

APPRAISAL OF:

1510 E. Stadium Boulevard
City of Ann Arbor
Washtenaw County, Michigan 48104

Date of Valuation: September 11, 2019

For: Ann Arbor Housing Commission

GERALD ALCOCK COMPANY LLC

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Founder, 1977

September 23, 2019

Ms. Jennifer Hall
Executive Director
Ann Arbor Housing Commission
2000 South Industrial Highway
Ann Arbor, Michigan 48104

Re: Appraisal of 1510 E. Stadium Boulevard, Ann Arbor, Washtenaw County,
Michigan

Dear Ms. Hall:

As you requested, an appraisal of the above-mentioned property was completed, and the findings are submitted in this report. The purpose of this appraisal is to express an opinion of the current 'as-is' market value of the fee simple title interest for the noted real estate, based upon hypothetical condition that the property is vacant and ready for development without environmental hazard and is not subject to adverse easements or restrictions. In addition to the current legal RIC zoning designation, we will provide hypothetical analysis of the subject with an R3, Townhouse Dwelling District and R4B, Multiple-Family Development District zoning designations.

This appraisal cannot be completely understood without reading the "General Assumptions and Limitations of Appraisal" and "Extraordinary Assumption" and "Hypothetical Conditions" 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 conclusions presented therein.

The appraisers prepared this report and the value estimates 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 a description of this term.

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Ms. Jennifer Hall
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It is the appraisers' opinion that the current fee simple market value of the appraisal property, based upon hypothetical condition that the property is vacant and ready for development, and pertaining to its current R1-C, Single Family Dwelling District zoning designation with four developable units, as of September 11, 2019, is:

Three Hundred Eighty Thousand Dollars.
(\$ 380,000)

It is the appraisers' opinion that the current fee simple market value of the appraisal property, based upon hypothetical condition that the property is vacant and ready for development, and zoned R3, Townhouse Dwelling District, as of September 11, 2019, is:

Six Hundred Sixty Five Thousand Dollars.
(\$ 665,000)

It is the appraisers' opinion that the current fee simple market value of the appraisal property, based upon hypothetical condition that the property is vacant and ready for development, and and zoned R4B, Multiple-Family Development District, as of September 11, 2019, is:

Nine Hundred Thirty Five Thousand Dollars.
(\$ 935,000)

These value estimates are made subject to the “General Assumptions and Limitations of Appraisal” noted at the eponymously titled section of this report and to the following “Extraordinary Assumption” and “Hypothetical Conditions.”

Extraordinary Assumption:

- The appraiser's have not been provided with professional soil boring analysis or an environmental study for the appraisal property. The valuation is predicated upon the assumption that the soils are suitable for residential development and that there are no adverse site conditions that may prohibit development of the subject.

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Ms. Jennifer Hall
Executive Director
Ann Arbor Housing Commission

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Hypothetical Conditions:

- At the direction of the client, the appraisal property is analyzed as though vacant, ready for development without environmental hazards and not subject to adverse easements or deed restrictions. Valuation predicated upon any other condition, could impact the value conclusion reported herein.
- This appraisal is undertaken with an R1C (existing) and R3 and R4B (hypothetical) zoning designations with reliance upon achievable densities and configuration of development as suggested by the client. Analysis predicated upon any other density may impact the market value herein.

This appraisal has been prepared for our client, the Ann Arbor Housing Commission, the intended user of the report.

The use of this appraisal is to serve as an estimate of the market value of the property under valuation for the purpose of assisting the client with asset management and financial planning.

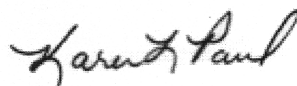
This report, comprising ten sections and one exhibit, is an explanation of the method of valuation. This letter and report must not be separated because together they provide the necessary detail and analysis for explaining and supporting the value opinion for the subject property.

Respectfully submitted,

Gerald Alcock Company, LLC



Michael T. Williams, MAI
Certified General Appraiser
License No. 1201004033



Karen L. Paul
Certified General Appraiser
License No. 1201004585



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EXECUTIVE SUMMARY

- Location:** The subject is located along the south side of E. Stadium Boulevard, east of Packard Road, in the city of Ann Arbor, Washtenaw County, Michigan.
- Address:** 1510 E. Stadium Boulevard, Ann Arbor, Michigan 48104
- Property Owner:** According to municipal records, the subject is owned by the City of Ann Arbor.
- Tax Identification:** 09-09-33-410-003
- Type of Report:** This is an Appraisal Report.
- Occupancy and Use:** The subject is improved with a municipal fire station. However, as directed by the client, we presume the parcel to be vacant land and unoccupied.
- Building Improvements:** No building improvements to be considered
- Site:** The subject site area, according to information provided by the client, is 0.75 acres, or 32,804 square feet. It is an irregular-shaped rectangle with 235 feet of frontage along the south side of E. Stadium Boulevard with a maximum depth of about 185 feet. Topography is level and at road grade. Soils are conducive to development and there are no environmental encroachments. Commercial uses are adjacently west and residential uses stem to the south and east.
- Utilities:** The subject site is serviced by all customary municipal utilities.
- Current Zoning:** R1C, Single Family Dwelling District (7,200 SF min.)
- Future Land Use:** Single Family Detached



Subject Zoning

Conditions: R1C, Single Family Dwelling District (7,200 SF min. and 6.0 UPA)
 R3, Townhouse Dwelling District (4,300 SF min. and 10 UPA)
 R4B, Multiple Family Dwelling District (2,900 SF min. and 15 UPA)

Highest & Best Use: For development to a residential use.

Interest Appraised: Fee Simple

Estimated Market Values of Property:

<u>Valuation Condition</u>	<u>Valuation Date</u>	<u>Value Estimate</u>
As-Is (R1C District)	09/11/2019	\$380,000
As-Is (R3 District)	09/11/2019	\$665,000
As-Is (R4B District)	09/11/2019	\$935,000

Extraordinary

Assumption:

- The appraiser's have not been provided with professional soil boring analysis or an environmental study for the appraisal property. The valuation is predicated upon the assumption that the soils are suitable for residential development and that there are no adverse site conditions that may prohibit development of the subject.

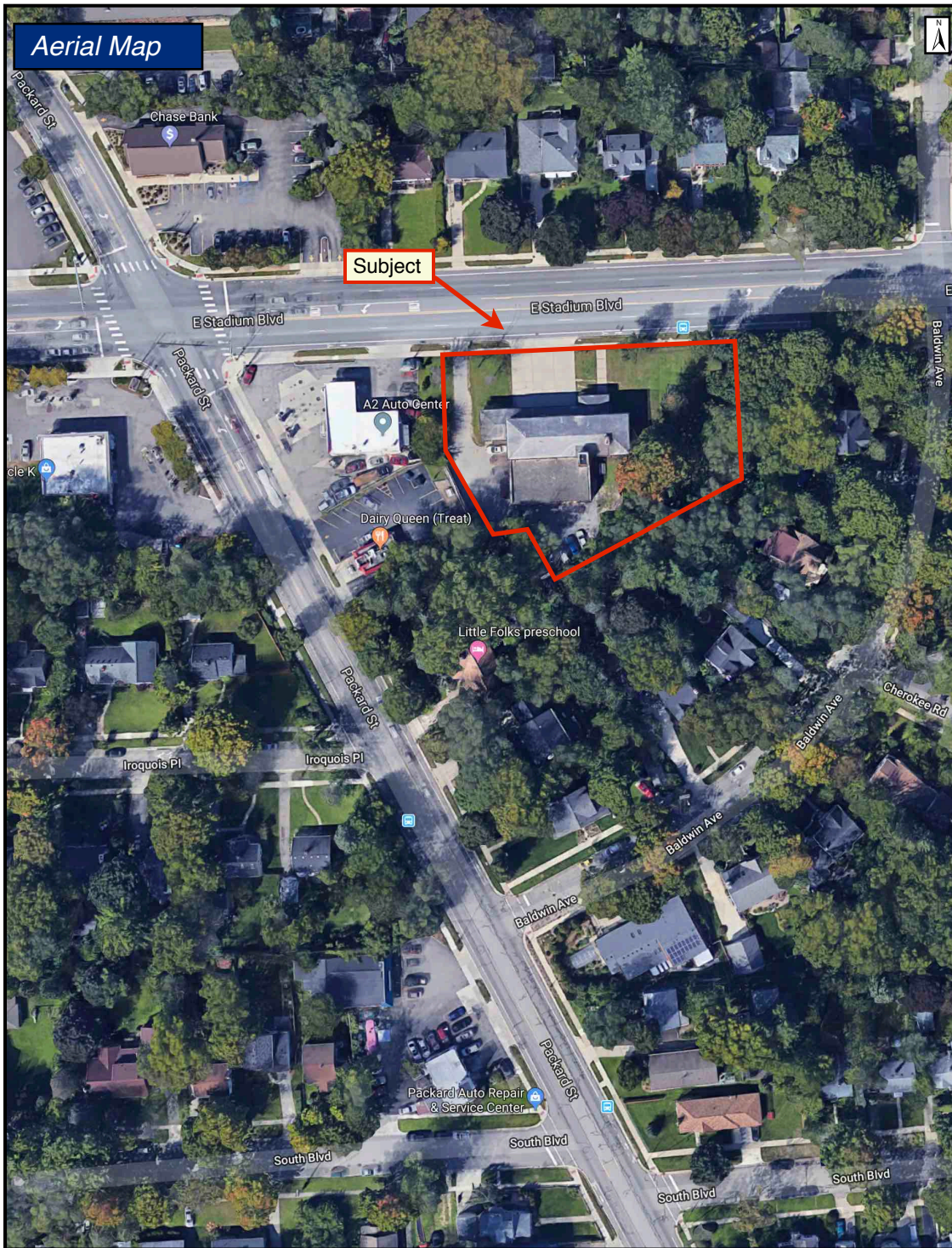
Hypothetical

Conditions:

- At the direction of the client, the appraisal property is analyzed as though vacant, ready for development without environmental hazards and not subject to adverse easements or deed restrictions. Valuation predicated upon any other condition, could impact the value conclusion reported herein.
- This appraisal is undertaken with an R1C (existing) and R3 and R4B (hypothetical) zoning designations with reliance upon achievable densities and configuration of development as suggested by the client. Analysis predicated upon any other density may impact the market value herein.



General Assumptions: These value estimates are made subject to the “General Assumptions and Limitations of Appraisal” of this report noted at the eponymously titled section of this report.





Looking South Toward Parcel

Subject Frontage Along E. Stadium Boulevard



Along Southwest Region



Southern Region

Southern Region



Looking West of E. Stadium Boulevard



Looking East on E. Stadium
Boulevard



IDENTIFICATION OF PROPERTY

Real Property

Address

1510 E. Stadium Boulevard, Ann Arbor, MI 48104

Tax Identification Number and Legal Description

09-09-33-410-003

LOT 112 EXC W & SW 10FT & ALL LOTS 113, 114 & 115
FRISINGER LAND COMPANY'S SECOND SUBDIVISION

Lease(s) and Title Interest Appraised

The subject is a municipal owned and occupied fire station, and not subject to lease. However, as the appraisal is conducted under hypothetical analysis that the land is vacant and available for development, the title interest appraised is fee simple.

Client

The appraisers were engaged by the Ann Arbor Housing Commission to prepare this appraisal report.

Property Owner

According to municipal records, the property is owned by the City of Ann Arbor.

Personal Property, Fixtures, and Intangibles

Under the valuation analysis, the issue of personal property and trade fixtures is not applicable.



Occupancy and Use

The subject is a municipal owned and occupied fire station, and thus owner-occupied.



PURPOSE, DEFINITION OF MARKET VALUE, USE AND INTENDED USER OF REPORT, AND SCOPE

Purpose

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

Fee simple title. 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

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



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

Intended Use and Users of Report

The use of this appraisal is to serve as an estimate of the market value of the property under valuation for the purpose of assisting the client with asset management and financial planning.

This appraisal has been prepared for our client, the Ann Arbor Housing Commission, the intended user of the report.

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. The appraisers secured current assessment, special assessment, and zoning data pertinent to the subject property. The following are additional sources which were used to provide information pertaining to the subject property:

- City of Ann Arbor Municipal Offices
- Washtenaw County GIS
- Federal Emergency Management Agency (FEMA)
- Google Maps

² As defined within the Federal Register, *Interagency Appraisal and Evaluation Guidelines*, Vol. 75, No. 237, Page 77472, dated December 10, 2010.



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. The owner, 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 each individual comparable sale may be found within the Analysis section of this report. The sources of this data are cited at this section. Each comparable was (at a minimum) inspected from the roadway. Local real estate brokers conducting business in the area of the subject were interviewed regarding recent real estate activity in the area. Other sources include:

- Information from Gerald Alcock Company, LLC appraisal files
- Ann Arbor Area Board of Realtors Multiple Listing Service
- City of Ann Arbor Department of Assessment

The steps the appraisers used to develop the value estimates stated herein proceed from the Highest and Best Use analysis set forth at the “Analysis of Value” section of this report.

