (A)	<u>520</u> (B)	Prevalence Index = B/A = <u>3.71</u>	
Total % Cover of:	Multiply by:																	
OBL species <u>0</u>	x 1 = <u>0</u>																	
FACW species <u>10</u>	x 2 = <u>20</u>																	
FACU species <u>40</u>	x 3 = <u>120</u>																	
UPL species <u>20</u>	x 5 = <u>100</u>																	
Column Totals: <u>140</u> (A)	<u>520</u> (B)																	
Prevalence Index = B/A = <u>3.71</u>																		
1. <u>Rhamnus cathartica</u>	40	Yes	FAC															
2. <u>Lonicera maackii</u>	5	No	UPL															
3. <u>Quercus alba</u>	5	No	FACU															
4. <u>Fraxinus pennsylvanica</u>	5	No	FACW															
5. <u> </u>	55	=Total Cover																
<u>Herb Stratum</u> (Plot size: <u>5ft</u>)				Hydrophytic Vegetation Indicators: <u> </u> 1 - Rapid Test for Hydrophytic Vegetation <u> </u> 2 - Dominance Test is >50% <u> </u> 3 - Prevalence Index is ≤3.0 ¹ <u> </u> 4 - Morphological Adaptations ¹ (Provide supporting data in Remarks or on a separate sheet) <u> </u> Problematic Hydrophytic Vegetation ¹ (Explain) ¹ Indicators of hydric soil and wetland hydrology must be present, unless disturbed or problematic.														
1. <u>Arisaema triphyllum</u>	5	Yes	FACW															
2. <u>Lonicera maackii</u>	5	Yes	UPL															
3. <u> </u>																		
4. <u> </u>																		
5. <u> </u>																		
6. <u> </u>																		
7. <u> </u>																		
8. <u> </u>																		
9. <u> </u>																		
10. <u> </u>	10	=Total Cover																
<u>Woody Vine Stratum</u> (Plot size: <u>30ft</u>)				Hydrophytic Vegetation Present? Yes <u> </u> No <u>X</u>														
1. <u>None</u>																		
2. <u> </u>																		

Remarks: (Include photo numbers here or on a separate sheet.)

SOIL

Sampling Point: UP2

Profile Description: (Describe to the depth needed to document the indicator or confirm the absence of indicators.)								
Depth (inches)	Matrix		Redox Features				Texture	Remarks
	Color (moist)	%	Color (moist)	%	Type ¹	Loc ²		
0-5	10YR 3/4	100					Loamy/Clayey	
5-14	10YR 4/3	100					Loamy/Clayey	

¹Type: C=Concentration, D=Depletion, RM=Reduced Matrix, MS=Masked Sand Grains.

²Location: PL=Pore Lining, M=Matrix.

Hydric Soil Indicators:			Indicators for Problematic Hydric Soils ³ :		
<input type="checkbox"/> Histosol (A1)	<input type="checkbox"/> Sandy Gleyed Matrix (S4)	<input type="checkbox"/> Coast Prairie Redox (A16)			
<input type="checkbox"/> Histic Epipedon (A2)	<input type="checkbox"/> Sandy Redox (S5)	<input type="checkbox"/> Iron-Manganese Masses (F12)			
<input type="checkbox"/> Black Histic (A3)	<input type="checkbox"/> Stripped Matrix (S6)	<input type="checkbox"/> Red Parent Material (F21)			
<input type="checkbox"/> Hydrogen Sulfide (A4)	<input type="checkbox"/> Dark Surface (S7)	<input type="checkbox"/> Very Shallow Dark Surface (F22)			
<input type="checkbox"/> Stratified Layers (A5)	<input type="checkbox"/> Loamy Mucky Mineral (F1)	<input type="checkbox"/> Other (Explain in Remarks)			
<input type="checkbox"/> 2 cm Muck (A10)	<input type="checkbox"/> Loamy Gleyed Matrix (F2)				
<input type="checkbox"/> Depleted Below Dark Surface (A11)	<input type="checkbox"/> Depleted Matrix (F3)				
<input type="checkbox"/> Thick Dark Surface (A12)	<input type="checkbox"/> Redox Dark Surface (F6)				
<input type="checkbox"/> Sandy Mucky Mineral (S1)	<input type="checkbox"/> Depleted Dark Surface (F7)				
<input type="checkbox"/> 5 cm Mucky Peat or Peat (S3)	<input type="checkbox"/> Redox Depressions (F8)				

³Indicators of hydrophytic vegetation and wetland hydrology must be present, unless disturbed or problematic.

Restrictive Layer (if observed): Type: _____ Roots _____ Depth (inches): _____ 14 _____	Hydric Soil Present? Yes _____ No <u>X</u>
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Remarks:

HYDROLOGY

Wetland Hydrology Indicators:		
Primary Indicators (minimum of one is required; check all that apply)	Secondary Indicators (minimum of two required)	
<input type="checkbox"/> Surface Water (A1)	<input type="checkbox"/> Water-Stained Leaves (B9)	<input type="checkbox"/> Surface Soil Cracks (B6)
<input type="checkbox"/> High Water Table (A2)	<input type="checkbox"/> Aquatic Fauna (B13)	<input type="checkbox"/> Drainage Patterns (B10)
<input type="checkbox"/> Saturation (A3)	<input type="checkbox"/> True Aquatic Plants (B14)	<input type="checkbox"/> Dry-Season Water Table (C2)
<input type="checkbox"/> Water Marks (B1)	<input type="checkbox"/> Hydrogen Sulfide Odor (C1)	<input type="checkbox"/> Crayfish Burrows (C8)
<input type="checkbox"/> Sediment Deposits (B2)	<input type="checkbox"/> Oxidized Rhizospheres on Living Roots (C3)	<input type="checkbox"/> Saturation Visible on Aerial Imagery (C9)
<input type="checkbox"/> Drift Deposits (B3)	<input type="checkbox"/> Presence of Reduced Iron (C4)	<input type="checkbox"/> Stunted or Stressed Plants (D1)
<input type="checkbox"/> Algal Mat or Crust (B4)	<input type="checkbox"/> Recent Iron Reduction in Tilled Soils (C6)	<input type="checkbox"/> Geomorphic Position (D2)
<input type="checkbox"/> Iron Deposits (B5)	<input type="checkbox"/> Thin Muck Surface (C7)	<input type="checkbox"/> FAC-Neutral Test (D5)
<input type="checkbox"/> Inundation Visible on Aerial Imagery (B7)	<input type="checkbox"/> Gauge or Well Data (D9)	
<input type="checkbox"/> Sparsely Vegetated Concave Surface (B8)	<input type="checkbox"/> Other (Explain in Remarks)	

Field Observations: Surface Water Present? Yes _____ No <u>X</u> Depth (inches): _____ Water Table Present? Yes _____ No <u>X</u> Depth (inches): _____ Saturation Present? Yes _____ No <u>X</u> Depth (inches): _____ (includes capillary fringe)	Wetland Hydrology Present? Yes _____ No <u>X</u>
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Describe Recorded Data (stream gauge, monitoring well, aerial photos, previous inspections), if available:

Remarks:

Project/Site: 1146 S. Maple Rd. City/County: Scio Twp, Washtenaw Co. Sampling Date: 9/8/2023
 Applicant/Owner: Avalon Housing State: MI Sampling Point: UP3
 Investigator(s): ASTI- SPJ Section, Township, Range: Sec. 26, T02S R05E
 Landform (hillside, terrace, etc.): Slope Local relief (concave, convex, none): Concave
 Slope (%): 3-5 Lat: 42.267923 Long: -83.780303 Datum: NAD 83
 Soil Map Unit Name: Wawasee loam NWI classification: None

Are climatic / hydrologic conditions on the site typical for this time of year? Yes X No (If no, explain in Remarks.)
 Are Vegetation , Soil , or Hydrology significantly disturbed? Are "Normal Circumstances" present? Yes X No
 Are Vegetation , Soil , or Hydrology naturally problematic? (If needed, explain any answers in Remarks.)

SUMMARY OF FINDINGS – Attach site map showing sampling point locations, transects, important features, etc.

Hydrophytic Vegetation Present? Yes <u> </u> No <u>X</u> Hydric Soil Present? Yes <u> </u> No <u>X</u> Wetland Hydrology Present? Yes <u> </u> No <u>X</u>	Is the Sampled Area within a Wetland? Yes <u> </u> No <u>X</u>
Remarks: Adjacent to Wetland A.	

VEGETATION – Use scientific names of plants.

Tree Stratum	(Plot size: <u>30ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status																	
1. <u>None</u>					Dominance Test worksheet: Number of Dominant Species That Are OBL, FACW, or FAC: <u>1</u> (A) Total Number of Dominant Species Across All Strata: <u>3</u> (B) Percent of Dominant Species That Are OBL, FACW, or FAC: <u>33.3%</u> (A/B)																
2. <u> </u>																					
3. <u> </u>																					
4. <u> </u>																					
5. <u> </u>																					
<u> </u> = Total Cover																					
Sapling/Shrub Stratum	(Plot size: <u>15ft</u>)				Prevalence Index worksheet: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Total % Cover of:</td> <td style="text-align: center;">Multiply by:</td> </tr> <tr> <td>OBL species <u>0</u></td> <td>x 1 = <u>0</u></td> </tr> <tr> <td>FACW species <u>0</u></td> <td>x 2 = <u>0</u></td> </tr> <tr> <td>FAC species <u>30</u></td> <td>x 3 = <u>90</u></td> </tr> <tr> <td>FACU species <u>35</u></td> <td>x 4 = <u>140</u></td> </tr> <tr> <td>UPL species <u>5</u></td> <td>x 5 = <u>25</u></td> </tr> <tr> <td>Column Totals: <u>70</u> (A)</td> <td><u>255</u> (B)</td> </tr> <tr> <td colspan="2" style="text-align: center;">Prevalence Index = B/A = <u>3.64</u></td> </tr> </table>	Total % Cover of:	Multiply by:	OBL species <u>0</u>	x 1 = <u>0</u>	FACW species <u>0</u>	x 2 = <u>0</u>	FAC species <u>30</u>	x 3 = <u>90</u>	FACU species <u>35</u>	x 4 = <u>140</u>	UPL species <u>5</u>	x 5 = <u>25</u>	Column Totals: <u>70</u> (A)	<u>255</u> (B)	Prevalence Index = B/A = <u>3.64</u>	
Total % Cover of:	Multiply by:																				
OBL species <u>0</u>	x 1 = <u>0</u>																				
FACW species <u>0</u>	x 2 = <u>0</u>																				
FAC species <u>30</u>	x 3 = <u>90</u>																				
FACU species <u>35</u>	x 4 = <u>140</u>																				
UPL species <u>5</u>	x 5 = <u>25</u>																				
Column Totals: <u>70</u> (A)	<u>255</u> (B)																				
Prevalence Index = B/A = <u>3.64</u>																					
1. <u>None</u>																					
2. <u> </u>																					
3. <u> </u>																					
4. <u> </u>																					
5. <u> </u>		<u>5</u>	<u>Yes</u>																		
<u>5</u> = Total Cover																					
Herb Stratum	(Plot size: <u>5ft</u>)				Hydrophytic Vegetation Indicators: <u> </u> 1 - Rapid Test for Hydrophytic Vegetation <u> </u> 2 - Dominance Test is >50% <u> </u> 3 - Prevalence Index is ≤3.0 ¹ <u> </u> 4 - Morphological Adaptations ¹ (Provide supporting data in Remarks or on a separate sheet) <u> </u> Problematic Hydrophytic Vegetation ¹ (Explain) ¹ Indicators of hydric soil and wetland hydrology must be present, unless disturbed or problematic.																
1. <u>Poa pratensis</u>		<u>30</u>	<u>Yes</u>	<u>FAC</u>																	
2. <u>Plantago lanceolata</u>		<u>30</u>	<u>Yes</u>	<u>FACU</u>																	
3. <u>Daucus carota</u>		<u>5</u>	<u>No</u>	<u>UPL</u>																	
4. <u>Trifolium pratense</u>		<u>5</u>	<u>No</u>	<u>FACU</u>																	
5. <u> </u>																					
6. <u> </u>																					
7. <u> </u>																					
8. <u> </u>																					
9. <u> </u>																					
10. <u> </u>																					
<u>70</u> = Total Cover																					
Woody Vine Stratum	(Plot size: <u>30ft</u>)				Hydrophytic Vegetation Present? Yes <u> </u> No <u>X</u>																
1. <u>None</u>																					
2. <u> </u>																					
<u> </u> = Total Cover																					
Remarks: (Include photo numbers here or on a separate sheet.) Plot shapes were adjusted to accommodate narrow area of the wetland.																					

SOIL

Sampling Point: UP3

Profile Description: (Describe to the depth needed to document the indicator or confirm the absence of indicators.)								
Depth (inches)	Matrix		Redox Features				Texture	Remarks
	Color (moist)	%	Color (moist)	%	Type ¹	Loc ²		
0-4	10YR 3/3	100						
4-20	10YR 3/4	85	10YR 4/6	15	C	M	Loamy/Clayey	Distinct redox concentrations

¹Type: C=Concentration, D=Depletion, RM=Reduced Matrix, MS=Masked Sand Grains.

²Location: PL=Pore Lining, M=Matrix.

Hydric Soil Indicators:	Indicators for Problematic Hydric Soils ³ :
<input type="checkbox"/> Histosol (A1)	<input type="checkbox"/> Coast Prairie Redox (A16)
<input type="checkbox"/> Histic Epipedon (A2)	<input type="checkbox"/> Iron-Manganese Masses (F12)
<input type="checkbox"/> Black Histic (A3)	<input type="checkbox"/> Red Parent Material (F21)
<input type="checkbox"/> Hydrogen Sulfide (A4)	<input type="checkbox"/> Very Shallow Dark Surface (F22)
<input type="checkbox"/> Stratified Layers (A5)	<input type="checkbox"/> Other (Explain in Remarks)
<input type="checkbox"/> 2 cm Muck (A10)	
<input type="checkbox"/> Depleted Below Dark Surface (A11)	
<input type="checkbox"/> Thick Dark Surface (A12)	
<input type="checkbox"/> Sandy Mucky Mineral (S1)	
<input type="checkbox"/> 5 cm Mucky Peat or Peat (S3)	
<input type="checkbox"/> Sandy Gleyed Matrix (S4)	
<input type="checkbox"/> Sandy Redox (S5)	
<input type="checkbox"/> Stripped Matrix (S6)	
<input type="checkbox"/> Dark Surface (S7)	
<input type="checkbox"/> Loamy Mucky Mineral (F1)	
<input type="checkbox"/> Loamy Gleyed Matrix (F2)	
<input type="checkbox"/> Depleted Matrix (F3)	
<input type="checkbox"/> Redox Dark Surface (F6)	
<input type="checkbox"/> Depleted Dark Surface (F7)	
<input type="checkbox"/> Redox Depressions (F8)	

³Indicators of hydrophytic vegetation and wetland hydrology must be present, unless disturbed or problematic.

Restrictive Layer (if observed): Type: _____ Depth (inches): _____	Hydric Soil Present? Yes _____ No <u>X</u>
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Remarks:

HYDROLOGY

Wetland Hydrology Indicators:	Primary Indicators (minimum of one is required; check all that apply)	Secondary Indicators (minimum of two required)
<input type="checkbox"/> Surface Water (A1)	<input type="checkbox"/> Water-Stained Leaves (B9)	<input type="checkbox"/> Surface Soil Cracks (B6)
<input type="checkbox"/> High Water Table (A2)	<input type="checkbox"/> Aquatic Fauna (B13)	<input type="checkbox"/> Drainage Patterns (B10)
<input type="checkbox"/> Saturation (A3)	<input type="checkbox"/> True Aquatic Plants (B14)	<input type="checkbox"/> Dry-Season Water Table (C2)
<input type="checkbox"/> Water Marks (B1)	<input type="checkbox"/> Hydrogen Sulfide Odor (C1)	<input type="checkbox"/> Crayfish Burrows (C8)
<input type="checkbox"/> Sediment Deposits (B2)	<input type="checkbox"/> Oxidized Rhizospheres on Living Roots (C3)	<input type="checkbox"/> Saturation Visible on Aerial Imagery (C9)
<input type="checkbox"/> Drift Deposits (B3)	<input type="checkbox"/> Presence of Reduced Iron (C4)	<input type="checkbox"/> Stunted or Stressed Plants (D1)
<input type="checkbox"/> Algal Mat or Crust (B4)	<input type="checkbox"/> Recent Iron Reduction in Tilled Soils (C6)	<input type="checkbox"/> Geomorphic Position (D2)
<input type="checkbox"/> Iron Deposits (B5)	<input type="checkbox"/> Thin Muck Surface (C7)	<input type="checkbox"/> FAC-Neutral Test (D5)
<input type="checkbox"/> Inundation Visible on Aerial Imagery (B7)	<input type="checkbox"/> Gauge or Well Data (D9)	
<input type="checkbox"/> Sparsely Vegetated Concave Surface (B8)	<input type="checkbox"/> Other (Explain in Remarks)	

Field Observations: Surface Water Present? Yes _____ No <u>X</u> Depth (inches): _____ Water Table Present? Yes _____ No <u>X</u> Depth (inches): _____ Saturation Present? Yes _____ No <u>X</u> Depth (inches): _____ (includes capillary fringe)	Wetland Hydrology Present? Yes _____ No <u>X</u>
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Describe Recorded Data (stream gauge, monitoring well, aerial photos, previous inspections), if available:

Remarks:

Project/Site: 1146 S. Maple Rd. City/County: Scio Twp, Washtenaw Co. Sampling Date: 8/28/2023
 Applicant/Owner: Avalon Housing State: MI Sampling Point: WT1
 Investigator(s): ASTI- SPJ Section, Township, Range: Sec. 26, T02S R05E
 Landform (hillside, terrace, etc.): Plain Local relief (concave, convex, none): none
 Slope (%): 0-1 Lat: 42.267724 Long: -83.780624 Datum: NAD 83
 Soil Map Unit Name: Wawasee loam, NWI classification: None
 Are climatic / hydrologic conditions on the site typical for this time of year? Yes X No (If no, explain in Remarks.)
 Are Vegetation , Soil , or Hydrology significantly disturbed? Are "Normal Circumstances" present? Yes X No
 Are Vegetation , Soil , or Hydrology naturally problematic? (If needed, explain any answers in Remarks.)

SUMMARY OF FINDINGS – Attach site map showing sampling point locations, transects, important features, etc.

Hydrophytic Vegetation Present? Yes <u>X</u> No <u> </u> Hydric Soil Present? Yes <u>X</u> No <u> </u> Wetland Hydrology Present? Yes <u>X</u> No <u> </u>	Is the Sampled Area within a Wetland? Yes <u>X</u> No <u> </u>
Remarks: Associated with Wetland A.	

VEGETATION – Use scientific names of plants.

Tree Stratum (Plot size: <u>30ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status																	
1. <u>Ulmus rubra</u>	30	Yes	FAC	Dominance Test worksheet: Number of Dominant Species That Are OBL, FACW, or FAC: <u>5</u> (A) Total Number of Dominant Species Across All Strata: <u>5</u> (B) Percent of Dominant Species That Are OBL, FACW, or FAC: <u>100.0%</u> (A/B)																
2. <u>Populus deltoides</u>	10	Yes	FAC																	
3. <u>Quercus rubra</u>	5	No	FACU																	
4. <u> </u>																				
5. <u> </u>																				
	45	=Total Cover																		
Sapling/Shrub Stratum (Plot size: <u>15ft</u>)																				
1. <u>Rhamnus cathartica</u>	45	Yes	FAC	Prevalence Index worksheet: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Total % Cover of:</td> <td style="text-align: center;">Multiply by:</td> </tr> <tr> <td>OBL species <u>30</u></td> <td>x 1 = <u>30</u></td> </tr> <tr> <td>FACW species <u>20</u></td> <td>x 2 = <u>40</u></td> </tr> <tr> <td>FAC species <u>85</u></td> <td>x 3 = <u>255</u></td> </tr> <tr> <td>FACU species <u>10</u></td> <td>x 4 = <u>40</u></td> </tr> <tr> <td>UPL species <u>5</u></td> <td>x 5 = <u>25</u></td> </tr> <tr> <td>Column Totals: <u>150</u> (A)</td> <td><u>390</u> (B)</td> </tr> <tr> <td colspan="2" style="text-align: center;">Prevalence Index = B/A = <u>2.60</u></td> </tr> </table>	Total % Cover of:	Multiply by:	OBL species <u>30</u>	x 1 = <u>30</u>	FACW species <u>20</u>	x 2 = <u>40</u>	FAC species <u>85</u>	x 3 = <u>255</u>	FACU species <u>10</u>	x 4 = <u>40</u>	UPL species <u>5</u>	x 5 = <u>25</u>	Column Totals: <u>150</u> (A)	<u>390</u> (B)	Prevalence Index = B/A = <u>2.60</u>	
Total % Cover of:	Multiply by:																			
OBL species <u>30</u>	x 1 = <u>30</u>																			
FACW species <u>20</u>	x 2 = <u>40</u>																			
FAC species <u>85</u>	x 3 = <u>255</u>																			
FACU species <u>10</u>	x 4 = <u>40</u>																			
UPL species <u>5</u>	x 5 = <u>25</u>																			
Column Totals: <u>150</u> (A)	<u>390</u> (B)																			
Prevalence Index = B/A = <u>2.60</u>																				
2. <u>Lonicera maackii</u>	5	No	UPL																	
3. <u> </u>																				
4. <u> </u>																				
5. <u> </u>																				
	50	=Total Cover																		
Herb Stratum (Plot size: <u>5ft</u>)																				
1. <u>Glyceria striata</u>	30	Yes	OBL	Hydrophytic Vegetation Indicators: <u> </u> 1 - Rapid Test for Hydrophytic Vegetation <u>X</u> 2 - Dominance Test is >50% <u>X</u> 3 - Prevalence Index is ≤3.0 ¹ <u> </u> 4 - Morphological Adaptations ¹ (Provide supporting data in Remarks or on a separate sheet) <u> </u> Problematic Hydrophytic Vegetation ¹ (Explain) ¹ Indicators of hydric soil and wetland hydrology must be present, unless disturbed or problematic.																
2. <u>Vitis riparia</u>	5	No	FACW																	
3. <u>Parthenocissus inserta</u>	5	No	FACU																	
4. <u> </u>																				
5. <u> </u>																				
6. <u> </u>																				
7. <u> </u>																				
8. <u> </u>																				
9. <u> </u>																				
10. <u> </u>																				
	40	=Total Cover																		
Woody Vine Stratum (Plot size: <u>30ft</u>)																				
1. <u>Vitis riparia</u>	15	Yes	FACW	Hydrophytic Vegetation Present? Yes <u>X</u> No <u> </u>																
2. <u> </u>																				
	15	=Total Cover																		
Remarks: (Include photo numbers here or on a separate sheet.)																				

SOIL

Sampling Point: WT1

Profile Description: (Describe to the depth needed to document the indicator or confirm the absence of indicators.)								
Depth (inches)	Matrix		Redox Features				Texture	Remarks
	Color (moist)	%	Color (moist)	%	Type ¹	Loc ²		
0-5	10YR 3/2	100					Loamy/Clayey	
5-20	10YR 4/2	70	10YR 3/6	30	C	M	Loamy/Clayey	Prominent redox concentrations

¹Type: C=Concentration, D=Depletion, RM=Reduced Matrix, MS=Masked Sand Grains.

²Location: PL=Pore Lining, M=Matrix.

Hydric Soil Indicators:		Indicators for Problematic Hydric Soils ³ :	
<input type="checkbox"/> Histosol (A1)	<input type="checkbox"/> Sandy Gleyed Matrix (S4)	<input type="checkbox"/> Coast Prairie Redox (A16)	
<input type="checkbox"/> Histic Epipedon (A2)	<input type="checkbox"/> Sandy Redox (S5)	<input type="checkbox"/> Iron-Manganese Masses (F12)	
<input type="checkbox"/> Black Histic (A3)	<input type="checkbox"/> Stripped Matrix (S6)	<input type="checkbox"/> Red Parent Material (F21)	
<input type="checkbox"/> Hydrogen Sulfide (A4)	<input type="checkbox"/> Dark Surface (S7)	<input type="checkbox"/> Very Shallow Dark Surface (F22)	
<input type="checkbox"/> Stratified Layers (A5)	<input type="checkbox"/> Loamy Mucky Mineral (F1)	<input type="checkbox"/> Other (Explain in Remarks)	
<input type="checkbox"/> 2 cm Muck (A10)	<input type="checkbox"/> Loamy Gleyed Matrix (F2)		
<input checked="" type="checkbox"/> Depleted Below Dark Surface (A11)	<input checked="" type="checkbox"/> Depleted Matrix (F3)		
<input type="checkbox"/> Thick Dark Surface (A12)	<input type="checkbox"/> Redox Dark Surface (F6)		
<input type="checkbox"/> Sandy Mucky Mineral (S1)	<input type="checkbox"/> Depleted Dark Surface (F7)		
<input type="checkbox"/> 5 cm Mucky Peat or Peat (S3)	<input type="checkbox"/> Redox Depressions (F8)		

³Indicators of hydrophytic vegetation and wetland hydrology must be present, unless disturbed or problematic.

