

**Appraisal Report**  
**on the**  
**BC Community Housing, LLC Property**  
**311 North Avenue**  
**Burlington, Vermont**

Allen & Brooks, Inc.  
1233 Shelburne Road, Suite C-4  
South Burlington, Vermont 05403

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# Allen & Brooks

Stephen D. Allen, MAI CCIM  
Mark W. Brooks, MAI

1233 Shelburne Road  
Lakewood Commons, Suite C-3  
South Burlington, Vermont 05403  
Tel 802-863-6693 • Fax 802-660-3166

Justin T. Moore  
Daniel S. Allen

Miro Weinberger, Mayor  
City of Burlington  
149 Church Street  
Burlington, VT 05401

November 17, 2015

Gil Livingston, President  
Vermont Land Trust, Inc.  
8 Bailey Avenue  
Montpelier, VT 05602

Eric F. Farrell, General Manager  
BC Community Housing, LLC  
P.O. Box 1335  
Burlington, VT 05402

Re: Appraisal on the BC Community Housing, LLC Property  
311 North Avenue, Burlington, Vermont  
File ID: 15089

Dear Hon. Weinberger, Mr. Livingston and Mr. Farrell:

At your request, I hereby submit an appraisal report on the market value of the BC Community Housing, LLC property, located at 311 North Avenue, Burlington, Vermont. The property includes 12.0 acres of land which is developed with a  $4,548 \pm$  SF building used as a dormitory for Burlington College. This valuation analysis is based on the hypothetical condition that the parcel is subdivided into 17 lots; one multifamily lot where the building is now located and 16 single family lots. These lots will encompass about  $6.1 \pm$  acres. The remaining land will contain a portion of the road accessing the lots and open recreation land to the west of the lots which includes  $900 \pm$  feet of sandy lake frontage. The recreation land and lakefront will be available for use by the residents.

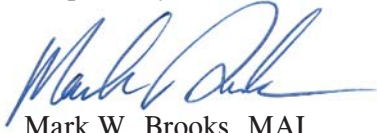
One electronic copy of this appraisal report is submitted. The 12.0 acre land parcel and exterior of the building were inspected on November 9, 2015, and this represents the date of the appraisal. The interior of the residential building was inspected on November 12, 2015.

The purpose of this report is to estimate the market value of the property's fee simple estate, according to the definition stated in the report, and subject to the assumptions, limitations, and certification herein. This report has been prepared for use by BC Community Housing, LLC, the City of Burlington and the Vermont Land Trust. This appraisal may not be used or relied upon by anyone other than the clients, for any purpose whatsoever, without our written consent.

After analyzing all available information, it is my opinion that the market value of the property herein described as of November 9, 2015 is \$2,950,000.

This letter is invalid, as an opinion of value, if it is detached from the appraisal report, which contains the accompanying descriptive information, assumptions, analyses, and exhibits.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Mark W. Brooks', with a stylized flourish extending to the right.

Mark W. Brooks, MAI  
Certified General Real Estate Appraiser  
VT 080-0000182

## TABLE OF CONTENTS

EXECUTIVE SUMMARY. . . . .	6
CERTIFICATION. . . . .	7
PURPOSE, USE AND SCOPE OF WORK. . . . .	8
AREA & NEIGHBORHOOD DATA. . . . .	10
MARKET ANALYSIS. . . . .	19
SUBJECT PROPERTY DATA. . . . .	25
History of Conveyance and Use. . . . .	25
Analysis of Prior Sale, Pending Listing or Contract. . . . .	25
Building Description (Existing). . . . .	26
Zoning and Permits / Approvals. . . . .	32
HIGHEST & BEST USE. . . . .	34
VALUATION - LOT 1. . . . .	35
VALUATION - LOTS 2 - 17. . . . .	47
RECONCILIATION OF VALUE ESTIMATES. . . . .	56
EXHIBITS & ADDENDA. . . . .	57
Subject Property Photographs	
Legal Description	
Qualifications of the Appraiser	
Assumptions and Limitations of Appraisal	
Glossary	

<b>Property Owner</b>	BC Community Housing, LLC
<b>Location</b>	311 North Avenue Burlington, Vermont
<b>Appraisal Date</b>	November 9, 2015

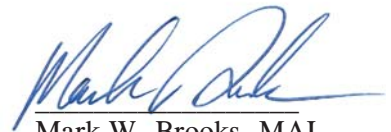
## EXECUTIVE SUMMARY

<b>Property Owner</b>	BC Community Housing, LLC
<b>Property Location</b>	311 North Avenue, Burlington, Vermont
<b>Present Use</b>	Mostly vacant land, student dormitory near the North Avenue frontage
<b>Proposed Use</b>	Subdivision with one multifamily lot, 16 single family lots and common recreation land with lakefront
<b>Land Area</b>	12.0 acres
<b>Building Improvements</b>	1-3 story, wood frame building used as a dormitory for Burlington College (15 $\pm$ beds). Fair to average condition.
<b>Area (Gross SF)</b>	4,548 $\pm$ SF
<b>Age</b>	100 $\pm$ years old
<b>Highest &amp; Best Use</b>	Residential development
<b>Purpose of the Appraisal</b>	Estimate market value
<b>Appraisal Methods &amp; Report Type</b>	Sales comparison and income (discounted cash flow) approaches. Appraisal report.
<b>Property Rights Appraised</b>	Fee simple estate
<b>Assessment / Taxes</b>	Not assessed or taxed as appraised
<b>Zoning</b>	Waterfront Residential - Medium Density
<b>Dates of Inspection</b>	November 9 and 12, 2015
<b>Date of Value Estimate</b>	November 9, 2015
<b>Estimates of Value</b>	
Lot 1	\$1,080,000
Lots 2-17	\$1,870,000
<b>Final Estimate of Value</b>	<b>\$2,950,000</b>

## CERTIFICATION

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

- ▶ the statements of fact contained in this report are true and correct.
- ▶ the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- ▶ I have performed no services regarding the subject property within the prior three years, as an appraiser or in any other capacity.
- ▶ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- ▶ 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.
- ▶ the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- ▶ the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ▶ I have made a personal inspection of the property that is the subject of this report.
- ▶ Justin Moore, appraiser trainee, provided assistance with market research. No other person provided significant professional assistance to the person signing this report.
- ▶ as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- ▶ I have the knowledge and experience to complete the appraisal in a competent manner and in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice.



Mark W. Brooks, MAI

## PURPOSE, USE AND SCOPE OF WORK

<b>Appraisal Problem</b>	Estimate market value (see Glossary for definition)
<b>Client / Intended Users</b>	BC Community Housing, LLC, City of Burlington, Vermont Land Trust
<b>Intended Use of the Appraisal</b>	Decision-making regarding possible sale
<b>Property Rights Appraised</b>	Fee simple estate
<b>Type of Report</b>	Appraisal report
<b>Effective Date of Opinions and Conclusions</b>	November 9, 2015
<b>Exposure Time Inherent in Value Estimate</b>	6± months

### **Scope of Work**

The scope of work relates to the degree to which the appraiser collected, confirmed, and reported data for the analysis. Scope of work includes the identification of the property, discussion of the extent of the inspection, identification of the extent of data researched, identification of the type and extent of analyses applied to arrive at the value conclusions, and the identification of any assignment conditions.

#### *Identification of Property*

The subject property is identified as being owned by BC Community Housing, LLC. It is located at 311 North Avenue, Burlington, Vermont. A legal description of the property has been provided in the addenda of the report. The property is comprised of a 12.0 acre parcel of land which is improved with a 4,548±SF residential building used as a 15± bed dormitory for Burlington College students.

#### *Inspection of Subject Property*

I inspected the property on November 9, 2015 with Eric Farrell, the property owner. The inspection of the property involved both the exterior of the building as well as the land. On November 12, 2015, I inspected the interior of the dormitory building, accompanied by the Burlington College facilities manager.

#### *Type & Extent of Data Researched*

The appraisal problem was addressed by completing research and analyses of the subject's competitive market area, identified as Chittenden County. This involved a review of the Burlington area and specific neighborhood trends relevant to the subject property. Further, the scope of work involved the identification of pertinent market information which relates to the value of residential development properties like the subject. The data collected included comparable sales, rental information, market data on operating expenses and capitalization rates, market vacancy, growth trends, and supply and demand analysis for this class of property. All information was confirmed when possible, and reliance is necessarily placed on information provided by a number of sources, which may include property owners, buyers, sellers, lessees, real estate brokers, assessors, etc. The data utilized in the report is assumed to be accurate as presented.



It is acknowledged that the information contained within this appraisal report represents only a portion of the data considered. Additional market information and file materials are maintained at the offices of Allen & Brooks and were used in the development of this appraisal.

### *Type & Extent of Analyses Applied*

Consideration within this analysis will be given to each of the three recognized approaches to value, i.e. the Cost, Income, and Sales Comparison methods. A discussion of the applicability of each approach to the appraisal problem is included within the valuation sections of this analysis. The approaches utilized are reconciled to a final value estimate. In evaluating the most relevant valuation method I considered the character and highest and best use of the subject property, the likely source of market demand for the property, and the appraisal technique which is the most appropriate and most recognized as producing credible results for this type of property. After considering these elements I determined that the utilization of the sales comparison approach to value the property was the most appropriate technique to produce a credible and reliable appraisal conclusion.

Given the age of the building, and the appraisal problem, the cost approach will not be utilized.

The income approach, in the form of a discounted cash flow analysis, will be used in the valuation of the subject land. This valuation reflects the present value of the sell-off of the single family lots, taking into consideration the cost to develop infrastructure and pay expenses such as broker commissions, taxes, insurance, maintenance, etc.

The sales comparison approach will be used in the valuation of the individual lots. The essence of the sales comparison approach involves a review and comparison of sales of properties which are similar to the subject. It is a common method of appraisal and widely utilized by buyers and sellers in the market place. The sale comparison method will be conducted, beginning with an extensive research effort for comparable properties in Chittenden County, focusing on sale activity in Burlington. Properties which include residential development use or are otherwise similar to the subject with respect to highest and best use will be specifically reviewed. The sales comparison analysis will then compare the prices paid for similar properties, with adjustments for physical and / economic differences which may exist. The comparative analysis will result in an estimate of market value. This valuation approach is considered to be a reliable technique for properties like the subject.

### *Assignment Conditions*

The following hypothetical condition is identified as affecting the scope of work involved in this appraisal. Its use has affected the results of this assignment.

- ▶ The 27.65 acre parcel of land has not yet been subdivided to create the 12.0 acre parcel which is the subject of this analysis. It is a hypothetical condition of this appraisal that the 12.0 acres are subdivided from the larger parcel and then further subdivided into 17 building lots as is described in this report.

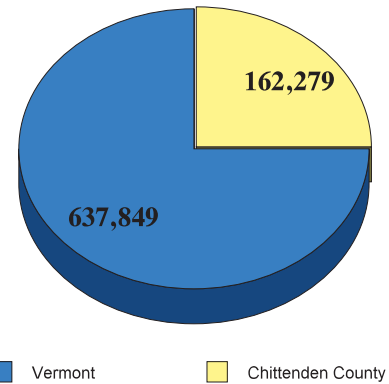
## AREA & NEIGHBORHOOD DATA

### Chittenden County

#### Demographics

Estimated population, 2015	162,279
Growth rate, 2010 - 2015	3.7%
Total households, 2015	65,126
Average household size, 2015	2.3
Total housing units, 2015	68,992
Owner occupied housing units, 2015	61%
Renter occupied housing units, 2015	33%
Vacant housing units, 2015	6%
Median household income, 2015	\$63,543
Per capita income, 2015	\$33,943

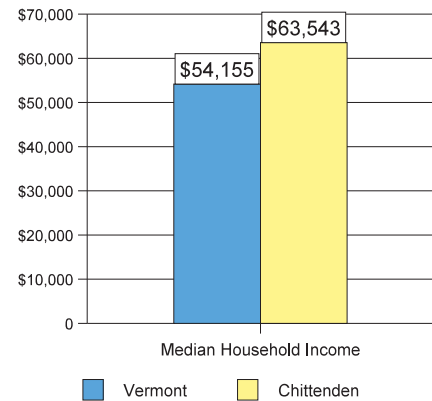
*Population Comparison*



#### Housing

Median single family home price, 2014	\$285,000
Median condominium price, 2014	\$195,000
Building permits reported, total units 2014	680
Single family units, 2014	193
Multi family units, 2014	487
Single family home sales, 2014	1,522
Condominium sales, 2014	751

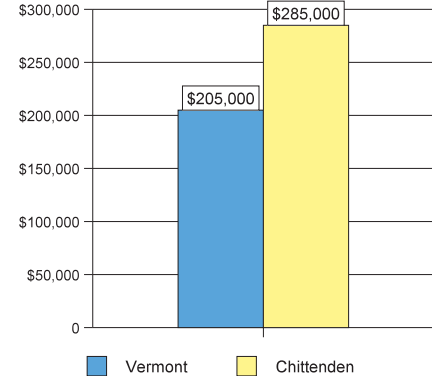
*Median Household Income*



#### Economics

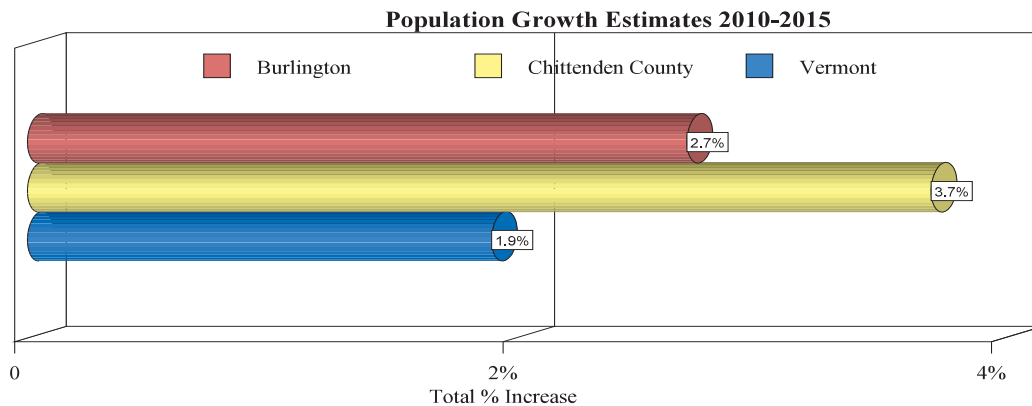
County labor force annual average, 2014	94,800
Employed annual average, 2014	91,850
Unemployed annual average, 2014	2,970
Unemployment rate annual average, 2014	3.1%

*Median Home Price*



Sources: VT Housing Data, U.S. Census Bureau, CCIM Institute, Vermont Tax Department, Allen & Brooks

# Burlington



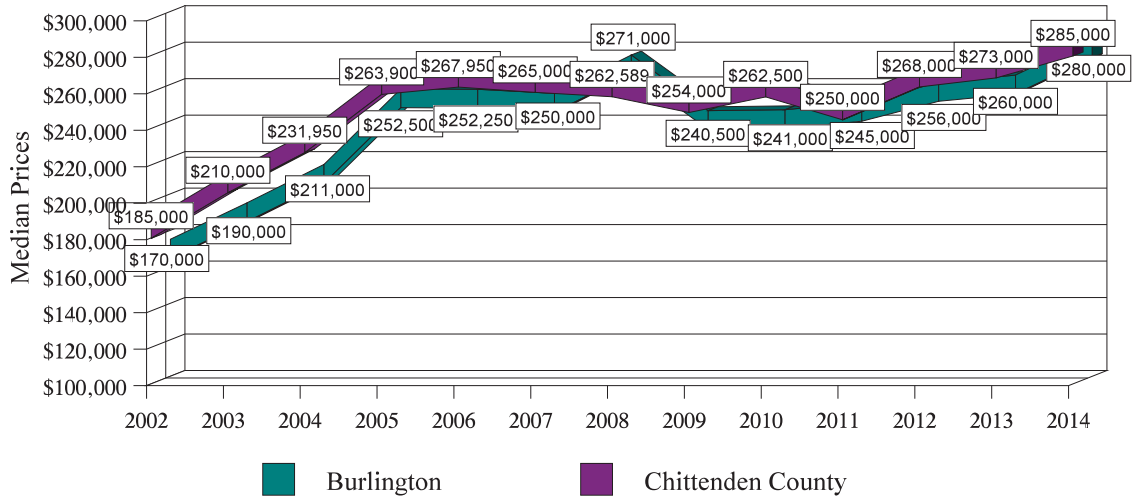
Demographics	Burlington	County
Estimated population, 2015	43,579	162,279
Growth rate, 2010 - 2015	2.7%	3.7%
Total households, 2015	16,778	65,126
Average household size, 2015	2.2	2.3
Total housing units, 2015	17,566	68,992
Owner occupied housing units, 2015	38%	61%
Renter occupied housing units, 2015	57%	33%
Vacant housing units, 2015	4%	6%
Median household income, 2015	\$38,005	\$63,543
Per capita income, 2015	\$22,479	\$33,943
Housing		
Building permits reported, total units 2014	40	680
Single family units, 2014	5	193
Single family units, average annual 1990 - 2014	11	332
Multi-family units, 2014	35	487
Multi-family units, average annual 1990 - 2014	57	318
Property Taxation		
	Residential	Commercial*
Tax rate per hundred, 2015/2016	\$2.45	\$2.71
Equalization rate, effective 2015	87.37%	87.37%
Equalized tax rate per hundred	\$2.1406	\$2.3677

Sources: VT Housing Data, U.S. Census Bureau, CCIM Institute, Vermont Tax Department, Allen & Brooks  
 \*Includes 20% surcharge on municipal rate.