The General Underlying Assumptions and Limiting Conditions to which this report and its value conclusions 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

Ann Arbor Area Data

As shown below, the appraisal property is found in the city of Ann Arbor, Washtenaw County, Southeastern Michigan.



Selected demographic information is presented on the following pages. Coincidentally, the Ann Arbor MSA –because it encompasses areas only within the boundaries of Washtenaw County—has the same statistical data as the County. Therefore, for purposes of simplification, only County statistics will be cited in the following tables.



Population and Households

As shown in the following graphic, the City had a 2010 population of 113,960 persons, which is estimated to have increased by 9,022 persons as of 2019, representing an annual increase of 0.85 percent per year over the nine-year period. From 2019 to 2024, the population in the City is anticipated to increase by 0.59 percent annually. The County population in 2010 was 344,791 persons, increasing annually by 0.76 percent, to 369,148 persons by 2019, forecast for an annual 0.59 percent increase from 2019 to 2024. Growth in the State had an estimated annual increase in population of 0.24 percent per year from 2010 to 2019, and is forecast to increase at a rate of 0.27 percent per year from 2019 to 2024.

Population & Household Trends

Population	2010	2019	2024	Compound Annual Change	
				2010-2019	2019-2024
City of Ann Arbor	113,960	122,982	126,639	0.85%	0.59%
Washtenaw County	344,791	369,148	380,236	0.76%	0.59%
State of Michigan	9,883,640	10,097,879	10,233,588	0.24%	0.27%
Households					
City of Ann Arbor	47,071	50,035	51,701	0.68%	0.66%
Washtenaw County	137,193	144,715	149,092	0.59%	0.60%
State of Michigan	3,872,508	3,983,294	4,047,627	0.31%	0.32%

Source: ESRI

The number of households in the City was 47,071 in 2010, which increased at an annual rate of 0.68 percent by 2019. Households in the County increased at an annual rate of 0.59 percent, while the State increased by 0.31 percent over the same period. Household growth in the City is forecast to increase by 0.66 percent; the County is forecast for a 0.60 percent increase; and the State is forecast for a 0.32 percent annual increase by 2024.

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 Trends

Median Household Income	2019	2024	2019-2024
City of Ann Arbor	\$65,324	\$75,502	2.9%
Washtenaw County	\$71,983	\$83,282	3.0%
State of Michigan	\$55,885	\$63,460	2.6%

Source: ESRI

The reader should note that the figures cited in the foregoing table are expressed in current dollars. Median household incomes in the City and County are forecast to surpass the projected Township and State figures. It is worthwhile to note that median household income in Washtenaw County is above both State and national levels.

The client relies upon a Median Family Income rate derived from HUD. Following is the 2019 rate for Ann Arbor, MI MSA.

Area	Unrounded FY 2019 MFI Estimate	Rounded FY 2019 MFI Estimate
Ann Arbor, MI MSA	\$101,222	\$101,200

As shown, there is a disparity of 54.92 percent between the 2019 median household income for the Ann Arbor MSA derived from ESRI, which appraisers typically rely upon, and the figure derived from HUD. The HUD figure is derived from a 2016 American Community Survey five-ear median income estimate adjusted for a CPI inflation factor, and rounded. Moody’s Analytics DataBuffet.com indicates that the differential is a consequence of the definitions of family and household. The U.S. Census Bureau writes:

A family consists of two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit. A household consists of people who occupy a housing unit regardless of relationship. A household may consist of a person living alone or multiple unrelated individuals or families living together.



Moody's elaborates: "Median family income is typically higher than median household income because of the composition of households. Family households tend to have more people, and more of those members are in their prime earning years[,] as contrasted with members who have lesser incomes because they are young or elderly."

The following chart illustrates unemployment trends over the last ten years for the city of Ann Arbor, Washtenaw County and the State of Michigan.

<i>Unemployment Rates</i>										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City of Ann Arbor	9.1%	9.2%	6.9%	5.8%	6.1%	5.1%	2.9%	2.6%	1.8%	2.2%
Washtenaw County	8.6%	8.6%	6.5%	5.4%	5.8%	4.8%	3.6%	3.1%	3.0%	2.6%
State of Michigan	13.6%	13.1%	10.3%	8.9%	8.7%	7.2%	5.4%	4.7%	4.7%	4.0%

Source: US Department of Labor

City, County, and State experienced increasing unemployment which peaked in 2010, resultant of regional and national declines in the economy. Beginning in 2011 through the present, unemployment rates indicate significant decline, relative to prior years.

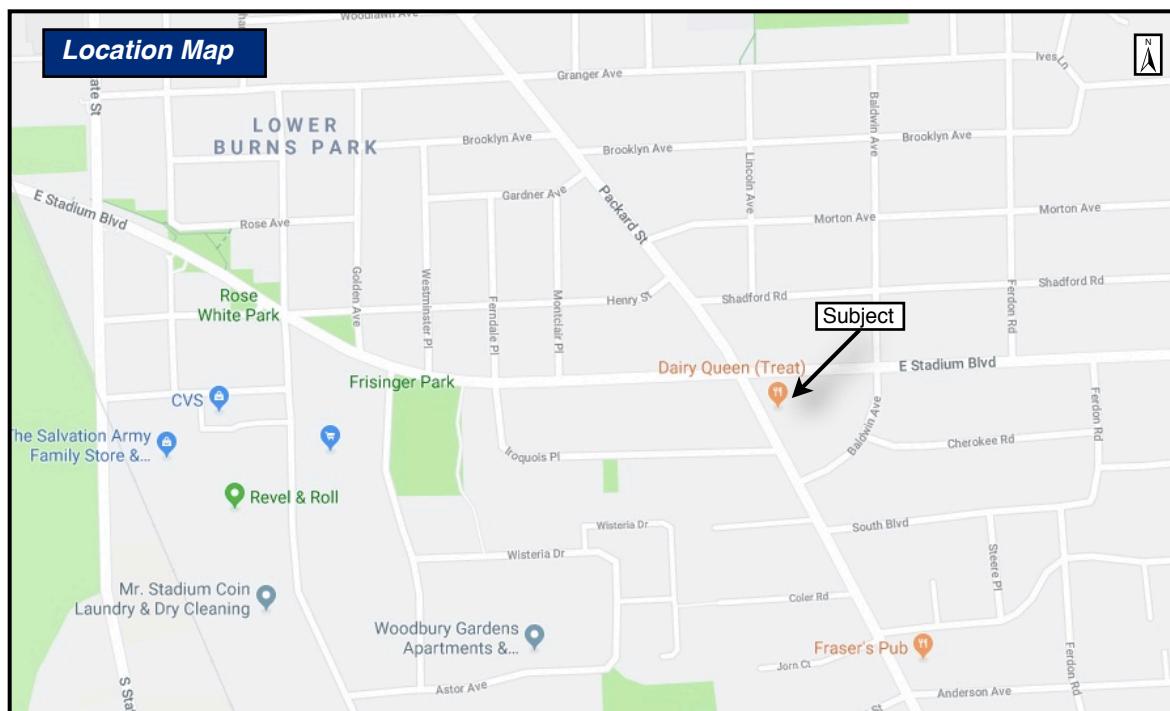
The local economy in Washtenaw County, greater Ann Arbor, and surrounding communities historically improved in the early aughts with an increasing employment base owing to a diverse local economy anchored by the University of Michigan, health care, and a variety of high-tech, research and development businesses. Washtenaw County and greater Ann Arbor have historically been insulated from cyclical economic conditions owing to their more diverse employment base. The appraisal property lies in the Kerrytown area, proximate to the central business district the University of Michigan Central Campus. This is an area that is dominated by retail and office uses, interspersed with residential uses. 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 appraisal property's location—proximate to both the University of Michigan and Ann Arbor's Downtown Central Business District—is considered ideal for a wide variety of users.

Location and Neighborhood

The subject property is located in the city of Ann Arbor, Michigan. The city is bordered to the south by Pittsfield Township, at the west by Scio Township, Ann Arbor Township to the north and by Superior, Ypsilanti and Pittsfield Townships along the eastern boundary. As



shown in the following map excerpt, the subject is located on the south side of E. Stadium Boulevard, just east of Packard Street, in the east-central region of Ann Arbor.



In the vicinity of the subject, E. Stadium Boulevard is five-lane connecting corridor which segues into Washtenaw Avenue less than one mile to the east. About one mile to the west, Stadium Boulevard glides past Michigan Stadium and the nine-hole Ann Arbor Golf & Outing Club. It continues past Pioneer High School and proceeds on a northwest basis providing access to the western region of the city. To the east, Washtenaw Avenue is the city's predominant commercial corridor with an array of small-to-big box occupancies, as well as in-line spaces. National and local retail and personal service entities, along with numerous restaurants line the corridor which junctions with the US-23 expressway, or provides continuous passage into the city of Ypsilanti.

The subject neighborhood is fully developed and urban in nature, proximate to the institutional backdrop of the University of Michigan, which stretches between the southern and northern reaches of the city. Though there is little growth in the subject's immediate area 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. The subject area is characterized as stable with some instances of redevelopment or infill building. A canvass of the Ann Arbor Multiple Listing Service denotes existing homes with sales pricing in the upper-\$300,000 to \$800,000,



with an average in the mid-\$500,000 range. Deviation in pricing owes to more modest pricing proceeding southward and more expansive pricing heading northward. Price points on primary arteries is mixed owing to varying size and overall maintenance of the properties.

The Central Business District is found about 1.5 miles northwest of the subject with an eclectic mix of eateries and boutique style shopping and personal service occupancies. Patronage is evident with a transient traffic base of commuters, students and residents. Central Campus is solidifies the landscape. Approximately 1.5 miles southwest of the subject is the commercial core surrounding Briarwood Mall and numerous high rise office occupancies, hotels and light industrial uses.

Interstate-94, is accessed 1.5 miles southwest of the subject property, along the State Street and Ann Arbor-Saline Road interchanges. I-94 is an east/west interstate connecting the cities of Ypsilanti, Dearborn, and Detroit to the cities of Jackson, Battle Creek, Kalamazoo, and Chicago. US-23 is accessed about two miles east along Washtenaw Avenue. US-23 is a main north-south expressway connecting the cities of Ann Arbor with cities of Flint and Toledo.

Site Description

A municipal tax plat excerpt is shown below.





The subject site area, according to information provided by the client, is 0.75 acres, or 32,804 square feet. It is an irregular-shaped rectangle with 235 feet of frontage along the south side of Stadium Road with a maximum depth of about 185 feet. Topography is level and at road grade. Soils are conducive to development and there are no encroachments or restrictions to the property.

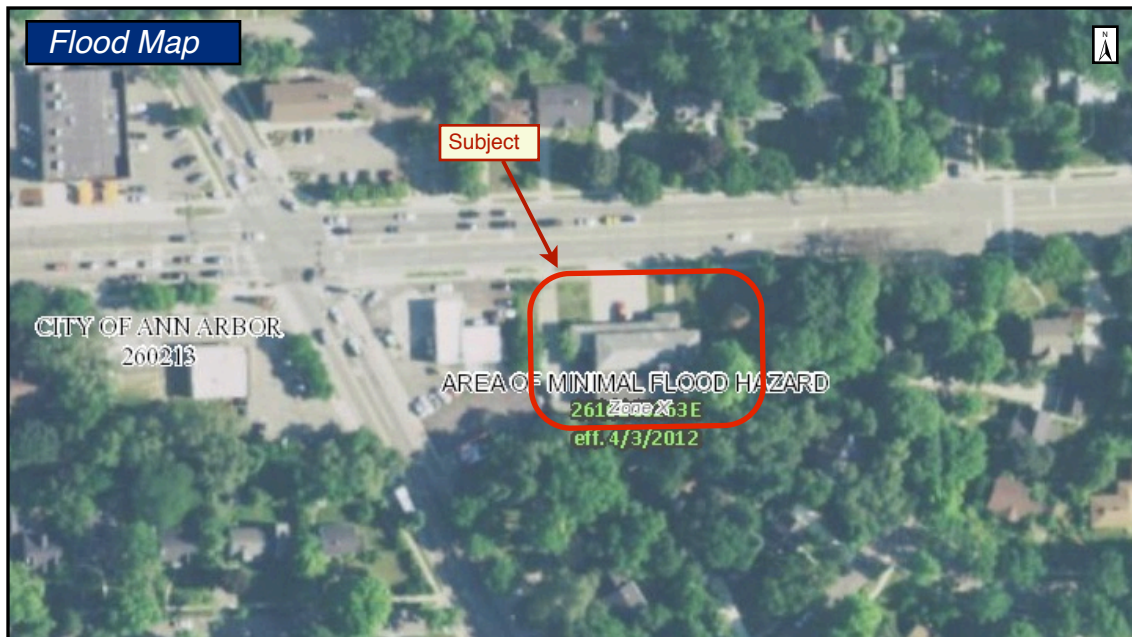
Soils are Fox sandy loam, with slopes up to 2.0 percent. This soil coverage extends outward to adjoining lands. Given this, along with historical buildout over the parcel, the soils are deemed suitable for development, in tandem with the underlying zoning designations.

