

APPRAISAL OF
353 South Main Street,
City of Ann Arbor,
Washtenaw County, Michigan

As of October 31, 2019
For Ann Arbor Housing Commission

GERALD ALCOCK COMPANY LLC

Real Estate Counseling and Appraising
315 East Eisenhower Parkway, Suite 5
Ann Arbor, Michigan 48108
Telephone: (734) 994-0554

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

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

Lorie D. Alcock
Susan B. Campbell, CPA
Stephen J. Simpson
Karen L. Paul
Glee R. Loman
David A. Williams, PGA
Joanne M. Stockman
Alex J. Groves, MAI
Robert F. Elder, PGA
Kristina Keift

Gerald V. Alcock, MAI
Founder, 1977

November 4, 2019

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

Re: Appraisal of 353 South Main Street, Ann Arbor, Washtenaw County,
Michigan.

Dear Ms. Hall

As contracted by engagement document, an appraisal of the above-referenced property has been completed, the findings of which are submitted in this report. The purpose of this appraisal is to express a current opinion of market value for the noted real estate, based upon hypothetical condition that the property is vacant, ready for development and is not subject to adverse easements or restrictions beyond that cited herein. The title interest appraised is fee simple estate.

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

The appraisers prepared this report and the value 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 descriptions of these terms.

It is the appraisers' opinion that the current market value of the appraisal property, based upon hypothetical condition that the property is vacant and ready for development, pertaining to fee simple title interest, as of October 31, 2019, is:

Three Million Six Hundred Eighty-Five Thousand (\$3,685,000) Dollars

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

Telephone:
(734) 994-0554

Facsimile:
(734) 939-1100

email:
manager@geraldalcock.com

Web:
www.geraldalcock.com

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Ann Arbor Housing Commission
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This value estimate is made subject to the “General Assumptions and Limitations of Appraisal” of this report and to the following “Hypothetical Condition and Extraordinary Assumptions to this Appraisal” as applicable.

Hypothetical Condition

1. 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, under a current D1, Downtown Core District zoning parameter. Valuation predicated upon any other condition, could impact the value conclusion reported herein.

Extraordinary Assumptions

1. The appraisers have not been provided with a legal description, building or site plans and have been directed by the client to make an exterior inspection from the street. They have relied upon a legal description, site description and area culled from municipal documents. It is an assumption of this report that gross site area, descriptive detail and condition delineated herein roughly conform to actual (hypothetically vacant) conditions; if not, the value conclusion could be impacted; and
2. The appraisers have not been provided with professional soil boring analysis for the appraisal property. Valuation is predicated upon the assumption that the subject soils are suitable for commercial-type construction similar to that found on surrounding parcels. If such is not the case, the value conclusion could be impacted; and
3. Valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards or contamination. If such is not the case, the value conclusion could be impacted; and
4. The property is adjacent to a one-lane alley at its eastern border from which ingress/egress access appears to be obtained, as there are no curb cuts within the borders of the property. Valuation is predicated upon the assumption that the appraisal property benefits from both ingress and egress vehicular access to East William Street over the alley at its western border, assuming the alley is one way beyond the subject border. If such is not the case, the value conclusion could be impacted.

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Ms. Jennifer Hall
Executive Director
Ann Arbor Housing Commission
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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.

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

Respectfully submitted,

Gerald Alcock Company, LLC



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



Lorie Alcock
General Certified Appraiser
License No. 1201000499



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ADDENDUM

Municipal Documents A

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EXECUTIVE SUMMARY

- Location:** The property is located at the northeast corner of East William and South Main Streets, in the city of Ann Arbor, Washtenaw County, Michigan.
- Mailing Address:** The property under valuation has an address assignment of 353 South Main Street, Ann Arbor, Michigan 48104.
- Tax Identification:** 09-09-29-406-001
- Property Owner:** Municipal records indicate the property is owned by City of Ann Arbor, which entity has owned the property in excess of three years.
- Type of Report:** This is an Appraisal Report.
- Occupancy and Use:** The property is owner-occupied and in use as a municipal surface parking lot.
- Improvements:** The property is improved with a municipal surface parking lot, analyzed as hypothetically vacant.
- Site:** The appraisal property, rectangular in shape, comprises 0.188 gross and net acre, with 66 feet of frontage the east side of South Main Street and 124 feet of frontage on the north side of East William Street. The property is adjacent to a one-lane alley at its eastern border from which ingress/egress access appears to be obtained, as there are no curb cuts within the borders of the property. Valuation is predicated upon the assumption that the appraisal property benefits from both ingress and egress vehicular access to East William Street over the alley at its western border, assuming the alley is one way beyond the subject border. Topography is generally level and at street grade. Although cover consists of impervious site improvements, the property is analyzed under hypothetical condition as though vacant, ready for development without environmental hazard and lacking in any adverse easements or deed restrictions. Adjacent City site improvements include sidewalk, streetlights, concrete curbs and gutters, and the noted alley.



Utilities: The property is serviced by—or available to—all standard commercial and municipal utilities, inclusive of public water and sewerage, natural gas, electricity, and telephone utilities.

Zoning: The property is zoned D1, Downtown Core District with a Main Street Character Overlay.

Highest & Best Use: Highest and best use of the property as though vacant is development to an intense commercial mixed use as allowed by code. Alternatively, the property is suitable for assemblage to neighboring sites.

Interest Appraised: Fee Simple Estate

Estimated Market Value of the Subject Property:

<u>Valuation Condition</u>	<u>Valuation Date</u>	<u>Value Estimate</u>
Hypothetical	10/31/19	\$3,685,000

Assumptions: This value estimate is made subject to the “General Assumptions and Limitations of Appraisal,” and the following “Hypothetical Condition and Extraordinary Assumptions” to this report.

Hypothetical Condition

1. 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, under a current D1, Downtown Core District zoning parameter. Valuation predicated upon any other condition, could impact the value conclusion reported herein.

Extraordinary Assumptions

1. The appraisers have not been provided with a legal description, building or site plans and have been directed by the client to make an exterior inspection from the street. They have relied upon a legal description, site description and area culled from municipal documents. It is an assumption of this report that



gross site area, descriptive detail and condition delineated herein roughly conform to actual (hypothetically vacant) conditions; if not, the value conclusion could be impacted; and

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View East of East William Street

View West of East William Street



View North of South Main Street



View South of South Main Street

View North of Northbound
Alley Access



Gerald Alcock Company, LLC



Gerald Alcock Company, LLC

View West of Site Interior



View East of Site Interior

View North of Site Interior



View of Pedestrian Access to Main Street



IDENTIFICATION OF PROPERTY

Real Property

Address

The property under valuation has an address assignment of 353 South Main Street, Ann Arbor, Michigan 48104.

Tax Identification Number

09-09-29-406-001

Legal Description

A legal description for the property under valuation, culled from municipal documentation, upon which the appraisers have relied, is put forth at exhibit A herein.

Leases and Title Interest Appraised

To the best of the appraisers' knowledge, the property is not subject to lease and the fee simple title interest is the focus of the analysis at hand.

Furniture, Fixtures and Equipment

Valuation of personal property and trade fixtures is beyond the scope of this appraisal, which is limited to real property alone. In estimating the market value of the property, the appraisers specifically exclude from valuation any and all items which are considered to be chattel possessions of the property owner or occupant.

Client

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



Property Owner

Municipal records indicate the property is owned by City of Ann Arbor.

Occupancy and Use

The property is owner-occupied and in use as a municipal surface parking lot.



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

Purpose

The purpose of this appraisal is to estimate current as-is market value subject to hypothetical condition, 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 Estate (Interest): Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Definition Of Market Value

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

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

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

1. Buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

¹ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, IL, 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

Use and Intended User 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 were used to provide information pertaining to the subject property:

1. Ann Arbor Municipal Offices
2. Washtenaw County Treasury Department

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;

² *The Dictionary of Real Estate Appraisal*, Third Addition, Appraisal Institute, Chicago, IL, 1993, p.140.



environmental hazards; and anticipated development trends. Government officials, and real estate brokers conducting business in the area of the subject were contacted regarding supply, demand, and market trends.

Market Data Sources

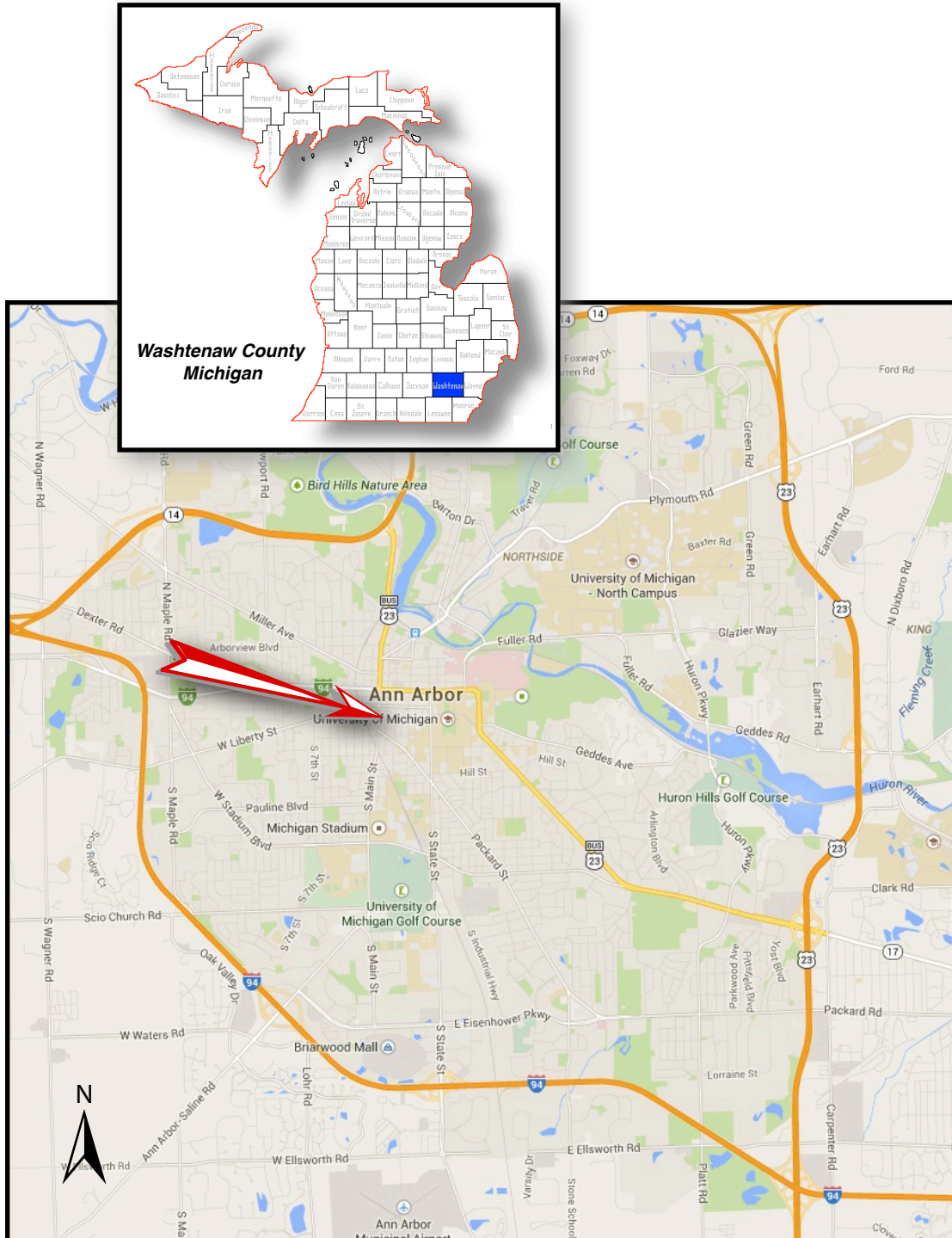
Physical data for each individual comparable sale is detailed within the “Analysis of Value,” subsection of this report. The sources of this data are cited at this section. Real estate brokers conducting business in the area of the subject were interviewed regarding recent real estate activity in the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

Data files from the Gerald Alcock Company
Ann Arbor Area Board of Realtors Multiple Listing Service
Costar Comps
Swisher Commercial
Colliers International

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



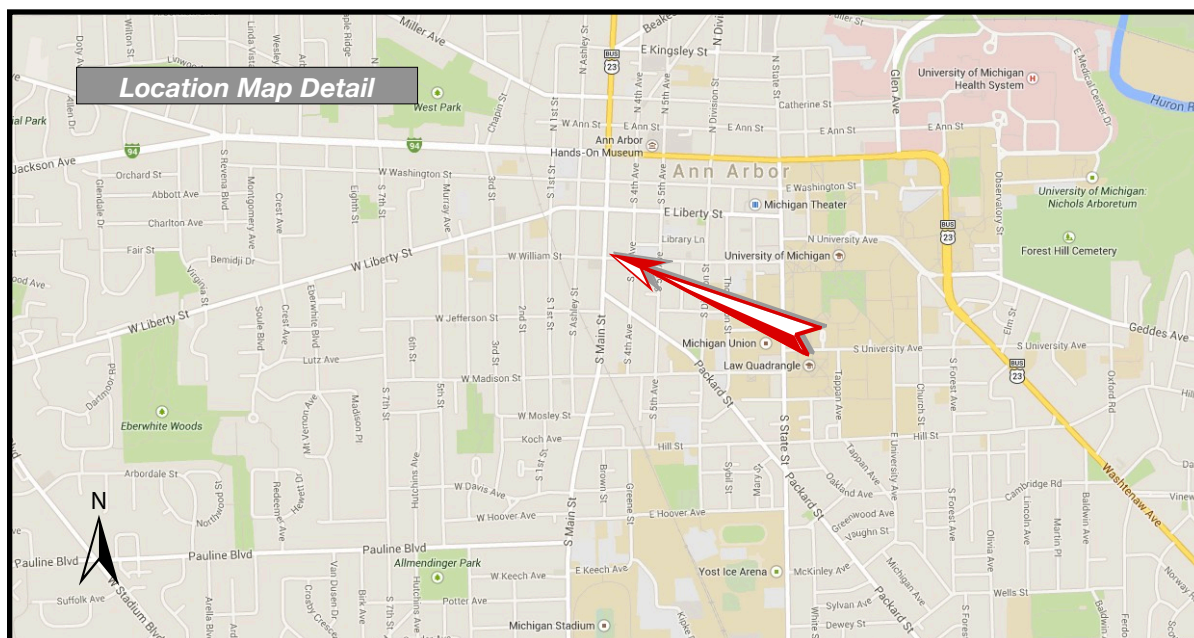
DESCRIPTION OF PROPERTY





Location and Neighborhood

As shown in the adjacent map graphic, the property is located at the northeast corner of East William and South Main Streets, in the city of Ann Arbor, Washtenaw County, Michigan.. The property has an Ann Arbor mailing address and is serviced by Ann Arbor Public school district.



