

Appraisal Of

Assessor Parcel Number: 672-300-05-00

**Northwest corner of Zion Avenue and Glenroy Street
San Diego, California 92120**

Effective Date: June 28, 2023

Report Date: July 17, 2023

George Harb

**6886 Newberry Street
San Diego, CA 92120**

KINETIC VALUATION GROUP, INC.

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July 17, 2023

George Harb
6886 Newberry Street
San Diego, CA 92120

Re: Appraisal of
Assessor Parcel Number: 672-300-05-00
Northwest corner of Zion Avenue and Glenroy Street
San Diego, California 92120

Dear Mr. Harb:

We are pleased to present our findings with respect to the value of the above-referenced property. This report is intended to comply with California Tax Credit Allocation Committee (TCAC)/California Debt Limit Allocation Committee (CDLAC) appraisal requirements.

The intended users of this report include George Harb. Additional intended users include any other real estate agent, investor, or bank. The intended use of the appraisal is for investment analysis decisions. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without our express written consent.

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Valuation Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in an appraisal report as defined by USPAP.

Our value conclusions were based on general economic conditions as they existed on the date of the analysis and did not include an estimate of the potential impact of any sudden or sharp rise or decline in general economic conditions from that date to the effective date of our report. Events or transactions that may have occurred subsequent to the effective date of our opinion have not been considered. We are not responsible to update or revise this report based on such subsequent events, although we would be pleased to discuss with you the need for revisions that may be occasioned as a result of changes that occur after the valuation date.

As a result of our investigation and analysis, it is our opinion that subject to the limiting conditions and assumptions contained herein, our opinion of the market value of the fee simple interest in the Subject, free and clear of financing, as of June 28, 2023, is:

Value Conclusion	
Market Value of Land as of June 28, 2023	\$15,000,000

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,

KINETIC VALUATION GROUP, INC.



Amanda Baker, MAI
CA Certified General Appraiser
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ADDENDA

FACTUAL DESCRIPTION

Property Identification

The property appraised is located at the Northwest corner of Zion Avenue and Glenroy Street, identified as Assessor Parcel Number 672-300-05-00, located in San Diego, San Diego County, California. The site area is 1.21 acres and is currently vacant. Photos of the Subject have been included in the Addenda.

Intended Use and Intended Users of Appraisal

The intended users of this report include George Harb. Additional intended users include any other real estate agent, investor, or bank. The intended use of the appraisal is for investment analysis decisions. Neither this report nor any portion thereof may be used for any other purpose or distributed to third parties without our express written consent.

Compliance and Competency Provision

We are aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations.

Unavailability of Information

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

Legal Description

Included in the Addenda.

Property Interest Appraised

The property interest appraised is the fee simple estate.

Market value is defined as:

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 are the consummation of 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 best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. The price represents normal considerations for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

¹ 6th Edition of The Dictionary of Real Estate Appraisal.

Date of Inspection and Effective Date of Appraisal

The Subject was last inspected and photographed on June 28, 2023. This shall be the effective date of the appraisal.

Scope of Appraisal

As part of this appraisal, we have completed the following steps to gather, confirm, and analyze the data.

- George Ballin performed a physical inspection of the property and the Subject's neighborhood June 28, 2023.
- The identification of the property to be appraised is based on information provided by the client and the property representative.
- Regional, city, and county data were based on information obtained from newspaper articles, city of San Diego, San Diego County, ESRI Demographics, the Bureau of Labor Statistics, and other resources available to the appraiser. This was performed by Jake Cleveland under the supervision of Amanda Baker, MAI.
- Data collection and analysis of market conditions currently affecting the county's real estate market on a national and regional level was conducted. This included, but was not limited to, the review and analysis of data pertaining to supply and demand for real estate properties, availability of financing and current financing terms, current interest and yield rates, buyer preferences, and economic forecasts. This was performed by Jake Cleveland under the supervision of Amanda Baker, MAI.
- The research for improved sales, rents and listings included San Diego, San Diego County County, and other surrounding areas from 2021 to the present. The market data was collected from the appraiser's office files, other appraisers, Realtors, newspapers articles, CoStar, title companies, LoopNet, and public records. This was performed by Jake Cleveland under the supervision of Amanda Baker, MAI.
- The information gathered from these surveys and investigations was then analyzed, and comparisons were made to the property. The valuation process included the sales comparison approach. This was performed by Jake Cleveland under the supervision of Amanda Baker, MAI.
- Amanda Baker, MAI reviewed the final report and concluded to final overall value. They did not inspect the site.

Ownership and History of Subject

Ownership of the site is vested in the Harb Family Trust. There was a trustee's deed transfer in November 2018. We are not aware of any other prior transfers of the Subject property in the past three years.

REGIONAL AND LOCAL AREA ANALYSIS

San Diego is the second largest city in the state of California and the eighth largest in the United States, with a population of 1,386,932 people as of the 2020 census. San Diego has a total area of 372 square miles and is the county seat of San Diego County.

San Diego County is the southernmost county in California bordering Orange and Riverside Counties to the north, Imperial County to the east, Mexico to the south, and the Pacific Ocean to the west. The county is made up of 18 incorporated cities and towns along with other neighborhoods and communities. It had an estimated population of 3,38,330 people as of the 2020 census. San Diego County is also designated as the San Diego-Carlsbad, California MSA.

The Subject is located in the northern portion of the city of San Diego

Transportation

Highway: The San Diego metropolitan area is served by an extensive freeway/interstate system, which includes the following roads:

Interstate 5 is a major north–south route along the entire west coast of the United States. This highway links the major California cities of San Diego, Santa Ana, Los Angeles, Stockton, Sacramento, and Redding. It travels through the western portion of San Diego, providing access to other major roadways within the metropolitan area including Interstate 8, State Route 94, and State Route 15 (an extension of Interstate 15).

Interstate 805 is a major north–south route through San Diego County. It is a bypass of Interstate 5, running through the center of the Greater San Diego region from San Ysidro (part of the city of San Diego) near the Mexico–U.S. border to near the city of Del Mar. It provides access to other major roadways within the metropolitan area including Interstate 5, State Route 94, and State Route 15 (an extension of Interstate 15).

California State Route 15, joined by Interstate 15, is a major north–south route in southern California. It connects San Bernardino, Riverside, and San Diego Counties. The route consists of the southernmost portion of interstate 15, which extends north through Nevada, Arizona, Utah, Idaho, and Montana to the Canadian border. It is a major thoroughfare for traffic between San Diego and the Inland Empire and provides access to other major roadways within the metropolitan area including Interstate 5, Interstate 8, Interstate 805, and State Route 94.

Interstate 8 is a major east–west route through the southwestern United States. It runs from the western portion of San Diego to the junction with Interstate 10, just southeast of the city of Casa Grande, Arizona. The freeway travels through the central portion of the San Diego metropolitan area provides access to other major roadways within the metropolitan area including Interstate 5, State Route 94, and Interstate 15.

California State Route 56 (Ted Williams Freeway) is an east–west route running from Interstate 5 in Carmel Valley to Interstate 15. It serves as an important connector between these interstates, being the only east–west freeway between California State Route 78 in north San Diego County and California State Route 52 near Marine Corps Air Station Miramar.

California State Route 94 is a major east–west route through the central portion of San Diego. The western portion, known as the Martin Luther King Jr. Freeway, begins downtown San Diego and continues to the end of the freeway portion past State Route 125 in the city of Spring Valley. It provides access to other major roadways within the metropolitan area including Interstate 5, Interstate 805, and State Route 15 (an extension of Interstate 15).

Air: San Diego International Airport (SAN) is located approximately 18 miles southwest of the Subject. The airport is the nation's busiest single-runway commercial airport with 600 daily flights. The airport receives more than 16 million passengers a year and has 22 airlines providing non-stop service throughout the United States and non-stop services to Mexico and Canada.

Public Transportation

The San Diego Metropolitan Transit System (MTS) provides bus and rail services directly or by contract with private operators. MTS operating subsidiaries include the San Diego Trolley, Incorporated (SDTI) and San Diego Transit, Corporation (SDTC). Its service area includes 570 square miles of the urbanized areas of San Diego County as well as the rural parts of East County, serving approximately 3 million people in San Diego County. Bus service includes approximately 100 fixed routes including local, urban, express, premium express, and rural routes. The light rail service (operated by SDTI) includes four lines (the UC San Diego Blue, Orange, Green and Silver Lines) encompassing 53 stations and 54.3 miles of rail. MTS generates 92 million annual passenger trips or 310,000 trips each weekday. It provides approximately 2.5 million hours of service across 33 million miles each year.

Healthcare

Kaiser Permanente Zion Medical Center offers 24-hour emergency services and is located approximately 0.8 miles from the Subject.

Education

The Subject is located in the San Diego Unified School District. San Diego Unified School District serves more than 132,000 students in pre-school through grade 12 and is the second largest district in California. It includes more than 223 educational facilities with 14,438 employees. More than 6,500 teachers are in classrooms at the district's various educational facilities, which include 118 traditional elementary schools, 9 K-8 schools, 24 traditional middle schools, 26 high schools, 44 charter schools, and 14 atypical/ alternative schools.