Restrictive Layer (if observed): Type: _____ Depth (inches): _____	Hydric Soil Present? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
---	---

Remarks:

HYDROLOGY

Wetland Hydrology Indicators:	
Primary Indicators (minimum of one is required; check all that apply)	Secondary Indicators (minimum of two required)
<input type="checkbox"/> Surface Water (A1)	<input checked="" type="checkbox"/> Water-Stained Leaves (B9)
<input type="checkbox"/> High Water Table (A2)	<input type="checkbox"/> Surface Soil Cracks (B6)
<input type="checkbox"/> Saturation (A3)	<input type="checkbox"/> Aquatic Fauna (B13)
<input type="checkbox"/> Water Marks (B1)	<input type="checkbox"/> True Aquatic Plants (B14)
<input type="checkbox"/> Sediment Deposits (B2)	<input type="checkbox"/> Hydrogen Sulfide Odor (C1)
<input type="checkbox"/> Drift Deposits (B3)	<input type="checkbox"/> Oxidized Rhizospheres on Living Roots (C3)
<input type="checkbox"/> Algal Mat or Crust (B4)	<input type="checkbox"/> Presence of Reduced Iron (C4)
<input type="checkbox"/> Iron Deposits (B5)	<input type="checkbox"/> Recent Iron Reduction in Tilled Soils (C6)
<input type="checkbox"/> Inundation Visible on Aerial Imagery (B7)	<input type="checkbox"/> Thin Muck Surface (C7)
<input type="checkbox"/> Sparsely Vegetated Concave Surface (B8)	<input type="checkbox"/> Gauge or Well Data (D9)
	<input type="checkbox"/> Other (Explain in Remarks)
	<input checked="" type="checkbox"/> FAC-Neutral Test (D5)

Field Observations: Surface Water Present? Yes <input type="checkbox"/> No <input type="checkbox"/> Depth (inches): _____ Water Table Present? Yes <input type="checkbox"/> No <input type="checkbox"/> Depth (inches): _____ Saturation Present? Yes <input type="checkbox"/> No <input type="checkbox"/> Depth (inches): _____ (includes capillary fringe)	Wetland Hydrology Present? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
--	---

Describe Recorded Data (stream gauge, monitoring well, aerial photos, previous inspections), if available:

Remarks:

U.S. Army Corps of Engineers
WETLAND DETERMINATION DATA SHEET – Midwest Region
 See ERDC/EL TR-10-16; the proponent agency is CECW-CO-R

OMB Control #: 0710-0024, Exp:11/30/2024
 Requirement Control Symbol EXEMPT:
 (Authority: AR 335-15, paragraph 5-2a)

Project/Site: 1146 S. Maple Rd. City/County: Scio Twp, Washtenaw Co. Sampling Date: 9/8/2023
 Applicant/Owner: Avalon Housing State: MI Sampling Point: WT2
 Investigator(s): ASTI- SPJ Section, Township, Range: Sec. 26, T02S R05E
 Landform (hillside, terrace, etc.): Slope Local relief (concave, convex, none): Concave
 Slope (%): 1-3 Lat: 42.267905 Long: -83.780372 Datum: NAD 83
 Soil Map Unit Name: Wawasee loam NWI classification: None

Are climatic / hydrologic conditions on the site typical for this time of year? Yes X No (If no, explain in Remarks.)
 Are Vegetation , Soil , or Hydrology significantly disturbed? Are "Normal Circumstances" present? Yes X No
 Are Vegetation , Soil , or Hydrology naturally problematic? (If needed, explain any answers in Remarks.)

SUMMARY OF FINDINGS – Attach site map showing sampling point locations, transects, important features, etc.

Hydrophytic Vegetation Present? Yes <u>X</u> No <u> </u>	Is the Sampled Area within a Wetland? Yes <u>X</u> No <u> </u>
Hydric Soil Present? Yes <u>X</u> No <u> </u>	
Wetland Hydrology Present? Yes <u>X</u> No <u> </u>	
Remarks: Associated with Wetland A.	

VEGETATION – Use scientific names of plants.

Tree Stratum (Plot size: <u>3ft x 10ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status	Dominance Test worksheet: Number of Dominant Species That Are OBL, FACW, or FAC: <u>6</u> (A) Total Number of Dominant Species Across All Strata: <u>7</u> (B) Percent of Dominant Species That Are OBL, FACW, or FAC: <u>85.7%</u> (A/B)
1. <u>Fraxinus pennsylvanica</u>	<u>5</u>	<u>Yes</u>	<u>FACW</u>	
2. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
3. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
4. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
5. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
	<u>5</u> =Total Cover			
Sapling/Shrub Stratum (Plot size: <u>3ft x 5ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status	Prevalence Index worksheet: Total % Cover of: Multiply by: OBL species <u>20</u> x 1 = <u>20</u> FACW species <u>45</u> x 2 = <u>90</u> FAC species <u>45</u> x 3 = <u>135</u> FACU species <u>10</u> x 4 = <u>40</u> UPL species <u>0</u> x 5 = <u>0</u> Column Totals: <u>120</u> (A) <u>285</u> (B) Prevalence Index = B/A = <u>2.38</u>
1. <u>Cornus amomum</u>	<u>15</u>	<u>Yes</u>	<u>FACW</u>	
2. <u>Rhamnus cathartica</u>	<u>30</u>	<u>Yes</u>	<u>FAC</u>	
3. <u>Fraxinus pennsylvanica</u>	<u>10</u>	<u>No</u>	<u>FACW</u>	
4. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
5. <u> </u>	<u>5</u>	<u>No</u>	<u> </u>	
	<u>60</u> =Total Cover			
Herb Stratum (Plot size: <u>5ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status	Hydrophytic Vegetation Indicators: <u> </u> 1 - Rapid Test for Hydrophytic Vegetation <u>X</u> 2 - Dominance Test is >50% <u>X</u> 3 - Prevalence Index is ≤3.0 ¹ <u> </u> 4 - Morphological Adaptations ¹ (Provide supporting data in Remarks or on a separate sheet) <u> </u> Problematic Hydrophytic Vegetation ¹ (Explain) ¹ Indicators of hydric soil and wetland hydrology must be present, unless disturbed or problematic.
1. <u>Lythrum salicaria</u>	<u>20</u>	<u>Yes</u>	<u>OBL</u>	
2. <u>Solidago altissima</u>	<u>10</u>	<u>Yes</u>	<u>FACU</u>	
3. <u>Poa pratensis</u>	<u>10</u>	<u>Yes</u>	<u>FAC</u>	
4. <u>Toxicodendron radicans</u>	<u>5</u>	<u>No</u>	<u>FAC</u>	
5. <u>Quercus bicolor</u>	<u>5</u>	<u>No</u>	<u>FACW</u>	
6. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
7. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
8. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
9. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
10. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
	<u>50</u> =Total Cover			
Woody Vine Stratum (Plot size: <u>3ft x 10ft</u>)	Absolute % Cover	Dominant Species?	Indicator Status	Hydrophytic Vegetation Present? Yes <u>X</u> No <u> </u>
1. <u>Vitis riparia</u>	<u>10</u>	<u>Yes</u>	<u>FACW</u>	
2. <u> </u>	<u> </u>	<u> </u>	<u> </u>	
	<u>10</u> =Total Cover			
Remarks: (Include photo numbers here or on a separate sheet.) Plot shapes were adjusted to accommodate narrow area of the wetland.				

SOIL

Sampling Point: WT2

Profile Description: (Describe to the depth needed to document the indicator or confirm the absence of indicators.)								
Depth (inches)	Matrix		Redox Features				Texture	Remarks
	Color (moist)	%	Color (moist)	%	Type ¹	Loc ²		
0-4	10YR 4/1	95	10YR 4/6	5	C	M	Loamy/Clayey	Prominent redox concentrations
4-20	10YR 5/2	90	10YR 5/6	10	C	M	Loamy/Clayey	Prominent redox concentrations

¹Type: C=Concentration, D=Depletion, RM=Reduced Matrix, MS=Masked Sand Grains.

²Location: PL=Pore Lining, M=Matrix.

Hydric Soil Indicators:			Indicators for Problematic Hydric Soils³:		
<input type="checkbox"/> Histosol (A1)	<input type="checkbox"/> Sandy Gleyed Matrix (S4)	<input type="checkbox"/> Coast Prairie Redox (A16)			
<input type="checkbox"/> Histic Epipedon (A2)	<input type="checkbox"/> Sandy Redox (S5)	<input type="checkbox"/> Iron-Manganese Masses (F12)			
<input type="checkbox"/> Black Histic (A3)	<input type="checkbox"/> Stripped Matrix (S6)	<input type="checkbox"/> Red Parent Material (F21)			
<input type="checkbox"/> Hydrogen Sulfide (A4)	<input type="checkbox"/> Dark Surface (S7)	<input type="checkbox"/> Very Shallow Dark Surface (F22)			
<input type="checkbox"/> Stratified Layers (A5)	<input type="checkbox"/> Loamy Mucky Mineral (F1)	<input type="checkbox"/> Other (Explain in Remarks)			
<input type="checkbox"/> 2 cm Muck (A10)	<input type="checkbox"/> Loamy Gleyed Matrix (F2)				
<input type="checkbox"/> Depleted Below Dark Surface (A11)	<input checked="" type="checkbox"/> Depleted Matrix (F3)				
<input type="checkbox"/> Thick Dark Surface (A12)	<input type="checkbox"/> Redox Dark Surface (F6)				
<input type="checkbox"/> Sandy Mucky Mineral (S1)	<input type="checkbox"/> Depleted Dark Surface (F7)				
<input type="checkbox"/> 5 cm Mucky Peat or Peat (S3)	<input type="checkbox"/> Redox Depressions (F8)				

³Indicators of hydrophytic vegetation and wetland hydrology must be present, unless disturbed or problematic.

Restrictive Layer (if observed): Type: _____ Depth (inches): _____	Hydric Soil Present? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
---	---

Remarks:

HYDROLOGY

Wetland Hydrology Indicators:		
<u>Primary Indicators (minimum of one is required; check all that apply)</u>		<u>Secondary Indicators (minimum of two required)</u>
<input type="checkbox"/> Surface Water (A1)	<input checked="" type="checkbox"/> Water-Stained Leaves (B9)	<input type="checkbox"/> Surface Soil Cracks (B6)
<input type="checkbox"/> High Water Table (A2)	<input type="checkbox"/> Aquatic Fauna (B13)	<input checked="" type="checkbox"/> Drainage Patterns (B10)
<input type="checkbox"/> Saturation (A3)	<input type="checkbox"/> True Aquatic Plants (B14)	<input type="checkbox"/> Dry-Season Water Table (C2)
<input type="checkbox"/> Water Marks (B1)	<input type="checkbox"/> Hydrogen Sulfide Odor (C1)	<input type="checkbox"/> Crayfish Burrows (C8)
<input type="checkbox"/> Sediment Deposits (B2)	<input type="checkbox"/> Oxidized Rhizospheres on Living Roots (C3)	<input type="checkbox"/> Saturation Visible on Aerial Imagery (C9)
<input type="checkbox"/> Drift Deposits (B3)	<input type="checkbox"/> Presence of Reduced Iron (C4)	<input type="checkbox"/> Stunted or Stressed Plants (D1)
<input type="checkbox"/> Algal Mat or Crust (B4)	<input type="checkbox"/> Recent Iron Reduction in Tilled Soils (C6)	<input type="checkbox"/> Geomorphic Position (D2)
<input type="checkbox"/> Iron Deposits (B5)	<input type="checkbox"/> Thin Muck Surface (C7)	<input checked="" type="checkbox"/> FAC-Neutral Test (D5)
<input type="checkbox"/> Inundation Visible on Aerial Imagery (B7)	<input type="checkbox"/> Gauge or Well Data (D9)	
<input type="checkbox"/> Sparsely Vegetated Concave Surface (B8)	<input type="checkbox"/> Other (Explain in Remarks)	

Field Observations:	Wetland Hydrology Present? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Surface Water Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Depth (inches): _____	
Water Table Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Depth (inches): _____	
Saturation Present? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Depth (inches): _____	
(includes capillary fringe)	

Describe Recorded Data (stream gauge, monitoring well, aerial photos, previous inspections), if available:

Remarks:



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
JACKSON DISTRICT OFFICE



PHILLIP D. ROOS
DIRECTOR

November 21, 2023

VIA E-MAIL

Brandon Hodges
TRIBE Development
779 Piper Avenue
Detroit, Michigan 48215

Dear Brandon Hodges:

SUBJECT: Preapplication Meeting
Site Name: 81-1146 South Maple Road-Ann Arbor
Submission Number: HPY-VPCP-P5MZ3
T02S, R06E, Section 31, Scio Township, Washtenaw County

This letter is a follow up to our November 9, 2023, preapplication meeting regarding the proposed project in Ann Arbor, Washtenaw County. The purpose of a preapplication meeting is to provide you with information that will clarify the permit process, answer preliminary questions about your specific project in order to avoid delays at a later date, and to determine, if possible, the need for wetland or inland lakes and streams permits.

During this meeting, we reviewed the need to obtain a permit under Part 301, Inland Lakes and Streams; and Part 303, Wetlands Protection, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). The review was based on discussion of the proposed project and/or draft permit application, the proposed site, and potential modifications to the project discussed during our meeting.

During the review of the project site, the Michigan Department of Environment, Great Lakes, and Energy's (EGLE) Water Resources Division (WRD) made the following findings regarding the need for a permit under Part 301, Inland Lakes and Streams; and Part 303, Wetlands Protection, of the NREPA:

A permit is not required for the project as proposed.

This determination is based on the project plan and information provided at the time of this meeting only. Provided that the proposed project and location are not altered, this determination is binding on EGLE for a period of two years from the date of this meeting.

During the meeting, we also discussed a number of issues related to the project, including the following:

- The existing wetlands on site are not regulated under Part 303, Wetlands Protection, of the NREPA (less than five (5) acres in size and not located within 500 feet of a regulating feature (inland lake, pond, river or stream)).

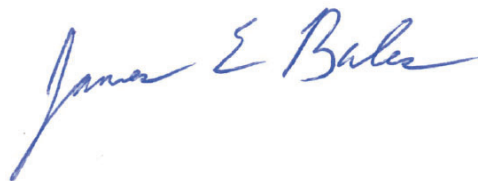
- The potential presence of state or federally listed threatened or endangered (T&E) species on the site. We recommend review of the material available on the Michigan Department of Natural Resources' Web site at: [Michigan.gov/Threatened and Endangered Species](https://Michigan.gov/Threatened_and_Endangered_Species).
 - T&E species considerations that we discussed include:
 - The proposed project area is known to be Indiana bat and northern long-eared bat habitat. Any necessary tree clearing should occur during the cool season only (no clearing April 1 – Sept. 30) or be coordinated with the U.S. Fish and Wildlife Service.

Please note that this is not a permit. The WRD cannot indicate during a preapplication meeting whether or not a permit will be issued. The WRD cannot make a decision regarding a permit until it has considered all of the information provided in the final permit application, and, in some instances, has also considered comments received in response to a public notice of the project. Therefore, the WRD cannot legally tell you whether the project will be permitted in advance of a permit application being submitted and reviewed.

The EGLE submission number assigned to this project is HPY-VPCP-P5MZ3. Please keep a record of this submission number and use it when submitting a final application or otherwise corresponding with our office on this project.

We appreciate the opportunity to meet with you or your representative to address these concerns. We have established a submission for this project, and the information submitted to date will be used to facilitate processing of the final application. If you should have follow-up questions before then, please contact me at 517-257-4532; BalesJ@Michigan.gov; or EGLE, WRD, Jackson District Office, 301 East Louis Glick Highway, Jackson, Michigan 49201-1535.

Sincerely,



James Bales
Environmental Quality Analyst
Water Resources Division

cc: Scio Township Clerk (via email)
Wendy Carty-Saxon, Avalon Housing

Hickory Way Phase III

D. Financial information

- Financial Capacity, Audits
- Documentation of Other Funding
- Development Budget Sources and Uses
- Operating Proforma
- Resident Services 5-year Operating Budget

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**For the Years Ended
DECEMBER 31, 2022 and 2021**

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees

Avalon Nonprofit Housing Corporation and Subsidiaries

Opinion

We have audited the accompanying financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries (Avalon Housing or the "Organization"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Avalon Nonprofit Housing Corporation and Subsidiaries, as of December 31, 2022 and 2021, and the changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Avalon Nonprofit Housing Corporation and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Avalon Nonprofit Housing Corporation and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Avalon Nonprofit Housing Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2023 on our consideration of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting and compliance.

Polk And Associates, PLC

POLK AND ASSOCIATES, P.L.C.

38-3388760

Lead Auditor:

Richard G. Williams, Jr., C.P.A.

June 22, 2023

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<u>ASSETS</u>	DECEMBER 31	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,591,641	\$ 1,656,960
Receivables		
Resident rents	136,233	137,978
Subsidy rents	61,465	56,167
Grants	334,529	261,685
Service contracts	206,420	166,583
Donations and pledges	25,000	98,797
Other	51,919	78,098
Tenant security deposits	210,478	198,279
Insurance, tax, and rent-up escrows	23,890	21,985
Restricted reserves - current (Note 2)	933,719	-
Prepaid expenses	354,445	277,687
Right of use asset - operating lease	143,139	-
TOTAL CURRENT ASSETS	5,072,878	2,954,219
DEPOSITS	9,127	9,127
INVESTMENTS - OTHER (Note 3)	45,000	45,000
RESTRICTED RESERVES (Note 2)	7,038,211	5,380,819
PROPERTY AND EQUIPMENT - NET (Note 4)	55,668,742	48,236,400
PROPERTIES IN DEVELOPMENT (Note 2)	580,685	6,127,956
INTANGIBLE ASSETS (Note 2)	269,520	227,469
RIGHT OF USE ASSET - OPERATING LEASE - LONG TERM	188,883	-
TOTAL ASSETS	\$ 68,873,046	\$ 62,980,990

The accompanying notes are an integral part of these financial statements.

**AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (CONTINUED)**

<u>LIABILITIES AND NET ASSETS</u>	DECEMBER 31	
	2022	2021
CURRENT LIABILITIES		
Accounts payable		
Trade	\$ 383,727	\$ 277,720
Related party (Note 5)	26,936	17,148
Construction payable (Note 6)	1,471,503	10,395,575
Tenant security deposits payable	185,562	172,856
Current portion of notes payable (Note 7)	79,494	44,013
Unearned income	1,206,908	116,798
Accrued liabilities and other		
Accrued interest	186,413	159,488
Other liabilities	127,132	109,623
Lease liability - operating lease	143,139	-
TOTAL CURRENT LIABILITIES	3,810,814	11,293,221
LONG-TERM NOTES PAYABLE (Note 7)	29,768,277	28,658,470
UNEARNED INCOME - LONG TERM	1,116,500	-
LEASE LIABILITY - OPERATING LEASE - LONG TERM	188,883	-
DEFERRED INTEREST PAYABLE (Note 7)	1,568,896	1,484,361
TOTAL LIABILITIES	36,453,370	41,436,052
NET ASSETS		
Without donor restrictions		
Controlling interest	5,672,437	4,966,622
Noncontrolling interest	26,702,239	16,533,316
With donor restrictions (Note 2)	45,000	45,000
TOTAL NET ASSETS	32,419,676	21,544,938
TOTAL LIABILITIES AND NET ASSETS	\$ 68,873,046	\$ 62,980,990

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEARS ENDED DECEMBER 31	
	2022	2021
REVENUE AND SUPPORT		
Contributions	\$ 1,384,243	\$ 646,217
Gain for fair value of land acquired (Note 14)	814,990	-
Gain on sale of fixed assets	200	-
In-kind donations	75	5,847
Federal grants	2,232,605	2,374,438
Other grants	795,987	891,641
Contracted services income	1,384,596	1,150,664
Interest income	151,346	121,062
Rental income	4,651,595	3,758,414
Miscellaneous income	55,916	57,502
	11,471,553	9,005,785
EXPENSES		
Salaries and wages	4,189,203	3,790,299
Employee benefits	742,061	711,635
Payroll taxes	360,525	319,647
Meals and entertainment	8,936	3,853
Transportation	84,060	56,956
Contract and professional fees	388,312	306,593
Repairs and maintenance	1,132,331	769,211
Insurance	283,679	191,645
Occupancy	166,684	125,131
Utilities	734,594	561,276
Depreciation and amortization	1,757,510	1,245,034
Bad debt	59,797	34,465
Outside printing	13,312	13,336
Conferences and meetings	3,297	620
Interest expense	392,195	293,444
Loss on sale of fixed asset	9,413	-
Asset management fees (Note 5)	18,212	11,476
Investor services fees (Note 5)	5,841	5,671
Administrative	217,722	153,866
Information technology	195,949	159,530
Property taxes	11,462	20,697
Telephone	119,454	105,198
Direct grant expense	795,473	992,554
Client assistance	127,064	68,325
	11,817,086	9,940,462

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

	YEARS ENDED DECEMBER 31	
	2022	2021
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATING ACTIVITIES	(345,533)	(934,677)
EQUITY CONTRIBUTIONS RECEIVED	11,270,528	6,232,183
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	10,924,995	5,297,506
DISTRIBUTIONS	(50,257)	(69,142)
NET ASSETS - BEGINNING OF YEAR	21,544,938	16,316,574
NET ASSETS - END OF YEAR	\$ 32,419,676	\$ 21,544,938

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets from operating activities	\$ (345,533)	\$ (934,677)
Adjustments to reconcile change in unrestricted net assets from operating activities to net cash provided by operating activities		
Depreciation	1,732,299	1,230,088
Amortization		
Tax credit fees	18,230	12,727
Debt issuance costs	3,425	5,644
Bad debt	59,797	34,465
Amortization of forgivable debt	(56,198)	(40,896)
Changes in operating assets and liabilities		
Receivables	(149,852)	(144,553)
Prepaid expenses	(76,758)	(77,058)
Right of use asset - operating lease	(332,022)	
Trade accounts payable	106,007	(125,320)
Related party accounts payable	9,788	3,300
Tenant security deposits	507	(7,422)
Unearned income	1,906,610	(61,029)
Accruals and other liabilities	44,434	152,633
Lease liability - operating lease	332,022	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,252,756	47,902
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,863,775)	(17,937,132)
Decrease in properties in development	5,547,271	6,651,143
NET CASH USED IN INVESTING ACTIVITIES	(3,316,504)	(11,285,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in construction payable	(3,056,860)	3,403,678
Payment of tax credit and compliance fees	(82,065)	(155,110)
Proceeds from debt	1,536,542	2,655,618
Payments on debt	(6,026,443)	(174,559)
Equity contributions	11,270,528	6,232,183
Distributions	(50,257)	(75,882)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,591,445	11,885,928

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	YEARS ENDED DECEMBER 31	
	2022	2021
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,527,697	647,841
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF THE YEAR	7,059,764	6,411,923
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF THE YEAR	<u>\$ 10,587,461</u>	<u>\$ 7,059,764</u>
 SUPPLEMENTAL INFORMATION		
Accrued interest capitalized	\$ 318,968	\$ 165,689
Cash paid for interest	38,233	27,162
Noncash transaction - forgiveness of debt	56,198	40,896
Noncash transaction - purchases of vehicles on installment	100,455	28,550
Gain for fair market value of land acquired	814,990	-

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. ORGANIZATION AND PRESENTATION

Nature of Organization and Operations

Avalon Nonprofit Housing Corporation and Subsidiaries d/b/a Avalon Housing, Inc. (Avalon Housing or the "Organization") is a not-for-profit corporation with its subsidiaries which is organized to develop and provide affordable housing and services to very low-income individuals in Washtenaw County, Michigan. Sources of income consist principally of grants, contributions, developer fees, service contracts and rental payments from very low-income individuals.