The appraisal property is located on South Main Street, the Central Business District's primary thoroughfare and one of the city's commercial corridors. Main Street bisects the downtown in a north-south direction, providing linkages to M-14 and US-23 to the north and I-94 to the south. The heart of the Central Business District, where the subject is located, is improved with dense retail, office, and mixed-use properties. Restaurants within the block include Palio, Real Seafood Company, Gratz, Connor O'Neil's, and Ruth's Steak House. The subject is adjacent to Republic Fourth and William parking structure, with the Fifth and William Parking Lot further east. Retail and performance venues include Starbucks Cafe, the Ark and the Blue Llama jazz club as well as numerous bank branches.

The subject is several blocks west of the University of Michigan Central Campus. The University of Michigan is a State college, with undergraduate, graduate programs and nationally recognized Law and Business Schools. Enrollment levels have remained strong, increasing at a slow but steady pace over the last 15 years to a current student body of just under 40,000 persons. The University of Michigan Medical Center, the largest teaching and research facility in the Midwest, is a sprawling hospital campus that dominates the south side



of the Huron River, running nearly a quarter-mile from end to end. Together, the University and the U of M Medical Center are the largest employers in Washtenaw County.

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

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.”

<i>Median Household Income Trends</i>			
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-year 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 is located in the central business district, proximate to the University of Michigan Central Campus. This is an area that is dominated by office use with instances of retail, 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—within Ann Arbor's Downtown Central Business District—is considered ideal for a wide variety of users.



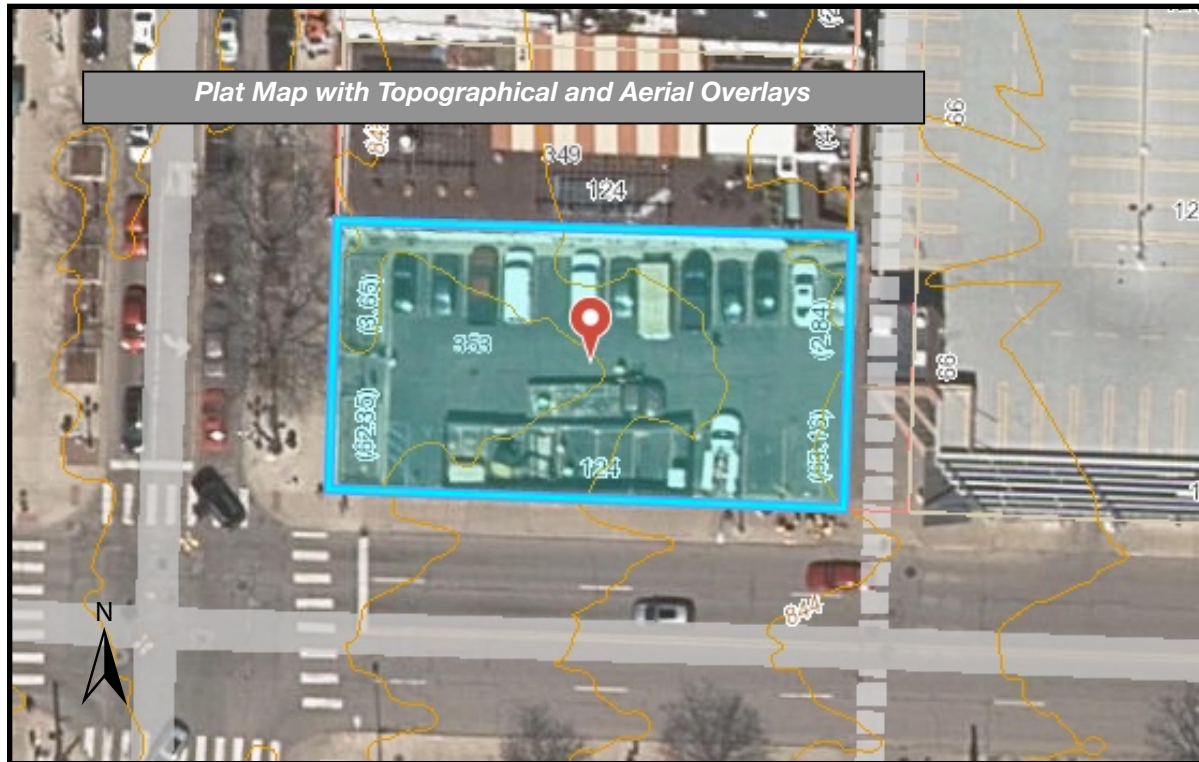
Site, Yard Improvements and Utilities

The appraisal property, rectangular in shape, comprises 0.188 gross and net acre, with 66 feet of frontage the east side of South Main Street and 124 feet of frontage on the north side of East William Street. The property is adjacent to a one-lane alley at its eastern border from which ingress/egress access appears to be obtained, as there are no curb cuts within the borders of the property. Valuation is predicated upon the assumption that the appraisal property benefits from both ingress and egress vehicular access to East William Street over the alley at its western border, assuming the alley is one way beyond the subject border. Topography is generally level and at street grade. Although cover consists of impervious site improvements, the property is analyzed under hypothetical condition as though vacant, ready for development without environmental hazard and lacking in any adverse easements or deed restrictions. Adjacent City site improvements include sidewalk, streetlights, concrete curbs and gutters, and the noted alley.

The property is serviced by—or available to—all standard commercial and municipal utilities, inclusive of public water and sewerage, natural gas, electricity, and telephone utilities.

A tax plat map and topographical and aerial overlay map depicting the subject site follows.





Assessed Valuation and Taxes

On August 26, 1994, Proposal “A” was adopted by Michigan voters. Proposal A established a new property tax base for Michigan which is known as taxable value. State Equalized Value, or S.E.V., is no longer the tax base. Property taxes are now calculated using the following formula.

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

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

The Michigan constitution requires that an assessed value be established annually for each parcel of property according to the market value of the property, at 50 percent of “the usual selling price,” as has historically occurred. Assessments are subject to county and state



equalization and each taxable parcel is assigned an S.E.V. Neither assessed values nor S.E.V.'s are capped.

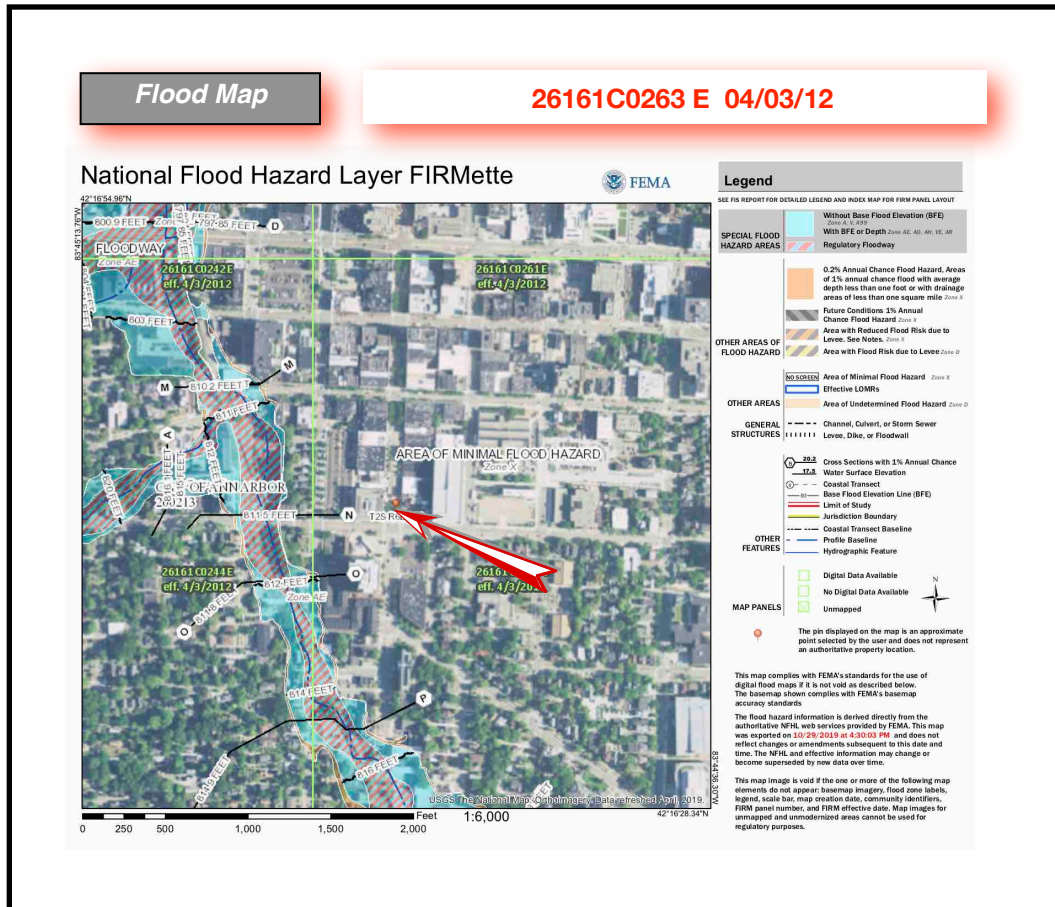
The property under valuation is identified under the following tax code. As the property has a tax exempt status, 2019 state equalized (SEV) and taxable values are not available.

Tax Code	2019 SEV	2019 TV
09-09-29-406-001	Exempt	Exempt

Treasury Department documentation indicates there are currently no special assessments levied against the subject property.

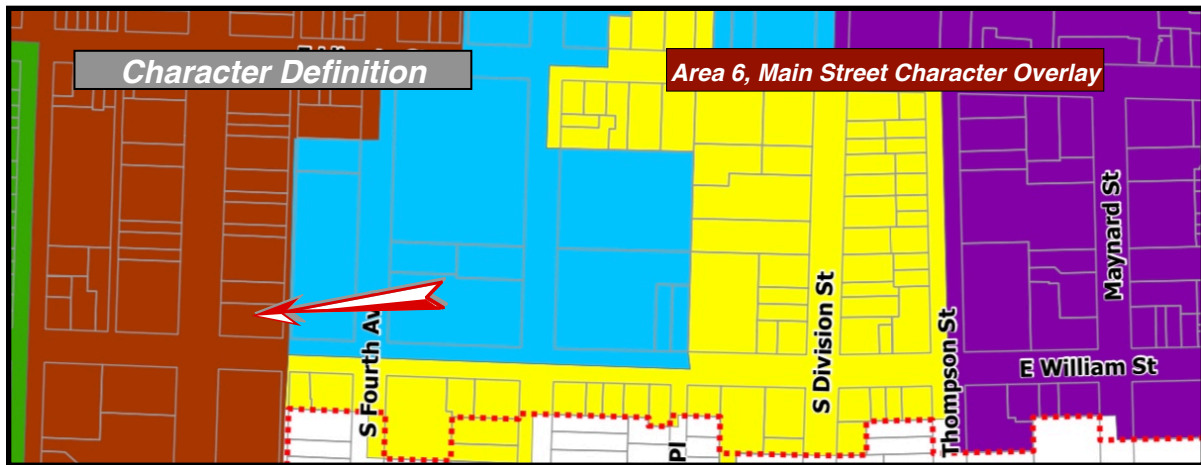
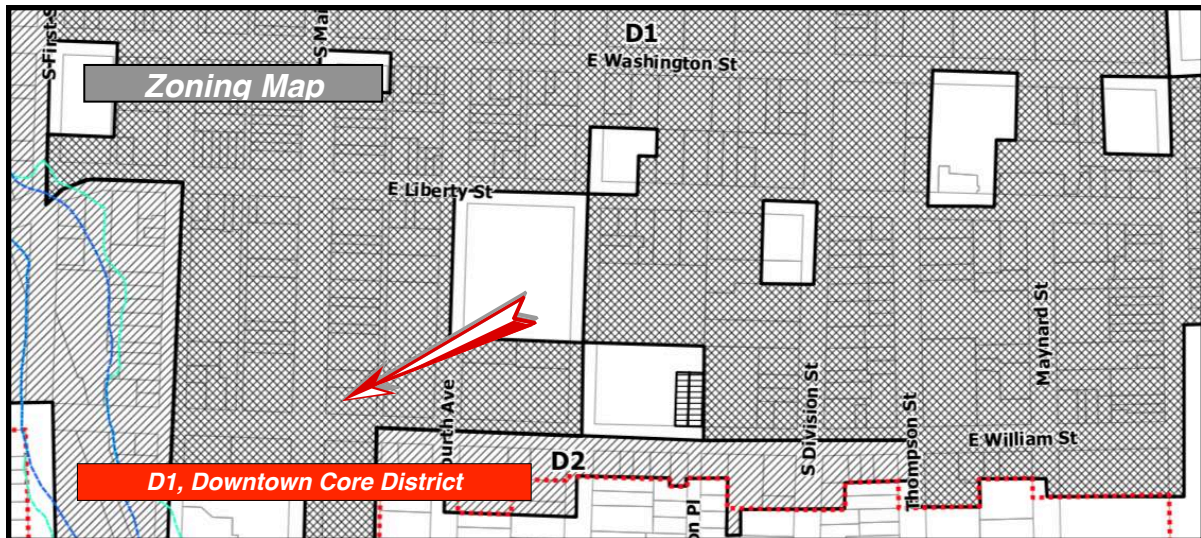
Flood Hazard

According to the flood insurance rate map published by the Federal Emergency Management Agency (FEMA), for the city of Ann Arbor, community panel number 26161C0263 E, effective date April 3, 2012, the property lies in a Zone X category, determined to be an area of minimal hazard.