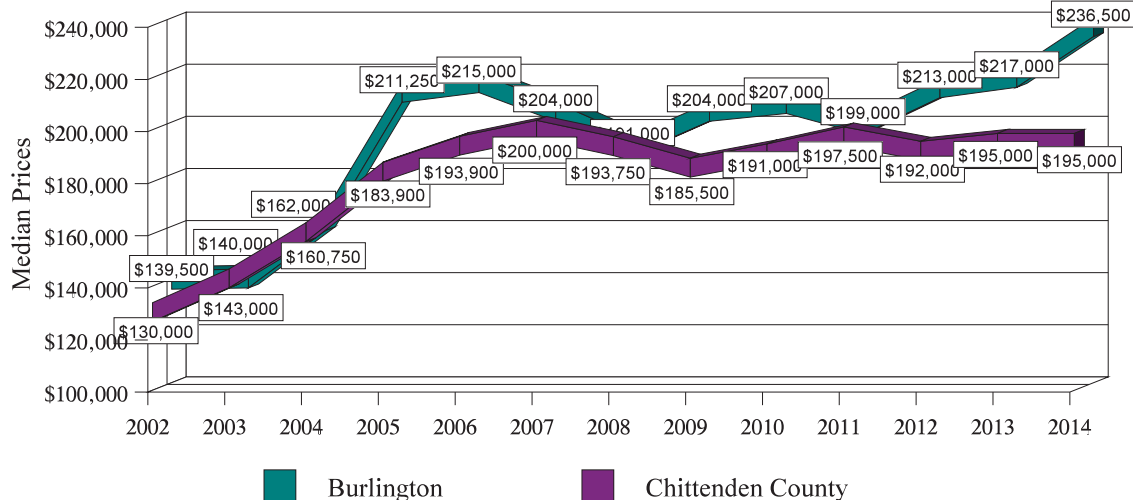
## Property Sale Data - Burlington

	2011	2012	2013	2014
Single Family Total Sales	233	240	285	242
Median Single Family Price	\$245,000	\$256,000	\$260,000	\$280,000
Median County Single Family Price	\$250,000	\$268,000	\$273,000	\$285,000
Condominium Total Sales	69	159	152	188
Median Condominium Price	\$199,000	\$213,000	\$217,000	\$236,500
Median County Condominium Price	\$197,500	\$192,000	\$195,000	\$195,000

### Single Family Median Sales Prices



### Condominium Median Sales Prices



## **Neighborhood**

<b>Location</b>	Central area of Burlington, located at the westerly edge of the area commonly known as the Old North End and the southerly edge of the New North End. The westerly portions of the neighborhood overlook Lake Champlain.
<b>Boundaries</b>	Lake Champlain to the west, Old North End neighborhood and Intervale to the east, the New North End to the North, Battery Park to the south. The immediate area runs along both sides of North Avenue.
<b>Access Features</b>	Average access; North Avenue begins at Battery Park and extends to the northerly end of Burlington. The neighborhood is north and west of the Downtown area. There is no interstate access in the immediate area. North Street and Pearl Street run in a east/west direction. North Avenue is the primary traffic artery serving the area.
<b>Utilities</b>	Full municipal utilities are available, including water, sewer, electric, natural gas, cable television and telephone.
<b>Predominant Land Uses</b>	<p>In the Old North End moderate to low income single family and multi-family units are prevalent with neighborhood commercial uses interspersed. Municipal use for Battery Park and the police station at southerly end of neighborhood. Properties with views of Lake Champlain benefit from higher demand / prices compared to other properties in the Old North End. This includes properties along the west side of North Avenue and Lakeview Terrace which have unobstructed views of Lake Champlain.</p> <p>The New North End is mostly suburban residential in character with accompanying neighborhood commercial uses. Most of the housing was developed between the 1950's and 1980's.</p> <p>The subject's immediate area lies between the "Old" and "New" north end neighborhoods. The area is dominated by three large land holdings on the west side of North Avenue: the Burlington College property and adjacent land (subject of this appraisal); Lakeview Cemetery and Burlington High School complex. To the west of the high school is the North Beach recreational facility and campground. Uses along the east side of North Avenue are mostly residential including single and multi family, together with a few commercial uses.</p>
<b>Development Trends</b>	Gradual growth. Limited land for new development. Most new development has involved demolishing existing structures and

building new. On North Avenue and Elmwood Street, a new mixed apartment and commercial building opened in 2014. This building has seven apartments and one retail unit. Also in 2014, a new 22 unit apartment building with one retail unit opened in North Winooski Avenue. In July of 2015, a 28 unit apartment building and a retail unit also opened on North Winooski Avenue. All of these projects are comprised of market rate apartments and were rapidly absorbed by the market. On Bright Street, a 42 unit affordable apartment complex is under construction with occupancy in 2016. All of these projects are in the Old North End neighborhood.

In 2013, Packard Lofts, with 25 apartments positioned at the upper end of the rental market, opened on North Avenue about one quarter of a mile south of the subject. Some of these units have good views of the lake. They were quickly absorbed by the market.

In the New North End, north of the subject, the most recent development involves the partial demolition of the Department of Motor Vehicle building and construction of over 180 apartments in four buildings. The apartments include market rate units positioned at the upper end of the local rental market as well as units designated as affordable. Also in the New North End, the 22 lot Staniford Farms single family project home is presently in the development process, with about half of the lots sold and developed.

<b>Enhancing Influences</b>	Close proximity to Lake Champlain and downtown Burlington.
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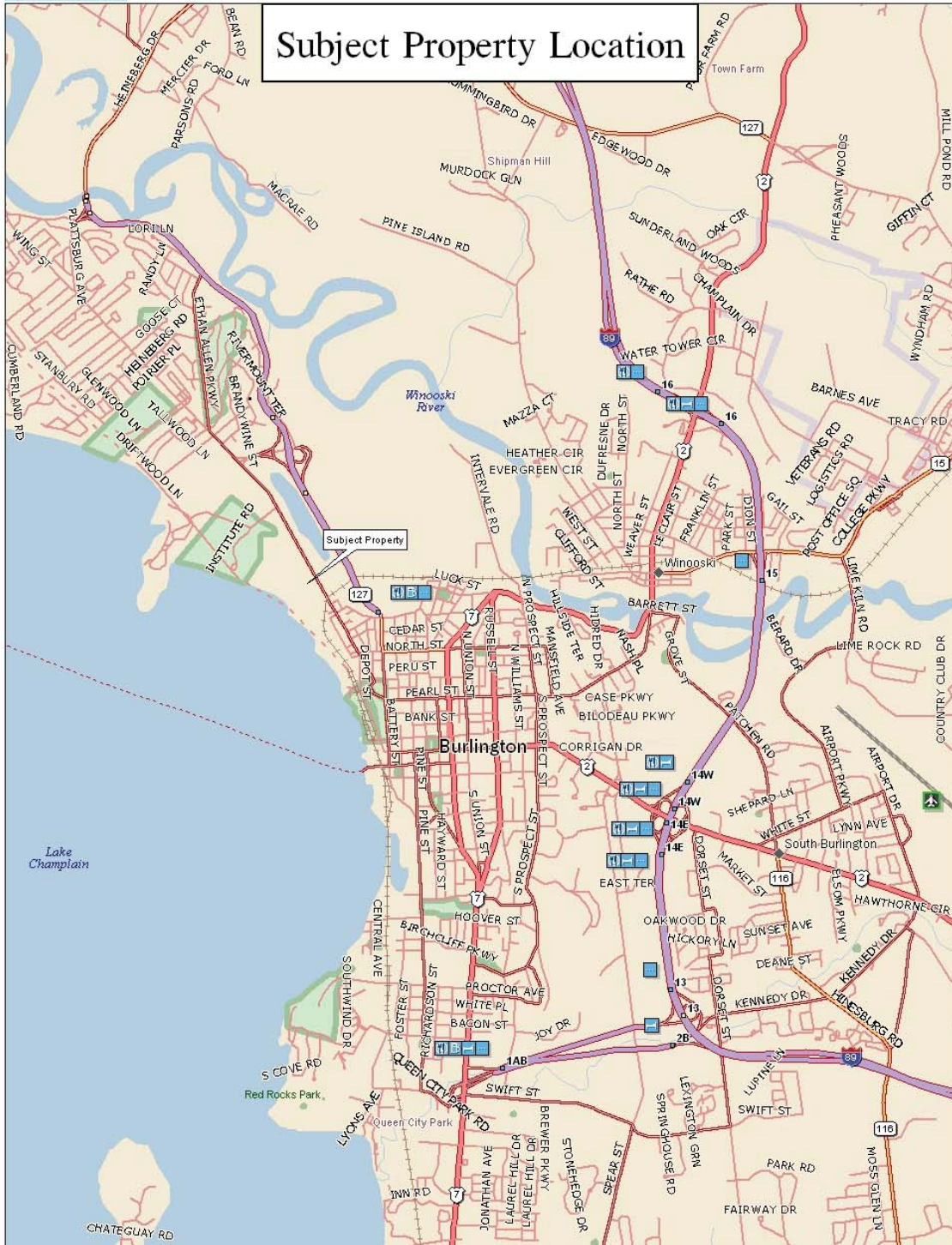
<b>Adverse Influences</b>	None significant
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### **Comments**

The subject is part of a 27.65 acre parcel which was purchased from Burlington College. The subject's 12.0 acres are slated to be kept open for use as public recreation land. The remaining 15.65 acres are to be developed with 570 units of housing, including apartments and condominiums. The housing will be comprised of a mix of affordable and market rate units. The 570 units will likely be built over the next four to five years. In addition, the 4.75 acres retained by Burlington College have the potential for another 240 units of housing, while still allowing space for the college's operations. The timing, and likelihood, of the development on the college-owned land is uncertain. These development projects will dramatically change the character of the area and create a much more urban neighborhood. The new urban character will be in keeping with the character of the adjacent Old North End neighborhood, which is a densely developed, primarily residential area. As the project is in the urban core of Chittenden County, is less than one mile from downtown Burlington, is on the CCTA bus line and adjacent to the Burlington Bike Path, it is regarded as a very appropriate location for the type of high density housing which is proposed. It will essentially be a continuation of the high density housing found immediately to the south.