A2 Auto Center and Dairy Queen are adjacently west and residential uses stem to the south, north and east.

All utilities are available to the site that include municipal water and sanitary sewer, electrical, natural gas and telephone services.

Flood Hazard

According to the Federal Emergency Management Agency (FEMA), Panel #26161C0263E, effective April 3, 2012, the subject property lies in Zone X, a minimal flood hazard area.





Zoning

As shown below, the subject property is within an area zoned R1C, Single Family Residential District.



As taken from the City of Ann Arbor Zoning Ordinance, the intent of the district is to “encourage the preservation and continuation of the longstanding residential fabric in existing neighborhoods of predominantly Single Family Dwellings, along with other related facilities that serves the residents in these districts.”

Permitted uses include, but are not limited to, single-family dwellings, foster care homes and schools.

Special Exception uses may include religious occupancies, adult and child day care, private schools and outdoor recreation.

The future land use of the property is for continued Single Family Detached use.

The Dimensional Standards for detached development are shown in the following table.



TABLE 5:17-1: SINGLE-FAMILY RESIDENTIAL ZONING DISTRICT DIMENSIONS									
NOTE: The requirements in this table may be superseded by the standards in Section 5.18 .									
DISTRICT	MINIMUM LOT AREA PER DWELLING UNIT (SQ. FT.)	BUILDING SPACING	REQUIRED SETBACK (FT.)				MAXIMUM HEIGHT (FT.)	MINIMUM GROSS LOT DIMENSIONS	
			MINIMUM FRONT	MINIMUM ON ONE SIDE	MINIMUM TOTAL OF TWO SIDES	MINIMUM REAR		AREA (SQ. FT.)	WIDTH (FT.)
AG	100,000		40 [A][B]	10% of Lot Width	20% of Lot Width	50	30	100,000	200
R1A	20,000	[C]	40 [A]	7	18	50	30	20,000	90
R1B	10,000	[C]	30 [A]	5	14	40	30	10,000	70
R1C	7,200	[C]	25 [A]	5	10	30	30	7,200	60
R1D	5,000	[C]	25 [A]	3	6	20	30	5,000	40
R1E	4,000	[C]	15 [A]	3	6	20	30	4,000	34

NOTES:
 [A] Also see additional regulations in Section 5.18.5 (Averaging an Established Front Building Line).
 [B] For roadside stands only the minimum is 30 ft.
 [C] Where more than 1 residential Structure is to be constructed on a Lot in the R1 districts, or where dwellings are served by a private street under the provisions of Section 5.21 , the following placement regulations shall also be applied: (a) The minimum spacing between Buildings shall be twice the minimum required side setback dimension of the zoning district in which the Lots is located; (b) A minimum rear setback of 30 feet must be provided between the rear of a residential Structure and the adjacent (nearest) Lot Line; (c) A minimum front setback of ten feet must be provided between all Structures and the private street pavement.

Under the R1C District, a 7,200 square foot minimum site with 60-foot lot frontage is required. Without consideration for setbacks, any easements or roadways, the maximum development potential is with four detached single family units.

As requested by the client, we will also provide analysis of the subject under presumption of an R3, Townhouse Dwelling District zoning designation and an R4B Multiple-Family Dwelling District.

The R3 District is “intended to permit attached dwelling units to be arranged side by side in a low-density, multiple-family dwelling fashion. These developments are most appropriate in the established areas of the City for infill purposes and perimeter areas of the City for large developments...” Within the District two-family dwelling units and student housing may also be appropriate, depending upon fit within the neighborhood.

The R4B District encompasses two-family and townhouse units, as well as stacked multiple family units. The District is “intended to allow small tracts of land in established areas for infill purposes or medium sized tracts of land for moderate-sized developments.”

The pertaining dimensional standards are shown in the following table.



TABLE 5:17-3 MULTIPLE-FAMILY RESIDENTIAL ZONING DISTRICT DIMENSIONS												
NOTE: The requirements in this table may be superseded by the standards in Section 5.18 .												
DISTRICT	MAXIMUM DENSITY (DWELLING UNITS PER ACRE)	MINIMUM LOT AREA PER DWELLING UNIT (SQ. FT.)	MINIMUM OPEN SPACE (% OF LOT AREA)	MINIMUM ACTIVE OPEN SPACE PER DWELLING UNIT (SQ. FT.)	REQUIRED SETBACK (FT.)					MAXIMUM HEIGHT (FT.)	MINIMUM GROSS LOT DIMENSIONS	
					MINIMUM FRONT	MAXIMUM FRONT	MINIMUM SIDE	MINIMUM BUILDING SPACING	MINIMUM REAR		AREA (SQ. FT.)	WIDTH (FT.)
R3	10	4,300	65	300	15	40	20 plus [A] and [B]	20	30 plus [A] and [B]	35	21,780	120
R4A	10	4,300	65	300	15	40	20 plus [A] and [B]	20	30 plus [A] and [B]	35 or 45 [C]	21,780	120
R4B	15	2,900	55	300	15	40	12 plus [A] and [B]	20	30 plus [A] and [B]	35 or 45 [C]	14,000	120
R4C	20	2,175	40	300	25 [D]	None	12 plus [A]	20	30 plus [A]	30	8,500	60
R4D	25	1,740	50	300	15	40	30 plus [A] and [B]	20	30 [A] [B]	120	83,000	200
R4E	75	580	40	150	15	40	10 plus [A]	20	30 plus [A] and [B]	None	14,000	120
R6	N/A	10 times the Floor Area for	None		40	None	20	None	30	15; 12 for Acces-	170,000	100

Under the R3 District, a minimum allocated lot area per dwelling unit is 4,300 square feet, and a maximum density of 10 units per acre. This allows a potential development of 7 units for the subject property.

Under the R4B District, a minimum ground area per dwelling unit is 2,900 square feet, thus permitting a maximum density of 15 units per acre. Thus, the subject has a development potential of 11 units.

Development scenarios pertaining to the R3 and R4B District were provided by the client and set forth at exhibit A.

Environmental Hazards

The appraisers did not detect the presence of obvious signs of contamination on the site as a result of our physical inspection. Notwithstanding the foregoing, the appraisers specifically note that the recognition, detection or measurement of contamination is outside the scope of this appraisal assignment and his professional expertise. Consequently, the value opinion



expressed herein is predicated on the the findings cited herein. If alternative findings are set forth, the marketability and/or value of the property as expressed herein may be impacted.

Assessed Valuation and Taxes

According to General Property Tax Law for the state of Michigan, real property tax liability is calculated by multiplying the municipal millage rate by the Taxable Value of the property. The concept of Taxable Value was historically implemented to limit the amount of property tax increase in a given year to 5.0 percent or the rate of inflation, whichever is less.

According to the City of Ann Arbor Assessor, the subject is tax exempt. Upon transfer of ownership, the property would be re-evaluated and placed upon the assessment rolls for future tax years. However, with future ownership by a qualifying tax exempt institution, it would be the entity's responsibility to apply for independent tax exempt status with the City

Easements and Deed Restrictions

The appraisers have been provided with title work pertaining to the subject property. The commitment was issued by Absolute Title, Inc., and dated June 19, 2019. Based upon the title work, it does not appear that there are any easements or outstanding liens and encumbrances that may preclude clear title or adversely affect the subject's market value. For the purposes of this appraisal, it is presumed that any easements or restrictions to clear title consist only of typical utility easements that do not preclude normal development of the site and have no influence on the subject's market value.



ANALYSIS OF VALUE

Current Market Conditions and Trends

National

According to the most recent University of Michigan's Research Seminar in Quantitative Economics, for March 2019, "Real GDP grew by 2.9 percent in 2018, the strongest reading in thirteen years. Over 2019 - 2020, we expect GDP growth to decelerate as the temporary boost from the tax cuts and federal spending fades. Our forecast assumes de-escalation of trade tensions with China and no new tariffs on other nations.

The initial estimate of real GDP growth in the fourth quarter of 2018 showed a deceleration to a 2.6 percent seasonally adjusted annual rate, down from 4.2 percent in the second quarter and 3.4 percent in the third quarter. Investment in structures, government spending except for defense, and imports were all drags on GDP growth. The bright spots in the fourth quarter were consumer durables, intellectual property investment, investment in cars, and investment in multi-family residential structures.

The shutdown and the sharp stock market sell-off at the end of 2018 appear to have broken the wave of high confidence the economy had been riding since the 2016 election. Measures of consumer and business confidence worsened in December and January. The stock market, policy uncertainty measures, and confidence indices have been improving recently, alleviating concerns of imminent recession. These recession scares may become more frequent as the economy comes off a fiscal high during 2019.³

More highlights within the March 2019 released RSQE forecast are reported as, "Wage growth continues to improve. As of February, year-over-year average hourly earnings of employees on private non-farm payrolls were growing at a 3.4 percent pace, the strongest reading since April 2009. The unemployment rate temporarily jumped to 4.0 percent in January, largely due to the partial government shutdown. The unemployment rate ticked back down to 3.8 percent in February.

Driven by falling oil prices, headline CPI inflation decelerated considerably in recent months, falling to 1.5 percent year-on-year in February. Core CPI inflation retreated slightly early in 2019, registering 2.1 percent over the prior 12 months in February.

³ University of Michigan. *RSQE*, March 2019



Every year since 2015, strong light vehicle sales in the fourth quarter have been followed by weakness in the next quarter, and this trend has held up so far in 2019. Light vehicle sales averaged 17.5 million units in the fourth quarter of 2018, while the January–February 2019 average was 16.6 million units. Inventories of light trucks appear to be rising. We expect inventory control to occur through production slowdowns rather than growth of incentives in the near term.

The single-family home market suffered multiple setbacks in 2018. Price appreciation eroded affordability, continuing a trend that had been ongoing for several years. Mortgage rates rose to their highest level since 2011 in the fourth quarter of 2018. Slowing sales and rising inventory shifted the housing market balance in favor of buyers, with home price appreciation slowing.

We expect federal government spending to ramp up during the first half of 2019, reflecting fiscal 2018 - 19 federal appropriations making their way into NIPA outlays and a catch-up of spending delayed by the recent partial federal shutdown. The path of spending beyond fiscal 2019 is uncertain and probably not as lavish.

On March 2, the debt ceiling reset to 22 trillion dollars; without action, sequester-level caps will return in fiscal 2020. We expect Congress to address both issues without major drama. Our forecast is for Congress to continue on its current trajectory of increasing spending and ballooning deficits over the next two years.

The stock market dived while financial volatility shot up in December after an interest rate hike and hawkish guidance from the Federal Reserve. By early January the Fed reversed course, with Chairman Powell reassuring markets that the Fed would be flexible with the policy tools at its disposal.

Inflation remains close to the Fed's two percent target, while the labor market tightens somewhat further. As a result, we currently project one 25-basis-point fed funds rate range increase in December 2019, followed by one more in 2020.⁴

2019-2020 Outlook

Calendar-year growth slows to 2.4 percent in 2019 and only 1.8 percent in 2020, as the fiscal boost from lower taxes and higher federal spending wanes.

⁴ Ibid



As the economy slows, so do light vehicle sales. The all-time high of 2016's 17.5 million units is now a distant memory. Total light vehicle sales fall from 17.2 million units in 2018 to 16.8 - 16.9 million units in 2019 - 2020.

Total housing starts barely improve in 2019 - 2020. Single-family home starts stay flat in 2019 and increase only 20,000 units in 2020. We expect multi-family home starts to edge down between 2018 and 2020.

Average monthly non-farm payroll job gains decelerate from about 207,000 job additions per month in 2019 Q1 to 143,000 in 2019 Q4 and to 109,000 at the end of 2020. The unemployment rate continues to decline, falling from 3.9 percent in 2019 Q1 to 3.6 percent at the end of 2019. It stays at that level until the end of 2020.

In 2019, core CPI inflation remains about flat with 2018's 2.1 percent pace and then ticks up to 2.2 percent in 2020. Driven by lower energy prices, headline CPI inflation decelerates to 1.7 percent in 2019. A mild rise in energy prices helps inflation to rise to 2.0 percent in 2020.⁵

Michigan

According to the most recent University of Michigan's Research Seminar in Quantitative Economics, for April 2019, "Michigan has added jobs in every year from 2011 to 2018, resulting in total growth of 555,400 jobs. The pace of job growth has generally slowed over the recovery period, however, from 88,400 job gains in 2011 to 49,400 in 2017. The state added 50,000 jobs in 2018, placing it slightly above that trend.

We forecast Michigan's economy to add 37,000 jobs in 2019 and 26,000 in 2020. Those totals translate to growth rates of 0.8 percent and 0.6 percent, respectively, down from an average of 1.7 percent from 2011 - 2018.