Zoning

As shown in the following graphics and at exhibit B, "Excerpts from Zoning Ordinance," the subject property is zoned D1, Downtown Core District. This district is intended to contain the downtown's greatest concentration of development and serves as a focus for intensive pedestrian use. This district is appropriate for high-density mixed residential, office and commercial development.



The D1 designation permits a variety of residential, commercial, office, civic and institutional uses. The D1 designation allows for a maximum usable floor area in percentage of lot area (FAR) for new principal buildings of 400 percent of lot area without premiums, 700 percent with premiums and 900 percent with affordable housing premiums.

In conjunction with the D1 designation, the property is subject to a Main Street Character Overlay, defined as “the traditional heart of downtown, with a regional entertainment and business focus. The center of the district contains the Main Street Historic District, and preservation of these resources is a high priority. The intent of this district is design that maintains the traditional rhythm of existing storefronts along the street edge and varying parapet lines.”



The subject does not lie within the Main Street Historic District boundary.

Further information found in the zoning ordinance is set forth within the exhibit section.

Easements and Deed Restrictions

The appraisers have not been provided with current title work of the subject property. The appraisers express no opinion as to the existence of easements or restrictions to the subject property that would adversely affect market value or in any way create an exception to clear title. For the purposes of this appraisal, it is presumed that any easements or restrictions to clear title consist only of typical utility, drainage and/or road right-of-way easements that do not preclude normal development of the property and have no influence on market value.

Environmental Hazards

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



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

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 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.

While this section typically discusses current national, regional, and local trends for the type of property under valuation, the subject property is analyzed as hypothetically vacant, not suitable for comparison to larger, investment-grade, properties. The property is suitable for intense development and there are no national or regional trends for such properties.

Within the Ann Arbor CBD and Campus District, there are several developments in the D1, Downtown Core District for student housing, parking and retail/office uses that are progressing. Given the strength of the D1 zoning designation, these ventures are multi-story. A few of the developments are described as follows.

At the northeast corner of Huron and Ashley Streets a six-story 110-room extended stay Residence Inn by Marriott represents one of the first major investments to the city for hotel development. At the former site of a Greyhound bus terminal, the 90,000 square foot building project has preserved and incorporated some of the building’s original facade.

At the northeast corner of Huron and Division Streets, the site of the former Papa John’s Pizza restaurant, is Foundry Lofts, a 14-story apartment high-rise building, recently completed and now open. The \$65 million mixed-use project has 329,307 square feet with 210 apartments having 512 bedrooms and 4,000 square feet of ground floor retail that are expected to appeal to University of Michigan students and working professionals.

Just east of the Foundry Lofts, adjacent to Sloan Plaza, Core Spaces, an Illinois-based real estate firm specializing in residential, hospitality and student housing projects, bought slightly more than one half-acre of land from developer Dennis Dahlmann, and has developed a 12-story, 124-unit apartment building on the site. The apartments will be targeted for graduate students and young professionals.

⁸ Ibid



Core Spaces had been in negotiation with the city of Ann Arbor for acquisition of the adjacent downtown Library Lot. The Chicago-based development group proposed a 180-foot-tall hotel/apartment high-rise with a public plaza on the city-owned parking lot next to the downtown library on Fifth Avenue. Core Spaces offered the city \$10 million for the development rights to the Library Lot, the parking lot above the Library Lane underground garage. The 352,496-square-foot building, as proposed, would include 34 apartments, 131 hotel rooms, 3,353 square feet of retail/restaurant space, and 20,198 square feet of office space. However, city voters vetoed the project in favor of a city center in the November 2018 election.

The developer/owner of the vacant site on the west side of Glen Avenue between Catherine and Ann Streets has plans for a nine-story mixed-use hotel and retail project called The Glen. The site is planned for a nine-story mixed-use hotel and retail development under review by the City of Ann Arbor Historic District Commission. The 194-room hotel would include a number of suites and extended stay rooms for guests, along with meeting spaces for conferences and receptions, according to documents submitted to the city. The extended-stay rooms would be a key part of the development because of its proximity to the University of Michigan Hospital. Four stories of underground parking would also be built as part of the plan.

The Residences at 615 South Main, a 40 million dollar, six-story 229-unit apartment complex with mixed use space at grade, is complete.

An August 7, 2018 MLive post cites ten University of Michigan summer construction projects totaling \$918 million for renovation and/or additions to university buildings on central and north campus.

A high-rise student housing boom that began several years ago has started to transition into more housing developments targeted at professionals and empty nesters. Developers are proposing infill projects and smaller additions on top of existing real estates.

According to Swisher Commercial, a large Ann Arbor-based real estate firm which has tracked area office activity for the last 20 years, total office inventory as of December 31, 2018 was over 12 million square feet among 302 buildings. The overall vacancy rate for downtown office space is 6.8 percent, nearly doubled from 3.6 percent reported one year prior, largely owing to two large vacancies of buildings over 30,000 square feet, nevertheless, indicating less intense demand than in recent years.



The table on the following page summarizes current trends in the local office, retail, and apartment market. These statistics represent a survey of office, retail and apartment properties within Ann Arbor's downtown.

Office, Retail, Apt. Downtown Market Summary

	Office	Retail	Apt-All Bed
Office Buildings	136	214	110
Rentable Building Area or Unit	2,613,093	1,387,415	2,038
Vacancy			
QTD 2019	5.20%	1.30%	3.80%
1Q 2018	5.30%	1.10%	3.20%
1Q 2017	2.50%	1.50%	4.00%
1Q 2016	1.40%	1.10%	4.20%
1Q 2015	2.40%	1.30%	6.60%
Net Absorption			
	Sq. Ft.	Sq. Ft.	Sq. Ft.
QTD 2019	647	8,850	
1Q 2018	-11,450	1,263	
1Q 2017	-18,894	385	
1Q 2016	2,216	-4,235	
1Q 2015	12,228	2,341	
Typical Office Asking Rent			
	FS Gross	NNN	Rent/Unit
QTD 2019	\$28.00	\$38.58	\$1,441
1Q 2018	\$31.24	\$42.59	\$1,423
1Q 2017	\$29.80	\$33.06	\$1,418
1Q 2016	\$24.34	\$33.35	\$1,462
1Q 2015	\$26.17	\$31.49	\$1,510

Source: CoStar

As shown, the current office vacancy is up from early 2015, as noted by the cited Swisher year-end report. The current market vacancy rate for retail has generally held steady since 2015 at 1.30 percent. Apartment vacancies within the area are at 3.80 percent, down slightly from early 2015. The average asking market rent for office is \$28.00 per square foot on a full service gross rent basis, which is up from \$26.16 per square foot in early 2015. The



average asking market rent for retail is \$38.58 per square foot on a triple net rent basis, which is up from \$31.49 per square foot in early 2015. Apartment rents for one-, two-bedroom and efficiencies average \$1,441 per unit, down slightly from early 2015.

The appraisal property is located in Ann Arbor's Downtown Central Business District, several blocks west of the University of Michigan Campus. This is an area that is dominated by dense entertainment and business uses. The subject neighborhood is fully developed, with increasing instances of redevelopment that yields greater density to the district. 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—within Ann Arbor's Downtown Central Business District—is considered ideal for a wide variety of users. The past few years evidence significant demand for redevelopment.

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 a property so that value may be estimated predicated upon such use.

This definition reflects the importance of determining the most productive use of a property 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.

A property is analyzed both “As Improved” and “As Though Vacant,” in consideration of a premise which states “as long as the value of the property as improved is greater than the value of the land as though vacant, the highest and best use is the use of the property as improved.” The analysis addresses the property as hypothetically vacant and the as improved analysis is not considered.

⁹ Appraisal Institute, *The Appraisal of Real Estate*, Eleventh Edition, Chicago, Illinois, p. 275.



As Though Vacant

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 are examined. Based on the current zoning and availability of utilities, the property is capable of supporting commercial, office and/or residential development, as allowed by code. Soils are presumed suitable for development. The property comprises 0.188 gross acre. Topography is generally level and at road grade. All municipal utilities are available to the property. The property is typical of other commercial sites in the area, although small by some standards, a property of this size is generally typical in the CBD. The site has sufficient frontage and exposure on East William and South Main Streets and is adjacent to an alley. To the best of the appraisers' knowledge, information, and belief, there are no physical characteristics of the property that would interfere with, preclude, or enhance normal development potential. Based on the above physical characteristics, the property is suitable for development to numerous uses permitted under the D1, Downtown Core zoning district.

Legal restrictions, as they apply to the subject property, involve the public restrictions of the present zoning in addition to utility easements and road right-of way easements. The D1 designation permits a variety of commercial, office and residential uses. There are no known private deed restrictions that affect the subject or the surrounding sites. The property is located in amidst dense commercial, office and mixed-use build up, realizing rejuvenation in numerous student and mixed-use high-rise developments in the area. The potential uses that meet the requirements of legal permissibility are most uses allowed under the code. Future mixed residential, retail and/or office development in the fee simple interest appears to have most viability, owing to surrounding development.

Financial feasibility considers a use that will produce an income or return which is equal to or greater than the amount needed to satisfy operating expenses in addition to a return on investment. Of the permitted uses to the property, all would likely produce income greater than that needed to satisfy operating expenses, although it is difficult to determine with certainty lacking benefit of plans, specifications, or costs for a proposed project. There are ample instances of raze and redevelop in urban Ann Arbor, owing to scarcity of development land.

There is currently a resurgence of luxury condominium development on small sites for urban living use, while student high-rise projects on larger sites have recently entered the market with more development proposed.



Of the possible uses to the appraisal property as though vacant, commercial, office and/or mixed-use development as allowed by code would be maximally productive. Highest and best use of the property as though vacant is development to an intense commercial mixed use as allowed by code. Alternatively, the property is suitable for assemblage to neighboring sites.

Methods of Valuation and Dates of Report

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

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 utilize a site to its most intense use. In valuing income-producing properties, this approach generally sets an upper limit to value. This is based on the tenet known in appraising as the principle of substitution which, “. . . states that a prudent purchaser would pay no more for real property than the cost of acquiring or developing an equally desirable substitute. . . “¹⁰

This approach is most useful for valuing property with new or proposed improvements that utilize a site to its most intense use. Because the appraisers are analyzing the property as though vacant, the cost approach is considered inappropriate.

¹⁰*Real Estate Appraisal Terminology*, The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, 1975, Ballinger Publishing Company, Cambridge, Massachusetts, P. 201.



Discussion of the Income Approach and Its Appropriateness in this Analysis

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

The appraisal property has a highest and best use as commercial development land and the income approach is not generally appropriate for the valuation of raw development land and will not be utilized in the analysis.

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

The sales comparison approach, is defined as "[an] appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions (...) It is a process of correlation's and analysis of similar recently sold properties. . ." ¹¹

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

Summary

The sales comparison approach to value will be utilized in the analysis of the subject property as though hypothetically vacant.

Effective Dates

The date of the appraisal report is November 4, 2019. The effective current date of valuation is October 31, 2019, the date of property inspection.

¹¹AIREA, p. 30.



Sales Comparison Approach

The sales comparison approach is based on the principle of substitution. This approach has greatest value in appraisal situations involving land or improved properties within a particular area, having common elements and similar amenities. In the absence of sales with sufficient similarity to allow direct comparison, other reasonably similar 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 appraisal property would be expected to sell.