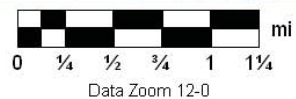
# Subject Property Location

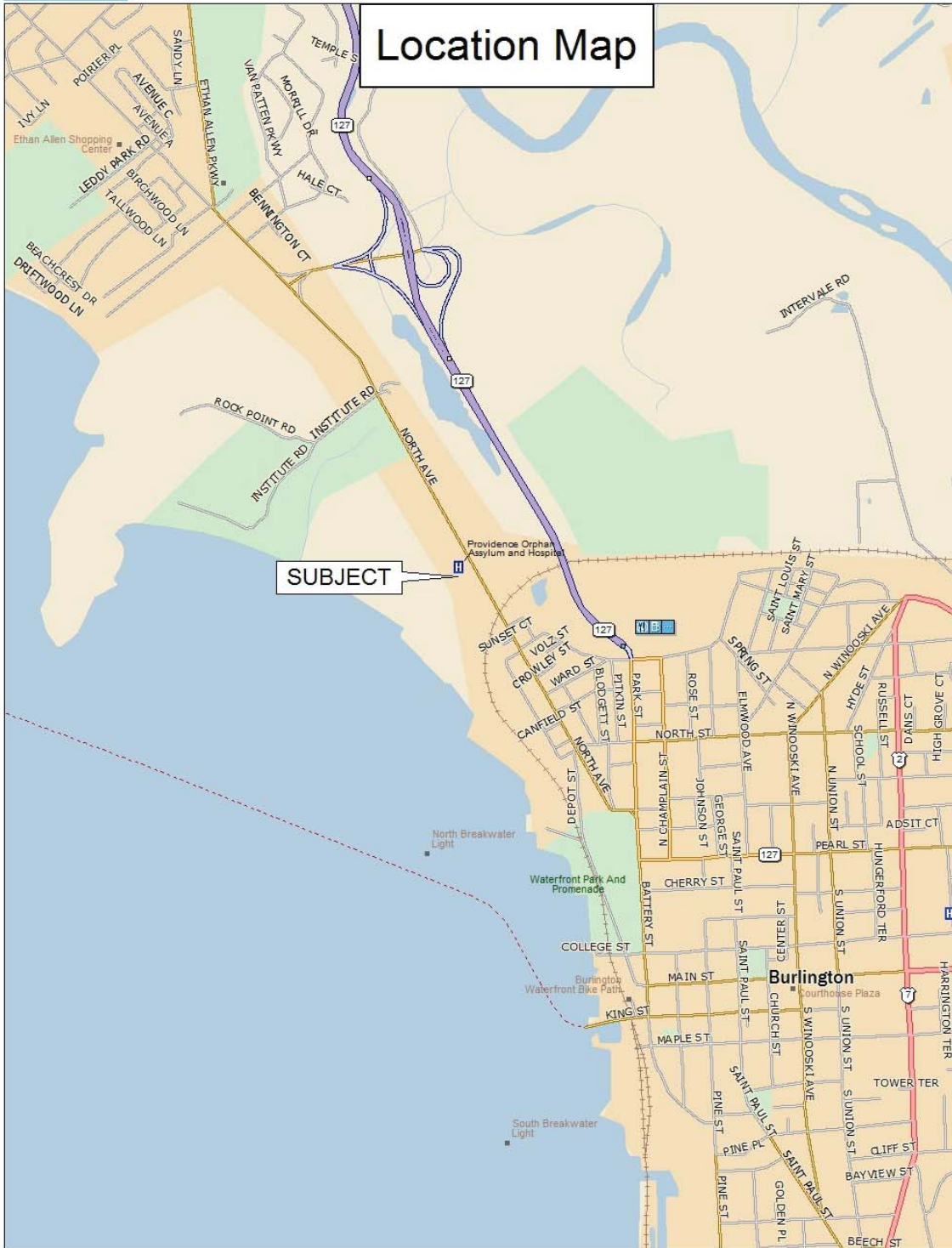


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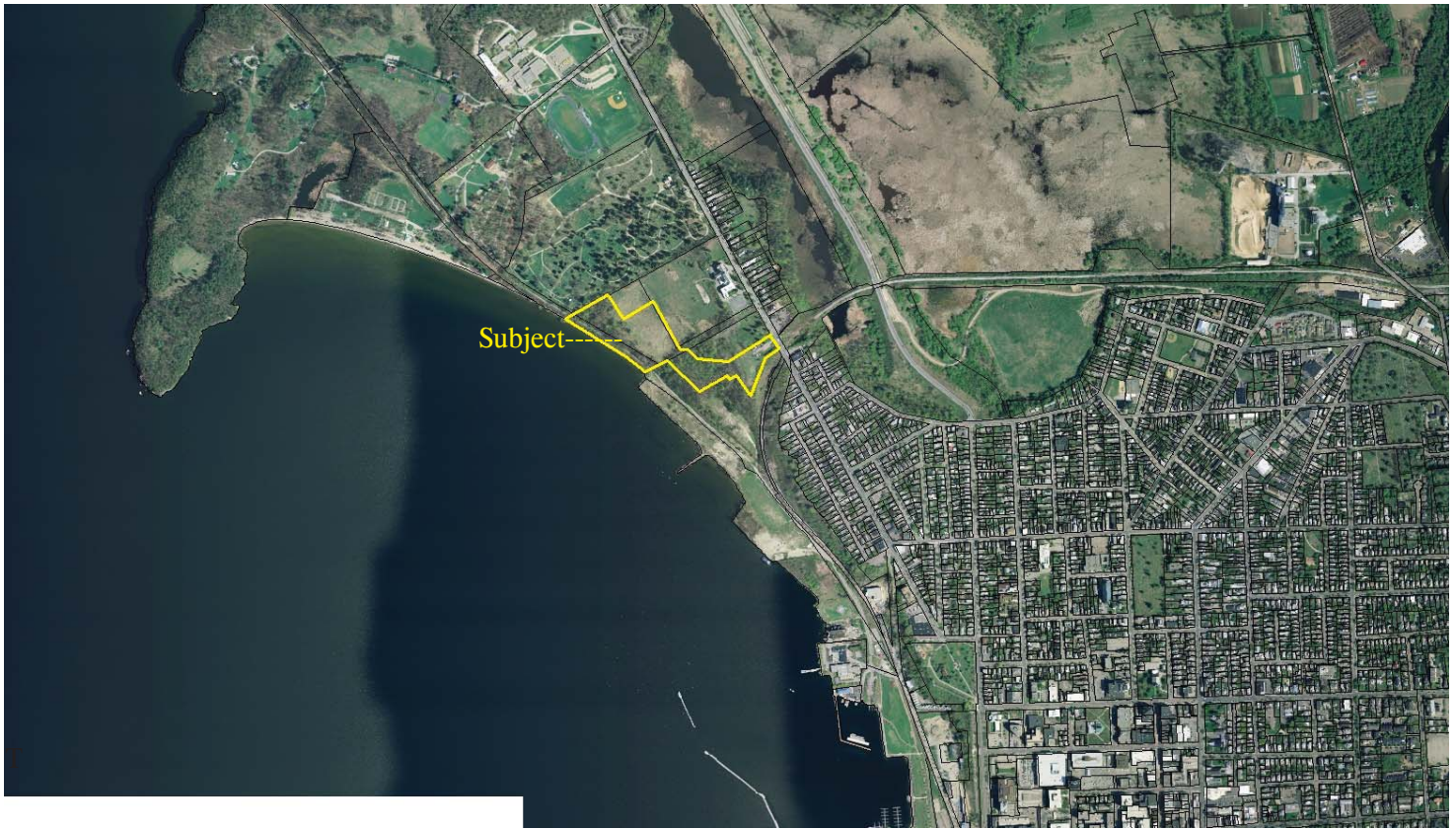
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## Neighborhood Aerial View



The dimensions of the lot are approximate.

# BC COMMUNITY HOUSING & BURLINGTON COLLEGE SITE CONCEPTS

SCALE 1" = 80'

LAKE CHAMPLAIN

Subject

Subject

Subject

CITY OF BURLINGTON

OPEN SPACE  
12 ACRES  
\*INCLUDES TEXACO BEACH,  
DOES NOT INCLUDE BIKE  
PATH ROW

TEXACO  
BEACH  
BIKE PATH  
ROW

## BC COMMUNITY HOUSING SITE DEVELOPMENT PROGRAM

Bldg.	UNITS
FOR RENT - AFFORDABLE HOUSING	
#1 Senior	80
#2 Family	80
FOR RENT - MARKET RATE HOUSING	
#4 Multi-Family	153
#6 Multi-Family	90
FOR SALE - MARKET RATE HOUSING	
#3 Multi-Family (Workforce)	80
#5 Townhouses	9
#7 Townhouses	8
#8 Multi-Family	70
#9 Neighborhood Community Building	
<b>TOTAL HOUSING UNITS</b>	<b>570</b>

## BURLINGTON COLLEGE SITE DEVELOPMENT PROGRAM

COLLEGE BUILDINGS	SF
Existing	32,000 SF
Future	40,000 SF
RENTAL HOUSING	
Orphanage	63 UNITS
Future Housing	177 UNITS
<b>TOTAL HOUSING UNITS</b>	<b>240</b>
NON-RESIDENTIAL	
Future	20,000 SF

LAKE VIEW CEMETERY

T. J. Boyle Associates  
LANDSCAPE ARCHITECTS • PLANNING CONSULTANTS

NORTH AVE

NORTH

0 60 120 240



## MARKET ANALYSIS

**Property Type** Residential development

**Market Area** Chittenden County, with emphasis on Burlington

### Market Position of Property Under Appraisal

The subject property is located at 311 North Avenue in Burlington, Vermont. As proposed, the property will include 12.0 acres of land and include the existing Burlington College dormitory. The land will include about 900 feet of frontage on Lake Champlain. The lakefront is comprised of a steep bank sloping down to a sandy beach along all of the lake frontage. The lakefront will be part of common land which will be available for use by the residents of the subject property. Stairs will be built for residents to access the common beach. In the context of the competitive market, the proposed use and the highest and best use of the property (residential development) is supported by patterns of supply and demand. Its specific location in Burlington and the broader Chittenden County regional market is regarded as above average because of its close proximity to downtown Burlington, available lake frontage, and location on the Burlington Bike Path. Summaries of the apartment market (for Lot 1) and the single family residential market follow.

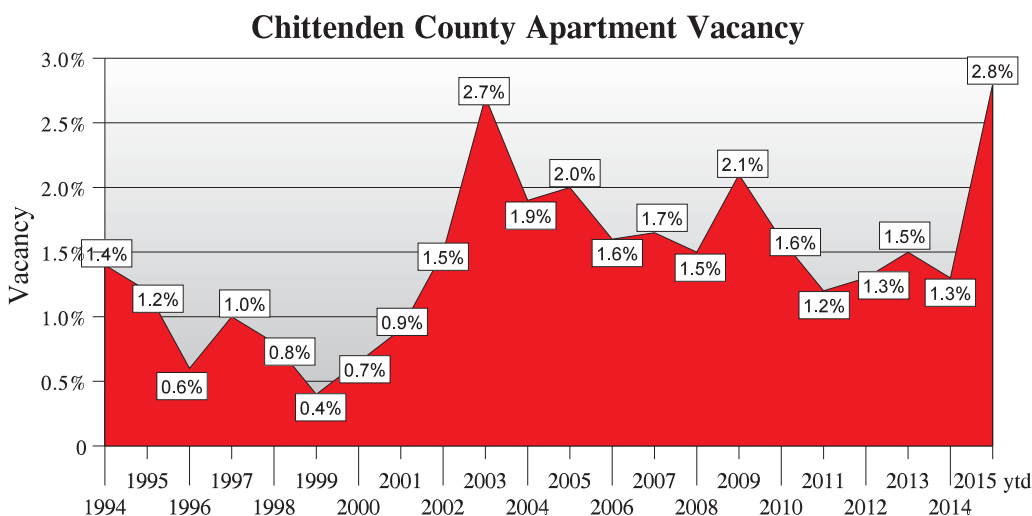
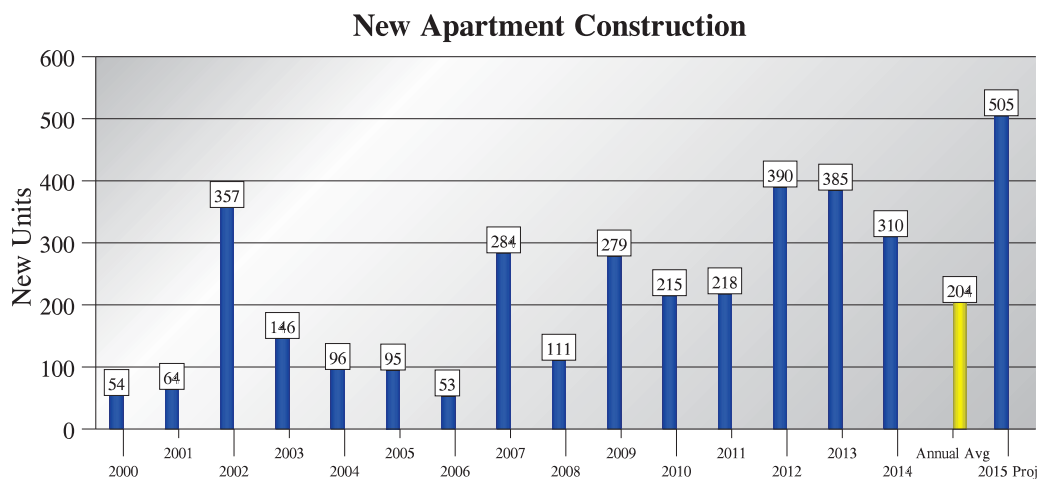
### Apartment Market Summary

The high level of new apartment construction over the past few years has finally begun to have an impact on vacancy. Vacancy in June 2015 is 2.8%, a significant increase over the June 2014 vacancy of 0.9%. About 200 apartments have been built in Chittenden County over the past six months. All have been largely absorbed by the market except for units in two projects: the 70 unit Great Cedars senior rentals on East Allen Street in Winooski which opened May 1 and the 54 unit Olympiad on Eastwood Drive in South Burlington which opened on June 1. Without these two projects, the underlying vacancy rate is 1.2%, which is just below the long term apartment vacancy of 1.4%. This low underlying vacancy demonstrates the strength of demand for apartments in Chittenden County. Several apartment projects are under construction and they will bring another 300 units to the market during the second half of 2015. Because of the continued significant construction, the vacancy rate will remain elevated well into 2016.

Apartment Trends	
<b>Growth</b>	Significant expansion continues: 310 units were built in 2014 with 505 units projected for 2015, which will be a record level of growth.
<b>Vacancy</b>	Currently 2.8% (June 2015), a record high. Expect high vacancy to continue for the next several months.
<b>Rents</b>	2.3% average rent increase between 2013 and 2014.
<b>Cap Rates</b>	6.7% average for 2014-2015 YTD. The cap rate calculation deducts for vacancy, management and reserves.
<b>Prices</b>	Average sale prices continue to increase.

While rents in the new buildings may be near the top of the market, tenants are drawn to newly constructed projects. Most new projects have an absorption rate of 10 to 20 units leased per month. The largest

projects in the area are generally fully leased within two to three months of opening. We have even seen some projects being fully leased prior to opening. Even with the significant new construction, absorption rates have not increased.



The vacancy rates indicated on the above chart are averages of the June and December surveys for each year.

Conversations with area landlords and apartment managers indicate that many are experiencing greater difficulty in leasing their units, with tenants preferring to “shop around” more. This is likely a result of greater choice. But while demand may be softer for some (other landlords report continued strong demand), the available units are ultimately leased, as illustrated by the low underlying vacancy of 1.2%. In spite of the new construction, rents continue to increase. Between 2013 and 2014, average rents increased by just over 2.0%. This does not reflect the dramatic increase in new construction in 2015, so we expect that rent increases this year will be nominal.

Rents for student apartments (typically with two to four bedrooms) in close proximity to UVM and downtown Burlington, are generally around \$725 to \$800 per bedroom. The upper end of the range is for apartments in above average condition and close to the UVM campus. After remaining fairly stable over

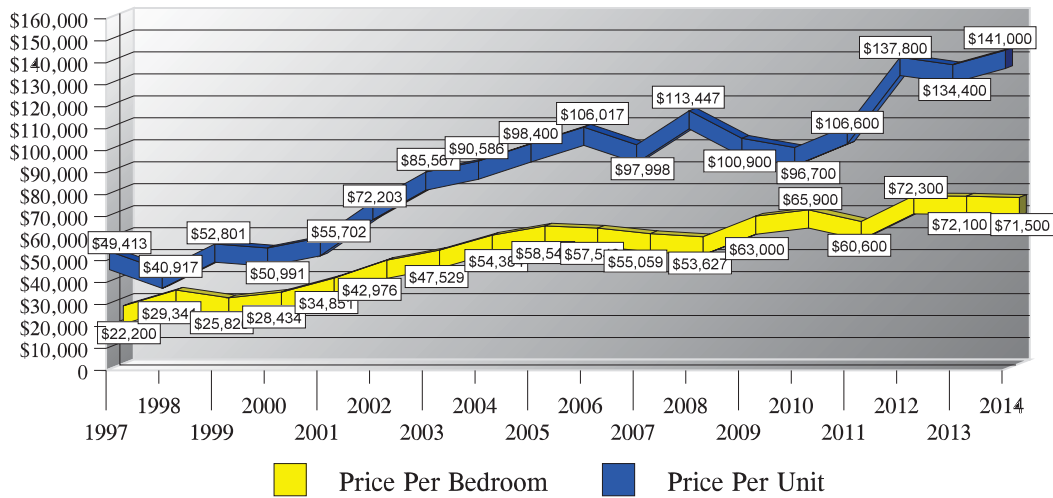
the past few years, most owners and managers of well located student apartments report that they are increasing rents for the June 2015 leases. However, several landlords report weaker student demand for large apartments (4+ bedrooms), units which are more removed from the UVM campus, and units with functional issues (sloping ceilings, difficult floor plans, etc.). Some have reduced their rents for these units to facilitate occupancy. The new student housing constructed by UVM and Champlain College in recent years is likely contributing to softer demand for less desirable student rental units.

The strong fundamentals of the apartment market have drawn in many investors. After a period of very strong demand from investors in the mid-2000's, the number of annual sales (properties with 3+ units) began to decline with the on-set of the recession, and bottomed-out in 2010. Since then, sale activity has increased each year and was almost 60% higher in 2014 compared with 2010. Currently, there are only 14 apartment properties with 3+ units on the market for sale through the multiple listing service (MLS) in Chittenden County. A few years ago there were over twice as many MLS apartment listings. The limited number of apartment properties on the market for sale indicates that owners recognize their good investment and are reluctant to sell. With the lack of inventory, multiple offers are commonplace for well located and maintained properties.

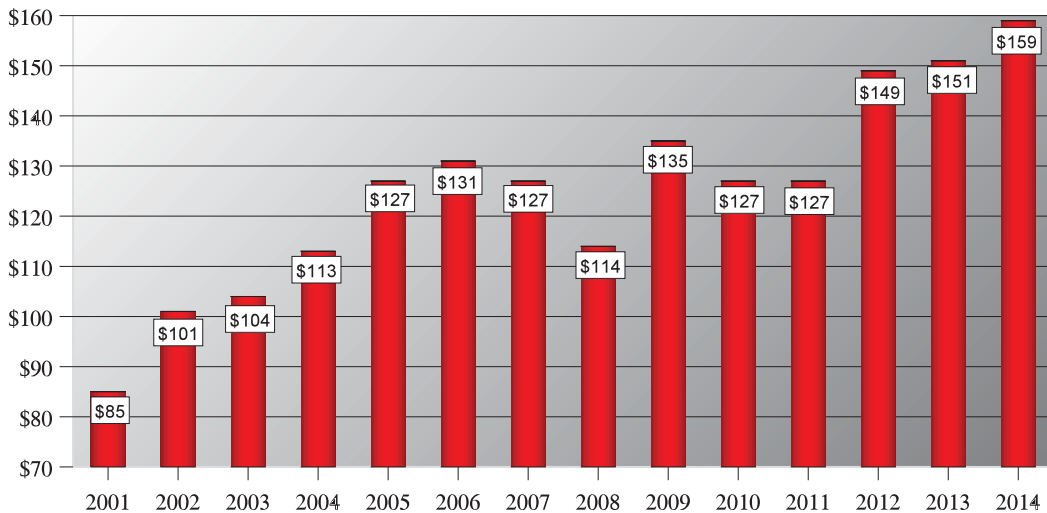
With strong tenant demand, low mortgage rates, and available financing, apartments are a comparatively low risk investment. These positive fundamentals facilitated a drop in the average capitalization rate from 7.2% in 2009 to 6.8% in 2011 (calculated with deductions for vacancy, management and reserves). Cap rates have remained fairly stable since and now average 6.7% (sales in 2014-2015 ytd). The student submarket is considered a lower risk investment and the average cap rates for apartment sales in student oriented neighborhoods is 6.5% (2014-2015 ytd). Sales of apartment properties which are considered to be higher risk because of their locations have average cap rates of 7.1% for this same period. We will not likely see a change in cap rates until mortgage rates rise in a meaningful way.