Michigan's unemployment rate has stayed in the 3.9 - 4.0 percent range every month since June 2018, and we expect it to average 3.9 percent in each of the next two years. We see the state's labor force participation rate creeping up to 61.5 percent in that time, but the aging of the state's labor force puts a ceiling on how far it can climb.⁶

⁵ Ibid

⁶ University of Michigan. *RSQE*, April 2019



More highlights within the April 2019 released RSQE forecast are reported as, “Local inflation picked up from 2.1 percent in 2017 to 2.4 percent in 2018, due in large part to the increase in gas and energy prices from mid-2017 through the third quarter of 2018. Energy prices have since tumbled substantially, which we expect to put significant downward pressure on inflation in 2019. Local inflation registers 1.3 percent this year before climbing to 1.9 percent in 2020 as energy prices stabilize.

Nominal personal income growth dipped from 3.5 percent in 2017 to 3.3 percent in 2018 amid a disappointing slowdown in the growth of wages and salaries and proprietors’ income. We see personal income growth accelerating over the next two years to 3.6 percent in 2019 and 4.0 percent in 2020. A rebound in the growth of wage and salary income in 2019 is joined by pickups in the growth of proprietors’ income and property income in 2020.

Real disposable personal income growth held flat at 1.4 percent per year from 2017 to 2018, as higher inflation and slower nominal growth were counter-balanced by a decline in personal taxes driven by the 2017 tax cuts. Real disposable income growth accelerates to 2.2 percent in 2019 as local inflation recedes and nominal income growth picks up. It then dips to 2.1 percent in 2020 with the rebound in local inflation.⁷

More highlights within the November released RSQE forecast are reported as, “Driven largely by higher gas prices, local inflation picks up from 2.1 percent in 2017 to 2.5 percent this year, on pace with the U.S. inflation rate. We see local inflation moderating to 1.9 percent next year and 2.0 percent in 2020, as the recent increase in energy prices recedes into the rearview mirror.

Nominal personal income growth accelerates by two-tenths of a percentage point to 3.76 percent in 2018, helped by strong growth in wage and salary income and a large increase in transfer income. Income growth stays roughly steady in 2019 before jumping to 4.3 percent in 2020. The acceleration that year is driven by a pickup in the wage and salary, proprietors’, and property components of income, reflecting in part the tight labor market and higher interest rates that we foresee.

We also see the growth of real disposable income ticking up two-tenths of a percentage point from 2017 to 2018. Its growth in 2018 is boosted by the decreased burden of federal taxation resulting from the TCJA of 2017. We see real disposable income growth staying roughly flat next year, as local inflation recedes but the boost from the tax cuts fades. Real income growth

⁷ Ibid



jumps by six-tenths of a percentage point in 2020, reflecting faster nominal income growth and stable inflation.”⁸

Local Market

The most notable activity in the Ann Arbor real estate market over the last several years has been the addition of several multi-story apartment towers, the lion’s share of which cater to students, and as saturation occurs, to young professionals. The Central Business District (CBD) has experienced a surge in new development of large- and small-scale luxury condominiums. While such development fosters dense populace in the area, affecting a greater need for goods and services, new development in the city’s Central Business District and South Main Street also displaces small shops because of high values and lease rates.

Thus, while high rise apartment, loft condominiums and street level retail and office redevelopment continues within the CBD, infill and raze and redevelopment of the surrounding neighborhoods also continues. Fresh housing - whether detached or attached, is well patronized with those in closest proximity to the core commanding the most premium pricing.

Since 2015, there has been 5,820 new home permits issued within Washtenaw County. Of these, 2,406 permits - or 41% of the total, have been for units within the city of Ann Arbor. And of those dwelling units, 1,925 permits, or 80% of the total, have been for multiple family units. As previously referenced, these reflect high rise apartment units - primarily targeting the student base and young professionals. As the city moves through infill and redevelopment of its least efficient properties, single family units accounts for only 168 units since 2015. Condominium and duplex configuration account for 313 units - with these types of units providing enhanced density over smaller areas of land.

According to the Ann Arbor Area Board of Realtors, as of August 2019, new single family home listings within the Ann Arbor market decreased 2.4% over the same time, one year prior. However, the average list price increased 3.7% and is \$348,783 compared to \$336,386 in August 2018. Closed single family home sales have decreased 1.6% since last year with 380 units sold. The average sale price, however, increased 2.7% as of August 2019, and is reported at \$341,184. Countering this, the median home price for single family units, as of August 2019, is \$301,250, which is 7.6% higher than the \$280,000 price reported in August 2018.

⁸ Ibid



According to the Board of Realtors, condominium listings also decreased - although to lesser degree, with August 2019 showing a 0.90% decline over one year prior. The average list price, however, posted significant downward movement with a current average list of \$212,483, which is 21% lower than in August 2018. Condominium sales are 24% lower than last year with a current transfer averaging \$209,888, versus \$265,053 one year ago. Following this, the current median price point of \$195,000, which is 12% lower than one year prior. We consider that some of this perceived 'deflation' may be partially explained by the ebb of infill new construction within the CBD over the past several years which may have weighted historical pricing. So too, demand for condominium units may have also softened given the release of new product over the past several years, thus, satisfying the long-noted pent-up demand for product within the CBD. Thus, with a city widely dispersed with numerous various-aged and configured projects, a decline of pricing may be partially explained by current weighted interest to non-CBD inventory.

While the overall single family market has witnessed mild decline in pricing and sales, we note that the Ann Arbor market is one of relative resilience. While nuances of pricing may appear foretelling, it largely owes to the dynamic composition of a market that has been well patronized over the decades with demand supported by a broad base of homebuyers.

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.'⁹

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 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 - physically possible, legally permissible, financially feasible, and maximally productive - are considered in order to determine its highest and best use.

⁹ Appraisal Institute, *The Appraisal of Real Estate*, Thirteenth Edition, Chicago, Illinois, p. 277 - 278.



The property is analyzed “As Though Vacant” and then “As Improved.” This is done in consideration of a premise which states ‘...as long as the value of the property as improved is greater than the value of the site as unimproved, the highest and best use is the use of the property as improved.’¹⁰

The three steps to the highest and best use analysis are as follows:

- (1) Estimate the highest and best use of the site as though vacant and determine whether or not the site should remain vacant or be improved.
- (2) If the site is to be improved, then the second step is to ascertain the ideal improvement for the subject property.
- (3) The final step is to compare the existing improvement to the ideal improvement. At the same time, a decision must be made to modify the improvement or persevere with the property in its present design.

HIGHEST AND BEST USE AS THOUGH VACANT

Physical Possibility

This aspect considers all physical characteristics of the site, with special consideration for any features, which might preclude or enhance development of the property for a particular type of use. The subject is 0.75 acres, with 235 feet of frontage along the south side of E. Stadium Boulevard and a maximum depth of about 185 feet. Based on the site’s smaller size, zoning, and availability of utilities, the site is capable of supporting a limited number of developments. Soils are suitable for development. To the best of the appraiser's knowledge, information, and belief, there are no physical characteristics of the site that would interfere with, preclude, or enhance normal development of the subject.

¹⁰ Ibid.



Legal Permissibility

Legal restrictions, as they apply to the subject property, involve the public restrictions of the present zoning in addition to utility easements. The subject is zoned R1C, with potential for development with four detached dwelling units. The R3 and R4B District allow for attached unit configuration with 7 and 11 developable units, respectively. There are no legal barriers to allowable uses within the cited districts.

Financial Feasibility

Of the permitted uses to the site all would produce income greater than that needed to satisfy operating expenses. However, it is difficult to say with certainty without benefit of plans, specifications, or costs for a proposed project. The subject is located within an established residential area with immediate proximity to the Central Business District, Central Campus and the commercial corridor of Washtenaw Avenue. With the parcel's configuration, location and permissible densities, we consider that an infill residential use would provide the most optimal development and return.

Maximally Productive

Of the possible uses to the site, development for a residential use as allowed under the R1C, R3 and R4B zoning designations would be considered the maximally productive use of the site.

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 the selection of the procedures and techniques to be used in a valuation, the appraiser must consider the strength of the valuation approach and the nature of the subject property and choose those approaches, which will produce supportable estimates of market value. The three approaches and their appropriateness in this valuation are separately discussed below.



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 resultant estimated net operating income (NOI or I_0) is then capitalized into an indication of value using a market related overall capitalization rate.

The subject is vacant land with no income stream to consider. As such, the income approach will not be utilized.

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, ‘... affirms that a knowledgeable buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility....’¹¹

There are no building improvements to consider. Therefore, the appraisers will not use the cost approach in this valuation.

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

The sales comparison approach, is defined as ‘[an] opinion of value by analyzing closed sales, listings, or pending sales of properties.’¹²

¹¹Appraisal Institute, *The Appraisal of Real Estate*, Thirteenth Edition, Chicago, Illinois, p. 380.

¹²Ibid, p. 297.



The sales comparison approach is typically used in valuing vacant parcels of land, such as the subject, when there is an adequate amount of reliable sale information for comparable properties. Because we do have comparable sales data within the subject market, this approach will be utilized in this analysis.

As-Is Market Value

In the current ‘as-is’ valuation of the subject property, the appraisers will use the sales comparison approaches to value.

Dates of Valuation

The current ‘as-is’ valuation date is September 11, 2019.

As-Is Market Value - R1C Zoning Designation

The sales comparison approach is based on the principle of substitution. This approach has its greatest value in appraisal situations involving land or improved properties within a particular area that have common elements and similar amenities. In the absence of sales with sufficient similarity to allow direct comparison, other reasonably similar improved properties are considered, because they provide a range of unit prices within which the current real estate market is operating and within which the appraised property would be expected to sell. Several units of comparison can be used depending upon the type of property that is being appraised. A typical unit of comparison most recognized by the market for residential land is the sale price-per-square-foot of land area and sale price-per-unit. The per-unit indicator works well in a density-sensitive analysis when the number of developable units is known. This is the unit of comparison used in this analysis. The significant items of comparisons are the transaction and physical items shown as follows:

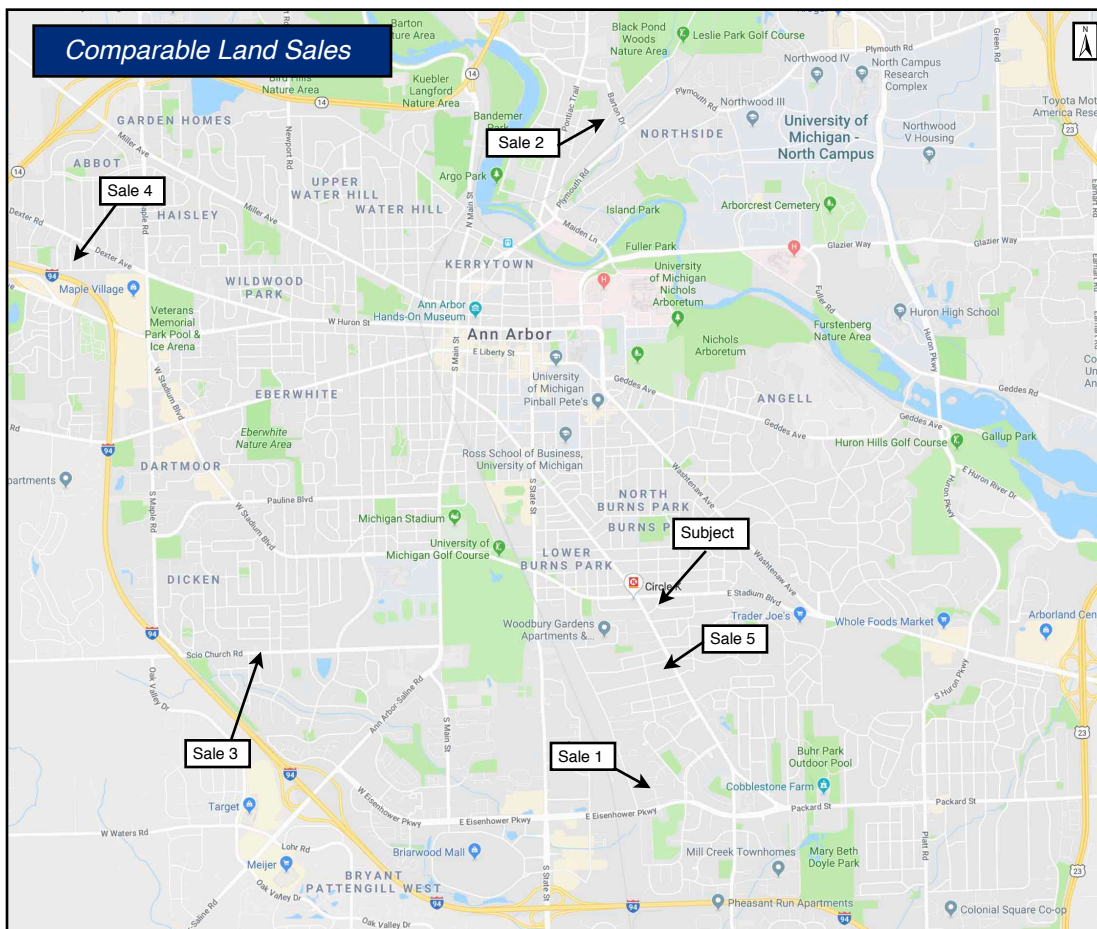
Transaction Items	Physical Items
Buyer Expenditures	Size (Number of Units)
Property Rights	Location
Financing Terms	Zoning / Density / Unit Size
Market Conditions	Site Characteristics
Conditions of Sale	

All of the comparables are located within the city of Ann Arbor, with access to municipal utilities.