Avalon Housing owns several partnership interests and directs the operations of another not-for-profit corporation, Avalon Second Nonprofit Housing Corporation (Avalon Second). The Partnerships and Avalon Second were formed to purchase, develop, own, and operate affordable rental housing properties in Washtenaw County, Michigan.

The consolidated financial statements include the accounts of Avalon Housing, Avalon Second, and nine partnerships (collectively, the "Organization"). The nine partnerships are William Street Apartments Limited Partnership, Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership, Carrot Way Apartments Limited Dividend Housing Association Limited Partnership, Pear Street Apartments Limited Dividend Housing Association Limited Partnership, Pauline Apartments Limited Dividend Housing Association Limited Partnership, Sharon Ann Apartments Limited Dividend Housing Association Limited Partnership, Hickory Way Apartments Limited Dividend Housing Association Limited Partnership, Hickory Way Apartments II Limited Dividend Housing Association Limited Partnership, and Hilltop View Apartments Limited Dividend Housing Association Limited Partnership (collectively, the "Partnerships"). All material intercompany accounts and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting.

New Accounting Pronouncement

As of January 1, 2022, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, Leases. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncement – continued

The Organization has elected to apply the following practical expedients:

- The Organization did not reassess if expired or existing contracts are or contain a lease.
- The Organization did not reassess the lease classification for expired or existing leases.

Low-income Housing Credits

The Partnerships have qualified for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the projects' units as to occupant eligibility and unit gross rent, among other requirements. The projects' units must meet the provisions of these regulations during each of 15 consecutive years in order for the Partnerships to remain qualified to receive the credits. William Street's 15 years expired in a previous year.

Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total in the statement of cash flows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,591,641	\$ 1,656,960
Insurance, tax, and rent-up escrows	23,890	21,985
Restricted reserves - current and long-term	<u>7,971,930</u>	<u>5,380,819</u>
	<u>\$ 10,587,461</u>	<u>\$ 7,059,764</u>

Tenant and Escrow Deposits

The Organization holds tenant security deposits in separate bank accounts. Escrow deposits for real estate taxes and insurance are maintained under the control of the mortgagee for the benefit of the project. These escrows are restricted as to their use based upon the applicable regulatory documents.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Reserves

Reserves are required by the various partnership agreements and Regulatory Agreements with the Michigan State Housing Development Authority (MSHDA), which specify their establishment and maintenance. Disbursements from the reserves may be made after receiving the approval of MSHDA and/or partners with authority. Reserves consist of the following:

	<u>2022</u>	<u>2021</u>
<u>Replacement Reserve</u>		
Funds restricted for repair and maintenance of the various properties.	\$ 1,652,804	\$ 1,323,398
<u>Operating and Deficit Reserves</u>		
Funds restricted for the future operations of the various properties.	3,606,815	2,898,201
<u>Supportive Services Reserve</u>		
Funds restricted for future supportive services of Arbordale Apartments, Hickory Way and Hickory Way II are held by the following properties:		
Avalon Nonprofit Housing	298,421	451,198
Arbordale Apartments 2014	585,364	628,954
<u>Gross Potential Rent Reserve</u>		
Funds reserved for future gross potential rent of the following:		
Arbordale Apartments 2014	31,595	32,356
Sharon Ann Apartments	15,500	15,500
Hickory Way Apartments	31,212	31,212
<u>MEDC Grant Reserve</u>		
Current and long-term portions of the initial disbursement under the grant signed in October 2022.	1,750,219	-
	\$ 7,971,930	\$ 5,380,819

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk Arising from Deposit Accounts

Avalon Housing maintains cash balances at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Avalon Housing utilizes insured Cash Sweep service through Bank of Ann Arbor in order to maximize FDIC coverage.

Receivables

Receivables are stated at net invoice or net rent amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices and rent amounts that remain unpaid following normal payment periods. Management considers all receivables collectible; therefore, an allowance for doubtful accounts has not been recorded. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Property and Equipment

Property and equipment are recorded at cost when purchased and the purchase price represents the fair value of the acquired property. They are recorded at fair value when they are acquired through donation or purchased to be held for sale. Depreciable property and equipment are depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Impairment of Long-Lived Assets

The Organization recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Organization's rental property has occurred during the years ended December 31, 2022 and 2021.

Properties in Development

Properties in development consists of construction in progress of \$580,685 and \$6,127,956 as of December 31, 2022 and 2021, respectively.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets consist of low-income housing tax credit and housing compliance fees of \$401,812 and \$336,849 at December 31, 2022 and 2021, respectively, reported net of accumulated amortization of \$132,292 and \$109,380 at December 31, 2022 and 2021, respectively, amortized over the tax credit compliance period. Amortization expense for the years ended December 31, 2022 and 2021 was \$18,230 and \$12,727, respectively.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed on a straight-line basis over the terms of the respective notes payable.

Classification of Net Assets

Net assets of the Organization are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets with donor restrictions at December 31, 2022 and 2021 consist of \$45,000 received in 2014 as a contribution for an endowment fund held at Community Foundation of Southeast Michigan (Note 3).

Contributions

Contributions of cash and other assets are reported as revenue when received. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services and Nonfinancial Assets

Contributed services or nonfinancial assets are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

During fiscal year 2022, the Organization recognized \$75 in donated services for professional event photography. There was no donor-imposed restriction associated with the service.

Grant Revenue

Revenue from grants, when deemed as exchange transactions, is recognized when services are provided or eligible expenses are incurred. Any grant advance and funds received in excess of revenue earned is recorded as either short-term or long-term liabilities based on the timeframe within which the Organization expects to incur eligible expenses or provide requisite services.

Rental Revenue

Revenue for rental of apartments is recorded at gross potential less vacancy loss, when rent is due for renting apartment space to tenants.

Income Taxes

Avalon Housing and Avalon Second are exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). No provision has been made in the consolidated financial statements for income taxes for the Partnerships because, as a partnership, all income and expenses are allocated to the partners for inclusion on their respective income tax returns.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported in their natural classification in the consolidated statement of activities and changes in net assets. For functional allocation of expenses, indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Reclassifications

Certain items in the 2021 consolidated financial statements have been reclassified for comparability with the 2022 consolidated financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

3. COMMUNITY FOUNDATION

Certain funds donated by outside donors for the benefit of Avalon Housing are held and managed by the Community Foundation for Southeast Michigan (the "Foundation"). The Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Organization. The funds were donated during 2012 and are not reflected in the financial statements. Additional funds of \$45,000 were donated directly to Avalon Housing and were subsequently contributed to the Foundation. This amount is permanently restricted.

The fair market value of these funds was approximately \$135,593 and \$160,675 at December 31, 2022 and 2021, respectively. The amount available for distribution to the Organization is determined by the Foundation annually, and made available to the Organization in the form of a grant. The Organization received \$6,199 and \$5,608 in 2022 and 2021 respectively.

4. PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>	<u>Depreciable Life - Years</u>
Land	\$ 6,430,685	\$ 5,404,727	
Buildings and improvements	62,100,326	54,457,134	7-40
Vehicles and equipment	613,428	516,485	5-7
Furniture and fixtures	1,290,775	892,228	3-5
Total cost	<u>70,435,214</u>	<u>61,270,574</u>	
Accumulated depreciation	<u>14,766,472</u>	<u>13,034,174</u>	
	<u>\$ 55,668,742</u>	<u>\$ 48,236,400</u>	

Depreciation expense was \$1,732,299 for 2022 and \$1,230,088 for 2021.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

4. PROPERTY AND EQUIPMENT (CONTINUED)

If any of the properties restricted as to use by low-income and moderate-income tenants are sold, any excess of the sale price over the purchase price and payoff of related collateralized debt must be used to provide affordable housing. The Organization is responsible for preparing a plan, which must be approved by the grantor, for reinvesting the proceeds of the sale in affordable housing. There were no sales of properties during 2022 and 2021.

5. RELATED PARTY TRANSACTIONS

Asset Management Fees

In accordance with the provisions of the partnership agreement for subsidiary Pauline Apartments Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,200 per year, increasing by 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2022 and 2021 was \$4,054 and \$3,936, respectively. The accrued amount for 2022 remained unpaid at December 31, 2022, and the accrued amount for 2021 was paid during 2022.

In accordance with the provisions of the partnership agreement for subsidiary Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,900 per year, increasing by 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2022 and 2021 was \$4,798 and \$4,658, respectively. The accrued amount for 2022 remained unpaid at December 31, 2022, and the accrued amount for 2021 was paid during 2022.

In accordance with provisions of the partnership agreement for subsidiary Hickory Way Apartments Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,400 per year, increasing 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2022 and 2021 was \$3,502 and \$2,301, respectively. The accrued amount for 2022 and 2021 remained unpaid at December 31, 2022.

In accordance with provisions of the partnership agreement for subsidiary Hickory Way Apartments II Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,600 per year, increasing 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2022 and 2021 was \$3,708 and \$582, respectively. The accrued amount for 2022 and 2021 remained unpaid at December 31, 2022.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

5. RELATED PARTY TRANSACTIONS (CONTINUED)

Asset Management Fees (continued)

In accordance with provisions of the partnership agreement for subsidiary Hilltop View Apartments Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,600 per year, increasing 3% annually, is to be paid to an affiliate of the limited partner from cash flow. A prorated asset management fee of \$2,150 was incurred and accrued for the year ended December 31, 2022. The amount remained unpaid at December 31, 2022.

Investor Services Fees

In accordance with the provisions of the partnership agreement for subsidiary Pear Street Limited Dividend Housing Association Limited Partnership, a cumulative investor services fee of up to \$3,000 per year, increasing 3% annually, is payable to an affiliate of the limited partner from the current year's operating cash flow. The investor services fee expense for 2022 and 2021 was \$4,405 and \$4,277, respectively. The accrued amount for 2022 remained unpaid at December 31, 2022 and the accrued amount for 2021 was paid during 2022.

In accordance with the provisions of the partnership agreement for subsidiary Sharon Ann Limited Dividend Housing Association Limited Partnership, a cumulative investor services fee of up to \$1,275 per year, increasing 3% annually, is payable to an affiliate of the limited partner from the current year's operating cash flow. The investor services fee expense for 2022 and 2021 was \$1,436 and \$1,394, respectively. The accrued amount for 2022 remained unpaid at December 31, 2022 and the accrued amount for 2021 was paid during 2022.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

6. CONSTRUCTION PAYABLE

Construction payable for construction activities is summarized as follows at December 31:

	2022	2021
<u>The Grove at Veridian</u>		
Due to Corporation for Supportive Housing, noninterest bearing through April 24, 2022, fixed interest rate of 6% thereafter. Matures at the earlier of closing of predevelopment financing or October 21, 2023.	\$ 50,000	\$ 50,000
 <u>206/210 N Washington</u>		
Due to Corporation for Supportive Housing, noninterest bearing through July 21, 2023, fixed interest rate of 6% thereafter. Matures at the earlier of closing of predevelopment financing or July 21, 2024.	50,000	50,000
 <u>Hickory Way Apartments II</u>		
Due to Chelsea State Bank, bearing interest at 5.67% until the earlier of the conversion date or May 1, 2022 when the loan will be converted to a permanent loan.	-	1,000,000
 <u>Hickory Way Apartments II</u>		
Due to Old National Bank, bearing interest at the WSJ Prime Rate plus .5% until April 30, 2022 when the outstanding principal and unpaid interest are due.	-	4,867,212
 <u>Hickory Way Apartments II</u>		
Amounts payable for construction activities.	-	895,636
 <u>Hilltop View Apartments</u>		
Amounts payable for construction activities.	-	1,352,878

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

6. CONSTRUCTION PAYABLE (CONTINUED)

Construction payable for construction activities is summarized as follows at December 31 (continued):

	2022	2021
<u>Hilltop View Apartments</u>		
Due to Chelsea State Bank, bearing interest at the greater of WSJ Prime Rate or 3.75% until the earlier of the conversion date or April 2023 when the loan is converted to a permanent loan.	1,371,503	2,179,849
	\$ 1,471,503	\$ 10,395,575

7. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2022	2021
Notes payable - City of Ann Arbor (HOME, Housing Trust and General Funds)	\$ 2,048,764	\$ 2,049,695
Notes payable - City of Ann Arbor (CDBG funds)	305,000	305,000
Notes payable - Washtenaw County	3,410,725	3,358,725
Notes payable - Federal Home Loan Bank	4,131,136	4,096,959
Notes payable - Other, Avalon Second and Partnerships	20,082,577	19,056,011
Total notes payable	29,978,202	28,866,390
Less Unamortized debt issuance costs	(130,431)	(163,907)
	29,847,771	28,702,483
Less current portion	(79,494)	(44,013)
Noncurrent portion	\$ 29,768,277	\$ 28,658,470

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (HOME, Housing Trust, and General Funds):

	<u>2022</u>	<u>2021</u>
<u>HOME note collateralized by 1305 - 1313 Pontiac Trail</u> Bearing no interest, payable in full when property is sold.	\$ 215,150	\$ 215,150
<u>HOME note collateralized by 517 W. Summit,</u> Bearing no interest, payable in full when property is sold.	150,000	150,000
<u>HOME note collateralized by 610 W. Summit</u> Bearing no interest, payable in full when the property is sold.	93,751	93,751
<u>HOME note collateralized by 1217 W. Huron</u> Bearing no interest, payable in full when the property is sold.	117,194	117,194
<u>General fund note collateralized by 411 N. Ashley</u> Bearing no interest, payable in full when the property is sold.	33,600	33,600
<u>HOME note collateralized by 211 Davis</u> Bearing no interest, payable in full when the property is sold.	550,976	550,976
<u>HOME note collateralized by 518 S. Division</u> Bearing no interest, payable in full when the property is sold.	108,548	108,548
<u>HOME note collateralized by 520 S. Division</u> Bearing no interest, payable in full when the property is sold.	93,638	93,638

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (HOME, Housing Trust, and General Funds):

	2022	2021
<u>HOME note collateralized by 522 S. Division</u> Bearing no interest, payable in full when the property is sold.	112,364	112,364
<u>Housing Trust Fund note collateralized by 532 N. Main</u> Bearing no interest, payable in full when the property is sold.	54,607	54,607
<u>HOME note collateralized by 610 W. Summit</u> Bearing no interest, payable in full when the property is sold.	20,366	20,366
<u>HOME note collateralized by 1217 W. Huron</u> Bearing no interest, payable in full when the property is sold.	24,699	24,699
<u>HOME note collateralized by Stimson Apartments</u> Bearing no interest, payable in full when the property is sold.	269,691	269,691
<u>HOME note collateralized by Stimson Apartments</u> Bearing no interest, payable in full in 2025 or when property is sold.	75,180	75,180
<u>HOME note collateralized by 1911 - 1913 Dexter</u> Bearing no interest, payable in full in 2105 or when property is sold.	129,000	129,000
<u>Housing Trust Fund note collateralized by 517 W. Summit</u> Bearing no interest, amortized over an 18-year, nine-month period beginning in January 2004, payable in full when the property is sold.	-	931
Total	\$ 2,048,764	\$ 2,049,695

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (CDBG funds):

	2022	2021
<u>Note collateralized by 518 S. Division</u>		
Bearing no interest, payable in full when the property is sold.	\$ 60,000	\$ 60,000
 <u>Note collateralized by Stimson Apartments</u>		
Bearing no interest, payable in full in 2024 or when the property is sold.	245,000	245,000
 Total	\$ 305,000	\$ 305,000

Notes payable - Washtenaw County:

	2022	2021
 <u>Note collateralized by 211 Davis</u>		
Bearing no interest, payable in full in June 2107.	\$ 45,000	\$ 45,000
 <u>Note collateralized by 518 S. Division</u>		
Bearing no interest, payable in full when the property is sold, forgiven in 2023.	25,000	25,000
 <u>Note collateralized by 520 S. Division</u>		
Bearing no interest, payable in full when the property is sold, forgiven in 2023.	25,000	25,000
 <u>Note collateralized by 522 S. Division</u>		
Bearing no interest, payable in full when the property is sold, forgiven in 2023.	25,000	25,000
 <u>Note collateralized by Stimson Apartments</u>		
Bearing no interest, payable in full when the property is sold.	50,000	50,000
 <u>Note collateralized by 610 W. Summit</u>		
Bearing no interest, payable in full when the property is sold.	40,000	40,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	2022	2021
<u>HOME note collateralized by 610 Summit</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2033), at which time the debt will be forgiven if the related property is still owned by the Organization.	32,000	32,000
 <u>Note collateralized by 1217 W. Huron</u>		
Bearing no interest, payable in full when the property is sold.	40,000	40,000
 <u>HOME note collateralized by 411 N. Ashley</u>		
Bearing no interest, payable in full if the related property is sold before December 2031, at which time the debt will be forgiven if the related property is still owned by the Organization.	121,200	121,200
 <u>HOME note collateralized by Stimson Apartments</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2030), at which time the debt will be forgiven if the related property is still owned by the Organization.	769,500	769,500
 <u>CDBG note collateralized by 125/127 Allen and 1217 W. Huron</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2030), at which time the debt will be forgiven if the related property is still owned by the Organization.	25,185	25,185

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	2022	2021
<u>Note collateralized by 517 W. Summit</u>		
Bearing no interest, principal is forgiven by one-twenty fifth for each full year over a twenty-five year period; however if the property is sold within the twenty-five year period, Washtenaw County is entitled to reimbursement of the outstanding principal at the time of sale.	6,000	7,000
<u>HOME note collateralized by 610 Summit</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2033), at which time the debt will be forgiven if the related property is still owned by the Organization.	195,025	195,025
<u>Note collateralized by 1305 - 1313 Pontiac Trail</u>		
Bearing no interest, payable in full if the related property no longer serves low-income households.	40,000	40,000
<u>HOME note collateralized by 1217 W. Huron</u>		
Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	335,050	335,050
<u>HOME note collateralized by 532 N. Main</u>		
Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	74,200	74,200
<u>HOME note collateralized by 115/119 Glendale</u>		
Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	162,913	162,913

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	2022	2021
<u>HOME note collateralized by 815/821 Gott</u> bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	375,000	375,000
<u>HOME note collateralized by 125/127 Allen</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	132,250	132,250
<u>HOME note collateralized by 1911 - 1913 Dexter</u> Bearing no interest, payable in full if the related property no longer serves low-income households.	17,000	17,000
<u>HOME note collateralized by 104/124 Glendale</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	565,402	565,402
<u>HOME note collateralized by 108 Glendale</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	310,000	257,000
Total	\$ 3,410,725	\$ 3,358,725

Notes payable - Federal Home Loan Bank:

Federal Home Loan Bank (FHLB) loans consist of various amortizing or non-amortizing notes forgiven and recognized as grant revenue at the end of the affordability compliance period. The notes are payable in full if the related property is sold any time before the compliance period ends.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. NOTES PAYABLE (CONTINUED)

Notes payable - Federal Home Loan Bank (Continued):

	2022	2021
<u>Note collateralized by 518 Division</u>		
Bearing no interest, forgiven when the compliance period ends in September 2026.	\$ 160,000	\$ 160,000
<u>Note collateralized by 1440 Pear Street</u>		
Bearing no interest, mortgage assigned to Pear Street Apartments LDHA LP, compliance period ends in June 2023.	200,000	200,000
<u>Note collateralized by 1500 Pauline</u>		
Mortgage assigned to Pauline Apartments LDHA, LP, compliance period ends in December 2029.	750,000	750,000
<u>Note collateralized by 532 N. Main</u>		
Bearing no interest, forgiven when compliance period ends in March 2029.	132,700	132,700
<u>Note collateralized by 125/127 Allen and 115/119 Glendale</u>		
Bearing no interest, compliance period ends in December 2030.	163,268	163,268
<u>Note collateralized by 815/821 Gott</u>		
Bearing no interest, compliance period ends in December 2032.	368,720	368,720
<u>Note collateralized by 1010, 1020 and 1030 Arbordale</u>		
Bearing no interest, mortgage assigned to Arbordale Apartments 2014 LDHA, LP, compliance period ends in September 2031.	310,000	310,000
<u>Note collateralized by 104/124 Glendale</u>		
Bearing no interest, compliance period ends in July 2034.	290,000	290,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
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December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable - Federal Home Loan Bank (Continued):

	2022	2021
<u>Note collateralized by Sharon Ann Apartments</u> Bearing interest at 2.5% per annum. Compliance period ends November 17, 2047.	500,000	500,000
<u>Note collateralized by Hickory Way Apartments II</u> Bearing interest at 1.86% per annum. Compliance period ends October 31, 2049.	321,515	321,515
<u>Note collateralized by Hickory Way Apartments</u> Bearing no interest. Compliance period ends May 5, 2051.	434,934	434,934
<u>Note collateralized by Hilltop View Apartments</u> Bearing interest at 1.12% per annum. Compliance period ends December 17, 2050.	400,000	400,000
<u>Note collateralized by 108 Glendale</u> Bearing no interest, compliance period ends in July 2034.	99,999	65,822
Total	\$ 4,131,136	\$ 4,096,959

Notes payable - Other:

	2022	2021
<u>Note payable to MSHDA</u> Collateralized by 517 W. Summit, bearing no interest, payable 20 years after project completion or in full when the related property is sold.	\$ 60,000	\$ 60,000
<u>Note payable to MSHDA, HOME funds</u> Collateralized by 115/119 Glendale, bearing no interest, amortized over a 10-year period beginning in 2013 at 10% per year.	-	12,400

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7. NOTES PAYABLE (CONTINUED)

Notes payable – Other (Continued):

	2022	2021
<u>Note payable to MSHDA, HOME funds</u>		
Collateralized by 1217 W. Huron, bearing no interest, amortized over a 10-year period beginning in 2013 at 10% per year.	-	7,367
<u>Note payable to MSHDA</u>		
Collateralized by 1305 - 1313 Pontiac Trail, bearing no interest, payable in full if the related property is sold before April 2027, at which time debt will be forgiven if the related property is still owned by the Organization.	187,467	187,467
<u>Note payable to Chelsea State Bank</u>		
Collateralized by 815/821 Gott, bearing interest at 6.625%, amortized over a 10-year period beginning in 2019.	152,342	161,234
<u>Note payable to Ford Motor Credit</u>		
Collateralized by a 2017 Ford Transit van, bearing interest at 8.94% over a 5-year period.	4,863	10,254
<u>Note payable to Ford Motor Credit</u>		
Collateralized by a 2019 Ford Transit van, bearing interest at 5.94% over a 5-year period.	21,299	26,480
<u>Note payable to Ford Motor Credit</u>		
Collateralized by a 2019 Ford Transit van, bearing interest at 7.84% over a 5-year period.	42,472	-
<u>Note payable to Old National Bank</u>		
Collateralized by a 2020 Ford Transit van, bearing interest at 5.75% over a 5-year period.	51,217	-

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
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7. NOTES PAYABLE (CONTINUED)

	2022	2021
<u>Note payable to First Merchants Bank (formerly Level One Bank)</u>		
Collateralized by 108 Glendale, bearing interest at 6%. Payments of interest only through January 2023, then amortizing at 6% over a 10-year period.	91,831	64,634
 <u>Note payable to Chelsea State Bank</u>		
Collateralized by 104/124 Glendale, bearing interest at 4.5% amortized over a 25-year period beginning in 2021.	158,654	162,556
 <u>Note payable to Chelsea State Bank</u>		
Collateralized by Hickory Way II, bearing interest at 5.67% amortized over a 18.5-year period beginning in 2022.	976,262	-
 Notes payable - Avalon Second:		
 <u>DDA funds from the City of Ann Arbor</u>		
Collateralized by real property listed below, bearing no interest, principal is forgiven by one-twentieth annually. Outstanding principal is due in full when the related property is sold.		
426 South First	38,483	46,181
819 Third	15,000	18,000
 <u>Washtenaw County</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041.	103,598	103,598

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7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second (Continued):

	2022	2021
<u>FHLB</u>		
Collateralized by real property listed below, bearing no interest, principal is forgiven when the compliance period ends in 2026 for 701 Miller and was fully forgiven in 2022 for 1677 Broadway.		
1677 Broadway	-	40,000
701 Miller	230,000	230,000
 <u>HOME funds from the City of Ann Arbor</u>		
Collateralized by real property listed below, bearing no interest, payable in full when the related property is sold.		
1677 Broadway	375,000	375,000
426 South First	525,000	525,000
701 Miller	507,000	507,000
819 Third	455,000	455,000
 <u>HOME funds from the City of Ann Arbor</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041.		
	60,166	60,166
 <u>MSHDA</u>		
Collateralized by 426 South First, bearing no interest, payable in full if the related property is sold before July 2027, at which time the principal is due.		
	300,000	300,000
 <u>MSHDA</u>		
Collateralized by real property listed below, bearing no interest, principal is amortized over a 40-year period at 25% per decade, fully forgiven in 2047.		
1677 Broadway	270,000	270,000
819 Third	375,000	375,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second (continued):

	2022	2021
<u>NSP funds from MSHDA</u>		
Collateralized by 701 Miller, bearing 3 percent interest, payable from 25% of surplus cash available for distribution, payable in full if the related property is sold before November 2061, at which time the principal is due. Deferred interest at December 31, 2022 and 2021 was \$335,272 and \$331,813, respectively.	1,456,120	1,456,120
<u>NSP funds from the City of Ann Arbor</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041.	374,378	374,378
<u>NSP funds from the City of Ann Arbor</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2047.	35,885	35,885
<u>HOME funds from Washtenaw County</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2043.	598,889	598,889
<u>HOME funds from the City of Ann Arbor</u>		
Collateralized by 100/102 Glendale, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2105.	150,000	150,000
<u>HOME funds from the City of Ann Arbor</u>		
Collateralized by 112/114 Glendale, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2105.	150,000	150,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
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December 31, 2022 and 2021

7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second (continued):

	2022	2021
<u>Washtenaw County</u>		
Collateralized by 100/102 Glendale, bearing no interest, payable in full when the related property is sold or the related property no longer serves low-income households.	20,000	20,000
 <u>Washtenaw County</u>		
Collateralized by 112/114 Glendale, bearing no interest, payable in full when the related property is sold or the related property no longer serves low-income households.	30,000	30,000
 <u>HOME funds from MSHDA</u>		
Collateralized by 100/102 Glendale, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period beginning April 2033 at 10% per year.	38,008	38,008
 <u>HOME funds from MSHDA</u>		
Collateralized by 112/114 Glendale, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period beginning April 2033 at 10% per year.	80,000	80,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. NOTES PAYABLE (CONTINUED)

Notes payable – Partnerships:

	2022	2021
<p>The Partnerships have several outstanding loans and mortgages payable to various financial institutions, the city of Ann Arbor, and MSHDA. Majority of the Partnerships' debt requires no principal or interest payments. Deferred interest and unpaid principal are due at debt maturities ranging from 2023 to 2107. Interest rates vary from 0 to 7.5%. Deferred interest at December 31, 2022 and 2021 was \$1,568,896 and \$1,484,361, respectively. The notes are nonrecourse and are collateralized by the respective Partnership properties. Of these amounts, Pauline has a note payable in the amount of \$2,318,324 as of December 31, 2022 and 2021 to MSHDA for a HOME loan with a payment required of 25% of surplus cash.</p>	12,148,643	12,125,394
	\$ 20,082,577	\$ 19,056,011

Minimum principal payments on notes payable to maturity as of December 31, 2022 are as follows:

2023	\$ 79,494
2024	84,237
2025	90,026
2026	95,811
2027	101,966
Remaining years	29,396,237
	\$ 29,847,771

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. NOTES PAYABLE (CONTINUED)

Interest expense includes amortization of debt issuance costs of \$5,723 and \$5,644 in 2022 and 2021, respectively. The notes payable are presented net of debt issuance costs of \$193,846 and \$221,596 at December 31, 2022 and 2021, respectively, less accumulated amortization of \$63,413 in 2022 and \$57,690 in 2021, respectively.

8. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2022 and 2021 are as follows:

December 31, 2022	<u>Fair Value</u>	<u>Observable Inputs (Level 2)</u>
Beneficial interest in assets held by Foundation	\$ 59,661	\$ 59,661
December 31, 2021	<u>Fair Value</u>	<u>Observable Inputs (Level 2)</u>
Beneficial interest in assets held by Foundation	\$ 70,697	\$ 70,697

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2022 and 2021.

The beneficial interest in assets held by Foundation is reported on a recurring basis at the fair value of the Organization's beneficial interest. The Organization measures the fair value of its beneficial interest using an income approach to provide the present value of the expected future cash distributions from the trust. This approach takes into account the Organization's determination of an appropriate risk-adjusted discount rate (4.5% at December 31, 2022 and 2021) and expected cash flows. The Organization remeasures the fair value of the beneficial interest and adjusts the measurement inputs based on market conditions and other relevant data.

9. PENSION PLAN

The Organization has made available a 403(b) retirement plan to all employees. There is no set employee contribution required and no employer contribution.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
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10. CONTINGENCIES

The Partnerships' low-income housing tax credits are contingent on their ability to maintain compliance with applicable requirements of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner. No instances of noncompliance have been reported as of December 31, 2022.

11. INFORMATION ABOUT VARIABLE INTEREST ENTITIES

Avalon Housing owns 100% of the general partner of the Partnerships and manages and directs the activities of Avalon Second. These entities were formed to purchase, develop, rehabilitate, and operate affordable housing in the Washtenaw County, Michigan area. The Partnerships and Avalon Second are considered to be variable interest entities (VIEs) of Avalon Housing. Avalon Housing was determined to be the primary beneficiary since Avalon Housing has the power, on its own, to direct the activities that most significantly impact the VIEs' economic performance and has other economic interest in the activities of the VIEs.

Included in the consolidated balance sheet at December 31, 2022 and 2021 are the following amounts related to the VIEs:

	<u>Partnerships</u>	<u>Avalon Second</u>
As of December 31, 2022:		
Current assets	\$ 1,159,604	\$ 247,693
Property and equipment	46,661,231	5,122,822
Other assets	4,875,143	868,593
Total assets	<u>\$ 52,695,978</u>	<u>\$ 6,239,108</u>
Current liabilities	\$ 3,235,952	\$ 317,515
Long-term liabilities	1,324,996	335,272
Long-term notes payable	16,473,325	6,516,294
Total liabilities	<u>21,034,273</u>	<u>7,169,081</u>
Net assets (deficit)	<u>31,661,705</u>	<u>(929,973)</u>
Total liabilities and net assets	<u>\$ 52,695,978</u>	<u>\$ 6,239,108</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

11. INFORMATION ABOUT VARIABLE INTEREST ENTITIES (CONTINUED)

	<u>Partnerships</u>	<u>Avalon Second</u>
As of December 31, 2021:		
Current assets	\$ 1,357,168	\$ 254,438
Property and equipment	45,500,244	5,211,057
Other assets	4,211,514	784,599
Total assets	\$ 51,068,926	\$ 6,250,094
Current liabilities	\$ 13,085,463	\$ 273,254
Long-term liabilities	1,248,670	331,813
Long-term notes payable	15,215,501	6,527,935
Total liabilities	29,549,634	7,133,002
Net assets (deficit)	21,519,292	(882,908)
Total liabilities and net assets	\$ 51,068,926	\$ 6,250,094

12. STATE ENHANCEMENT GRANT

In October 2022, the Organization entered into an agreement with The Michigan Economic Development Corporation (MEDC). The purpose of the agreement is for the MEDC to provide funding to the Organization to support the costs of construction, capital needs, technology, direct tenant assistance and the range of supportive services needed to help people to exit homelessness and stay housed. The MEDC agrees to pay the Organization a sum not to exceed \$3,500,000 to meet this goal. A disbursement of 50% of the funds was made following the Grant Agreement execution in 2022. Remaining funds will be disbursed after verification that the previous payment has been expanded, in full, in accordance with the Agreement. The funding agreement ends at the sooner of September 30, 2026 or 30 days after the MEDC provides written notice of termination of the agreement due to noncompliance with the agreement by the Organization or legislative action which affects the funding of the MEDC. Funds received pursuant to the agreement are recognized as grant revenue when performance obligations are met by the Organization. As of December 31, 2022, \$1,750,219 has been received by the Organization and is held in a separate reserve account, of which \$1,706,113 is included in unearned revenue.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

13. OPERATING LEASE

During the year, the Organization renewed its office lease through March 31, 2025. The lease requires monthly payments of \$12,244 increasing by 2.5% each April 1. The right of use asset and related lease liability were calculated using the risk-free interest rate of 2.45%. The lease expense is recorded under the caption occupancy.

Current maturities under the lease are as follows:

December 31, 2023	\$	149,682
2024		153,408
2025		38,586
Minimum payments due under the lease	\$	341,676

14. GAIN ON FAIR VALUE OF LAND ACQUIRED

On March 4, 2022, the Organization purchased land for future development from Washtenaw County for \$10 in consideration. An appraisal was conducted for the property expressing a fair market value as of May 10, 2022 of \$815,000.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

15. EXPENSES BY BOTH NATURE AND FUNCTION

Functional expenses by natural classification as of December 31, 2022:

	Program Activities	Management and Administration	Fundraising	Total Expense
Salaries and wages	\$ 3,700,305	\$ 367,102	\$ 121,796	\$ 4,189,203
Employee benefits	647,621	78,495	15,945	742,061
Payroll taxes	320,405	30,020	10,100	360,525
Meals and entertainment	5,085	3,723	128	8,936
Transportation	84,060	-	-	84,060
Contract and professional fees	240,037	122,401	25,874	388,312
Repairs and maintenance	1,132,325	3	3	1,132,331
Insurance	265,147	18,532	-	283,679
Occupancy	120,784	37,307	8,593	166,684
Utilities	733,940	327	327	734,594
Depreciation and amortization	1,757,510	-	-	1,757,510
Bad debt	59,797	-	-	59,797
Outside printing	13,312	-	-	13,312
Conferences and meetings	2,987	125	185	3,297
Interest expense	392,061	134	-	392,195
Loss on sale of fixed assets	9,413	-	-	9,413
Asset management fees	18,212	-	-	18,212
Investor services fees	5,841	-	-	5,841
Administrative	181,169	25,841	10,712	217,722
Information technology	149,540	39,969	6,440	195,949
Property taxes	11,437	25	-	11,462
Telephone	111,415	6,275	1,764	119,454
Direct grant expense	790,473	5,000	-	795,473
Client assistance	127,064	-	-	127,064
TOTAL EXPENSES	<u>\$ 10,879,940</u>	<u>\$ 735,279</u>	<u>\$ 201,867</u>	<u>\$ 11,817,086</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

15. EXPENSES BY BOTH NATURE AND FUNCTION (CONTINUED)

Functional expenses by natural classification as of December 31, 2021:

	Program Activities	Management and Administration	Fundraising	Total Expense
Salaries and wages	\$ 3,425,438	\$ 259,512	\$ 105,349	3,790,299
Employee benefits	619,699	75,179	16,757	711,635
Payroll taxes	290,483	20,812	8,352	319,647
Meals and entertainment	640	2,609	604	3,853
Transportation	56,956	-	-	56,956
Contract and professional fees	217,389	85,260	3,944	306,593
Repairs and maintenance	769,021	153	37	769,211
Insurance	175,225	16,420	-	191,645
Occupancy	99,063	21,485	4,583	125,131
Utilities	560,672	302	302	561,276
Depreciation and amortization	1,245,034	-	-	1,245,034
Bad debt	34,465	-	-	34,465
Outside printing	13,336	-	-	13,336
Conferences and meetings	-	620	-	620
Interest expense	293,443	1	-	293,444
Asset management fees	11,476	-	-	11,476
Investor services fees	5,671	-	-	5,671
Administrative	118,767	25,877	9,222	153,866
Information technology	129,401	21,888	8,241	159,530
Property taxes	20,666	30	1	20,697
Telephone	97,425	6,692	1,081	105,198
Direct grant expense	930,554	62,000	-	992,554
Client assistance	68,325	-	-	68,325
TOTAL EXPENSES	\$ 9,183,149	\$ 598,840	\$ 158,473	\$ 9,940,462

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

16. LIQUIDITY AND AVAILABILITY

The Organization has \$3,407,207 of financial assets available within one year of the date of these financial statements to meet cash requirements for general expenditure. This consists of cash of \$2,591,641 and accounts and pledges receivable of \$815,566. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of these financial statements. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next year, the Organization anticipates collecting sufficient revenue to cover general expenditures.

17. DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated events and transactions through June 22, 2023, the date which the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



Strategic Business Consulting

Polk and Associates, PLC
Certified Public Accountants

30600 Telegraph Rd #2191
Bingham Farms, MI 48025

27365 Harper Avenue
St. Clair Shores, MI 48081

3135 South State St #208
Ann Arbor, MI 48108

www.polkcpa.com

Phone 248 642 5700
Fax 248 642 5640

Phone 586 771 4350
Fax 586 771 3450

Phone 734 741 0400
Fax 734 741 0404

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees
Avalon Nonprofit Housing Corporation
and Subsidiaries

We have audited the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries as of and for the years ended December 31, 2022 and 2021. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Polk And Associates, PLC
POLK AND ASSOCIATES, P.L.C.

June 22, 2023

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2022 AND 2021 (COMPARATIVE TOTAL)

ASSETS	AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES											2021 (COMPARATIVE TOTAL)		
	AVALON NONPROFIT HOUSING CORPORATION	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT HOUSING CORPORATION	ARBORDALE APARTMENTS 2014 LDHA, LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS HILDHA, LP	HILLTOP VIEW APARTMENTS LDHA, LP		ELIMINATIONS	2022
CURRENT ASSETS	\$ 1,695,665	\$ 55,131	\$ 170,798	\$ 169,953	\$ 13,678	\$ 119,276	\$ 221,650	\$ 24,944	\$ 48,220	\$ 43,363	\$ 28,963	\$ -	\$ 2,591,641	\$ 1,656,960
Cash and cash equivalents														
Receivables														
Resident rents	21,179	811	16,030	7,719	16,419	2,828	11,170	12,972	7,828	17,807	21,470	-	136,233	137,978
Subsidy rents	41,988	-	1,975	4,742	10,565	1,259	-	-	-	936	-	-	61,465	56,167
Grants	334,529	-	-	-	-	-	-	-	-	-	-	-	334,529	261,685
Developer fees	870,445	-	-	-	-	-	-	-	-	-	-	(870,445)	-	-
Service contracts	219,655	-	-	-	-	-	-	-	-	-	-	(13,235)	-	-
Related party	803,777	-	-	-	-	-	-	-	-	-	-	(803,777)	-	-
Donations and pledges	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	43,446	-	-	-	973	-	-	-	7,500	-	-	-	206,420	166,583
Tenant security deposit accounts	55,387	-	30,662	15,974	19,933	7,872	19,508	11,715	16,062	21,551	11,814	-	25,000	98,797
Insurance, tax and rent-up escrows	-	-	3,300	3,854	3,833	2,300	10,603	-	-	-	-	-	51,919	78,098
Restricted reserves - current	933,719	-	-	-	-	-	-	-	-	-	-	-	210,478	198,279
Prepaid expenses	165,109	1,830	24,928	17,893	20,944	8,492	22,723	8,523	28,366	27,348	28,289	-	238,990	21,985
Right of use asset - operating lease	143,139	-	-	-	-	-	-	-	-	-	-	-	354,445	277,687
TOTAL CURRENT ASSETS	5,353,038	57,772	247,693	220,135	86,345	142,027	285,654	58,154	107,976	111,005	90,536	(1,687,457)	5,072,878	2,954,219
DEPOSITS	9,127	-	-	-	-	-	-	-	-	-	-	-	9,127	9,127
INVESTMENTS - OTHER	1,002,676	-	-	-	-	-	-	-	-	-	-	-	45,000	45,000
RESTRICTED RESERVES	1,563,995	171,629	868,593	1,480,830	1,691,503	139,110	525,322	125,059	198,423	273,747	-	(957,676)	7,038,211	5,380,819
PROPERTY AND EQUIPMENT - NET	6,956,506	167,136	5,122,822	3,293,534	2,127,527	1,905,755	8,146,542	2,017,039	10,201,398	10,254,438	8,547,862	(3,071,817)	55,668,742	48,236,400
PROPERTIES IN DEVELOPMENT	580,685	-	-	-	-	-	-	-	-	-	-	-	580,685	580,685
INTANGIBLE ASSETS	188,883	-	-	20,381	-	1,932	28,170	15,232	70,632	71,095	62,078	-	269,520	227,469
RIGHT OF USE ASSET - LONG TERM	4,512,878	-	-	-	-	-	-	-	-	-	-	-	188,883	-
LOAN RECEIVABLES - RELATED PARTY	-	-	-	-	-	-	-	-	-	-	-	(4,512,878)	-	-
TOTAL ASSETS	\$ 20,167,788	\$ 396,537	\$ 6,239,108	\$ 5,014,880	\$ 3,905,375	\$ 2,188,824	\$ 9,985,688	\$ 2,215,484	\$ 10,578,429	\$ 10,710,285	\$ 8,700,476	\$ (10,229,828)	\$ 68,873,046	\$ 62,980,990

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2022 AND 2021 (COMPARATIVE TOTAL)

	AVALON NONPROFIT HOUSING CORPORATION	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT HOUSING CORPORATION	ARBORDALE APARTMENTS 2014 LHFA, LP	CARROT WAY LHFA, LP	PEAR STREET APARTMENTS LHFA, LP	PAULINE APARTMENTS LHFA, LP	SHARON ANN APARTMENTS LHFA, LP	HICKORY WAY APARTMENTS LHFA, LP	HICKORY WAY APARTMENTS II LHFA, LP	HILLTOP VIEW APARTMENTS LHFA, LP	ELIMINATIONS	2022	2021 (COMPARATIVE TOTAL)
LIABILITIES AND NET ASSETS														
(DEFICIT)														
CURRENT LIABILITIES														
Trade accounts payable	\$ 247,801	\$ 1,453	\$ 20,083	\$ 49,181	\$ 9,007	\$ 4,184	\$ 20,488	\$ 4,500	\$ 19,678	\$ 1,663	\$ 5,689	\$ -	\$ 383,727	\$ 277,720
Related party payable	-	1,383	262,892	25,088	16,621	7,895	6,403	41,287	99,409	79,584	95,870	(609,496)	26,936	17,146
Construction payable	100,000	-	-	-	-	-	-	-	-	-	1,371,503	-	1,471,503	10,395,575
Tenant security deposits	55,141	1,492	25,348	13,275	19,233	7,000	15,453	6,750	12,500	17,480	11,800	-	172,886	172,886
Current portion of notes payable	-	-	-	4,974	5,270	5,270	-	13,270	23,492	32,488	-	-	185,502	44,013
Note payable - bank	-	-	-	-	-	-	-	-	-	-	-	-	79,494	-
Retained income	1,180,218	11	9,192	9,087	2,697	750	2,241	523	636	1,034	529	(870,445)	1,206,908	116,798
Deferred income	-	-	-	-	-	-	-	-	-	-	417,071	-	-	-
Accounts payable and other	-	-	-	186,413	-	-	-	-	-	47,960	-	(47,960)	186,413	159,488
Accrued interest	127,132	-	-	20,896	-	17,264	-	-	17,067	4,290	-	(68,183)	127,132	109,623
Other liabilities	143,139	-	-	-	-	-	-	8,666	-	-	-	-	143,139	-
Lease liability - operating lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	1,853,431	4,339	317,515	308,914	47,558	42,363	44,585	74,996	490,646	320,089	1,902,462	(1,596,084)	3,810,814	11,293,221
LONG-TERM NOTES PAYABLE	11,291,536	215,764	6,516,294	2,228,513	2,803,000	1,896,520	3,510,832	758,323	2,305,084	2,015,289	740,000	(4,512,878)	29,768,277	28,658,470
UNEARNED INCOME - LONG TERM	1,116,500	-	-	-	-	-	-	-	-	-	-	-	-	-
LEASE LIABILITY - LONG TERM	188,883	-	-	-	-	-	-	-	-	-	-	-	1,116,500	-
DEFERRED INTEREST PAYABLE	-	-	335,272	-	353,663	348,956	549,921	65,584	-	-	6,872	(9,137)	188,883	-
TOTAL LIABILITIES	14,450,350	220,103	7,169,081	2,537,427	3,204,221	2,287,839	4,105,338	898,903	2,795,730	2,335,378	2,649,334	(6,200,334)	36,453,370	41,436,052
NET ASSETS (DEFICIT)														
Without donor restrictions:														
Controlling interest	5,672,438	176,434	-	-	-	-	-	-	-	-	-	(176,435)	5,672,437	4,966,622
Partners' equity - Noncontrolling interest	-	-	-	2,477,453	701,154	(99,015)	4,880,350	1,316,581	7,782,699	8,374,907	6,051,142	(3,853,059)	27,632,212	17,416,224
Net deficit - Noncontrolling interest	-	-	(929,973)	-	-	-	-	-	-	-	-	-	(929,973)	(882,908)
With donor restrictions	45,000	-	-	-	-	-	-	-	-	-	-	-	45,000	45,000
TOTAL NET ASSETS (DEFICIT)	5,717,438	176,434	(929,973)	2,477,453	701,154	(99,015)	4,880,350	1,316,581	7,782,699	8,374,907	6,051,142	(4,029,494)	32,419,676	21,544,938
TOTAL LIABILITIES AND NET ASSETS														
(DEFICIT)	\$ 20,167,788	\$ 396,537	\$ 6,239,108	\$ 5,014,880	\$ 3,905,375	\$ 2,188,824	\$ 8,985,688	\$ 2,215,484	\$ 10,578,429	\$ 10,710,285	\$ 8,700,476	\$ (10,229,828)	\$ 68,873,046	\$ 62,980,990

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021 (COMPARATIVE TOTAL)

	AVALON NONPROFIT HOUSING CORPORATION	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT HOUSING CORPORATION	ARBORDALE APARTMENTS 2014 LDHA, LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS II LDHA, LP	HILLTOP VIEW APARTMENTS LDHA, LP	ELIMINATIONS	2022	2021 (COMPARATIVE TOTAL)
REVENUE AND SUPPORT														
Contributions	\$ 1,384,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,384,243	\$ 646,217
Gain for fair value of land acquired	814,990	-	-	-	-	-	-	-	-	-	-	-	814,990	-
Gain on sale of fixed assets	200	-	-	-	-	-	-	-	-	-	-	-	200	-
In-kind donations	75	-	-	-	-	-	-	-	-	-	-	-	75	5,847
Federal grants	2,605,744	-	-	-	-	-	-	-	-	-	-	-	2,605,744	2,374,438
Other grants	740,789	4,500	50,698	-	-	-	-	-	-	-	-	(373,139)	795,987	891,641
Contracted services income	1,447,196	-	-	-	-	-	-	-	-	-	-	-	1,447,196	1,384,596
Developer fees	80,879	-	-	-	-	-	-	-	-	-	-	-	80,879	(62,600)
Management fee income	333,092	-	-	-	-	-	-	-	-	-	-	-	333,092	(333,092)
Net gains (losses) on investments	(21,316)	5,464	27,808	40,073	53,639	766	13,352	890	37	60	14	21,316	-	-
Interest income	52,453	55,968	534,774	500,690	391,114	284,404	528,032	189,383	409,752	417,224	160,473	(43,210)	3,758,414	3,758,414
Rental income	1,179,781	-	1,934	1,934	2,580	1,535	4,700	3,362	6,004	6,240	3,193	-	4,651,595	4,651,595
Miscellaneous income	20,072	221	6,075	6,075	2,580	1,535	4,700	3,362	6,004	6,240	3,193	-	55,916	57,502
TOTAL REVENUE AND SUPPORT	8,638,198	66,153	619,355	542,697	447,333	286,705	546,084	193,635	415,793	423,524	163,680	(871,604)	11,471,553	9,005,785
EXPENSES														
Salaries and wages	3,576,759	10,816	94,686	70,462	113,310	372,300	95,868	29,565	71,332	66,055	23,120	-	4,189,203	3,790,299
Employee benefits	629,284	1,814	16,724	11,468	23,497	62,444	19,814	7,285	10,879	10,879	3,605	-	742,061	711,635
Payroll taxes	317,358	-	6,717	5,018	7,875	2,708	6,784	2,087	5,049	4,695	1,461	-	360,525	319,647
Meals and entertainment	8,936	-	-	-	-	-	-	-	-	-	-	-	8,936	3,853
Transportation	44,475	783	5,761	5,984	4,978	2,610	4,605	2,760	4,843	4,843	1,662	-	84,060	56,956
Contract and professional fees	286,706	3,227	12,642	74,593	11,439	11,016	12,640	11,141	11,560	13,811	2,137	(62,600)	388,312	306,593
Repairs and maintenance	469,459	20,273	151,224	90,182	115,205	33,498	73,839	31,393	68,255	50,645	28,358	-	1,132,331	769,211
Insurance	71,342	2,192	29,238	20,517	24,069	10,102	24,309	10,285	33,202	37,367	21,056	-	283,679	191,645
Occupancy	166,694	-	-	-	-	-	-	-	-	-	-	-	166,694	125,131
Utilities	213,671	8,068	93,155	64,585	31,373	37,006	79,169	18,022	73,183	79,628	36,734	-	734,594	561,276
Depreciation and amortization	327,483	10,339	167,896	96,890	87,422	68,077	211,447	144,349	271,438	267,387	170,794	-	1,737,510	1,245,034
Bad debt	34,891	-	1,590	1,422	10,651	5	67	948	4,959	5,269	-	-	59,797	34,465
Outside printing	13,262	2	4	10	1	5	1	1	25	1	-	-	13,312	13,336
Conferences and meetings	3,297	-	-	-	-	-	-	-	-	-	-	-	3,297	620
Interest expense	24,618	-	-	-	-	-	-	-	-	-	-	-	392,195	293,444
Loss on sale of fixed assets	9,413	-	-	-	-	-	-	-	-	-	-	-	9,413	-
Management fee	-	-	22,480	-	16,860	17,482	104,418	16,525	19,104	20,232	9,704	(2,487,223)	18,212	11,476
Asset management fee	-	-	-	25,694	-	11,014	4,054	17,080	13,802	24,308	6,629	(84,369)	5,841	5,671
Investor service fee	-	-	-	-	-	4,405	1,436	-	-	-	-	-	-	-
Administrative	182,348	35	7,830	265	6,143	967	1,863	3,649	4,027	7,422	3,173	-	217,722	153,866
Information technology	181,590	558	2,938	1,237	1,722	660	651	802	2,350	1,400	2,041	-	195,949	159,530
Property taxes	132	6	4,429	39	30	20	32	6,704	34	36	-	-	11,462	20,697
Telephone	75,781	103	5,422	4,559	4,461	1,712	5,112	4,991	9,648	5,667	1,998	-	119,454	105,198
Direct grant expense	1,167,940	22	-	-	-	-	-	-	568	-	82	-	795,473	992,554
Client assistance	126,953	56	-	-	55	-	-	-	-	-	-	-	127,064	68,325
TOTAL EXPENSES	7,932,382	59,067	666,420	565,127	479,591	285,269	717,173	335,885	670,544	666,847	317,034	(878,253)	11,817,086	9,940,462
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FROM OPERATING ACTIVITIES	705,816	7,086	(47,065)	(22,430)	(32,258)	1,436	(171,089)	(142,250)	(254,751)	(243,323)	(153,354)	6,649	(345,533)	(934,677)
EQITY CONTRIBUTIONS RECEIVED														
INCREASE (DECREASE) IN NET UNRESTRICTED ASSETS	705,816	7,086	(47,065)	(22,430)	(32,258)	1,436	(171,089)	(142,250)	(40,497)	6,501,525	4,158,072	6,649	11,270,528	5,297,506
DISTRIBUTIONS														
NET ASSETS - BEGINNING OF YEAR	5,011,622	1,693,348	(882,908)	2,523,810	733,412	(83,652)	5,061,042	1,458,831	7,823,196	1,873,382	1,993,070	(4,103,068)	21,544,938	16,316,574
NET ASSETS - END OF YEAR	5,717,438	1,764,434	(929,973)	2,477,453	701,154	(99,015)	4,880,350	1,316,581	7,782,699	8,374,907	6,051,142	(4,029,494)	32,419,676	21,544,938