The following tables indicate average Chittenden County sale prices per unit, per bedroom and per square foot of building area. Depending on the unit of comparison, apartment sale prices can vary widely. As the graphs indicate, this variation can present opposing trends, with prices per unit decreasing while prices per bedroom and per square foot are increasing. This is because properties with smaller unit sizes (i.e. efficiencies or 1 bedroom units) will often sell for less per unit but more per bedroom and per square foot. Conversely, a property with large unit sizes, such as 3 or 4 bedroom units, will usually sell for more per unit but less per bedroom and per square foot. The diverging price trends can therefore be a result of the mix of unit sizes. Overall though, sale prices have been trending upward in recent years. A comparison of apartment properties which sold and then sold again within the past few years indicate average annual price increases of about 4% to 6%.

**Chittenden County Apartments: Average Sale Prices**



**Chittenden County Apartments: Average Sale Price Per Square Foot**



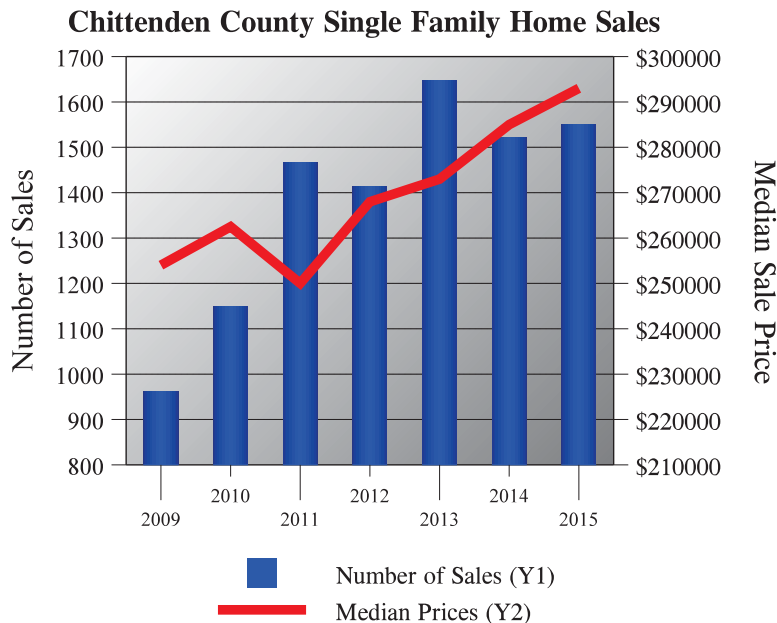
Looking forward, we expect that overall rental demand will remain robust. The improving economy and job growth will bring more renters to the area. However, the surge in new construction will keep vacancy relatively high over the next several months, which will reduce upward pressure on rents. In addition, the improving economy will also support the owner occupied housing market. With low rates and more confidence among buyers, we have seen an increase in sales to first time home buyers. While we don't expect the housing market to return to the boom times experienced before the recession, this trend will reduce demand for rental housing as most new home buyers are former renters. However, given the depth of the renter demand, and evident trends in the market which favor rentals, we expect that the local apartment market will remain strong for the foreseeable future.

## Single Family Residential Market Summary

Chittenden County's single family home market is improving after the recession, with generally increased sales volume and rising property values. Through mid-October, there have been 1,340 single family home sales in Chittenden County. At that pace, 2015 will likely end with around 1,550 sales. In 2014, the number of single family home sales in Chittenden County was 1,523. So the sales volume in 2015 will likely be modestly higher than in 2014. However, the number of sales will be significantly higher than in 2009, which was the depth of the recent recession, when only 963 single family home sales were recorded.

Through mid-October, the median single family sale price in Chittenden County was \$293,000. This is 2.8% higher than the \$285,000 median price in 2014, and over 15% higher than the low point in the recession in 2009. Since 2009, prices have increased each year by an average of 2.4%.

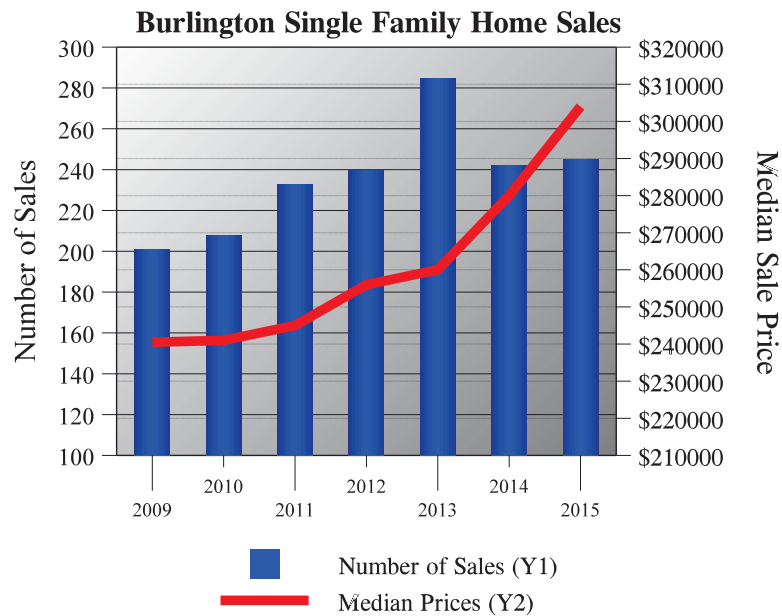
The graph below illustrates trends in single family sales volume and prices in Chittenden County.



In Burlington, there have been 213 single family sales in 2015 through mid-October. At that pace, 2015 will likely end with around 245 sales. In 2014, the number of single family home sales in Burlington was 242. The 2015 sales volume is therefore stable with 2014. However, the number of 2015 sales will be over 20% higher than in 2009, when 201 single family home sales were recorded in Burlington.

Through mid-October, the median single family sale price in Burlington was \$304,000. This is almost 9% higher than the \$280,000 median price in 2014, and 26% higher than the low point in the recession in 2009. Since 2009, single family home prices in Burlington have increased each year by an average of 4.0%.

The graph below illustrates trends in single family sales volume and prices in Burlington.



The growing demand for single family homes is illustrated through the steadily rising prices over the past seven years. The volume of sales is also up compared to 2009-2011. However, the sales volume has dropped since 2013 in Burlington and county-wide, and has remained flat over the past two years. The lack of increases in sales volume similar to increases in price is likely more of a reflection of a lack of listings and new construction, rather than lower demand. The single family home market is expected to remain strong for the foreseeable future.



## **SUBJECT PROPERTY DATA**

### **History of Conveyance and Use**

Owner of Record	BC Community Housing, LLC
Date Acquired	February 2, 2015
Property Acquired	27.65 $\pm$ acres which includes the dormitory building
Price Paid	\$7,150,000
Deed Reference	Book 1268 / Page 198, Burlington land records
Present Use	Student dormitory and vacant land
History of Use	The residential building was originally developed as housing associated with the adjacent Catholic Archdiocese. Over the past several years it has been used by Burlington College as a student dormitory.

### **Analysis of Prior Sale, Pending Listing or Contract**

Burlington College acquired the former Catholic Archdiocese office and orphanage (77,000 $\pm$  SF), dormitory building and 32.4 $\pm$  acres on December 31, 2010 for \$10,000,000. The college has since relocated to a portion of the 77,000 $\pm$  SF building.

The subject property was acquired by the current owners as part of a larger purchase from Burlington College. The acquisition was comprised of 27.65 acres which includes the 12.0 acre subject property. The property was bought for residential development. Burlington College retained the former archdiocese office and orphanage building and 4.75 $\pm$  acres of land.

### **Land Description**

Location	311 North Avenue, Burlington, Vermont
Shape	Very irregular
Parcel Size	12.0 acres
Topography	Ranges from level to gently sloping. The land does slope steeply downward to the lake frontage. The southern property line essentially ends at the top of a high bank which slopes steeply down to level land along the lakefront, where the Burlington Bike Path is located.
Utilities	
Water	Municipal
Sewer	Municipal
Electricity	Developed
Telephone	Developed
Gas	Vermont Gas
Easements	The Burlington Bike Path is in a right of way which parallels the lake and

crosses the western portion of the parcel. The right of way and path bisect the subject's beach from the rest of the property. The subject's 12.0 acres do not include the land in the bike path right of way. I am unaware of any easement, encroachment or restriction that would adversely affect the use of the site.

### **Site Improvements (Existing)**

Driveway	A paved driveway accesses the dormitory parking lot from North Avenue. The paving is in fair to poor condition and is broken and cracked in many places.
Parking	There is adequate paved parking for the dormitory use.
Landscaping	Large lawn area and mature trees around the dormitory building.

### **Building Description (Existing)**

#### *General*

Age	100± years
Number of Stories	1-3 story
Gross Floor Area	4,548± SF

#### *Construction Detail*

Foundation	Stone & mortar and poured concrete slab
Framing	Wood frame
Exterior Walls	Mostly older composite shingles, some stone veneer.
Roof Cover	Asphalt shingle which shows significant wear. The roof is reported to be at the end of its useful life and needs to be replaced.
Windows	A mix of single pane and newer insulated (double glazed) windows. Mostly double hung. All of the windows are wood frame.
Insulation	Unknown, assumed adequate.
Attachments	Covered and enclosed porches, wood fire escape (wood rot, needs replacement although it's still functional)

### *Mechanical Detail*

Heating & Cooling	Hot water baseboard. Central system. Recently replaced boiler
Plumbing	Copper and PVC
Electrical	Reported to be adequate
Fire Protection	Fully sprinklered

### *Interior Detail*

Layout	The first floor includes some common living rooms, a fully equipped kitchen, dorm rooms and a bathroom. The second floor includes dorm rooms and a bathroom. There is a partially below grade basement level which also has dorm rooms and a bathroom. A portion of the basement is fully below grade and unfinished. This area contains coin-operated washers and dryers, a newer boiler, hot water tank and sprinkler system.
Floor Coverings	Mix of hardwood and vinyl
Walls / Ceilings	Plaster and sheetrock
Basement	Full unfinished basement under the front section of the building. Partially below grade and finished in the rear section.
Detached Garage	There is a two bay, concrete block garage with asphalt shingle roof located to the rear of the dormitory building. The garage is used for storage and appears to be in average condition.

### *Discussion of Physical Condition*

The overall condition of the building is regarded as fair to average. The structure is average in terms of construction and finish quality. Physical depreciation is regarded as greater than typical, given the age and function of the structure. Aside from depreciation resulting from age and normal wear and tear, specific elements of physical depreciation which were observed include older windows which need replacement, the wood fire escape has wood rot and needs replacement, and the asphalt shingle roof needs to be replaced.

### *Discussion of Functional Adequacy*

There are no significant elements of functional obsolescence. For a dormitory or boarding house, the layout is typical and adequate. From a functional perspective, the building is reasonably well adapted to its current dormitory use.

## **Description of Lots (Proposed)**

As proposed, the subject's 12.0 acres will be subdivided into 17 lots: one multi-family lot located where the dormitory building now stands; and 16 single family lots. The lots are described below.

**Lot 1** This is the multi-family lot. It will have 0.93 acres and frontage on North Avenue. The lot has level topography. At ground level, there are no lake views. From the upper floors of a multi-story building, there will likely be Adirondack Mountain views and lake views through the trees. The lot is well suited for multi-family residential development.

**Lots 2-17** These are the single family lots. They will range in size from 0.23 to 0.49 acres, with an average size of 0.32 acres and a median size of 0.30 acres (equal number of units larger and smaller than 0.30 acres). The lots will be level to slightly sloping and range from wooded to mostly open. The lots will likely afford partial lake views (through the trees) from their building sites. Lots 2-11 will extend to the top of the tall bank which slopes steeply down to the waterfront. While still partially obstructed with trees, there will be good lake views from the rear of these lots. The gently sloping topography (sloping down to the west) of Lots 12-17 will afford the development of houses with walkout basements, an enhancing feature. The topography, shape and size of these lots make them well suited for single family home development.

## Aerial View of the Subject

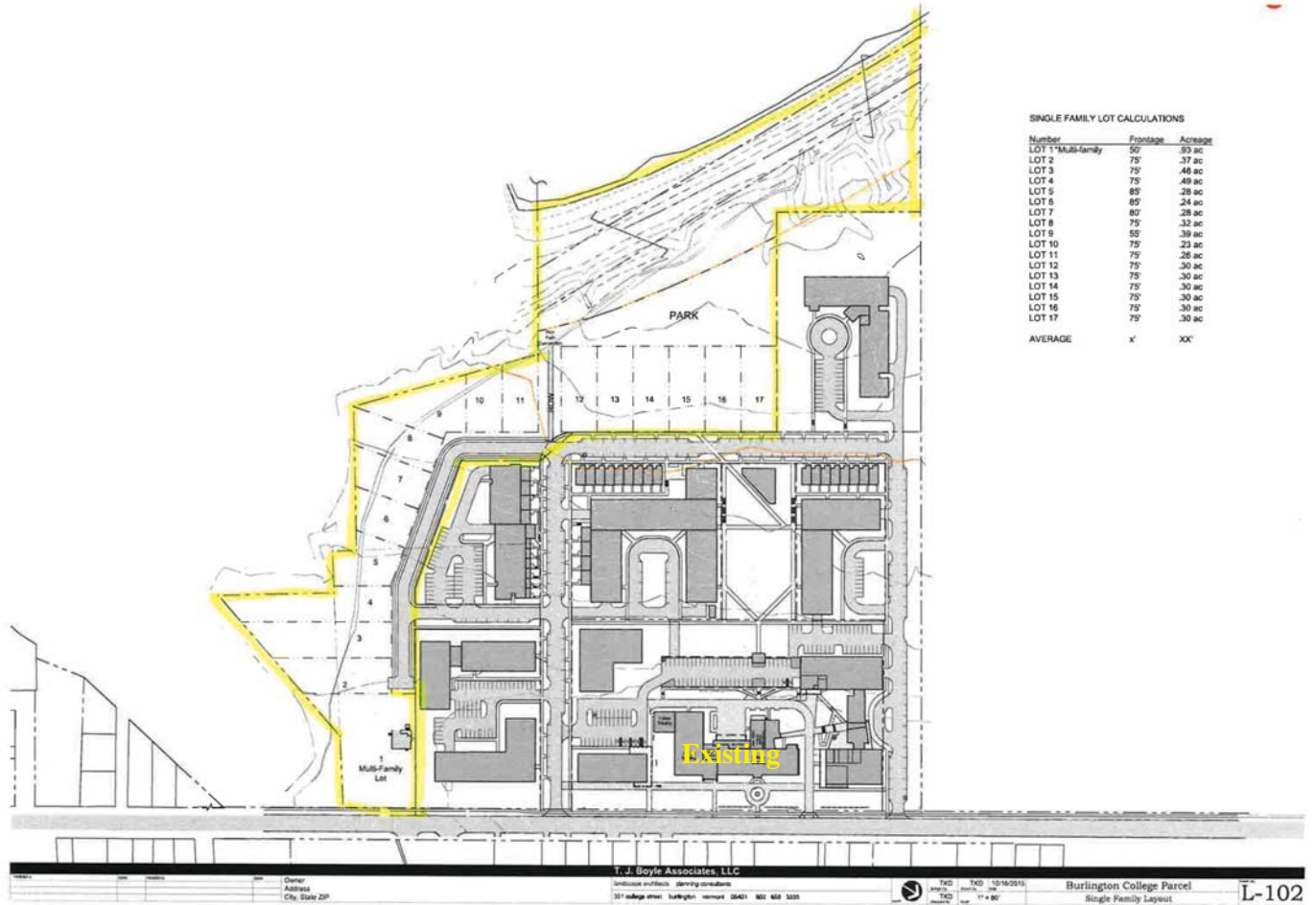




## 30



## Proposed Subdivision With Building Lots Indicated



The site plan shows the planned build-out of residential buildings. The existing Burlington College building is indicated.

## **Zoning and Permits / Approvals**

Zoning District	Waterfront Residential - Medium Density.
Primary Permitted Uses	Single family and duplex residential, multi-family with 3+ units, assisted living, nursing home, group home
Primary Conditional Uses	Residential with mixed use, school
Max. Residential Density	20 units per acre, 25 units with an affordable housing density bonus.
Max. Lot Coverage	60%, 72% with density bonus
Existing Use Conformance	Legally non-conforming as dormitories are not a permitted or conditional use
Approvals / Permits	The subject is part of a PUD which has an approved density of 25 units per acre. This includes a density bonus for affordable housing.



