

APPRAISAL OF

Surface Parking Lot (Comprising Approximately 1.26 Gross Acres)  
Located at the NEC of West William and South Ashley Streets,  
City of Ann Arbor,  
Washtenaw County, Michigan

---

As of January 10, 2019  
For City of Ann Arbor

**GERALD ALCOCK COMPANY LLC**

Real Estate Counseling and Appraising  
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Ann Arbor, Michigan 48108  
Telephone: (734) 994-0554

**GERALD ALCOCK COMPANY, L.L.C.**  
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*Founder, 1977*

January 25, 2019

Mr. Tom Crawford, CFO  
City of Ann Arbor  
100 South Fifth Avenue  
Ann Arbor, Michigan 48104

Re: Appraisal of Surface Parking Lot (Comprising Approximately 1.26 Gross Acres) Located at the NEC of West William and South Ashley Streets, Ann Arbor, Washtenaw County, Michigan.

Dear Mr. Crawford:

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

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

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

It is the appraisers' opinion that the current as-is market value of the appraisal property, pertaining to fee simple title interest, as of January 10, 2019, is:

**Thirteen Million Six Hundred Ninety Thousand (\$13,690,000) Dollars**

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Mr. Tom Crawford, CFO  
City of Ann Arbor  
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This value estimate is made subject to the “General Assumptions and Limitations of Appraisal” of this report and to the following “Extraordinary Assumptions to this Appraisal” as applicable.

1. The appraisers have relied upon digital and mathematical scale of municipal plat mapping for determination of gross area—which appears to be net of road rights-of-way—pertaining to six individual parcels under valuation. It is an assumption of this report that gross and net site area of a presumed assemblage delineated herein roughly conforms to actual conditions; if not, the value conclusion could be impacted; and
2. Valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards or contamination. If such is not the case, the value conclusion could be impacted; and
3. The appraisers have not been provided with professional soil boring analysis for the appraisal property. Valuation is predicated upon the assumption that the subject soils are suitable for commercial-type construction similar to that found on surrounding parcels. If such is not the case, the value conclusion could be impacted.

The use of this appraisal is to serve as an estimate of the market value of the property under valuation for the purpose of assisting the client in evaluating an offer to purchase.

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

January 25, 2019  
Mr. Tom Crawford, CFO  
City of Ann Arbor  
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The attached report, comprising ten sections and two exhibits, is an explanation of the method of valuation. This letter and report must not be separated because together they provide the necessary detail, analysis and explanation in support of the value opinion expressed herein.

Respectfully submitted,

Gerald Alcock Company, LLC

Handwritten signature of Michael T. Williams in black ink.

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

Handwritten signature of Lorie Alcock in black ink.

Lorie Alcock  
General Certified Appraiser  
License No. 1201000499



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## EXECUTIVE SUMMARY

- Location:** The property is located at the northeast corner of West William and South Ashley Streets, city of Ann Arbor, Washtenaw County, Michigan.
- Mailing Address:** The six properties under valuation have individual address assignments of 309, 337 and 339 South Ashley Street and 104, 116 and 120 West William Street, Ann Arbor, Michigan 48104.
- Tax Identification:**
- |                  |                       |
|------------------|-----------------------|
| 09-09-29-408-001 | 309 S. Ashley Street  |
| 09-09-29-408-002 | 337 S. Ashley Street  |
| 09-09-29-408-003 | 104 W. William Street |
| 09-09-29-408-004 | 337 S. Ashley Street  |
| 09-09-29-408-005 | 120 W. William Street |
| 09-09-29-408-006 | 116 W. William Street |
- Property Owner:** Municipal records indicate the properties are owned by the city of Ann Arbor, with variable extensions including Ashley Parking Lot, Surface Lot DDA or Transportation—Surface Lot DDA.
- Type of Report:** This is an Appraisal Report.
- Occupancy and Use:** The property is owner-occupied and in use as a municipal surface parking lot.
- Improvements:** The property is improved with a municipal surface parking lot. Site improvements are deemed to have interim use, offsetting to eventual demolition for redevelopment.
- Site:** The appraisal property assemblage—comprising six contiguous sites in combination—is nearly rectangular in shape, with 442 feet of frontage on the east side of South Ashley Street and 124 feet of frontage on the north side of West William Street. The eastern border of the site is 444 feet and there is a nominal cutout at the northern border. Total area is 54,752 square feet, or 1.26 gross acre, which appears to be net of road rights-of-way. Topography is generally level and at street level. Site improvements include asphalt pavement accommodating 147 marked spaces and drives; two pay booths with gate apparatus;



concrete work for aprons, walks, island (with stone-covered planting area and trees) and curbing; brick perimeter delineation half-walls at the roadways; free-standing lighting and signage; and two frame trash enclosures. City site improvements include sidewalk, streetlights and concrete curbs and gutters.

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

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

**Highest & Best Use:** Highest and best use of the property is redevelopment as an assemblage to an intense mixed use, as allowed by code.

**Interest Appraised:** Fee Simple Estate

Estimated Market Value of the Subject Property:

<b><u>Valuation Condition</u></b>	<b><u>Valuation Date</u></b>	<b><u>Value Estimate</u></b>
Current As-Is	01/10/19	\$13,690,000

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

1. The appraisers have relied upon digital and mathematical scale of municipal plat mapping for determination of gross area—which appears to be net of road rights-of-way—pertaining to six individual parcels under valuation. It is an assumption of this report that gross and net site area of a presumed assemblage delineated herein roughly conforms to actual conditions; if not, the value conclusion could be impacted; and
2. Valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards or contamination. If such is not the case, the value conclusion could be impacted; and



3. The appraisers have not been provided with professional soil boring analysis for the appraisal property. Valuation is predicated upon the assumption that the subject soils are suitable for commercial-type construction similar to that found on surrounding parcels. If such is not the case, the value conclusion could be impacted.



View South of Northbound  
South Ashley Street

View North of Northbound  
South Ashley Street



Eastbound West William Street



Westbound West William Street

Gerald Alcock Company, LLC

South Ashley Entrance



Gerald Alcock Company, LLC



Gerald Alcock Company, LLC

Signage



Interior View South

Interior View



Northern Interior View



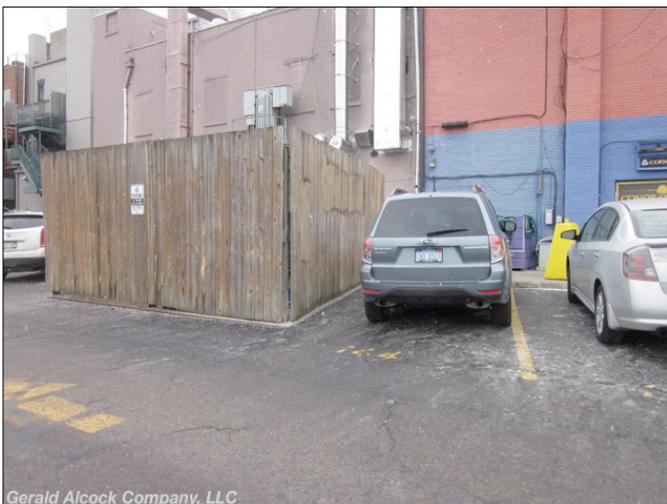
Southern Boundary Wall

Gerald Alcock Company, LLC

W. William Entrance



Gerald Alcock Company, LLC



Trash Enclosure

Gerald Alcock Company, LLC



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## IDENTIFICATION OF PROPERTY

### Real Property

#### Address

The six properties under valuation have individual address assignments of 309, 337 and 339 South Ashley Street and 104, 116 and 120 West William Street, Ann Arbor, Michigan 48104.

#### Tax Identification Number

09-09-29-408-001	309 S. Ashley Street
09-09-29-408-002	337 S. Ashley Street
09-09-29-408-003	104 W. William Street
09-09-29-408-004	337 S. Ashley Street
09-09-29-408-005	120 W. William Street
09-09-29-408-006	116 W. William Street

#### Legal Description

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

### Leases and Title Interest Appraised

The property is not subject to lease and the fee simple title interest is the focus of the analysis at hand.

### Furniture, Fixtures and Equipment

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



**Client**

The appraisers were engaged by City of Ann Arbor to prepare this appraisal report.

**Property Owner**

Municipal records indicate the properties are owned by the city of Ann Arbor, with variable extensions including Ashley Parking Lot, Surface Lot DDA or Transportation—Surface Lot DDA. A party is reported to have made an unsolicited offer for the property—undisclosed to the appraisers—for which this appraisal serves to aid the client in evaluation of the offer.

**Occupancy and Use**

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



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

### **Purpose**

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

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

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



5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>2</sup>

### **Use and Intended User of Report**

The use of this appraisal is to serve as an estimate of the market value of the property under valuation for the purpose of assisting the client in evaluating an offer to purchase.

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

### **Appraisal Development and Report Process (Scope)**

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

#### Physical Data

The property was inspected on the date noted at the “Narrated Dates” subsection of this report. The appraisers secured current assessment, special assessment, and zoning data pertinent to the subject property. The following are additional sources were used to provide information pertaining to the subject property:

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

#### Area and Neighborhood Data

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

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



and real estate brokers conducting business in the area of the subject were contacted regarding supply, demand, and market trends.

### Market Data Sources

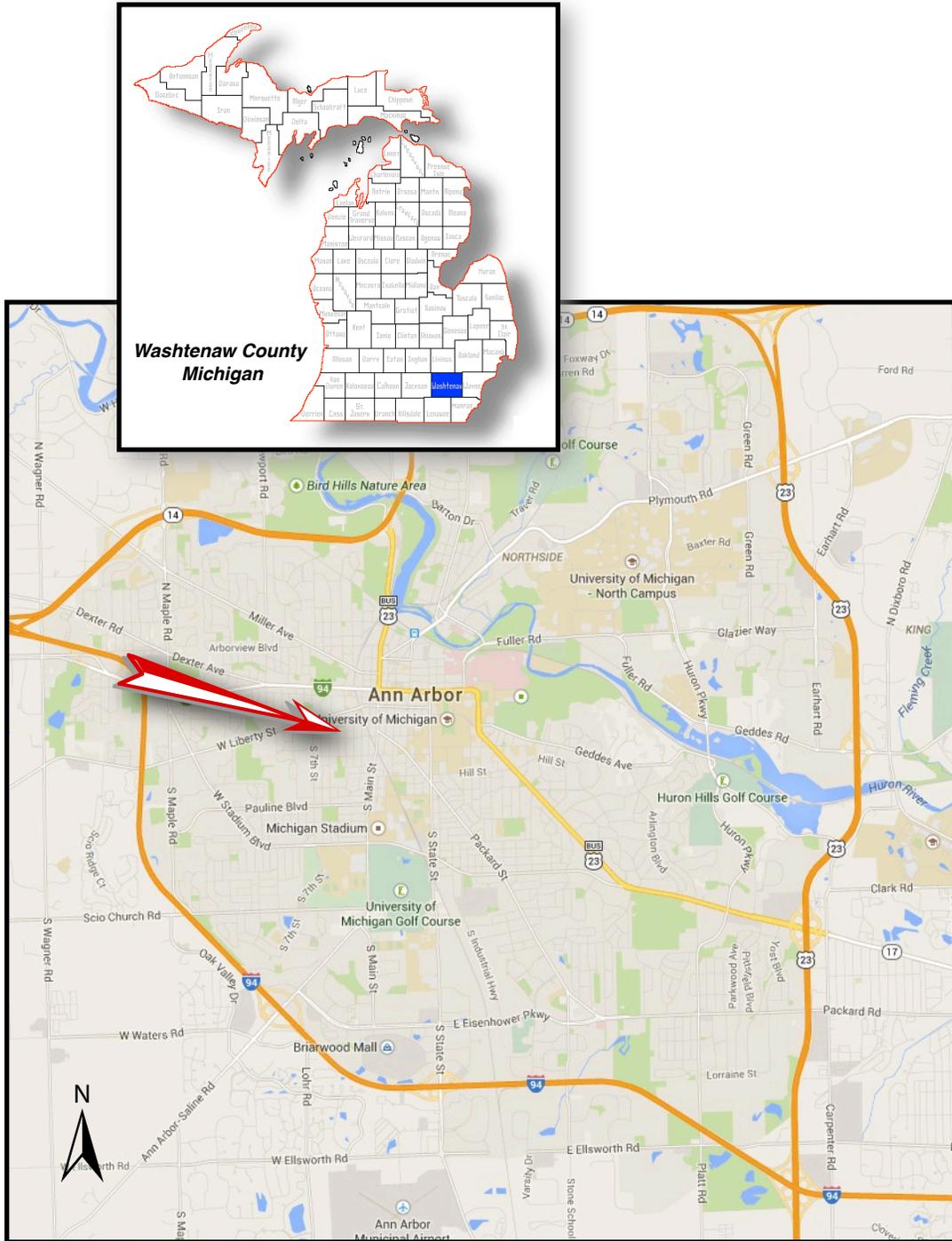
Physical data for each individual comparable sale is detailed within the “Analysis of Value,” subsection of this report. The sources of this data are cited at this section. Real estate brokers conducting business in the area of the subject were interviewed regarding recent real estate activity in the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