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

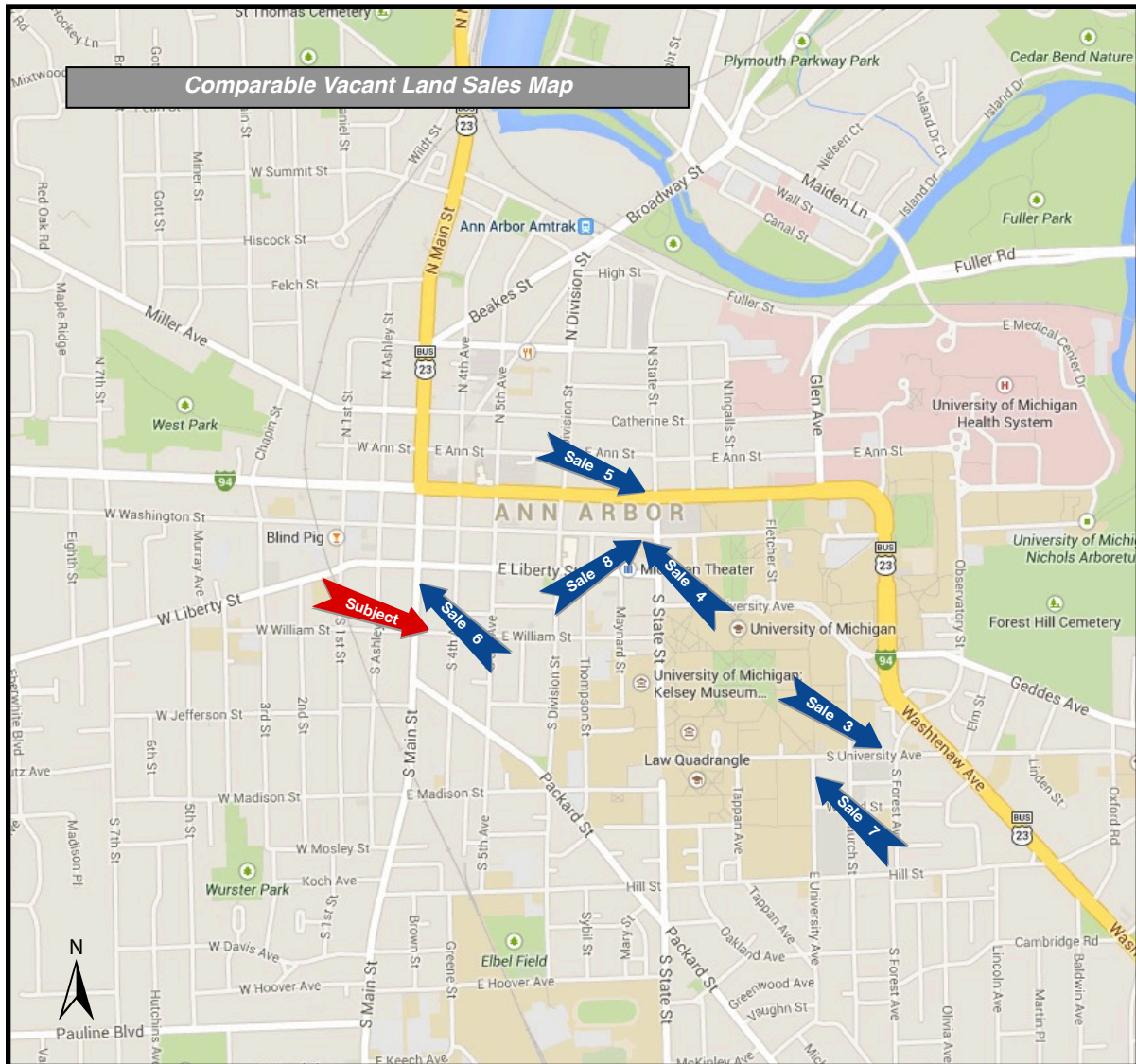
Transaction Items

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

Physical Items

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


The eight sales considered to best represent the subject market are provided in detail and are summarized and adjusted at "Land Sales Adjustment Grid." A map locating the comparables relative the the subject property as well as detail of the comparable sales are put forth on the following pages and precede the presentation of the grid table. Specifics for confidential Comparables One and Two are not disclosed.





Comparable 3

MARKET DATA
Vacant General Commercial Sale



Plat Map Date:

Location: 1215 South University, Ann Arbor, Washtenaw County, MI
Sale Date: December 2015
Sale Price: \$1,050,000 Cash
Purchaser: SCP South Forest, LLC
Seller: Tice Family, LLC

Site: The subject site is 3,437 net square feet, or 0.0789 net acres. It is rectangular in shape with 26' of frontage on the north side of South University, east of Church Street.

Zoning: D1, Downtown District
Utilities: All Municipal
Tax Code: 09-09-28-313-005
Occupancy: Vacant
Comments: The property is proposed to be improved with a four-story, 10,796 square-foot building.
Source: Independent Appraiser and Ann Arbor Assessment Records
Indicators: \$ 306 per square foot
\$ 13,307,985 per acre
\$97.26 per SF of GBA Proposed

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Comparable 4

MARKET DATA

Vacant General Commercial Sale



Photograph Date:

Location: 600, 602, 604 & 606 E. Washington St., Ann Arbor, Washtenaw County, MI

Sale Date: November 2015

Sale Price: \$4,100,000 Cash to mortgage

Purchaser: Cerca Trova, LLC

Seller: D. Pampreen & Charles and Cen-oi Hsieh

Site: The total site is irregular in shape, comprising 0.33 acre or 14,375 SF, with 155.26 feet of frontage on the south side of East Washington Street, just west of State Street. The depth varies. Topography is generally level. Each parcel is improved with a two-story rental dwelling dating to 1900. Total square footage is 9,267 sf. Interim income is considered to be offsetting the eventual demolition costs.

Zoning: D1, Downtown Core District

Utilities: All Municipal

Tax Code: 09-09-29-108-030, -029, -013 & -012

Occupancy: 100% Occupied

Comments: The purchase was made in two transactions: 600, 602 & 604 for \$2,900,000 in 7/15 from Daniel Pampreen (\$277 psf); 606 for \$1,200,000 in 11/15 from Charles and Cen-oi Hsieh (\$306 psf)

The purchaser combined the properties for eventual redevelopment, but does not have immediate plans. MLive posts on 12/26/18 that the properties cited here along with others (encompassing 514-604 E. Washington Street) are proposed for a 19-story mixed-use project with 241 apartment units and ground floor retail, comprising 255,000 square feet.

Source: Ryan Stanton, M-Live, City assessment records.

Indicator: \$ 285 per square foot



Comparable 5

MARKET DATA Vacant General Commercial Sale



Photograph Date:

Common Name: The Calvin

Location: 603 and 513 East Huron Street, Ann Arbor, Washtenaw County, MI

Sale Date: September 2015

Sale Price: \$7,050,000 Cash to mortgage

Purchaser: Core Ann Arbor, LLC

Seller: Dahlmann Apartments, Ltd

Site: Two contiguous sites together comprise 0.59 acre with about 139.72 feet of frontage on the north side of East Huron Street, just west of North State Street, with irregular depth. Topography is generally level. The property at 513 East Huron is improved with a 1,023-square-foot storage garage, built in 1967. Remainder lands are in surface parking use.

Zoning: D1, Downtown Core District

Utilities: All Municipal

Tax Code: 09-09-29-106-025 and -007

Occupancy: Vacant

Comments: The purchaser, an Illinois-based real estate firm specializing residential, hospitality and student housing projects, is seeking to construct a 12-story student and young professional housing building of 131,239 square feet, with 310 beds and 124 units, yielding a price per proposed building area of \$53.72 per square foot. Units range from efficiencies to four-bedroom, with 350 to 1,250 square feet. There will be 85 parking spaces in a two-level, below grade garage and 23 surface spaces that will be made available to the adjacent hotel.

Source: Ryan Stanton, M-Live/ Ann Arbor Assessor, (734) 994-2663

Indicators: \$ 274 per square foot

\$53.72 per square foot of GBA



Comparable 6

MARKET DATA

Vacant General Commercial Sale



Photograph Date:

Location: 313 S. Main, S. of E. Liberty Street, Ann Arbor, Washtenaw County, MI

Sale Date: February 2015

Sale Price: \$3,050,000 Cash to mortgage

Purchaser: 315-317 SMS, LLC

Seller: R.A.N Properties, LLC

Site: The site contains 0.19 acres, or 8,184 square feet, with 66 feet of frontage along S. Main Street. The site is level and at street grade. A one-story retail building with 7,362 square feet, will be demolished in conjunction with redevelopment.

Zoning: D1, Downtown Core District

Utilities: All Municipal

Tax Code: 09-09-29-406-008

Occupancy: 100% Occupied

Comments: The site is being developed with a six-story building containing 32,813 square feet. There will be two at-grade retail spaces, and high-end office on floors two through six. The reported cost to construct is \$4.35 million. Total investment is \$7.4 million, or roughly \$225 per square foot of building area.

The sale was part of a portfolio acquisition with the buyer reporting an allocation of the subject's sale price to the cited municipal source.

Demolition expense is offset by interim rents.

Source: Ann Arbor Assessor

Indicators: \$ 373 per square foot

\$92.95 psf of planned GBA



Comparable 7

MARKET DATA
Vacant Commercial Sale



Photograph Date:

Location: 611 E. University, Ann Arbor, Washtenaw County, MI
Sale Date: November 2016
Sale Price: \$16,703,000
Purchaser: CCSHP Ann Arbor Two, LLC
Seller: 4 J's Investments, LLC (008); Sachel Investments, LLC (009); Tice Family, LLC (019),
Site: The rectangular site contains 18,600 square feet or 0.427 acres. It has 88.09 feet of frontage on the east side of East University, and 66 feet on the west side of Church.
Zoning: D1, Downtown District
Utilities: All Municipal
Tax Code: 09-09-28-311-008, 09-09-28-311-009, 09-09-28-311-019, 09-09-28-311-020
Occupancy: Vacant
Comments: *Blackhawk Associates, LC (020)
At the time of sale, the parcels were improved with several buildings totaling 20,682 square feet. Demolition costs are estimated at \$103,000 which has been added to the total price of \$16,600,000.
Assembled parcel is now identified as parcel #09-28-311-025, and consists of 0.427 acres. Approval was recently obtained to construct a 13-story building with retail on the first level, and 90 student-oriented apartment units with 343 beds. (FAR 7.19)
Source: Third-Party Appraiser, Ann Arbor Assessment Records
Indicators: \$ 898 per square foot
\$ 39,117,096 per acre



Comparable 8

MARKET DATA
 Vacant General Commercial Sale

Photograph Date:

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"Land Sales Adjustment Grid"

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8
Sale Price		Confidential	Confidential	\$1,050,000	\$4,100,000	\$7,050,000	\$3,950,000	\$16,703,000	\$2,900,000
Date of Sale		Pending	Pending	Dec 1, 2015	Dec 1, 2015	Sep 1, 2015	Feb 1, 2015	Nov 1, 2016	Jun 1, 2019
Buyer Expenditures		Confidential	\$0	\$0	\$0	\$10,000	\$0	\$0	\$100,000
Property Rights Transferred		0%	0%	0%	0%	0%	0%	0%	0%
Conditions Of Sale		0%	0%	0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%	0%	0%
Market Conditions	0.5000%	0.00%	0.00%	23.00%	23.00%	24.50%	28.00%	17.50%	2.00%
Adjusted Price		Confidential	Confidential	\$1,291,500	\$5,043,000	\$8,789,700	\$3,904,000	\$19,626,025	\$3,060,000
Site Size In Acres	0.188	0.08	0.08	0.33	0.33	0.59	0.19	0.43	0.24
Adjusted Price Per Sq. Ft.		\$376	\$558	\$376	\$351	\$342	\$472	\$1,055	\$291
Location	E. William/ Library	Similar	Similar	S. University	E. Washington	E. Huron	S. Main	S. University	E. Washington
Township	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		0.0%	0.0%	-20.0%	0.0%	0.0%	0.0%	-20.0%	0.0%
Topography/ Cover	Level/ Freedom, Clear	Similar	Similar	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear
Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	D1	Sl. Inferior	Similar	D1	D1	D1	D1	D1	D1
Adjustment		10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Potential	Average	Similar	Similar	Average	Average	Average	Average	Average	Average
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.188	Inferior	Similar	0.08	0.33	0.59	0.19	0.43	0.24
Adjustment		20.0%	0.0%	-5.0%	5.0%	5.0%	0.0%	5.0%	0.0%
Gross Adjustments		30.0%	0.0%	25.0%	5.0%	5.0%	0.0%	25.0%	0.0%
Net Adjustments		30.0%	0.0%	-25.0%	5.0%	5.0%	0.0%	-15.0%	0.0%
Adjusted Sale Price Per Sq. Ft.		\$436	\$558	\$282	\$368	\$359	\$472	\$897	\$291

High	\$897
Mean	\$458
Median	\$402
Low	\$282

Index of Comparable Land Sales

1. Confidential, Ann Arbor
2. Confidential, Ann Arbor
3. 1215 South University Avenue, Ann Arbor
4. 600, 602, 604 & 606 East Washington Street, Ann Arbor
5. 603 and 513 East Huron Street, Ann Arbor
6. 315 South Main Street, Ann Arbor
7. 611 East University Avenue, Ann Arbor
8. 514 East Washington Street, Ann Arbor



Adjustments:

Buyer Expenditures: Buyer expenditures include the costs incurred by the buyers immediately following the purchase of a property. Sales One, Five and Eight are adjusted for various buyer expenses. Demolition costs for Comparable Seven is incorporated into the cited sale price. Rents for interim improvements of the remaining data are presumably offsetting to eventual demolition costs.

Property Rights Conveyed: The fee simple title to the subject property is examined. The presented sales conveyed with fee simple title interest and no adjustment is applied.

Conditions of Sale: The consummated and pending sales are reported to be arm's-length transactions. Therefore, no adjustments are warranted.

Terms of Sale/Financing: All sales were purchased on the basis of cash or presumed cash equivalent terms for this market. Thus, no adjustments are necessary.

Market Conditions: The consummated sales occurred within the past 56 months of the current date of valuation. As discussed in the "Current Market Conditions and Trends" subsection of this report, growth in the Ann Arbor CBD evidences in the development land sector at about six percent per annum, or 0.50000 percent per month.

Location: Location adjustments are made in consideration of visibility characteristics, traffic patterns, accessibility, local economies, demographic trends, and neighborhood real estate values. The property has good visibility and exposure characteristics in the central core district. Downward adjustment is applied to Comparables Three and Seven, well located in the central campus district. No adjustment is applied to the remaining presented data, having similar overall characteristics.

Topography and Cover: The subject property features level topographical characteristics with predominantly clear coverage. The comparable data feature similar topographical and coverage characteristics which do not merit adjustment.

