

**APPRAISAL OF**

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

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As-Is Date of Valuation: November 3, 2022

For:  
Ann Arbor Housing Development Corporation



**GERALD ALCOCK COMPANY, LLC**

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November 9, 2022

Ms. Jennifer Hall  
Secretary / Treasurer  
Ann Arbor Housing Development Corporation  
2000 South Industrial Highway  
Ann Arbor, Michigan 48104

Re: Appraisal of 1510 E. Stadium Boulevard, Ann Arbor, Washtenaw County, MI  
48104

Dear Ms. Hall:

As requested, we have completed an appraisal of the above-mentioned property and the findings are submitted in this report. The purpose of this appraisal is to express an opinion of the current as-is market value of the fee simple title interest in the above referenced real property.

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

The appraisers prepared this report and the value estimate herein in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).

This is an appraisal presented in an Appraisal Report; the "Required Statements" section of this report offers descriptions of these terms. The appraisers may consider, with due cause and explanation, omitting certain approaches from the appraisal in accordance with USPAP.

The use of this appraisal is for asset management and financial planning.

The intended user(s) is the Ann Arbor Housing Development Corporation and the City of Ann Arbor.

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

November 9, 2022  
Ms. Jennifer Hall  
Ann Arbor Housing Development Corporation

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It is our opinion that the current 'as-is' market value of the fee simple title in the subject property, as of November 3, 2022, is:

**Four Hundred Seventy Thousand ( \$470,000 ) Dollars.**

*On March 13, 2020, the United States Government declared a "National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak", which was in effect on the Effective Date of this Appraisal Report. In addition, on March 23, 2020, the State of Michigan Government declared a "State Shutdown", which had been lifted as of the Effective Date of this Appraisal Report although some restrictions remained. At the time, the effect of COVID-19 on the future value of the Subject Property or the value of the real estate market in the area of the Subject Property is unknown and not possible to predict. The client may consider having the property re-appraised once market conditions have stabilized and the current levels of uncertainty have abated.*

This letter of transmittal is not an appraisal report, however, it is part of the following appraisal, which reveals the data used and methods applied in estimating the value. This letter and report must not be separated because together they provide the necessary detail and analysis for explaining and supporting the value opinion for the subject property.

The above value estimate is subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report. There are no "Extraordinary Assumptions" or "Hypothetical Conditions" to this report.

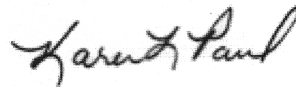
The attached report, comprising 10 sections and no exhibits, is an explanation of the method of valuation.

Respectfully submitted,

Gerald Alcock Company, LLC



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



Karen L. Paul  
Certified General Appraiser  
Michigan License No. 1205004585



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## Executive Summary

Location: The subject is located along the south side of E. Stadium Boulevard, east of Packard Road, in the city of Ann Arbor, Washtenaw County, Michigan.

Address: 1510 E. Stadium Boulevard, Ann Arbor, Michigan 48104

Property Owner: According to municipal records, the subject is owned by the City of Ann Arbor.

Tax Identification: 09-09-33-410-003

Type of Report: This is an Appraisal Report.

Occupancy: The subject is improved with a municipal fire station.

Site: The subject site area, according to information provided by the client, is 0.75 acres, or 32,804 square feet. It is an irregular-shaped rectangle with 235 feet of frontage along the south side of E. Stadium Boulevard with a maximum depth of about 185 feet. Topography is level and at road grade. Soils are conducive to development and there are no environmental encroachments. Commercial uses are adjacently west and residential uses stem to the south and east.

Utilities: The subject site is serviced by all customary municipal utilities.

Zoning: R1C, Single Family Dwelling District (7,200 SF min.)

Future Land Use: For single family detached residential development

Highest & Best Use: For residential development

Interest Appraised: Fee simple estate

Estimated  
Market Value:

Current, As Is	11/03/2022	\$470,000
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General

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

Extraordinary

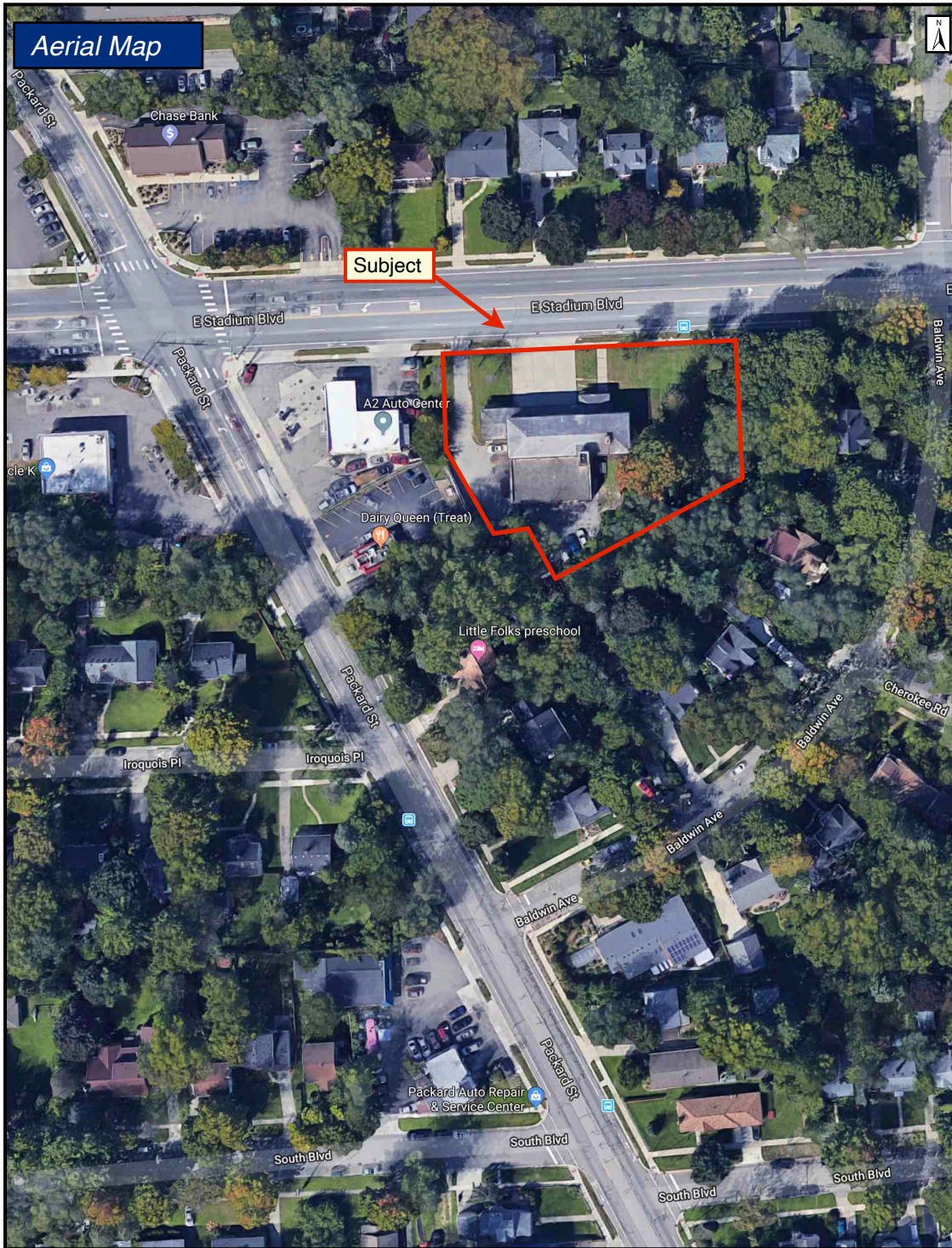
Assumption:

- None

Hypothetical

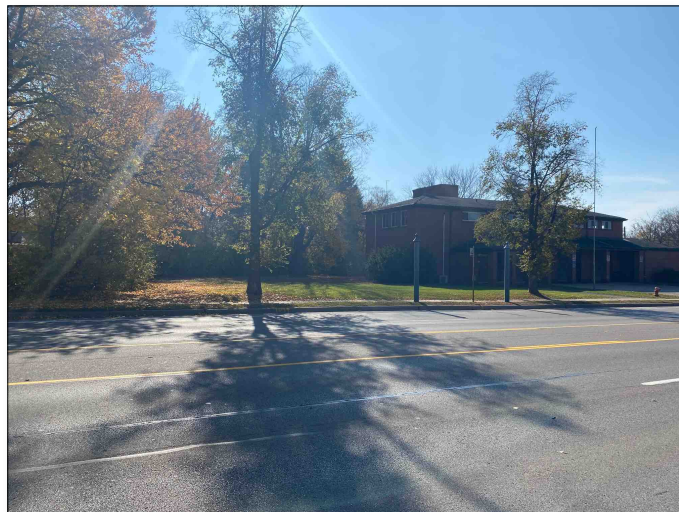
Condition:

- None





Looking Southeast Across Stadium Boulevard Toward Subject



Looking Southwest Across Stadium Boulevard Toward Subject



Looking East Along Stadium Boulevard





Looking West Along Stadium Boulevard



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## Identification of Property

### Real Property

#### Address

1510 E. Stadium Boulevard, Ann Arbor, MI 48104

#### Tax Identification Number and Legal Description

09-09-33-410-003

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

### Client

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

### Property Owner

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

### Occupancy

The subject property is occupied by the municipal fire prevention bureau.