The adjustments to the comparable properties are delineated in sales grid--where an element of comparison was considered superior to the subject, the comparable sale price was adjusted downward; where an element of comparison was considered inferior to the subject, the sale price was adjusted upward. Any differences that have an economic influence on market value between the sales data and the subject property are quantified through several comparison techniques. The preferred adjustment method is matched-paired analysis. A match pair represents two sales that are nearly identical to each other in all respects except for one variable. Any difference in value, therefore, is attributable to this variable difference. When matched pairs are not available, the appraisers must exercise judgment and determine general market trends for applying adjustments. Other techniques may include qualitative analysis, ranking analysis, and adjustments based on contributing cost differences.

A location map is presented below followed by the comparable data and the adjustment grid.





Sale 1

MARKET DATA

Vacant Single Family Development Sale



Photograph Date:

Location: SS Jewett, Between Industrial Road and Packard Street, Ann Arbor, Washtenaw

Sale Date: October 2018

Sale Price: \$265,000 Cash to mortgage

Purchaser: KLA Development, LLC

Seller: Laura Wolf

Site: The rectangular site contains 0.92 acres, or 39,874 square feet. There is 145 feet of frontage along the south side of Jewett Road, and a depth of 275 feet. Topography is level and lightly treed. Immediate land uses are residential and the Clonlara school located across Jewett. Commercial and industrial emanating from Industrial Road begin 72 feet to the west.

Zoning: R1B - Single Family Dwelling District (10,000 SF min., 70-foot front)

Utilities: All Municipal

Tax Code: 09-12-04-204-008 and -009

Occupancy: Vacant

Comments: In conjunction with a transfer of 126 feet from the southerly neighbor, the two parcels were subdivided into four 10,000 SF building sites. An easement roadway will extend centrally.

There is a 746 SF house that will be demolished in conjunction with redevelopment. The estimated demo cost is \$5,000 and no included within the cited price.

The property sold previous in 2008 for \$148,000.

Source: City of Ann Arbor Department of Assessment and Planning

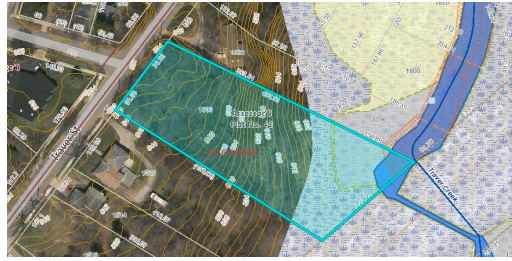
Indicators: \$ 6.65 per square foot
\$ 66,250 per unit



Sale 2

MARKET DATA

Vacant Single Family Development Sale



Photograph Date:

Location: 1600 Traver Road, Ann Arbor, Washtenaw County, MI

Sale Date: June 2017

Sale Price: \$240,000 Cash

Purchaser: Wickbridge Traver, LLC

Seller: Golden-Traver, LLC

Site: The trapezoidally-shaped site, comprising 1.74 gross acres, which appears to be net of road right-of-way, has 168.01 feet of frontage on the east side of Traver Street, with a maximum depth of 492.53 feet at its northern border. Topography slopes downward the length of the site with an approximate 50-foot elevation change, culminating at the east side of the site and the west side of a railroad right-of-way with Plymouth Road beyond. Coverage is lightly wooded with Traver Creek and related floodway and floodplain traversing the northeast corner of the site. Scaled wetlands, overlapping the flood hazard area and extending westward, encompass 0.56 acre, or 32 percent of the site. The property is master-planned for single- and two-family uses within the Northeast Future Land Use map.

Zoning: R1C, One Family Dwelling District (7,200 sf min./ 6 UPA)

Utilities: All Municipal

Tax Code: 09-09-21-208-014

Exposure Time: 24 months

Occupancy: Vacant

Comments: The listing broker advises that the purchaser intends to develop six single-family lots in a cluster project toward the front of the site so that topographical slopes and wetlands do not become a development issue. The planned density equates to 3.45 units per gross acre, or 5.08 units per useable acre, net of wetlands. The property was exposed to the market for about two years, during which time the asking price was reduced. Liber 5211/ Page 460; 2017 SEV: 113,700; 2017 TV: \$113,700; TCV: (FMV): \$227,400; 2017 Non-Homestead millage rate: \$62.3118 per thousand dollars of taxable value.

The parcel was subsequently subdivided into 4 sites (2 front - 2 back) with one road-fronting unit (0.30-acre) selling in July 2019 for \$150,000. The two rear sites are 0.62 and 0.69 acres, which encompasses wetland area.

Source: Richard Timmons, Colliers International, (734) 944-5703

Indicators: \$ 3.17 per gross square foot

\$ 4.67 per net square foot

\$60,000 per single-family unit



Sale 3

MARKET DATA

Vacant Single Family Site Sale



Photograph Date:

Location: 1780 Scio Church Road, Ann Arbor Township, Washtenaw County, MI

Sale Date: June 2019

Sale Price: \$315,000 Cash to mortgage

Purchaser: Undisclosed

Seller: Capovista, LLC.

Site: The site has 137.48 feet of frontage along the north side of Scio Church Road with an effective depth of approximately 233 feet, and is located just west of Main Street. The site is rectangular in shape, containing 0.736 acres or 32,060 gross square feet.

Zoning: RH (Likely R1C Upon Annexation - 7,200 SF min.)*

Utilities: All Municipal (Upon Annexation)

Tax Code: I-09-31-475-002

Exposure Time: 1 months

Occupancy: Vacant

Comments: The asking price was \$349,900, selling at a 10% discount. The property was purchased with an old house located on site, containing approximately 1,849 square feet, along with another vacant unheated home in disrepair containing approximately 698 square feet, and a 368 square foot tool shed. The site listing emphasized the possible demolition of the current improvements and the development of four separate single-family homes. Upon annexation into the City of Ann Arbor with improvement charges anticipated to be \$5,000 per lot or \$20,000.

* Ann Arbor Master Plan - West Area, Single and Two-Family Residential

Source: Ann Arbor MLS, Broker, Rene Papo, Capulet Realty

Indicators: \$9.83 per square foot

\$11.29 per net square foot

\$78,750 per potential unit (4)



Sale 4

MARKET DATA

Vacant Single Family Development Sale



Photograph Date:

Location: WS Glenwood Street, S of Dexter Avenue, Ann Arbor, Washtenaw County, MI

Sale Date: April 2019

Sale Price: \$259,200 Cash to mortgage

Purchaser: Jamie Galimberti & Sarah Gardner

Seller: Richard Bates & Jean Bona

Site: The rectangular site contains 0.44 acres, or 19,200 square feet. There is 120 feet of frontage along the west side of Glenwood Street, and a depth of 160 feet. Topography is level and lightly treed. Immediate land uses are residential.

Zoning: R1C - Single Family Dwelling District (7,200 SF min., 60-foot front)

Utilities: All Municipal

Tax Code: 09-08-24-405-012

Occupancy: Vacant

Comments: There is a 1,250 SF house that will be demolished in conjunction with lot division. Each lot will be 60 x 160 (9,600 SF). The estimated demo cost is \$5,000 and not included within the cited price.

Source: City of Ann Arbor Department of Assessment and Planning

Indicators: \$ 129,600 per unit
\$ 13.50 per square foot
L5301 P133



Sale 5

MARKET DATA

Vacant Single Family Site Sale



Photograph Date:

Location: ES Stone School Road, N of Eisenhower Parkway, Ann Arbor, Washtenaw County, MI

Sale Date: April 2017

Sale Price: \$111,500 Cash to mortgage

Purchaser: Patrick & Candace Flannery

Seller: Thomas Owens

Site: The rectangular site contains 0.81 acres, or 35,346 square feet. There is 137 feet of frontage along the east side of Stone School Road, and a depth of about 255 feet. Topography is level and clear. Immediate land uses are residential and Stone School Park is across the street.

Zoning: R1B - Single Family Dwelling District (10,000 SF min., 70-foot front)

Utilities: All Municipal

Tax Code: 09-12-03-309-036

Exposure Time: .30 months

Occupancy: Vacant

Comments: The parcel was subsequently annexed into the city of Ann Arbor from Pittsfield Township and the existing house demolished. Annexation and improvement fees, along with demo costs are estimated at \$10,000 and not included in the sale price.

A single family home was constructed in 2018. We note that any subdividing of the parcel would have been subject to a variance by the City as it lacks sufficient frontage. It was marketed with possibility of "multiple family use, if approved by the City." Such designation defies the future land use for the area.

The list price was \$90,000 with ensuing cash sale at \$111,500, with only 9 days on the market.

Source: City of Ann Arbor Department of Assessment

Indicators: \$ 2.80 per square foot

\$ 111,500 per unit



Vacant Land Analysis - R1C Single Family Residential District

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price		\$265,000	\$240,000	\$315,000	\$259,200	\$111,500
Size - Number of Units	4	4	4	4	2	1
Date of Sale		Oct-18	Jun-17	Jun-19	Apr-19	Apr-17
Buyer Expenditures		\$5,000	\$0	\$10,000	\$5,000	\$10,000
Property Rights		=	=	=	=	=
Financing Terms		=	=	=	=	=
Conditions of Sale		=	=	=	=	=
Market Conditions		3.33%	8.67%	0.67%	1.33%	9.33%
Adjusted Price-Per-Unit		\$69,750	\$65,200	\$81,792	\$133,861	\$132,840
Acreage	0.75	0.92	1.74	0.74	0.44	0.81
Size - Number of Units	4	4	4	4	2	1
Adjustment		=	=	=	-5%	-10%
Location	E Stadium	Jewett	Traver	Scio Church	Glenwood	Stone School
Township / City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
County	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw
School District	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		+25%	+15%	+15%	+15%	+30%
Zoning / Density / Unit Size	R1C - 6 UPA - 7,200 SF	R1B - 4 UPA - 10,000 SF	R1C - 6 UPA - 7,200 SF	R1C - 6 UPA - 7,200 SF	R1C - 6 UPA - 7,200 SF	R1C - 6 UPA - 7,200 SF
Developed Density	8,200 SF / 6 UPA	10,000 SF / 4 UPA	18,950 SF / 2.3 UPA	8,000 SF / 5 UPA	9,600 SF / 4.5 UPA	35,346 SF / 1 UPA
Adjustment		-3%	-10%	=	-2%	-30%
Access and View	Below Average	Average	Average	Average	Average	Average
Adjustment		-5%	-5%	-5%	-5%	-5%
Site Characteristics	Level, rect.	Level, clear, rect	Wooded, sloping, rect	Level, few trees, rect	Level, clear, rect	Level, clear, rect
Adjustments		=	-5%	=	=	=
Gross Adjustments		+33%	+35%	+20%	+27%	+75%
Net Adjustments		+17%	-5%	+10%	+3%	-15%
Final Adjusted Price Per Unit		\$81,600	\$61,900	\$90,000	\$137,900	\$112,900

All Comparables	
Low	\$61,900
High	\$137,900
Average	\$96,900

Adjustments

Buyer Expenditures - Buyer expenditures that are typically associated with land sales can include demolition of improvements, annexation fees, and soil mitigation costs. Sales 1 and 4 are adjusted for demolition of residential dwellings with no contributing value. Sales 3 and



5 are adjusted upward to reflect annexation fees and demolition expense of the parent parcel. To the best of our knowledge, there are no other expenditures to consider.

Property Rights -- The fee simple title interest to the subject property is being appraised. The comparable sales conveyed fee simple title interest and no adjustments are required.

Financing -- All of the comparables sales were purchased with cash to the seller or short-term land contracts with typical market 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 made.

Market Conditions -- The overall market for residential property within the city of Ann Arbor has witnessed significant rekindled growth over the past several years. Thus, each sale is warranted a 4.0 percent annual adjustment, stemming from the date of transfer through the date of valuation.

Size - Number of Units - The subject is envisioned with four developable units. Sales 1, 2 and 3 were each divided into four developable units, and are similar in development size to the subject and no adjustments are made. Sale 4 comprises two units and downward adjustment is made. Sale 5 represents a single unit and is also adjusted downward.

Location - Location adjustments are made taking into consideration accessibility, local economies, demographic trends, and neighborhood real estate values. All of the comparables are located within the peripheral region of the city of Ann Arbor. However, each is warranted varying degree of upward adjustment given superior locational aspects of the subject as well as strength of housing values within the subject area.