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Award or Pass-Through Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Passed-through to subrecipients (\$)</u>	<u>Nonmonetary Awards with Continuing Compliance Requirements</u>	<u>Federal Disbursements and Expenditures</u>
<u>Department of Housing and Urban Development</u>						
<u>Direct Program</u>						
Continuum of Care Program	14.267	M10202LSF092013	44,918			44,918
Continuum of Care Program	14.267	M10202LSF092114	52,558			52,558
Continuum of Care Program	14.267	M10201LSF092013	39,875			39,875
Continuum of Care Program	14.267	M10201LSF092114	56,515			56,515
Continuum of Care Program	14.267	M10423LSF092007	187,912	12,107		187,912
Continuum of Care Program	14.267	M10423LSF092108	60,476			60,476
Continuum of Care Program	14.267	M10420LSF092007	602,195	13,116		602,195
Continuum of Care Program	14.267	M10420LSF092108	200,435	1,219		200,435
Continuum of Care Program	14.267	M10451LSF0912006	518,330			518,330
Continuum of Care Program	14.267	M10451LSF092107	273,138			273,138
Continuum of Care Program	14.267	M10207LSF092013	111,974			111,974
Continuum of Care Program	14.267	M10207LSF092114	233,140			233,140
<u>Passed through Washtenaw County</u>						
Community Development Block Grant	14.218		70,000		628,782	698,782
Emergency Solutions Grants (ESG) Program	14.231	E-20-UW-26-0006	401,302			401,302
Emergency Solutions Grants (ESG) Program	14.231	E-20-DW-26-0001	28,195			28,195
HOME Investment Partnerships Program	14.239	M17-UC260220	33,738			690,963
HOME Investment Partnerships Program	14.239	M16-UC260220			657,225	565,402
HOME Investment Partnerships Program	14.239	M18-UC260220	50,000		240,000	290,000
HOME Investment Partnerships Program	14.239	M19-UC260220	62,939			62,939
HOME Investment Partnerships Program	14.239	M20-UC260220	53,000		3,468,027	3,521,027
<u>Passed through Michigan State Housing Development Authority</u>						
Community Development Block Grant	14.218				1,456,120	1,456,120
HOME Investment Partnerships Program	14.239				4,803,599	4,803,599
<u>Passed through City of Ann Arbor</u>						
Community Development Block Grant	14.218				715,263	715,263
HOME Investment Partnerships Program	14.239				6,027,724	6,027,724
<u>Department of Health and Human Services</u>						
Medical Assistance Program	93.778	E2022672-00	32,825			32,825
Medical Assistance Program	93.778	E20234622-00	27,900			27,900
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	E202245746-00	25,000			25,000
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	E20234312-001	3,022			3,022
					\$	\$
					3,169,387	26,442
					\$	\$
					18,562,142	21,731,529

**AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended December 31, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Program or Award Amount</u>
Total Federal Award Expended by Program		
Community Development Block Grant	14.218	70,000
Emergency Solutions Grants (ESG) Program	14.231	429,497
HOME Investment Partnerships Program	14.239	199,677
Continuum of Care Program	14.267	2,381,466
Medical Assistance Program	93.778	60,725
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	28,022
		<u>\$ 3,169,387</u>
Nonmonetary Awards with Continuing Compliance Requirements		
Community Development Block Grant	14.218	2,800,165
HOME Investment Partnerships Program	14.239	15,761,977
		<u>\$ 18,562,142</u>
Total Awards Expended		<u>\$ 21,731,529</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Avalon Nonprofit Housing Corporation and Subsidiaries under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Avalon Nonprofit Housing Corporation and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Avalon Nonprofit Housing Corporation and Subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Avalon Nonprofit Housing Corporation and Subsidiaries has elected not to use the 10% de minimis indirect cost rate.

3. LOANS OUTSTANDING

Avalon Nonprofit Housing Corporation and Subsidiaries had the following loan balances outstanding at December 31, 2022:

<u>Cluster/Program Title</u>	<u>Assistance Listing Number</u>	<u>Amount Outstanding</u>
HOME Investment Partnerships Program	14.239	\$ 15,878,948
Community Development Block Grant	14.218	2,870,166
Total		<u>\$ 18,749,114</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Avalon Nonprofit Housing Corporation and Subsidiaries

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2022 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avalon Nonprofit Housing Corporation and Subsidiaries' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Polk And Associates, PLC

POLK AND ASSOCIATES, P.L.C

June 22, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Avalon Nonprofit Housing Corporation and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs for the year ended December 31, 2022. Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Avalon Nonprofit Housing Corporation and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Avalon Nonprofit Housing Corporation and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Avalon Nonprofit Housing Corporation and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Avalon Nonprofit Housing Corporation and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Polk And Associates, PLLC
POLK AND ASSOCIATES, P.L.C.

June 22, 2023

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

Summary of Auditors' Results

- a. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries were prepared in accordance with U.S. generally accepted accounting principles.
- b. No material weaknesses were identified during the audit of the consolidated financial statements.
- c. No instances of noncompliance material to the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries were disclosed during the audit.
- d. No material weaknesses were identified during the audit of the major federal award programs.
- e. The auditors' report on compliance for the major federal award programs for Avalon Nonprofit Housing Corporation and Subsidiaries expresses an unmodified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
- g. The programs tested as major programs were:

Name of Federal Program or Cluster	<u>Assistance Listing Number</u>
Continuum of Care Program	14.267
Community Development Block Grants/Entitlement Grants Program	14.218

- h. The threshold for distinguishing Types A and B programs was \$750,000.
- i. Avalon Nonprofit Housing Corporation and Subsidiaries was determined to be a low-risk auditee.

Findings - Financial Statements Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**For the Years Ended
DECEMBER 31, 2023 and 2022**

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees

Avalon Nonprofit Housing Corporation and Subsidiaries

Opinion

We have audited the accompanying financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries (Avalon Housing or the "Organization"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Avalon Nonprofit Housing Corporation and Subsidiaries, as of December 31, 2023 and 2022, and the changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Avalon Nonprofit Housing Corporation and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Avalon Nonprofit Housing Corporation and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Avalon Nonprofit Housing Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2024 on our consideration of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting and compliance.

Polk And Associates, PLC

POLK AND ASSOCIATES, P.L.C.

38-3388760

Lead Auditor:

Richard G. Williams, Jr., C.P.A.

June 19, 2024

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<u>ASSETS</u>	DECEMBER 31	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,361,933	\$ 2,591,641
Receivables		
Resident rents	209,589	136,233
Subsidy rents	98,098	61,465
Grants	433,157	334,529
Service contracts	278,041	206,420
Donations and pledges	-	25,000
Other	127,097	51,919
Tenant security deposits	212,431	210,478
Insurance, tax, and rent-up escrows	25,013	23,890
Restricted reserves - current (Note 2)	2,448,119	933,719
Prepaid expenses	433,568	354,445
Right of use asset - operating lease	150,454	143,139
TOTAL CURRENT ASSETS	6,777,500	5,072,878
DEPOSITS	9,127	9,127
INVESTMENTS - OTHER (Note 3)	45,000	45,000
RESTRICTED RESERVES (Note 2)	6,286,074	7,038,211
PROPERTY AND EQUIPMENT - NET (Note 4)	54,710,728	55,668,742
PROPERTIES IN DEVELOPMENT (Note 2)	2,808,092	580,685
INTANGIBLE ASSETS (Note 2)	245,163	269,520
RIGHT OF USE ASSET - OPERATING LEASE - LONG TERM	38,429	188,883
TOTAL ASSETS	\$ 70,920,113	\$ 68,873,046

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (CONTINUED)

<u>LIABILITIES AND NET ASSETS</u>	<u>DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable		
Trade	\$ 685,198	\$ 383,727
Related party (Note 5)	35,694	26,936
Construction payable (Note 6)	1,441,490	1,471,503
Tenant security deposits payable	182,181	185,562
Current portion of notes payable (Note 7)	84,237	79,494
Unearned income	1,305,089	1,206,908
Accrued liabilities and other		
Accrued interest	213,764	186,413
Other liabilities	150,505	127,132
Lease liability - operating lease	150,454	143,139
TOTAL CURRENT LIABILITIES	4,248,612	3,810,814
LONG-TERM NOTES PAYABLE (Note 7)	29,893,431	29,768,277
UNEARNED INCOME - LONG TERM	300,000	1,116,500
LEASE LIABILITY - OPERATING LEASE - LONG TERM	38,429	188,883
DEFERRED INTEREST PAYABLE (Note 7)	1,657,407	1,568,896
TOTAL LIABILITIES	36,137,879	36,453,370
NET ASSETS		
Without donor restrictions		
Controlling interest	5,454,559	5,672,437
Noncontrolling interest	29,282,675	26,702,239
With donor restrictions (Note 2)	45,000	45,000
TOTAL NET ASSETS	34,782,234	32,419,676
TOTAL LIABILITIES AND NET ASSETS	\$ 70,920,113	\$ 68,873,046

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEARS ENDED DECEMBER 31	
	2023	2022
REVENUE AND SUPPORT		
Contributions	\$ 632,686	\$ 1,384,243
Gain for fair value of land acquired	-	814,990
Gain on sale of fixed assets	-	200
In-kind donations	6,261	75
Federal grants	2,326,172	2,232,605
Other grants	2,333,777	795,987
Contracted services income	1,924,655	1,384,596
Interest income	272,998	151,346
Rental income	5,130,228	4,651,595
Miscellaneous income	63,022	55,916
	<hr/>	<hr/>
TOTAL REVENUE AND SUPPORT	12,689,799	11,471,553
	<hr/>	<hr/>
EXPENSES		
Salaries and wages	5,330,915	4,189,203
Employee benefits	949,115	742,061
Payroll taxes	388,213	360,525
Meals and entertainment	14,855	8,936
Transportation	88,923	84,060
Contract and professional fees	680,117	388,312
Repairs and maintenance	1,423,398	1,132,331
Insurance	335,118	283,679
Occupancy	181,825	166,684
Utilities	812,967	734,594
Depreciation and amortization	1,962,202	1,757,510
Credit losses	73,714	59,797
Outside printing	15,069	13,312
Conferences and meetings	8,530	3,297
Interest expense	418,828	392,195
Loss on sale of fixed asset	-	9,413
Asset management fees (Note 5)	20,251	18,212
Investor services fees (Note 5)	6,016	5,841
Administrative	141,249	111,938
Information technology	225,051	195,949
Property taxes	18,891	11,462
Telephone	111,946	119,454
Direct grant expense	693,576	795,473
Client assistance	469,007	232,848
	<hr/>	<hr/>
TOTAL EXPENSES	14,369,776	11,817,086
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

	YEARS ENDED DECEMBER 31	
	2023	2022
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATING ACTIVITIES	(1,679,977)	(345,533)
EQUITY CONTRIBUTIONS RECEIVED	4,081,152	11,270,528
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,401,175	10,924,995
DISTRIBUTIONS	(38,617)	(50,257)
NET ASSETS - BEGINNING OF YEAR	32,419,676	21,544,938
NET ASSETS - END OF YEAR	\$ 34,782,234	\$ 32,419,676

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED DECEMBER 31	
	2023	2022
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets from operating activities	\$ (1,679,977)	\$ (345,533)
Adjustments to reconcile change in unrestricted net assets from operating activities to net cash provided by operating activities		
Depreciation	1,935,546	1,732,299
Amortization		
Tax credit fees	24,357	18,230
Debt issuance costs	5,721	3,425
Credit losses	73,714	59,797
Amortization of forgivable debt	(88,198)	(56,198)
Changes in operating assets and liabilities		
Receivables	(429,130)	(149,852)
Prepaid expenses	(79,123)	(76,758)
Right of use asset - operating lease	143,139	(332,022)
Trade accounts payable	301,471	106,007
Related party accounts payable	8,758	9,788
Tenant security deposits	(5,334)	507
Unearned income	(718,319)	1,906,610
Accruals and other liabilities	139,235	44,434
Lease liability - operating lease	(143,139)	332,022
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(511,279)	3,252,756
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(888,539)	(8,863,775)
Change in properties in development	(2,215,507)	5,547,271
NET CASH USED IN INVESTING ACTIVITIES	(3,104,046)	(3,316,504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in construction payable	(30,013)	(3,056,860)
Payment of tax credit and compliance fees	-	(82,065)
Proceeds from debt	320,000	1,536,542
Payments on debt	(183,519)	(6,026,443)
Equity contributions	4,081,152	11,270,528
Distributions	(38,617)	(50,257)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,149,003	3,591,445

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	YEARS ENDED DECEMBER 31	
	2023	2022
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	533,678	3,527,697
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF THE YEAR	10,587,461	7,059,764
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF THE YEAR	\$ 11,121,139	\$ 10,587,461
 SUPPLEMENTAL INFORMATION		
Accrued interest capitalized	\$ 40,641	\$ 318,968
Cash paid for interest	262,325	38,233
Noncash transaction - forgiveness of debt	88,198	56,198
Noncash transaction - purchases of vehicles on installment	75,893	100,455
Gain for fair market value of land acquired	-	814,990

The accompanying notes are an integral part of these financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. ORGANIZATION AND PRESENTATION

Nature of Organization and Operations

Avalon Nonprofit Housing Corporation and Subsidiaries d/b/a Avalon Housing, Inc. (Avalon Housing or the "Organization") is a not-for-profit corporation with its subsidiaries which is organized to develop and provide affordable housing and services to very low-income individuals in Washtenaw County, Michigan. Sources of income consist principally of grants, contributions, developer fees, service contracts, and rental payments from very low-income individuals.

Avalon Housing owns several partnership interests and directs the operations of another not-for-profit corporation, Avalon Second Nonprofit Housing Corporation (Avalon Second). The Partnerships and Avalon Second were formed to purchase, develop, own, and operate affordable rental housing properties in Washtenaw County, Michigan.

The consolidated financial statements include the accounts of Avalon Housing, Avalon Second, and ten partnerships (collectively, the "Organization"). The ten partnerships are William Street Apartments Limited Partnership, Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership, Carrot Way Apartments Limited Dividend Housing Association Limited Partnership, Pear Street Apartments Limited Dividend Housing Association Limited Partnership, Pauline Apartments Limited Dividend Housing Association Limited Partnership, Sharon Ann Apartments Limited Dividend Housing Association Limited Partnership, Hickory Way Apartments Limited Dividend Housing Association Limited Partnership, Hickory Way Apartments II Limited Dividend Housing Association Limited Partnership, Hilltop View Apartments Limited Dividend Housing Association Limited Partnership, and The Grove at Veridian Limited Dividend Housing Association Limited Partnership (collectively, the "Partnerships"). All material intercompany accounts and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting.

New Accounting Pronouncement

Effective January 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and all the related amendments (the "new credit loss standard" or "CECL") to estimate its allowances for credit losses.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncement – continued

Under the new credit loss standard, the Organization is required to estimate the lifetime expected credit losses on its accounts receivable and record an allowance that represents the expected credit losses on its financial assets held at the reporting date. The CECL model applies to financial assets subject to credit risk, including accounts receivable, which are presented on the Organization's consolidated balance sheet at their net carrying values.

Low-Income Housing Credits

The Partnerships have qualified for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the projects' units as to occupant eligibility and unit gross rent, among other requirements. The projects' units must meet the provisions of these regulations during each of 15 consecutive years (compliance period) in order for the Partnerships to remain qualified to receive the credits. The compliance period for William Street Apartments Limited Partnership and Carrot Way Apartments Limited Dividend Housing Association Limited Partnership expired in a previous year.

Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total in the statement of cash flows as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,361,933	\$ 2,591,641
Insurance, tax, and rent-up escrows	25,013	23,890
Restricted reserves - current and long-term	<u>8,734,193</u>	<u>7,971,930</u>
	<u>\$ 11,121,139</u>	<u>\$ 10,587,461</u>

Tenant and Escrow Deposits

The Organization holds tenant security deposits in separate bank accounts. Escrow deposits for real estate taxes and insurance are maintained under the control of the mortgagee for the benefit of the project. These escrows are restricted as to their use based upon the applicable regulatory documents.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Reserves

Some of the reserves are required by the various partnership agreements and Regulatory Agreements with the Michigan State Housing Development Authority (MSHDA), which specify their establishment and maintenance. Disbursements from the reserves may be made after receiving the approval of MSHDA and/or partners with authority. Reserves consist of the following:

	<u>2023</u>	<u>2022</u>
<u>Replacement Reserve</u>		
Funds restricted for repair and maintenance of the various properties.	\$ 1,826,240	\$ 1,691,237
<u>Operating and Deficit Reserves</u>		
Funds restricted for the future operations of the various properties.	3,506,727	3,290,422
<u>Supportive Services Reserve</u>		
Funds restricted for future supportive services of Arbordale Apartments, Hickory Way and Hickory Way II are held by the following properties:		
Avalon Nonprofit Housing	83,487	298,421
Arbordale Apartments 2014	555,532	585,364
<u>Gross Potential Rent Reserve</u>		
Funds reserved for future gross potential rent of the following:		
Arbordale Apartments 2014	31,595	31,595
Sharon Ann Apartments	15,500	15,500
Hickory Way Apartments	31,212	31,212
<u>Advanced Programs Funds Reserve</u>		
Current and long-term portions of disbursements under grants and funds for the construction of The Grove at Veridian	<u>2,683,900</u>	<u>2,028,179</u>
	<u>\$ 8,734,193</u>	<u>\$ 7,971,930</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk Arising from Deposit Accounts

Avalon Housing maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Avalon Housing utilizes financial services such as Insured Cash Sweep (ICS) and Certificate of Deposit Account Registry Service (CDARS) through various financial institutions in order to maximize FDIC coverage.

Receivables

Receivables are stated at net invoice or net rent amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices and rent amounts that remain unpaid following normal payment periods. Management considers all receivables collectible; therefore, an allowance for doubtful accounts has not been recorded. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Property and Equipment

Property and equipment are recorded at cost when purchased and the purchase price represents the fair value of the acquired property. They are recorded at fair value when they are acquired through donation or purchased to be held for sale. Depreciable property and equipment are depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Impairment of Long-Lived Assets

The Organization recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Organization's rental property has occurred during the years ended December 31, 2023 and 2022.

Properties in Development

Properties in development consists of construction in progress of \$2,808,092 and \$580,685 as of December 31, 2023 and 2022, respectively.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets consist of low-income housing tax credit and housing compliance fees of \$401,812 at December 31, 2023 and 2022, reported net of accumulated amortization of \$156,649 and \$132,292 at December 31, 2023 and 2022, respectively, amortized over the tax credit compliance period. Amortization expense for the years ended December 31, 2023 and 2022 was \$24,357 and \$18,230, respectively.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed on a straight-line basis over the terms of the respective notes payable.

Classification of Net Assets

Net assets of the Organization are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets with donor restrictions at December 31, 2023 and 2022 consist of \$45,000 received in 2014 as a contribution for an endowment fund held at Community Foundation of Southeast Michigan (Note 3).

Contributions

Contributions of cash and other assets are reported as revenue when received. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services and Nonfinancial Assets

Contributed services or nonfinancial assets are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

During fiscal year 2023, the Organization recognized \$6,261 of in-kind revenue for vehicles purchased with reduced prices. There was no donor-imposed restriction associated with the contribution.

Grant Revenue

Revenue from grants, when deemed as exchange transactions, is recognized when services are provided or eligible expenses are incurred. Any grant advance and funds received in excess of revenue earned is recorded as either short-term or long-term liabilities based on the timeframe within which the Organization expects to incur eligible expenses or provide requisite services.

Rental Revenue

Revenue for rental of apartments is recorded at gross potential less vacancy loss, when rent is due for renting apartment space to tenants.

Income Taxes

Avalon Housing and Avalon Second are exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). No provision has been made in the consolidated financial statements for income taxes for the Partnerships because, as a partnership, all income and expenses are allocated to the partners for inclusion on their respective income tax returns.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported in their natural classification in the consolidated statement of activities and changes in net assets. For functional allocation of expenses, indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Reclassifications

Certain items in the 2022 consolidated financial statements have been reclassified for comparability with the 2023 consolidated financial statements.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

3. COMMUNITY FOUNDATION

Certain funds donated by outside donors for the benefit of Avalon Housing are held and managed by the Community Foundation for Southeast Michigan (the "Foundation"). The Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Organization. The funds were donated during 2012 and are not reflected in the financial statements. Additional funds of \$45,000 were donated directly to Avalon Housing and were subsequently contributed to the Foundation. This amount is permanently restricted.

The fair market value of these funds was approximately \$144,570 and \$135,593 at December 31, 2023 and 2022, respectively. The amount available for distribution to the Organization is determined by the Foundation annually, and made available to the Organization in the form of a grant. The Organization received \$6,344 and \$6,199 in 2023 and 2022 respectively.

4. PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>	<u>Depreciable Life - Years</u>
Land	\$ 6,430,685	\$ 6,430,685	
Buildings and improvements	62,822,891	62,100,326	7-40
Vehicles and equipment	868,459	613,428	5-7
Furniture and fixtures	<u>1,290,775</u>	<u>1,290,775</u>	3-5
Total cost	71,412,810	70,435,214	
Accumulated depreciation	<u>16,702,082</u>	<u>14,766,472</u>	
	<u>\$ 54,710,728</u>	<u>\$ 55,668,742</u>	

Depreciation expense was \$1,935,546 for 2023 and \$1,732,299 for 2022.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

4. PROPERTY AND EQUIPMENT (CONTINUED)

If any of the properties restricted as to use by low-income and moderate-income tenants are sold, any excess of the sale price over the purchase price and payoff of related collateralized debt must be used to provide affordable housing. The Organization is responsible for preparing a plan, which must be approved by the grantor, for reinvesting the proceeds of the sale in affordable housing. During 2023, Avalon Housing sold land to its subsidiary The Grove at Veridian Limited Dividend Housing Association Limited Partnership to begin construction. There were no sales of properties during 2022.