### Title Interest

The subject is a municipal owned building, and not subject to lease. Thus, the title interest appraised is fee simple.

### Personal Property, Fixtures and Intangibles

This appraisal excludes all personalty or trade fixtures that may be found within the subject property. Likewise, no intangible assets are considered in the analysis at hand.



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

### **Purpose**

The purpose of this appraisal is to estimate the current 'as-is' market value of the fee simple title interest of the subject property as of the effective date, based on its highest and best use and 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.<sup>1</sup>

### **Definition Of Market Value**

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

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

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

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

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<sup>1</sup>The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Chicago, IL, 2015, p. 90

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



## **Intended Use and User**

The use of this appraisal is for asset management and financial planning.

The intended user(s) is the Ann Arbor Housing Development Corporation and the City of Ann Arbor.

## **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. In addition, the appraisers used the following sources to provide information pertaining to the subject property such as current assessment, special assessment, and zoning data pertinent to the subject property.

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

### Area and Neighborhood Data

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

### Market Data Sources

Physical data for each individual comparable sale is detailed at within the "Sales Comparison Approach," 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 of the Gerald Alcock Company, LLC
- City of Ann Arbor
- Ann Arbor Board of Realtors

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



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## DESCRIPTION OF PROPERTY

### Regional and Local Data

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



The following discussion will provide an overview of the major demographic and economic characteristics of Washtenaw County and Ann Arbor, as reported by ESRI, a national demographic and marketing firm.



**Population and Households**

The city had an annual change of 0.6% per year over the 2-year period from 2020 to 2022. From 2022 to 2027, the population in the community is anticipated to grow by 0.1%, annually. The County shows similar increases.

<b>Population &amp; Household Trends</b>					
	2020	2022	2027	Compound Annual Change	
				2020-2022	2022-2027
<b>Population</b>					
Ann Arbor	123,851	125,260	126,152	0.6%	0.1%
Washtenaw County	372,258	376,078	378,065	0.5%	0.1%
<b>Households</b>					
Ann Arbor	49,948	50,622	51,109	0.7%	0.2%
Washtenaw County	147,847	149,601	150,654	0.6%	0.1%

Source: ESRI

The growth in households generally mirrors the population trends.

**Median Household Income**

Median household income is one indicator by which area incomes may be measured and compared. Median household income is used over average household income because the latter tends to be misleading, particularly in areas where there is a disproportionate share of college, military, or other institutional-style populations housed in-group quarters. Average household income levels are illustrated at the Table next. The reader should note that the figures cited in the Table below are expressed in current dollars.

<b>Median Household Income</b>			
	2022	2027	Compound Annual Change
			2022-2027
Ann Arbor	\$78,661	\$93,297	3.5%
Washtenaw County	\$83,526	\$98,750	3.4%

Source: ESRI

Average household incomes are expected to increase at a modest rate for both study areas over the next five years.



## Employment

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

### Top Employers in Washtenaw County

	<u>Employer</u>	<u>Nature of Activity</u>	<u>July 2021 Employment</u>
1	University of Michigan	Education/Health System	34,353
2	Trinity Health	Healthcare	5,166
3	US Government	Government	3,522
4	Ann Arbor Public Schools	Education	2,582
5	IHA Health Services Corp.	Healthcare	1,660
6	Eastern Michigan University	Education	1,370
7	State of Michigan	Government	1,338
8	Faurecia North America	Manufacturing (Auto Supplier)	1,293
9	Domino's Pizza Inc.	Restaurant Franchisor	1,100
10	Thomas Reuters	IT/Software	1,004
11	City of Ann Arbor	Government	785
12	Truck Hero Inc.	Manufacturing (Auto Supplier)	768
13	Ford Motor Co.	Automobile Manufacturer	680
14	Stellantis NV (Formerly FCA USA LLC)	Automobile Manufacturer	653
15	Ypsilanti Community Schools	Education	604
16	U.S. Postal Service	Government (Postal Service)	600
17	DTE Energy Co.	Energy Company	546
	Source: Crain's 2022 Book of Lists		58,024

As shown, the employment base of Washtenaw County is centered around education and health care. The region's largest employer, The University of Michigan, is the largest university in the state of Michigan. Eastern Michigan is another large public university in the state. The University of Michigan's medical focus brings numerous employees to the area at the University of Michigan Hospital. As shown, the government and manufacturing fields have a significant presence in the County's top employers, as well.





## Unemployment

Annual unemployment rates and employment growth rates for the subject's area are summarized next.

<b>Unemployment Trends</b>										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average	Sept. Average
<b>Ann Arbor</b>										
Labor Force	61,495	62,305	62,780	64,747	64,874	65,149	66,000	62,901	62,930	64,735
Employment	58,500	59,840	60,943	63,227	62,954	63,519	64,400	60,696	61,271	62,953
Unemployment	2,995	2,465	1,837	1,520	1,920	1,630	1,600	2,205	1,659	1,782
Rate	4.9%	4.0%	2.9%	2.3%	3.0%	2.5%	2.4%	3.5%	2.6%	2.8%
<b>Washtenaw County</b>										
Labor Force	184,722	186,775	187,765	193,605	193,566	194,621	200,300	193,659	190,379	196,437
Employment	173,822	177,805	181,082	188,068	186,598	188,693	196,100	181,294	184,269	189,858
Unemployment	10,900	8,970	6,683	5,537	6,968	5,928	4,200	12,365	6,110	6,579
Rate	5.9%	4.8%	3.6%	2.9%	3.6%	3.0%	2.1%	6.4%	3.2%	3.3%
<b>State of Michigan</b>										
Labor Force	4,729,624	4,754,282	4,750,628	4,806,888	4,884,000	4,902,000	4,937,000	4,841,000	4,773,000	4,861,000
Employment	4,311,262	4,408,144	4,492,989	4,563,473	4,657,000	4,699,000	4,736,000	4,363,000	4,563,000	4,688,000
Unemployment	418,362	346,138	257,639	243,415	227,000	203,000	201,000	478,000	210,000	173,000
Rate	8.8%	7.3%	5.4%	5.1%	4.6%	4.1%	4.1%	9.9%	4.4%	3.6%