Zoning / Density / Unit Size -- The subject is appraised under an R1C designation with minimum 7,200 square foot building sites. Given the parcel size and subdivision into four units, the average site size is 8,200 square feet while maintaining its overall density of the district. Sale 1 has an R1B zoning which stipulates larger 10,000 square foot building sites and a maximum density of four units-per-acre. This is the achieved development scenario. Slight downward adjustment recognizes the individual homesite sizing being larger than the subject. Sale 2 is zoned R1C, similar to the subject. However, it was limited to four developable units with rear wetlands incorporated into two of the building sites. Recognizing larger average site sizing, downward adjustment is made. Sale 3 is zoned R1C and was acquired for subdivision with four building sites similar in size to the subject and a private easement drive. No adjustment is required. Sale 4 is zoned R1C and was subdivided into two units with larger unit sizing. Thus, downward adjustment is made. Sale 5 is also zoned



R1C. However, it was acquired for buildout of one building site and a much larger supporting site size of 35,346 square feet. Thus, downward adjustment is warranted.

Access and Views: Adjacently west of the subject are small commercial uses that are currently buffered by trees and fencing and thus appear nominally encroaching to the larger parcel. However, the subject is located along Stadium Boulevard, a five-lane transient thoroughfare. Subdividing the subject into four road fronting homesites may not offer the most optimal development scenario owing to deficient road frontage, and also municipal stance at having four drive approaches in tight proximity to the intersection. Variances may be required. Alternatively, and likely with greater homeowner appeal would be a single cul-de-sac private drive with four subdivided parcels stemming from it. This may negate some of the main road influence and allow landscape buffering along the roadway. And while the two siding sites may be less favored, the two base units would be considered premium. From this, we make a tempered downward adjustment to each of the comparables, which are located along more mildly traversed roadways.

Site Characteristics: The subject parcel is level and at road grade with a clear cover. Sales 1, 3, 4 and 5 have level and fairly clear topographies, thus, being similar to the subject. Sale 2 has a sloping wooded cover with greater lure for a residential home buyer and downward adjustment is made.

Summary and Conclusion

The appraisers have considered all the presented sales and have made adjustments for various differentials. The adjusted sales indicate a range from \$61,900 to \$137,900, with an average of \$96,900 per unit. At the upper end of the range is Sale 4. It was acquired with intent to demolish the existing house and subdivide the parcel into two units. It is also one of the most recent transfers. At the lower end of the range is Sale 2. It was acquired with intent to develop six clustered building sites. However, it was ultimately subdivided with four sites. Discounting these two indicators and the average is \$94,800 per unit. Sales 1, 2 and 3 were each acquired for division to four buildable units of which we acknowledge that site development into the parcels for infrastructure is necessary. They average \$77,800 per unit. Sale 4 entails subdividing of what had been a 'double' lot, with both units having independent road frontage. Thus, with independent road frontage and side-by-side configuration, costs are limited. Sale 5 is a larger lot, yet acquired for a single homesite. Sales 3 and 4 are the most recent transfers, and together are at the upper end of the range. Sale 3 required the least amount of gross adjustment.

The subject's larger neighborhood is a solid market of well-patronized homes and increasing property values as one progresses northward. There is an active market for homes along



Stadium Boulevard, and given the lack of developable land within the immediate area, the subject would be well received with contemporary improvement. Based upon the data, and given the lack of vacant or potential redevelopment land within the immediate area, we opine to a per unit market value of \$95,000 per unit. Thus,

$$4 \text{ developable units @ } \$95,000 \text{ per unit.} = \$380,000$$

In summary, we consider the market value of the fee simple title interest in the subject property, under its R1C zoning designation and capacity to host four developable units, as of September 11, 2019 is:

Three Hundred Eighty Thousand (\$380,000) Dollars.

The value estimate herein is made subject to the “General Assumptions and Limitations of Appraisal,” “Extraordinary Assumption” and “Hypothetical Conditions” noted at the eponymously titled sections of this report.

As-Is Market Value - R3 Zoning Designation

The sales comparison approach is based on the principle of substitution. This approach has its greatest value in appraisal situations involving land or improved properties within a particular area that have common elements and similar amenities. In the absence of sales with sufficient similarity to allow direct comparison, other reasonably similar improved properties are considered, because they provide a range of unit prices within which the current real estate market is operating and within which the appraised property would be expected to sell. Several units of comparison can be used depending upon the type of property that is being appraised. A typical unit of comparison most recognized by the market for residential land is the sale price-per-square-foot of land area and sale price-per-unit. The per-unit indicator works well in a density-sensitive analysis when the number of developable units is known. This is especially relevant with multiple family land whereby housing units are of attached or stacked-unit configuration. This is the unit of comparison used in this analysis.



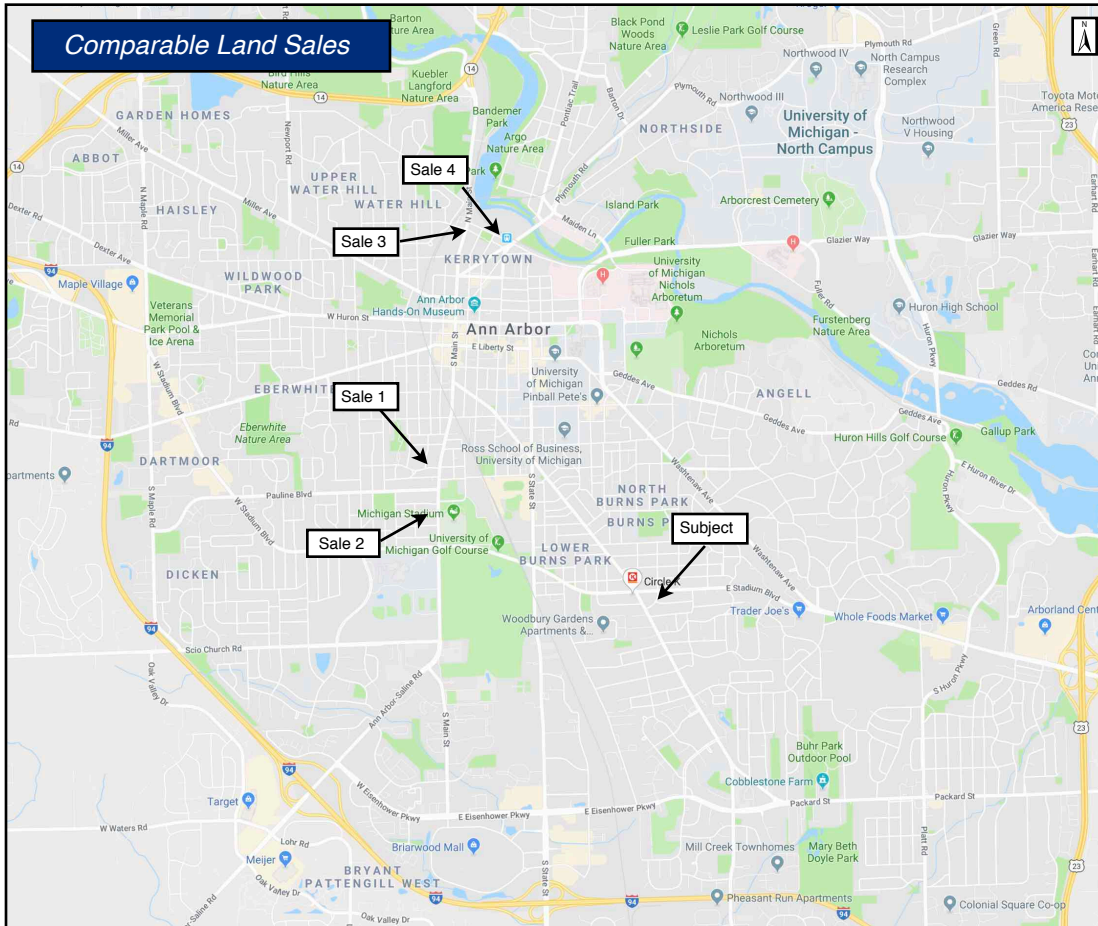
The significant items of comparisons are the transaction and physical items shown as follows:

Transaction Items	Physical Items
Buyer Expenditures	Size (Number of Units)
Property Rights	Location
Financing Terms	Zoning / Density / Unit Size
Market Conditions	Site Characteristics
Conditions of Sale	

All of the comparables are located within the city of Ann Arbor, with access to municipal utilities.

The adjustments to the comparable properties are delineated in sales grid--where an element of comparison was considered superior to the subject, the comparable sale price was adjusted downward; where an element of comparison was considered inferior to the subject, the sale price was adjusted upward. Any differences that have an economic influence on market value between the sales data and the subject property are quantified through several comparison techniques. The preferred adjustment method is matched-paired analysis. A match pair represents two sales that are nearly identical to each other in all respects except for one variable. Any difference in value, therefore, is attributable to this variable difference. When matched pairs are not available, the appraisers must exercise judgment and determine general market trends for applying adjustments. Other techniques may include qualitative analysis, ranking analysis, and adjustments based on contributing cost differences.

A location map is presented below followed by the comparable data and the adjustment grid.





Sale 1

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Common Name: Crestview Condominiums

Location: 904 S. Main Street, Ann Arbor, Washtenaw County, Michigan

Sale Date: November 2016

Sale Price: \$550,000 Cash or Equivalent

Purchaser: Cabrio on Main, II, LLC

Seller: F.S.G.Y., LLC

Site: The subject site is rectangular-shaped and contains 0.28 acres, or 12,197. The site has about 61 feet of frontage on the west side of Main Street and 188.65 feet of frontage on the south side of W. Davis Avenue. Topography slopes upward to the west from Main Street.

Zoning: R4C, Multiple Family Residential (Max Density 20 Units / Acre)

Utilities: All Municipal

Tax Code: 009-09-32-205-003

Occupancy: 100% Occupied

Comments: The property is occupied by a 2,280 square foot rooming house, built in 1907. Demolition costs are estimated at \$10,000.

The site is being developed with four townhouse units. End units are 2,823 SF and interior units 2,801 SF. Base pricing is \$899,000 and \$879,000, respectively. Three units were committed to prior to final site plan approval.

Source: M-live, City of Ann Arbor Assessor, Lisa Stelter, Reinhart Realty

Indicators: \$45.09 per square foot

\$1,964,286 per acre

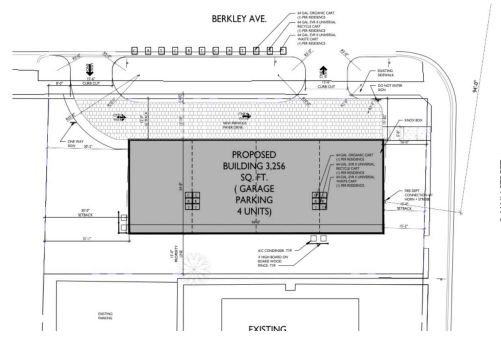
\$137,500 per unit

\$45.91 per square foot after demo costs



Sale 2

MARKET DATA Vacant Multi-Family Development Land Sale



Common Name: Game Day Condominiums

Location: 1300 South Main Street, Ann Arbor, Washtenaw County, MI

Sale Date: September 2015

Sale Price: \$498,500 Cash or Equivalent

Purchaser: WIC, 1300, LLC

Seller: AE Weed, LLC

Site: The rectangular site contains 0.21 acres, or 9,100 square feet. It is located at the southwest corner of South Main Street (65 feet of frontage) and Berkley Avenue (140 feet of frontage). Topography is level.

Zoning: O, Office District

Utilities: All Municipal

Tax Code: 09-09-32-233-001

Exposure Time: 0.4 months

Occupancy: Vacant

Comments: The property sold for full price after 12 days' exposure to the market. It is located across the street from Michigan Stadium. There is a 1,292 square foot, two story conversion building on the property that has been leased. As such, we consider interim income to be offsetting to demolition expense.

The site will be redeveloped with four 'Game Day' attached condominiums. Each unit will have grade level garage with three stories over and rooftop deck.

Permitted uses within the District include offices, studio, hotels and multiple family uses. The maximum building height for residential development is 45 feet.

Source: Bela Sipos, Charles Reinhart Company & City of Ann Arbor, (734) 669-5813

Indicators: \$ 54.78 per square foot

\$ 124,625 per unit



Sale 3

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Common Name: Near North

Location: ES Main Street, S of Summit Street, Ann Arbor, Washtenaw County, MI

Sale Date: November 2018

Sale Price: \$1,830,000 Cash to mortgage

Purchaser: Trowbridge Land Holdings, LLC

Seller: Property Stabilization, Inc

Site: The site contains 1.18 acres, or 51,400 square feet, with about 295 feet of frontage along the east side of Main Street, and a depth along the southern bounds of 139 feet. Topography is level and clear with gradual slope in conjunction with the surrounding terrain.

Zoning: PUD to R4C, Multiple Family Residential Dwelling District

Utilities: All Municipal

Tax Code: 09-09-20-412-041

Occupancy: Vacant

Comments: The site is planned for development with 16 townhouse units with partial below grade foundations that contain a two car garage and flex space. There will be two stories above with optional third floor loft finish. Unit sizing averages 2,757 SF, including flex finish. The parcel had been previously zoned PUD but was rezoned to accommodate the envisioned development.

The original contract was for \$1.9 million but reduced owing to reduced density (16 versus 19 units).