Zoning: The subject property is zoned D1, Downtown Core District. Upward adjustment is applied to Comparable One, with a more limiting designation, which was negotiated to a higher density. No adjustment is applied to the remaining presented data, with similar zoning to that of the subject.



Utilities: All municipal utilities are available to the subject property and to the presented data and no adjustment is warranted.

Development Potential: The appraisal property comprises 0.188 gross acre, which adequate area would likely influence the intensity with which the property could be developed owing to economies of scale. All comparables are deemed to have adequate or ample development potential and no adjustment is warranted.

Size: The subject comprises 0.188 gross acre, while the presented data range in size from 0.08 to 0.59 acre. Generally, the market for parcels of land exhibits a downward trend in unit price as parcel size increases. Such trend intensifies as it applies to smaller sites. No adjustment is applied to Comparables Two, Six and Eight, similar in size to the subject. Downward adjustment is applied to Comparable Three, smaller in size relative to the subject, while variable upward adjustment is applied to the remaining presented data, larger in size, relative to the subject.

Summary: After all adjustments, the comparable land sale prices range from \$282 to \$897, with a mean of \$458 and a median indicator of \$402 per square foot. Discarding the high and low, yields an average indicator \$414 per square foot. The most recent 2019 and pending data average \$428 per square foot. Least adjusted Comparables Two, Six and Eight adjust to an average of \$440 per square foot.

After consideration of the market data, up-trending conditions and the subject corner location, the appraisers resolve to a market indicator of \$450 per square foot, between the mean indicator of all of the presented data and the average of the least adjusted data. Thus,

8,184 gross sq. ft. (0.188 gross acre) @ \$450/sq. ft. = \$3,685,000 (rd.)

The subject has a dense zoning allowing 400% Floor Area Ratio (FAR) or 700% with premiums. In some cases up to 900% with premiums and affordable housing is possible. At the base range of 400% to 700% the subject site is capable of supporting roughly 32,736 to 57,288 square feet of building area. Dividing these projected areas into our estimated market value yields a value range from about \$64 to \$113 per square foot of potential developed building area. Of course the ultimate building area depends on several factors beyond the control of the developer. The table below highlights the comparable land sales used in our analysis as well as several other slightly dated or removed comparable sales in the Ann Arbor market. These sales have D1 and D2 zoning designations. The D2 zoning allows a maximum 200% FAR or 400% FAR with premiums. Comparable 15 allows a maximum 200% FAR.



Price Per Square Foot of Developed Building Area

	Sale Date	Price	Land Area	\$/SF of Land	Zoning	Developed or Planned GBA	\$/GBA	Price Per Max FAR	Price Per Max/Premiums FAR	
1	NWC Glenn and East Ann	Mar-14	\$2,550,000	.54 acre	\$108	PUD	145,915 SF	\$17	\$27	\$15
2	350 South Fifth	Apr-14	\$5,250,000	.82 acre	\$147	D1	n/a	n/a	\$37	\$21
3	318 West Liberty	Dec-14	\$1,037,000	.26 acre	\$93	D2	17,985 SF	\$58	\$47	\$23
4	615, 633 & 637 South Main	Oct-16	\$9,960,000	1.97 acre	\$116	D2	286,079 SF	\$35	\$58	\$29
5	600, 602, 604 & 606 East Washington	Nov-15	\$4,100,000	.33 acre	\$285	D1	n/a	n/a	\$71	\$41
6	618 South Main	Nov-12	\$2,850,000	1.0 acre	\$65	D2	117,763 SF	\$24	\$33	\$16
7	319 & 321 North Main	Dec-14	\$768,000	.19 acre	\$94	D2	12,000 SF	\$64	\$47	\$23
8	221 West Washington	Jan-12	\$3,200,000	.57 acre	\$130	PUD	137,874 SF	\$23	\$32	\$19
9	215 North Fifth	Dec-10	\$645,000	.09 acre	\$158	D2	4,400 SF	\$147	\$79	\$39
10	401 and 413 East Huron	May-12	\$6,000,000	.87 acre	\$158	D1	263,504 SF	\$23	\$40	\$23
11	637 South Main	Mar-14	\$2,300,000	.51 acre	\$104	D2	n/a	n/a	\$52	\$26
12	319 S. Fifth and 326 N. Division	Offer	\$10,000,000	1.55 acre	\$148	D1	353,057 SF	\$28	\$37	\$21
13	206 & 210 Miller, 307 & 309 N. Ashley	Dec-17	\$1,200,000	.33 acre	\$83	D2	40,500 SF	\$30	\$41	\$21
14	1215 South University	Dec-15	\$1,050,000	.08 acre	\$306	D1	10,796 SF	\$97	\$76	\$44
15	Block of E. Hoover, Brown, Green, E. Davis	Jun-19	\$6,800,000	1.63 acre	\$96	C2B	141,140 SF	\$48	\$48	n/a
16	603 and 513 East Huron	Sep-15	\$7,050,000	.59 acre	\$274	D1	131,239 SF	\$54	\$69	\$39
17	108, 202 & 214 E. Madison, 715, 613 S. Fifth, and 300 John	Mar-19	\$24,000,000	6.54 acre	\$84	D2	n/a	n/a	\$42	\$21
18	611 East University	Nov-16	\$16,703,000	.43 acre	\$898	D1	a/a	n/a	\$225	\$128
19	514 East Washington	Jun-19	\$3,000,000	.24 acre	\$286	D1	n/a	n/a	\$71	\$41
20	Confidential	Pending	Confidential	Confidential	\$329	D1 to D2	Confidential	\$66	\$165	\$82
20	Confidential	Pending	Confidential	Confidential	\$558	D1	Confidential	n/a	\$139	\$80
22	313 South Main	Feb-15	\$3,050,000	.19 acre	\$369	D1	32,813 SF	\$93	\$92	\$53
23	300 and 308 W. Huron and 111 N. First*	Undiscl. Pending	\$3,391,146	.35 acre	\$225	D2	n/a	n/a	\$113	\$56
	Mean		\$5,471,626	.91 acre	\$222		121,076 SF	\$54	\$71	\$39
*	Usable Area is applied to Comparable 23	Median	\$3,200,000	.51 acre	\$148		124,501 SF	\$48	\$52	\$27

In most cases where developed building area is known, the actual constructed or proposed development falls above the base maximum FAR but below the maximum with premiums. The planned or developed indicators range from \$17 to \$147, averaging \$54 per square foot of building area; the price per maximum FAR indicators range from \$27 to \$225, averaging \$71 per square foot; while the price per maximum FAR with premiums ranges from \$15 to \$128, averaging \$39 per square foot, which indicators are supportive of the possible range indicated for the subject based on our land value estimate.

In an effort to further support the foregoing value indicator by square foot of land area, the appraisers consider the data expressed per square foot of maximum FAR allowed, before consideration of any premiums—deemed to be speculative and dependent upon individual developer preference, site planning particulars and negotiation of city planning parameters. In the following grid, all adjustments are the same except that 1) there is no adjustment for zoning differentials, which is reflected in the price indicator based upon density allowance;



and 2) there is no adjustment for potential building size because the dataset does not indicate a clear trend in price verses size, after all other adjustments. The grid is presented below.

"Maximum FAR Land Sales Adjustment Grid"										
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	
Sale Price		\$1,050,000	\$4,100,000	\$7,950,000	\$3,050,000	\$16,703,000	\$2,900,000			
Date of Sale		Dec 1, 2015	Dec 1, 2015	Sep 1, 2015	Feb 1, 2015	Nov 1, 2016	Jun 1, 2019			
Buyer Expenditures		\$0	\$0	\$10,000	\$0	\$0	\$100,000			
Property Rights Transferred		0%	0%	0%	0%	0%	0%			
Conditions Of Sale		0%	0%	0%	0%	0%	0%			
Financing		0%	0%	0%	0%	0%	0%			
Market Conditions	0.5000%	0.00%	0.00%	23.00%	23.00%	24.50%	28.00%	17.50%	2.00%	
Adjusted Price		\$1,291,500	\$5,043,000	\$8,789,700	\$3,904,000	\$19,626,025	\$3,060,000			
Site Size In Acres	0.188	0.08	0.33	0.59	0.19	0.43	0.24			
Total GBA at Max FAR	32,736	13,748	57,499	102,802	33,106	74,400	41,992			
Adjusted Price Per Sq. Ft. Max FAR		\$94	\$88	\$86	\$118	\$264	\$73			
Location	E. William/ Library	S. University	E. Washington	E. Huron	S. Main	S. University	E. Washington			
Township	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor			
Adjustment	0.0%	0.0%	-20.0%	0.0%	0.0%	-20.0%	0.0%			
Topography/ Cover	Level/ Predom. Clear	Similar	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear			
Adjustments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Zoning	D1	Si. Inferior	D1	D1	D1	D1	D1			
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Utilities	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal			
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Development Potential	Average	Similar	Similar	Average	Average	Average	Average			
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Max FAR	32,736	13,748	57,499	102,802	33,106	74,400	41,992			
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Gross Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Net Adjustments		0.0%	0.0%	-20.0%	0.0%	-20.0%	0.0%			
Adjusted Sale Price Per Sq. Ft. Max FAR		\$74	\$75	\$86	\$88	\$118	\$211	\$73		

High	Mean	Low
\$211	\$108	\$87
\$87	\$73	\$73

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- 315 South Main Street, Ann Arbor
- 611 East University Avenue, Ann Arbor
- 514 East Washington Street, Ann Arbor



The resultant indicators range from \$73 to \$211, with a mean of \$108 and a median indicator of \$87 per square foot of maximum FAR potential, based upon 400% application. Discard of the out of pattern high indicator tightens the range to \$74 to \$139, averaging \$93 per square foot of maximum FAR potential. The appraisers' land value conclusion equates to \$113 per square foot of maximum FAR—based upon 400% application—which falls within the range and is generally supported.

The appraisers conclude that the current as-is market value of the appraisal property, as of October 31, 2019, is:

Three Million Six Hundred Eighty-Five Thousand Dollars

(\$3,685,000)

The preceding value estimate is made subject to the “General Assumptions and Limitations of Appraisal” of this report and to the following “Hypothetical Condition and Extraordinary Assumptions to this Appraisal.”

Hypothetical Condition

1. 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, under a current D1, Downtown Core District zoning parameter. Valuation predicated upon any other condition, could impact the value conclusion reported herein.

Extraordinary Assumptions

1. The appraisers have not been provided with a legal description, building or site plans and have been directed by the client to make an exterior inspection from the street. They have relied upon a legal description, site description and area culled from municipal documents. It is an assumption of this report that gross site area, descriptive detail and condition delineated herein roughly conform to actual (hypothetically vacant) conditions; if not, the value conclusion could be impacted; and
2. The appraisers have not been provided with professional soil boring analysis for the appraisal property. Valuation is predicated upon the assumption that the subject soils are suitable for commercial-type construction similar to that found on surrounding parcels. If such is not the case, the value conclusion could be impacted; and



3. Valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards or contamination. If such is not the case, the value conclusion could be impacted; and
4. The property is adjacent to a one-lane alley at its eastern border from which ingress/egress access appears to be obtained, as there are no curb cuts within the borders of the property. Valuation is predicated upon the assumption that the appraisal property benefits from both ingress and egress vehicular access to East William Street over the alley at its western border, assuming the alley is one way beyond the subject border. If such is not the case, the value conclusion could be impacted.

Sales History Analysis

Municipal records indicate the property is owned by City of Ann Arbor, which entity has owned the property in excess of three 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. Exposure time is always presumed to occur prior to the effective date of the appraisal...¹²

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

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

¹² *The Dictionary of Real Estate Appraisal*, Third Edition, Appraisal Institute, Chicago, IL, 1993, page 126.



The time it takes an interest in a real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal...¹³

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

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

¹³ *Dictionary*, page 220.



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

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

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

No chemical or scientific tests were performed by the appraiser(s) on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous materials or substances into the groundwater or the environment unless otherwise noted in the report.

Appraisal Is Made Under Conditions Of Uncertainty With Limited Data

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



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

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

Information (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 nor to any state securities regulatory agency without the express written permission of the appraiser(s).

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



Appraisal Report Limitations

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

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

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

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



REQUIRED STATEMENTS

LICENSURE

In Michigan, appraisers are required to be licensed and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing Michigan 48909. The appraisers are currently and properly licensed.

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 presentation of information.

USPAP COMPETENCY PROVISION

This appraisal complies with the Competency Provision of the USPAP.

NARRATED DATES

Date of Appraisal Report

The date of this appraisal report is November 4, 2019.

Effective Date(s) of Value

The effective date of the current valuation is October 31, 2019, the date of property inspection.

Date(s) of Inspection and Inspector(s)

Lorie Alcock made an exterior inspection of the property from the street on October 31, 2019. Michael T. Williams made a separate exterior inspection of the property from the street on the same date.



APPRAISER'S CERTIFICATIONS

Michael T. Williams

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct; and
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; and
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved; and
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; and
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results; and
6. My 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; and
7. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice; and
8. I have not performed an appraisal or any other service as an appraiser or 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. I have made an exterior inspection of the property that is the subject of this report; and
10. No one not identified in this report provided significant professional assistance to the author or authors of this report; and
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 black ink that reads "M.T. Williams". The signature is fluid and cursive.

Michael T. Williams, MAI



APPRAISER'S CERTIFICATIONS

Lorie Alcock

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct; and
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; and
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved; and
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; and
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results; and
6. My 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; and
7. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice; and
8. I have not performed an appraisal or any other service as an appraiser or 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. I have made an exterior personal inspection of the property that is the subject of this report; and
10. No one not identified in this report provided significant professional assistance to the author or authors of this report; and



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.