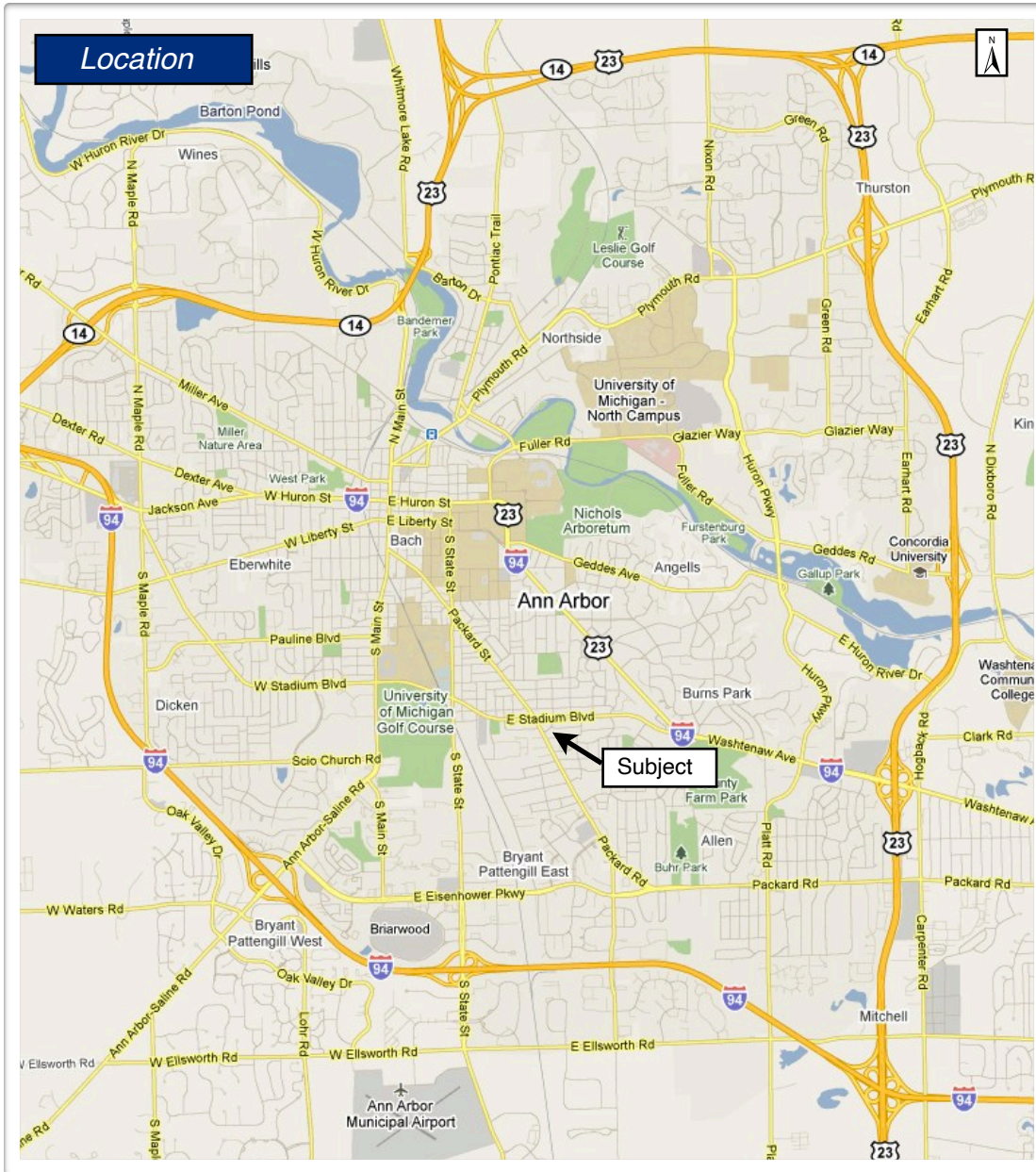
Source: Michigan Department of Technology, Management & Budget

As of September 2022, the non-seasonally adjusted unemployment rates for Ann Arbor, Washtenaw County and the State of Michigan are 2.8%, 3.3% and 3.6%, respectively. In 2020, and following the onset of the COVID-19 pandemic, unemployment rates increased into the double-digit range before easing through year-end. Historically, Washtenaw County's unemployment had consistently remained below the state average, with diversity of employment stemming from healthcare, education, manufacturing and tech-based businesses.

In summary, the overall region of Washtenaw County is a relatively stable market, with good access to all commercial, educational, health, and employment facilities, as well as local highways and expressways. Area unemployment rates continue to improve locally and nationally.



### Location and Neighborhood



The subject property is located in the city of Ann Arbor, Michigan. The city is bordered to the south by Pittsfield Township, at the west by Scio Township, Ann Arbor Township to the north and by Superior, Ypsilanti and Pittsfield Townships along the eastern boundary. As shown in the following map excerpt, the subject is located on the south side of E. Stadium Boulevard, just east of Packard Street, in the east-central region of Ann Arbor.



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

The subject neighborhood is fully developed and urban in nature, proximate to the institutional backdrop of the University of Michigan, which stretches between the southern and northern reaches of the city. Though there is little growth in the subject's immediate area owing to a lack of available development land. Real estate in the larger neighborhood has historically been in great demand with substantial redevelopment of properties occurring as properties become available for lease or sale. The subject area is characterized as stable with some instances of redevelopment or infill building. A canvass of the Ann Arbor Multiple Listing Service denotes existing homes with sales pricing in the upper-\$300,000 to \$800,000, with an average in the mid-\$500,000 range. Deviation in pricing owes to more modest pricing proceeding southward and more expansive pricing heading northward. Price points on primary arteries is mixed owing to varying size and overall maintenance of the properties.

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

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

## **Site Description**

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



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

The site was historically improved with a municipal fire station building that is currently occupied by the Ann Arbor Fire Prevention Bureau. A feasibility study was conducted in July 2020 to weigh potential renovation or redevelopment of the building and site. Conducted by Damian Farrell Design Group, PLLC, options included renovation and expansion of the building to accommodate Ann Arbor Housing Commission operations, and / or with affordable housing units, along with consideration for a total demolition and redevelopment of the site for each use - whether separate or combined. Following determinations of the study, the City is contemplating demolition and redevelopment of the site. Demolition expense, which includes asbestos removal, is estimated at \$100,998, as of July 2020. We consider that cost escalations of the past two years could reasonably buoy the expense by 5% - 10%, or to about \$110,000.

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

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



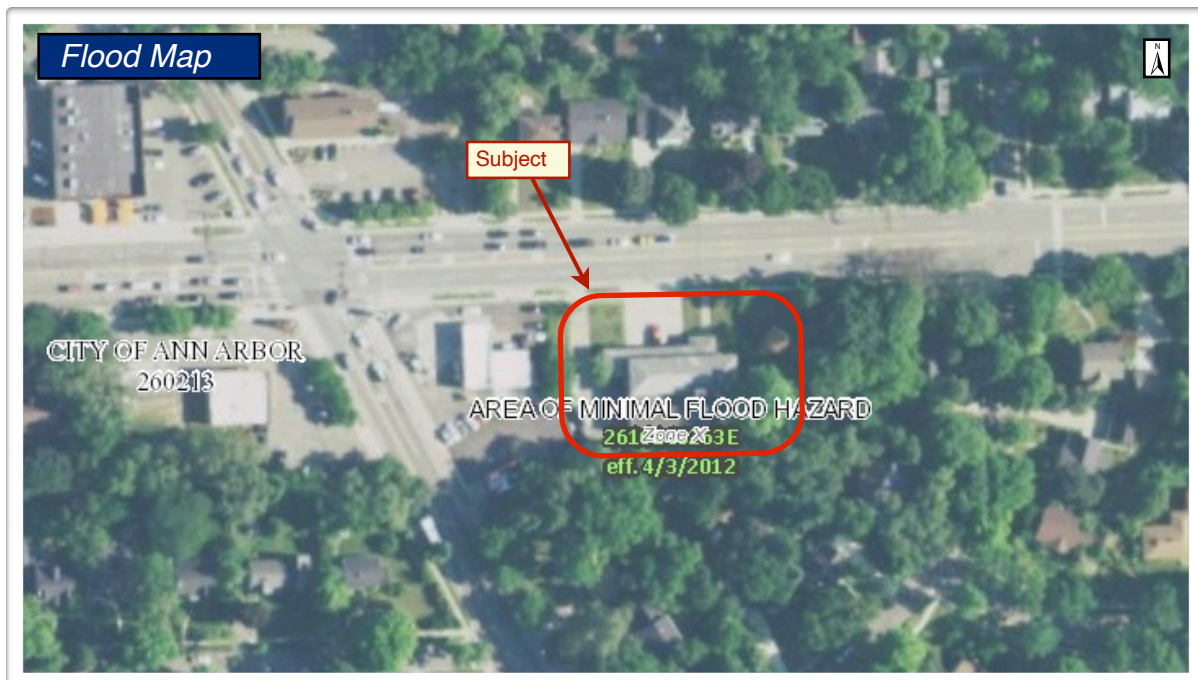


## Easements & Deed Restrictions

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

## Flood Hazard

According to the Federal Emergency Management Agency (FEMA), the subject property is located outside of a flood plain. An excerpt of the flood map is shown below.