Source: Anthony Randazzo, Trowbridge and Washtenaw County records

Indicators: \$ 114,375 per unit

\$ 35.60 per square foot

L5281 P521



Sale 4

MARKET DATA

Vacant Multi-Family Development Land Sale



Photograph Date:

Common Name: The Garnet

Location: 325 East Summit Street, Ann Arbor, Washtenaw County, MI

Sale Date: January 2018

Sale Price: \$900,000 Cash to mortgage

Purchaser: 325 East Summit Condos, LLC

Seller: East Summit, LLC

Site: The site, configured to a trapezium and assumed to incorporate the eastern 16.5 feet of an abandoned alley at its western border, comprises 0.236 gross acre, which appears to be net of road right-of-way, having approximately 125 feet of frontage on the north side of East Summit Street and 77.5 feet of frontage on the west side of southeast bound Beakes Street. There is a curb cut in the alleyway. Topography is level and at East Summit Street grade; however, Beakes Street is elevated above the subject's eastern border, without access. City records indicate 0.202 gross acre and does not appear to calculate cited alley; title work for vacated alley incorporation to surrounding sites is lost. The property is improved with an office building, that while well maintained, will be demolished in conjunction with redevelopment. Interim use offsets demolition expense.

Zoning: C1A, Campus Business District (200% FAR)*

Utilities: All Municipal

Tax Code: 09-09-20-415-003

Occupancy: Vacant

Comments: The property was not exposed to the open market, with a PA signed in December 2017. The property is subject to a below-market lease of existing improvements for five months, deemed offsetting to time needed to entitle the property for redevelopment, planned for an 10-unit, 18,624-square-foot residential condo building over parking indicating a 181 percent FAR. An underground 14-car garage is included in the plan.

*** As of May 2019, the planning commission recommends approval for rezoning from C1B, Community Convenience Center District to C1A, Campus Business District with a 200% FAR for revised development of a 16,490-square-foot building with 10 residential units and 14 parking spaces, representing a 160% FAR.**

Uses within the C1B (Mixed Use) District include single and multiple family, townhouse and group housing developments, hotels, retail and personal services, restaurants and office uses.

Source: Appraiser File, (734) 994-0554

Indicators: \$ 87.55 per square foot

\$ 54.58 per SF Proposed GBA

\$ 90,000 per unit

Recorded L5250 P500 WCR

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Vacant Land Analysis R3 Townhouse Dwelling District

	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Sales Price		\$550,000	\$498,500	\$1,830,000	\$900,000
Number of Units	7	4	4	16	10
Date of Sale		Nov-16	Sep-15	Nov-18	Jan-18
Buyer Expenditures		\$10,000	\$0	\$0	\$0
Property Rights		=	=	=	=
Financing Terms		=	=	=	=
Conditions of Sale		=	=	=	=
Market Conditions		11.00%	15.67%	3.00%	6.33%
Adjusted Price-Per-Unit		\$155,400	\$144,150	\$117,806	\$95,700
Acreage	0.75	0.28	0.21	1.18	0.24
Number of Units	7	4	4	16	10
Adjustment		=	=	+10%	=
Use		Crestview TH	Game Day	Near North	The Garnet
Location	Stadium	S Main	S Main	Main	Summit
Township / City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
County	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw
School District	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		-35%	-35%	-30%	-20%
Zoning / Density / Unit Size	R3 - 10 UPA - 4,300 SF	R4C - 20 UPA - 2,175 SF	O, Office	R4C - 20 UPA - 2,175 SF	C1B - 1,862 SF
Proposed Density	10 UPA	14 UPA	19 UPA	13 UPA	42 UPA
Adjustment		=	+5%	=	+15%
Site Characteristics	Level, few trees	Level, clear, rect	Level, clear, rect	Level, few trees, slt sloping	Level, rect
Adjustments		=	=	=	=
Gross Adjustments		+35%	+40%	+40%	+35%
Net Adjustments		-35%	-30%	-20%	-5%
Final Adjusted Price Per Unit		\$101,000	\$100,900	\$94,200	\$90,900

All Comparables	
Low	\$90,900
High	\$101,000
Average	\$96,800

Adjustments

Buyer Expenditures - Buyer expenditures that are typically associated with land sales can include demolition of improvements, annexation fees, and soil mitigation costs. Sale 1 is adjusted for demolition of a residential dwelling with no contributing value. To the best of our knowledge, there are no other expenditures to consider.



Property Rights -- The fee simple title interest to the subject property is being appraised. The comparable sales conveyed fee simple title interest and no adjustments are required.

Financing -- All of the comparables sales were purchased with cash to the seller or short-term land contracts with typical market 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 made.

Market Conditions -- The overall market for residential property within the city of Ann Arbor has witnessed significant rekindled growth over the past several years. Thus, each sale is warranted a 4.0 percent annual adjustment, stemming from the date of transfer through the date of valuation.

Size - Number of Units - The subject is envisioned with seven developable units. Sales 1 and 2 were each divided into four developable units, and are close in development size to the subject and no adjustments are made. Sale 3 comprises 16 units and upward adjustment is made. Sale 4 represents 10 units and no adjustment is made.

Location - Location adjustments are made taking into consideration accessibility, local economies, demographic trends, and neighborhood real estate values. Sales 1 and 2 are located just south of the CBD, and within tight proximity to Michigan Stadium. As such each is given a downward adjustment. Sales 3 and 4 are located just north of the CBD within a transitioning area that exhibits high demand for redevelopment opportunity and housing units. Thus, each is adjusted downward. Sale 4 is given more moderate adjustment given its siding location to commercial / industrial uses, and within the shadows of the Broadway Street bridge.

Zoning / Density / Unit Size -- The subject is appraised under an R3 Townhouse designation with a minimum density of 10 units per acre and a minimum allocated site area of 4,300 square feet per unit. Each of the comparables allow for varying densities owing to their underlying zonings, or approved plans. Sales 1 and 3 maintain densities at 14 and 13 units-per-acre, respectively. While slightly higher than the subject (with underlying land allocations less than the subject), we consider them to be reasonably similar with townhouse design. Sale 2 is a tightly configured building with little open space and an upward adjustment is made. Sale 4 is of stacked ranch configuration and with significant degree of density, an upward adjustment is made.

Site Characteristics: The subject parcel is level and at road grade with a clear cover. All of the Sales are similar and no adjustments are necessary.



Summary and Conclusion

The appraisers have considered all the presented sales and have made adjustments for various differentials. The adjusted sales indicate a range from \$90,900 to \$101,000, with an average of \$96,800 per unit. At the upper end of the range are Sales 1 and 2. Both are located just south of the CBD. Sale 1 is dedicated to townhouse development with owner occupant investment from \$800,000. Sale 2 is a small, yet tightly configured townhouse project with one-bedroom units. The development was envisioned with rental of the units to U of M 'game day' fans. Thus, individual tiered balconies with views of the stadium - in addition to a highly walkable location, are the lure to the units, versus interior accommodation. Both Sales 1 and 2 are located at the edge of single family detached neighborhoods. Sale 3 was acquired for townhouse development and is located along Main Street, just north of the CBD. The units are intended for owner occupancy and represent continued redevelopment of lands with proximity to the CBD and Kerrytown. Sale 4 sets the lower end of the range and is a density-oriented plan with stacked ranch units (apartment style) and below grade parking.

The subject zoning allows for townhouse configuration - although at a density below those sales cited. However, given ability to provide greater setback from the main road, along with providing rear flanking open space, the units would blend well into the neighboring detached landscape. Based upon the data, we consider an adjusted per unit indicator of \$95,000 per unit to be reasonable for application to the subject. Thus,

$$7 \text{ developable units @ } \$95,000 \text{ per unit} = \$665,000$$

In summary, we consider the market value of the fee simple title interest in the subject property, based upon hypothetical condition that the property is vacant and ready for development, and zoned R3, Townhouse Dwelling District, with capacity to host seven developable units, as of September 11, 2019 is:

Six Hundred Sixty Five Thousand (\$665,000) Dollars.

The value estimate herein is made subject to the "General Assumptions and Limitations of Appraisal," "Extraordinary Assumption" and "Hypothetical Conditions" noted at the eponymously titled sections of this report.



As-Is Market Value - R4B Zoning Designation

Under the R4B designation, development options include townhouse and multiple family (stacked unit) design, with overall allowable density of 15 units-per-acre. Set forth at exhibit A is the clients representation of configuration which maintains side-by-side configuration with a single drive approach leading to a rear parking area.

For our analysis we will utilize the same pool of comparables as under the R3 analysis. In order to avoid redundancy, we will not present the map or detailed write up of the comparables. And within our analysis, we will omit the Transaction Items as they remain unchanged from the previous discussion.

The significant items of comparisons are the transaction and physical items shown as follows:

Transaction Items	Physical Items
Buyer Expenditures	Size (Number of Units)
Property Rights	Location
Financing Terms	Zoning / Density / Unit Size
Market Conditions	Site Characteristics
Conditions of Sale	



Vacant Land Analysis R4B Multiple Family Dwelling District

	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Sales Price		\$550,000	\$498,500	\$1,830,000	\$900,000
Number of Units	11	4	4	16	10
Date of Sale		Nov-16	Sep-15	Nov-18	Jan-18
Buyer Expenditures		\$10,000	\$0	\$0	\$0
Property Rights		=	=	=	=
Financing Terms		=	=	=	=
Conditions of Sale		=	=	=	=
Market Conditions		11.00%	15.67%	3.00%	6.33%
Adjusted Price-Per-Unit		\$155,400	\$144,150	\$117,806	\$95,700
Acresage	0.75	0.28	0.21	1.18	0.24
Number of Units	11	4	4	16	10
Adjustment		-5%	-5%	=	=
Use					
Location	Stadium	S Main	S Main	Main	Summit
Township / City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
County	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw
School District	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		-35%	-35%	-35%	-20%
Zoning / Density / Unit Size	R4B - 15 UPA - 2,900 SF	R4C - 20 UPA - 2,175 SF	O, Office - 2,275 SF	R4C - 20 UPA - 2,175 SF	C1B - 1,862 SF
Proposed Density		14 UPA	19 UPA	13 UPA	42 UPA
Adjustment		=	=	=	+10%
Site Characteristics	Level, few trees	Level, clear, rect	Level, clear, rect	Level, few trees, slt sloping	Level, rect
Adjustments		=	=	=	=
Gross Adjustments		+40%	+40%	+35%	+30%
Net Adjustments		-40%	-40%	-35%	-10%
Final Adjusted Price Per Unit		\$93,200	\$86,500	\$76,600	\$86,100

All Comparables	
Low	\$76,600
High	\$93,200
Average	\$85,600



Adjustments

Size - Number of Units - The subject is envisioned with 11 developable units. Sales 1 and 2 were each divided into four developable units, and given smaller project sizing, downward adjustments are made. Sale 3 comprises 16 units and slight upward adjustment is made. Sale 4 represents 10 units and no adjustment is made.

Location - Location adjustments are made taking into consideration accessibility, local economies, demographic trends, and neighborhood real estate values. Sales 1 and 2 are located just south of the CBD, and within tight proximity to Michigan Stadium. As such each is given a downward adjustment. Sales 3 and 4 are located just north of the CBD within a transitioning area that exhibits high demand for redevelopment opportunity and housing units. Thus, each is adjusted downward. Sale 4 is given more moderate adjustment given its siding location to commercial / industrial uses, and within the shadows of the Broadway Street bridge.

Zoning / Density / Unit Size -- The subject is appraised under an R4B Multiple Family designation with a minimum density of 15 units per acre and a minimum allocated site area of 2,900 square feet per unit. Each of the comparables allow for varying densities owing to their underlying zonings, or approved plans. Sales 1 and 3 maintain densities at 14 and 13 units-per-acre, respectively and are similar to the subject with townhouse design and no adjustments are made. Sale 2 is a tightly configured building with slightly greater density and no adjustment is warranted as it is within reasonable range to the subject. Sale 4 is of stacked ranch configuration and with significant degree of density, an upward adjustment is made.

Site Characteristics: The subject parcel is level and at road grade with a clear cover. All of the Sales are similar and no adjustments are necessary.

Summary and Conclusion

The appraisers have considered all the presented sales and have made adjustments for various differentials. The adjusted sales indicate a range from \$76,600 to \$93,200 with an average of \$85,600 per unit. All of the Sales are within tight range of one another and represent smaller infill or redevelopment projects. Based upon the data, we consider an adjusted market value of \$85,000 per unit to be reasonable for application to the subject.



Thus,

11 developable units @ \$85,000 per unit = \$935,000

In summary, we consider the market value of the fee simple title interest in the subject property, based upon hypothetical condition that the property is vacant and ready for development under a R4B, Multiple Family Dwelling District, with capacity to host 11 developable units, as of September 11, 2019 is:

Nine Hundred Thirty Five Thousand (\$935, 000) Dollars.

The value estimate herein is made subject to the “General Assumptions and Limitations of Appraisal,” “Extraordinary Assumption” and “Hypothetical Conditions” note

Extraordinary Assumption

- The appraiser’s have not been provided with professional soil boring analysis or an environmental study for the appraisal property. The valuation is predicated upon the assumption that the soils are suitable for residential development and that there are no adverse site conditions that may prohibit development of the subject.