# Zoning Map



## Legend

**Burlington\_2008**

### DISTRICT

-  RCO - Conservation
-  RCO - Recreation/Greenspace
-  Residential - Low Density
-  Residential - Medium Density
-  Urban Reserve
-  Waterfront Residential - Medium Density



## **HIGHEST & BEST USE**

The value of the subject property is based upon its highest and best use. The highest and best use of a property may be characterized as its 'most probable use'. In accordance with the definition of highest and best use (see Glossary), the analysis involved the consideration of the following criteria:

### **Physical**

The 12.0 acre parcel of land which is the subject of this appraisal is largely undeveloped. Near the road frontage is a 4,548 ± SF building used as a dormitory for Burlington College. The building is in fair to average condition and shows evidence of deferred maintenance (needs at a minimum new windows, roof replacement, and fire escape replacement). The building is designed for use as a boarding house type occupancy. The remaining land is undeveloped. Topography is generally level to gently sloping, aside from steep downward slopes to the waterfront. The land has about 900 feet of sandy waterfront and is a popular with area residents. This beach would be held in common for exclusive use by future residents of the 12.0 acre parcel. Stairs could easily be built to provide beach access. The western portion of the land is bisected by the Burlington Bike Path, which is an attractive amenity for area residents and enhances the appeal of the subject property.

### **Legal**

Zoning for the subject property is identified as the Waterfront Residential - Medium Density district. Primary permitted uses include single family and duplex residential, multi-family with 3+ units, assisted living, nursing home, and group home. Conditional uses include mixed residential / commercial and educational. The maximum density is 20 housing units per acre, 25 units with an affordable housing density bonus. The subject is approved for 25 housing units per acre which reflects the density bonus.

### **Financial**

Within the competitive market area, properties of this type are typically purchased by developers for residential development. It is a hypothetical condition of this analysis that the 12.0 acre parcel is subdivided into 17 building lots (1 multi-family lot and 16 single family lots) plus about 6 acres of common recreation land and lakefront. Given the favorable location of the property (less than one mile from downtown Burlington, adjacent to the Burlington Bike Path, walking distance to the Burlington waterfront which hosts numerous concerts, festivals and events, and a sandy beach for exclusive use of the future residents) the property would be very appealing to developers for residential development.

Given the strong demand for rental apartments, especially in neighborhoods in or adjacent to downtown Burlington, it is likely that Lot 1, which is presently improved with the dormitory building, would be redeveloped as an apartment complex. It is unlikely that the building contributes value to the property as it is not designed for multi-unit residential use and suffers from significant deferred maintenance. A typical buyer would likely demolish the building to make way for multi-tenant residential development.

### **Highest & Best Use Conclusion**

The highest and best use of the subject property is concluded as residential development, with a new apartment building on Lot 1 and the sell-off of the 16 single family lots.

## VALUATION - LOT 1

Lot 1 has 0.93 acres and is identified for multi-family housing development. As a 12.0 acre parcel intended for a mix of single family and multi-family development with about half reserved as common land, it is likely that the property would be established as a planned urban development (PUD), or be part of the PUD associated with the remaining portion of the 27.65 acre parcel which is planned to be developed with 570 housing units. Under current zoning, the maximum residential density is 20 units per acre, 25 units with an affordable housing density bonus. The existing PUD for the 27.65 acres has an approved density of 25 housing units per acre which reflects the inclusionary housing density bonus. This amounts to 691 housing units. The planned development proposes 570 housing units. That leaves 121 housing units which could be built on the subject's 12.0 acre parcel. With 16 single family lots and about six acres of open space, the development potential of the multi-family lot would only be restricted by what its 0.93 acre lot could reasonably accommodate. Based on a review of high density apartment projects in the Burlington area, it is estimated that Lot 1 could readily accommodate a multi-story building with 45 housing units. Parking would likely be constructed beneath the building, which is typical for projects such as this. The valuation of Lot 1 has therefore been made based on a development potential of 45 housing units. Given the current strong demand for apartments, the development would likely be an apartment building.

The sales comparison approach was used to value Lot 1. The approach is based upon the principle of substitution which "holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time."<sup>1</sup> In this case, there is an adequate supply of comparable sale evidence with which to reliably process the sales comparison approach. It is therefore considered to be an appropriate method of appraisal for the subject property.

### Summary of the Sales Comparison Approach

Market Area Researched	Chittenden County (with emphasis on Burlington)	
Unit of Comparison	Price per potential housing unit	
	<b>Unadjusted Prices</b>	<b>Adjusted Prices</b>
Range of Sale Prices (Per Unit)	\$23,000 to \$31,429	\$24,000
Range of Sale Prices (Gross)	\$184,000 to \$1,100,000	\$1,080,000
Value Estimate (Per Unit)	\$24,000 ±	
Value Estimate (Gross)	\$1,080,000	

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<sup>1</sup> The Appraisal of Real Estate, Appraisal Institute, 13<sup>th</sup> Edition, Copyright 2001, Pages 298-299

## Steps of the Analysis

- ▶ Research the market for recent sales and offerings of properties similar to the subject property in size, physical condition, location and highest and best use.
- ▶ Verify the information to determine that the transactions are arms length; and, that the information obtained is accurate.
- ▶ Select the relevant unit of comparison.
- ▶ Analyze the comparable sales in relation to the subject using the elements of comparison; which are “the characteristics of properties and transactions that help explain the variance of prices paid for real property.”<sup>2</sup> The adjustment is made to the comparable sale to bring it equal to the subject.
- ▶ Reconcile the indications of value produced by the adjusted individual comparable sales into a single indication of value for the subject.

## Selection & Analysis of Comparable Sales

The competitive market area was extensively researched for sales of properties which are similar to and competitive with the subject property. The primary market area is Chittenden County, with emphasis on Burlington. Numerous sale and offering properties were noted. The research involved the identification land purchased for multi-family residential development which may be regarded as similar to the subject property in terms of general character and highest & best use. From the available market evidence, three sales were selected for the valuation analysis and are summarized below. All were bought for the construction of single multi-story apartment buildings. Detailed descriptions of the sales are provided at the end of this report section.

**Sales Summary**

Location	Housing Units	Sales Price	Sale Date	Price / Unit	Comments
237 North Winooski Avenue Burlington	28	\$665,840	7/29/14	\$23,780	Located in Burlington's Old North End neighborhood. Urban location. Demolition of a former Dairy Queen restaurant required.
265 & 260 No. Winooski Ave. Burlington	22	\$660,000	1/27/14	\$30,000	Located in Burlington's Old North End neighborhood. Urban location. Demolition of older structures required.
1690 Shelburne Road, South Burlington	63	\$1,700,000	8/15/15	\$26,984	Suburban location. No demolition required.

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<sup>2</sup>Ibid, Page 309



The analysis compared the properties based on price per potential housing unit. This is a common unit of comparison for residential development properties. The sales were compared to the subject based on a number of factors which are observed to influence value. The comparison process reflects and adjusts for observed differences between the sales and the subject property. The comparative analysis of the sale data, resulting in indications of market value for the subject, is presented at the end of this report section.

## **Discussion of Adjustments**

### **Property Rights**

Each of the sales involved the conveyance of the fee simple or equivalent leased fee interest or estate. No adjustments were required.

### **Financing**

No adjustments were applied for financing. The sale properties were acquired with conventional financing or on a cash equivalent (cash to seller) basis.

### **Conditions of Sale**

None of the transfers were measurably affected by atypical motivation influences which might have affected the selling prices.

### **Time**

The date of this valuation is November 9, 2015. The sales closed in 2014 and 2015. An adjustment for time was not made. While rental demand remains strong, the significant number of new apartments brought to the market in recent years is beginning to be reflected in higher vacancy rates and slower absorption. It should be recognized that the higher vacancy and slower absorption is relative to a historically very tight apartment market, characterized by minimal vacancy and rapid absorption of new projects. Even with the new construction, the market remains strong. However, I don't believe that an adjustment for price appreciation is warranted.

### **Location**

While the location of the three sales vary between urban and suburban, the overall location of the sales are regarded as reasonably similar to the subject's location from a value standpoint. No adjustments were applied for location.

### **Land**

Lot 1 has 0.93± acres. Sale 3 has about 8.5 acres of land. However, close to half of the land is not buildable because of a stream which bisects the property. No adjustments are warranted as the value is based on the potential housing units on each site, which is a reflection of the amount of land suitable for development.

### **Potential Housing Units**

Size often has an inverse affect on price per housing unit, with small projects selling for more per unit than large projects which are otherwise similar. However, in this case, an adjustment for variations in size does not appear to be necessary.

### **Topography / Access / Utilities**

No adjustments were required for these value factors.

### **Approvals**

The project as proposed is not yet approved by the City of Burlington. Sale 2 was fully approved when purchased, with the approvals obtained by the seller. This sale received a negative adjustment. Sales 1 and 3 were sold subject to the buyers first obtaining all necessary development approvals. Adjustments to these two sales were not warranted.

### **Demolition Costs**

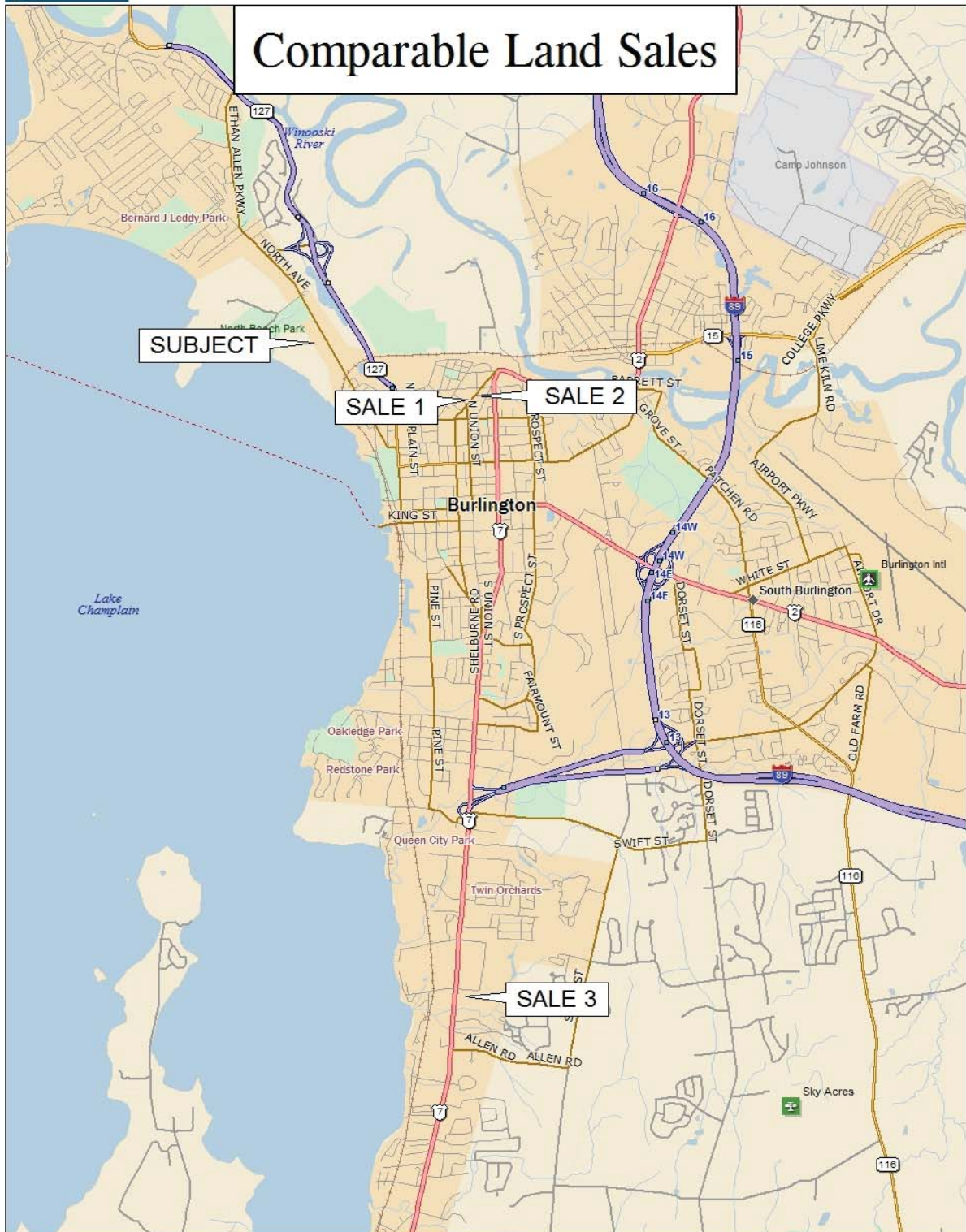
Development of the subject lot will require the demolition of the existing dormitory and garage. Sales 1 and 2 also required demolition of existing structures. No adjustments were required. Sale 3 did not require any demolition expenses. A negative adjustment was applied.

### **Summary & Conclusion - Sales Comparison Approach**

After adjustment, all three sales indicate a value of about \$24,000 per potential housing unit. Applied to the subject's potential of 45 housing units on Lot 1, that equates to a value of \$1,080,000.

Based upon the available market information and preceding analysis, it is my opinion that the market value of Lot 1, as indicated by the sales comparison approach to value, as of November 9, 2015, is \$1,080,000.

Sale Comparison Analysis - Lot 1				
<b>File #15089</b>	<b>Subject</b>	<b>Sale 1</b>	<b>Sale 2</b>	<b>Sale 3</b>
<b>Property Location</b>	Lot 1 311 North Avenue Burlington	237 No. Winooski Ave., Burlington	256 & 260 No. Winooski Ave., Burlington	1690 Shelburne Road, South Burlington
<b>Sale Price</b>		\$665,840	\$660,000	\$1,700,000
<b>Sale Date</b>	Nov 9, 2015	Jul 29, 2014	Jan 27, 2014	Aug 15, 2015
<b>Potential Housing Units</b>	45	28	22	63
<b>Price per Unit</b>		<b>\$23,780</b>	<b>\$30,000</b>	<b>\$26,984</b>
<b>Value Factors</b>				
<b>Financing</b>		Cash to seller	Cash to seller	Cash to seller
<b>Adjustment</b>		----	----	----
<b>Market Conditions (Time)</b>		15 months	21 months	3 months
<b>Adjustment</b>		----	----	----
<b>Adjusted Price/Acre</b>		<b>\$23,780</b>	<b>\$30,000</b>	<b>\$26,984</b>
<b>Location Adjustment</b>		----	----	----
<b>Zoning</b>	RM/W	Mixed Use	Mixed Use	Commercial 2
<b>Adjustment</b>		----	----	----
<b>Land Area (acres)</b>	0.93 ±	0.43 ±	0.47 ±	8.51 ±
<b>Adjustment</b>		----	----	----
<b>Potential Housing Units</b>	45	28	22	63
<b>Adjustment</b>		----	----	----
<b>Shape</b>	Rectangular	Rectangular	Irregular	Rectangular
<b>Adjustment</b>		----	----	----
<b>Topography</b>	Level	Level	Level	Slightly sloping
<b>Adjustment</b>		----	----	----
<b>Access</b>	Adequate	Adequate	Adequate	Adequate
<b>Adjustment</b>		----	----	----
<b>Utilities</b>	City water & sewer	City water & sewer	City water & sewer	City water & sewer
<b>Adjustment</b>		----	----	----
<b>Approvals</b>	Not Approved	Subject to	Approved	Subject to
<b>Adjustment</b>		----	<b>(\$6,000)</b>	----
<b>Demolition</b>	Yes	Yes	Yes	None
<b>Adjustment</b>		----	----	<b>(\$1,500)</b>
<b>Net Adjustments</b>		<b>\$0</b>	<b>(\$6,000)</b>	<b>(\$3,000)</b>
<b>Indicated Unit Value</b>		<b>\$23,780</b>	<b>\$24,000</b>	<b>\$23,984</b>
<b>Indicated Value</b>		<b>\$1,070,100</b>	<b>\$1,080,000</b>	<b>\$1,079,286</b>
<b>Rounded</b>		<b>\$1,070,000</b>	<b>\$1,080,000</b>	<b>\$1,080,000</b>



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## Land Sale No. 1



### Property Identification

<b>Record ID</b>	784
<b>Property Type</b>	MF, Multifamily development Land
<b>Address</b>	237 North Winooski Avenue, Burlington, Vermont
<b>Longitude, Latitude</b>	W-73.20954, N44.48675
<b>Neighborhood</b>	Mixed Use
<b>Highest &amp; Best Use</b>	Residential/commercial

### Sale Data

<b>Grantor</b>	Kathryn E. Goguen
<b>Grantee</b>	Maiden Lane, LLC
<b>Sale Date</b>	July 29, 2014
<b>Deed Book/Page</b>	1254/754
<b>Property Rights</b>	Fee simple
<b>Conditions of Sale</b>	Arm's length
<b>Financing</b>	Cash to seller
<b>Sale History</b>	Acquired by seller, 02/1984
<b>Verification</b>	Erik Hoekstra; 363-5165, Other sources: Municipal records, Confirmed by Mark W. Brooks

<b>Sale Price</b>	\$595,840
<b>Cash Equivalent</b>	\$595,840
<b>Upward Adjustment</b>	\$70,000 Demo & contamination
<b>Adjusted Price</b>	\$665,840

### **Land Sale No. 1 (Cont.)**

#### **Land Data**

<b>Zoning</b>	Mixed Use
<b>Topography</b>	Level
<b>Utilities</b>	Municipal water and sewer; electricity, phone and gas
<b>Shape</b>	roughly rectangular
<b>Landscaping</b>	None
<b>Parking</b>	Adequate parking
<b>Flood Info</b>	Not in Flood Zone
<b>Access</b>	good access from N. Winooski Av.