## Environmental Hazards

The appraisers did not detect the presence of obvious signs of contamination on the site as a result of our physical inspection. However, we are aware of asbestos contained within the building. While typical within older constructed buildings it is a known carcinogen and requires due care in removal. According to a Feasibility Study for Development, developed by Damian



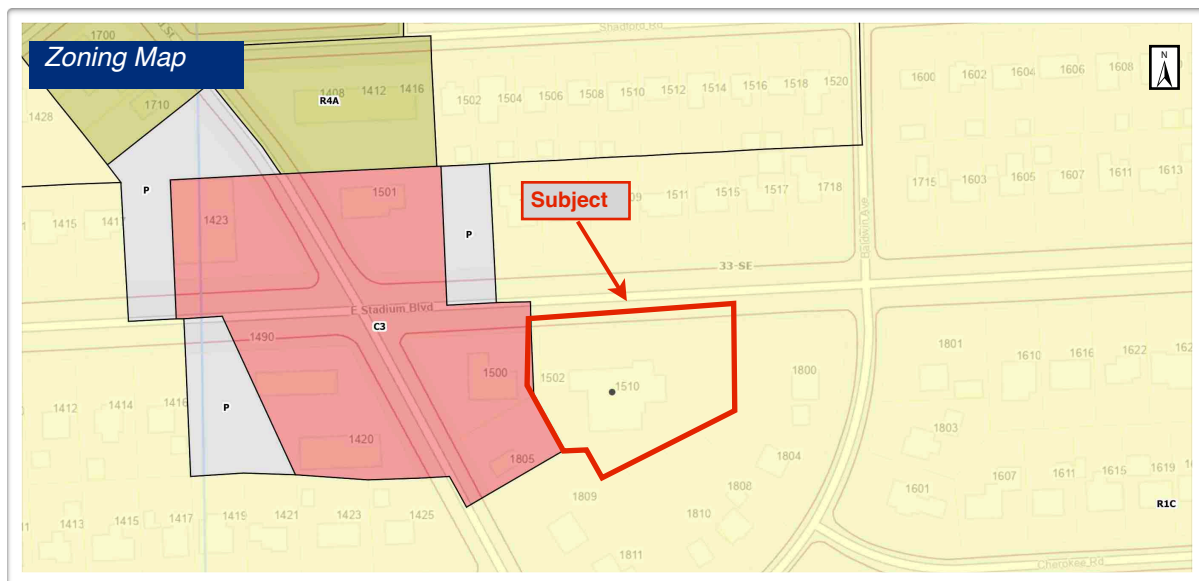
Farrell Design Group, PLLC, and dated July 7, 2020, estimates for the asbestos removal are \$3 per square foot, or \$33,666. Notwithstanding the foregoing, the appraisers specifically note that the recognition, detection or measurement of contamination is outside the scope of this appraisal assignment and his professional expertise. Consequently, the value opinion expressed herein is predicated on the the findings cited herein. If alternative findings are set forth, the marketability and/or value of the property as expressed herein may be impacted.

### Assessed Valuation and Taxes

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

### Zoning

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



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



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

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

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

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

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

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

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



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## ANALYSIS OF VALUE

### Current Market Conditions and Trends

*On March 11, 2020, the World Health Organization (WHO) officially declared the global outbreak of a “novel coronavirus,” known as Covid-19, a pandemic. In addition, on March 23, 2020, the State of Michigan Government declared a “State Shutdown,” which was in effect until June 1, 2020. As of the effective date of this appraisal report, all businesses had been allowed to slowly re-open.*

### National<sup>3</sup>

According to the most recent University of Michigan's Research Seminar in Quantitative Economics, for the U.S. Economic Outlook, dated August 2022, “The first half of 2022 registered two consecutive quarters of negative real GDP growth, prompting some news outlets to declare a recession. We follow business cycle dates as called by the National Bureau of Economic Research. In our view, recent values of the series the NBER panel uses to call recessions are not consistent with the current business cycle having peaked during 2022H1.

Looking beyond the always-volatile growth contributions of net exports and inventory investment, final sales of domestic purchases—real GDP growth less contributions of these two components—added only 0.35 percentage points to GDP growth in 2022Q2, down from 2 percentage points in 2022Q1. Many expected an overshoot in consumption of services above the pre-pandemic trend as virus fears waned. High headline inflation and the gasoline price spike, in particular, likely killed the overshoot. Without it, the economy will struggle to weather global headwinds, the drag from housing, and the ongoing rotation back toward pre-pandemic patterns of goods consumption. As a result, we expect a mild contraction driven by falling consumption.

For now, momentum in the labor market remains strong. In July, payroll employment posted a surprisingly strong gain of 528,000 jobs. However, the upward trajectory in weekly initial unemployment claims, together with the tepid household employment survey data, suggest that peak labor market tightness is behind us.

Year-over-year headline and core CPI inflation may now have peaked, at 9.0 and 6.4 percent, respectively. Despite some relief at the gasoline pump in July and early August, both measures are likely to remain quite high in the near term. There are signs that price inflation is slowing at least for some goods as demand wanes—year-over-year CPI inflation for commodities less food and energy has gradually cooled off from 12.4 percent in February to 6.9 percent in July. Food price inflation has been relentless. Since September 2021, the annualized pace of monthly food inflation has dipped below 10.0 percent just once, and it averaged a whopping

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<sup>3</sup> University of Michigan, RSQE, August 22, 2022





16.5 percent from February to July. In recent weeks, however, most of the early-2022 agricultural commodity price spikes have dissipated. Still, it will likely take some time before market forces manage to slow the momentum of food price inflation.

Russia's invasion of Ukraine has had a large impact on global energy prices, and it continues to reformat the global energy landscape. So far, sanctions on Russian oil have resulted in the redirection of flows away from Europe toward major developing economies. This caused only a temporary spike in the price of oil earlier this year. Further sanctions, with potentially more bite, are looming this winter.

The disruption to the natural gas market has been much more severe. European spot natural gas prices are up tenfold relative to normal levels. The complete shutoff of the Russian pipeline gas flow to Europe this winter looks increasingly likely. A shutoff could severely disrupt European industry, with serious ripple effects on the U.S. economy. One potential silver lining, however, is that Europe's now-insatiable demand for LNG imports has led to a new domestic gas and oil exploration boom and has supercharged U.S. LNG terminal construction efforts. The United States is now the world's largest LNG exporter.

Many indicators point to a swift slowdown in demand for housing in recent months, the result of the affordability crisis unleashed by rising mortgage rates and the past two years of brisk home price appreciation. Combined new and existing single-family home sales fell from about 6.6 million in January to 5.2 million in June. Pending home sales and mortgage applications received from prospective homebuyers continued to fall sharply in recent months and weeks. The National Association of Home Builders' Housing Market Index has been on a downward trajectory since December, falling to well below pre-pandemic levels by August.

For now, the forward guidance is gone from FOMC statements. Moreover, at the July post-FOMC press conference, Chair Powell refrained from offering any specifics about how much the Fed would react to different scenarios, effectively ending the era of clear forward guidance. It is understandable that in a world with so much uncertainty, the Fed would like to keep its policy options open.

Chair Powell recently emphasized that the Fed interprets its target for real activity as concerning the labor market. Hence, as inflation remains elevated, we expect the Fed to keep raising rates until the unemployment rate increases substantially. Given our outlook, we expect the effective fed funds rate to top 4 percent in 2023Q1 and stay there until the Fed begins to lower rates again late in 2023.

In August, the Democrats stitched together several large parts of their agenda related to healthcare, climate, and renewable energy policy and passed them via reconciliation. The bill reshuffles a few hundred billion dollars of taxes over ten years, and limits federal drug spending growth.



A divided government for 2023–24 remains our base outlook, although it no longer looks as inevitable as it did two months ago. We do not expect much fiscal action ahead, notwithstanding the potential for a contentious standoff over the debt ceiling late next year.”<sup>4</sup>

### **RSQE 2022-2024 Outlook<sup>5</sup>**

“We are projecting a modest growth rebound in 2022Q3, but by 2022Q4, service consumption growth is no longer sufficient to compensate for falling spending on goods and the drag from housing. As a result, we are projecting a very mild decline in real GDP over 2022Q4–2023Q2, with a cumulative fall of just over a quarter of a percentage point. Annual growth registers 1.5 percent this year, before slowing to just 0.1 percent in 2023. In 2024, the Fed eases up, and growth rebounds to 1.9 percent.

Core CPI inflation moderates gradually in 2022H2. As overall consumer demand weakens, inflation normalizes more quickly in 2023, allowing the Fed to pause and then reverse rate hikes. On a calendar-year basis, core CPI inflation registers 6.1 percent in 2022, 4.1 percent in 2023, and 2.4 percent in 2024. PCE deflator inflation, the Fed's preferred measure, runs above 2 percent even late in 2024.

The pace of monthly payroll job gains decelerates from 388,000 jobs in 2022Q3 to 88,000 jobs in 2023Q1. Payroll employment declines by 364,000 jobs over the rest of 2023, but the annual average level in 2023 still exceeds that of 2022. Modest job growth resumes in 2024.