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

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



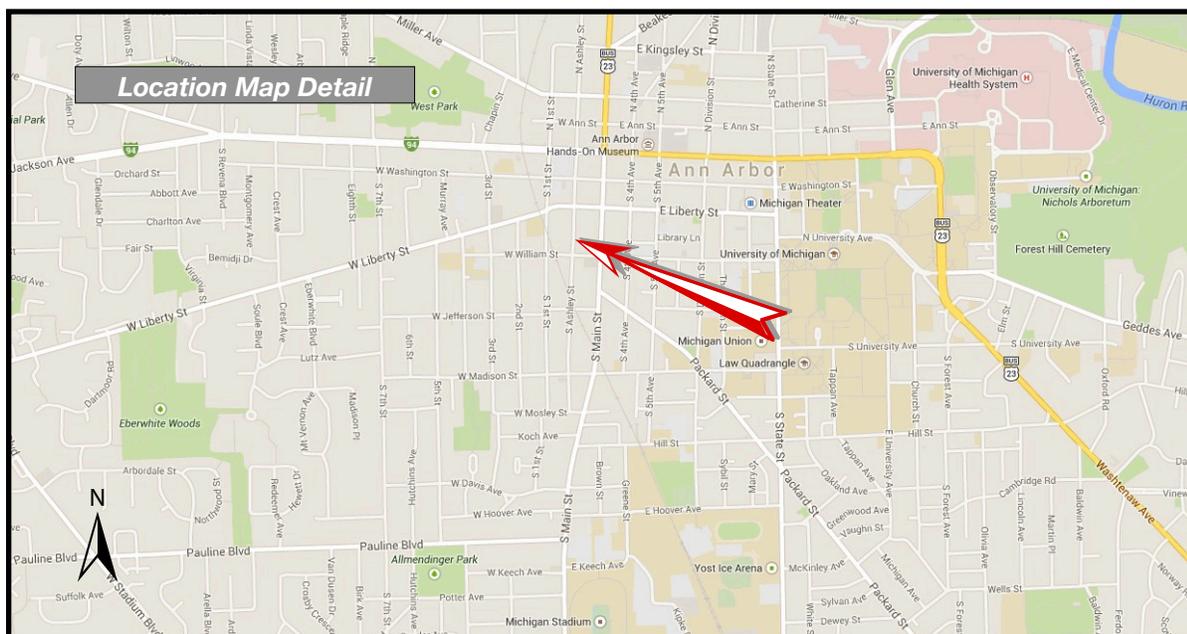
## DESCRIPTION OF PROPERTY





## Location and Neighborhood

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



Proximate neighbors include the Ann Arbor Art Association, Fleetwood Mac diner, Ann Arbor State Bank, the Ark, Conor O'Neil's and Real Seafood Company restaurants. Two block northwest of the subject is the new First/Washington parking structure, a 250-car parking garage below Ann Arbor City Apartments, a 155-unit luxury apartment complex, completed in late 2013 and 2014, respectively. The neighborhoods emanating further westward are dominated by single-family and small multiple-family uses.

The appraisal location is one block west of South Main Street, the Central Business District's primary thoroughfare and one of the city's commercial corridors. Main Street bisects the downtown in a north-south direction, providing linkages to M-14 and US-23 to the north and I-94 to the south. In the heart of the Central Business District it is improved with dense retail, office, and mixed-use properties.

The subject is several blocks west of the University of Michigan Central Campus. The University of Michigan is a State college, with undergraduate, graduate programs and nationally recognized Law and Business Schools. Enrollment levels have remained strong,



increasing at a slow but steady pace over the last 15 years to a current student body of just under 40,000 persons. The University of Michigan Medical Center, the largest teaching and research facility in the Midwest, is a sprawling hospital campus that dominates the south side of the Huron River, running nearly a quarter-mile from end to end. Together, the University and the U of M Medical Center are the largest employers in Washtenaw County.

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

#### Population & Household Trends

Population	2010	2018	2023	Compound Annual Change	
				2010-2018	2018-2023
City of Ann Arbor	113,960	123,301	127,587	0.99%	0.69%
Washtenaw County	344,791	370,067	382,764	0.89%	0.68%
State of Michigan	9,883,640	10,057,191	10,182,805	0.22%	0.25%
<b>Households</b>					
City of Ann Arbor	47,071	50,223	52,153	0.81%	0.76%
Washtenaw County	137,193	145,164	150,166	0.71%	0.68%
State of Michigan	3,872,508	3,957,600	4,015,545	0.27%	0.29%

*Source: ESRI*

The City had a 2010 population of 113,960 persons, which is estimated to have increased by 9,341 persons as of 2018, representing an annual increase of 0.99 percent per year over the eight-year period. From 2018 to 2023, the population in the City is anticipated to increase by 0.69 percent annually. The County population in 2010 was 344,791 persons, increasing annually by 0.89 percent, to 370,067 persons by 2018, forecast for an annual 0.68 percent increase from 2018 to 2023. Growth in the State had an estimated annual increase in populous of 0.22 percent per year from 2010 to 2018, and is forecast to increase at a rate of 0.25 percent per year from 2018 to 2023.

The number of households in the City was 47,071 in 2010, which increased at an annual rate of 0.81 percent by 2018. Households in the County increased at an annual rate of 0.71



percent, while the State increased by 0.27 percent over the same period. Household growth in the City is forecast to increase by 0.76 percent; the County is forecast for a 0.68 percent increase; and the State is forecast for a 0.29 percent annual increase by 2023.

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

<i>Median Household Income Trends</i>			
<b>Median Household Income</b>	<b>2018</b>	<b>2023</b>	<b>2018-2023</b>
City of Ann Arbor	\$57,053	\$65,616	2.8%
Washtenaw County	\$66,336	\$77,456	3.1%
State of Michigan	\$53,680	\$60,924	2.6%

*Source: ESRI*

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

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

<i>Unemployment Rates</i>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
City of Ann Arbor	6.2%	9.1%	9.2%	6.9%	5.8%	6.1%	5.1%	2.9%	2.6%	1.8%
Washtenaw County	5.8%	8.6%	8.6%	6.5%	5.4%	5.8%	4.8%	3.6%	3.1%	3.0%
State of Michigan	8.4%	13.6%	13.1%	10.3%	8.9%	8.7%	7.2%	5.4%	4.7%	4.7%

*Source: US Department of Labor*

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

The local economy in Washtenaw County, greater Ann Arbor, and surrounding communities historically improved in the early aughts with an increasing employment base owing to a



diverse local economy anchored by the University of Michigan, health care, and a variety of high-tech, research and development businesses. Washtenaw County and greater Ann Arbor have historically been insulated from cyclical economic conditions owing to their more diverse employment base. The appraisal property is centrally located in Ann Arbor's Downtown Central Business District, a few blocks west of the University of Michigan Campus. This is an area that is dominated by retail/office and University-related uses, interspersed with residential uses. The City remains one of the most stable communities in the area owing to the presence of the University of Michigan and the University of Michigan Medical Center. The appraisal property's central location—proximate to both the University of Michigan and Ann Arbor's Downtown Central Business District—is considered ideal for a wide variety of users.

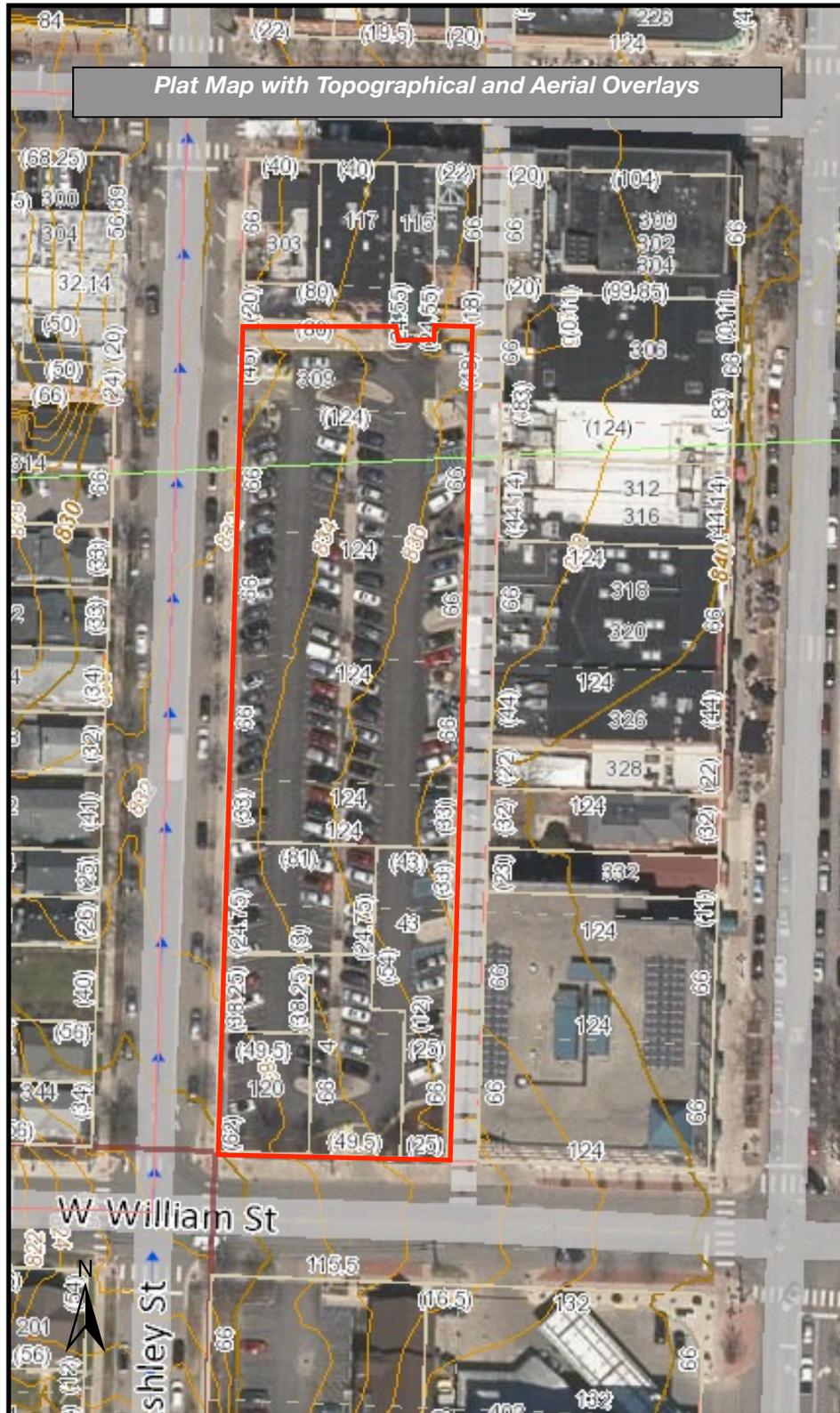
### **Site, Yard Improvements and Utilities**

The appraisal property assemblage—comprising six contiguous sites in combination—is nearly rectangular in shape, with 442 feet of frontage on the east side of South Ashley Street and 124 feet of frontage on the north side of West William Street. The eastern border of the site is 444 feet and there is a nominal cutout at the northern border. Total area is 54,752 square feet, or 1.26 gross acre, which appears to be net of road rights-of-way. Topography is generally level and at street level. Site improvements include asphalt pavement accommodating 147 marked spaces and drives; two pay booths with gate apparatus; concrete work for aprons, walks, island (with stone-covered planting area and trees) and curbing; brick perimeter delineation half-walls at the roadways; free-standing lighting and signage; and two frame trash enclosures. City site improvements include sidewalk, streetlights and concrete curbs and gutters.