#### **Land Size Information**

<b>Gross Land Size</b>	0.430 Acres or 18,731 SF
<b>Planned Units</b>	28
<b>Front Footage</b>	122 ft Total Frontage: 122 ft N. Winooski Av
<b>Actual/Planned Building SF</b>	25,820

#### **Indicators**

<b>Sale Price/Gross Acre</b>	\$1,385,674 Actual or \$1,548,465 Adjusted
<b>Sale Price/Gross SF</b>	\$31.81 Actual or \$35.55 Adjusted
<b>Sale Price/Planned Unit</b>	\$21,280 Actual or \$23,780 Adjusted
<b>Sale Price/Front Foot</b>	\$4,884 Actual or \$5,458 Adjusted
<b>Sale Price/Planned Bldg. SF</b>	\$23.08 Actual or \$25.79 Adjusted

#### **Remarks**

The property consists of a 0.43 acre parcel of land, located 237 N. Winooski Ave. in Burlington, Vermont. The parcel has approximately 122 feet of frontage on N. Winooski Ave with good access. Utilities available include telephone, electric, gas and municipal water/sewer. The parcel was acquired for use as multifamily and retail units. The planned development includes 28 housing units and one retail unit. (The one retail unit is required as part of the local development approvals and the buyer did not attribute any value to that unit.) Site improved with existing vacant restaurant demolished by buyer at a cost estimated at \$20,000. In addition, \$50,000 was budgeted for possible remediation work of contaminants on the property. State and Local development approvals were obtained by the buyer prior to closing. The sale terms were negotiated directly between the buyers and sellers and is considered to be an arm's length transaction. The sale price was \$595,840. However, with the addition of the \$20,000 demolition and \$50,000 remediation, the price was adjusted up to \$665,840 which equates to approximately \$23,780 per unit.

## Land Sale No. 2



### Property Identification

<b>Record ID</b>	697
<b>Property Type</b>	MF, Residential Development
<b>Address</b>	256 & 260 North Winooski Avenue, Burlington, Vermont 05401
<b>Neighborhood</b>	Residential and commercial
<b>Highest &amp; Best Use</b>	Residential development

### Sale Data

<b>Grantor</b>	256-262 N Winooski LLC
<b>Grantee</b>	WR Vilas, LLC
<b>Sale Date</b>	January 27, 2014
<b>Property Rights</b>	Fee simple
<b>Conditions of Sale</b>	Arm's length
<b>Financing</b>	Cash to seller
<b>Verification</b>	Erik Hoekstra, buyer; Other sources: City records, Confirmed by Mark W. Brooks

<b>Sale Price</b>	\$570,000
<b>Cash Equivalent</b>	\$570,000
<b>Upward Adjustment</b>	\$90,000 contamination and demo
<b>Adjusted Price</b>	\$660,000

### Land Data

<b>Zoning</b>	Neighborhood Mixed Use
<b>Topography</b>	Level
<b>Utilities</b>	Water/sewer, gas
<b>Shape</b>	Rectangular
<b>Landscaping</b>	None
<b>Access</b>	Adequate

## Land Sale No. 2 (Cont.)

### Land Size Information

<b>Gross Land Size</b>	0.480 Acres or 20,909 SF
<b>Planned Units</b>	22
<b>Actual/Planned Building SF</b>	20,847

### Indicators

<b>Sale Price/Gross Acre</b>	\$1,187,500 Actual or \$1,375,000 Adjusted
<b>Sale Price/Gross SF</b>	\$27.26 Actual or \$31.57 Adjusted
<b>Sale Price/Planned Unit</b>	\$25,909 Actual or \$30,000 Adjusted
<b>Sale Price/Planned Bldg. SF</b>	\$27.34 Actual or \$31.66 Adjusted

### Remarks

This sale is located at 256-262 North Winooski Avenue in Burlington. It was bought for the development of a 20,847± SF, 22 unit apartment building with a 1,500 SF retail unit. The land is improved with two residential dwellings and an auto repair building. All will be demolished. The buyer expects the demolition cost to be about \$50,000. In addition, there was soil contamination from past auto repair use on the site. The estimated cost to mitigate the contamination is \$40,000. Development approvals for the project were obtained by the seller. The property is located in the Old North End neighborhood of Burlington. The area is densely developed with most multi-unit residential buildings and some commercial buildings. Prices and rents are typically lower in the Old North End compared to other parts of Burlington. However, the area has seen increased demand from renters as it is lower priced and convenient to downtown Burlington. This purchase is part of a trend to develop and / or renovated apartments in the area to meet the renter demand. The property sold on January 27, 2014 for \$570,000. Including the demolition and soil contamination costs, the acquisition price is \$660,000, or \$30,000 per housing unit.



### Land Sale No. 3



#### **Property Identification**

<b>Record ID</b>	828
<b>Property Type</b>	MF, Multifamily development
<b>Address</b>	1690 Shelburne Road, South Burlington, Vermont
<b>Neighborhood</b>	Commercial
<b>Highest &amp; Best Use</b>	Commercial

#### **Sale Data**

<b>Grantor</b>	Kurt V. and Laura M. Reichelt Trustee
<b>Grantee</b>	Pizzagalli Properties, LLC
<b>Sale Date</b>	August 06, 2015
<b>Deed Book/Page</b>	1282/120
<b>Property Rights</b>	Fee simple
<b>Conditions of Sale</b>	Arm's length
<b>Sale History</b>	Seller acquired 11/07/80
<b>Verification</b>	Bob Bouchard; 660-6800, August 24, 2015; Confirmed by Ann Pigeon

<b>Sale Price</b>	\$1,700,000
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#### **Land Data**

<b>Zoning</b>	Commercial 2
<b>Topography</b>	Level to sloping

### **Land Sale No. 3 (Cont.)**

<b>Utilities</b>	Telephone, electric, municipal water/sewer
<b>Shape</b>	Irregular
<b>Flood Info</b>	Not in Flood zone
<b>Access</b>	Access via Shelburne Road

#### **Land Size Information**

<b>Gross Land Size</b>	8.510 Acres or 370,696 SF
<b>Planned Units</b>	63
<b>Front Footage</b>	578 ft Shelburne Road

#### **Indicators**

<b>Sale Price/Gross Acre</b>	\$199,765
<b>Sale Price/Gross SF</b>	\$4.59
<b>Sale Price/Planned Unit</b>	\$26,984

#### **Remarks**

The property, which is located at 1690 Shelburne Road in South Burlington, consists of a 9.14 acre parcel of land. The parcel is situated on the east side of Shelburne Road with frontage of approximately 578 feet. The parcel was acquired to build a 63 apartment building. The sale was contingent on the buyers obtaining development approval before closing. The sale is considered to be arm's length with no unusual or motivating circumstances. The sale price was \$1,700,000, which equates to approximately \$27,000 per unit.



## VALUATION - LOTS 2 - 17

### Discounted Cash Flow Analysis

The valuation of the 16 single family lots has been undertaken by means of a discounted cash flow model reflecting the sale of the single family lots. The discounted cash flow analysis is the most appropriate valuation technique because it reflects the method by which a buyer / investor would view the property. Under this methodology, the property's market value is estimated through a present value analysis of individual lot sales, recognizing appropriate costs including infrastructure construction, profit, lot sale commissions, holding expenses, discount for time, etc. A summary of the valuation is presented below, with detail following.

#### Summary of Discounted Cash Flow (DCF) Analysis

<b>Number of Lots</b>	16
<b>Retail Value of Lots</b>	\$220,000 per single family lot, based on a representative 0.30 acre lot.
<b>Commencement of Sales</b>	November 9, 2015 (date of the valuation).
<b>Absorption Period</b>	38 months following November 9, 2015. An annual absorption rate for the subject's single family lots is estimated to be 5 lots.
<b>Marketing Costs</b>	6%
<b>Profit</b>	20%
<b>Property Taxes (for the single family lots)</b>	Taxes for the sell-off period will be based on an allocation of the current tax, minus the prorated land value for Lot 1 and the assessed value of the dormitory building. The annual tax is estimated to be \$2,125 per lot.
<b>Discount Rate</b>	3.75% annually
<b>Value Estimate</b>	\$1,870,000

The first step is the valuation of the single family lots. As proposed, the 16 lots will range in size from 0.23 to 0.49 acres. The average lot size is 0.32 acres and the median lot size is 0.30 acres. While the lots vary in size, they will share several common characteristics such as topography (level to gently sloping), partial lake views (through trees from the house sites, although Lots 1-11 will have very good views from the rear of their lots, which are at the top of the steep bank sloping down to the waterfront), 900 ± feet of common beach on Lake Champlain, and direct access to the Burlington Bike Path. For purposes of this analysis, the median lot size of 0.30 acres was used to represent all of the proposed lots. This inherently recognizes that there will be lots priced above and below this lot size.

The market area was extensively researched for sales of single family building lots which are considered to be reasonably similar to the subject lots. The research focus on lot sale in the urban core of Chittenden County. This includes Burlington, Winooski and the more densely developed neighborhoods of South Burlington. The research identified several lot sales and listings in Burlington and South Burlington which were studied as part of this valuation analysis. The sales which provide the best evidence of market value for the subject's single family lots are summarized on the following below.

### Sales Summary

	Location	Sales Price	Sale Date	Lots Size	Comments
1	Lot 2 Staniford Farms Road, Burlington	\$172,600*	11/21/14	0.22 acre	<p>Staniford Farms is a 22 lot single family subdivision located off North Avenue in the New North End neighborhood. This is about 2½ miles north of the subject. The lots are generally smaller than the subject's lots. Topography is level. The subdivision is adjacent to the Burlington Bike Path.</p> <p>* The lots are being sold to a local builder who will receive a discount of \$140,000 for the 22 lots. That amounts to about \$6,400 per lot. The recorded sale price is \$179,000, but the net sale price after the discount is \$172,600.</p>
2	115 Glen Road Burlington	\$150,000	5/28/14	0.31 acre	Building lot in the south end of Burlington, near Rice Memorial High School. Convenient to downtown, Interstate 89 and shopping. Sloping topography.
3	69 Scarff Avenue Burlington	\$160,000	5/26/15	0.20 acre	Building lot in the south end of Burlington. Convenient to downtown, Interstate 89 and shopping. Level topography.
4	198 Appletree Point Road Burlington	\$225,000	11/30/2012	0.34 acre	Level lot near the lake with some views. Has lake access. New North End neighborhood off North Avenue. Established neighborhood. Level topography.

The analysis compared the properties based on gross selling price. This is the most common method of comparison for single family building lots. The sales are compared to the subject relative to a number of factors which are observed to influence value. The comparison process reflects and adjusts for observed differences between the sales and the subject property. The comparative analysis of the sales data, resulting in indications of market value for the subject, is presented in grid form on the accompanying page. The grid analysis is based on the median lot size in the subject's subdivision of 0.30 acres.

## **Discussion of Adjustments**

### **Property Rights**

Each of the sales involved the conveyance of the fee simple interest or estate. No adjustments were required.

### **Financing**

No adjustments were applied for financing. The sale properties were acquired with conventional financing or on a cash equivalent (cash to seller) basis.

### **Conditions of Sale**

None of the transfers were measurably affected by atypical motivation influences which might have affected the selling price(s).

### **Time**

The appraisal date is November 9, 2015. The sales transferred between November 2012 and May 2015. The data is considered to be reasonably reflective of current market conditions. Over the time period studied, price levels of building lots have remained fairly stable. No adjustments were applied.

### **Location**

The subject and sales are all located in popular residential neighborhoods in Burlington. No adjustments were necessary.

### **Size**

The median lot size for the subject's 16 single family lots is 0.30 acres. Sales 1 and 3 are smaller and both received a positive adjustment. Sales 2 and 4 are reasonably similar in size with the subject so adjustments to these sales were not required.

### **Shape / Easements**

No adjustments were applied.

### **Topography**

The subject and Sales 1, 3 and 4 have favorable topography. Sale 2 has sloping topography which required additional site work. The buyer estimated the added cost to be about \$15,000. This sale therefore received a positive adjustment.

### **Utilities**

No adjustments were required.

### **Lake Access**

The subject and Sale 4 both have deeded lake access, and both have seasonal lake views. Sales 1-3 do not have lake access or views. They received positive adjustments. The adjustment is based on a pairing of Sales 1 and 4, both of which are in the same neighborhood.

### **Summary & Conclusion - Sales Comparison Approach**

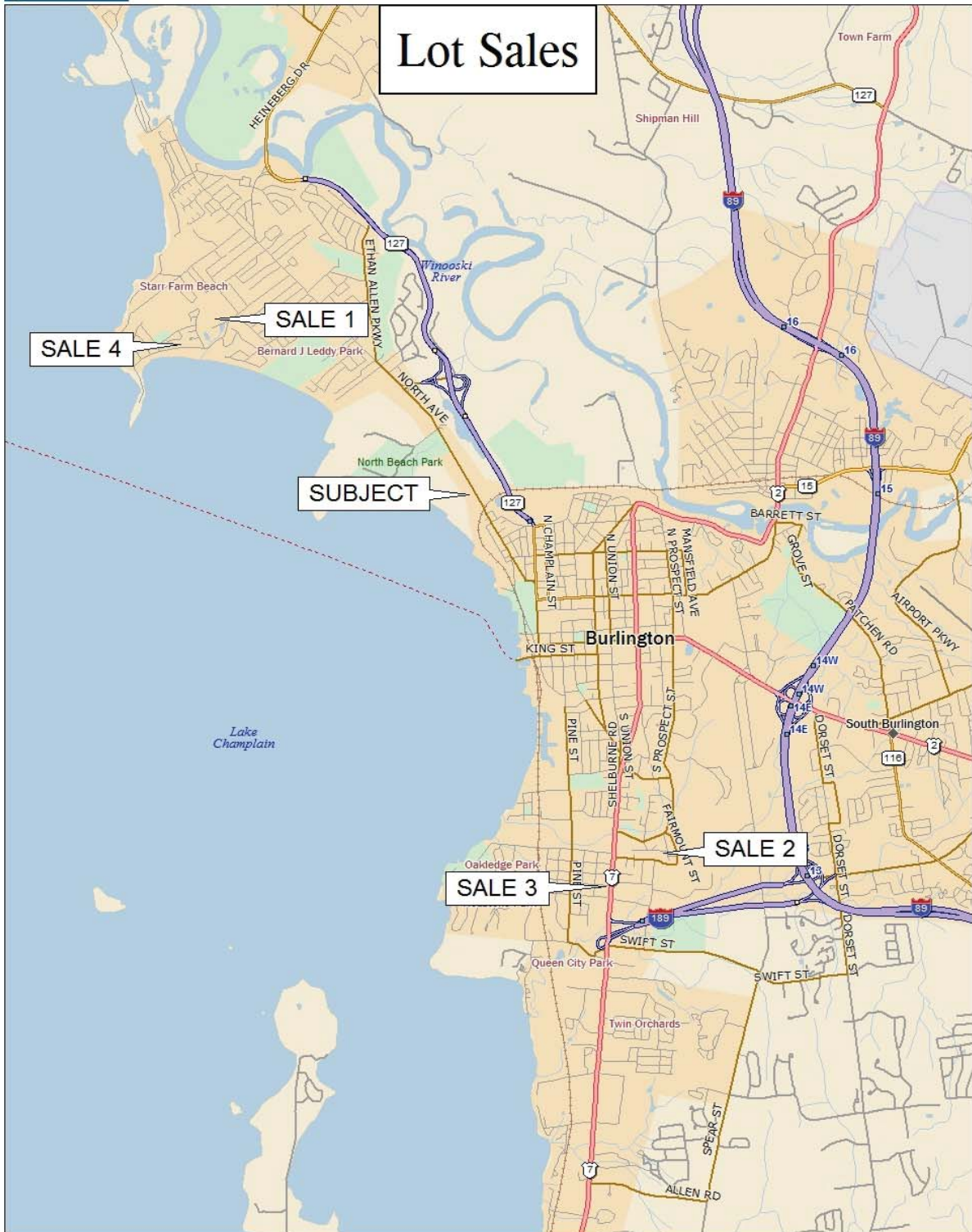
The sales indicate a range of values for the subject's lot of \$210,000 to \$227,600. Sale 4, indicating \$225,000, is the only sale which has lake access. It is similar to the subject in size and it required the least adjustment. Sale 2, indicating \$210,000, required the largest adjustment. Sale 3, indicating \$215,000, is the most recent sale and Sale 4 is the most dated sale. In reconciling an opinion of value for the subject's representative 0.30 acre lot, greatest weight was applied to the values indicated by Sales 3 and 4 as they include the most recent sale and the sale requiring the least adjustment.