DELINEATION OF MARKET AREA

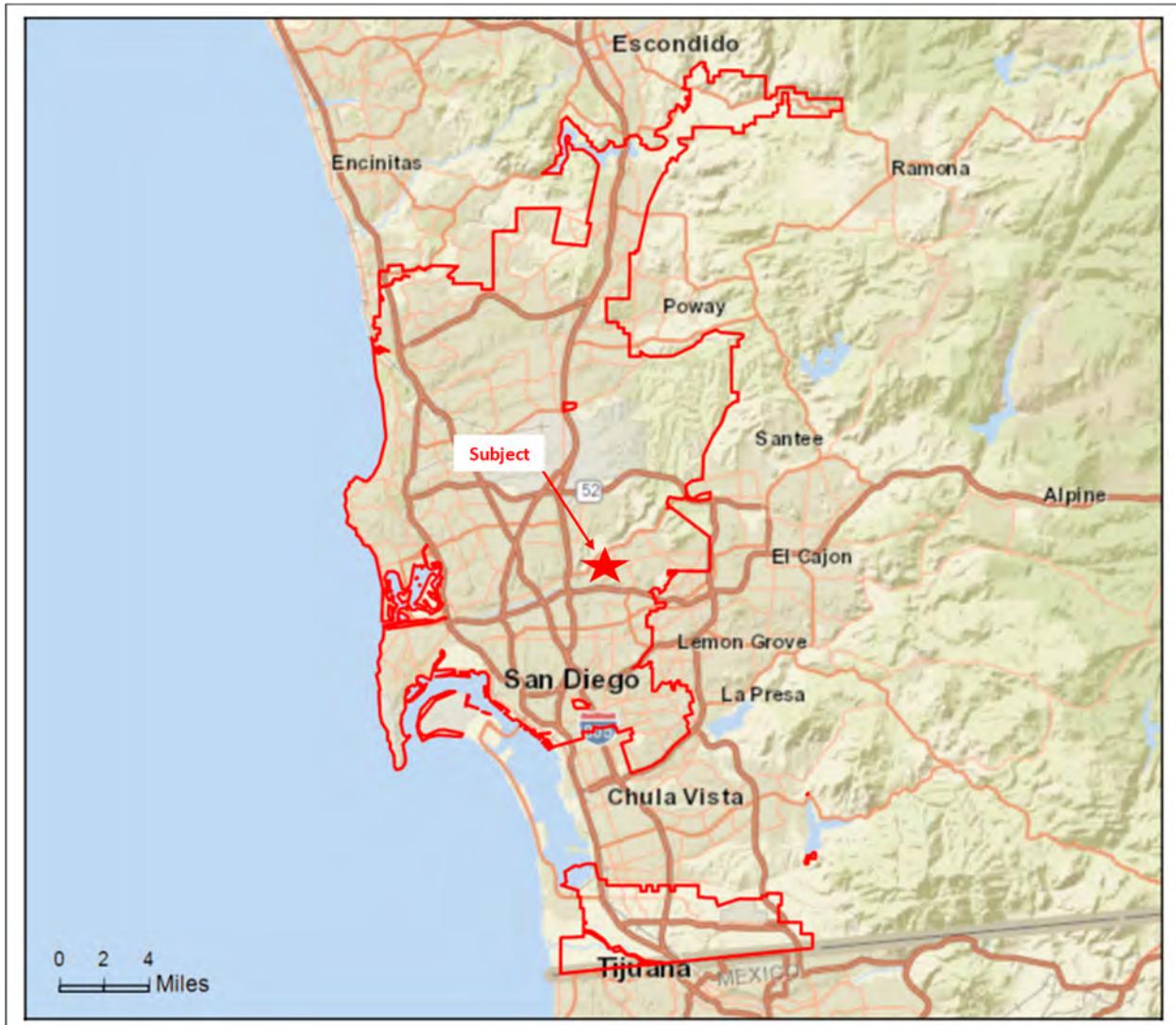
Primary and Secondary Market Area

For the purpose of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents. The Subject is located in the northern portion of San Diego. The primary market area (PMA) for the Subject is the city of San Diego.

The PMA boundaries and overall market health assessment are based upon analyses of physical boundaries, which include traffic and commute patterns within the area, surveys of existing market rate apartment projects undertaken by Kinetic Valuation Group, Inc., and insights gained from resident managers, zoning information, and others familiar with the multifamily market. We recognize several sub-markets exist within this PMA; however, market data demonstrates that a significant amount of the renter base considers housing opportunities within these boundaries. Given the opportunity to locate good quality multifamily housing, the renter base will move within these areas. We anticipate the majority of demand will be generated from this geographic area. However, leakage is expected from outside the PMA from other parts of San Diego County.

The secondary market area (SMA) for the Subject is San Diego County, which is also designated as the San Diego-Carlsbad, California Metropolitan Statistical Area (MSA). A map outlining the PMA and SMA can be found on the following page.

PMA



SMA

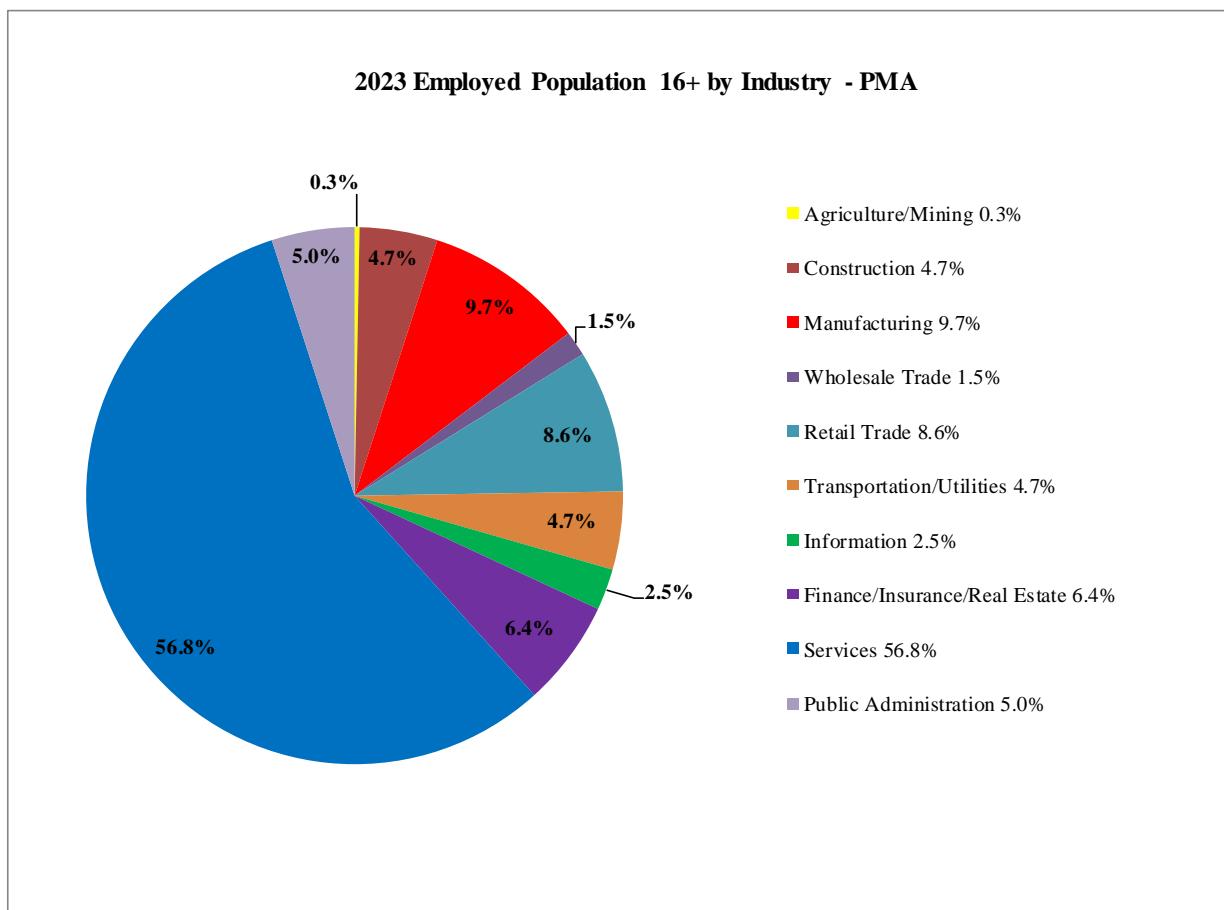


MARKET AREA ECONOMY

The following discussion includes an analysis of the local economy. This section will present and analyze information regarding employment by industry, the major employers, and unemployment trends. Information was provided, where available, for the Subject's PMA. We obtained economic information from the Bureau of Labor Statistics, city of San Diego, ESRI Demographics, and the San Diego. These data sources are considered to be the most reliable and current.