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

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







**Building Improvements**

The property is improved with a municipal surface parking lot. Site improvements are deemed to have interim use, offsetting to eventual demolition for redevelopment.

**Assessed Valuation and Taxes**

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

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

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

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

The properties under valuation are identified under the following tax codes. As the properties have a tax exempt status, corresponding 2018 state equalized (SEV) and taxable values are not available.

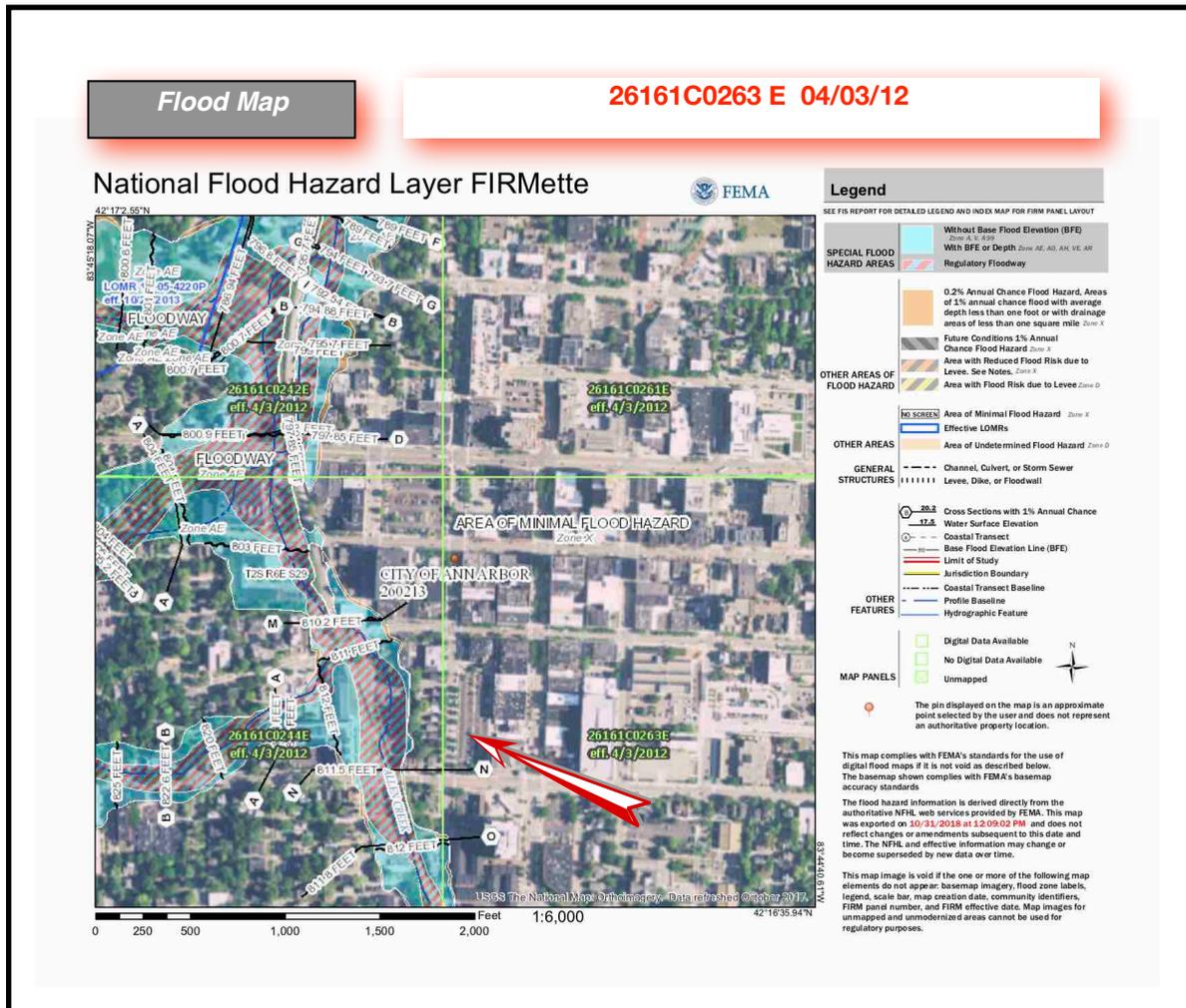
<b>Tax Code</b>	<b>2018 SEV</b>	<b>2018 TV</b>
09-09-29-408-001	Exempt	Exempt
09-09-29-408-002	Exempt	Exempt
09-09-29-408-003	Exempt	Exempt
09-09-29-408-004	Exempt	Exempt
09-09-29-408-005	Exempt	Exempt
09-09-29-408-006	Exempt	Exempt

A City Treasury Department official reports there are currently no special assessments levied against the subject properties.



## Flood Hazard

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



## Zoning

As shown On the following page and at exhibit B, "Excerpts from Zoning Ordinance," the subject property is zoned D1, Downtown Core District. This district is intended to contain the





of lot area (FAR) for new principal buildings of 400 percent of lot area without premiums, 700 percent with premiums and 900 percent with affordable housing premiums.

In conjunction with the D1 designation, the property is subject to a Main Street Character Overlay, defined as “the traditional heart of downtown, with a regional entertainment and business focus.”

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

### **Easements and Deed Restrictions**

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

### **Environmental Hazards**

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



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## ANALYSIS OF VALUE

### Current Market Conditions and Trends

#### National

According to the most recent University of Michigan's Research Seminar in Quantitative Economics, for November 2018, "Economic growth during the first three quarters of 2018 has been strong, averaging 3.3 percent at an annual rate. We believe the bulk of the acceleration is due to fiscal policy, and we expect it to wane shortly. In a surprise fiscal boost early this year, Congress authorized hefty increases in federal spending during fiscal 2018 and 2019. Business fixed investment grew strongly in the wake of the TCJA, but its momentum may be running out already.

Real GDP grew at a healthy 3.5 percent seasonally adjusted annual rate in the third quarter of the year. The budding trade war with China, however, confounds the interpretation of the economy's recent performance. It is unclear how much of the jumps in inventory investment and imports was due to producers ramping up imports in anticipation of increased tariffs on Chinese products.

Contributions from other components of GDP were also mixed in the third quarter. There were healthy contributions from personal consumption expenditures and state and local government spending alongside the boost provided by increased federal government spending in the BBA of 2018. However, nonresidential fixed investment in structures (excluding mining and exploration), residential construction, goods exports, and the tariff-induced bump in imports were all significant drags on the economy.

We project that annual real GDP will grow 2.9 percent for the year, the strongest in this business cycle expansion. We expect economic growth to downshift throughout 2019 as the fiscal stimulus fades, and to slide below the 2 percent mark in 2020."<sup>3</sup>

More highlights within the November 2018 released RSQE forecast are reported as, "Wage growth, the one thing that had been missing from the full-employment labor market picture, finally appears to be picking up. The October reading of average hourly earnings of workers in private non-farm employment clocked in at a well-received 3.1 percent year-over-year rate, the first time since May 2009 that this measure of wage growth has exceeded 3 percent.

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<sup>3</sup> University of Michigan, *RSQE*, November 2018



Other labor market indicators, already solid for some time, keep improving. Payroll job gains are still averaging around 200,000 jobs a month, while the unemployment rate has dipped below 4.0 percent.

After a gradual rise during the second half of 2017 and early 2018, core inflation (headline excluding food and energy) seems to have steadied in recent months. We expect inflation to remain within the Federal Reserve's comfort zone during our forecast, despite potential blips from rising tariffs on Chinese imports.

Vehicle sales have been another bright spot in the economic landscape recently. Heavy truck sales are booming as the economy expands and demand for transportation of oil and goods picks up. Fleet sales have been speeding ahead over the past few months, propelling the September-October light vehicle average sales pace to 17.5 million units. Light truck inventories entering the holiday season are quite elevated, which is likely to support strong sales in the fourth quarter, the strongest quarter for vehicle sales in recent years.

The housing market is under stress: mortgage rates are rising, mortgage interest tax deductibility is lower, and prices are softening. After staying in the 4.0–6.0- month range for 7 years, the months' supply of new houses—a measure of market tightness—has exceeded 6.0 for the past three readings and reached 7.1 months in September. Higher inventory is likely to further depress lagging single-family home starts in the near term. Single- and multi-family housing authorizations are trending down. These trends suggest additional weakness in home price appreciation in the months ahead.

The federal budget deficit for fiscal 2018 grew to 925 billion dollars on a NIPA basis, the largest it has been since 2012. Interest payments on the federal debt increased by almost 14 percent from fiscal 2017, and the slashing of the corporate tax rate caused federal corporate tax receipts to plummet by almost 40 percent. As federal expenditures outpace receipts, the deficit worsens from 4.6 percent of GDP in fiscal 2018 to 5.2 percent in fiscal 2019 and to 5.5 percent in fiscal 2020.

The combination of employment growth, labor force growth, wage growth, and the current pro-cyclical fiscal stimulus will eventually exert considerable inflationary pressure, which, in the absence of interest rate hikes, would cause the economy to overheat and inflation to surge above the Fed's medium-run target. We project one 25-bps fed funds rate increase in December 2018, followed by two more in each of 2019 and 2020, consistent with our economic outlook.<sup>24</sup>

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<sup>4</sup> Ibid



### **2019-2020 Outlook**

As the stimulative effects of the TCJA and the BBA of 2018 fade, real GDP growth decelerates from 2.9 percent in 2018 to 2.7 percent in 2019 and 1.9 percent in 2020.

Buoyed by robust demand for fleet sales, light vehicle sales are expected to total 17.1 million units in 2018, on a par with 2017. In 2019–2020, total light vehicle sales decline to 16.9 million units per year, as interest rates rise and the economy begins to cool down.

Total housing starts increase by 50,000 in 2018, but then improve by less over the next two years combined. Single-family home starts creep up by 20,000-30,000 per year in 2019-2020, while multi-family home starts edge down in 2019-2020.