After more than a year of severely handicapped production holding sales back, we think there is considerable pent-up demand for vehicles. We expect the auto industry to weather the economic turbulence ahead with no further decline in sales. Annual light vehicle sales total only 13.9 million units in 2022, but increase to 15.7 million by 2024.

We expect total housing starts to soften in 2022H2, reflecting a steep falloff in demand for single-family housing. Housing starts bottom in 2023 at a level that still exceeds their 2019 total. The single-family construction recovery starts in 2024, nudging total housing starts up.”<sup>6</sup>

### **Michigan<sup>7</sup>**

According to the recent University of Michigan's Research Seminar in Quantitative Economics, for August 2022, “Michigan added only 7,100 jobs in the second quarter as April and May showed puzzling job losses. Thankfully, June and July brought better news, leading us to pencil in 30,800 job gains in the third quarter. We are forecasting the pace of quarterly job gains to dip to 6,600 by the end of next year as the national economy enters a stall. Job growth then

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<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

<sup>7</sup> University of Michigan, RSQE, August 31, 2022



inches up to an average of 10,800 jobs per quarter in 2024. We project Michigan to recover to its pre-pandemic employment level in the first quarter of 2024.

Michigan's blue-collar industries likely hold the key to whether the state can continue to grow over the next year and a half. The construction and manufacturing sectors, in particular, have historically been sensitive to rising interest rate environments such as today's. We are hoping that backlogs of demand in those industries will cushion employment through the Fed's tightening cycle.

We nonetheless expect the state's unemployment rate to rise from 4.0 at the end of this year to 4.6 percent in early 2024 before edging back down as the Fed takes its foot off the brakes."<sup>8</sup>

### **Status of Local Market Market**

As reported by Realcomp, home sales within the U.S. decreased in August 2022 by 10.9%. The median home price however increased 6.4% to \$250,000. The summer 2022 season is noted as one of change with housing affordability at a 33-year low with pullback on demand reflecting inaccessibility through pricing, increasing interest rates, inflation worries and recessionary fears. The median home sale price for the Metro Detroit area (Livingston, Macomb, Oakland and Wayne Counties) was up 8.5% over the past year, to \$275,000 as of June 2022.

Realtor.com reports that as of February 2022, the median rent in the 50 largest metros reached \$1,792 per month - up 17.1% over one year prior. Renters earning the typical household income devoted 29.7% of the income to lease a typical for-rent home. According to the National Low Income Housing Coalition, there is a shortage of rental homes available to low income households - those whose incomes are at or below the poverty guideline, or 30% of their area median income. In Michigan, there are 319,644 renter households that are extremely low income, while the shortage of rental homes is estimated at 203,130 units.

In Washtenaw County the Ann Arbor Board of Realtors report that the median sale price increased 3.6% to \$364,500 for single family homes. Condominium homes increased 2.5% with a median price of \$285,000. Adding to heighten price points, consumers face concerns of inflation and increasing mortgage rates, which adds to the burden of housing affordability. However, as of current, millennials are continuing to enter the market, and fueling demand and driving sale prices higher. According to the National Association of Realtors, while this segment makes up only 22% of total U.S population, it accounts for 43% of current market share. Joining upper tier empty nesters, millennials are discriminating and while looking for smaller home spaces, are attracted to upscale housing within community settings. Conversely, those with less purchasing power may be sidelined as affordability becomes more distant. As new and existing housing prices push upward, the City of Ann Arbor has long encouraged a mix of housing that will adapt to the needs of the market while recognizing an edge of

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<sup>8</sup> Ibid



affordability for homebuyers that maintain household income levels below the median income levels identified for the area. And while being progressive, the City of Ann Arbor continues to encourage 'green' building, of which a few projects have been more recently brought to fruition, including one targeting student housing that focused on incorporating LEED specifications. The Veridian at County Farm project will combine both municipal initiatives and bring forth climate-friendly affordable housing - the first within the city and highly dependent upon unified cooperation, and to the extent possible, subsidization by local government. The City has also altered its course that will require developer's of certain residential projects to include a prescribed level of affordable housing units within their mix - as opposed to 'paying' into an affordable housing fund, which had historically been the chosen option. As such, redevelopment of a municipal lot in the CBD will be undertaken with a weighted percentage of affordable living units. Thus, while the City has long encouraged affordable housing standards, it is now making it a primary focus, along with progressive eco-friendly encouragement of development. Thus, it is reasoned that the subject's intended development will fit well within the market, and given the lack of true affordable housing, will be met with heightened demand.

## **Highest & Best Use**

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

The reasonably probable use of property that results in the highest value.<sup>9</sup>

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.

The use to which land can be put and the intensity to which it can be developed have a direct bearing on its value. The purpose of the highest and best use analysis, therefore, is to identify the most probable and profitable use of the property so that a value may be estimated predicated on that use.

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

The property is first analyzed "As Though Vacant" and then "As Improved." This is done in consideration of a premise, which states "as long as the value of the property as improved is greater than the value of the site as unimproved, the highest and best use is the use of the property as improved." Because the subject property is eyed for demolition of improvements, the "As Improved" analysis is not applicable.

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<sup>9</sup> The Appraisal of Real Estate, 15th Edition, Appraisal Institute, Chicago, IL, 2020 p. 318

**As Though Vacant:**Physically Possible

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

Legally Permissible

Legal restrictions, as they apply to the subject property, involve the public restrictions of the present zoning in addition to utility easements. The subject is zoned R1C. There are no legal barriers to allowable uses within the district.

Financially Feasible

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

Maximally Productive

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



Based on the foregoing analysis, it is the appraisers' opinion that the highest and best use of the subject property is for development to residential use as allowed by the underlying zoning district.

## **Methods and Date of Valuation**

There are three generally recognized approaches to valuing real property: The cost approach, the sales comparison approach, and the income approach. Each of the three approaches has inherent strengths. In the selection of the procedures and techniques to be used in a valuation, the appraiser must consider the strength of the valuation approach and the nature of the subject property and choose those approaches, which will produce supportable estimates of market value. Each method and its applicability in the appraisal are discussed.

### Discussion of the Cost Approach and Its Appropriateness in this Analysis

In the cost approach, the cost of replacement or reproduction of the buildings and all other improvements to the land are estimated. Depreciation, if any, from all causes is then estimated and deducted from reproduction or replacement cost to give net depreciated reproduction or replacement cost of improvements. To this is added land value to give an indication of total property value by the cost approach. This approach is most useful for valuing property with new or proposed improvements that utilizes a site to its most intense use. In valuing income-producing properties, this approach generally sets an upper limit to value. This is based on the tenet known in appraising as the principle of substitution which, “. . . states that a prudent purchaser would pay no more for real property than the cost of acquiring or developing an equally desirable substitute. . .”<sup>10</sup>

### 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<sub>O</sub>) is then capitalized into an indication of value using a market related capitalization rate.

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<sup>10</sup> 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 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. . ." <sup>11</sup>

The sales comparison approach is typically used in valuing properties such as the subject, when there is an adequate amount of reliable sale information for comparable properties. Because there is adequate recent sales data from the local market, the sales comparison approach is considered an appropriate method for estimating market values in the analysis at hand.

### Summary

In the current 'as-is' valuation of the subject property, the appraisers will use the sales comparison approach to value.

### **Effective Date of Valuation**

The 'as-is' valuation date for the subject property is November 3, 2022.

### **As Is Market Value - Sales Comparison Approach**

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

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<sup>11</sup> AIREA, p. 30.