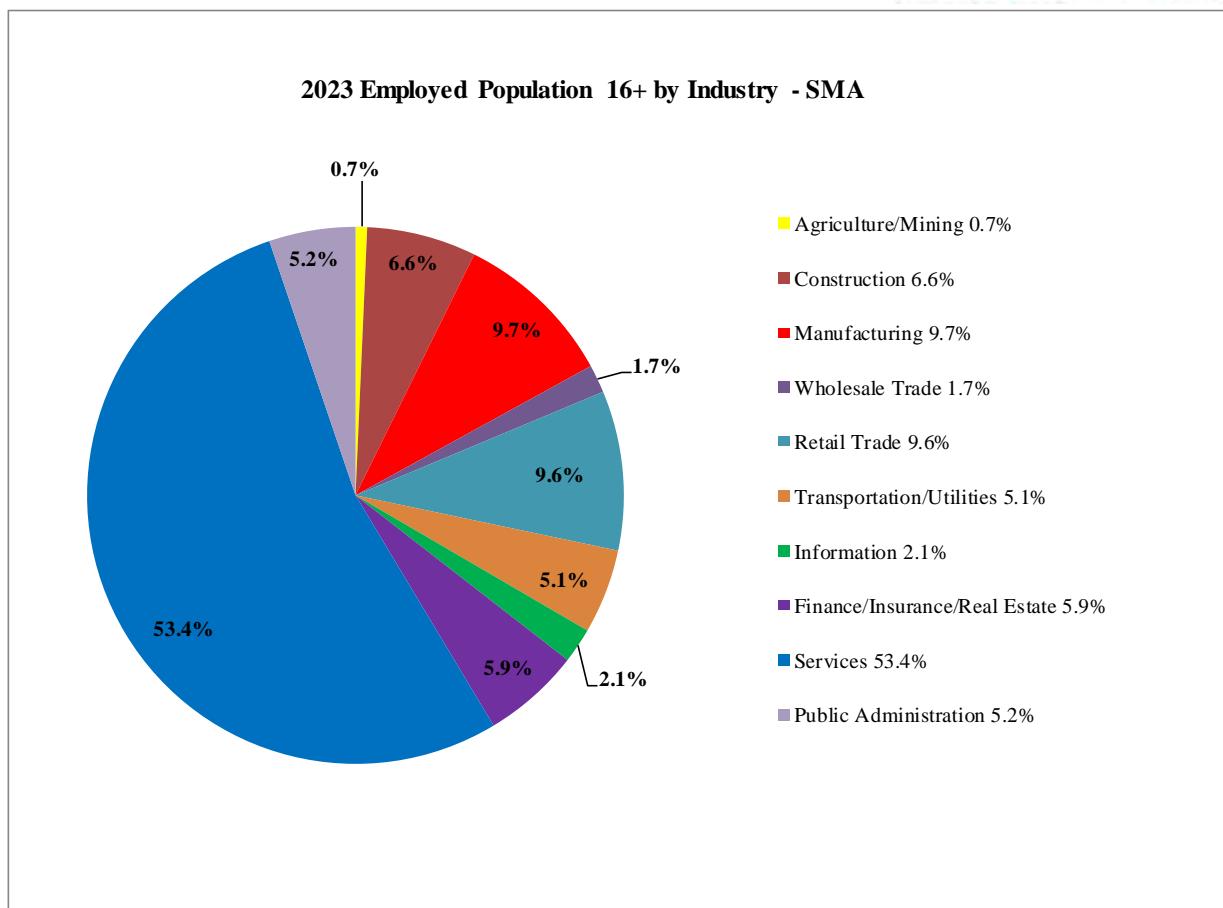
Employment by Industry

The following charts illustrate the distribution of employment sectors by industry within the PMA and SMA.



Source: ESRI Demographics

The largest employment sector in the PMA is the services sector with 56.8 percent, followed by the manufacturing sector with 9.7 percent, and the retail trade sector with 8.6 percent.



Source: ESRI Demographics

The largest employment sector in the SMA is the services sector with 53.4 percent, followed by the manufacturing sector with 9.7 percent each, and the retail trade sector with 9.6 percent each.

Major Employers

The following charts identify the major employers in San Diego and San Diego County in 2023.

City of San Diego, CA Major Employers - 2022		
Employer	Industry	# Employees
Naval Base San Diego	Government	41,321
University of California, San Diego	Education	37,064
Sharp Health Care	Healthcare	18,839
County of San Diego	Government	16,744
Scripps Health	Healthcare	13,787
San Diego Unified School District	Education	13,559
Qualcomm Inc	Technology	11,546
City of San Diego	Government	11,466
Kaiser Permanente	Healthcare	9,632
Northrop Grumman Corporation	Manufacturing	6,075

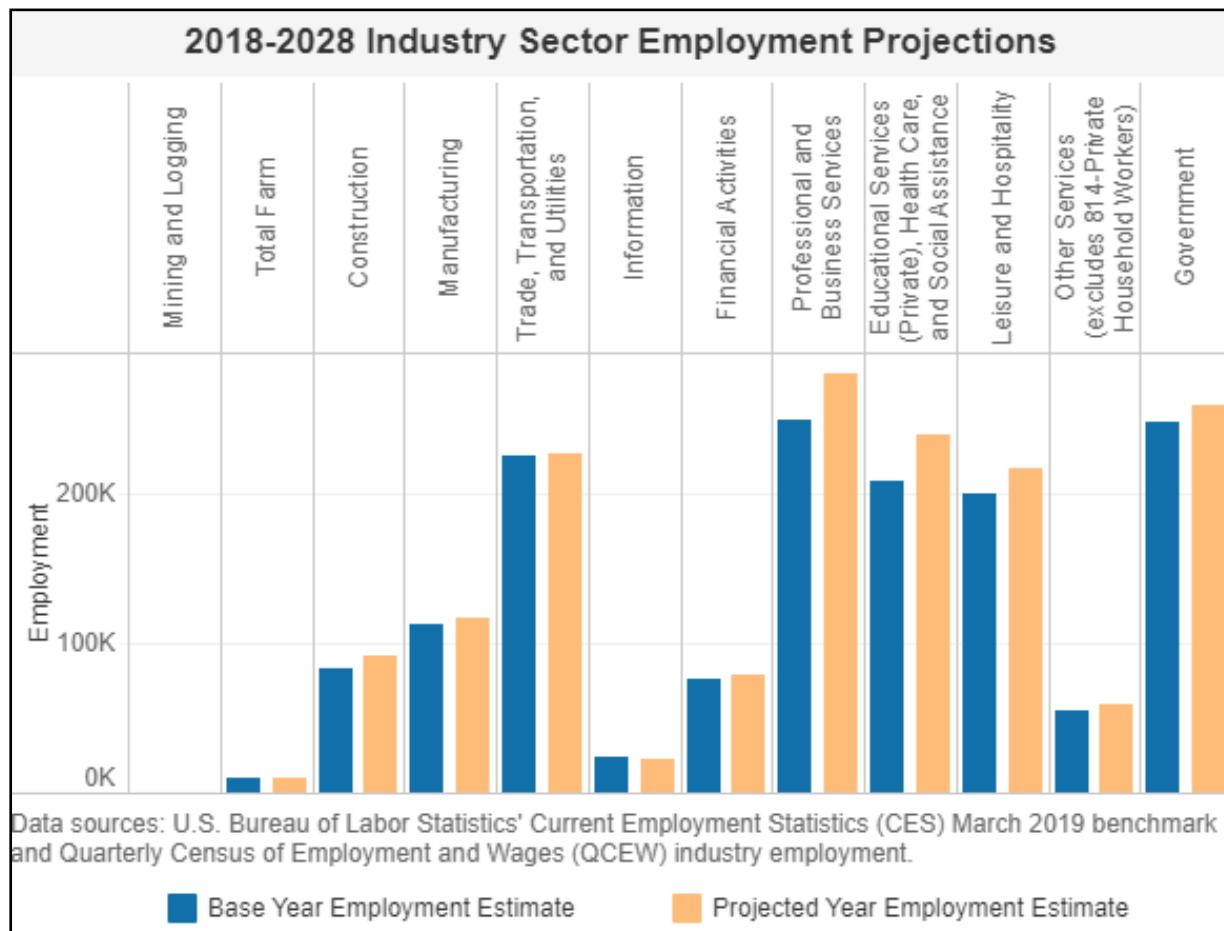
Source: City of San Diego Comprehensive Annual Financial Report 2020

San Diego County, CA Major Employers - 2022		
Employer	Industry	Location
32nd St Naval Station	San Diego	Federal Government-National Security
Cesiar Entertainment	Valley Center	Restaurants
Employees'association-Sdg-E	San Diego	Gas Companies
General Dynamics NASSCO	San Diego	Ship Builders & Repairers (mfrs)
Illumina Inc	San Diego	Biotechnology Products & Services
Kaiser Permanente Vandever Med	San Diego	Physicians & Surgeons
Kaiser Permanente Zion Med Ctr	San Diego	Hospitals
MCCS MCRD SN DIEGO-MRNE CORPS	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Page One Seo	San Diego	Mental Health Services
Palomar Pomerado Health Rehab	Escondido	Rehabilitation Services
Rady Children's Hospital	San Diego	Hospitals
San Diego Community College	San Diego	Junior-Community College-Tech Institutes
San Diego County Sheriff	Santee	Police Departments
Scripps Mercy Hosp Sn Diego	San Diego	Hospitals
Scripps Research Institute	La Jolla	Laboratories-Research & Development
Seaworld San Diego	San Diego	Water Parks
Sharp Grossmont Rehab Ctr	La Mesa	Rehabilitation Services
Sharp Mary Birch Hosp	San Diego	Hospitals
Sharp Memorial Hospital	San Diego	Hospitals
Sony Electronics	San Diego	Electronic Equipment & Supplies-Retail
UC San Diego Health	San Diego	Health Care Management
Ucsd-Neural Computation	La Jolla	University-College Dept/Facility/Office
University of California	La Jolla	University-College Dept/Facility/Office
University-California Sn Diego	La Jolla	Schools-Universities & Colleges Academic

Source: CA EDD

Employment Expansion/Contractions and Trends

The information below was obtained from the Employment Development Department (EDD) about San Diego County.