Average monthly non-farm payroll job gains moderate from about 207,600 job additions per month in 2018 Q3-Q4 to 92,000 per month at the end of 2020. The unemployment rate continues to decline, falling from 3.8 percent in 2018 Q3 to 3.4 percent at the end of 2019 and staying there through 2020.

Core CPI inflation is poised to rise to 2.1-2.2 percent in 2018–19, before edging up to 2.4 percent in 2020. We expect headline CPI inflation to rise to 2.5 percent in 2018 and then to slow to 2.0-2.1 percent per year in 2019-2020. Headline inflation sits higher than core in 2018 because of energy price inflation, but that pattern reverses in 2019-2020, as oil prices stay essentially flat and food price inflation runs behind core.<sup>5</sup>

### **Michigan**

According to the most recent University of Michigan’s Research Seminar in Quantitative Economics, for November 2018, “Michigan has now notched nine years of uninterrupted job growth between the fall quarters of 2009 and 2018. We examined data back to 1939, and Michigan’s current streak of yearly job growth now matches the longest previous episode of job recovery. We are thus poised to set a new record for the longest period of job expansion in Michigan since the World War II era.

Michigan’s pace of job creation cooled from an annualized 2.2 percent in the first quarter of 2018 to an average of 1.1 percent in the second and third quarters. We expect growth to drop off a bit further in the fourth quarter before inching up slightly in 2019. The path of quarterly growth in 2020 is complicated by the 2020 Census, but job growth settles in at an annual

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<sup>5</sup> Ibid



pace of 0.6 percent by the end of 2020. Job growth averages 0.8 percent per year over 2019-2020.

We expect Michigan's unemployment rate to tick up a bit from its September reading of 4.0 percent to 4.1 percent in the fourth quarter of 2018. It then declines to averages of 3.9 percent in 2019 and 3.8 percent in 2020. The level in 2020 would be the third-lowest annual average since the modern vintage data began in 1976. Labor force participation rises slightly over the forecast period."<sup>6</sup>

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

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

We also see the growth of real disposable income ticking up two-tenths of a percentage point from 2017 to 2018. Its growth in 2018 is boosted by the decreased burden of federal taxation resulting from the TCJA of 2017. We see real disposable income growth staying roughly flat next year, as local inflation recedes but the boost from the tax cuts fades. Real income growth jumps by six-tenths of a percentage point in 2020, reflecting faster nominal income growth and stable inflation."<sup>7</sup>

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

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<sup>6</sup> University of Michigan, *RSQE*, November 2018

<sup>7</sup> *Ibid*



While this section typically discusses current national, regional, and local trends for the type of property under valuation, the subject property is a municipal parking facility, not suitable for comparison to larger, investment-grade, properties. Alternatively, the property is suitable for intense development and there are no national or regional trends for such properties.

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

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

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

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

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

The developer/owner of the vacant site on the west side of Glen Avenue between Catherine and Ann Streets has plans for a nine-story mixed-use hotel and retail project called The Glen. The site is planned for a nine-story mixed-use hotel and retail development under review by



the City of Ann Arbor Historic District Commission. The 194-room hotel would include a number of suites and extended stay rooms for guests, along with meeting spaces for conferences and receptions, according to documents submitted to the city. The extended-stay rooms would be a key part of the development because of its proximity to the University of Michigan Hospital. Four stories of underground parking would also be built as part of the plan.

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

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

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

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

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




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**Office, Retail, Apt. Downtown Market Summary**

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

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Source: CoStar

As shown, the current office vacancy is up from early 2015, as noted by the cited Swisher year-end report. The current market vacancy rate for retail has generally held steady since 2015 at 1.30 percent. Apartment vacancies within the area are at 3.80 percent, down slightly from early 2015. The average asking market rent for office is \$28.00 per square foot on a full service gross rent basis, which is up from \$26.16 per square foot in early 2015. The average asking market rent for retail is \$38.58 per square foot on a triple net rent basis, which is up from \$31.49 per square foot in early 2015. Apartment rents for one-, two-bedroom and efficiencies average \$1,441 per unit, down slightly from early 2015.



The appraisal property is centrally located in Ann Arbor's Downtown Central Business District, a few blocks west of the University of Michigan Campus. This is an area that is dominated by retail/office and University-related uses, interspersed with residential uses. The subject neighborhood is fully developed, with increasing instances of redevelopment that yields greater density to the district. The City remains one of the most stable communities in the area owing to the presence of the University of Michigan and the University of Michigan Medical Center. The appraisal property's central location—proximate to both the University of Michigan and Ann Arbor's Downtown Central Business District—is considered ideal for a wide variety of users. The past few years have brought significant demand for redevelopment. However, the subject property, as a municipal-owned property, serves the public good by providing public parking in the form of hourly and monthly permits to users in the CBD.

### **Highest and Best Use of Property**

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

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.<sup>8</sup>

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

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

A property is analyzed both “As Improved” and “As Though Vacant,” in consideration of a premise which states “as long as the value of the property as improved is greater than the value of the land as though vacant, the highest and best use is the use of the property as improved.”

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<sup>8</sup> Appraisal Institute, *The Appraisal of Real Estate*, Eleventh Edition, Chicago, Illinois, p. 275.



### *As Though Vacant*

All physical characteristics of the site, with special consideration for any features which might preclude or enhance development of the property for a particular type of use are examined. Based on the current zoning and availability of utilities, the property is capable of supporting commercial, office and/or residential development, as allowed by code. Soils are presumed suitable for development. The property assemblage comprises 1.26 gross acres. Topography is generally level and at road grade. All municipal utilities are available to the property. The property is typical of other commercial sites in the area, although a property of this size as assembled, is generally scarce in the CBD. The site has sufficient frontage and exposure on West William and South Ashley Streets. To the best of the appraisers' knowledge, information, and belief, there are no physical characteristics of the property that would interfere with, preclude, or enhance normal development potential. Based on the above physical characteristics, the property is suitable for development to numerous uses permitted under the D1, Downtown Core zoning district.

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

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

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

Of the possible uses to the appraisal property as though vacant, commercial or office or mixed-use development as allowed by code would produce highest and best use of the



property. The value of the property as vacant less demolition charges, is above the value of the property as improved.

### *As Improved*

Clearly, the existence of public parking improvements proves that it is physically possible to develop the property to a use such as this and no deed restrictions, building code limitations, or environmental restrictions, to the best of our knowledge, prohibit the use of the subject as currently configured.

A property use is determined to be financially feasible if it will produce an income that will satisfy operating expenses and provide a fair return on and of equity and debt capital investment. The value of the subject as though vacant land substantially exceeds the value of the property as presently improved to a 147-space public parking lot. As such, the economic income that could be generated from 147 parking spaces would not be sufficient to produce an income that would satisfy operating expenses and provide a fair return on and of equity and debt capital investment.

Thus, highest and best use of the property is for redevelopment as an assemblage to an intense mixed use, as allowed by code.

## **Methods of Valuation and Dates of Report**

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

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

In the cost approach, the cost of replacement or reproduction of the buildings and all other improvements to the land are estimated. Depreciation, if any, from all causes is then estimated and deducted from reproduction or replacement cost to give net depreciated reproduction or replacement cost of improvements. To this is added land value to give an indication of total property value by the cost approach. This



approach is most useful for valuing property with new or proposed improvements that utilize a site to its most intense use. In valuing income-producing properties, this approach generally sets an upper limit to value. This is based on the tenet known in appraising as the principle of substitution which, “. . . states that a prudent purchaser would pay no more for real property than the cost of acquiring or developing an equally desirable substitute. . . “<sup>9</sup>

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

#### 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  $I_0$ ) is then capitalized into an indication of value using a market related capitalization rate.

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

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

The sales comparison approach, is defined as “[an] appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions (...) It is a process of correlation’s and analysis of similar recently sold properties. . .”<sup>10</sup>

The sales comparison approach is typically used in valuing vacant properties, as predicated for the subject, when there is adequate and reliable sale information of comparable properties. Sales of such transactions provide viable market indicators

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<sup>9</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.

<sup>10</sup>AIREA, p. 30.



from which value may be deduced. The sales comparison approach will be employed in the analysis of the appraisal property as though vacant.

### Summary

The sales comparison approach to value will be utilized in the analysis of the subject property as though vacant. Existing improvements for public parking are considered an interim use, offsetting to eventual demolition costs.

### **Effective Dates**

The date of the appraisal report is January 25, 2019. The effective current date of valuation is January 10, 2019, the date of property inspection.



## Sales Comparison Approach

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

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

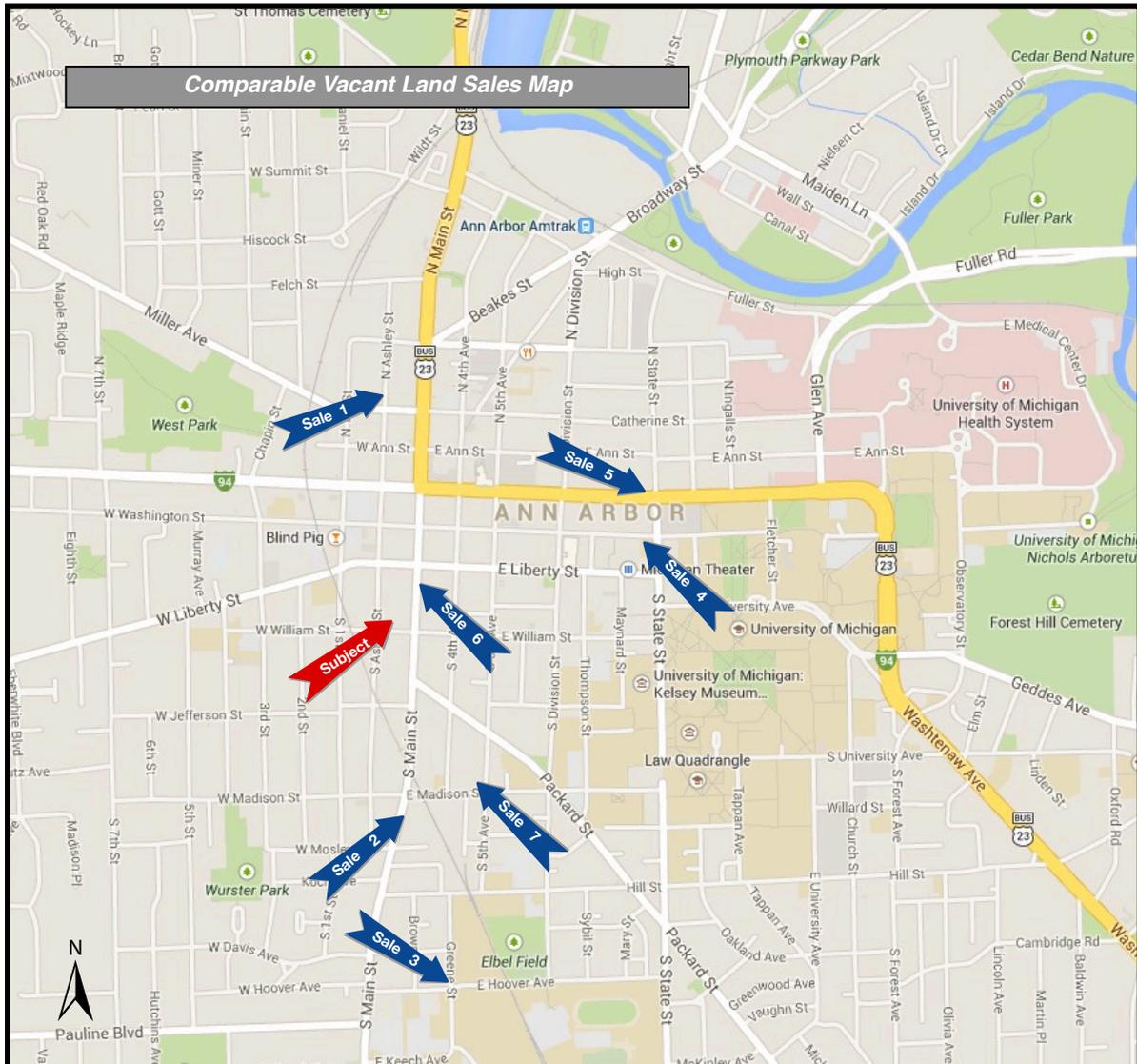
### Transaction Items

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

### Physical Items

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

The seven sales considered to best represent the subject market are provided in detail and are summarized and adjusted at "Land Sales Adjustment Grid." A map locating the comparables relative the the subject property as well as detail of the comparable sales are put forth on the following pages and precede the presentation of the grid table.