Based on this analysis, it is my opinion that the market value of the subject's representative 0.30 acre lot, as of November 9, 2015, is \$220,000. This value will apply to all 16 of the subject's single family lots.

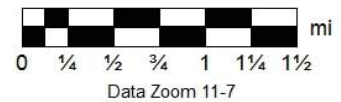
Sale Comparison Analysis - Lots 2-17					
<b>File #15089</b>	<b>Subject</b>	<b>Sale 1</b>	<b>Sale 2</b>	<b>Sale 3</b>	<b>Sale 4</b>
<b>Property Location</b>	Lots 2-17 311 North Ave.	Lot 2 Staniford Farms Road	115 Glen Road	69 Scarff Avenue	198 Appletree Point Road
	Burlington	Burlington	Burlington	Burlington	Burlington
<b>Sale Price</b>		\$172,600	\$150,000	\$160,000	\$225,000
<b>Sale Date</b>	Nov 9, 2015	Nov 21, 2014	May 28, 2014	May 26, 2015	Nov 30, 2012
<b>Size (acres)</b>	0.30±	0.22±	0.31±	0.20±	0.34±

#### Value Factors

<b>Financing</b>		Conventional	Conventional	Conventional	Conventional
<b>Adjustment</b>		-----	-----	-----	-----
<b>Market Conditions (Time Difference)</b>		12 months	17 months	5 months	35 months
<b>Adjustment</b>		-----	-----	-----	-----
<b>Adjusted Price/Acre</b>		<b>\$172,600</b>	<b>\$150,000</b>	<b>\$160,000</b>	<b>\$225,000</b>
<b>Location Adjustment</b>		-----	-----	-----	-----
<b>Zoning</b>	RM-W	Residential	Residential	Residential	Residential
<b>Adjustment</b>		-----	-----	-----	-----
<b>Parcel Size (acres)</b>	0.30±	0.22±	0.31±	0.20±	0.34±
<b>Adjustment</b>		<b>\$10,000</b>	-----	<b>\$10,000</b>	-----
<b>Shape / Easements</b>	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
<b>Adjustment</b>		-----	-----	-----	-----
<b>Topography</b>	Level to slightly sloping	Level	Sloping	Level	Level
<b>Adjustment</b>		-----	<b>\$15,000</b>	-----	-----
<b>Utilities</b>	Municipal water & sewer	Municipal water & sewer	Municipal water & sewer	Municipal water & sewer	Municipal water & sewer
<b>Adjustment</b>		-----	-----	-----	-----
<b>Lake Access</b>	Yes	No	No	No	Yes
<b>Adjustment</b>		<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>	-----
<b>Net Adjustments</b>		<b>\$55,000</b>	<b>\$60,000</b>	<b>\$55,000</b>	<b>\$0</b>
<b>Indicated Value</b>		<b>\$227,600</b>	<b>\$210,000</b>	<b>\$215,000</b>	<b>\$225,000</b>



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## **Project Absorption**

The next step is to estimate an appropriate rate of absorption (sell-off) of the subject's lots. Market absorption is a function of price and demand. Absorption may be measured by the experience of other projects which have been introduced to the market over the last few years.

The subject's location is considered above average as it is in close proximity of downtown Burlington, is adjacent to the Burlington Bike Path and has lake access. Because of this, I believe the subject's lots will experience favorable absorption.

Market absorption is a function of price and demand. It can be measured by studying the marketing time of single family residential projects introduced to the market over the last few years. A review of absorption rates associated with several single family developments indicates that lots are typically sold at a rate of 4 to 6 per year. An absorption rate of 5 lot sales per year was used for this analysis.

## **Discounted Cash Flow Analysis Discussion**

The date of this valuation analysis is November 9, 2015. For each quarterly period, the gross income is derived by multiplying the lot sales by the estimated retail price. The retail price of the subject's 16 lots is estimated to be \$220,000 based on current market conditions, which are not expected to change between now and the end of the subject's sales period. Given the subject's 16 lots, I have concluded absorption for the subject at five lots per year (0.4 lots per month), with a sellout in 38 months. With sales commencing on November 9, 2015, sellout is therefore estimated by January 1, 2019.

The gross income calculations, together with the expense estimates, are illustrated on the table at the end of this section. The table identifies the periodic cash flows, represented by the projected income less expenses associated with each quarterly period. The net income for each period is then discounted to present value, resulting in an estimate of net present value.

The expenses for the subject property include initial infrastructure development followed by costs such as broker commissions, profit, and project expenses such as on-going maintenance, taxes and closing costs. These are the primary costs which would be incurred in the disposition of a residential subdivision of this type. A discussion of project costs, and the discounting process follows:

Marketing costs are estimated at 6% of gross sales. This is a "bulk" rate as it recognizes the multiple lots which will be sold. The rate was estimated through conversations with area brokers who sell subdivision lots. A typical commission for a single lot sale is 10%.

Profit is necessarily deducted as an element of cost in that it represents the primary motivation for development, and would be required by any buyer of this type of property. The profit is the required investment return on this type of property and risk, beyond the basic investment rate of return on the equity investment. It is essentially the additional return or compensation which would be necessary in order to attract an investor to this type of property. Historically, the profit expectation for residential development projects like this has been in the range of 15 to 20%. In this case, a profit level of 20% of gross sales has been deducted. The developer's risk is mitigated by its location in close proximity to downtown Burlington and the Burlington Bike Path and the deeded lake access.

Property taxes will have to be paid during the sell out period, and this represents an expense which must be deducted from gross income. Taxes are based on the current taxes on the parcel (not subdivided). The current annual tax per single family building lot is estimated by first subtracting the assessed value of the dormitory building and the assessed value of the 0.93 acres on Lot 1. The assessed value for Lot 1's land is based on a proration of the overall assessed value of the land. This calculation resulted in an estimated annual tax for each of the 16 single family lots of \$2,125, or \$177 per lot per month and \$531 per lot per quarter. As each lot is sold, the annual tax is reduced by \$2,125. A 3% increase in the tax was applied each year.

Maintenance charges cover the developer's expenses associated with maintaining the lots while they are available for sale. These expenses include grass cutting and snow removal. Based on expenses associated with other single family development projects, an annual estimate of \$500 per lot was made and used in this analysis. This equates to \$42 per month per lot and \$126 per lot per quarter. The maintenance expense is increased by 3% each year during the sell-off process.

There will be no electrical expenses during the sell off period.

The total expenses for each period were deducted from the gross sales estimates. The resulting quarterly cash flows were then discounted to a net present value estimate. The discounting process reflects the estimated required return on investment, over time, based upon the perceived risk of the project. The discount rate essentially reflects the cost of funds or financing for a project of this type. Financing is estimated at 3.75%. Again, we note that the discount rate is in addition to the profit which is required for the entrepreneurial effort.

The cash flow analysis indicates a present value of the subject's 16 single family lots of \$1,870,000 as of November 9, 2015.

# Analysis of Single Family Lot Sales

[illegible]

## RECONCILIATION OF VALUE ESTIMATES

### Summary of Value Estimates

Lot 1	\$1,080,000
Lots 12-17	\$1,870,000
<b>Value Conclusion</b>	<b>\$2,950,000</b>

### Reasonable Exposure Time & Marketing Time

Implicit in the value estimate is that the subject property has received reasonable exposure time on the market. Reasonable exposure time is 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. Marketing time is the period following November 9, 2015, the appraisal date. Marketing time is the estimated time period required to consummate a sale at market value after the effective date of appraisal. A reasonable estimate for both exposure time and marketing time is 6± months. This is based upon a review of residential development sales which are similar to the subject in Chittenden County. Evidence indicates significant variations, relative to the actual marketing periods for these types of properties. While some properties are sold within a few months, others may be marketed for over one year, before a sale is successfully negotiated and completed. Obviously, any sale is highly dependent upon property specific demand circumstances, in addition to general market demand influences. Most notable, among the many variables, is pricing, which has a major impact on marketing time. A property which is priced higher than market value levels, will generally experience a correspondingly longer marketing time, while an underpriced property is more likely to sell rapidly. In the case at hand, it is my opinion that, when properly priced and marketed, a reasonable marketing period for a property of this type would be approximately 6± months.

## **EXHIBITS & ADDENDA**



### **Subject Property Photographs**

<b>Property Owner</b>	BC Community Housing, LLC
<b>Property Location</b>	311 North Avenue Burlington, Vermont
<b>Date Photographed</b>	November 9 & 12, 2015
<b>Photographer</b>	Mark W. Brooks



North Avenue looking north



North Avenue looking south



Dormitory building



Dormitory building



Dormitory building



Garage





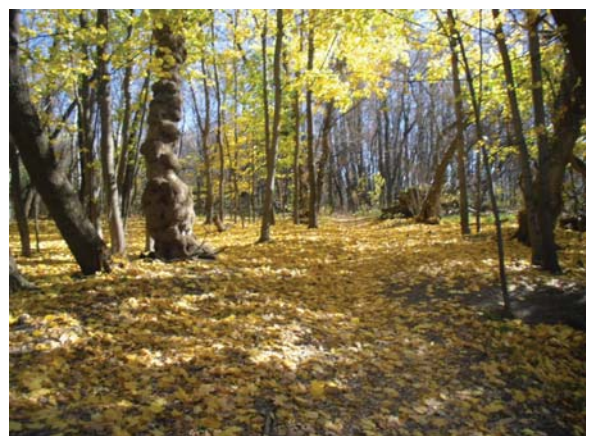
Rear of the buildings showing the topography of Lot 1



Southern portion of the parcel (single family area)



Southern portion of the parcel near the top of the bank overlooking the lakefront.



Central section of the parcel



Central section of the parcel looking west toward the lake



Central section of the parcel



Burlington College and former orphanage viewed from the central section of the subject land, looking east.



The subject's lakefront, the bike path is in the foreground.



The subject's lakefront

## **Legal Description**





Doc ID: 001978670005 Type: LAN

BK 1268 PG 198-202

## WARRANTY DEED

KNOW ALL PEOPLE BY THESE PRESENTS, that *Burlington College*, a Vermont non-profit corporation with a principal place of business in Burlington, in the County of Chittenden and State of Vermont, Grantor, in the consideration of ONE AND MORE DOLLARS paid to Grantor's full satisfaction by *BC Community Housing, LLC*, a Vermont limited liability company with a principal place of business in Colchester, in the County of Chittenden and State of Vermont, Grantee, by these presents, does freely GIVE, GRANT, SELL, CONVEY AND CONFIRM unto the said Grantee, *BC Community Housing, LLC*, and its successors and assigns forever, certain lands in Burlington, in the County of Chittenden and State of Vermont, described as follows, viz:

### Parcel One:

Being a 9.16 acre, more or less, parcel of land with improvements thereon and depicted as "Burlington College Vol. 1126 Pg. 34 Lot B Exist. 9.16 Ac. (Not Modified)" on a survey entitled "Lot Line Adjustment between 329 & 351 North Avenue Burlington College Burlington, Vermont" dated December 18, 2014, prepared by Civil Engineering Associates, Inc. and recorded in Map Slide 509c of the City of Burlington Land Records (the "Plat").

Being all and the same land and premises conveyed to Burlington College by Warranty Deed of The Roman Catholic Diocese of Burlington, Vermont, Inc. dated December 31, 2010 and recorded in Volume 1126, Page 34 of the City of Burlington Land Records, and being described therein as follows:

"The lands and premises situated on the westerly side of North Avenue in the City of Burlington, commonly known and designated as No. 311 thereon, formerly known as the "Lakeview Sanitarium" property and the "St. Joseph Group Home" property, containing three separate and distinct parcels of land. Said parcels are described as follows:

Parcel 1: Being all and the same lands and premises conveyed to The Roman Catholic Diocese of Burlington, Vermont by Warranty Deed of Alfred Perrota, dated May 19, 1945 and recorded in Volume 122, at Pages 622-623 of the City of Burlington Land Records.

Parcel 2: Being a portion of the lands and premises conveyed to the Roman Catholic Diocese of Burlington, Vermont, Inc. by Warranty Deed of Vermont

Catholic Charities, Inc., (resulting successor corporation by way of a merger with St. Joseph Child Center, Inc., formerly known as The Providence Orphan Asylum and Hospital of Burlington) dated December 28, 2010 and recorded in Volume 1126 at Page 32 of the City of Burlington Land Records, which corrects and confirms the Warranty Deed dated April 18, 1975, and recorded in Volume 231, at Pages 561-562 of the Land Records of the City of Burlington. Further being all of "Lot A" as described by Warranty Deed to Vermont Catholic Charities, Inc. from Central Vermont Railway, Inc. dated June 24, 1955 and of record at Volume 146, Page 619 of said Land Records.

Parcel 3: Being a portion of the lands and premises conveyed to the Roman Catholic Diocese of Burlington, Vermont, Inc. by Warranty Deed of Vermont Catholic Charities, Inc., (resulting successor corporation by way of a merger with St. Joseph Child Center, Inc., formerly known as The Providence Orphan Asylum and Hospital of Burlington) dated December 28, 2010 and recorded in Volume 1126 at Page 32 of the City of Burlington Land Records, which corrects and confirms the Warranty Deed dated April 18, 1975, and recorded in Volume 231, at Pages 561-562 of the Land Records of the City of Burlington. Further being all of "Lot B" as described by Warranty Deed to Vermont Catholic Charities, Inc. from Central Vermont Railway, Inc. dated June 24, 1955 and of record at Volume 146, Page 619 of said Land Records."

Reference is made to the above mentioned deeds and documents, the records thereof and the references therein contained in further aid of this description.

**Parcel Two:**

Being an 18.49 acre, more or less, unimproved parcel of land depicted as "Burlington College Vol. 1126 Pg. 36 Lot C" on the Plat.

Being all and the same land and premises conveyed to Burlington College by the following two deeds: 1) Warranty Deed of The Roman Catholic Diocese of Burlington, Vermont, Inc. dated December 31, 2010 and recorded in Volume 1126, Page 36 of the Burlington Land Records; and 2) Warranty Deed of The Roman Catholic Diocese of Burlington, Vermont, Inc. dated December 31, 2010 and recorded in Volume 1126, Page 38 of the Burlington Land Records LESS AND EXCEPT a six (6) acre, more or less, improved parcel of land retained by Burlington College and depicted as Lot A on the Plat (the "Retained Parcel"). Being a portion of the lands and premises conveyed to the Roman Catholic Diocese of Burlington, Vermont, Inc. by Warranty Deed of Vermont Catholic Charities, Inc., (resulting successor corporation by way of a merger with St. Joseph Child Center, Inc., formerly known as The Providence Orphan Asylum and Hospital of Burlington) dated December 28, 2010 and recorded in Volume 1126 at Page 32 of the City of Burlington Land Records. Also being a portion of the lands and premises conveyed to the Roman Catholic Diocese of Burlington, by Warranty Deed of Vermont Catholic Charities, Inc., (resulting successor

corporation by way of a merger with St. Joseph Child Center, Inc., formerly known as The Providence Orphan Asylum and Hospital of Burlington) dated April 18, 1975, and recorded in Volume 231, at Pages 561-562 of the Land Records of the City of Burlington.