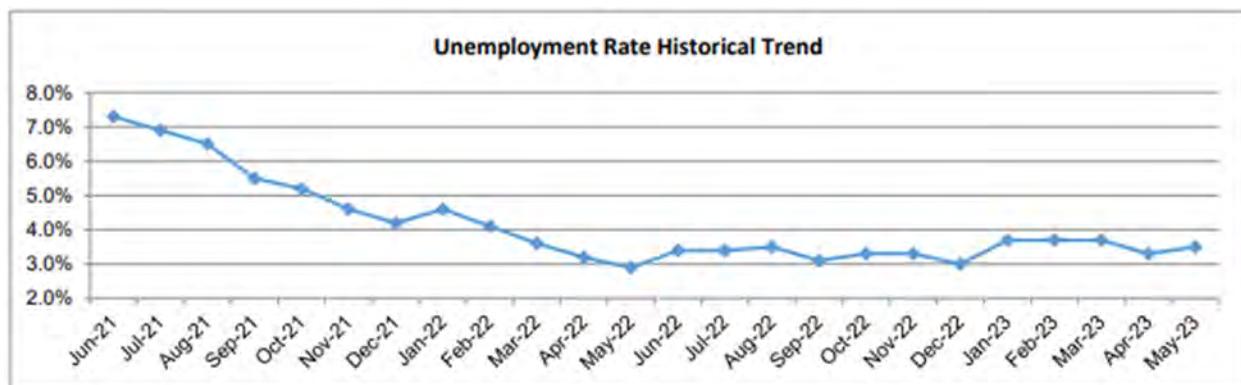
2018-2028 Fastest Growing Occupations						
Standard Occupational Classification	Occupational Title	Base Year Employment Estimate	Projected Year Employment Estimate	Percentage Change	Median Hourly Wage	Median Annual Wage
29-1171	Nurse Practitioners	1,340	2,260	68.7%	\$60.19	\$125,209
15-2041	Statisticians	740	1,060	43.2%	\$53.38	\$111,021
11-9111	Medical and Health Services Managers	3,100	4,350	40.3%	\$58.15	\$120,944
29-1071	Physician Assistants	1,060	1,480	39.6%	\$58.31	\$121,297
31-2021	Physical Therapist Assistants	650	890	36.9%	\$29.68	\$61,732
29-1126	Respiratory Therapists	1,550	2,080	34.2%	\$40.96	\$85,199
29-2056	Veterinary Technologists and Technicians	1,060	1,410	33.0%	\$21.96	\$45,679
15-2031	Operations Research Analysts	1,030	1,370	33.0%	\$47.54	\$98,876
27-3091	Interpreters and Translators	1,010	1,340	32.7%	\$34.97	\$72,748
29-1131	Veterinarians	1,280	1,690	32.0%	\$53.74	\$111,787

The top three industries with the highest level of employment in San Diego County include professional and business services; government; and educational services, health care, and social assistance. Professional and business services; government; and educational services, health care, and social assistance are projected to see a 12.6, 4.5, and 14.7 percent increase, respectively, in employment between 2018 and 2028.

“Between May 2022 and May 2023, nonfarm employment increased by 42,500 (up 2.8 percent) as agricultural employment declined by 100.

- Private education and health services reported the largest job advance over the year with an addition of 13,800 jobs. The overwhelming majority of the job additions were in health care and social assistance (up 13,300), which accounted for 96 percent of the expansion. Every healthcare subsector including social assistance (up 5,200) reported job gains over the year.
- The number of jobs in leisure and hospitality expanded by 12,300. Year-over employment growth was divided between accommodation and food services (up 6,400), and arts, entertainment, and recreation (up 5,900). Since bottoming out during the worst of the pandemic in April 2020, this industry sector has made a complete job recovery and is back on its long-term growth trend.
- Other industries with noteworthy year-over job advances include government (up 5,100), other services (up 4,100), professional and business services (up 3,400), and construction (up 2,300). Employment remained unchanged in mining and logging, information, and financial activities while job development in manufacturing (down 500) was down over the year.

The unemployment rate in the San Diego County was 3.5 percent in May 2023, up from a revised 3.3 percent in April 2023, and above the year-ago estimate of 2.9 percent. This compares with an unadjusted unemployment rate of 4.5 percent for California and 3.4 percent for the nation during the same period.”



Workforce and Unemployment Trends

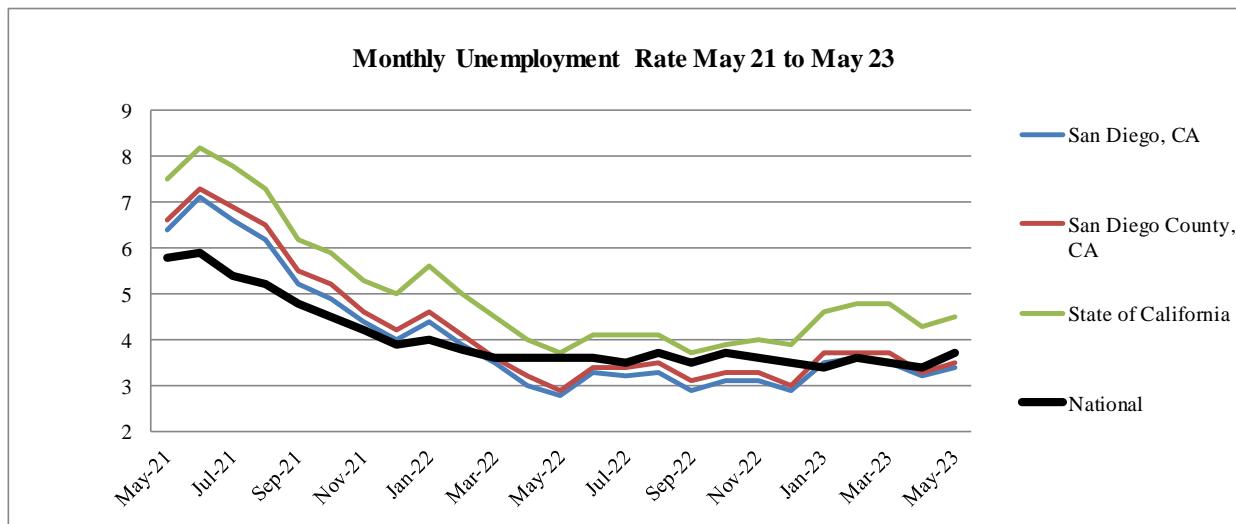
The table below illustrates the workforce and unemployment trends for the city of San Diego and San Diego County.

Unemployment Trends - 2012-2023 YTD								
	San Diego, CA				San Diego County, CA			
Year	Total Labor Force	Total Employment	Unemployment Rate (%)	(%) Change	Total Labor Force	Total Employment	Unemployment Rate (%)	(%) Change
2012	685,334	624,726	8.8	-	1,536,925	1,394,274	9.3	-
2013	688,208	636,209	7.6	-1.2	1,537,644	1,415,625	7.9	-1.4
2014	690,228	647,467	6.2	-1.4	1,537,512	1,437,398	6.5	-1.4
2015	695,049	660,441	5.0	-1.2	1,548,794	1,467,686	5.2	-1.3
2016	704,277	672,005	4.6	-0.4	1,563,246	1,489,143	4.7	-0.5
2017	710,115	682,275	3.9	-0.7	1,570,791	1,507,180	4.0	-0.7
2018	716,352	693,043	3.3	-0.6	1,579,787	1,526,622	3.4	-0.6
2019	717,904	695,590	3.1	-0.2	1,583,579	1,532,211	3.2	-0.2
2020	701,079	636,929	9.2	6.1	1,547,325	1,401,923	9.4	6.2
2021	701,321	657,654	6.2	-3.0	1,547,828	1,447,539	6.5	-2.9
2022	721,023	697,299	3.3	-2.9	1,589,551	1,534,802	3.4	-3.1
2023	724,071	699,484	3.4	0.1	1,595,260	1,539,611	3.5	0.1

Source: Bureau of Labor Statistics

The unemployment rate in the city was at 8.8 percent in 2012; since 2012 it had decreased year-over-year reaching a decade low of 3.1 percent in 2019 before climbing to 9.2 percent in 2020 due to the COVID-19 Pandemic. As of the 2023 year-to-date, the unemployment rate is at 3.4 percent. The county followed a similar trend.

Below we have compared the city, county, state, and national unemployment rates over the past 24 months.



Source: Bureau of Labor Statistics

The city, county, state, and national unemployment rates have remained similar to one another over the past 24 months. The city and county have fluctuated above and below the national average

and the state has remained above the national average. All areas appear to be generally trending downwards.

Employment Trends

The following table illustrates the employment trends in San Diego and San Diego County from 2010 to 2023 year to date.