Hypothetical Conditions

- At the direction of the client, the appraisal property is analyzed as though vacant and ready for development without environmental hazards and not subject to adverse easements or deed restrictions. Valuation predicated upon any other condition, could impact the value conclusion reported herein.
- This appraisal is undertaken with an R1C (existing) and R3 and R4B (hypothetical) zoning designations with reliance upon achievable densities and configuration of development as suggested by the client. Analysis predicated upon any other density may impact the market value herein.



Sales History Analysis

Municipal records indicate the property is owned by City of Ann Arbor, and according to transfer documents provided by the client, has been owned by the City for over 50 years. The appraisers are not aware that the property is currently listed for sale or lease.

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’¹³

The exposure time of comparable sales is considered by the appraisers to be an implicit indicator for exposure time for the subject. Marketing time for three of the single family comparables is less than a month, one month and two years. Data on file indicates exposure times for detached and attached product ranging up to a few years, depending upon location, price point, size and condition. We consider the subject’s location, potential use and the lack of similar product within the area, as well as current market conditions within the city. Taking all factors into consideration, the appraisers consider an exposure time of nine to 12 months to be a reasonable estimate for the subject property.

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

‘An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal....’¹⁴

¹³ *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Chicago, IL, 2010, page 73.

¹⁴ *Dictionary*, page 121.



While exposure time is retrospective, marketing period is prospective, and thus should consider current market trends and conditions as well as historical evidence. Assuming the subject property were aggressively marketed by a competent broker at a listing price close to the estimated market value, the appraisers estimate a marketing period of nine to 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 the utilization of the land and improvements is within the boundaries of the property lines of the property described and 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, surveys, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships or location. Sizes and dimensions should not be scaled from them. 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 applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

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

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in this report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.



It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures 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.

Wells, septic systems, and utility lines, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. We are not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. We therefore rely on circumstantial evidence, which may come into our possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel, public records, or others. Parties interested in knowing the exact age of improvements on the land should contact us to ascertain the source of our data and then make a decision as to whether they wish to pursue additional investigation.

The appraiser(s) has observed those parts of the mechanical equipment and systems that constitute an integral part of the property and that are generally visible. From such observation, the appraiser(s) has reported any apparent conditions that the appraiser believes might bear on the conclusions of this report. The appraiser(s) has not, however, tested such mechanical equipment and systems, and thus assumes no responsibility for their operating performance (unless specifically so stated in this appraisal).

The appraiser(s) has not made a specific compliance survey and analysis of the subject to determine whether or not it is in conformity with the Americans with Disabilities Act ("ADA"). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of ADA. If so, this fact could have a negative impact upon the value of the property. The appraiser has no direct evidence relating to this issue and did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

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. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service,



insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Appraisal Is Not An Environmental Issues Or A Hazardous Materials Report

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 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 dumpsite 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 (including projections of income and expenses) 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 or 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



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.



APPRAISER'S CERTIFICATIONS

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 have performed no property appraisals, and no other services in any other capacity, regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment ; and
9. Karen L. Paul and Michael T. Williams made a personal inspection of the property that is the subject of this report;
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; and
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
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 "M.T. Will." followed by a horizontal line.

Michael T. Williams, MAI

A handwritten signature in cursive script that reads "Karen L. Paul" followed by a horizontal line.

Karen L. Paul



REQUIRED STATEMENTS

Licensure

In Michigan, appraisers are required to be licensed and/or certified, and are regulated by, the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing Michigan 48909. The appraiser(s) are (is) currently and properly licensed.

<small>GRETCHEN WHITMER GOVERNOR</small>	STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS BUREAU OF PROFESSIONAL LICENSING CERTIFIED GENERAL APPRAISER LICENSE	P011132
MICHAEL THOMAS WILLIAMS		
LICENSE NO. 1201004033	EXPIRATION DATE 07/31/2021	AUDIT NO. 3426664
<small>THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN</small>		

<small>RICK SNYDER GOVERNOR</small>	STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS BUREAU OF PROFESSIONAL LICENSING CERTIFIED GENERAL APPRAISER LICENSE	N436940
KAREN L PAUL		
LICENSE NO. 1201004585	EXPIRATION DATE 07/31/2020	AUDIT NO. 3346218
<small>THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN</small>		



USPAP Competency Provision

The appraisers have experience with this property and the local market. This appraisal complies with the Competency Provision of the USPAP.

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.

Narrated Dates

Date of Appraisal Report

The date of this appraisal report is September 23, 2019.

Effective Date(s) of Value

The current date of the valuation of the 'as-is' market value is September 11, 2019.

Date(s) of Inspection and Inspector(s)

Michael T. Williams and Karen L. Paul inspected the property on September 11, 2019.



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
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



PROFESSIONAL AND TRADE AFFILIATIONS:

Michigan State Certified General Appraiser #1201004033

Ohio State Certified General Appraiser #2011002568

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

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

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

Vice President, Great Lakes Chapter of Appraisal Institute, 2015

President, Great Lakes Chapter of Appraisal Institute, 2016



KAREN L. PAUL

An associate of the Gerald Alcock Company since 1998 preparing and managing valuation and consulting assignments.

Valuations have been performed on various properties including, but not limited to subdivision analysis, general commercial properties, multiple family properties, industrial buildings, professional and medical office buildings, manufactured housing communities, and vacant land for a variety of uses.

Consulting assignments include market studies and feasibility analysis.

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.

Subdivision analysis includes detached single family, attached condominium and mixed use neighborhoods.

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

EDUCATION:

UNIVERSITY OF MICHIGAN

Bachelor of Science, Management and Communications 1991

APPRAISAL INSTITUTE

Courses Completed:

Income Approach - Part B

Advanced Sales Comparison and Cost Approaches

Seminars Completed:

Subdivision Analysis

Testing DCF Valuation Models

Eminent Domain and Condemnation



Analyzing Distressed Real Estate
Appraising from Blueprints and Specifications

MCKISSOCK

Courses Completed:

Construction Details and Trends
Introduction to Expert Witness Testimony
Current Issues in Appraising
Michigan Law
Introduction to Green Building

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS

Courses Completed:

Fundamentals of Real Property Appraisal
Appraisal of Land
Mass Appraisal of Residential Property
Income Approach to Valuation

MICHIGAN ASSESSOR'S ASSOCIATION

Courses Completed:

Legal Descriptions
Public Finance
Industrial Appraisal
Demonstration Appraisal Report

PROFESSIONAL ACCREDITATIONS

Michigan State Certified General Appraiser #1201004585

Retired, Certified Level III, Michigan State Assessor's Board

BUSINESS EXPERIENCE

1998 to present: Gerald Alcock Company; Fee Appraiser

1983 to 1998: City of Livonia; Department of Assessment
Appraisal Supervisor – Residential, Commercial and Industrial



Potential Development Plan

1510 E. STADIUM BOULEVARD

1510 E. Stadium a +/- 1.22 acre site, currently owned by the City of Ann Arbor. The site is a former fire station. The building is still used by the Fire Department for storage. The site is currently zoned R1-C.

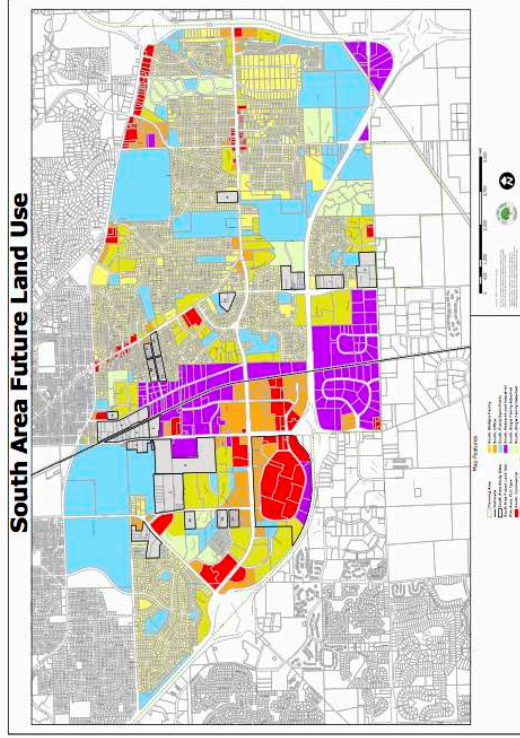
Surrounding zoning and land use include:

	Zoning	Land Use
North	R1-C	Single-Family Residential
South	R1-C	Single-Family Residential
East	R1-C	Single-Family Detached
West	C-3	Gas Station (Citgo)

Master Plan

The site is designated within the Master Plan's Future Land Use Goals as remaining within the same zoning district, R1-C, Single-Family Detached. Single-Family Zoning Districts are intended to provide an environment of Single-Family detached dwellings and related facilities to serve residents and should be convenient to commercial facilities in other zoning districts and to public transportation.

These districts are intended to encourage the preservation and continuation of the longstanding residential fabric in existing neighborhoods of predominantly Single-Family Dwellings, along with other related facilities that serve the residents in these districts.



1510 E. Stadium Boulevard Scenario 1: Rezone to R3, Townhouse Dwelling District

Parameters

- The existing vacant fire station would need to be demolished.
- Landscape buffer, provided to adjacent residential.
- Rezoning to R3, Townhouse Dwelling District is consistent with Master Plan as townhouse is complementary to single-family residential use.
- One parcel from intersection with four commercial uses.



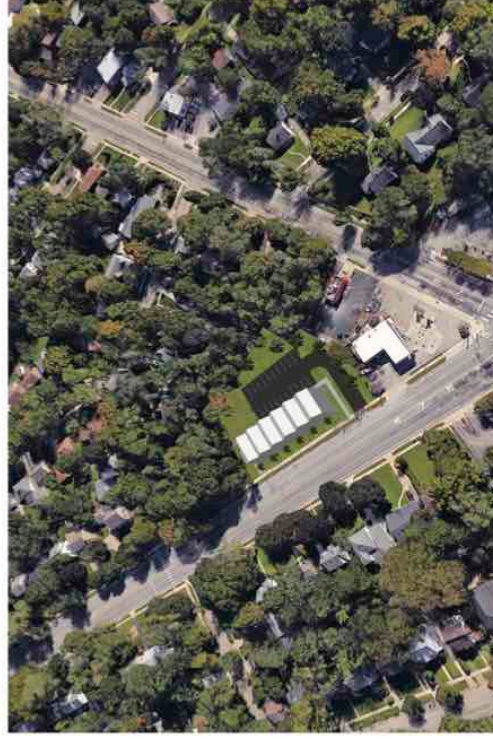
Zoning Requirements	
Lot Area	32,804 sqft (0.75 acres)
Maximum Dwelling Units Per Acre (10 units per acre)	0.75 x 10 = 7 units
Minimum Lot Area Per Dwelling Units (4,300 sqft per unit)	4,300 sqft = 7 units
Minimum Open Space	65% (21,534 sqft)
Recreational Open Space per Unit	7 x 300 sqft = 2,100 sqft
	Front: 15 min, 40 max
Setbacks	Side: 20 plus + the minimum building height setback Rear: 30 plus + the minimum building height setback
Maximum Building Height	35 or 45 feet for buildings with parking below at least 35% of the Building Vehicle: 2 spaces per dwelling unit Bike: 1 space per 5 dwelling units, 50% enclosed, and 50% fixed hoop style racks.
Parking	
Consistent with Master Plan	Yes, with appropriate buffering
Floodplain / Floodway	No
Treeline Dedication	No

Development Potential	
Number of Units	7
Building Type	Townhomes
Avg. Unit Size	900 sqft
Total Building Size	3,600 sqft
Building Height	2 stories, 30-feet
Parking	14

1510 E. Stadium Boulevard Scenario 1: Rezone to R-4B, Multiple-Family Dwelling District

Zoning Parameters

- The existing vacant fire station would need to be demolished.
- Landscape buffer to adjacent residential.
- One parcel from intersection with four commercial uses.



Zoning Requirements	
Lot Area	32,804 sq/ft (0.75 acres)
Maximum Dwelling Units Per Acre (15 units per acre)	0.75 x 15 = 11 units
Minimum Lot Area Per Dwelling Units (2,900 sq/ft per unit)	2,900 sq/ft = 11 units
Minimum Open Space	55% (18,618 sq/ft)
Recreational Open Space per Unit	11 x 300 sq/ft = 3,300 sq/ft
Setbacks	Front: 15 min, 40 max Side: 12 plus + the minimum required side setback Rear: 30 plus + the minimum required side setback
Maximum Building Height	35 or 45 feet for Buildings with parking below at least 35% of the Building
Parking	Vehicle: 1.5 spaces per dwelling unit. Bike: 1 space per 5 dwelling units, 50% enclosed, and 50% fixed hoop style racks.
Consistent with Master Plan	No, Planned for Single-Family Residential
Floodplain / Floodway	No
Treeslime Dedication	No

Development Potential	
Number of Units	11
Building Type	Stacked Flat
Avg. Unit Size	969 sq/ft
Total Building Size	5,760 sq/ft
Building Height	3-stories, 35 feet
Parking	22