Grantor hereby reserves the following non-exclusive easements over the parcels herein conveyed, which shall be for the benefit of and appurtenant to the Retained Parcel:

1. An easement for the discharge of stormwater from the Retained Parcel via sheet flow or into existing drainage areas and stormwater facilities, as such drainage areas and stormwater facilities may be modified and developed by Grantee on the herein conveyed parcels;
2. An easement for utilities providing service to the Retained Parcel; and
3. An easement, to: i) construct and maintain driveways and sidewalks connecting the Retained Parcel to any future private drives or sidewalks constructed by Grantee or its successors within sixty (60) feet of the Retained Parcel, the locations of which shall be subject to the written approval of Grantee or its successors, which approval shall not be unreasonably withheld, delayed or conditioned; and ii) use said constructed private drives and sidewalks to provide vehicular and pedestrian ingress and egress to and from the Retained Parcel (until such time as any such private drives and sidewalks are accepted by the City of Burlington as a public road(s) or public sidewalks). Grantee shall be under no obligation to construct any private drives or sidewalks in connection with the foregoing easement.

Grantor shall exercise such easement rights in a manner that does not unreasonably interfere with Grantee's development of the parcels herein conveyed. At any time in its sole discretion and without the consent of Grantor, Grantee may, at its expense, re-locate any of the foregoing easements from time-to-time provided that the new location serves the Retained Parcel in a no less convenient manner.

Grantor hereby conveys the following non-exclusive easements over the Retained Parcel, which shall be for the benefit of and appurtenant to the parcels herein conveyed:

1. An easement for the discharge of stormwater from the parcels herein conveyed via sheet flow or into existing drainage areas and stormwater facilities, as such drainage areas and stormwater facilities may be modified and developed by Grantor on the Retained Parcel; and

2. An easement for utilities providing service to the parcels herein conveyed.

Grantee shall exercise such easement rights in a manner that does not unreasonably interfere with Grantor's existing or future use of the Retained Parcel. At any time in its sole discretion and without the consent of Grantee, Grantor may, at its expense, re-locate any of the foregoing easements from time-to-time provided that the new location serves the parcels herein conveyed in a no less convenient manner.

Reference is hereby made to a Declaration of Restrictive Covenant by BC Community Housing, LLC dated February 2, 2015 and to be recorded subsequent hereto in the City of Burlington Land Records, which shall subject a portion of the lands and premises herein conveyed to a restrictive covenant for the benefit of the Retained Parcel.

The lands and premises are conveyed subject to Commissioner's Award in favor of Rutland Canadian Railroad Company dated August 14, 1899 of record in Volume 46, Page 201 of said Land Records.

This parcel is conveyed subject to the terms and conditions of a certain Lease Agreement between the State of Vermont and the City of Burlington, dated June 18, 1985 and recorded in Volume 319 at Page 575 of the Land Records of the City of Burlington.

This parcel is conveyed subject to all matters depicted or noted on the Plat, including but not limited to the railroad right of way. Any and all parts of this parcel below the mean low water mark are conveyed by quitclaim only.

To the extent that it has not been extinguished by merger of title of the dominant and servient estates, Grantor hereby conveys and transfers to Grantee, by quitclaim only, all of its right, title and interest in that certain right-of-way described as an "open and unobstructed right of way for all purposes" in the Warranty Deed from William C. Stacy, et al to the Providence Orphan Asylum and Hospital of Burlington dated September 30, 1872 and recorded in Volume 10 at Page 374 of the City of Burlington Land Records.

Reference is made to the above mentioned deeds and documents, the records thereof and the references therein contained in further aid of this description.

TO HAVE AND TO HOLD said granted premises, with all the privileges and appurtenances thereof, to the said Grantee, *BC Community Housing, LLC*, and its successors and assigns, to their own use and behoof forever;

And, the said Grantor, **Burlington College** for itself and its successors and assigns, does covenant with the said Grantee, **BC Community Housing, LLC**, its successors and assigns, that until the ensealing of these presents, Grantor is sole owner of the premises, and has good right and title to convey the same in manner aforesaid, that they are FREE FROM EVERY ENCUMBRANCE; except as above stated.

And the said Grantor, hereby engages to WARRANT AND DEFEND the same against all lawful claims whatever, except as aforesaid.

IN WITNESS WHEREOF, it hereunto set its hand this 2<sup>nd</sup> day of February, 2015.

**Burlington College**

By: Carol A. Moore  
Its Duly Authorized Agent

STATE OF VERMONT  
CHITTENDEN COUNTY, SS

At Burlington this 2<sup>nd</sup> day of February, 2015, personally appeared Carol A. Moore, duly authorized agent of **Burlington College** and she acknowledged this instrument, by her subscribed, to be her free act and deed and the free act and deed of **Burlington College**.

Before me [Signature]  
Notary Public  
Commission Expires: 2/10/2015

642721.1

Vermont Property Transfer Tax 32 V.S.A.  
Chapter 231  
-ACKNOWLEDGEMENT-  
Return Received This Even Date

Received for Record at City of Burlington, VT  
On 02/02/2015 At 4:25:00 pm

Robert Rusten

## **Qualifications of the Appraiser**



## QUALIFICATIONS OF THE APPRAISER

**Mark W. Brooks, MAI**

<b>Education</b>	<b>Year</b>
Bachelor of Science, Business Administration Ithaca College, Ithaca, New York	1978
<b>Technical Training</b>	
<i>Courses/Exams</i>	
Vermont Association of Realtors	
Foundations of Real Estate Appraising	1992
Appraising Single family Residences	1992
Standards of Professional Practice - Part A	1992
Standards of Professional Practice - Part B	1992
Appraisal Institute	
Real Estate Appraisal Principles	1993
Real Estate Appraisal Procedures	1993
Standards of Professional Practice - Part A	1993
Standards of Professional Practice - Part B	1993
Basic Income Capitalization	1995
Advanced Income Capitalization	1995
Report Writing & Valuation Analysis	1997
Standards of Professional Practice - Part C	1998
Advanced Applications	1999
CCIM Institute	
Financial Analysis for Commercial Investment Real Estate	2005
<i>Seminars</i>	
Independent Oil Marketer's Association	
How to Establish the Value of Retail Motor Fuel Facilities	1994
Ted Whitmer, MAI, CCIM, Attorney	
Attacking & Defending an Appraisal in Litigation	2000
Appraisal Institute	
Valuation of Local Retail Properties	1998
Comprehensive Appraisal Review	1999
USPAP Update	1999
Eminent Domain & Condemnation Appraisals	1999
Case Studies in Commercial Highest & Best Use	2000
Subdivision Appraisal & Analysis	2001
Conservation Easement Valuation	2002
Appraising in a Changing Economy	2004
Appealing Assessed Values	2006

### ***Qualifications of Mark W. Brooks, cont'd***

USPAP Update	2006, 2008, 2010, 2012, 2014
Measuring the Effects of High Voltage Transmission Lines	2008
Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets	2012
Rates & Ratios: GIMs, OARs, DCF	2013
Residential and Commercial Valuation of Solar	2013
Commercial Appraisal Review	2014
Supervisor / Trainee Appraiser Course	2015

### **Teaching & Presentations**

Presentation to Regional Affairs Committee, Lake Champlain Regional Chamber of Commerce - Chittenden County Commercial Real Estate Market Conditions - 2005

Presentation to Northwestern Vermont Home Builders Assoc. - Chittenden County Residential Real Estate Market Conditions - 2003, 2004, 2005, 2006

Presentation to area lenders, brokers, developers - Chittenden County Commercial Real Estate Market Conditions - 2003, 2004, 2005, 2006, 2007, 2008

Guest Instructor, University of Vermont, Real Estate Appraisal, 2006

Presentation to the Shelburne-Charlotte Rotary - Chittenden County Commercial Real Estate Market Conditions - 2009

### **Experience and Current Status**

- 2001 - Present   Principal, Allen & Brooks, Inc.  
South Burlington, VT
- 1998 - 2001   Principal, Brooks & Associates  
New Milford, CT
- 1994 - 1998   Appraiser, Allen & Cable, Inc.  
South Burlington, VT
- 1993 - 1994   Appraiser, George Silver and Associates  
Burlington, VT
- 1979 - 1992   PHH Homequity, Inc. (corporate relocation)  
\* Development of offers for residential real estate  
\* Appraisal / appraiser review  
\* Client relations / account management  
\* Coordinated corporate group moves

***Qualifications of Mark W. Brooks, cont'd***

**Professional Affiliations, Certifications, and Licenses**

Certified General Appraiser, Vermont License #80-0000182

Appraisal Institute

- MAI Designation, 2000
- Board of Directors, Vermont Chapter Appraisal Institute, 1997-1998, 2011-present
- Vice President, Vermont Chapter Appraisal Institute, 2002
- President, Vermont Chapter Appraisal Institute, 2003-2004

Member, Regional Affairs Committee, Lake Champlain Regional Chamber of Commerce, 2005- present

**Publications**

Co-writer and publisher of the *Allen & Brooks Report*, a semi-annual economic study of the primary commercial real estate markets in the Greater Burlington Area.

Co-writer and publisher of the *Allen & Brooks Residential Report*, an annual economic study of the residential real estate markets in the Greater Burlington Area.

## **Assumptions and Limitations of Appraisal**

## **Assumptions & Limitations of Appraisal**

### *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 within the report.

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

### *Appraisal is not a Legal Opinion*

No responsibility is assumed for matters of legal nature affecting 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. No responsibility is assumed for the content of any legal instrument, including deeds, which has been included in or referenced by this appraisal report.

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 the appraisal report. It is assumed that all applicable zoning, planning, and land use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.

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 estimate contained in this report is based.

It is assumed that lease encumbrances on the subject property, if present, are legally binding contracts between the lessee and the lessor. It is further assumed that all information transmitted to the appraiser regarding the lease documents is accurate and representative.

### *Appraisal is not an Engineering 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 appraiser is not a construction, engineering, or legal expert, and any opinion 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 mechanical and construction is based on a casual inspection only and no detailed inspection was made. For instance, I am not expert on heating systems and no attempt was made to inspect the interior of the furnace. The structures may have not been checked for building code violations and it is assumed that all building(s) meet the building codes and minimum housing standards unless so stated in the 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 which would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which 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.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments related to property condition which are 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, I strongly suggest that a construction expert be hired for a detailed investigation.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead, other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on, in, or around the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

#### *Americans with Disabilities Act of 1990 and Vermont Rules Governing Access*

The Americans with Disabilities Act (ADA) became effective January 26, 1992, and Vermont Rules Governing Access to Public Buildings as administered by Labor and Industry. I have made no specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA or Vermont Rules. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA or the Vermont Rules, could reveal that the property is not in compliance with one or more of the requirements of the Act. The lack of compliance may or may not require modification to the property and may impact the property's value and marketability. Unless otherwise indicated in the report, value reductions resulting from the ADA or the Vermont Accessibility Rules have not been considered in this appraisal because of the uncertainties regarding the property's compliance with the Act, the administration of enforcement and waivers, and the resulting value impacts.

#### *Building Area Measurements*

The building area estimates, if present within this appraisal, have been based on information provided by the property owner, plans and specifications, or measurements made by the appraiser or his associate. The indicated building areas are estimates only and are based on the best information available to the appraiser. The building areas are not warranted and are likely to vary from estimates completed by others, including architects. In general, the building area estimates indicated in the appraisal are reported according to the "Standard Method for Measuring Floor Area in Office Buildings", American National Standards Institute, Inc.



### *Appraisal is Made Under Conditions of Uncertainty*

Information (including projections of income and expense) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, 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.

The comparable sales data relied upon in the appraisal is 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.

Unless otherwise indicated, 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 which reflect projections are based on my analysis and opinion as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since the projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, I 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 use at the time the appraisal was made. I do not assume any responsibility for incorrect analyses because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

### *Use of the Appraisal Report*

The appraisal report, or any parts thereof, may not be reproduced in any form without permission of the appraisers.

The appraisal report, and any parts thereof, is intended for the sole use of the client and the appraiser. Information relating to the analysis or value conclusions contained herein will not be released by this office except under the following conditions:

Permission of the client to release a copy of this report to any authorized individual or individuals;

Use by the appraisers or member of the immediate office in a professional capacity, however, never revealing the analysis of data or value conclusions contained herein, or;

Use by approved representatives of The Appraisal Institute or the Vermont Board of Real Estate Appraisers as required and in observance of the relevant code of ethics and standards of professional practice.

Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made in a reasonable time in advance. In addition, the appraiser reserves the right to consider and evaluate additional data that becomes available between the date of evaluation and the date of any trial and to made any adjustments to the value opinions that may be required.

Dominion of this report or document does not inherently allow the right of publication or document reproduction. Use of the report by any party other than the addressee is prohibited without the consent of

the appraiser. The report, or any portion thereof, may not be issued or disseminated to the public without the approval of the appraiser.

### *Personal Property*

Unless otherwise indicated, the appraisal has not given consideration to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered in the analysis.

### *Additional Assumptions*

Any additional assumptions are described under the *Appraisal Problem, Intended Use and Scope of Work* section of this report.

## **Glossary**

## Glossary

### Cost Approach

The cost approach is defined as a "set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised."<sup>3</sup>

### Depreciation

Depreciation is defined as "1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a define purpose and computed using a specified method."

#### Types of Depreciation

curable functional obsolescence requiring addition  
curable functional obsolescence requiring substitution or modernization  
deferred maintenance  
external obsolescence  
incurable functional obsolescence caused by a deficiency  
incurable functional obsolescence caused by a superadequacy  
incurable physical deterioration - long-lived items  
incurable physical deterioration - short-lived items <sup>4</sup>

### Exposure Time

Reasonable exposure time is "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."<sup>5</sup>

### Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

1. It is required to properly develop credible opinions and conclusions;
2. The appraiser has a reasonable basis for the extraordinary assumption;
3. Use of the extraordinary assumption results in a credible analysis; and
4. The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.<sup>6</sup>

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<sup>3</sup> American Institute of Real Estate Appraisers, The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, page 67.

<sup>4</sup> Ibid., page 80.

<sup>5</sup> Ibid, page 105.

<sup>6</sup> Ibid., page 106.

### **Fee Simple Estate**

The fee simple estate is defined as "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>7</sup>

### **Highest & Best Use**

Highest and best use is defined as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity."<sup>8</sup>

### **Income Capitalization Approach**

The income capitalization approach is defined as a "set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."<sup>9</sup>

### **Leased Fee Interest**

The leased fee interest is defined as "An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease."<sup>10</sup>

### **Leasehold Interest**

Leasehold interest is defined as "The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions."<sup>11</sup>

### **Market Value**

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 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>7</sup> Ibid., page 113.

<sup>8</sup> Ibid., page 135.

<sup>9</sup> Ibid., page 143.

<sup>10</sup> Ibid., page 161.

<sup>11</sup> Ibid., page 162.



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>12</sup>

### **Prospective Value Opinion**

"A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written."<sup>13</sup>

### **Reconciliation**

Reconciliation is defined as "the last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate.

In the sales comparison approach, reconciliation may involve two levels of analysis:

1. Derivation of a value indication from the adjusted prices of two or more comparable sales expressed in the same unit of comparison and
2. Derivation of a value indication from the adjusted prices of two or more comparable expressed in different units of comparison."<sup>14</sup>

### **Rentable Area**

"The amount of space on which the rent is based; calculated according to local practice"<sup>15</sup>.

### **Sales Comparison Approach**

The sales comparison approach is defined as a "set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available."<sup>16</sup>

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<sup>12</sup> Ibid., page 223.

<sup>13</sup> Ibid., page 224.

<sup>14</sup> Ibid., page 236.

<sup>15</sup> Ibid., page 243.

<sup>16</sup> Ibid., page 255.