Employment Trends - 2012 - 2023 YTD				
	San Diego, CA		San Diego County, CA	
Year	Total Employment	Percentage Growth	Total Employment	Percentage Growth
2012	624,726	-	1,394,274	-
2013	636,209	1.8%	1,415,625	1.5%
2014	647,467	1.8%	1,437,398	1.5%
2015	660,441	2.0%	1,467,686	2.1%
2016	672,005	1.8%	1,489,143	1.5%
2017	682,275	1.5%	1,507,180	1.2%
2018	693,043	1.6%	1,526,622	1.3%
2019	695,590	0.4%	1,532,211	0.4%
2020	636,929	-8.4%	1,401,923	-8.5%
2021	657,654	3.3%	1,447,539	3.3%
2022	697,299	6.0%	1,534,802	6.0%
2023	699,484	0.3%	1,539,611	0.3%

Source: Bureau of Labor Statistics

Employment for the city increased each year from 2012 through 2019, but decreased 8.4 percent in 2020 due to the COVID-19 Pandemic. As of 2023 year-to-date, employment has increased 0.3 percent. The county has experienced a similar trend.

Wages by Occupation

The chart below shows the wages by occupation for the San Diego-Carlsbad, CA MSA (San Diego County).

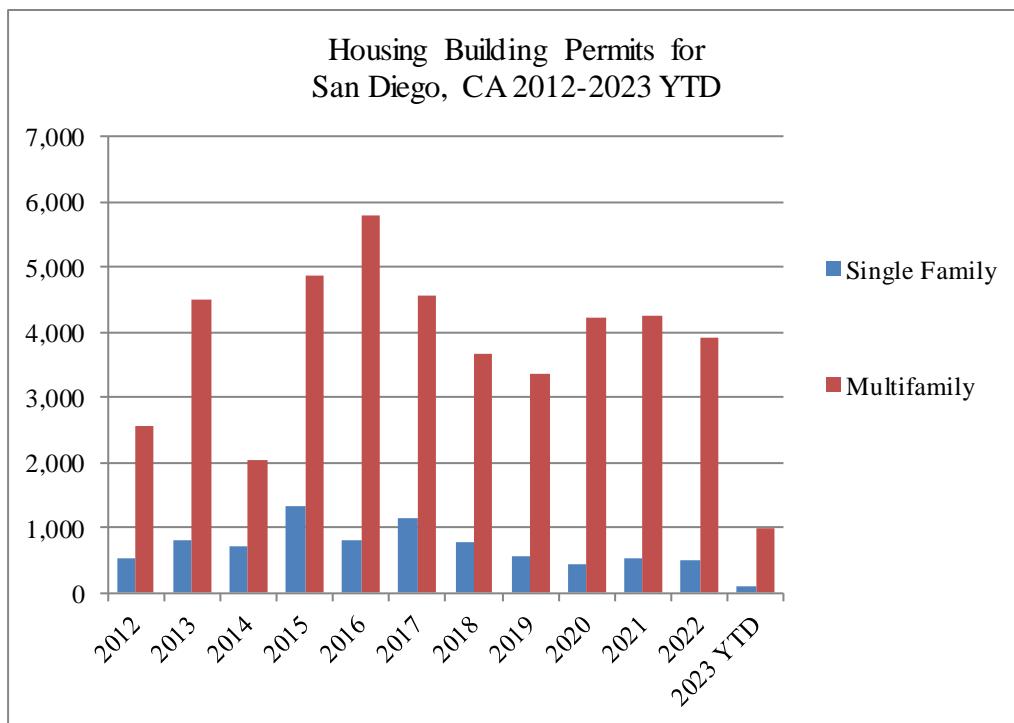
Wage by Occupation - San Diego-Carlsbad, CA MSA- 2022			
Occupational Title	Number of Employees	Average Hourly Wage	Average Annual Wage
Total all occupations	1,390,410	\$33.62	\$69,917
Management Occupations	105,500	\$65.36	\$135,964
Business and Financial Operations Occupations	101,930	\$41.87	\$87,090
Computer and Mathematical Occupations	55,750	\$54.72	\$113,824
Architecture and Engineering Occupations	39,600	\$52.93	\$110,084
Life, Physical, and Social Science Occupations	25,900	\$44.02	\$91,551
Community and Social Service Occupations	24,110	\$29.32	\$60,978
Legal Occupations	12,290	\$65.93	\$137,145
Educational Instruction and Library Occupations	80,050	\$35.19	\$73,193
Arts, Design, Entertainment, Sports, and Media Occupations	17,360	\$32.90	\$68,438
Healthcare Practitioners and Technical Occupations	78,970	\$58.35	\$121,366
Healthcare Support Occupations	69,680	\$18.82	\$39,146
Protective Service Occupations	33,970	\$32.21	\$66,980
Food Preparation and Serving Related Occupations	118,300	\$17.84	\$37,109
Building and Grounds Cleaning and Maintenance Occupations	42,880	\$19.34	\$40,212
Personal Care and Service Occupations	29,600	\$19.56	\$40,691
Sales and Related Occupations	126,320	\$25.36	\$52,759
Office and Administrative Support Occupations	162,010	\$23.89	\$49,692
Farming, Fishing, and Forestry Occupations	3,040	\$19.24	\$40,035
Construction and Extraction Occupations	61,890	\$31.86	\$66,275
Installation, Maintenance, and Repair Occupations	45,160	\$28.97	\$60,270
Production Occupations	67,020	\$22.72	\$47,253
Transportation and Material Moving Occupations	89,080	\$20.97	\$43,619

Source: CA EDD

The data presented in the previous table depicts the wages in the county and is representative of wages earned in the PMA. The chart shows average hourly and annual wages by employment classification. The classification with the lowest average hourly wage was food preparation and serving-related occupations at \$17.84 per hour. The highest average hourly wage of \$65.93 was management occupations.

Building Permits

The following table demonstrates building permit information from 2012 through the 2023 year-to-date in San Diego.



Source: Office of Policy Development and Research HUD

Construction activity in the city over the past decade has mainly consisted of multifamily development.

Conclusion

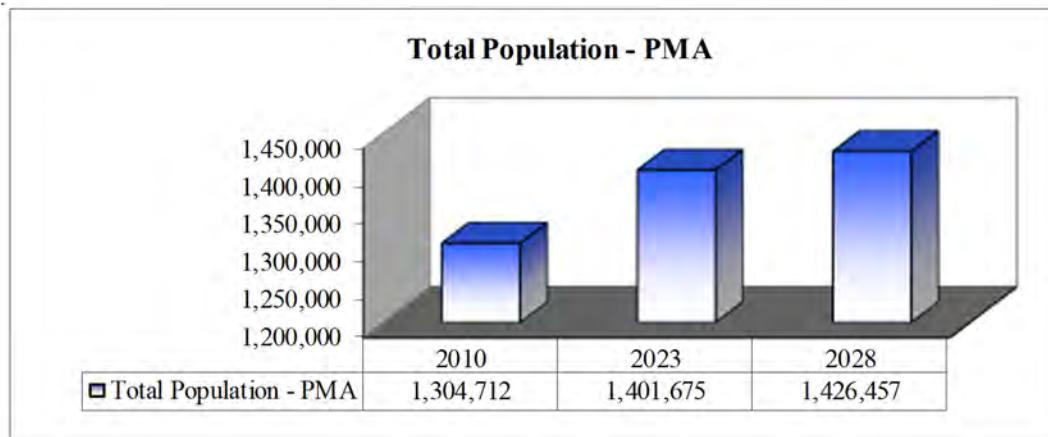
The city of San Diego and San Diego County have many employment options for area residents, many of which are located within the PMA. Numerous businesses offering a range of positions and skill levels exist throughout the PMA. Many employment opportunities exist within a short distance of the Subject. The wage rates within the area demonstrate a significant pool of potential tenants exist for affordable housing developments.

POPULATION & HOUSEHOLD TRENDS

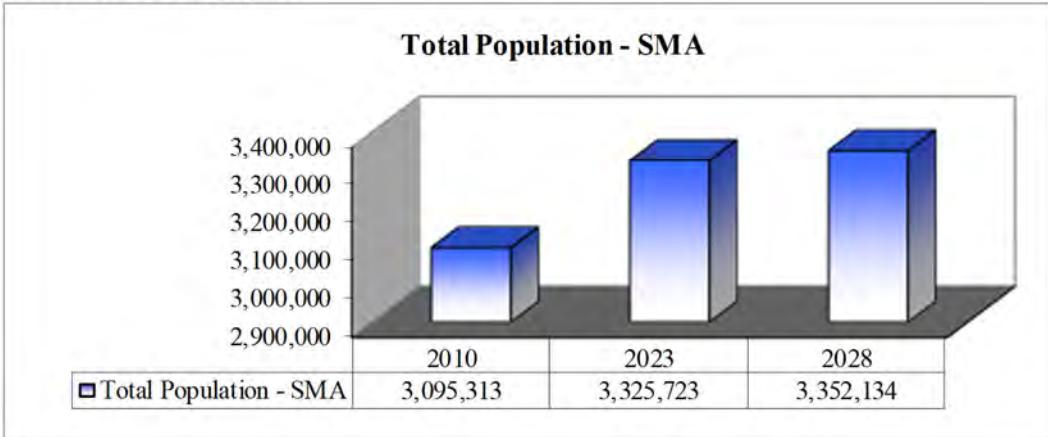
In this section, we compare population, household and income trends in the PMA with the secondary market area (SMA). All information is provided to us by ESRI Demographics, which is a national proprietary data provider. Some tables reflect rounding from the data provided, however, it is nominal.