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

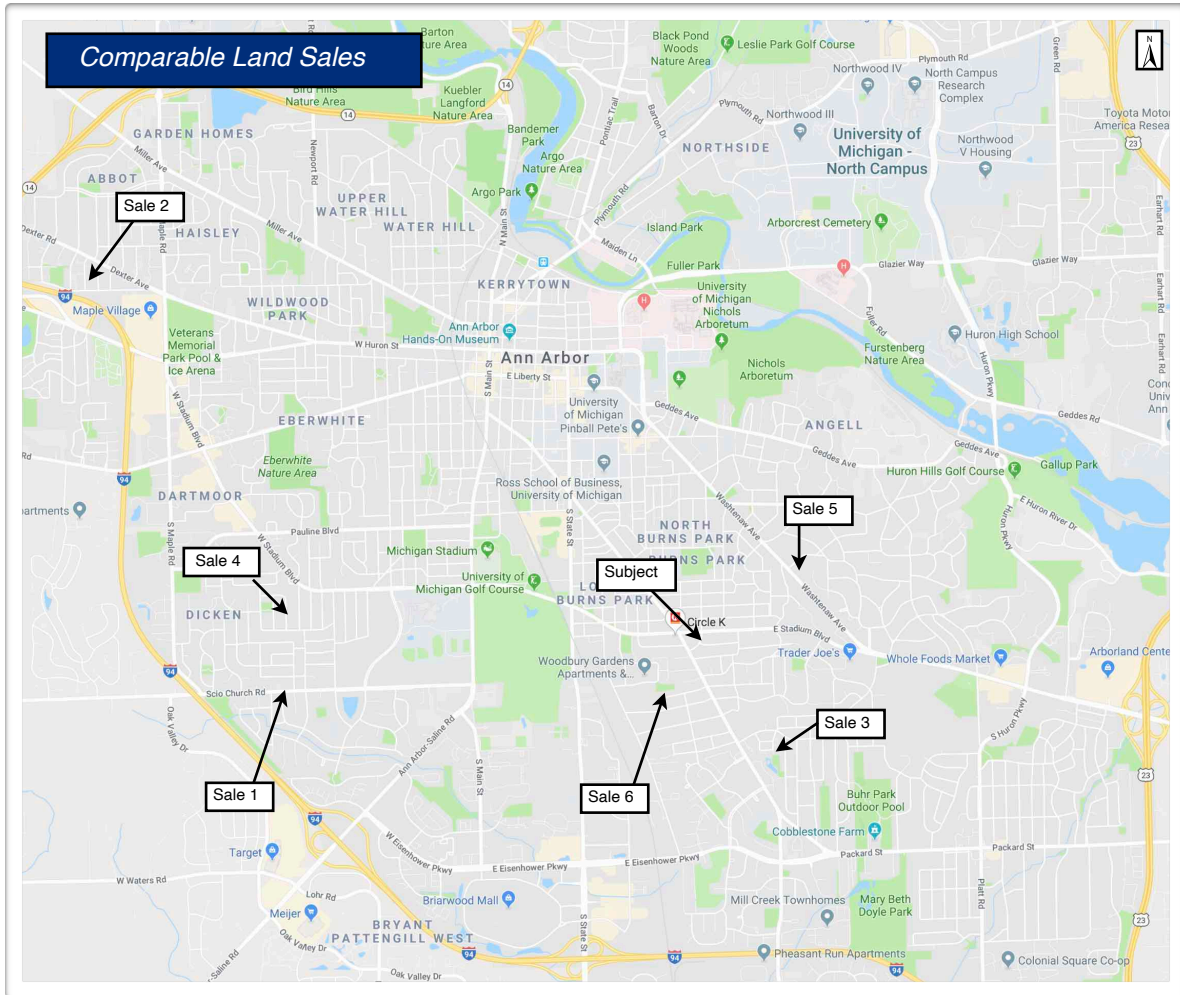
<b>Transaction Items</b>	<b>Physical Items</b>
Buyer Expenditures	Size (Number of Units)
Property Rights	Location
Financing Terms	Zoning / Density / Unit Size
Market Conditions	Site Characteristics
Conditions of Sale	

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

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

A location map is included on the following page, along with comparable data and the adjustment grid.







## Sale 1

### MARKET DATA

#### Vacant Single Family Site Sale



Photograph Date:

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

Sale Date: June 2019

Sale Price: \$315,000 Cash to mortgage

Purchaser: Undisclosed

Seller: Capovista, LLC.

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

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

Utilities: All Municipal (Upon Annexation)

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

Exposure Time: 1 months

Occupancy: Vacant

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

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

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

Indicators: \$9.83 per square foot

\$11.29 per net square foot

\$78,750 per potential unit (4)



## Sale 2

### MARKET DATA

#### Vacant Single Family Development Sale



Photograph Date:

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

Sale Date: April 2019

Sale Price: \$259,200 Cash to mortgage

Purchaser: Jamie Galimberti & Sarah Gardner

Seller: Richard Bates & Jean Bona

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

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

Utilities: All Municipal

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

Occupancy: Vacant

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

Source: City of Ann Arbor Department of Assessment and Planning

Indicators: \$ 129,600 per unit

\$ 13.50 per square foot

L5301 P133



### Sale 3

#### MARKET DATA Vacant Single Family Site Sale



Photograph Date:

Location: 2420 James Street, Ann Arbor, Washtenaw County, MI

Sale Date: March 2021

Sale Price: \$135,000 Cash to mortgage

Purchaser: Sungyu Choi

Seller: Michael Mahon

Site: The rectangular corner site contains 0.17 acres, or 7,200 square feet with 60 feet of frontage along James Street, and a depth of 120 feet along Independence Boulevard. Topography is level and lightly treed. Immediate land uses are residential.

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

Utilities: All Municipal

Tax Code: 09-12-04-122-001

Exposure Time: 9 months

Occupancy: Vacant

Comments: The parcel was listed in June 2020 for \$150,000 and sold for the cited price, indicating about an 11% discount from list price.

It was subsequently improved with an 1,804 square foot single family residence.

The site is within an established neighborhood, west of Packard Street, between Stadium Boulevard and Eisenhower Parkway.

Source: The Charles Reinhart Company, Nancy Bishop, 734-761-3040

Indicators: \$ 135,000 per unit

\$ 18.75 per net square foot

Recorded L5424 P299 WCR



## Sale 4

### MARKET DATA

#### Vacant Single Family Site Sale



Photograph Date:

Location: ES Westfield Avenue, S. of W. Stadium Avenue, Ann Arbor, Washtenaw County, MI

Sale Date: August 2020

Sale Price: \$157,500 Cash

Purchaser: Sarah Burgard

Seller: John Glazer

Site: The rectangular corner site contains 0.17 acres, or 7,500 square feet with 60 feet of frontage along Westfield Avenue and a depth of 125 feet. Topography is level and lightly treed. Immediate land uses are residential.

Zoning: R-1C - Single Family Dwelling District (7,200 SF min., 60-foot front)

Utilities: All Municipal

Tax Code: 09-09-31-417-008

Exposure Time: .15 months

Occupancy: Vacant

Comments: The parcel was listed in August 2020 for \$155,000 and was under contract within 4 days, and a cash price of \$157,500.

The site is within an established neighborhood, located in the southwest region of the city, immediately west of Pioneer High School.

Source: The Charles Reinhart Company, Jason Boggs, 734-669-5926

Indicators: \$ 157,500 per unit

\$ 21.00 per net square foot

Recorded L5373 P692 WCR



## Sale 5

### MARKET DATA

#### Vacant Single Family Site Sale



Photograph Date:

Location: NEC Tuomy Road and Washtenaw Avenue, Ann Arbor, Washtenaw County, MI

Sale Date: January 2022

Sale Price: \$350,000 Cash

Purchaser: Tariq M Mughal

Seller: Christian Sandvig & Lisa Nakamura

Site: The site contains 0.34 acres, or 14,941 square feet. There is 123.98 feet of frontage along the east side of Tuomy Road and 127.25 feet along Washtenaw Avenue. Topography is level and lightly treed.

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

Utilities: All Municipal

Tax Code: 09-09-34-302-013

Exposure Time: .25 months

Occupancy: Vacant

Comments: The parcel is child to a larger site (with historic home) that was acquired from the Historical Society of Michigan in 2012. The buying entity retained the home facing Washtenaw Avenue and subdivided two parcels along Tuomy. The other parcel (0.28 acs) is tucked in from Washtenaw Avenue and sold in November 2021 for \$356,500.

The parcel was listed for \$350,000 and sold within 3 weeks at list price.

Source: Patti Eddy, Charles Reinhart Co. / Verified WCR, 734-646-2705

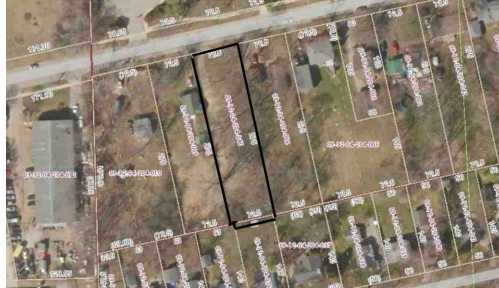
Indicators: \$23.43 per square foot  
\$350,000 per unit



## Sale 6

### MARKET DATA

#### Vacant Single Family Site Sale



Photograph Date:

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

Sale Date: November 2021

Sale Price: \$250,000 Cash to mortgage

Purchaser: Jewett Properties, LLC

Seller: Johnson Drake

Site: The rectangular site contains 0.46 acres, or 20,136 square feet. There is 72.5 feet of frontage along the south side of Jewett Road, and a depth of 278 feet. Topography is level and lightly treed. Immediate land uses are residential and the Clonlara school located across Jewett. Commercial and industrial uses are found along Industrial Road, approximately 100 feet to the west.