A handwritten signature in cursive script, appearing to read "Lorie Alcock".

Lorie Alcock



PROFESSIONAL QUALIFICATIONS

MICHAEL T. WILLIAMS, MAI

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

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

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

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

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

EDUCATION:

UNIVERSITY OF MICHIGAN

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

WALSH COLLEGE

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



APPRAISAL INSTITUTE

Courses Completed:

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

Seminars Completed:

- Building Construction In Michigan, 1995
- Small Hotel/Motel Valuation, 1997
- Non-Residential Demonstration Report Writing, 1998
- Appraisal Office Management, 1999
- Attacking and Defending an Appraisal for Litigation, 1999
- Appraisal Review – General, 2001
- Effective Report Writing, 2002
- The Road Less Traveled: Special Purpose Properties, 2003
- Rates and Ratios, 2003
- Regression Analysis, 2003
- Uniform Standards For Federal Land Acquisitions, 2003
- National USPAP Update, 2004
- Michigan Appraiser Licensing Law & Rules, 2004
- Appraisal of Local Retail Properties, 2004
- Appraisals and Real Estate Lending, 2004
- Appraising Convenience Stores, 2005
- Business Practice and Ethics, 2005
- Mortgage Fraud, 2006
- Reappraising, Readdressing, Reassigning, 2007
- Analyzing Distressed Real Estate, 2007
- National USPAP Update, 2007



Appraisal Issues In Publicly-Funded Land Transactions, 2007
Effective Bank - Appraiser Communication, 2007
Appraisal Issues in Publicly Funded Land Transaction, 2007
Capstone Realty Sources: Land Conservation Marketplace I, 2009
Appraisal Curriculum Overview (Two-Day General), 2009
Spotlight on USPAP: Common Errors and Issues, 2009
Michigan Economy, 2009
Online McKissock: Michigan Law, 2009
Online McKissock: 2008-09 National USPAP Update, 2009
Spotlight on USPAP: Confidentiality, 2010
Business Practice and Ethics, 2010
Data Verification Methods, 2010
Spotlight on USPAP: Appraisal Review, 2011
Michigan Economy, 2011
Online McKissock: Michigan Law, 2011
Online Analyzing Distressed Real Estate, 2011
National USPAP Equivalent Course 2010-2011, 2011
Spotlight on USPAP: Agreement For Services-Instructions, 2011
Preparing Valuation Disclosures, Entire MI Tax Tribunal, 2011
Supervising Appraisers, A Mentoring Process, 2012
Michigan Economy, 2012
National USPAP Equivalent Course 2012-2013, 2012
Michigan Laws and Rules, 2012
Contemporary Topics For Appraisers Involving the MI Tax Tribunal, 2013
Michigan Economics, 2013
Great Lakes Chapter Economic Summit, 2013
Online Subdivision Valuation, 2013
Contemporary Topics For Appraisers Involving the MI Tax Tribunal, 2014
Great Lakes Chapter Economic Summit, 2014
Michigan Economics, 2014
Appraising Airports and Airplane Hangars, 2014
National USPAP Equivalent Course 2014-2015, 2014
Michigan Economics, 2015
Online McKissock: Michigan Law, 2015
Government and The Housing Market, 2015
Great Lakes Chapter Economic Summit, 2015



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

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

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

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

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

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

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

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

Chair, Ethics Appeals Panel, Appraisal Institute, 2012

Member, Professional Standards and Guidance Committee, 2013

Secretary, Great Lakes Chapter of Appraisal Institute, 2013

Treasurer, Great Lakes Chapter of Appraisal Institute, 2014

Vice President, Great Lakes Chapter of Appraisal Institute, 2015

President, Great Lakes Chapter of Appraisal Institute, 2016



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



PROFESSIONAL QUALIFICATIONS

LORIE ALCOCK

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

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

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

EDUCATION

UNIVERSITY OF MICHIGAN

School of Art and Design
Bachelor of Fine Arts, 1979

APPRAISAL INSTITUTE

Courses Completed:
Real Estate Appraisal Principles, 1986
Residential Valuation, 1986
Basic Valuation Procedures, 1987
Basic Income Capitalization, 2000
General Applications, 2001

Seminars Completed:
Income Valuation of Small Mixed-Use Properties, 2001



BUSINESS EXPERIENCE

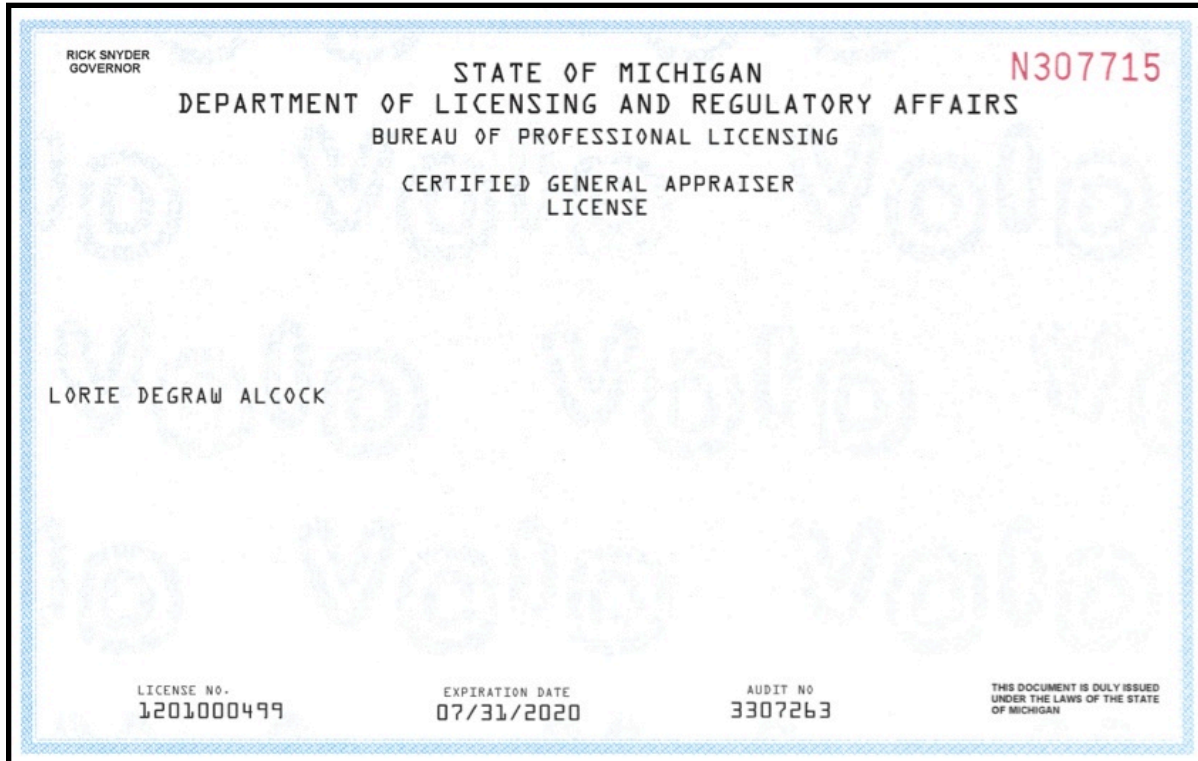
1986 – present Staff Appraiser, Gerald Alcock Company, L.L.C.
1982 – 1986 Production Artist, Group 243, Incorporated
1980 – 1982 Art Teacher, Superior Recreation Department

PROFESSIONAL AFFILIATION

State of Michigan General Certified Real Estate Appraiser, License Number 1201000499

COURT EXPERIENCE

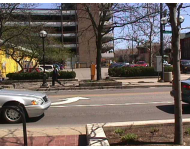
Qualified as expert witness in Washtenaw County Circuit Court





Municipal Documents

353 S MAIN ST Ann Arbor, MI 48104 (Property Address)
 Parcel Number: 09-09-29-406-001



Property Owner: CITY OF ANN ARBOR

Summary Information
 > Assessed Value: \$0 | Taxable Value: \$0

Item 1 of 1 1 Image / 0 Sketches

Parcel is Vacant

Owner and Taxpayer Information

Owner	CITY OF ANN ARBOR Surface Lot DDA * PO BOX 8647 Ann Arbor, MI 48107	Taxpayer	SEE OWNER INFORMATION
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General Information for Tax Year 2019

Property Class	Exempt City of AA	Unit	09 City of Ann Arbor
School District	No Data to Display	Assessed Value	\$0
Map #		Taxable Value	\$0
User Num Idx	3	State Equalized Value	\$0
User Alpha 1	No Data to Display	Date of Last Name Change	06/06/2007
User Alpha 3	No Data to Display	Notes	Not Available
Historical District	No	Census Block Group	No Data to Display
User Alpha 2	No Data to Display	Exemption	No Data to Display

Principal Residence Exemption Information

Homestead Date No Data to Display

Principal Residence Exemption	June 1st	Final
2020	0.0000 %	-
2019	0.0000 %	0.0000 %

Previous Year Information

Year	MBOR Assessed	Final SEV	Final Taxable
2018	\$0	\$0	\$0

Land Information

Zoning Code	D1	Total Acres	0.188
Land Value	\$0	Land Improvements	\$0
Renaissance Zone	No	Renaissance Zone Expiration Date	No Data to Display
ECF Neighborhood	099 exempt	Mortgage Code	No Data to Display
Lot Dimensions/Comments	No Data to Display	Neighborhood Enterprise Zone	No

Lot(s)	Frontage	Depth
Lot 1	66.00 ft	124.00 ft
Total Frontage: 66.00 ft		Average Depth: 124.00 ft

Legal Description

LOT 8 EXC BEG PT E L LOT 8 2.84 FT S OF NE COR TH N 2.84 FT TH W ON N L SD LOT TO NW COR TH S ON W L 3.65 FT TH NE TO POB B3S R4E ORIGINAL PLAT OF ANN ARBOR

Land Division Act Information

Date of Last Split/Combine	No Data to Display	Number of Splits Left	Not Available
Date Form Filed	No Data to Display	Unallocated Div.s of Parent	0

Date Created	<i>No Data to Display</i>	Unallocated Div.s Transferred	0
Acreage of Parent	0.00	Rights Were Transferred	No
Split Number	0	Courtesy Split	No
Parent Parcel	<i>No Data to Display</i>		

Sale History

Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms of Sale	Liber/Page	Comments
No sales history found.							

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Excerpts from Zoning Ordinance

business district.

(2) *Permitted principal uses.*

(a) Any principal use permitted in the C1 local business district and the C1B community convenience center district.

(b) All commercial uses other than office uses shall not be permitted above the third story.

(3) *Permitted accessory uses.*

(a) Those allowed in the R3 district.

(Ord. No. 6-84, 4-9-84; Ord. No. 6-05, § 2, 4-4-05)

5:10.19. D1 and D2 Downtown Districts.

(1) *Intent.* These districts, in coordination with the downtown character overlay zoning districts, are designed to support the downtown as the city's traditional center. The downtown serves both the region and local residents as a place to live, work, and take advantage of civic, cultural, educational, shopping, and entertainment opportunities. The downtown districts are intended to allow a mixture of land uses, dense urban development, pedestrian orientation, unique residential opportunities, and a compatible and attractive mix of historic and contemporary building design. Development in these districts is designed to be accessible by a variety of modes of transportation.

(a) *D1 - Downtown Core District.* This district is intended to contain the downtown's greatest concentration of development and serves as a focus for intensive pedestrian use. This district is appropriate for high-density mixed residential, office and commercial development.

(b) *D2 - Downtown Interface District.* This district is intended to be an area of transition between the Core and surrounding residential neighborhoods. This district is appropriate for medium density residential and mixed-use development.

(2) *Uses of land.*

(a) *Uses in the D1 and D2 districts are allowed in accordance with Table 5:10.19A - Schedule of Uses.* The following key is to be used with the Schedule of Uses:

1. *Permitted Uses.* In accordance with section 5:6, these uses are permitted by right in the district. These uses may be mixed within a building, unless otherwise specified in this chapter. Permitted uses are identified with a "P".

2. *Special Exception Uses.* In accordance with sections 5:6 and 5:104, these uses may be allowed in a district subject to review and approval by the Planning Commission. Special exception uses are identified with an "S".

3. *Prohibited Uses.* These uses are not permitted in the district. Prohibited uses are identified with an "X."

4. *Related Zoning Regulations.* The Schedule of Uses lists additional related zoning regulations that apply to specific uses. This list is not comprehensive and all uses must comply with all applicable laws and regulations.