5. RELATED PARTY TRANSACTIONS

Asset Management Fees

In accordance with the provisions of the partnership agreement for subsidiary Pauline Apartments Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,200 per year, increasing by 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2023 and 2022 was \$4,175 and \$4,054, respectively. The accrued amount for 2023 remained unpaid at December 31, 2023, and the accrued amount for 2022 was paid during 2023.

In accordance with the provisions of the partnership agreement for subsidiary Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,900 per year, increasing by 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2023 and 2022 was \$4,942 and \$4,798, respectively. The accrued amount for 2023 remained unpaid at December 31, 2023, and the accrued amount for 2022 was paid during 2023.

In accordance with the provisions of the partnership agreement for subsidiary Hickory Way Apartments Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,400 per year, increasing 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2023 and 2022 was \$3,607 and \$3,502, respectively, and \$9,410 was unpaid at December 31, 2023.

In accordance with the provisions of the partnership agreement for subsidiary Hickory Way Apartments II Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,600 per year, increasing 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2023 and 2022 was \$3,820 and \$3,708, respectively, \$8,110 was unpaid at December 31, 2023.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

5. RELATED PARTY TRANSACTIONS (CONTINUED)

Asset Management Fees (continued)

In accordance with the provisions of the partnership agreement for subsidiary Hilltop View Apartments Limited Dividend Housing Association Limited Partnership, a cumulative asset management fee of \$3,600 per year, increasing 3% annually, is to be paid to an affiliate of the limited partner from cash flow. The asset management fee expense for 2023 was \$3,708. A prorated asset management fee of \$2,150 was incurred and accrued for the year ended December 31, 2022. The accrued amounts for 2023 and 2022 remained unpaid at December 31, 2023.

Investor Services Fees

In accordance with the provisions of the partnership agreement for subsidiary Pear Street Limited Dividend Housing Association Limited Partnership, a cumulative investor services fee of up to \$3,000 per year, increasing 3% annually, is payable to an affiliate of the limited partner from the current year's operating cash flow. The investor services fee expense for 2023 and 2022 was \$4,537 and \$4,405, respectively. The accrued amount for 2023 remained unpaid at December 31, 2023 and the accrued amount for 2022 was paid during 2023.

In accordance with the provisions of the partnership agreement for subsidiary Sharon Ann Limited Dividend Housing Association Limited Partnership, a cumulative investor services fee of up to \$1,275 per year, increasing 3% annually, is payable to an affiliate of the limited partner from the current year's operating cash flow. The investor services fee expense for 2023 and 2022 was \$1,479 and \$1,436, respectively. The accrued amount for 2023 remained unpaid at December 31, 2023 and the accrued amount for 2022 was paid during 2023.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

6. CONSTRUCTION PAYABLE

Construction payable for construction activities is summarized as follows at December 31:

	2023	2022
<u>The Grove at Veridian</u>		
Due to Corporation for Supportive Housing, noninterest bearing through April 24, 2022, fixed interest rate of 6% thereafter. Matures at the earlier of closing of predevelopment financing or October 21, 2023.	\$ -	\$ 50,000
Amounts payable for construction activities.	1,141,490	-
 <u>206/210 N Washington</u>		
Due to Corporation for Supportive Housing, noninterest bearing through July 21, 2023, fixed interest rate of 6% thereafter. Matures at the earlier of closing of predevelopment financing or July 21, 2024.	300,000	50,000
 <u>Hilltop View Apartments</u>		
Due to Chelsea State Bank, bearing interest at the greater of WSJ Prime Rate or 3.75% until the earlier of the conversion date or April 2023 when the loan is converted to a permanent loan.	-	1,371,503
	\$ 1,441,490	\$ 1,471,503

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Notes payable - City of Ann Arbor (HOME, Housing Trust and General Funds)	\$ 2,048,764	\$ 2,048,764
Notes payable - City of Ann Arbor (CDBG funds)	305,000	305,000
Notes payable - Washtenaw County	3,334,725	3,410,725
Notes payable - Federal Home Loan Bank	4,131,136	4,131,136
Notes payable - Other, Avalon Second and Partnerships	<u>20,282,753</u>	<u>20,082,577</u>
Total notes payable	30,102,378	29,978,202
Less Unamortized debt issuance costs	<u>(124,710)</u>	<u>(130,431)</u>
	29,977,668	29,847,771
Less current portion	<u>(84,237)</u>	<u>(79,494)</u>
Noncurrent portion	<u><u>\$ 29,893,431</u></u>	<u><u>\$ 29,768,277</u></u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (HOME, Housing Trust, and General Funds):

	<u>2023</u>	<u>2022</u>
<u>HOME note collateralized by 1305 - 1313 Pontiac Trail</u> Bearing no interest, payable in full when property is sold.	\$ 215,150	\$ 215,150
<u>HOME note collateralized by 517 W. Summit</u> Bearing no interest, payable in full when property is sold.	150,000	150,000
<u>HOME note collateralized by 610 W. Summit</u> Bearing no interest, payable in full when the property is sold.	93,751	93,751
<u>HOME note collateralized by 1217 W. Huron</u> Bearing no interest, payable in full when the property is sold.	117,194	117,194
<u>General fund note collateralized by 411 N. Ashley</u> Bearing no interest, payable in full when the property is sold.	33,600	33,600
<u>HOME note collateralized by 211 Davis</u> Bearing no interest, payable in full when the property is sold.	550,976	550,976
<u>HOME note collateralized by 518 S. Division</u> Bearing no interest, payable in full when the property is sold.	108,548	108,548
<u>HOME note collateralized by 520 S. Division</u> Bearing no interest, payable in full when the property is sold.	93,638	93,638

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (HOME, Housing Trust, and General Funds):

	<u>2023</u>	<u>2022</u>
<u>HOME note collateralized by 522 S. Division</u> Bearing no interest, payable in full when the property is sold.	112,364	112,364
<u>Housing Trust Fund note collateralized by 532 N. Main</u> Bearing no interest, payable in full when the property is sold.	54,607	54,607
<u>HOME note collateralized by 610 W. Summit</u> Bearing no interest, payable in full when the property is sold.	20,366	20,366
<u>HOME note collateralized by 1217 W. Huron</u> Bearing no interest, payable in full when the property is sold.	24,699	24,699
<u>HOME note collateralized by Stimson Apartments</u> Bearing no interest, payable in full when the property is sold.	269,691	269,691
<u>HOME note collateralized by Stimson Apartments</u> Bearing no interest, payable in full in 2025 or when property is sold.	75,180	75,180
<u>HOME note collateralized by 1911 - 1913 Dexter</u> Bearing no interest, payable in full in 2105 or when property is sold.	<u>129,000</u>	<u>129,000</u>
Total	<u><u>\$ 2,048,764</u></u>	<u><u>\$ 2,048,764</u></u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (CDBG funds):

	2023	2022
<u>Note collateralized by 518 S. Division</u> Bearing no interest, payable in full when the property is sold.	\$ 60,000	\$ 60,000
<u>Note collateralized by Stimson Apartments</u> Bearing no interest, payable in full in 2024 or when the property is sold.	245,000	245,000
Total	\$ 305,000	\$ 305,000

Notes payable - Washtenaw County:

	2023	2022
<u>Note collateralized by 211 Davis</u> Bearing no interest, payable in full in June 2107.	\$ 45,000	\$ 45,000
<u>Note collateralized by 518 S. Division</u> Bearing no interest, payable in full when the property is sold, forgiven in 2023.	-	25,000
<u>Note collateralized by 520 S. Division</u> Bearing no interest, payable in full when the property is sold, forgiven in 2023.	-	25,000
<u>Note collateralized by 522 S. Division</u> Bearing no interest, payable in full when the property is sold, forgiven in 2023.	-	25,000
<u>Note collateralized by Stimson Apartments</u> Bearing no interest, payable in full when the property is sold.	50,000	50,000
<u>Note collateralized by 610 W. Summit</u> Bearing no interest, payable in full when the property is sold.	40,000	40,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	2023	2022
<u>HOME note collateralized by 610 Summit</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2033), at which time the debt will be forgiven if the related property is still owned by the Organization.	32,000	32,000
<u>Note collateralized by 1217 W. Huron</u>		
Bearing no interest, payable in full when the property is sold.	40,000	40,000
<u>HOME note collateralized by 411 N. Ashley</u>		
Bearing no interest, payable in full if the related property is sold before December 2031, at which time the debt will be forgiven if the related property is still owned by the Organization.	121,200	121,200
<u>HOME note collateralized by Stimson Apartments</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2030), at which time the debt will be forgiven if the related property is still owned by the Organization.	769,500	769,500
<u>CDBG note collateralized by 125/127 Allen and 1217 W. Huron</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2030), at which time the debt will be forgiven if the related property is still owned by the Organization.	25,185	25,185

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	2023	2022
<u>Note collateralized by 517 W. Summit</u>		
Bearing no interest, principal is forgiven by one-twenty fifth for each full year over a twenty-five year period; however if the property is sold within the twenty-five year period, Washtenaw County is entitled to reimbursement of the outstanding principal at the time of sale.	5,000	6,000
<u>HOME note collateralized by 610 Summit</u>		
Bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2033), at which time the debt will be forgiven if the related property is still owned by the Organization.	195,025	195,025
<u>Note collateralized by 1305 - 1313 Pontiac Trail</u>		
Bearing no interest, payable in full if the related property no longer serves low-income households.	40,000	40,000
<u>HOME note collateralized by 1217 W. Huron</u>		
Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	335,050	335,050
<u>HOME note collateralized by 532 N. Main</u>		
Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	74,200	74,200

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	2023	2022
<u>HOME note collateralized by 115/119 Glendale</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	162,913	162,913
<u>HOME note collateralized by 815/821 Gott</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	375,000	375,000
<u>HOME note collateralized by 125/127 Allen</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	132,250	132,250
<u>HOME note collateralized by 1911 - 1913 Dexter</u> Bearing no interest, payable in full if the related property no longer serves low-income households.	17,000	17,000
<u>HOME note collateralized by 104/124 Glendale</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	565,402	565,402
<u>HOME note collateralized by 108 Glendale</u> Bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing.	310,000	310,000
Total	\$ 3,334,725	\$ 3,410,725

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - Federal Home Loan Bank:

Federal Home Loan Bank (FHLB) loans consist of various amortizing or non-amortizing notes forgiven and recognized as grant revenue at the end of the affordability compliance period. The notes are payable in full if the related property is sold any time before the compliance period ends.

	2023	2022
<u>Note collateralized by 518 Division</u>		
Bearing no interest, forgiven when the compliance period ends in September 2026.	\$ 160,000	\$ 160,000
<u>Note collateralized by 1440 Pear Street</u>		
Bearing no interest, mortgage assigned to Pear Street Apartments LDHA LP, compliance period ends in June 2023.	200,000	200,000
<u>Note collateralized by 1500 Pauline</u>		
Mortgage assigned to Pauline Apartments LDHA LP, compliance period ends in December 2029.	750,000	750,000
<u>Note collateralized by 532 N. Main</u>		
Bearing no interest, forgiven when compliance period ends in March 2029.	132,700	132,700
<u>Note collateralized by 125/127 Allen and 115/119 Glendale</u>		
Bearing no interest, compliance period ends in December 2030.	163,268	163,268
<u>Note collateralized by 815/821 Gott</u>		
Bearing no interest, compliance period ends in December 2032.	368,720	368,720

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - Federal Home Loan Bank (Continued):

	2023	2022
<u>Note collateralized by 1010, 1020 and 1030 Arbordale</u> Bearing no interest, mortgage assigned to Arbordale Apartments 2014 LDHA LP, compliance period ends in September 2031.	310,000	310,000
<u>Note collateralized by 104/124 Glendale</u> Bearing no interest, compliance period ends in July 2034.	290,000	290,000
<u>Note collateralized by Sharon Ann Apartments</u> Bearing interest at 2.5% per annum. Compliance period ends November 17, 2047.	500,000	500,000
<u>Note collateralized by Hickory Way Apartments II</u> Bearing interest at 1.86% per annum. Compliance period ends October 31, 2049.	321,515	321,515
<u>Note collateralized by Hickory Way Apartments</u> Bearing no interest, compliance period ends May 5, 2051.	434,934	434,934
<u>Note collateralized by Hilltop View Apartments</u> Bearing interest at 1.12% per annum. Compliance period ends December 17, 2050.	400,000	400,000
<u>Note collateralized by 108 Glendale</u> Bearing no interest, compliance period ends in July 2034.	99,999	99,999
Total	\$ 4,131,136	\$ 4,131,136

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable - Other:

	2023	2022
<u>Note payable to MSHDA</u>		
Collateralized by 517 W. Summit, bearing no interest, payable 20 years after project completion or in full when the related property is sold.	\$ 60,000	\$ 60,000
 <u>Note payable to MSHDA</u>		
Collateralized by 1305 - 1313 Pontiac Trail, bearing no interest, payable in full if the related property is sold before April 2027, at which time debt will be forgiven if the related property is still owned by the Organization.	187,467	187,467
 <u>Note payable to Chelsea State Bank</u>		
Collateralized by 815/821 Gott, bearing interest at 6.625%, amortized over a 10-year period beginning in 2019.	142,844	152,342
 <u>Note payable to Ford Motor Credit</u>		
Collateralized by a 2017 Ford Transit van, bearing interest at 8.94% over a 5-year period.	-	4,863
 <u>Note payable to Ford Motor Credit</u>		
Collateralized by a 2019 Ford Transit van, bearing interest at 5.94% over a 5-year period.	15,750	21,299
 <u>Note payable to Ford Motor Credit</u>		
Collateralized by a 2019 Ford Transit van, bearing interest at 7.84% over a 5-year period.	34,221	42,472

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
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December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable – Other (Continued):

	2023	2022
<u>Note payable to Old National Bank</u>		
Collateralized by a 2020 Ford Transit van, bearing interest at 5.75% over a 5-year period.	41,576	51,217
<u>Note payable to Old National Bank</u>		
Collateralized by a 2021 Ford Transit van and a 2023 Ford Transit van, bearing interest at 7.25% over a 5-year period.	70,588	-
<u>Note payable to First Merchants Bank (formerly Level One Bank)</u>		
Collateralized by 108 Glendale, bearing interest at 6%. Payments of interest only through January 2023, then amortizing at 6% over a 10-year period.	90,216	91,831
<u>Note payable to Chelsea State Bank</u>		
Collateralized by 104/124 Glendale, bearing interest at 4.5% amortized over a 25-year period beginning in 2021.	151,054	158,654
<u>Note payable to Chelsea State Bank</u>		
Collateralized by Hickory Way II, bearing interest at 5.67% amortized over a 18.5-year period beginning in 2022.	943,516	976,262

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second:

DDA funds from the City of Ann Arbor

Collateralized by real property listed below, bearing no interest, principal is forgiven by one-twentieth annually. Outstanding principal is due in full when the related property is sold.

426 South First	30,785	38,483
819 Third	12,000	15,000

Washtenaw County

Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041.

	103,598	103,598
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FHLB

Collateralized by real property listed below, bearing no interest, principal is forgiven when the compliance period ends in 2026 for 701 Miller and was fully forgiven in 2022 for 1677 Broadway.

701 Miller	230,000	230,000
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HOME funds from the City of Ann Arbor

Collateralized by real property listed below, bearing no interest, payable in full when the related property is sold.

1677 Broadway	375,000	375,000
426 South First	525,000	525,000
701 Miller	507,000	507,000
819 Third	455,000	455,000

HOME funds from the City of Ann Arbor

Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041.

	60,166	60,166
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AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second (Continued):

	2023	2022
<u>MSHDA</u>		
Collateralized by 426 South First, bearing no interest, payable in full if the related property is sold before July 2027, at which time the principal is due.	300,000	300,000
<u>MSHDA</u>		
Collateralized by real property listed below, bearing no interest, principal is amortized over a 40-year period at 25% per decade, fully forgiven in 2047.		
1677 Broadway	270,000	270,000
819 Third	375,000	375,000
<u>NSP funds from MSHDA</u>		
Collateralized by 701 Miller, bearing 3% interest, payable from 25% of surplus cash available for distribution, payable in full if the related property is sold before November 2061, at which time the principal is due. Deferred interest at December 31, 2023 and 2022 was \$352,095 and \$335,272, respectively.	1,456,120	1,456,120
<u>NSP funds from the City of Ann Arbor</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041.	374,378	374,378
<u>NSP funds from the City of Ann Arbor</u>		
Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2047.	35,885	35,885

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second (continued):

	2023	2022
<u>HOME funds from Washtenaw County</u> Collateralized by 701 Miller, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2043.	598,889	598,889
<u>HOME funds from the City of Ann Arbor</u> Collateralized by 100/102 Glendale, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2105.	150,000	150,000
<u>HOME funds from the City of Ann Arbor</u> Collateralized by 112/114 Glendale, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2105.	150,000	150,000
<u>Washtenaw County</u> Collateralized by 100/102 Glendale, bearing no interest, payable in full when the related property is sold or the related property no longer serves low-income households.	20,000	20,000
<u>Washtenaw County</u> Collateralized by 112/114 Glendale, bearing no interest, payable in full when the related property is sold or the related property no longer serves low-income households.	30,000	30,000
<u>HOME funds from MSHDA</u> Collateralized by 100/102 Glendale, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period beginning April 2033 at 10% per year.	38,008	38,008

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Notes payable – Avalon Second (continued):

	2023	2022
<u>HOME funds from MSHDA</u>		
Collateralized by 112/114 Glendale, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period beginning April 2033 at 10% per year.	80,000	80,000
 <u>Washtenaw County</u>		
Collateralized by 1677 Broadway, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period from the beginning date of Term of Affordability/completion date yet to be determined at 10% per year.	70,000	70,000

Notes payable – Partnerships:

The Partnerships have several outstanding loans and mortgages payable to various financial institutions, the City of Ann Arbor, and MSHDA. Majority of the Partnerships' debt requires no principal or interest payments. Deferred interest and unpaid principal are due at debt maturities ranging from 2023 to 2107. Interest rates vary from 0 to 7.5%. Deferred interest at December 31, 2023 and 2022 was \$1,283,101 and \$1,568,896, respectively. The notes are nonrecourse and are collateralized by the respective Partnership properties. Of these amounts, Pauline Apartments LDHA LP has a note payable in the amount of \$2,318,324 as of December 31, 2023 and 2022 to MSHDA for a HOME loan with a payment required of 25% of surplus cash.

	2023	2022
	12,298,692	12,078,643
	\$ 20,282,753	\$ 20,082,577

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

7. NOTES PAYABLE (CONTINUED)

Minimum principal payments on notes payable to maturity as of December 31, 2023 are as follows:

2024	\$ 84,237
2025	90,026
2026	95,811
2027	101,966
2028	262,632
Remaining years	<u>29,467,706</u>
	<u><u>\$ 30,102,378</u></u>

Interest expense includes amortization of debt issuance costs of \$5,723 in 2023 and 2022, . The notes payable are presented net of debt issuance costs of \$193,846 at December 31, 2023 and 2022, less accumulated amortization of \$69,136 in 2023 and \$63,413 in 2022, respectively.

8. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2023 and 2022 are as follows:

December 31, 2023	<u>Fair Value</u>	<u>Observable Inputs (Level 2)</u>
Beneficial interest in assets held by Foundation	\$ 63,611	\$ 63,611
December 31, 2022	<u>Fair Value</u>	<u>Observable Inputs (Level 2)</u>
Beneficial interest in assets held by Foundation	\$ 59,661	\$ 59,661

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2023 and 2022.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

8. FAIR VALUE MEASUREMENTS (CONTINUED)

The beneficial interest in assets held by Foundation is reported on a recurring basis at the fair value of the Organization's beneficial interest. The Organization measures the fair value of its beneficial interest using an income approach to provide the present value of the expected future cash distributions from the trust. This approach takes into account the Organization's determination of an appropriate risk-adjusted discount rate (4.5% at December 31, 2023 and 2022) and expected cash flows. The Organization remeasures the fair value of the beneficial interest and adjusts the measurement inputs based on market conditions and other relevant data.

9. PENSION PLAN

The Organization has made available a 403(b) retirement plan to all employees. There is no set employee contribution required and no employer contribution.

10. CONTINGENCIES

The Partnerships' low-income housing tax credits are contingent on their ability to maintain compliance with applicable requirements of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner. No instances of noncompliance have been reported as of December 31, 2023.

11. INFORMATION ABOUT VARIABLE INTEREST ENTITIES

Avalon Housing owns 100% of the general partner of the Partnerships and manages and directs the activities of Avalon Second. These entities were formed to purchase, develop, rehabilitate, and operate affordable housing in the Washtenaw County, Michigan area. The Partnerships and Avalon Second are considered to be variable interest entities (VIEs) of Avalon Housing. Avalon Housing was determined to be the primary beneficiary since Avalon Housing has the power, on its own, to direct the activities that most significantly impact the VIEs' economic performance and has other economic interest in the activities of the VIEs.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. INFORMATION ABOUT VARIABLE INTEREST ENTITIES (CONTINUED)

Included in the consolidated balance sheet at December 31, 2023 and 2022 are the following amounts related to the VIEs:

	<u>Partnerships</u>	<u>Avalon Second</u>
As of December 31, 2023:		
Current assets	\$ 2,585,915	\$ 447,245
Property and equipment	49,254,375	5,014,703
Other assets	<u>5,149,679</u>	<u>886,396</u>
Total assets	<u>\$ 56,989,969</u>	<u>\$ 6,348,344</u>
Current liabilities	\$ 3,376,506	\$ 466,700
Long-term liabilities	1,305,312	352,095
Long-term notes payable	<u>16,785,356</u>	<u>6,506,223</u>
Total liabilities	21,467,174	7,325,018
Net assets (deficit)	<u>35,522,795</u>	<u>(976,674)</u>
Total liabilities and net assets	<u>\$ 56,989,969</u>	<u>\$ 6,348,344</u>
	<u>Partnerships</u>	<u>Avalon Second</u>
As of December 31, 2022:		
Current assets	\$ 1,159,604	\$ 247,693
Property and equipment	46,661,231	5,122,822
Other assets	<u>4,875,143</u>	<u>868,593</u>
Total assets	<u>\$ 52,695,978</u>	<u>\$ 6,239,108</u>
Current liabilities	\$ 3,235,952	\$ 317,515
Long-term liabilities	1,324,996	335,272
Long-term notes payable	<u>16,473,325</u>	<u>6,516,294</u>
Total liabilities	21,034,273	7,169,081
Net assets (deficit)	<u>31,661,705</u>	<u>(929,973)</u>
Total liabilities and net assets	<u>\$ 52,695,978</u>	<u>\$ 6,239,108</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

12. STATE ENHANCEMENT GRANT

In October 2022, the Organization entered into an agreement with The Michigan Economic Development Corporation (MEDC). The purpose of the agreement is for the MEDC to provide funding to the Organization to support the costs of construction, capital needs, technology, direct tenant assistance, and the range of supportive services needed to help people to exit homelessness and stay housed. The MEDC agrees to pay the Organization a sum not to exceed \$3,500,000 to meet this goal. A disbursement of 50% of the funds was made following the Grant Agreement execution in 2022. Remaining funds will be disbursed after verification that the previous payment has been expended, in full, in accordance with the Agreement. The funding agreement ends at the sooner of September 30, 2026 or 30 days after the MEDC provides written notice of termination of the agreement due to noncompliance with the agreement by the Organization or legislative action which affects the funding of the MEDC. Funds received pursuant to the agreement are recognized as grant revenue when performance obligations are met by the Organization. As of December 31, 2023, \$1,750,000 has been received by the Organization, \$843,989 of which is included in unearned income.

13. OPERATING LEASE

During the year, the Organization renewed its office lease through March 31, 2025. The lease requires monthly payments of \$12,244 increasing by 2.5% each April 1. The right of use asset and related lease liability were calculated using the risk-free interest rate of 2.45%. The lease expense is recorded in occupancy expense.