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

Utilities: All Municipal

Tax Code: 09-12-04-204-045

Occupancy: Vacant

Comments: The deed indicates description of the parcel in 2 legal descriptions with an accessing road. Municipal records shows a more recent lot split/ combination but yielding only one described lot (encompassing the 2 deed descriptions).

The property is in the Ann Arbor School District.

Source: City of Ann Arbor Assessor

Indicators: \$ 12.42 per square foot

\$ 250,000 per unit

L5464 P7 WCR



**Vacant Land Analysis - R1C Single Family Residential District**

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Sale Price		\$315,000	\$259,200	\$135,000	\$157,500	\$350,000	\$250,000
Size - Number of Units	4	4	2	1	1	1	2
Date of Sale		Jun-19	Apr-19	Mar-21	Aug-20	Jan-22	Nov-21
Buyer Expenditures		\$10,000	\$5,000	\$0	\$0	\$0	\$0
Property Rights		=0	=0	=0	=0	=0	=0
Financing Terms		=0	=0	=0	=0	=0	=0
Conditions of Sale		=0	=0	=0	=0	=0	=0
Market Conditions		16.67%	17.50%	7.92%	10.83%	3.75%	4.58%
<b>Adjusted Price-Per-Unit</b>		<b>\$94,792</b>	<b>\$155,218</b>	<b>\$145,688</b>	<b>\$174,563</b>	<b>\$363,125</b>	<b>\$130,729</b>
Acreage	0.75	0.74	0.44	0.17	0.17	0.34	0.46
Size - Number of Units	4	4	2	1	1	1	2
Adjustment		=0	-5%	-10%	-10%	-10%	-5%
Location	E Stadium	Scio Church	Glenwood	James	Westfield	Tuomy	Jewett
Township / City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
County	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw
School District	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		+15%	+15%	=0	+15%	-20%	+25%
Zoning / Density / Unit Size	R1C - 6 UPA - 7,200 SF	R1C - 6 UPA - 7,200 SF	1C - 6 UPA - 7,200 SF	1C - 6 UPA - 7,200 SF		R1B - UPA - 10,000 SF	R1B - UPA - 10,000 SF
Developed Density	8,200 SF / 6 UPA	8,000 SF	9,600 SF	7,400 SF	7,400 SF	14,941 SF	10,000 SF
Adjustment		=0	-2%	=0	=0	-20%	-2%
Access and View	Below Average	Average	Average	Average	Average	Average	Average
Adjustment		-5%	-5%	-5%	-5%	-5%	-5%
Site Characteristics	Level, rect.	Level, few trees, rect	Level, clear, rect	Level, rect, few trees	Level, clear, rect	Level, clear, rect	Level, clear, rect
Adjustments		=0	=0	=0	=0	=0	=0
Gross Adjustments		+20%	+27%	+15%	+30%	+55%	+37%
Net Adjustments		+10%	+3%	-15%	=0	-55%	+13%
<b>Final Adjusted Price</b>							
<b>Per Unit</b>		<b>\$104,300</b>	<b>\$159,900</b>	<b>\$123,800</b>	<b>\$174,600</b>	<b>\$163,400</b>	<b>\$147,700</b>

All Comparables	
Low	\$104,300
High	\$174,600
Average	\$145,600





## **Adjustments**

### **Buyer Expenditures**

Buyer expenditures include the costs incurred by the buyers immediately following the purchase of a property. These costs may include demolition, renovation, environmental costs, or legal and zoning costs. Sales 1 and 2 are adjusted for demolition expense of site improvements that offer no contributing value. None of the other Sales required adjusting.

### **Property Rights**

The fee simple estate interest was conveyed for all of the Sales and each Sale includes real estate only. Thus, no adjustments are necessary.

### **Financing**

All of the Sales were purchased with cash to the seller or cash equivalent financing. Therefore, no adjustments are made.

### **Conditions of Sale**

All of the Sales are reported to be arm's length transactions, therefore no adjustments are necessary.

### **Market Conditions**

The overall market for real estate in the area has improved over the past several years with local lack of supply exerting increased pressure on pricing. Thus, upward adjustments are made to each Sale based on an annual appreciation rate of 5.0 percent, stemming from the date of transfer through the effective date of the appraisal.

### **Size - Number of Units**

The subject has potential for division into four units. Sale 1 was planned for division into four units and no adjustment is made. Sale 2 was envisioned with two units and slight downward adjustment is made. Sales 3, 4, and 5 were transferred for single site use and downward adjustments are made. Sale 6 was planned for two units with the deed indicating two building sites, along with a private accessing drive to the back parcel. Thus, slight downward adjustment is made.

### **Location**

Location adjustments are made taking into consideration accessibility, local economies, demographic trends, and neighborhood real estate values. All of the comparables are located within the peripheral region of the city of Ann Arbor. However, Sales 1, 2, 4, and 6 are given varying degree of upward adjustment given superior locational aspects of the subject as well as strength of housing values within the subject area. Sale 3 is similar to the subject and no



adjustment is made. Sale 5 is located at the edge of an area with upper tier housing investment and downward adjustment is made.

### **Zoning, Density and Unit Size**

The subject is appraised under an R1C designation with minimum 7,200 square foot building sites. Given the parcel size and subdivision into four units, the average site size is 8,200 square feet while maintaining its overall density of the district. Sales 1, 3, and 4 are similar to the subject and no adjustments are made. Sale 2 has larger sizing of 9,600 square feet and slight downward adjustment is applied. Sale 5 has an R1B zoning which stipulates larger 10,000 square foot building sites and a maximum density of four units-per-acre. One unit is devised with a larger homesite size of 14,941 square feet and downward adjustment is made - reflecting potential for breadth of vertical buildout. Sale 6 has an R1B zoning with two envisioned land units with about 10,000 square feet to each unit, along with a shared easement. Thus, slight downward adjustment is made.

### **Access and Views**

Adjacently west of the subject are small commercial uses that are currently buffered by trees and fencing and thus appear nominally encroaching to the larger parcel. However, the subject is located along Stadium Boulevard, a five-lane transient thoroughfare. Subdividing the subject into four road fronting homesites may not offer the most optimal development scenario owing to deficient road frontage, and also municipal stance at having four drive approaches in tight proximity to the intersection. Variances may be required. Alternatively, and likely with greater homeowner appeal would be a single cul-de-sac private drive with four subdivided parcels stemming from it. This may negate some of the main road influence and allow landscape buffering along the roadway. And while the two siding sites may be less favored, the two base units would be considered premium. From this, we make a tempered downward adjustment to each of the comparables, which are located along more mildly traversed roadways. We note that Sale 5 sides to Washtenaw Avenue but benefits with easement setback.

### **Site Characteristics**

The subject and Sales have rectangular configurations, with level and clear, or lightly treed topographies and no adjustments are required.

### **Summary**

The appraisers have considered all the presented sales and have made adjustments for various differentials. The adjusted sales indicate a range from \$104,300 to \$174,600, with an average of \$145,600 per unit. Sale 4 sets the upper end of the range. At the lower end of the range is Sale 1, which is one of the oldest transfers. Omitting these Sales and the average is \$148,700. Sales 3, 5, and 6 are the most proximately located and together average about \$145,000. Sale 3 required the least overall adjustment, while Sale 5 is the most recent transfer.



Over the past few years upward pressure on pricing became increasingly evident, fueled by dwindled supply of vacant land units within the city as well as unprecedentedly low interest rates. The subject's larger neighborhood is a solid market of well-patronized homes and increasing property values as one progresses northward. There is an active market for homes along Stadium Boulevard, and given the lack of developable land within the immediate area, the subject would be well received with contemporary improvement. Based upon the data, and given the lack of vacant or potential redevelopment land within the immediate area, we opine to a per unit market value of \$145,000 per envisioned unit - assuming the site as vacant. Thus,

4 developable units @ \$145,000 per unit. = \$580,000

As discussed earlier, the subject is considered for redevelopment with demolition of existing improvements. A feasibility study, conducted in 2020, suggested a an expense for asbestos removal and demolition of the building and site improvements of \$100,998. Inferring reasonable assumption of increased expense over the past two-year term, we estimate a demolition expense of \$110,000, which equates to about 5% - 10% over the historical estimate. Thus, the as-is market value is \$470,000.