TABLE INSET:

Table 5:10.19A - Schedule of Uses: D1 and D2 Downtown Districts			
P=Permitted S=Special Exception X=Prohibited A=Active			
Use	D1 Downtown Core	D2 Downtown Interface	Related Zoning Regulations
RESIDENTIAL			
Single- or Two-Family Dwelling	P	P	
Multiple-Family Dwelling	P	P	
Fraternity, Sorority or Student Cooperative	P	P	
Rooming or Boarding House	P	P	
Emergency Shelter	P	P	
Convalescent or nursing home	P	P	
LODGING			
Hotel	P	P	
Bed & Breakfast	P	P	
CIVIC AND INSTITUTIONAL			
Religious Assembly	P	P	
Educational Services	P	P	
Day Care Center	P	P	
Community Center	P	P	
Social or Service Club	P	P	
Library	P	P	
Government Office	P	P	
Courthouse	P	P	
Park or Plaza	P	P	
Museum	P	P	
OFFICE			
Office--General or Business	P	P	
Office--Medical or Dental	P	P	
Office--Veterinary	P	P	
Medical Laboratory	P	P	

COMMERCIAL			
Bank, Credit Union or Financial Services	P	P	
Retail Sales	P	P	
Restaurant or Bar	P	P	
Personal or Business Services	P	P	
Outdoor Sales, Permanent	P	P	Section 5:10.15(2)e
Outdoor Sales, Temporary	P	P or S	Sections 5:10.15(2) f, g and h; Section 5:104
Conference Center	S	X	Section 5:104
Theater	P	P	
Entertainment--General	P	S	Section 5:104
Entertainment--Adult	X	X	Section 5: 50
Funeral Services	P	P	
Drive-through Facility	S	S	Section 5:104
Vehicle Fueling Station	S	S	Section 5:104
Vehicle Sales or Rental	S	S	Section 5:104
Vehicle Repair or Storage	S	S	Section 5:104
Vehicle Wash	S	S	Section 5:104
INDUSTRIAL & TRANSPORTATION			
Warehouse	X	P	
Building Materials Wholesale	X	P	
Construction/Trade Contractors	X	P	
Fabrication--Metal & Canvas	X	P	Performance standards of Section 5:10.24(f)
Assembly or Manufacturing	S	S	Performance standards of Section 5:10.24(f); Section 5:104
Printing or Publishing	P	S	Section 5:104
Parking Structure	S	S	Section 5:104
Parking Lot--Principal Use	S	S	Section 5:104
Transit Center or Station	P	P	
Wireless Communications Facility	S	S	Section 5:6; Section 5:82: Section 5:104

			<p>of this ordinance (December 26, 2009); otherwise none. (2) The usable floor area of the second story must be a minimum of 75 percent of the first story usable floor area.</p>		Zoning District Massing Standards (Table 5:10.20A)			
D2	200% of lot area	400% of lot area	24	2	See Character Overlay Zoning District Massing Standards (Table 5:10.20A)	80% of lot area	10% of lot area	None
			<p>(1) The minimum height requirement shall apply only to new principal use buildings constructed after the effective date of this ordinance (December 26, 2009); otherwise none. (2) The usable floor area of the second story must be a minimum of 75 percent of the first story</p>					

Broadcasting Facility	P	S	Section 5:104
Utility Substation	P	P	
Railroad	P	P	

(3) *Area, height and coverage requirements.*

(a) Except as otherwise provided in this Chapter, regulations governing area, height, coverage and open space in the D1 and D2 Downtown Districts shall comply with the requirements in Table 5:10.19B.

TABLE INSET:

Zoning District	Maximum Usable Floor Area in Percentage of Lot Area (FAR)		Minimum Height		Max. Building Height	Max. Building Coverage	Min. Open Space	Min. Gross Lot Size
	Normal (without Premiums)	With Premiums (Sections 5:64--5:65)	In Feet	In Stories				
D1	400% of lot area	700% of lot area 900% of lot area with affordable housing premiums	24	2		None	None	None
			(1) The minimum height requirement shall apply only to new principal use buildings constructed after the effective date		See Character Overlay			

			usable floor area.				
--	--	--	-------------------------------	--	--	--	--

(b) *Relationship to downtown character overlay zoning districts.* The D1 and D2 downtown zoning districts shall be further regulated by the downtown character overlay zoning districts. Unless otherwise specified in this Chapter, regulations identified for both the downtown district and the applicable downtown character overlay zoning district shall apply.

(4) *Parking structures.*

(a) In the D1 district, an off-street parking structure is not permitted at the level of the adjacent street unless separated from the street by a portion of the building that is occupied by a permitted use or uses, with the exception of the portion of a parking structure that provides vehicular or pedestrian access to the street. The permitted use(s) shall be located within the building and have a minimum depth of 25 feet from the exterior of the front wall.

1. On corner lots, this requirement shall apply to lot frontages on primary streets, as defined in Section 5:10.20(4). If none of the street frontages is a primary street, an off-street parking structure must be separated from at least one street frontage by a portion of the building that is occupied by a permitted use, with the exception of the portion of a parking structure that provides access to the street.

(b) In the D2 district, an off-street parking structure shall be located a minimum of 10 feet from the front lot line at the level of the adjacent street and provide a landscape buffer or screening wall between the building and the front property line.

(c) In the D1 and D2 districts, any wall of an off-street parking structure that abuts a residential zoning district shall contain no openings or be separated from the lot line by a building occupied by a permitted use or uses.

(Ord. No. 6-84, 4-9-84; Ord. No. 23-92, § 1, 5-18-92; Ord. No. 2-96, § 1, 2-20-96; Ord. No. 09-28, § 6, 11-16-09)

5:10.20. Downtown Character Overlay Zoning Districts.

(1) *Intent.* The purpose of these overlay zoning districts is to supplement the regulations for zoning districts in the downtown to reflect the diversity of historical and built environments within the downtown. These character overlay zoning districts account for differences in the existing street pattern, density, massing and design features that exist throughout the downtown, in addition to the intent of the city for the future development of each area.

(a) *South University.* The South University Character District lies along the southeastern edge of the University of Michigan Central Campus, which separates it from the other mixed use districts of downtown. This is an area characterized by a mix of building types and sizes, with retail uses at the street level and relatively narrow lot widths. The intent for this district is to maintain a variety in scale, with design that reflects the small-scale widths and heights of buildings in the area at the streetwall and locates taller portions toward the interior of the lot. The South University D2 Character District lies just outside the DDA boundaries, adjacent to nearby residential neighborhoods. The intent for this district is to maintain a variety of small-scale

Section 2. That Section 5:2 of Chapter 55 of Title V of the Code of the City of Ann Arbor is amended as follows:

5.2. Classification of Districts.

Ann Arbor shall be, and hereby is, divided into zoning districts and overlay zoning districts as enumerated in the schedule of use regulations and schedule of area, height and placement regulations.

Section 3. That Section 5:3 of Chapter 55 of Title V of the Code of the City of Ann Arbor is amended as follows:

5.3. Required Conformity to District Regulations.

- (1) Except as otherwise provided in this chapter, no structure or tract of land shall hereafter be used or occupied, and no structure, or part thereof, shall be erected, moved or altered, except in conformity with the regulations herein specified for the zoning district or overlay zoning district in which the structure or land is located.
- (2) The provisions of this chapter do not apply to land or structures owned or occupied by a governmental unit or agency, or by a public educational institution, during the time that such land or structure is used by such unit, agency or institution.
- (3) The provisions of this chapter do not apply to private wireless communications facilities licensed or otherwise authorized by a governmental unit or agency, or by a public educational institution, during the time that the land or public structure upon which it is placed is owned or used by such unit, agency or institution.
- (4) Land and structures sold, or otherwise disposed of, by such unit, agency or institution, other than to another such unit, agency or institution, shall be subject to the provisions of this chapter to the same extent as if never owned by such unit, agency or institution.

Section 4. That Section 5:4 of Chapter 55 of Title V of the Code of the City of Ann Arbor is amended as follows:

5.4. Zoning District Boundaries Shown on the Zoning Map.

The boundaries of the zoning districts and overlay zoning districts are hereby established as shown on the zoning map which accompanies this chapter and which, with all notations, references and other information shown thereon, shall be as much a part of this chapter as if fully described herein. For downtown character overlay zoning districts, the required front setbacks are hereby established as shown on the building frontage map which accompanies this chapter and which, with all notations, references and other information shown thereon, shall be as much a part of this chapter as if fully described herein. The zoning map and building frontage map shall be certified as the official copies by the city clerk and shall be kept on file in the planning and development services unit. Maps and descriptions accompanying enacted amendments shall be displayed adjacent to the official copy until such time as the official copy is corrected.

Section 5. That Section 6:6 of Chapter 55 of Title V of the Code of the City of Ann Arbor is amended as follows:

5.6. Establishment of Use Regulations.

- (1) No structure or land shall be used or occupied and no structure shall be erected, constructed, moved or altered, except in conformity with the regulations specified for the zoning district in which it is located. Uses not expressly permitted are prohibited. Permitted uses are subject to the minimum requirements specified for such use in the zoning district in which such use is located, plus applicable requirements found elsewhere in this ordinance. A special exception use is subject not only to the minimum requirements specified for such use in the zoning district in which it is located, but also to the applicable standards and requirements found in Section 5:104. Special conditions may be imposed by the Planning Commission in order to make the use compatible with the uses permitted by right in that zoning district.
- (2) The erection, construction, alteration or maintenance of an essential service by a public utility for the purpose of furnishing adequate service by such public utilities for the public health, safety or general welfare of gas, electrical, steam or water transmission, or distribution systems including elevated water towers or tanks; of collection, communication, supply or disposal systems; of poles, wires, mains, drains, sewers, pipes, cables, fire alarm boxes, hydrants and other similar equipment and accessories in connection therewith, other than buildings and electrical substations, are permitted in any district. For purposes of this chapter, wireless communications towers are not considered to be an essential service.
- (3) Buildings containing essential services and electrical substations are permitted in all districts except the R1A, R1B, R1C, R2A and R2B districts in which special exception use approval pursuant to Section 5:104 is required.
- (4) Wireless communications antennas are permitted in all districts, subject to the requirements of this Code.
- (5) Wireless communications towers and associated facilities are permitted in all non-residential districts except in C1A, C1A/R, and P, subject to the standards found elsewhere in this ordinance. Wireless communications towers are permitted as a special exception use in the D1, D2 and R5 districts, pursuant to the regulations in Section 5:104 and those found elsewhere in this ordinance.
- (6) Any accessory use incidental to the permitted principal use is permitted, unless otherwise permitted or restricted herein. A wireless communications facility may be considered to be either a principal permitted use or an accessory use.

Section 6. That Section 5:10.19 of Chapter 55 of Title V of the Code of the City of Ann Arbor is repealed and replaced as follows:

5:10.19. D1 and D2 Downtown Districts

- (1) Intent. These districts, in coordination with the downtown character overlay zoning districts, are designed to support the downtown as the city's traditional center. The downtown serves both the region and local residents as a place to live, work, and take advantage of civic, cultural, educational, shopping, and entertainment opportunities. The downtown districts are intended to allow a mixture of land uses, dense urban development, pedestrian orientation, unique residential opportunities, and a compatible and attractive mix of historic and contemporary building design. Development in these districts is designed to be accessible by a variety of modes of transportation.
 - (a) D1 – Downtown Core District. This district is intended to contain the downtown's greatest concentration of development and serves as a focus for intensive pedestrian use. This district is appropriate for high-density mixed residential, office and commercial development.
 - (b) D2 – Downtown Interface District. This district is intended to be an area of transition between the Core and surrounding residential neighborhoods. This district is appropriate for medium density residential and mixed-use development.
- (2) Uses of land.
 - (a) Uses in the D1 and D2 districts are allowed in accordance with Table 5:10.19A – Schedule of Uses. The following key is to be used with the Schedule of Uses:
 1. Permitted Uses. In accordance with section 5.6, these uses are permitted by right in the district. These uses may be mixed within a building, unless otherwise specified in this chapter. Permitted uses are identified with a "P".
 2. Special Exception Uses. In accordance with sections 5:6 and 5:104, these uses may be allowed in a district subject to review and approval by the Planning Commission. Special exception uses are identified with an "S".
 3. Prohibited Uses. These uses are not permitted in the district. Prohibited uses are identified with an "X."
 4. Related Zoning Regulations. The Schedule of Uses lists additional related zoning regulations that apply to specific uses. This list is not comprehensive and all uses must comply with all applicable laws and regulations.

Use	D1 Downtown Core	D2 Downtown Interface	Related Zoning Regulations
RESIDENTIAL			
Single- or Two-Family Dwelling	P	P	
Multiple-Family Dwelling	P	P	
Fraternity, Sorority or Student Cooperative	P	P	
Rooming or Boarding House	P	P	
Emergency Shelter	P	P	
Convalescent or nursing home	P	P	
LODGING			
Hotel	P	P	
Bed & Breakfast	P	P	
CIVIC AND INSTITUTIONAL			
Religious Assembly	P	P	
Educational Services	P	P	
Day Care Center	P	P	
Community Center	P	P	
Social or Service Club	P	P	
Library	P	P	
Government Office	P	P	
Courthouse	P	P	
Park or Plaza	P	P	
Museum	P	P	
OFFICE			
Office – General or Business	P	P	
Office – Medical or Dental	P	P	
Office – Veterinary	P	P	
Medical Laboratory	P	P	

P=Permitted S=Special Exception X=Prohibited A=Active

Use	D1 Downtown Core	D2 Downtown Interface	Related Zoning Regulations
COMMERCIAL			
Bank, Credit Union or Financial Services	P	P	
Retail Sales	P	P	

Restaurant or Bar	P	P	
Personal or Business Services	P	P	
Outdoor Sales, Permanent	P	P	Section 5:10.15(2)a
Outdoor Sales, Temporary	P	P or S	Sections 5:10.15(2) f, g and h; Section 5:104
Conference Center	S	X	Section 5:104
Theater	P	P	
Entertainment - General	P	P	Section 5:104
Entertainment - Adult	X	X	Section 5: 50
Funeral Services	P	P	
Drive-through Facility	S	S	Section 5:104
Vehicle Fueling Station	S	S	Section 5:104
Vehicle Sales or Rental	S	S	Section 5:104
Vehicle Repair or Storage	S	S	Section 5:104
Vehicle Wash	S	S	Section 5:104
INDUSTRIAL & TRANSPORTATION			
Warehouse	X	P	
Building Materials Wholesale	X	P	
Construction/Trade Contractors	X	P	
Fabrication - Metal & Canvas	X	P	Performance standards of Section 5:10.24(f)
Assembly or Manufacturing	S	S	Performance standards of Section 5:10.24(f); Section 5:104
Printing or Publishing	P	S	Section 5:104
Parking Structure	S	S	Section 5:104
Parking Lot - Principal Use	S	S	Section 5:104
Transit Center or Station	P	P	
Wireless Communications Facility	S	S	Section 5:6; Section 5:82; Section 5:104
Broadcasting Facility	P	S	Section 5:104
Utility Substation	P	P	
Railroad	P	P	

P=Permitted S=Special Exception X=Prohibited A=Active

- (3) Area, height and coverage requirements.
 (a) Except as otherwise provided in this chapter, regulations governing area, height, coverage and open space in the D1 and D2 Downtown Districts shall comply with the requirements in Table 5:10.19B.