Total Population

The charts below illustrate total population in the PMA and SMA from 2010 through 2028.



Source: ESRI Demographics



Source: ESRI Demographics

The population within the PMA has continuously grown from 2010 to 2023 and is expected to continue to increase through 2028. Similar to the PMA, the SMA is also considered an area of growth, which is a positive indicator for the need of additional affordable housing units.

Population by Age Group

The tables below illustrate population by age group in the PMA and SMA from 2010 through 2028.

Population by Age Group			
PMA			
Age Cohort	2010	2023	2028
0 - 4	80,692	74,354	77,133
5 - 9	74,952	75,746	73,106
10 - 14	75,269	76,877	74,050
15 - 19	90,689	90,999	88,115
20 - 24	126,738	123,122	123,179
25 - 34	229,454	246,722	239,574
35 - 44	183,360	198,556	213,150
45 - 54	172,002	158,280	162,927
55 - 64	131,801	151,938	144,376
65 - 74	72,058	118,163	124,359
75 - 84	46,686	61,739	76,955
85+	21,011	25,179	29,533
Total	1,304,712	1,401,675	1,426,457
Population by Age Group			
SMA			
Age Cohort	2010	2023	2028
0 - 4	203,423	189,818	194,996
5 - 9	194,029	196,978	189,274
10 - 14	198,716	201,721	193,660
15 - 19	225,095	211,627	203,403
20 - 24	270,750	252,617	244,641
25 - 34	470,922	530,327	506,560
35 - 44	420,563	452,207	493,475
45 - 54	430,774	381,839	384,139
55 - 64	329,616	386,788	357,048
65 - 74	180,554	303,537	319,658
75 - 84	116,911	154,714	192,352
85+	53,960	63,550	72,928
Total	3,095,313	3,325,723	3,352,134

Source: ESRI Demographics

In the PMA, population is greatest in the 25 to 54-year age group during 2023.

Number of Elderly and Non-elderly

The table below is an illustration of the elderly and non-elderly population.

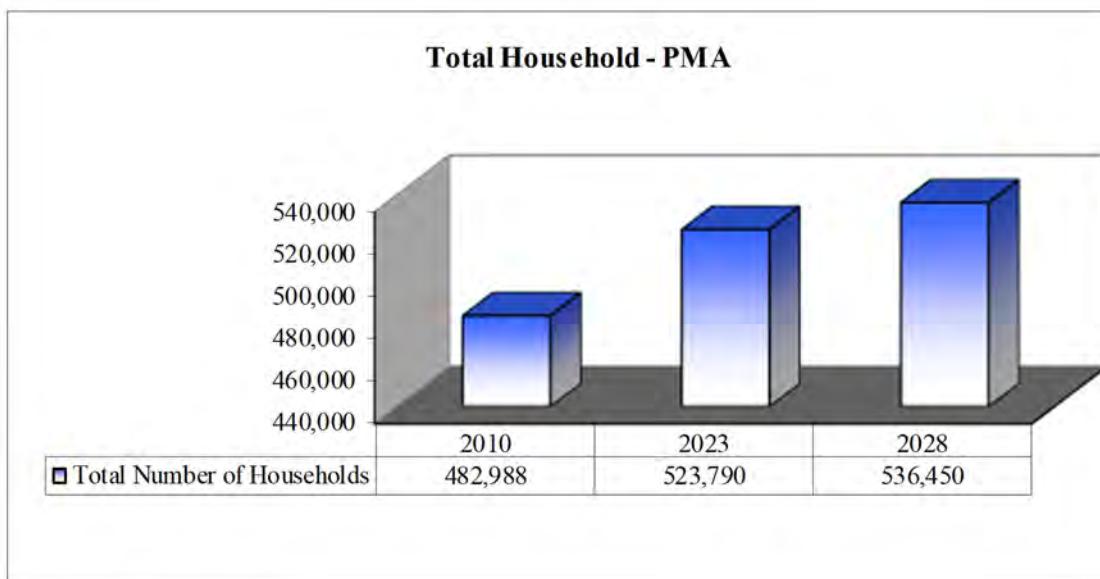
Year	Number of Elderly and Non-Elderly			SMA		
	PMA		SMA			
Total Population	Non-Elderly	Elderly (55+)	Total Population	Non-Elderly	Elderly (55+)	
2010	1,304,712	1,033,156	271,556	3,095,313	2,414,272	681,041
2023	1,401,675	1,044,656	357,019	3,325,723	2,417,134	908,589
2028	1,426,457	1,051,234	375,223	3,352,134	2,410,148	941,986

Source: ESRI Demographics

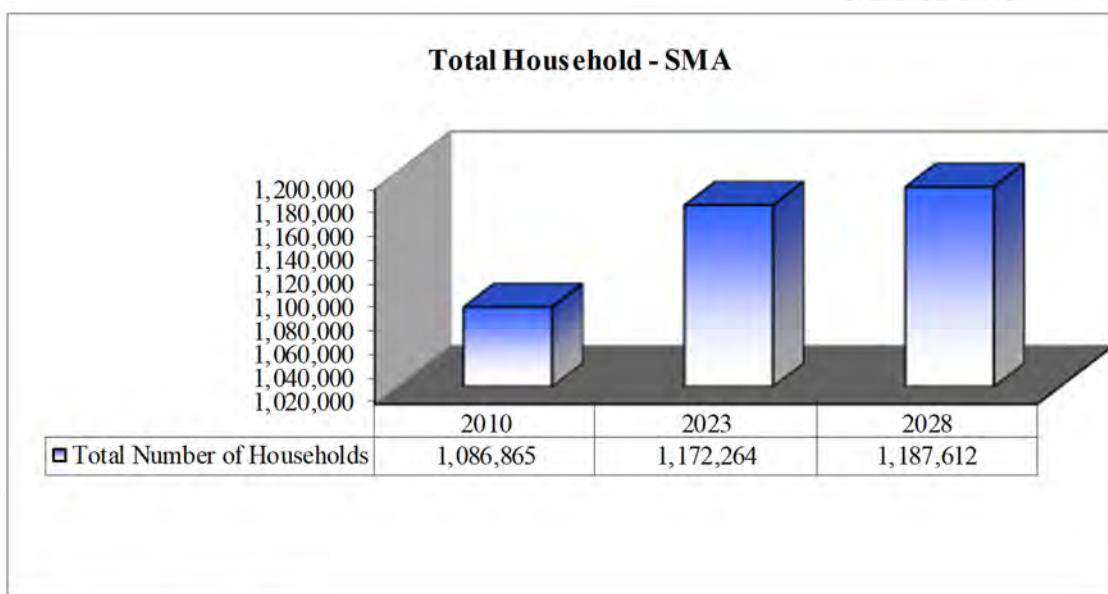
Within the PMA, population is greatest in the non-elderly population, those aged 54 or under. In 2023 the elderly population comprised approximately 25.5 percent of the total population, which is smaller than the SMA at 27.3 percent.

Total Number of Households

The charts below illustrate the total number of households in the PMA and SMA.



Source: ESRI Demographics



Source: ESRI Demographics

Similar to the growth in population in both the PMA and SMA, growth in the number of households is expected to increase between 2023 and 2028, indicating the PMA and SMA are areas of growth. As the population and the number of households increase, there will be a larger number of lower-income needing affordable housing choices.

Total Household by Tenure

The table below illustrates total households by tenure for the total population in the PMA and SMA.

Year	Tenure Patterns - Total Population							
	PMA				SMA			
	Owner-Occupied Units		Renter-Occupied Units		Owner-Occupied Units		Renter-Occupied Units	
Year	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2010	233,128	48.3%	249,857	51.7%	591,025	54.4%	495,840	45.6%
2023	249,384	47.6%	274,406	52.4%	642,078	54.8%	530,186	45.2%
2028	256,917	47.9%	279,533	52.1%	655,166	55.2%	532,446	44.8%

Source: ESRI Demographics

As indicated, the percentage of renter-occupied housing units within the PMA during 2023 was 52.4 percent. This percentage is projected to decrease slightly through 2028. Comparatively, the percentage of renter-occupied households within the SMA during 2023 was lower, at 45.2 percent.

Average Household Size

The table below illustrates average household size.

Year	Average Household Size			
	PMA		SMA	
	Number	Annual Change	Number	Annual Change
2010	2.70	-	2.85	-
2023	2.68	-0.07%	2.84	-0.03%
2028	2.66	-0.13%	2.82	-0.10%

Source: ESRI Demographics

Average household size in the PMA during 2023 was 2.68 persons; this is projected to slightly decrease through 2028. Comparison to the SMA average household size of 2.84 indicates a larger average household size in the SMA than the PMA.

Renter Households by Number of Persons in the Household

The following tables show household size by renter tenure.