## Comparable 1

### MARKET DATA

#### Vacant Multi-Family Development Land Sale



Photograph Date:

Location: 206 & 210 Miller Avenue and 307 & 309 North Ashley Street, Ann Arbor, Washtenaw

Sale Date: December 2017

Sale Price: \$1,200,000 Cash to mortgage

Purchaser: 307 North Ashley, L.L.C.

Seller: Shirley and Bargert Burgoyne

Site: The property consists of four contiguous sites, together configured to an "L" comprising 0.333 gross acre, or 14,520 gross square feet, which appears to be net of road rights-of-way, with 88 feet of frontage on the north side of Miller Avenue and 66 feet of frontage on the west side of North Ashley Street, a one-way northbound artery. Topography is level and at street grade. Coverage includes two residential building improvements, gravel and paved parking lots and miscellaneous site improvements, deemed to be non-contributory. The pending purchaser estimates \$25,000 cost to raze the improvements.

Zoning: D2, Downtown Interface District

Utilities: All Municipal

Tax Code: 09-09-29-150-003, -004, -006 and -007

Exposure Time: 6 months

Occupancy: Vacant

Comments: The purchaser/developer, who has developed luxury condominiums proximate to the subject, envisions a frame five-story structure over parking level comprising 40,500 square feet (representing 279% FAR, based upon previous developments) with unit sizes in a range from 1,000 to 2,200 square feet, built over 18 months after approval (assumed to be a six-month process), presuming level sales at a conservative rate of \$475 per square foot, based upon sales at neighboring Kingsley Condominium, although sales at 410 N. First Street have ranged between \$514 to \$540 per square foot.

Source: Appraisal File

Indicators: \$82.64 per square foot

\$63,158 per unit

\$30.25 per square foot of GBA - after demolition



## Comparable 2

### MARKET DATA Vacant General Commercial Sale



Photograph Date:

Common Name: The Residences at 615 S. Main Street

Location: 615, 633 & 637 South Main Street, Ann Arbor, Washtenaw County, MI

Sale Date: October 2016

Sale Price: \$9,960,000 Terms unavailable

Purchaser: CCSHP Ann Arbor I, LLC

Seller: South Main Assoc., LLC, Malakeh Properties, LLC & 637 South Main, LLC

Site: The total site is irregular in shape, comprising 1.97 acres or 85,813 SF, with about 313 feet of frontage on the east side of South Main Street, between Mosely and Madison Streets. Average depth is around 288 feet. The site backs to a railroad ROW with some nominal floodplain encroachment along the easterly border. Topography is generally level.

Zoning: D2, Downtown Interface District

Utilities: All Municipal

Tax Code: 09-09-29-431-005, -011 & -012

Occupancy: 100% Occupied

Comments: According to Assessment PTAs, the purchase for three individual parcels is:

615 S. Main (.34 ac) for \$5,010,000 in 10/16 from South Main Assoc., LLC, \$97.91 psf  
633 S. Main (1.12 ac) for \$1,450,000 in 10/16 from Malakeh Properties, LLC, \$102.69 psf  
637 S. Main (.51 ac) for \$3,500,000 in 10/16 from 637 South Main, LLC, \$157.54 psf

Assuming a \$165,000 demolition cost, this yields an effective land value of \$10,125,000 or \$117.99 per square foot of land area, or \$35.39 psf of gross building area.

The Collegiate Dev Group combined the three parcels, demolished the improvements and are developing the site with a 286,079 SF, mixed-use, six-story building. There will be 6,200 SF of street level retail space with 229 apartments with 588 beds. Unit sizing is 370 to 1,468 SF with rents expected between \$700 and \$3,000 per month. There will be 163 parking spots and accommodation for 229 bicycles.

Source: City assessment records.

Indicators: \$116 per square foot

\$35.39 per square foot of GBA - after demolition



### Comparable 3

#### MARKET DATA

##### Pending Vacant General Commercial Sale



Photograph Date:

Location: Block Bounded by E. Hoover, Brown, Green and E. Davis, Ann Arbor, Washtenaw

Pending Sale Date: January 2019

Sale Price: \$6,800,000 Cash or Equivalent

Purchaser: Redico

Seller: Precision Properties, LLC and others

Site: Eighteen contiguous properties together are bounded by East Hoover and East Davis Avenues and Brown and Greene Streets, forming a rectangular shape, encompassing 1.63 gross acre, which appears to be net of the road rights-of-way, with ample road frontage on all arteries. Coverage is dominated by building and site improvements.

Zoning: C2B, Business Service and R4C, Multiple-Family Dwelling District

Utilities: All Municipal

Tax Code: 09-09-32-110- multiple three-digit end numbers

Occupancy: 100% Occupied

Comments: The entire block, comprising 1.63 acres, (18 parcels) is pending sale to Redico, a developer based in Southfield, MI for \$6,800,000, or \$95.77 per square foot of land area. A contract was signed in late 2017 and is slated for closing in June 2019. The developer plans a four-story, mixed-use, 141,720-square-foot facility budgeted for \$26 million representing 198.7% FAR. The entire block is being rezoned to commercial, presumably C2B allowing 200% FAR. The price per planned FAR indicator is \$48 per square foot of proposed building area.

Source: Confidential

Indicators: \$ 95.75 per square foot  
\$ 4,171,779 per acre



### Comparable 4

#### MARKET DATA

##### Vacant General Commercial Sale



Photograph Date:

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

Sale Date: November 2015

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

Purchaser: Cerca Trova, LLC

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

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

Zoning: D1, Downtown Core District

Utilities: All Municipal

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

Occupancy: 100% Occupied

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

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

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

Indicator: \$ 285 per square foot



## Comparable 5

### MARKET DATA Vacant General Commercial Sale



Photograph Date:

Common Name: The Calvin

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

Sale Date: September 2015

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

Purchaser: Core Ann Arbor, LLC

Seller: Dahlmann Apartments, Ltd

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

Zoning: D1, Downtown Core District

Utilities: All Municipal

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

Occupancy: Vacant

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

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

Indicators: \$ 274 per square foot

\$53.72 per square foot of GBA



### Comparable 6

#### MARKET DATA

Vacant General Commercial Sale



Photograph Date:

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

Sale Date: February 2015

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

Purchaser: 315-317 SMS, LLC

Seller: R.A.N Properties, LLC

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

Zoning: D1, Downtown Core District

Utilities: All Municipal

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

Occupancy: 100% Occupied

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

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

Demolition expense is offset by interim rents.

Source: Ann Arbor Assessor

Indicators: \$ 373 per square foot

\$92.95 psf of planned GBA



**Comparable 7**

**MARKET DATA**  
Pending Vacant Commercial Sale

Photograph Date:

Common Name: Fingerle Lumber Company  
 Location: 108, 202 and 214 E Madison, 715, 617, 613 S Fifth, and 300 John, Ann Arbor,  
 Pending Sale Date: December 2018  
 Sale Price: \$24,000,000 Cash  
 Purchaser: The University of Michigan  
 Seller: Fingerle Holding CO

Site: These properties total 6.54 acres or 284,882.4 square feet. They are located on the west and east side of S Fifth Avenue. The site is improved with several structures that have no contributing value. About 35% of the site is within a floodway on the western portion of the site with another 60% within a flood plain. Thus, only about 5% of site near the northeast corner is not impacted by flood hazards.

<u>Plain</u>	<u>Floodway</u>	
0.117	3.89	
1.01		
0.35		
0.78		
----		
2.257	3.98	= 6.15

Zoning: D2, Downtown Interface District  
 Utilities: All Municipal  
 Tax Code: 09-09-29-431-008, -009, -010, 09-09-29-419-021, -022, 09-09-29-432-014, -015,  
 Occupancy: Owner Occupied  
 Comments: A purchase price of \$24,000,000 has been established with a closing date prior to March 31, 2019, all subject to approval of this action request by the Board of Regents. The university will have approximately 90 days to complete due diligence. The current owner intends to enter into a lease with the university that would allow it to continue to operate to the net amount of the purchase price paid to the seller at closing, multiplied by the 52-week U.S. Treasury Bill Coupon Equivalent Rate in effect as of the closing date, divided by 12 months.  
 Source: UM Regents Meeting, Ann Arbor Assessor's Records  
 Indicators: \$ 84.25 per square foot  
 \$ 3,669,725 per acre

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"Land Sales Adjustment Grid"

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Sale Price		\$1,200,000	\$9,960,000	\$6,800,000	\$4,100,000	\$7,050,000	\$3,050,000	\$24,000,000
Date of Sale		Dec 1, 2017	Oct 1, 2016	Pending	Dec 1, 2015	Sep 1, 2015	Feb 1, 2015	Pending
Buyer Expenditures		\$25,000	\$165,000	\$200,000	\$0	\$10,000	\$0	\$0
Property Rights Transferred		0%	0%	0%	0%	0%	0%	0%
Conditions Of Sale		0%	0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%	0%
Market Conditions	0.33333%	4.33%	9.00%	0.00%	12.33%	13.33%	15.67%	0.00%
Adjusted Price		\$1,278,083	\$11,036,250	\$7,000,000	\$4,605,667	\$8,001,333	\$3,527,833	\$24,000,000
Site Size In Acres	1.26	0.33	1.97	1.63	0.33	0.59	0.19	6.54
Adjusted Price Per Sq. Ft.		\$98.11	\$128.61	\$98.59	\$320.40	\$311.33	\$426.25	\$84.25
Location	S. Ashley, W. William Ann Arbor	Miller, N. Ashley Ann Arbor	S. Main Ann Arbor	E. Hoover, Brown, Green Ann Arbor	E. Washington Ann Arbor	E. Huron Ann Arbor	S. Main Ann Arbor	E. Madison, S. Fifth, John Ann Arbor
Township								
Adjustment		20.0%	-5.0%	20.0%	-20.0%	-20.0%	-10.0%	20.0%
Topography/ Cover Adjustments	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear
Zoning	D1	D2	D2	C2B, R4C	D1	D1	D1	D2
Adjustment	20.0%	20.0%	20.0%	30.0%	0.0%	0.0%	0.0%	20.0%
Utilities	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal
Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Potential	Average	Average	Average	Average	Average	Average	Average	Average
Adjustment								
Size	1.26	0.33	1.97	1.63	0.33	0.59	0.19	6.54
Adjustment		-10.0%	10.0%	5.0%	-10.0%	-10.0%	-20.0%	25.0%
Gross Adjustments		50.0%	35.0%	55.0%	30.0%	30.0%	30.0%	115.0%
Net Adjustments		30.0%	25.0%	55.0%	-30.0%	-30.0%	-30.0%	115.0%
Adjusted Sale Price Per Sq. Ft.		\$115	\$161	\$153	\$224	\$218	\$298	\$181

High	\$298
Mean	\$193
Median	\$181
Low	\$115

Index of Comparable Land Sales

1. 206 & 210 Miller Avenue and 307 & 309 N. Ashley Street, Ann Arbor
2. 615, 633 & 637 South Main Street, Ann Arbor
3. 145, 147 & 151 E. Hoover; 917 & 919 Brown; and 910 Green, Ann Arbor
4. 600, 602, 604 & 606 East Washington Street, Ann Arbor
5. 603 and 513 East Huron Street, Ann Arbor
6. 315 South Main Street, Ann Arbor
7. 108, 202 & 214 E. Madison; 715, 617 & 613 S. Fifth; and 300 John Streets, Ann Arbor



### **Adjustments:**

**Buyer Expenditures:** Buyer expenditures include the costs incurred by the buyers immediately following the purchase of a property. Sales One, Two, Three and Five are adjusted for various buyer expenses. Rents for interim improvements of Sale Six, and, presumably pending Comparables Four and Seven, are offsetting to eventual demolition costs.