Current maturities under the lease are as follows:

December 31, 2024	\$	153,408
2025		38,586
Minimum payments due under the lease	\$	191,994

14. COSTS OF REMEDIATION

Hickory Way Apartments experienced water intrusion related to defects in construction. During the year, the Organization incurred costs of \$263,507 for remediation and legal fees related to dealing with the builder to correct the defects.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
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15. EXPENSES BY BOTH NATURE AND FUNCTION

Functional expenses by natural classification as of December 31, 2023:

	Program Activities	Management and Administration	Fundraising	Total Expense
Salaries and wages	\$ 4,793,328	\$ 426,809	\$ 110,778	5,330,915
Employee benefits	819,849	116,562	12,704	949,115
Payroll taxes	342,485	36,148	9,580	388,213
Meals and entertainment	8,537	6,139	179	14,855
Transportation	88,923	-	-	88,923
Contract and professional fees	428,023	244,136	7,958	680,117
Repairs and maintenance	1,423,398	-	-	1,423,398
Insurance	312,601	22,517	-	335,118
Occupancy	106,675	65,794	9,356	181,825
Utilities	812,167	400	400	812,967
Depreciation and amortization	1,961,186	1,016	-	1,962,202
Credit losses	73,714	-	-	73,714
Outside printing	13,132	1,937	-	15,069
Conferences and meetings	6,991	1,204	335	8,530
Interest expense	418,822	6	-	418,828
Asset management fees	20,251	-	-	20,251
Investor services fees	6,016	-	-	6,016
Administrative	92,008	39,480	9,761	141,249
Information technology	179,062	39,493	6,496	225,051
Property taxes	18,852	39	-	18,891
Telephone	106,030	4,925	991	111,946
Direct grant expense	693,576	-	-	693,576
Client assistance	469,007	-	-	469,007
TOTAL EXPENSES	<u>\$ 13,194,633</u>	<u>\$ 1,006,605</u>	<u>\$ 168,538</u>	<u>\$ 14,369,776</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

15. EXPENSES BY BOTH NATURE AND FUNCTION (CONTINUED)

Functional expenses by natural classification as of December 31, 2022:

	Program Activities	Management and Administration	Fundraising	Total Expense
Salaries and wages	\$ 3,700,305	\$ 367,102	\$ 121,796	\$ 4,189,203
Employee benefits	647,621	78,495	15,945	742,061
Payroll taxes	320,405	30,020	10,100	360,525
Meals and entertainment	5,085	3,723	128	8,936
Transportation	84,060	-	-	84,060
Contract and professional fees	240,037	122,401	25,874	388,312
Repairs and maintenance	1,132,325	3	3	1,132,331
Insurance	265,147	18,532	-	283,679
Occupancy	120,784	37,307	8,593	166,684
Utilities	733,940	327	327	734,594
Depreciation and amortization	1,757,510	-	-	1,757,510
Credit losses	59,797	-	-	59,797
Outside printing	13,312	-	-	13,312
Conferences and meetings	2,987	125	185	3,297
Interest expense	392,061	134	-	392,195
Loss on sale of fixed assets	9,413	-	-	9,413
Asset management fees	18,212	-	-	18,212
Investor services fees	5,841	-	-	5,841
Administrative	75,385	25,841	10,712	111,938
Information technology	149,540	39,969	6,440	195,949
Property taxes	11,437	25	-	11,462
Telephone	111,415	6,275	1,764	119,454
Direct grant expense	790,473	5,000	-	795,473
Client assistance	232,848	-	-	232,848
TOTAL EXPENSES	<u>\$ 10,879,940</u>	<u>\$ 735,279</u>	<u>\$ 201,867</u>	<u>\$ 11,817,086</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

16. LIQUIDITY AND AVAILABILITY

The Organization has \$3,507,915 of financial assets available within one year of the date of these financial statements to meet cash requirements for general expenditure. This consists of cash of \$2,361,933 and accounts receivable of \$1,145,982. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of these financial statements. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next year, the Organization anticipates collecting sufficient revenue to cover general expenditures.

17. DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated events and transactions through June 19, 2024, the date which the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Trustees
Avalon Nonprofit Housing Corporation
and Subsidiaries

We have audited the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries as of and for the years ended December 31, 2023 and 2022. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

POLK AND ASSOCIATES, P.L.C.

June 19, 2024

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2023 AND 2022 (COMPARATIVE TOTAL)

	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT HOUSING CORPORATION	ARBORDALE APARTMENTS 2014 LDHA, LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS II LDHA, LP	HILLTOP VIEW APARTMENTS LDHA, LP	THE GROVE AT VERIDIAN LDHA, LP	SUBSIDIARY TOTAL
CURRENT ASSETS												
Cash and cash equivalents	\$ 60,825	\$ 362,220	\$ 180,847	\$ 141,717	\$ 98,141	\$ 80,002	\$ 12,753	\$ 40,573	\$ 28,366	\$ 18,380	\$ 1,051	\$ 1,024,875
Receivables												
Resident rents	1	15,575	11,233	22,951	3,441	33,204	19,117	13,071	31,716	24,865	-	175,174
Subsidy rents	-	6,138	5,044	-	2,766	15,718	886	4,521	11,639	137	-	46,849
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-	-	-	-	-	-	-
Service contracts	-	-	-	-	-	-	-	-	-	-	-	-
Related party	-	-	-	-	997	700	-	1,785	-	-	-	3,482
Donations and pledges	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	7,500	-	-	-	7,500
Tenant security deposit accounts	-	30,979	16,139	20,138	7,954	19,709	11,836	16,227	21,774	11,936	100	156,792
Insurance, tax and rent-up escrows	-	3,799	3,904	4,470	2,300	10,540	-	-	-	-	-	25,013
Restricted reserves - current	-	-	-	-	-	-	-	-	-	-	1,375,489	1,375,489
Prepaid expenses	2,107	28,534	20,208	23,814	9,649	25,726	9,809	32,835	31,639	33,665	-	217,986
Right of use asset - operating lease	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	62,933	447,245	237,375	213,090	125,248	185,599	54,401	116,512	125,134	88,983	1,376,640	3,033,160
DEPOSITS	-	-	-	-	-	-	-	-	-	-	-	-
INVESTMENTS - OTHER	-	-	-	-	-	-	-	-	-	-	-	-
RESTRICTED RESERVES	180,260	886,396	1,492,986	1,776,872	151,068	546,420	134,704	208,929	284,940	128,337	-	5,790,912
PROPERTY AND EQUIPMENT - NET	157,843	5,009,395	3,225,566	2,083,896	1,838,321	7,968,457	1,908,785	10,198,208	10,005,502	8,338,336	815,000	51,549,309
PROPERTIES IN DEVELOPMENT	-	5,308	-	-	-	-	-	-	-	-	2,714,461	2,719,769
INTANGIBLE ASSETS	-	-	17,834	-	965	23,474	13,757	65,400	65,986	57,747	-	245,163
RIGHT OF USE ASSET - LONG TERM	-	-	-	-	-	-	-	-	-	-	-	-
LOAN RECEIVABLES - RELATED PARTY	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 401,036	\$ 6,348,344	\$ 4,973,761	\$ 4,073,858	\$ 2,115,602	\$ 8,723,950	\$ 2,111,647	\$ 10,589,049	\$ 10,481,562	\$ 8,613,403	\$ 4,906,101	\$ 63,336,313

**AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET**

DECEMBER 31, 2023 AND 2022 (COMPARATIVE TOTAL)

ASSETS	AVALON NONPROFIT HOUSING CORPORATION	SUBSIDIARY TOTAL FROM PREVIOUS PAGE	ELIMINATIONS	2023	2022 (COMPARATIVE TOTAL)
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,337,058	\$ 1,024,875	\$ -	\$ 2,361,933	\$ 2,591,641
Receivables					
Resident rents	34,415	175,174	-	209,589	136,233
Subsidy rents	51,249	46,849	-	98,098	61,465
Grants	433,157	-	-	433,157	334,529
Developer fees	761,409	-	(761,409)	-	-
Service contracts	284,005	-	(5,964)	278,041	206,420
Related party	1,280,599	3,482	(1,284,081)	-	-
Donations and pledges	-	-	-	-	25,000
Other	119,597	7,500	-	127,097	51,919
Tenant security deposit accounts	55,639	156,792	-	212,431	210,478
Insurance, tax and rent-up escrows	-	25,013	-	25,013	23,890
Restricted reserves - current	1,072,630	1,375,489	-	2,448,119	933,719
Prepaid expenses	215,582	217,986	-	433,568	354,445
Right of use asset - operating lease	150,454	-	-	150,454	143,139
TOTAL CURRENT ASSETS	5,795,794	3,033,160	(2,051,454)	6,777,500	5,072,878
DEPOSITS	9,127	-	-	9,127	9,127
INVESTMENTS - OTHER	1,911,229	-	(1,866,229)	45,000	45,000
RESTRICTED RESERVES	495,162	5,790,912	-	6,286,074	7,038,211
PROPERTY AND EQUIPMENT - NET	6,233,238	51,549,309	(3,071,819)	54,710,728	55,668,742
PROPERTIES IN DEVELOPMENT	413,722	2,719,769	(325,399)	2,808,092	580,685
INTANGIBLE ASSETS	-	245,163	-	245,163	269,520
RIGHT OF USE ASSET - LONG TERM	38,429	-	-	38,429	188,883
LOAN RECEIVABLES - RELATED PARTY	4,637,878	-	(4,637,878)	-	-
TOTAL ASSETS	\$ 19,534,579	\$ 63,338,313	\$ (11,952,779)	\$ 70,920,113	\$ 68,873,046

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2023 AND 2022 (COMPARATIVE TOTAL)

	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT HOUSING CORPORATION	ARBORDALE APARTMENTS 2014 LDHA, LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS II LDHA, LP	HILLTOP VIEW APARTMENTS LDHA, LP	THE GROVE AT VERDIAN LDHA, LP	SUBSIDIARY TOTAL
LIABILITIES AND NET ASSETS (DEFICIT)												
CURRENT LIABILITIES												
Trade accounts payable	\$ 843	\$ 7,465	\$ 10,259	\$ 2,166	\$ 1,739	\$ 6,452	\$ 2,863	\$ 2,118	\$ 2,775	\$ 1,975	\$ -	\$ 38,655
Related party payable	566	308,292	34,708	10,301	23,566	10,041	40,908	185,615	55,956	109,426	98,265	877,644
Construction payable	-	-	-	-	-	-	-	263,507	-	-	1,141,490	1,404,997
Tenant security deposits	1,842	26,345	12,212	18,833	5,950	15,704	5,950	13,861	18,534	10,675	-	129,906
Current portion of notes payable	-	-	5,423	-	5,679	-	14,104	24,780	34,251	-	-	84,237
Note payable - bank	-	-	-	-	-	-	-	1,921	2,214	-	-	150,478
Unearned income	880	124,598	10,976	4,844	667	3,012	1,361	317,774	12,543	302,183	128,909	761,409
Developer fee payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities and other	-	-	213,338	19,916	-	-	79,334	-	71,940	11,352	-	395,880
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liability - operating lease	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	4,131	466,700	286,916	56,060	37,601	35,209	144,520	809,576	198,213	435,616	1,368,664	3,843,206
LONG-TERM NOTES PAYABLE	212,310	6,506,223	2,185,007	2,803,000	1,891,314	3,512,288	744,197	2,280,266	1,980,780	1,051,194	125,000	23,291,579
UNEARNED INCOME - LONG TERM	-	-	-	-	-	-	-	-	-	-	-	-
LEASE LIABILITY - LONG TERM	-	-	-	-	-	-	-	-	-	-	-	-
DEFERRED INTEREST PAYABLE	-	352,095	-	354,247	374,306	576,759	-	-	-	-	-	1,657,407
TOTAL LIABILITIES	216,441	7,325,018	2,471,923	3,213,307	2,303,221	4,124,256	888,717	3,089,842	2,178,993	1,486,810	1,493,664	28,792,192
NET ASSETS (DEFICIT)												
Without donor restrictions:												
Controlling interest	184,595	-	-	-	-	-	-	-	-	-	-	184,595
Partners' equity - Noncontrolling interest	-	2,501,838	2,501,838	860,551	(187,619)	4,599,694	1,222,930	7,499,207	8,302,569	7,126,593	3,412,437	35,338,200
Net deficit - Noncontrolling interest	-	(976,674)	-	-	-	-	-	-	-	-	-	(976,674)
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS (DEFICIT)	184,595	(976,674)	2,501,838	860,551	(187,619)	4,599,694	1,222,930	7,499,207	8,302,569	7,126,593	3,412,437	34,546,121
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 401,036	\$ 6,348,344	\$ 4,973,761	\$ 4,073,858	\$ 2,115,602	\$ 8,723,950	\$ 2,111,647	\$ 10,589,049	\$ 10,481,562	\$ 8,613,403	\$ 4,906,101	\$ 63,338,313

**AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (CONTINUED)**

DECEMBER 31, 2023 AND 2022 (COMPARATIVE TOTAL)

	AVALON NONPROFIT HOUSING CORPORATION	SUBSIDIARY TOTAL FROM PREVIOUS PAGE	ELIMINATIONS	2023	2022 (COMPARATIVE TOTAL)
LIABILITIES AND NET ASSETS (DEFICIT)					
CURRENT LIABILITIES					
Trade accounts payable	\$ 646,543	\$ 38,655	\$ -	\$ 685,198	\$ 383,727
Related party payable	2,047	877,644	(843,997)	35,694	26,936
Construction payable	300,000	1,404,997	(263,507)	1,441,490	1,471,503
Tenant security deposits	52,275	129,906	-	182,181	185,562
Current portion of notes payable	-	84,237	-	84,237	79,494
Note payable - bank	-	-	-	-	-
Unearned income	1,154,611	150,478	-	1,305,089	1,206,908
Developer fee payable	-	761,409	(761,409)	-	-
Accrued liabilities and other		-			
Accrued interest	426	395,880	(182,542)	213,764	186,413
Other liabilities	150,505	-	-	150,505	127,132
Lease liability - operating lease	150,454	-	-	150,454	143,139
TOTAL CURRENT LIABILITIES	2,456,861	3,843,206	(2,051,455)	4,248,612	3,810,814
LONG-TERM NOTES PAYABLE	11,239,730	23,291,579	(4,637,878)	29,893,431	29,768,277
UNEARNED INCOME - LONG TERM	300,000	-	-	300,000	1,116,500
LEASE LIABILITY - LONG TERM	38,429	-	-	38,429	188,883
DEFERRED INTEREST PAYABLE	-	1,657,407	-	1,657,407	1,568,896
TOTAL LIABILITIES	14,035,020	28,792,192	(6,689,333)	36,137,879	36,453,370
NET ASSETS (DEFICIT)					
Without donor restrictions:					
Controlling Interest	5,454,559	184,595	(184,595)	5,454,559	5,672,437
Partners' equity - Noncontrolling interest	-	35,338,200	(5,078,851)	30,259,349	27,632,212
Net deficit - Noncontrolling interest	-	(976,674)	-	(976,674)	(929,973)
With donor restrictions	45,000	-	-	45,000	45,000
TOTAL NET ASSETS (DEFICIT)	5,499,559	34,546,121	(5,263,446)	34,782,234	32,419,676
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 19,534,579	\$ 63,338,313	\$ (11,952,779)	\$ 70,920,113	\$ 68,873,046

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022 (COMPARATIVE TOTAL)

	AVALON SECOND NONPROFIT HOUSING CORPORATION	ARBORDALE APARTMENTS 2014 LDHA, LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS LDHA, LP	HICKORY WAY APARTMENTS II LDHA, LP	HILLTOP VIEW APARTMENTS LDHA, LP	THE GROVE AT VERDIAN LDHA, LP	SUBSIDIARY TOTAL
REVENUE AND SUPPORT											
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain for fair value of land acquired	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
In-kind donations	-	-	-	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-	-	-	-
Other grants	4,500	-	40,500	-	-	-	-	-	-	-	83,798
Contracted services income	-	-	-	-	-	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-	-	-	-	-	-
Management fee income	-	-	-	-	-	-	-	-	-	-	-
Net gains (losses) on investments	6,831	49,676	67,699	34,86	17,867	4,026	166	291	122	2,103	188,543
Interest income	54,596	573,666	452,200	294,604	528,381	193,436	447,029	479,241	319,303	-	3,918,887
Rental income	376	7,073	4,141	1,419	4,657	2,561	5,964	6,388	8,512	-	46,538
Miscellaneous income											
TOTAL REVENUE AND SUPPORT	66,303	630,415	564,540	299,509	550,905	200,023	453,159	485,920	327,937	2,103	4,237,766
EXPENSES											
Salaries and wages	10,269	64,918	97,206	35,248	84,125	23,755	59,709	55,530	35,907	-	572,328
Employee benefits	1,525	13,350	18,390	6,125	19,175	5,819	9,133	8,515	4,407	-	105,830
Payroll taxes	773	4,675	7,120	2,799	6,330	1,740	4,481	4,171	2,733	-	42,445
Meals and entertainment	-	-	-	-	-	-	-	-	-	-	-
Transportation	708	6,156	5,106	2,352	6,689	2,000	3,987	4,223	2,817	-	39,349
Contract and professional fees	4,901	80,740	20,064	12,755	17,681	12,080	18,363	15,657	15,450	-	216,447
Repairs and maintenance	14,258	82,639	64,007	57,996	136,942	29,635	110,626	52,108	69,536	-	772,704
Insurance	2,466	23,082	27,353	11,642	27,638	11,723	37,918	37,458	39,229	-	252,604
Occupancy	-	-	-	-	-	-	-	-	-	-	-
Utilities	8,405	79,270	33,647	35,604	82,242	19,876	65,412	81,955	87,521	-	587,154
Depreciation and amortization	10,339	100,162	84,131	66,338	211,811	103,729	271,929	269,620	293,165	-	1,391,702
Credit losses	-	6,329	-	1,399	854	6,674	17,827	14,138	16,076	-	64,098
Outside printing	1	8	6	4	213	4	122	67	5	-	439
Conferences and meetings	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	69,866	20,500	40,109	71,005	26,356	64,567	79,179	16,192	-	431,458
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Management fee	3,666	23,829	18,330	18,470	131,225	10,469	20,774	21,996	14,664	-	290,307
Asset management fee	-	26,465	-	11,344	4,175	17,592	14,216	25,037	11,433	-	110,262
Investor service fee	-	-	-	4,537	-	1,479	-	-	-	-	6,016
Administrative	40	3,940	3,048	2,559	3,985	1,897	5,787	6,778	3,245	-	34,889
Information technology	693	1,381	710	693	739	890	2,142	1,280	677	-	12,772
Property taxes	6	1,488	30	20	3,248	6,854	34	36	5,007	-	18,745
Telephone	92	7,269	4,318	1,799	5,392	5,093	2,345	1,885	4,073	-	36,928
Direct grant expense	-	-	150	-	-	-	-	-	-	-	256
Client assistance	-	1,025	683	5,214	5,684	-	27,279	1,682	-	-	45,774
TOTAL EXPENSES	58,142	593,641	405,143	319,007	819,153	293,665	736,651	681,315	622,137	-	5,232,507
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FROM OPERATING ACTIVITIES	8,161	(46,701)	159,397	(19,498)	(268,248)	(93,642)	(283,492)	(195,395)	(294,200)	2,103	(994,741)
EQUITY CONTRIBUTIONS RECEIVED	-	-	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET UNRESTRICTED ASSETS DISTRIBUTIONS	8,161	(46,701)	159,397	(19,498)	(268,248)	(93,642)	(283,492)	(72,338)	1,075,451	3,412,437	3,908,301
NET ASSETS - BEGINNING OF YEAR	176,434	(929,973)	70,1154	(99,015)	4,880,350	1,316,581	7,782,699	8,374,907	6,051,142	-	30,731,732
NET ASSETS - END OF YEAR	184,595	(976,674)	\$ 860,551	\$ (187,619)	\$ 4,599,694	\$ 1,222,930	\$ 7,499,207	\$ 8,302,569	\$ 7,126,593	\$ 3,412,437	\$ 34,546,121

**AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEARS ENDED DECEMBER 31, 2023 AND 2022 (COMPARATIVE TOTAL)

	AVALON NONPROFIT HOUSING CORPORATION	SUBSIDIARY TOTAL FROM PREVIOUS PAGE	ELIMINATIONS	2023	2022 (COMPARATIVE TOTAL)
REVENUE AND SUPPORT					
Contributions	\$ 632,686	\$ -	\$ -	\$ 632,686	\$ 1,384,243
Gain for fair value of land acquired	-	-	-	-	814,990
Gain on sale of fixed assets	-	-	-	-	200
In-kind donations	6,261	-	-	6,261	75
Federal grants	2,694,156	-	(367,984)	2,326,172	2,232,605
Other grants	2,278,079	83,798	(28,100)	2,333,777	795,987
Contracted services income	1,989,133	-	(64,478)	1,924,655	1,384,596
Developer fees	325,399	-	(325,399)	-	-
Management fee income	380,318	-	(380,318)	-	-
Net gains (losses) on investments	141,958	-	(141,958)	-	-
Interest income	127,665	188,543	(43,210)	272,998	151,346
Rental income	1,211,341	3,918,887	-	5,130,228	4,651,595
Miscellaneous income	16,484	46,538	-	63,022	55,916
TOTAL REVENUE AND SUPPORT	9,803,480	4,237,766	(1,351,447)	12,689,799	11,471,553
EXPENSES					
Salaries and wages	4,758,587	572,328	-	5,330,915	4,189,203
Employee benefits	843,285	105,830	-	949,115	742,061
Payroll taxes	345,769	42,445	-	388,214	360,525
Meals and entertainment	14,855	-	-	14,855	8,936
Transportation	49,574	39,349	-	88,923	84,060
Contract and professional fees	528,148	216,447	(64,478)	680,117	388,312
Repairs and maintenance	650,693	772,704	-	1,423,397	1,132,331
Insurance	82,514	252,604	-	335,118	283,679
Occupancy	181,825	-	-	181,825	166,684
Utilities	225,813	587,154	-	812,967	734,594
Depreciation and amortization	370,500	1,591,702	-	1,962,202	1,757,510
Credit losses	9,616	64,098	-	73,714	59,797
Outside printing	14,630	439	-	15,069	13,312
Conferences and meetings	8,530	-	-	8,530	3,297
Interest expense	30,580	431,458	(43,210)	418,828	392,195
Loss on sale of fixed assets	-	-	-	-	9,413
Management fee	-	290,307	(290,307)	-	-
Asset management fee	-	110,262	(90,011)	20,251	18,212
Investor service fee	-	6,016	-	6,016	5,841
Administrative	106,360	34,889	-	141,249	111,938
Information technology	212,279	12,772	-	225,051	195,949
Property taxes	146	18,745	-	18,891	11,462
Telephone	75,018	36,928	-	111,946	119,454
Direct grant expense	1,089,404	256	(396,084)	693,576	795,473
Client assistance	423,233	45,774	-	469,007	232,848
TOTAL EXPENSES	10,021,359	5,232,507	(884,090)	14,369,776	11,817,086
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FROM OPERATING ACTIVITIES	(217,879)	(994,741)	(467,357)	(1,679,977)	(345,533)
EQUITY CONTRIBUTIONS RECEIVED	-	4,903,042	(821,890)	4,081,152	11,270,528
INCREASE (DECREASE) IN NET UNRESTRICTED ASSETS	(217,879)	3,908,301	(1,289,247)	2,401,175	10,924,995
DISTRIBUTIONS	-	(93,912)	55,295	(38,617)	(50,257)
NET ASSETS - BEGINNING OF YEAR	5,717,438	30,731,732	(4,029,494)	32,419,676	21,544,938
NET ASSETS - END OF YEAR	\$ 5,499,559	\$ 34,546,121	\$ (5,263,446)	\$ 34,782,234	\$ 32,419,676

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Award or Pass-Through Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Passed-through to subrecipients (\$)</u>	<u>Nonmonetary Awards with Continuing Compliance Requirements</u>	<u>Federal Disbursements and Expenditures</u>
Department of Housing and Urban Development						
Direct Program						
Continuum of Care Program	14.267	M10202L5F092215	65,394			65,394
Continuum of Care Program	14.267	M10202L5F092114	47,114			47,114
Continuum of Care Program	14.267	M10201L5F092215	62,689			62,689
Continuum of Care Program	14.267	M10201L5F092114	45,992			45,992
Continuum of Care Program	14.267	M10423L5F092209	69,856			69,856
Continuum of Care Program	14.267	M10423L5F092108	188,832	1,860		188,832
Continuum of Care Program	14.267	M10420L5F092209	239,820	8,352		239,820
Continuum of Care Program	14.267	M10420L5F092108	652,468	14,762		652,468
Continuum of Care Program	14.267	M10451L5F092208	241,314			241,314
Continuum of Care Program	14.267	M10451L5F092107	506,179			506,179
Continuum of Care Program	14.267	M10207L5F092114	118,012			118,012
Continuum of Care Program	14.267	M10207L5F092215	237,584			237,584
Passed through Washtenaw County						
Community Development Block Grant	14.218				628,783	628,783
Community Development Block Grant	14.218	B-19-UC-26-0006			70,000	70,000
Emergency Solutions Grants (ESG) Program	14.231	E-20-UW-26-0006	932			932
Emergency Solutions Grants (ESG) Program	14.231	E-20-DW-26-0001	96,809			96,809
HOME Investment Partnerships Program	14.239	M17-UC260220				
HOME Investment Partnerships Program	14.239	M16-UC260220			690,963	690,963
HOME Investment Partnerships Program	14.239	M18-UC260220			565,402	565,402
HOME Investment Partnerships Program	14.239	M19-UC260220			290,000	290,000
HOME Investment Partnerships Program	14.239	M18-UC260220	71,463			71,463
HOME Investment Partnerships Program	14.239	M22-UC260220			3,521,027	3,521,027
Passed through Michigan State Housing Development Authority						
Community Development Block Grant	14.218				1,456,120	1,456,120
HOME Investment Partnerships Program	14.239				4,783,832	4,783,832
Passed through City of Ann Arbor						
Community Development Block Grant	14.218				715,263	715,263
HOME Investment Partnerships Program	14.239				6,027,724	6,027,724
Department of Health and Human Services						
Medical Assistance Program	93.778	E20242887-00	22,649			22,649
Medical Assistance Program	93.778	E20234622-00	83,704			83,704
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.951	E20234312-001	99,036			99,036
Block Grants for Prevention and Treatment of Substance Abuse	93.959	COVID BLOCK 515-82102	150,000			150,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	COVID BG-408-6014-83004	32,064			32,064
Department of Energy						
Conservation Research And Development	81.086	DEEE0009864	48,333			48,333
			\$ 3,080,244	\$ 24,974	\$ 18,749,114	\$ 21,829,358

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Program or Award Amount</u>
Total Federal Award Expended by Program		
Emergency Solutions Grants (ESG) Program	14.231	97,741
HOME Investment Partnerships Program	14.239	71,463
Continuum of Care Program	14.267	2,475,254
Medical Assistance Program	93.778	106,353
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	99,036
Block Grants for Prevention and Treatment of Substance Abuse	93.959	182,064
Conservation Research And Development	81.086	48,333
		<u><u>\$ 3,080,244</u></u>
Nonmonetary Awards with Continuing Compliance Requirements		
Community Development Block Grant	14.218	2,870,166
HOME Investment Partnerships Program	14.239	15,878,948
		<u><u>\$ 18,749,114</u></u>
Total Awards Expended		<u><u>\$ 21,829,358</u></u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Avalon Nonprofit Housing Corporation and Subsidiaries under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Avalon Nonprofit Housing Corporation and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Avalon Nonprofit Housing Corporation and Subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Avalon Nonprofit Housing Corporation and Subsidiaries has elected not to use the 10% de minimis indirect cost rate.