Renter Households by Number of Persons - PMA						
	2010		2023		2028	
	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	69,961	28.0%	76,834	28.0%	78,269	28.0%
With 2 Persons	78,956	31.6%	86,712	31.6%	88,332	31.6%
With 3 Persons	38,978	15.6%	42,807	15.6%	43,607	15.6%
With 4 Persons	32,482	13.0%	35,673	13.0%	36,339	13.0%
With 5 Persons	15,991	6.4%	17,562	6.4%	17,890	6.4%
With 6 Persons	6,996	2.8%	7,683	2.8%	7,827	2.8%
With 7+ Persons	6,496	2.6%	7,135	2.6%	7,268	2.6%
Total Renter Households	249,860	100%	274,406	100%	279,533	100%
Renter Households by Number of Persons -SMA						
	2010		2023		2028	
	Number	Percentage	Number	Percentage	Number	Percentage
With 1 Person	119,002	24.0%	127,245	24.0%	127,787	24.0%
With 2 Persons	154,702	31.2%	165,418	31.2%	166,123	31.2%
With 3 Persons	81,814	16.5%	87,481	16.5%	87,854	16.5%
With 4 Persons	71,897	14.5%	76,877	14.5%	77,205	14.5%
With 5 Persons	36,692	7.4%	39,234	7.4%	39,401	7.4%
With 6 Persons	16,363	3.3%	17,496	3.3%	17,571	3.3%
With 7+ Persons	14,875	3.0%	15,906	3.0%	15,973	3.0%
Total Renter Households	495,344	100%	529,656	100%	531,914	100%

Source: ESRI Demographics

The largest category of renter households in the PMA has two persons.

Conclusion

The PMA is comprised of 52.4 percent renter households. Demand for multifamily rental units in the PMA is expected to come from normal turnover and the limited supply of affordable properties in the area. The number of households is expected to increase in the PMA from 2023 through 2028. Demand for rental units in the PMA is expected to come from natural population growth and renter turnover. As the total population and number of households continue to grow, the demand for housing units will continue to increase. The demographics presented above provide support that there is a stable renter population within the PMA.

NEIGHBORHOOD ANALYSIS

Introduction

The Subject is located in the Allied Gardens neighborhood in northern San Diego, San Diego County, California. Allied Gardens is a primarily family neighborhood with several businesses, service firms, and restaurants. The Kaiser Permanente Hospital and its associated clinics and offices are a major employer.

The Subject is also located in the Navajo Community Planning Area consisting primarily of residential, commercial, and industrial uses. The community planning area comprises approximately 14 square miles, and is located north of Interstate 8, northwest of the City of La Mesa, west of the cities of El Cajon and Santee; and southeast of the San Diego River.

Access and Traffic Flow

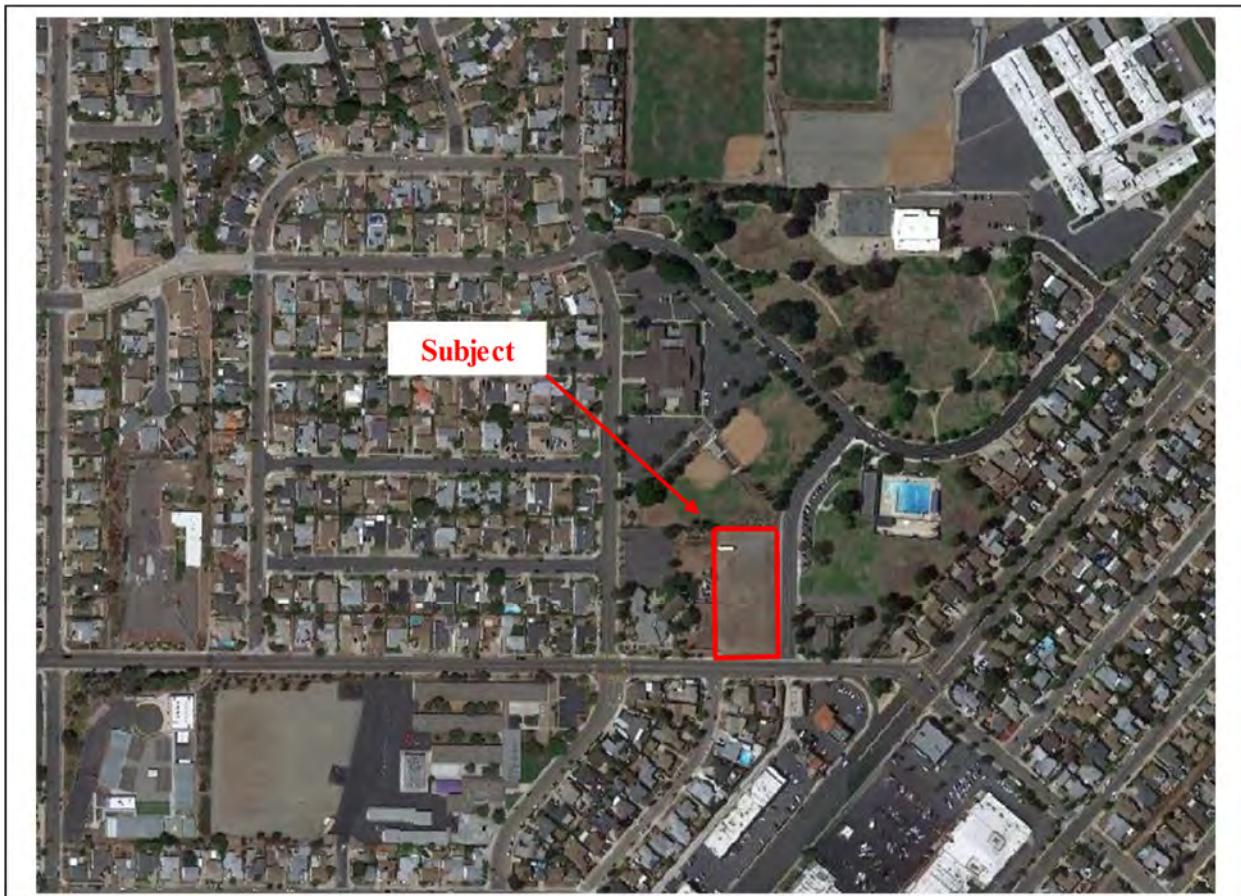
The Subject is situated at the intersection Zion Avenue and Glenroy Street, both road access the site. Zion Avenue is a moderately traveled east/west street that provides access to Waring Road to the east and Mission Gorge Road to the west. Waring Road is a main thoroughfare through the Subject's neighborhood and links to Interstate 8 south of the Subject. Mission Gorge Road is a heavily traveled street that links to Interstate 15 west of the Subject. Overall accessibility to the neighborhood and site is considered good.

Visibility/Views

The site has excellent visibility from the north side of Zion Avenue and the west side of Glenroy Street. The Subject is located in a mixed-use neighborhood. North of the Subject is The Church of Jesus Christ of Latter Day Saints' property and sports fields in average condition. To the west is the Ascension Lutheran Church in average condition. South of the Subject are single family homes in average condition. East of the Subject is the Allied Gardens/Benjamin Branch Library in average condition as well as the Allied Gardens Pool.

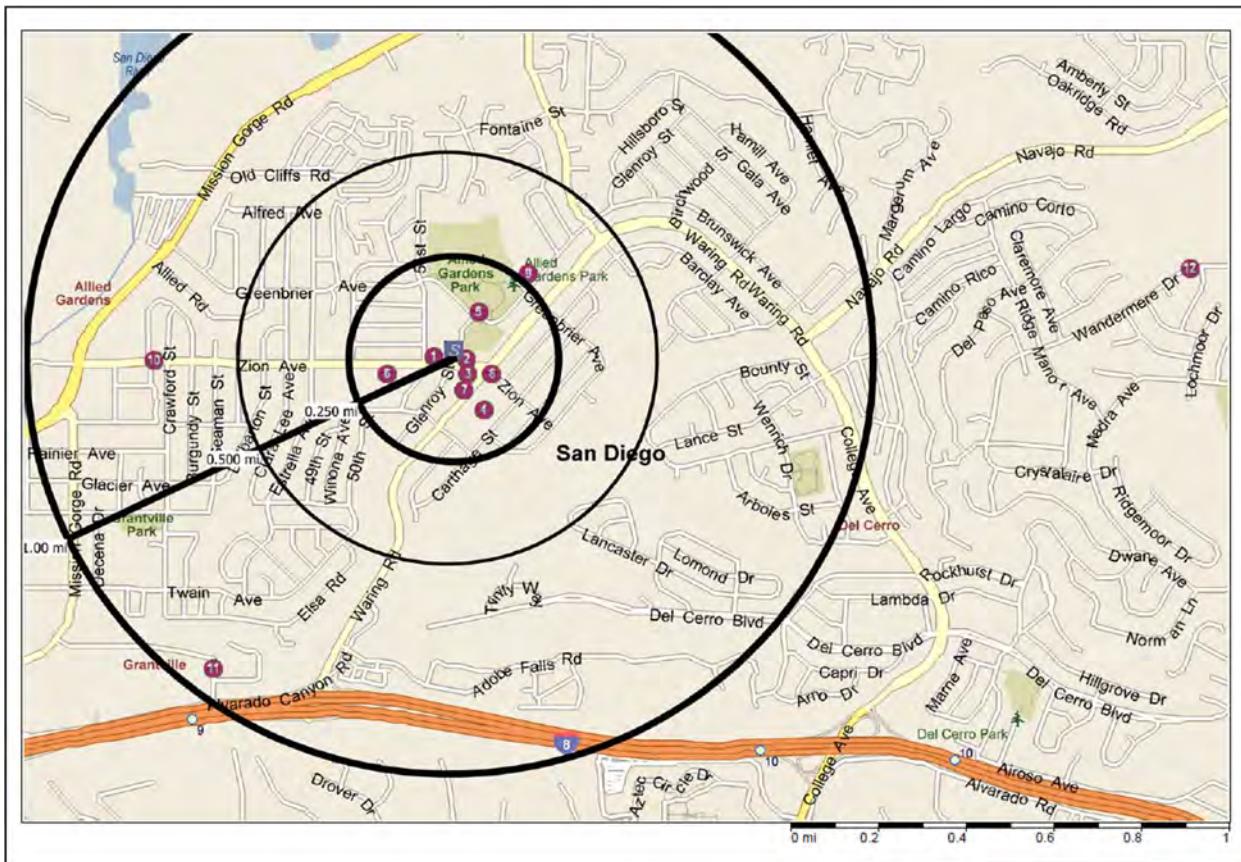
Location Map

The map below illustrates the Subject and surrounding neighborhood.