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

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

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

**Market Conditions:** The consummated sales occurred within the past 47 months of the current date of valuation. As discussed in the "Current Market Conditions and Trends" subsection of this report, growth in the Ann Arbor CBD evidences in the development land sector at about four percent per annum, or 0.003333 percent per month.

**Location:** Location adjustments are made in consideration of visibility characteristics, traffic patterns, accessibility, local economies, demographic trends, and neighborhood real estate values. The property has good visibility and exposure characteristics in the central core district. Upward adjustment is applied to Comparables One, Three and Seven, slightly peripheral to the CBD. Variable downward adjustment is applied to the remaining presented data, having superior campus, or traffic exposure characteristics.

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

**Zoning:** The subject property is zoned D1, Downtown Core District. Upward adjustment is applied to Comparables One, Two Three and Seven with more limiting designations. No adjustment is applied to the remaining presented data, with similar zoning to that of the subject.

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



**Development Potential:** The appraisal property comprises 1.26 gross acres, which ample area would likely influence the intensity with which the property could be developed owing to economies of scale. All comparables are deemed to have adequate or ample development potential and no adjustment is warranted. Significant upward adjustment is applied to Comparable Six, having a large site area, hindered by 60 percent floodplain and 35 percent floodway coverage.

**Size:** The subject comprises 1.26 gross acres, while the presented data range in size from 0.19 to 6.54 acre. Generally, the market for parcels of land exhibits a downward trend in unit price as parcel size increases. Such trend intensifies as it applies to smaller sites. Thus, variable upward adjustment is applied to Comparables Two, Three and Six, larger in size, relative to the subject, while variable downward adjustment is applied to the remaining presented data, smaller in size relative to the subject.

**Summary:** After all adjustments, the comparable land sale prices range from \$115 to \$298, with a mean of \$193 and a median indicator of \$181 per square foot. Comparables One through Three and Seven, with inferior zoning designations, fall between the low and median indicators in a range from \$115 to \$181, averaging \$156 per square foot. The remaining presented data with more intense D1 zoning designations similar to the subject, adjust to the high end of the spectrum, in a range from \$218 to \$298, averaging \$247 per square foot and required to least overall adjustment..

After consideration of the market data and up-trending conditions, the appraisers resolve to a market indicator of \$250 per square foot, after rounding of the mean indicator of the comparables with similar zoning designation to that of the subject. Thus,

$$54,752 \text{ gross sq. ft. (1.26 gross acre) @ } \$250/\text{sq. ft.} = \$13,690,000 \text{ (rd.)}$$

The subject has a dense zoning allowing 400% Floor Area Ratio (FAR) or 700% with premiums. In some cases up to 900% with premiums and affordable housing is possible. At the base range of 400% to 700% the subject site is capable of supporting roughly 219,008 383,264 square feet of building area. Dividing these projected areas into our estimated market value yields a value range from about \$36 to \$63 per square foot of potential developed building area. Of course the ultimate building area depends on several factors beyond the control of the developer. The table below highlights the comparable land sales used in our analysis as well as several other slightly dated or removed comparable sales in the Ann Arbor market. These sales have D1 and D2 zoning designations. The D2 zoning allows a maximum 200% FAR or 400% FAR with premiums. Comparable 15 allows a maximum 200% FAR.




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**Price Per Square Foot of Developed Building Area**


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	Sale Date	Price	Land Area	\$/SF of Land	Zoning	Developed or Planned GBA	\$/GBA	Price Per Max FAR	Price Per Max/Premiums FAR	
1	NWC Glenn and East Ann	Mar-14	\$2,550,000	.54 acre	\$108	PUD	145,915 SF	\$17	\$27	\$15
2	350 South Fifth	Apr-14	\$5,250,000	.82 acre	\$147	D1	n/a	n/a	\$37	\$21
3	318 West Liberty	Dec-14	\$1,037,000	.26 acre	\$93	D2	17,985 SF	\$58	\$47	\$23
4	615, 633 & 637 South Main	Oct-16	\$9,960,000	1.97 acre	\$116	D2	286,079 SF	\$35	\$58	\$29
5	600, 602, 604 & 606 East Washington	Nov-15	\$4,100,000	.33 acre	\$285	D1	n/a	n/a	\$71	\$41
6	618 South Main	Nov-12	\$2,850,000	1.0 acre	\$65	D2	117,763 SF	\$24	\$33	\$16
7	319 & 321 North Main	Dec-14	\$768,000	.19 acre	\$94	D2	12,000 SF	\$64	\$47	\$23
8	221 West Washington	Jan-12	\$3,200,000	.57 acre	\$130	PUD	137,874 SF	\$23	\$32	\$19
9	215 North Fifth	Dec-10	\$645,000	.09 acre	\$158	D2	4,400 SF	\$147	\$79	\$39
10	401 and 413 East Huron	May-12	\$6,000,000	.87 acre	\$158	D1	263,504 SF	\$23	\$40	\$23
11	637 South Main	Mar-14	\$2,300,000	.51 acre	\$104	D2	n/a	n/a	\$52	\$26
12	319 S. Fifth and 326 N. Division	Offer	\$10,000,000	1.55 acre	\$148	D1	353,057 SF	\$28	\$37	\$21
13	206 & 210 Miller, 307 & 309 N. Ashley	Dec-17	\$1,200,000	.33 acre	\$83	D2	40,500 SF	\$30	\$41	\$21
14	1215 South University	Dec-15	\$1,050,000	.08 acre	\$306	D1	10,796 SF	\$97	\$76	\$44
15	Block of E. Hoover, Brown, Green, E. Davis	Pending	\$6,800,000	1.63 acre	\$96	C2B	141,140 SF	\$48	\$48	n/a
16	603 and 513 East Huron	Sep-15	\$7,050,000	.59 acre	\$274	D1	131,239 SF	\$54	\$69	\$39
17	108, 202 & 214 E. Madison, 715, 613 S. Fifth, and 300 John	Pending	\$24,000,000	6.54 acre	\$84	D2	n/a	n/a	\$42	\$21
18	313 South Main	Feb-15	\$3,050,000	.19 acre	\$369	D1	32,813 SF	\$93	\$92	\$53
	Mean		\$5,100,556	1.0 acre	\$157		121,076 SF	\$53	\$52	\$28
	Median		\$3,125,000	.55 acre	\$123		124,501 SF	\$41	\$47	\$23

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In most cases where developed building area is known, the actual constructed or proposed development falls above the base maximum FAR but below the maximum with premiums. The planned or developed indicators range from \$17 to \$147, averaging \$53 per square foot of building area; the price per maximum FAR indicators range from \$27 to \$92, averaging \$52 per square foot; while the price per maximum FAR with premiums ranges from \$15 to \$53, averaging \$28 per square foot, which indicators are supportive of the possible range indicated for the subject based on our land value estimate.

In an effort to further support the foregoing value indicator by square foot of land area, the appraisers consider the data expressed per square foot of maximum FAR allowed, before consideration of any premiums—deemed to be speculative and dependent upon individual developer preference, site planning particulars and negotiation of city planning parameters. In the following grid, all adjustments are the same except that 1) there is no adjustment for zoning differentials, which is reflected in the price indicator based upon density allowance; and 2) there is no adjustment is made for potential building size because the dataset does not indicate a clear trend in price verses size, after all other adjustments. The grid is presented on the following page.



"Land Sales Adjustment Grid: Price per Max FAR"

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Sale Price		\$1,200,000	\$9,990,000	\$6,800,000	\$4,100,000	\$7,050,000	\$3,050,000	\$24,000,000
Date of Sale		Dec 1, 2017	Oct 1, 2016	Pending	Dec 1, 2015	Sep 1, 2015	Feb 1, 2015	Pending
Buyer Expenditures		\$25,000	\$165,000	\$200,000	\$0	\$10,000	\$0	\$0
Property Rights Transferred		0%	0%	0%	0%	0%	0%	0%
Conditions Of Sale		0%	0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%	0%
Market Conditions	0.3333%	4.33%	9.00%	0.00%	12.33%	13.33%	15.67%	0.00%
Adjusted Price		\$1,278,083	\$11,036,250	\$7,000,000	\$4,605,667	\$9,001,333	\$3,527,633	\$24,000,000
Site Size in Acres	1.26	0.33	1.97	1.63	0.33	0.59	0.19	6.54
Total GBA at Max FAR	219,008	29,040	171,626	142,006	57,500	102,802	32,736	569,765
Adjusted Price Per Sq. Ft. Max FAR		\$44	\$64	\$49	\$80	\$78	\$108	\$42
Location	S. Ashley, W. William	Miller, N. Ashley	S. Main	E. Hoover, Brown, Green	E. Washington	E. Huron	S. Main	E. Madison, S. Fifth, John
Township	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Adjustment		20.0%	-5.0%	20.0%	-20.0%	-20.0%	-10.0%	20.0%
Topography/ Cover	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear	Level/ Clear
Adjustments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	D1	D2	D2	C2B, R4C	D1	D1	D1	D2
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal	All Municipal
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Potential	Average	Average	Average	Average	Average	Average	Average	Average
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Max FAR	219,008	29,040	171,626	142,006	57,500	102,802	32,736	569,765
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Adjustments		20.0%	5.0%	20.0%	20.0%	20.0%	10.0%	70.0%
Net Adjustments		20.0%	-5.0%	20.0%	-20.0%	-20.0%	-10.0%	70.0%
Adjusted Price Per SF Max FAR		\$53	\$61	\$59	\$64	\$62	\$97	\$72

Index of Comparable Land Sales

- 206 & 210 Miller Avenue and 307 & 309 N. Ashley Street, Ann Arbor
- 615, 683 & 637 South Main Street, Ann Arbor
- 145, 147 & 151 E. Hoover; 917 & 919 Brown; and 910 Green, Ann Arbor
- 600, 602, 604 & 606 East Washington Street, Ann Arbor
- 603 and 513 East Huron Street, Ann Arbor
- 315 South Main Street, Ann Arbor
- 108, 202 & 214 E. Madison; 715,617 & 613 S. Fifth; and 300 John Streets, Ann Arbor

High	\$97
Mean	\$67
Median	\$62
Low	\$53



The resultant indicators range from \$53 to \$97, with a mean of \$67 and a median indicator of \$62 per square foot of maximum FAR potential. Discard of the high and low indicators tightens the range considerably to \$61 to \$72, averaging \$64 per square foot of maximum FAR potential. The appraisers' land value conclusion equates to \$62.51 per square foot of maximum FAR and is supported.