It is the appraisers' opinion that the current as-is market value of the fee simple title to the subject property as of the effective date of November 3, 2022, is:

**Four Hundred Seventy Thousand ( \$ 470,000 ) Dollars.**

The above value estimate is subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report. There are no "Extraordinary Assumptions" or "Hypothetical Conditions" to this report.

### **Sales History Analysis**

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

### **Estimated Marketing Period, Exposure Period**

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

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



competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal...<sup>12</sup>

A discussion with area brokers and review of multiple family land sales in our company database indicates that marketing times can range from a couple months to several years depending on the age, size, location and price positioning. Given current market conditions and location of the property, the appraisers consider an exposure time of six to nine months be a reasonable estimate for the subject property.

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

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

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.

Given the current market conditions in the area, 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 nine months of marketing time, including exposure prior to sales contract.

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<sup>12</sup> The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, IL, 1993, page 126.

<sup>13</sup> Dictionary, page 220.



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## **ASSUMPTIONS AND LIMITATIONS OF APPRAISAL**

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

### **Appraisal Is Not A Survey**

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted in this appraisal report.

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

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

### **Appraisal Is Not A Legal Opinion**

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

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



It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

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

### **Appraisal Is Not An Engineering Or Property Inspection Report**

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

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

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

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

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



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

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

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

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

### **Appraisal Is Not An Environmental Issues Or A Hazardous Materials Report**

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos, radon gas, PCB's, lead-based paint, contaminants such as petroleum products, or hazardous chemicals escaping from underground storage tanks, other potentially hazardous materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature, which we would believe would create a significant problem, they are disclosed in this report. Nondisclosure should not



be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

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

### **Appraisal Is Made Under Conditions Of Uncertainty With Limited Data**

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

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

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

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

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

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





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

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

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

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

### **Restrictions Upon Disclosure And Use Of The Appraisal**

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

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

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



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

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

### **Appraisal Report Limitations**

Appraisal reports are technical documents addressed to the specific needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to 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.



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## APPRAISER'S CERTIFICATIONS

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

1. The statements of fact contained in this report are true and correct; 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. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved; and
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; and
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results; and
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
7. Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice; and
8. We have performed no previous service, as an appraiser, and none in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to preform this assignment; and
9. Michael T. Williams has made a personal inspection of the property that is the subject of this report. Karen L. Paul did not inspect the subject property; and
10. No one provided significant real property appraisal assistance to the author 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, MAI 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".

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

A handwritten signature in black ink that reads "Karen L. Paul".

Karen L. Paul  
Certified General Appraiser  
Michigan License No. 1205004585



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## REQUIRED STATEMENTS

### LICENSURE

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

GRETCHEN WHITMER GOVERNOR		STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS BUREAU OF PROFESSIONAL LICENSING CERTIFIED GENERAL APPRAISER LICENSE		P834584
MICHAEL THOMAS WILLIAMS				
LICENSE NO. 1205004033	EXPIRATION DATE 07/31/2023	AUDIT NO. 3474008	THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN	

GRETCHEN WHITMER GOVERNOR		STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS BUREAU OF PROFESSIONAL LICENSING CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE		Q359239
KAREN L PAUL				
LICENSE NO. 1205004585	EXPIRATION DATE 07/31/2024	22207040713	THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN	



## **APPRAISAL REPORT**

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

## **USPAP COMPETENCY PROVISION**

This appraisal complies with the Competency Provision of the USPAP.

## **NARRATED DATES**

### Date of Appraisal Report

The date of this appraisal report is November 9, 2022.

### Effective Date(s) of Value

The effective 'as-is' date of valuation is November 3, 2022, the date of property inspection.

### Date(s) of Inspection and Inspector(s)

The property was inspected by Michael T. Williams on November 3, 2022.



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## PROFESSIONAL QUALIFICATIONS

### **MICHAEL T. WILLIAMS, MAI**

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

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

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

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

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

#### EDUCATION:

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

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



## APPRAISAL INSTITUTE

### Courses Completed:

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

### Seminars Completed:

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





Appraisal Curriculum Overview (Two-Day General), 2009  
Spotlight on USPAP: Common Errors and Issues, 2009  
Michigan Economy, 2009  
Online McKissock: Michigan Law, 2009  
Online McKissock: 2008-09 National USPAP Update, 2009  
Spotlight on USPAP: Confidentiality, 2010  
Business Practice and Ethics, 2010  
Data Verification Methods, 2010  
Spotlight on USPAP: Appraisal Review, 2011  
Michigan Economy, 2011  
Online McKissock: Michigan Law, 2011  
Online Analyzing Distressed Real Estate, 2011  
National USPAP Equivalent Course 2010-2011, 2011  
Spotlight on USPAP: Agreement For Services-Instructions, 2011  
Preparing Valuation Disclosures, Entire MI Tax Tribunal, 2011  
Supervising Appraisers, A Mentoring Process, 2012  
Michigan Economy, 2012  
National USPAP Equivalent Course 2012-2013, 2012  
Michigan Laws and Rules, 2012  
Contemporary Topics For Appraisers Involving the MI Tax Tribunal, 2013  
Michigan Economics, 2013  
Great Lakes Chapter Economic Summit, 2013  
Online Subdivision Valuation, 2013  
Contemporary Topics For Appraisers Involving the MI Tax Tribunal, 2014  
Great Lakes Chapter Economic Summit, 2014  
Michigan Economics, 2014  
Appraising Airports and Airplane Hangars, 2014  
National USPAP Equivalent Course 2014-2015, 2014  
Michigan Economics, 2015  
Online McKissock: Michigan Law, 2015  
Government and The Housing Market, 2015  
Great Lakes Chapter Economic Summit, 2015  
Business Practices and Ethics, 2015  
LARA and the Michigan Real Estate Appraisal Profession, 2016  
Contemporary Michigan Property Tax Issues, 2016  
National USPAP Equivalent Course 2016-2017, IRWA, 2016  
Michigan Economics, 2016  
Michigan Legislative Update, 2016  
Supervisory Appraiser/Trainee Appraiser Course, 2016  
Great Lakes Chapter Economic Summit, 2016  
Natural Resources: An Economic Drive, 2017  
Contract or Effective Rent: Finding the Real Rent, 2017  
Michigan Economy, 2017  
Michigan Appraisal Law, 2017



PROFESSIONAL AND TRADE AFFILIATIONS:

Michigan State Certified General Appraiser #1205004033

Ohio State Certified General Appraiser #2011002568

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

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

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

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

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

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

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

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

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

Chair, Ethics Appeals Panel, Appraisal Institute, 2012

Member, Professional Standards and Guidance Committee, 2013

Secretary, Great Lakes Chapter of Appraisal Institute, 2013

Treasurer, Great Lakes Chapter of Appraisal Institute, 2014

Vice President, Great Lakes Chapter of Appraisal Institute, 2015

President, Great Lakes Chapter of Appraisal Institute, 2016

Past President, Great Lakes Chapter of Appraisal Institute, 2017



**Karen L. Paul**

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

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

Consulting assignments include market studies and feasibility analysis.

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

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

**EDUCATION:**

UNIVERSITY of Michigan  
Bachelor of Science, with Management and Communications 1991

**APPRAISAL INSTITUTE**

Courses Completed:

- Income Approach - Part B
- Advanced Sales Comparison and Cost Approaches

Seminars Completed:

- Subdivision Analysis
- Testing DCF Valuation Models
- Eminent Domain and Condemnation
- Analyzing Distressed Real Estate
- Appraising from Blueprints and Specifications

**McKISSOCK:**

Courses Completed:

- Construction Details and Trends
- Introduction to Expert Witness Testimony
- Elements of Disclosures and Disclaimers
- Current Issues in Appraising



Michigan Law  
Introduction to Green Building  
Owner Occupied Commercial Properties  
Environmental Issues for Appraisers  
Environmental Contamination of Income Properties  
Appraisal of Small Apartment Properties  
Uniform Standards of Professional Appraisal Practice (USPAP)  
Uniform Standards for Federal Land Acquisitions (UASFLA)  
Marcellus Shale: Effects of Energy Resource Operations on Residential  
Property Value

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS (IAAO):  
Courses Completed:

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

PROFESSIONAL AND TRADE AFFILIATIONS

Michigan State Certified General Appraiser #1205004585

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

BUSINESS EXPERIENCE

1998 to present: Gerald Alcock Company; Fee Appraiser

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