Zoning District	Maximum Usable Floor Area in Percentage of Lot Area (FAR)		Minimum Height		Max. Building Height	Max. Building Coverage	Min. Open Space	Min. Gross Lot Size
	Normal (without premiums)	With Premiums (Sections 5:64-5:65)	In Feet	In Stories				
D1	400% of lot area	700% of lot area	24	2	See Character Overlay Zoning District Massing Standards (Table 5:10.20A)	None	None	None
		900% of lot area with affordable housing premiums						
D2	200% of lot area	400% of lot area	24	2	See Character Overlay Zoning District Massing Standards (Table 5:10.20A)	80% of lot area	10% of lot area	None

- (b) Relationship to downtown character overlay zoning districts. The D1 and D2 downtown zoning districts shall be further regulated by the downtown character overlay zoning districts. Unless otherwise specified in this chapter, regulations identified for both the downtown district and the applicable downtown character overlay zoning district shall apply.
- (4) Parking structures.
 (a) In the D1 district, an off-street parking structure is not permitted at the level of the adjacent street unless separated from the street by a portion of the building that is occupied by a permitted use or uses, with the exception of the portion of a parking structure that provides vehicular or pedestrian access to the street. The permitted use(s) shall be located within the building and have a minimum depth of 25 feet from the exterior of the front wall.
 1. On corner lots, this requirement shall apply to lot frontages on primary streets, as defined in Section 5:10.20(4). If none of the street frontages is a primary street, an off-street parking structure must be separated from at least one street frontage by a portion of the building that is occupied by a permitted use, with the exception of the portion of a parking structure that provides access to the street.
 (b) In the D2 district, an off-street parking structure shall be located a minimum of 10 feet from the front lot line at the level of the adjacent street and provide a landscape buffer or screening wall between the building and the front property line.
 (c) In the D1 and D2 districts, any wall of an off-street parking structure that abuts a residential zoning district shall contain no openings or be separated from the lot line by a building occupied by a permitted use or uses.

Section 7. That Section 5:10.20 of Chapter 55 of Title V of the Code of the City of Ann Arbor is repealed and replaced as follows:

5:10.20. Downtown Character Overlay Zoning Districts

- (1) Intent. The purpose of these overlay zoning districts is to supplement the regulations for zoning districts in the downtown to reflect the diversity of historical and built environments within the downtown. These character overlay zoning districts account for differences in the existing street pattern, density, massing and design features that exist throughout the downtown, in addition to the intent of the city for the future development of each area.
 (a) South University. The South University Character District lies along the southeastern edge of the University of Michigan Central Campus, which separates it from the other mixed use districts of downtown. This is an area characterized by a mix of building types and sizes, with retail uses at the street level and relatively narrow lot widths. The intent for this district is to maintain a variety in scale, with design that reflects the small-scale widths and heights of buildings in the area at the streetwall and locates taller portions toward the interior of the lot. The South University D2 Character District lies just outside the DDA boundaries, adjacent to nearby residential neighborhoods. The intent for this district is to maintain a variety of small-scale commercial and retail enterprises mixed with some residential uses, minimizing the impact on nearby residential streets.
 (b) State Street. The State Street Character District frames the northwest corner of the University of Michigan central campus and defines the edge of the commercial core. This area is characterized by a mixture of entertainment and retail uses with strong connections to the campus. The intent for this district is preservation of the integrity of the historic district properties and the overall historic character of the area, with design that includes features of the traditional commercial storefronts at the sidewalk's edge.

- (c) Liberty/Division. The Liberty/Division Character District is located in the core of downtown, yet retains a small-scale residential character. A significant portion of this district coincides with the East William Historic District, and for this reason, preservation of the integrity of these resources is a high priority, as is the retention of the overall sense of scale. While increased building mass can be accommodated in this district, it is the intent to maintain the traditional scale and rhythm of residential buildings.
 - (d) East Huron 1 and 2. The East Huron Character Districts center along the eastern portion of the Huron Street civic corridor. These areas differ from most of downtown in that the uses are primarily institutional and are seen "in the round" with open space surrounding them. The intent for these districts is to continue the tradition of free-standing buildings with open space in front, incorporating design that includes signature building elements that give landmark qualities to properties.
 - (e) Midtown. The Midtown Character District is framed on all sides by other downtown character districts and contains the Fifth Avenue civic corridor. At present, this district lacks a strong sense of identity and is a place where creation of a new context should occur. The intent for this district is higher density development with a strongly defined street edge and active open spaces.
 - (f) Main Street. The Main Street Character District is the traditional heart of downtown, with a regional entertainment and business focus. The center of the district contains the Main Street Historic District, and preservation of these resources is a high priority. The intent for this district is design that maintains the traditional rhythm of existing storefronts along the street edge and varying parapet lines.
 - (g) Kerrytown. The Kerrytown Character District frames the north end of downtown and is characterized by a mix of small-scale commercial buildings and houses that have been adapted to different uses. The eastern part of the district is part of the Old Fourth Ward Historic District, while the southeast corner of the district is located in the Fourth/Ann Historic District. The intent for this district is retaining traditional existing building patterns, with lower-scale building modules and residential shapes.
 - (h) First Street. The First Street Character District runs north-south along the Ann Arbor Railroad and Allen Creek floodplain. This area is characterized by oddly-shaped blocks and a mixture of commercial storefronts, industrial buildings and single-family homes. Many of these buildings are located in the Old West Side historic district, which makes up much of the character area. The intent for this district is for infill development that preserves historic buildings' assets, supports downtown activities, and provides non-motorized connections through preservation of a system of public and common open spaces. New development along the Allen Creek floodplain should be sited to provide greenspace on site and be located in such a way that it will connect with greenspace of abutting properties.
- (2) Relationship to D1 and D2 downtown districts. The Downtown Character Overlay Zoning Districts shall provide additional regulations to the D1 and D2 districts. Unless otherwise specified in this chapter, regulations identified for both the downtown district and the applicable downtown character overlay zoning district shall apply.
- (3) Building massing standards
- (a) Buildings and additions constructed after the effective date of this section (December 26, 2009) on lots zoned D1 or D2 in the Downtown Character Overlay Zoning Districts shall comply with the building massing standards in Table 5:10.20A, Table 5:10.20B or Table 5:20C, as applicable.
 - (b) The following definitions shall apply in the application of building massing standards:
 1. Base: The portion of a building located between the street grade and the streetwall height (see Figure 1).

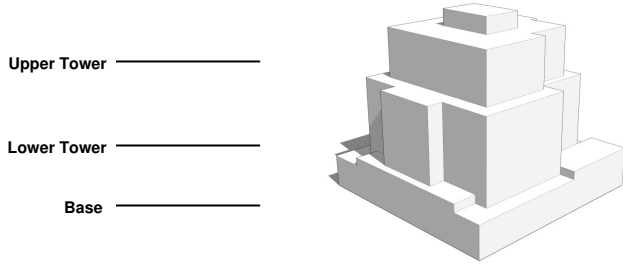


Figure 1 – Base, Lower Tower and Upper Tower

- 2. Massing articulation: The way in which a building wall surface is broken down into vertical modules, sub-parts or major elements, which are distinguished by changes in materials, texture or surface plane (see Figure 2).

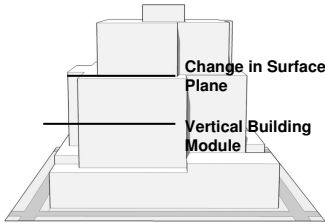


Figure 2 – Massing Articulation

- 3. Offset: The distance that the exterior wall of a tower or upper stories of a building is set back from the streetwall or the exterior wall of the base (see Figure 3). For purposes of this definition, unenclosed balconies are not considered to be part of the exterior wall of a tower.

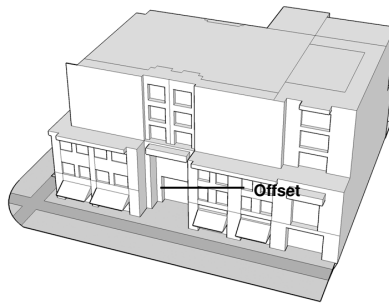


Figure 3 – Offset

- 4. Streetwall: The exterior face of a building that fronts a public street between the street grade and the streetwall height (see Figure 4).

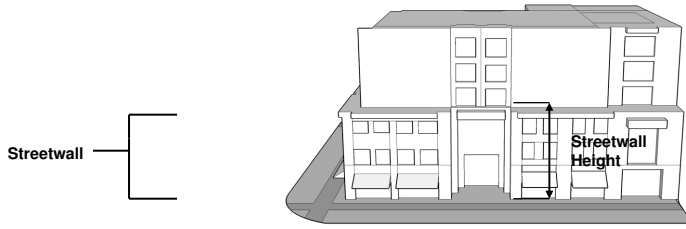


Figure 4 – Streetwall and Streetwall Height

5. Streetwall height: The height of the streetwall portion of the building, as measured in stories above the street grade (see Figure 4).
 6. Tower: Any portion of the building that rises above the base. Towers often include a lower tower section and an upper tower section (see Figure 1).
- (c) The minimum required offset at the top of the streetwall shall be measured from exterior face of the building at the top of the streetwall to the closest point of the exterior face of the tower. For corner parcels with a lot size of less than 5,000 square feet, no offset is required. (d) For purposes of applying the required average offset at the top of the streetwall, a total surface area greater than or equal to the product of the width of the building base multiplied by the required offset shall be provided between the exterior face of the building at the top of the street wall and the exterior face of the tower.

Overlay Zoning District	Streetwall Height		Offset at Top of Streetwall Required Average	Max. Building Height D1 District	Max. Building Height D2 District	Massing Articulation Maximum Building Module Length (Horizontal Dimension)	Side and Rear Setbacks Minimum Distance from Lot Line Abutting R Zoning District
	Max. Height	Min. Height					
South University	3 stories	2 stories	5 feet	150 feet	60 feet	45 feet	For D1, a minimum 30 foot setback. For D2, a minimum 40 foot setback. This setback shall be measured from the rear and side exterior walls of the building to any R zoning district boundary on the same block as the building.
State Street	3 stories	2 stories	5 feet	180 feet	Not applicable	None	Not applicable
Liberty/ Division	3 stories	2 stories	5 feet	180 feet	60 feet	40 feet (in D2 only)	5 foot setback – side and rear
East Huron 1	3 stories	2 stories	None	150 feet	Not applicable	None	Rear or side exterior wall of the tower shall be located no further than 150 feet from the East Huron property line. Rear or side exterior wall of the base and the tower shall be located no closer than 30 feet to a lot line abutting a residential zoning district. In no case shall the required setback reduce the width or depth of a lot suitable for building to less than 25 feet.
East Huron 2	4 stories	2 stories	5 feet	180 feet	Not applicable	None	Not applicable
Midtown	4 stories	2 stories	5 feet	180 feet	Not applicable	None	Not applicable
Main Street	4 stories	2 stories	5 feet	180 feet	Not applicable	None	Not applicable
Kerrytown	3 stories	2 stories	5 feet	Not applicable	60 feet	40 feet	10 foot setback – side 20 foot setback – rear
First Street	3 stories	2 stories	5 feet	Not applicable	60 feet	66 feet	15 foot setback – side 30 foot setback – rear 10 foot offset - side

Overlay Zoning District	Streetwall Height		Offset at Top of Streetwall	Massing Articulation Maximum building module length (horizontal dimension)	Side and Rear Setbacks and Offsets Minimum Distance from Lot Line Abutting R District
	Max. Height	Min. Height			
Liberty/Division	3 stories	2 stories	5-foot min.	40-foot	5-foot setback – side and rear
First Street	3 stories	2 stories	5-foot average	66-foot	15-foot setback – side 30-foot setback – rear 10-foot offset – side
Kerrytown	3 stories	2 stories	5-foot min.	40-foot	10-foot setback – side 20-foot setback – rear

Overlay Zoning District	Streetwall Height		Offset at Top of Streetwall Required Average	Building Height Max. Building Height	Massing Articulation Maximum building module length (horizontal dimension)	Side and Rear Setbacks Minimum Distance from abutting R Zoning District
	Max. Height	Min. Height				
South University	3 stories	2 stories	5 feet	150 feet	45 feet	For D1, a minimum 30 foot setback. For D2, a minimum 40 foot setback. This setback shall be measured from the rear and side exterior walls of the building to any R zoning district boundary on the same block as the building.

- (4) Building frontage standards.
- (a) Intent. These building frontage designations, in coordination with the downtown character overlay zoning districts, are designed to support the pedestrian-scale character of downtown streets.
 1. Primary Street: Lot frontage where placement of buildings at the front property line is desired.
 2. Secondary Street: Lot frontage where a range of building setbacks from the front property line is acceptable.
 3. Front Yard Street: Lot frontage where a setback from the front property line is desired.
 - (b) Buildings and additions constructed after the effective date of this section (December 26, 2009) on lots zoned D1 or D2 in the Downtown Character Overlay Zoning Districts shall comply with the building frontage standards in Table 5:10.20C, as applicable.

Table 5:10.20D – Downtown Character Overlay Zoning Districts Building Frontage Standards (Additional Regulations for the D1 and D2 Districts)