The appraisers conclude that the current as-is market value of the appraisal property, as of January 10, 2019, is:

**Thirteen Million Six Hundred Ninety Thousand Dollars**

**(\$13,690,000)**

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

1. The appraisers have relied upon digital and mathematical scale of municipal plat mapping for determination of gross area—which appears to be net of road rights-of-way—pertaining to six individual parcels under valuation. It is an assumption of this report that gross and net site area of a presumed assemblage delineated herein roughly conforms to actual conditions; if not, the value conclusion could be impacted; and
2. Valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards or contamination. If such is not the case, the value conclusion could be impacted; and
3. The appraisers have not been provided with professional soil boring analysis for the appraisal property. Valuation is predicated upon the assumption that the subject soils are suitable for commercial-type construction similar to that found on surrounding parcels. If such is not the case, the value conclusion could be impacted.

### **Sales History Analysis**

Municipal records indicate the properties are owned by the city of Ann Arbor, with variable extensions including Ashley Parking Lot, Surface Lot DDA or Transportation—Surface Lot DDA. A party has made an unsolicited offer for the property, for which this appraisal serves to aid the client in evaluation of the offer. The client has provided the offer to the appraisers,



which is confidential and held confidentially in our files. The offer is below the market value conclusion estimated herein, with the price per square foot indicator falling toward the lower end of the comparable adjusted range. 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>11</sup>

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

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

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>12</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. The marketing time is the estimated length of time the property interest under analysis would have been listed on the market prior to a hypothetical sale at the estimated market value on or after the effective date of the appraisal.

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<sup>11</sup> *The Dictionary of Real Estate Appraisal*, Third Edition, Appraisal Institute, Chicago, IL, 1993, page 126.

<sup>12</sup> *Dictionary*, page 220.



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



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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**

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

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

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

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

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



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

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

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

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

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

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

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

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis



because of our incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

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

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

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

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

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

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

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



## **Appraisal Report Limitations**

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

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

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

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



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## REQUIRED STATEMENTS

### LICENSURE

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

### APPRAISAL REPORT

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

### USPAP COMPETENCY PROVISION

This appraisal complies with the Competency Provision of the USPAP.

### NARRATED DATES

#### Date of Appraisal Report

The date of this appraisal report is January 25, 2019.

#### Effective Date(s) of Value

The effective date of the current valuation is January 10, 2019, the date of property inspection.

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

The property was inspected by Lorie Alcock on January 10, 2019. Michael T. Williams made an inspection of the property on the same date.



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## APPRAISER'S CERTIFICATIONS

### Michael T. Williams

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

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



12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan; and
14. As of the date of this report, Michael T. Williams has completed the requirements of the continuing education program for designated members of the Appraisal Institute.

A handwritten signature in black ink that reads "M.T. Williams". The signature is fluid and cursive.

---

Michael T. Williams, MAI



## **Lorie Alcock**

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

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



12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

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

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Lorie Alcock



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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



**PROFESSIONAL AND TRADE AFFILIATIONS:**

Michigan State Certified General Appraiser #1201004033

Ohio State Certified General Appraiser #2011002568

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

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

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

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

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

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

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

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

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

Chair, Ethics Appeals Panel, Appraisal Institute, 2012

Member, Professional Standards and Guidance Committee, 2013

Secretary, Great Lakes Chapter of Appraisal Institute, 2013

Treasurer, Great Lakes Chapter of Appraisal Institute, 2014

Vice President, Great Lakes Chapter of Appraisal Institute, 2015

President, Great Lakes Chapter of Appraisal Institute, 2016



RICK SNYDER GOVERNOR	STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS BUREAU OF PROFESSIONAL LICENSING	M929530
CERTIFIED GENERAL APPRAISER LICENSE		
MICHAEL THOMAS WILLIAMS		
LICENSE NO. 1201004033	EXPIRATION DATE 07/31/2019	AUDIT NO 3220983
THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN		



## **LORIE ALCOCK**

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

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

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

## **EDUCATION**

### **UNIVERSITY OF MICHIGAN**

School of Art and Design  
Bachelor of Fine Arts, 1979

### **APPRAISAL INSTITUTE**

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

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



**BUSINESS EXPERIENCE**

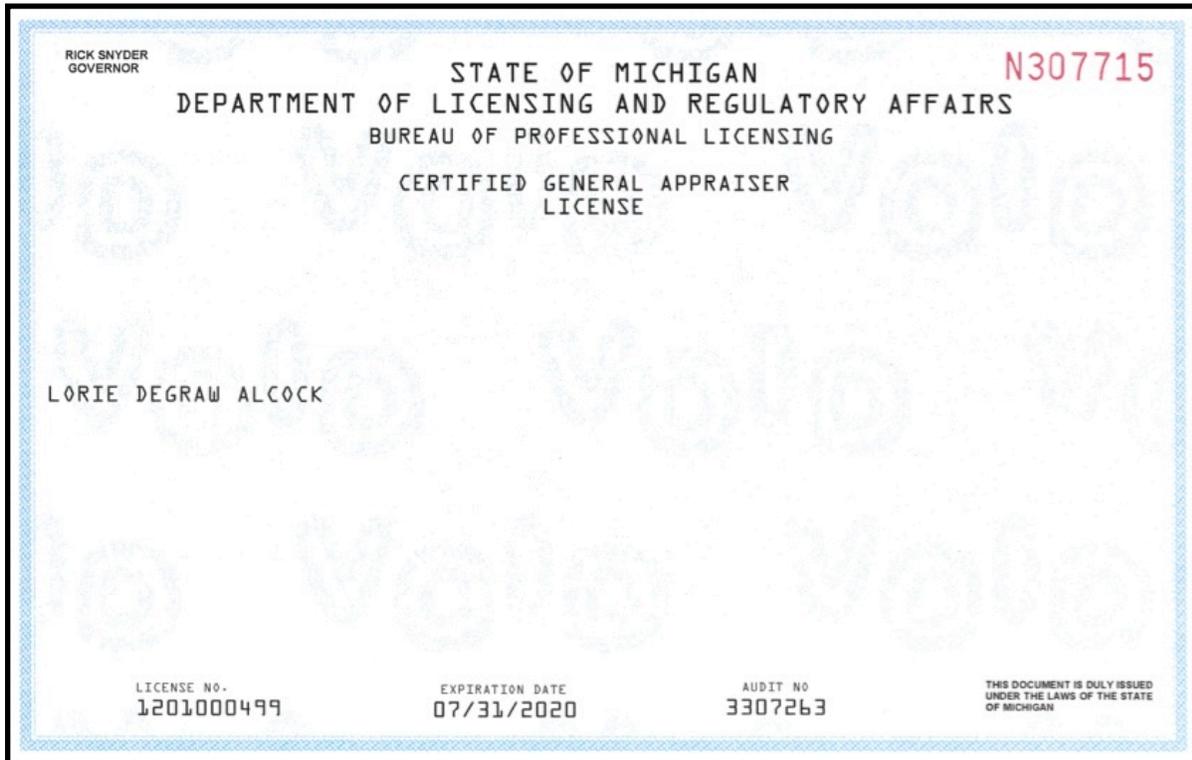
1986 – present      Staff Appraiser, Gerald Alcock Company, L.L.C.  
1982 – 1986        Production Artist, Group 243, Incorporated  
1980 – 1982        Art Teacher, Superior Recreation Department

**PROFESSIONAL AFFILIATION**

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

**COURT EXPERIENCE**

Qualified as expert witness in Washtenaw County Circuit Court





## **Municipal Documents**

**309 S ASHLEY ST** Ann Arbor, MI 48104 (Property Address)  
 Parcel Number: 09-09-29-408-001



**Property Owner: CITY OF ANN ARBOR**

**Summary Information**  
 > Assessed Value: \$0 | Taxable Value: \$0 > Property Tax information found

Item 1 of 1 1 Image / 0 Sketches

**Parcel is Vacant**

**Owner and Taxpayer Information**

<b>Owner</b>	CITY OF ANN ARBOR Ashley Parking Lot * PO BOX 8647 Ann Arbor, MI 48107	<b>Taxpayer</b>	SEE OWNER INFORMATION
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**General Information for Tax Year 2018**

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

**Principal Residence Exemption Information**

**Homestead Date** No Data to Display

Principal Residence Exemption	June 1st	Final
2018	0.0000 %	0.0000 %

**Land Information**

<b>Zoning Code</b>	D1	<b>Total Acres</b>	0.000
<b>Land Value</b>	\$0	<b>Land Improvements</b>	\$0
<b>Renaissance Zone</b>	No	<b>Renaissance Zone Expiration Date</b>	No Data to Display
<b>ECF Neighborhood</b>	099 exempt	<b>Mortgage Code</b>	No Data to Display
<b>Lot Dimensions/Comments</b>	No Data to Display	<b>Neighborhood Enterprise Zone</b>	No

Lot(s)	Frontage	Depth
No lots found.		
<b>Total Frontage: 0.00 ft</b>		<b>Average Depth: 0.00 ft</b>

**Legal Description**

Beginning at the southwest corner of Lot 2 of B3S R3E of the Original Plat of the Village (now City) of Ann Arbor, as recorded in Transcripts, Pages 152 and 153 Washtenaw County Records; thence northerly along the east line of Ashley Street 46.28 feet; thence easterly 80.07 feet parallel to the north line of said Lot 2 to the west line of the property known as "115 W. Liberty Street" Condominium, Washtenaw County Condominium Subdivision Plan No. 589, recorded in Liber 4856, Page 70, and Liber 4884, Page 725 Washtenaw County Records; thence southerly along the west property line of 115 West Liberty Street approximately 6.55 feet to the southwest corner of 115 W. Liberty; thence easterly along the south property line of 115 West Liberty Street approximately 22.63 feet to the southeast corner of 115 W. Liberty; thence northerly along the east property line of 115 West Liberty Street approximately 8.81 feet to the southwest corner of 113 West Liberty Street, recorded in Liber 1509, Page 715 Washtenaw County Records; thence easterly approximately 22 feet to the southeast corner of 113 West Liberty Street; thence southerly approximately 48 feet to the southeast corner of said Lot 2 of B3S R3E; thence westerly along the south line of said Lot 2 to the place of beginning.