3. LOANS OUTSTANDING

Avalon Nonprofit Housing Corporation and Subsidiaries had the following loan balances outstanding at December 31, 2023:

Cluster/Program Title	Assistance Listing Number	Amount Outstanding
HOME Investment Partnerships Program	14.239	\$ 15,878,948
Community Development Block Grant	14.218	2,870,166
Total		\$ 18,749,114

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Avalon Nonprofit Housing Corporation and Subsidiaries

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avalon Nonprofit Housing Corporation and Subsidiaries' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Polk And Associates, PLLC

POLK AND ASSOCIATES, P.L.C

June 19, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Avalon Nonprofit Housing Corporation and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs for the year ended December 31, 2023. Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Avalon Nonprofit Housing Corporation and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Avalon Nonprofit Housing Corporation and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Avalon Nonprofit Housing Corporation and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Avalon Nonprofit Housing Corporation and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Polk And Associates, PLC
POLK AND ASSOCIATES, P.L.C.

June 19, 2024

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Summary of Auditors' Results

- a. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries were prepared in accordance with U.S. generally accepted accounting principles.
- b. No material weaknesses were identified during the audit of the consolidated financial statements.
- c. No instances of noncompliance material to the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries were disclosed during the audit.
- d. No material weaknesses were identified during the audit of the major federal award programs.
- e. The auditors' report on compliance for the major federal award programs for Avalon Nonprofit Housing Corporation and Subsidiaries expresses an unmodified opinion on all major federal programs.
- f. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
- g. The programs tested as major programs were:

Name of Federal Program or Cluster	<u>Assistance Listing Number</u>
Continuum of Care Program	14.267
Community Development Block Grants/Entitlement Grants Program	14.218

- h. The threshold for distinguishing Types A and B programs was \$750,000.
- i. Avalon Nonprofit Housing Corporation and Subsidiaries was determined to be a low-risk auditee.

Findings - Financial Statements Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

Hickory Way Apartments Phase III

Development Sources and Uses

8/29/2024

Attached please find the HWA III Development Sources and Uses.



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 Low-Income Housing Tax Credit Application
 2024-2025 Qualified Allocation Plan

SECTION M. SOURCES

1. Construction Sources:

Source Name	Amount	Type	Rate	Term	Amort	D/s	Notes
HNB Construction Loan	\$9,300,000	Conventional	8.00%	24			CSB participates with \$2,000,000
Total	\$9,300,000					\$0	

2. Permanent Sources (↓ ENTER SPECIFIC NAME OF ALL FUNDING SOURCES UNDER "SOURCE NAME"):

Source Name	Amount	Type	Rate	Term	Amort	D/s	MIP	Notes
Washtenaw County HOME	\$197,765	HOME	0.00%	30				soft, deferred, approved
FHLBI Sponsor Loan	\$750,000	Other	0.00%	30				soft, deferred, pending
CoC Builds	\$1,567,839	Other	0.00%	30				soft, deferred, app due 11/2024
City Housing Millage Member Equity	\$500,000	Other	0.00%	99				soft deferred, app due 8/29/2024
	\$100	GP/LP Equity						approved
LIHTC Equity	\$14,188,581	GP/LP Equity						Equity from syndicator
Federal Historic Tax Credit Equity								
Deferred Developer Fee								
Total	\$17,204,285					\$0		

3. Additional Comments:

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan



SECTION N. PROJECT COSTS				
Will temporary tenant relocation costs be included in the project?*				No
Will the project include garages or carports, which are available at an additional cost to tenants?***				No
Will the project include laundry facilities that are not leased, which will be available at an additional cost to tenants?***				No
Will the project include a pool, which is available at an additional cost to tenants?***				No
*If yes, a certification from an attorney or CPA will be required at Placed-In-Service to include costs in basis.				
***If yes, costs cannot be included in eligible basis				
	TDC	TDC/Unit	Acquisition	Rehab/ New Const
LAND				
Land Purchase	\$ 260,000	#DIV/0!		
Closing/Title & Recording		#DIV/0!		
Real Estate Expenses		#DIV/0!		
Other Land Related Expenses		#DIV/0!		
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ 260,000	#DIV/0!		
BUILDING ACQUISITION				
Existing Structures	\$ -	#DIV/0!		
Demolition (Exterior)		#DIV/0!		
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ -	#DIV/0!	\$ -	\$ -
SITE WORK				
On Site	\$ 1,295,180	#DIV/0!		\$ 1,295,180
Off Site Improvement		#DIV/0!		
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ 1,295,180	#DIV/0!		\$ 1,295,180
CONSTRUCTION COSTS				
New Structures	\$ 10,124,396	#DIV/0!		\$ 10,124,396
Rehabilitation		#DIV/0!		
Garages/Carports		#DIV/0!		
Laundry Facilities		#DIV/0!		
Accessory Building		#DIV/0!		
Pool		#DIV/0!		
Site Security		#DIV/0!		
Building Permits	\$ 125,054	#DIV/0!		\$ 125,054
Bond Premium	\$ 88,256	#DIV/0!		\$ 88,256
Tap Fees/Soil Borings	\$ 175,000	#DIV/0!		\$ 175,000
Contractor Cost Certification		#DIV/0!		
General Requirements	\$ 685,175	#DIV/0!		\$ 685,175
Builder Overhead	\$ 242,095	#DIV/0!		\$ 242,095
Builder Profit	\$ 378,675	#DIV/0!		\$ 378,675
Construction Contingency	\$ 636,276	#DIV/0!		\$ 636,276
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ 12,454,927	#DIV/0!	\$ -	\$ 12,454,927
PROFESSIONAL FEES				
Design Architect	\$ 240,000	#DIV/0!		\$ 240,000
Supervisor Architect	\$ 60,000	#DIV/0!		\$ 60,000
Real Estate Attorney	\$ 40,000	#DIV/0!		\$ 40,000
Engineer/Survey	\$ 60,000	#DIV/0!		\$ 60,000
Other: Appraisal	\$ 5,700	#DIV/0!		\$ 5,700
SUBTOTAL	\$ 405,700	#DIV/0!		\$ 405,700

INTERIM CONSTRUCTION COSTS				
Hazard Insurance		#DIV/0!		
Liability Insurance	\$ 100,000	#DIV/0!		\$ 100,000
Interest	\$ 500,000	#DIV/0!		\$ 500,000
Loan Origination Fee	\$ 69,750	#DIV/0!		\$ 69,750
Loan Enhancement		#DIV/0!		
Title & Recording	\$ 40,000	#DIV/0!		\$ 40,000
Legal Fees	\$ 30,000	#DIV/0!		\$ 30,000
Taxes	\$ 2,500	#DIV/0!		\$ 2,500
Other: Ispxn, Util, Bridge Loan costs	\$ 41,536	#DIV/0!		\$ 41,536
SUBTOTAL	\$ 783,786	#DIV/0!		\$ 783,786
PERMANENT FINANCING				
Bond Premium		#DIV/0!		
Credit Report		#DIV/0!		
Loan Origination Fee		#DIV/0!		
Loan Credit Enhancement		#DIV/0!		
Title & Recording		#DIV/0!		
Legal Fees		#DIV/0!		
Taxes		#DIV/0!		
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ -	#DIV/0!		
OTHER COSTS				
Feasibility Study		#DIV/0!		
Market Study	\$ 6,000	#DIV/0!		\$ 6,000
Environmental Study	\$ 30,000	#DIV/0!		\$ 30,000
Tax Credit Reservation Fee	\$ 107,250	#DIV/0!		
Tax Credit Application Fee	\$ 1,755	#DIV/0!		
Compliance Fees	\$ 18,525	#DIV/0!		
Marketing/Rent-up		#DIV/0!		
Owner Cost Certification	\$ 12,500	#DIV/0!		\$ 12,500
Other: Site Plan	\$ 15,000	#DIV/0!		\$ 15,000
Other: Equip and Furnishings	\$ 30,000	#DIV/0!		\$ 30,000
Other: HOME Compliance fees	\$ 25,000	#DIV/0!		
SUBTOTAL	\$ 246,030	#DIV/0!		\$ 93,500
SYNDICATION COSTS				
Organizational	\$ 55,000	#DIV/0!		
Tax Opinion		#DIV/0!		
PV Adjustment		#DIV/0!		
Other: (Describe)		#DIV/0!		
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ 55,000	#DIV/0!		
DEVELOPER FEES				
Developer Overhead		#DIV/0!		
Developer Fee	\$ 1,500,000	#DIV/0!		\$ 1,500,000
Consultant Fee		#DIV/0!		
SUBTOTAL	\$ 1,500,000	#DIV/0!	\$ -	\$ 1,500,000
PROJECT RESERVES				
Rent Up Reserves		#DIV/0!		
Operating Reserves	\$ 203,662	#DIV/0!		
Replacement Reserves		#DIV/0!		
Other: (Describe)		#DIV/0!		
SUBTOTAL	\$ 203,662	#DIV/0!		
TOTAL	\$ 17,204,285	#DIV/0!	\$ -	\$ 16,533,093

Hickory Way Apartments Phase III

Operating Proforma

8/29/2024

Attached please find the HWA III Operating Proforma.

Where the cash flow falls slightly negative in years 13-15, the operating reserve is sufficient to address.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Low-Income Housing Tax Credit Application

2024-2025 Qualified Allocation Plan



SECTION L. EXPENSES AND REPLACEMENT RESERVES

	Expenses	Per Unit	Audited	Per Unit	Comments
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I. Management

Management Fee	21,918	562		0	New construction to audited numbers not available.
Other		0		0	
Other		0		0	
Subtotal	\$21,918	\$562	\$0	\$0	

II. Administrative

Marketing		0		0	
Payroll	78,000	2,000		0	
Office	7,800	200		0	
Telephone		0		0	
Auditing	11,000	282		0	
Other		0		0	
Other		0		0	
Subtotal	\$96,800	\$2,482	\$0	\$0	

III. Utilities

Project-paid Fuel	3,900	100		0	
Common Electricity	74,100	1,900		0	
Water & Sewer	27,300	700		0	
Other Utility 1		0		0	
Other Utility 2		0		0	
Subtotal	\$105,300	\$2,700	\$0	\$0	

IV. Operating & Maintenance

Payroll & Benefits	39,000	1,000		0	
Repairs & Maintenance	31,590	810		0	
Supplies	14,430	370		0	
Snow Removal	10,530	270		0	
Extermination	2,340	60		0	
Trash Removal	2,340	60		0	
Other		0		0	
Other		0		0	
Subtotal	\$100,230	\$2,570	\$0	\$0	

V. Taxes & Insurance

Real Estate Taxes/ Market Rate tax		0		0	
PILOT Rate:		0	0	0	
Insurance	50,000	1,282		0	
Other PILOT	39	1		0	
Other		0		0	
Subtotal	\$50,039	\$1,283	\$0	\$0	

VI. Miscellaneous

Other		0		0	
Other		0		0	
Other		0		0	
Other		0		0	
Other		0		0	
Subtotal	\$0	\$0	\$0	\$0	

Total \$374,287 \$9,597 \$0 \$0

MSHDA Underwriting Verification	
Per Unit Operating Expenses:	\$9,597
Minimum Regional Standard:	\$6,025
Difference:	\$3,572
Percent Difference:	59.29%

Replacement Reserve Verification	
Enter Annual Replacement Res.:	
Select Construction Type:	
Minimum Standard Per Unit:	^Identify Constr. Type^

If projected operating expenses or replacement reserves deviate from MSHDA standards or are significantly different than information shown in the project's latest financial audit, provide an explanation below.

The projected annual operating expenses are above MSHDA's regional standard for a few reasons. As a supportive housing project, higher management costs reflect the population projected to be housed at this property. Higher maintenance costs reflect the increased wear and tear due to the supportive housing tenant population. Our costs also include all utilities. The operating costs were determined using Avlaon's experience operating similar properties. NEF, our proposed syndicator, has approved these operating expenses.

SECTION Q. CASH FLOW

Income (Section J)	Initial Inflator	Future Inflator	Begin in Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Rental Income	1.00%	2.00%	6	492,000	496,920	501,889	506,908	511,977	522,217	532,661	543,314	554,181	565,264
Annual Non-Rental Income	1.00%	2.00%	6	0	0	0	0	0	0	0	0	0	0
Vacancy Loss	8.00%			39,360	39,754	40,151	40,553	40,958	41,777	42,613	43,465	44,334	45,221
Total Project Revenue				452,640	457,166	461,738	466,355	471,019	480,439	490,048	499,849	509,846	520,043
Expenses (Section L)													
Management	3.00%			21,918	22,576	23,253	23,950	24,669	25,409	26,171	26,956	27,765	28,598
Administration	3.00%			96,800	99,704	102,695	105,776	108,949	112,218	115,584	119,052	122,623	126,302
Project-paid Fuel	6.00%	3.00%	6	3,900	4,134	4,382	4,645	4,924	5,071	5,224	5,380	5,542	5,708
Common Electricity	6.00%	3.00%	6	74,100	78,546	83,259	88,254	93,550	96,356	99,247	102,224	105,291	108,450
Water & Sewer	6.00%	3.00%	6	27,300	28,938	30,674	32,515	34,466	35,500	36,565	37,662	38,791	39,955
Other Utility 1	6.00%	3.00%	6	0	0	0	0	0	0	0	0	0	0
Other Utility 2	6.00%	3.00%	6	0	0	0	0	0	0	0	0	0	0
Operating & Maintenance	3.00%			100,230	103,237	106,334	109,524	112,810	116,194	119,680	123,270	126,968	130,777
Real Estate Taxes	3.00%			0	0	0	0	0	0	0	0	0	0
Payment in Lieu of Taxes				0	0	0	0	0	0	0	0	0	0
Insurance	3.00%			50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
Other PILOT	3.00%			39	40	41	43	44	45	47	48	49	51
Other	3.00%			0	0	0	0	0	0	0	0	0	0
Miscellaneous	3.00%			0	0	0	0	0	0	0	0	0	0
Total Operating Expenses				374,287	388,675	403,683	419,343	435,686	448,757	462,219	476,086	490,369	505,080
Rep. Reserve. (Section L)	3.00%			0	0	0	0	0	0	0	0	0	0
Debt Service (Section M)				0	0	0	0	0	0	0	0	0	0
Mortgage Insurance Premium (Section M)				0	0	0	0	0	0	0	0	0	0
Cash Flow				78,353	68,492	58,055	47,012	35,333	31,683	27,829	23,763	19,478	14,963
Debt Coverage Ratio													
Operating Reserve Analysis													
Operating Reserve	203,662	(Match to Section N)											
Interest Rate													
Maintained Operating Reserve per unit if no hard debt	\$250												
Operating Reserve Balance													
Reserve Draw to Achieve DCR or cash flow per unit	1.25												
Interest on Operating Reserve													
Deferred Developer Fee Analysis													
Initial Balance	0	(Match to Section M)											
Developer Fee Paid With Interest													
Ending Balance													



Year 11	Year 12	Year 13	Year 14	Year 15
576,569	588,101	599,863	611,860	624,097
0	0	0	0	0
46,126	47,048	47,989	48,949	49,928
530,444	541,053	551,874	562,911	574,170

29,456	30,340	31,250	32,187	33,153
130,091	133,994	138,014	142,154	146,419
5,879	6,055	6,237	6,424	6,617
111,703	115,054	118,506	122,061	125,723
41,154	42,388	43,660	44,970	46,319
0	0	0	0	0
0	0	0	0	0
134,701	138,742	142,904	147,191	151,607
0	0	0	0	0
0	0	0	0	0
67,196	69,212	71,288	73,427	75,629
52	54	56	57	59
0	0	0	0	0
0	0	0	0	0
520,232	535,839	551,914	568,471	585,526

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

10,212	5,214	(40)	(5,560)	(11,356)
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0	0	0	0	0
203,662	203,662	203,662	203,622	198,062
0	0	40	5,560	11,356
0	0	0	0	0

0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

Hickory Way Apartments Phase III

Resident Services

8/29/2024

Attached please find the Service budget as we hope to provide to MSHDA as part of our LIHTC application. You can see that this includes the full 15 years to correspond to the LIHTC initial term.

The services funding would not be required until around March of 2027.

The 15 year services budget projects Housing Millage services dollars each year. We understand they may be subject to annual renewal and hope if we awarded these development and service dollar funds that service funding is able to be renewed during the term of the development.



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
 Low-Income Housing Tax Credit Application
 2024-2025 Qualified Allocation Plan

SECTION G. ADDENDUM III FUNDING ANALYSIS

All projects submitting under the Permanent Supportive Housing Category must complete the Addendum III Funding Analysis in its entirety and submit it with the Addendum III. Projects are required to show documented evidence of service funding to support the projected expenses for a minimum of the initial year with renewals available and a detailed description of future funding sources through year 15. The sources should be supported by MOUs, letters of support, and other confirmation included in the Addendum III submission and should be included in the Supportive Services Commitment Chart (included in the Addendum III Checklist and Application).

PROJECT NAME: Hickory Way Apartments Phase III

	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	Year 15
Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sources:															
Developer Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City Housing Millage	198,000	203,940	210,058	216,360	222,851	229,536	236,422	243,515	250,820	258,345	266,095	274,078	282,301	290,770	299,493
WCCMH (in kind)	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815
SOURCE NAME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SOURCE NAME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SOURCE NAME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	223,000	229,690	236,581	243,678	250,988	258,518	266,274	274,262	282,490	290,964	299,693	308,684	317,945	327,483	337,308
Uses:															
Support Hours Expense	180,000	185,400	190,962	196,691	202,592	208,669	214,929	221,377	228,019	234,859	241,905	249,162	256,637	264,336	272,266
Office Expenses	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	22,802	23,486	24,190	24,916	25,664	26,434	27,227
WCCMH (in kind)	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815
EXPLAIN USE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXPLAIN USE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXPLAIN USE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	223,000	229,690	236,581	243,678	250,988	258,518	266,274	274,262	282,490	290,964	299,693	308,684	317,945	327,483	337,308
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inflation Rate	3%														
Interest Rate	1%														

Notes:
 In addition to the City Housing Millage for services being requested, we also anticipate a number of our households to be eligible for and receive in-kind Washtenaw Community Mental Health Services.

Hickory Way Phase III

E. Threshold and Scoring References

- Threshold Requirements
- Scoring Considerations

Hickory Way Apartments Phase III

Threshold Requirements

8/29/2024

The threshold requirements below are include throughout the application. This page helps provide a guide for ease of referencing those threshold requirements throughout the application response.

Ineligible units

Not applicable. The HWA III development does not fall under the exclusions listed here. We are proposing 39 units, all affordable at incomes under 60%, with 20 of the units further targeted as supportive housing for households under 30% of area median income. See Sectoin B, Project Information, Narrative and Rents.

Income restrictions

See Section B, Project Information, Narrative and Rents.

As noted above, all units will be under 60% and 20 of the units (50%) will be under 30% as supportive housing units.

Affordability Covenant

We agree to a 99 year affordability covenant. This commitment is reflected in our Section A, Project Information, Narrative, in Section D Financial Sources, Development Sources, as well as in the Application Cover Sheet.

Site Control

We have a Purchase Agreement with the City of Ann Arbor for this parcel. That information is included in Section C, Property Ownership.

Floodplain or Floodway

HWA III is not located in a floodway/floodplain or flood hazard area. See Section C, Property Information, Environmental reports, including the separately uploaded Phase I environmental Assessment.

Environmental

See Section 3, Property Information and separately uploaded Phase I Environmental.

Energy Efficiency Measures

We are committing to meeting NGBS Green plus Zero Energy. See Section B, Project Information, Narrative.

Hickory Way Apartments Phase III

Scoring Considerations

8/29/2024

Responses to the Scoring Considerations are included throughout the application. This page helps provide a guide for ease of referencing those scoring considerations throughout the application response.

Leveraging

We are seeking \$500,000 in development funding (plus \$198,000 in Services millage dollars once the property is ready for lease-up in 2027). Our total development costs are \$17,204,285, so this millage request is only 3% of our TDC. See Section D, Financial Information, Development Sources.

We also have a Purchase Agreement with the City for this property. The purchase price is under the appraised value and was determined to recoup the City's cost of purchasing the property from the original seller with the intent that it would be developed as affordable housing. In addition, we have received approval of 20 PBVs from the Ann Arbor Housing Commission for HWA III. See Section D, Financial Information, Development Sources.

Capacity

See Section A, Applicant Information, Developer / Sponsor Experience for information on similar developments. See Section D, Financial Information for Avalon's most recent two years of financial audits. As the nonprofit developer, Avalon has 100% control of the ownership entity as sole member of the managing member and received 100% of the developer fee.

Readiness to Proceed

Section B, Project Information, Narrative for additional information on project status. Site plan, zoning and annexations applications have all been submitted to the City. We have responded to initial City comments and anticipate appearing before Planning Commission in early October, with Council thereafter. We have selected our architect and general contractor and have secured Washtenaw County HOME funds, as well as project-based vouchers. Applications have been submitted or will come this fall for all other funders, with all final funding anticipated by March 2025.

Income Targeting

20 of our 39 total units will be for households at or below 30% of AMI. Consistent with MSHDA targeting the underlying unit AMI under LIHTC is set at 50% for these units, but as a supportive housing development, households moving in will need to be at or below 30% of AMI. This is confirmed in Section B, Project Information, Narrative and Rents.

Sustainability

In addition to meeting the NGBS Designation, we are going beyond that and committing NGBS Silver / Green + Zero Energy. We are also committing to all electric (with the exception of back-up generators), in addition to incorporating a number of sustainability features. See Section B, Project Information, Narrative.