**337 S ASHLEY ST** Ann Arbor, MI 48104 (Property Address)  
 Parcel Number: 09-09-29-408-002



**Property Owner: CITY OF ANN ARBOR**

**Summary Information**  
 > Assessed Value: \$0 | Taxable Value: \$0 > Property Tax information found

Item 1 of 1 1 Image / 0 Sketches

**Parcel is Vacant**

**Owner and Taxpayer Information**

<b>Owner</b>	CITY OF ANN ARBOR Surface Lot DDA * PO BOX 8647 Ann Arbor, MI 48106	<b>Taxpayer</b>	SEE OWNER INFORMATION
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**General Information for Tax Year 2018**

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

**Principal Residence Exemption Information**

<b>Homestead Date</b>	No Data to Display		
Principal Residence Exemption		June 1st	Final
2018		0.0000 %	0.0000 %

**Land Information**

<b>Zoning Code</b>	D1	<b>Total Acres</b>	0.000
<b>Land Value</b>	\$0	<b>Land Improvements</b>	\$0
<b>Renaissance Zone</b>	No	<b>Renaissance Zone Expiration Date</b>	No Data to Display
<b>ECF Neighborhood</b>	099 exempt	<b>Mortgage Code</b>	No Data to Display
<b>Lot Dimensions/Comments</b>	No Data to Display	<b>Neighborhood Enterprise Zone</b>	No

Lot(s)	Frontage	Depth
No lots found.		
<b>Total Frontage: 0.00 ft</b>		<b>Average Depth: 0.00 ft</b>

**Legal Description**

W 81 FT OF N 24 3/4 FT OF LOT 7 AND W 81 FT OF S 1/2 OF LOT 6 B 3 S, R 3 E, ORIGINAL PLAT OF ANN ARBOR

**Land Division Act Information**

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

**104 W WILLIAM ST** Ann Arbor, MI 48104 (Property Address)  
 Parcel Number: 09-09-29-408-003



**Property Owner: CITY OF ANN ARBOR**

**Summary Information**  
 > Assessed Value: \$0 | Taxable Value: \$0 > Property Tax information found

Item 1 of 1 [1 Image / 0 Sketches](#)

**Parcel is Vacant**

**Owner and Taxpayer Information**

<b>Owner</b>	CITY OF ANN ARBOR TRANSPORTATION - Surface Lot DDA * PO BOX 8647 Ann Arbor, MI 48106	<b>Taxpayer</b>	SEE OWNER INFORMATION
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**General Information for Tax Year 2018**

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

**Principal Residence Exemption Information**

**Homestead Date** No Data to Display

Principal Residence Exemption	June 1st	Final
2018	0.0000 %	0.0000 %

**Land Information**

<b>Zoning Code</b>	D1	<b>Total Acres</b>	0.000
<b>Land Value</b>	\$0	<b>Land Improvements</b>	\$0
<b>Renaissance Zone</b>	No	<b>Renaissance Zone Expiration Date</b>	No Data to Display
<b>ECF Neighborhood</b>	099 exempt	<b>Mortgage Code</b>	No Data to Display
<b>Lot Dimensions/Comments</b>	No Data to Display	<b>Neighborhood Enterprise Zone</b>	No

Lot(s)	Frontage	Depth
No lots found.		
<b>Total Frontage: 0.00 ft</b>		<b>Average Depth: 0.00 ft</b>

**Legal Description**

E 43 FT OF S 1/2 LOT 6 E 43 FT LOT 7 E 25 FT LOT 8 B3S R3E ORIGINAL PLAT OF ANN ARBOR

**Land Division Act Information**

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

**339 S ASHLEY ST** Ann Arbor, MI 48104 (Property Address)  
 Parcel Number: 09-09-29-408-004



**Property Owner: CITY OF ANN ARBOR**

**Summary Information**  
 > Assessed Value: \$0 | Taxable Value: \$0 > Property Tax information found

Item 1 of 1 1 Image / 0 Sketches

**Parcel is Vacant**

**Owner and Taxpayer Information**

<b>Owner</b>	CITY OF ANN ARBOR Surface Lot DDA * PO BOX 8647 Ann Arbor, MI 48106	<b>Taxpayer</b>	SEE OWNER INFORMATION
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**General Information for Tax Year 2018**

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

**Principal Residence Exemption Information**

<b>Homestead Date</b>	No Data to Display		
Principal Residence Exemption		June 1st	Final
2018		0.0000 %	0.0000 %

**Land Information**

<b>Zoning Code</b>	D1	<b>Total Acres</b>	0.000
<b>Land Value</b>	\$0	<b>Land Improvements</b>	\$0
<b>Renaissance Zone</b>	No	<b>Renaissance Zone Expiration Date</b>	No Data to Display
<b>ECF Neighborhood</b>	099 exempt	<b>Mortgage Code</b>	No Data to Display
<b>Lot Dimensions/Comments</b>	No Data to Display	<b>Neighborhood Enterprise Zone</b>	No

Lot(s)	Frontage	Depth
No lots found.		
<b>Total Frontage: 0.00 ft</b>		<b>Average Depth: 0.00 ft</b>

**Legal Description**

BEG PT EL ASHLEY ST 62 FT N OF SW COR LOT 8 TH N 45.25 FT E 49.5 FT S 45.25 FT W 49.5 FT TO POB PRT LOTS 7 AND 8 B3S R3E ORIGINAL PLAT OF ANN ARBOR

**Land Division Act Information**

<b>Date of Last Split/Combine</b>	No Data to Display	<b>Number of Splits Left</b>	Not Available
<b>Date Form Filed</b>	No Data to Display	<b>Unallocated Divs of Parent</b>	0

**120 W WILLIAM ST** Ann Arbor, MI 48104 (Property Address)  
 Parcel Number: 09-09-29-408-005



**Property Owner: CITY OF ANN ARBOR**

**Summary Information**  
 > Assessed Value: \$0 | Taxable Value: \$0 > Property Tax information found

Item 1 of 1 1 Image / 0 Sketches

**Parcel is Vacant**

**Owner and Taxpayer Information**

<b>Owner</b>	CITY OF ANN ARBOR Surface Lot DDA * PO BOX 8647 Ann Arbor, MI 48106	<b>Taxpayer</b>	SEE OWNER INFORMATION
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**General Information for Tax Year 2018**

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

**Principal Residence Exemption Information**

<b>Homestead Date</b>	No Data to Display		
Principal Residence Exemption	June 1st		Final
2018	0.0000 %		0.0000 %

**Land Information**

<b>Zoning Code</b>	D1	<b>Total Acres</b>	0.000
<b>Land Value</b>	\$0	<b>Land Improvements</b>	\$0
<b>Renaissance Zone</b>	No	<b>Renaissance Zone Expiration Date</b>	No Data to Display
<b>ECF Neighborhood</b>	099 exempt	<b>Mortgage Code</b>	No Data to Display
<b>Lot Dimensions/Comments</b>	No Data to Display	<b>Neighborhood Enterprise Zone</b>	No

Lot(s)	Frontage	Depth
No lots found.		
<b>Total Frontage: 0.00 ft</b>		<b>Average Depth: 0.00 ft</b>

**Legal Description**

BEG PT SW COR LOT 8 TH N ALG EL ASHLEY ST 6.5 RD E 49.5 FT S 6.5 RD TO WILLIAM ST W 49.5 FT TO POB EXC N 45.25 FT PRT LOTS 7 & 8 B3S R3E ORIGINAL PLAT OF ANN ARBOR

**Land Division Act Information**

<b>Date of Last Split/Combine</b>	No Data to Display	<b>Number of Splits Left</b>	Not Available
<b>Date Form Filed</b>	No Data to Display	<b>Unallocated Divs. of Parent</b>	0

**116 W WILLIAM ST** Ann Arbor, MI 48104 (Property Address)  
 Parcel Number: 09-09-29-408-006



**Property Owner: CITY OF ANN ARBOR**

**Summary Information**  
 > Assessed Value: \$0 | Taxable Value: \$0 > Property Tax information found

Item 1 of 1 1 Image / 0 Sketches

**Parcel is Vacant**

**Owner and Taxpayer Information**

<b>Owner</b>	CITY OF ANN ARBOR Surface Lot * PO BOX 8647 Ann Arbor, MI 48107	<b>Taxpayer</b>	SEE OWNER INFORMATION
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**General Information for Tax Year 2018**

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

**Principal Residence Exemption Information**

<b>Homestead Date</b>	No Data to Display		
Principal Residence Exemption	June 1st		Final
2018	0.0000 %		0.0000 %

**Land Information**

<b>Zoning Code</b>	D1	<b>Total Acres</b>	0.000
<b>Land Value</b>	\$0	<b>Land Improvements</b>	\$0
<b>Renaissance Zone</b>	No	<b>Renaissance Zone Expiration Date</b>	No Data to Display
<b>ECF Neighborhood</b>	099 exempt	<b>Mortgage Code</b>	No Data to Display
<b>Lot Dimensions/Comments</b>	No Data to Display	<b>Neighborhood Enterprise Zone</b>	No

Lot(s)	Frontage	Depth
No lots found.		
<b>Total Frontage: 0.00 ft</b>		<b>Average Depth: 0.00 ft</b>

**Legal Description**

BEG 3 RD E OF SW COR LOT 8 TH N 6.5 RDS E 31.5 FT S 29.25 FT E 18 FT S 78 FT W 3 RDS TO POB PRT LOTS 7 & 8 B3S R3E ORIGINAL PLAT OF ANN ARBOR

**Land Division Act Information**

<b>Date of Last Split/Combine</b>	No Data to Display	<b>Number of Splits Left</b>	Not Available
<b>Date Form Filed</b>	No Data to Display	<b>Unallocated Divs of Parent</b>	0



## **Excerpts from Zoning Ordinance**

business district.

(2) *Permitted principal uses.*

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

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

(3) *Permitted accessory uses.*

(a) Those allowed in the R3 district.

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

### **5:10.19. D1 and D2 Downtown Districts.**

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

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

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

(2) *Uses of land.*

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

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

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

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

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

## TABLE INSET:

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

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

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

<b>Broadcasting Facility</b>	<b>P</b>	<b>S</b>	<b>Section 5:104</b>
<b>Utility Substation</b>	<b>P</b>	<b>P</b>	
<b>Railroad</b>	<b>P</b>	<b>P</b>	

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

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

TABLE INSET:

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

			<b>usable floor area.</b>				
--	--	--	-------------------------------	--	--	--	--

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

(4) *Parking structures.*

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

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

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

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

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

### **5:10.20. Downtown Character Overlay Zoning Districts.**

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

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

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

**5.2. Classification of Districts.**

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

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

**5.3. Required Conformity to District Regulations.**

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

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

**5.4. Zoning District Boundaries Shown on the Zoning Map.**

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

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

**5.6. Establishment of Use Regulations.**

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

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

**5:10.19. D1 and D2 Downtown Districts**

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

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

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

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

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

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

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

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

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

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

**5:10.20. Downtown Character Overlay Zoning Districts**

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

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

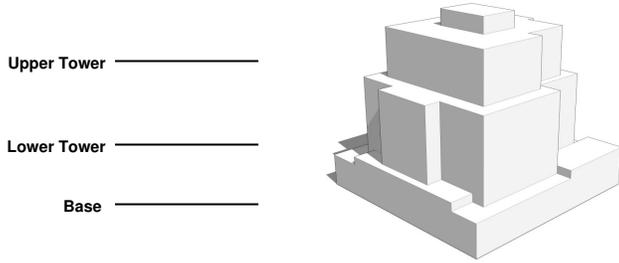


Figure 1 – Base, Lower Tower and Upper Tower

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

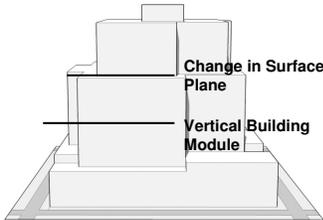


Figure 2 – Massing Articulation

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

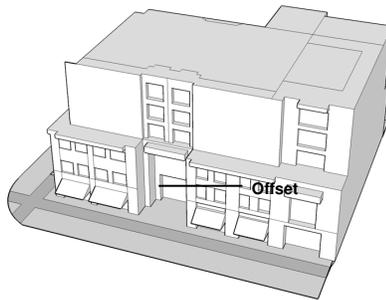


Figure 3 – Offset

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

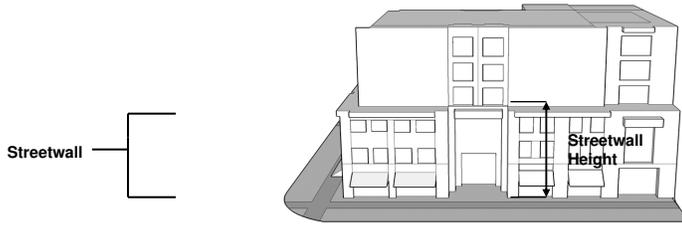


Figure 4 – Streetwall and Streetwall Height

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

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

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

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

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

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