Locational Amenities & Map - Overview

The map and table below illustrate the location amenities in relation to the Subject site.



Distance From Local Services			
Map #	Name	Service	Distance
1	Ascension Lutheran Chruch	House of Worship	Adjacent
2	Allied Gardens/Benjamin Branch Library	Library	Adjacent
3	Zion Ave & Waring Rd Stop	Transportation	<0.1 miles
4	Grocery Bargain Market	Grocery Store	0.2 miles
5	Allied Gardens Recreation Center	Recreation	0.2 miles
6	Stephen C. Foster Elementary School	School	0.2 miles
7	San Diego Gasoline	Gas	0.2 miles
8	Union Bank	Bank	0.2 miles
9	Lewis Middle School	School	0.3 miles
10	Kaiser Permanente Zion Medical Center	Hospital	0.8 miles
11	US Post Office	Post Office	1.0 miles
12	Henry High School	School	1.7 miles

Crime Statistics

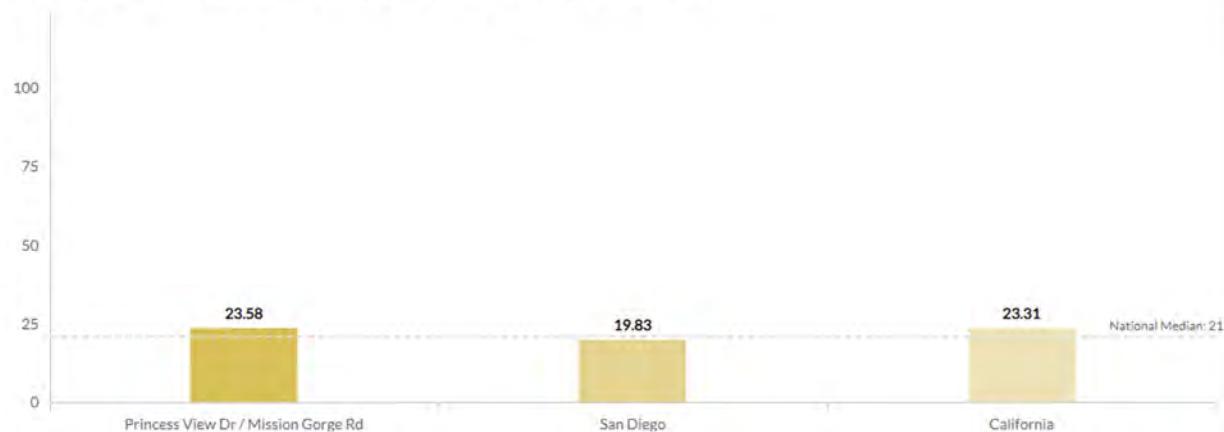
The following crime data is provided by Neighborhood Scout.

TOTAL CRIME INDEX		NEIGHBORHOOD ANNUAL CRIMES		
		VIOLENT	PROPERTY	TOTAL
Number of Crimes	39	13	89	102
Crime Rate (per 1,000 residents)	3.44	3.44	23.58	27.02

(100 is safest)
Safer than 39% of U.S. neighborhoods.



PROPERTY CRIME COMPARISON (PER 1,000 RESIDENTS)



SAN DIEGO PROPERTY CRIMES

POPULATION: 1,423,851

	BURGLARY	THEFT	MOTOR VEHICLE THEFT
Report Total	3,638	19,318	5,274
Rate per 1,000	2.56	13.57	3.70

UNITED STATES PROPERTY CRIMES

POPULATION: 328,239,523

	BURGLARY	THEFT	MOTOR VEHICLE THEFT
Report Total	1,117,696	5,086,096	721,885
Rate per 1,000	3.41	15.50	2.20



After inspection and observation of the Subject's neighborhood, we do not anticipate the overall crime statistics will affect the marketability for the Subject.

Summary

The Subject site is located within a mixed-use area of the Allied Gardens neighborhood in the city of San Diego. All major shopping, transportation, and recreational amenities are located within a short distance of the Subject. Access to groceries, pharmacy and shopping is convenient, and within reasonable walking distance.

PROJECT DESCRIPTION

Our description of the Subject is based upon information provided by the developer and the property inspection. We assume the information supplied is accurate.

Site Description

Site Location:	The Subject is located at the Northwest corner of Zion Avenue and Glenroy Street, San Diego, San Diego County, California. The site is located in Census Tract 97.03.
Existing Improvements:	The Subject is vacant.
Size/Shape:	The site contains 1.21 acres or 52,708 square feet, and is rectangular in shape.
Topography:	The site topography is level.
Vegetation:	The site has typical vegetation with some grass and shrubs.
Proximity to Adverse Conditions:	At this time, we are unaware of any detrimental influences that would impact on the value of the Subject.
Drainage:	Appears adequate, however no specific tests were performed.
Soil and Subsoil Conditions:	We were not provided with soil surveys.
Environmental:	We did not observe any obvious environmental hazards during the site inspection. However, we are not experts within this field.
Zoning:	The Subject is zoned RM-3-7. The purpose of the RM zones is to provide for multiple dwelling unit development at varying densities. The RM zones individually accommodate developments with similar densities and characteristics. Each of the RM zones is intended to establish development criteria that consolidates common development regulations, accommodates specific dwelling types, and responds to locational issues regarding adjacent land uses. RM-3-7 permits a maximum density of 1 dwelling unit for each 1,000 square feet of lot area.

In February 2013 the City of San Diego granted a condition use permit to the site for the entitlement of a 60-unit affordable senior housing development.

According to the City of San Diego Planning Department, for a development that provides five or more dwelling units; meets the criteria in zoning sections 143.0720(c)(1), 143.0720(c)(2), 143.0720(d)(2), or 143.0720(f); provides an average of no more than 600 square feet per dwelling unit with no dwelling unit exceeding 800 square feet; with a portion of the lot located within a Transit Priority Area; where an applicant has not requested an incentive or waiver to exceed the maximum structure height or setbacks of the base zone; and where the premises can be serviced by all required utilities, a density bonus of up to 100 percent of the pre-density bonus dwelling units shall be granted, provided that development of the additional density does not cause the need for an incentive, waiver, or deviation to exceed the maximum structure height or setbacks of the base zone.

The city of San Diego adopted a Complete Communities Plan in 2019 which is a housing solution that promotes a more streamline permitting process for larger apartment developments with discretionary approval from the local jurisdiction. The focus is intended to create a variety of housing options for everyone, particularly those at low and middle-income levels. The Subject site is part of the Complete Communities Plan in which the max FAR would be increased to 4.0

The current owner of the Subject site provided a feasibility study dated June 26th, 2023 provided by Gottsik of the Subject. The feasibility study determined that developing the site with affordable housing to take advantage of all available bonuses and the complete community requirements which would permit a total of approximately 200 affordable units on the site.

Assuming the Subject is granted the available bonuses, 200 proposed affordable apartment units would be legal conforming use. Zoning information was verified with the City of San Diego Zoning Code and the Complete Communities Plan.

Flood Plain:

According to flood map number 06073C1637H, dated May 16, 2012, the Subject is located in Zone X, an area of minimal flood hazard.

Photographs:

Subject photos are included in the Addenda.

Location Map:

The map below illustrates the location of the Subject.



HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE AS VACANT

Physically Possible

The Subject site consists of approximately 1.21 acres or 52,708 square feet, and is a rectangular shaped parcel with level topography. Accessibility and visibility are considered good. The site is considered adequate for a variety of physically possible uses.

Legally Permissible

The Subject is zoned RM-3-7. The purpose of the RM zones is to provide for multiple dwelling unit development at varying densities. The RM zones individually accommodate developments with similar densities and characteristics. Each of the RM zones is intended to establish development criteria that consolidates common development regulations, accommodates specific dwelling types, and responds to locational issues regarding adjacent land uses. RM-3-7 permits a maximum density of 1 dwelling unit for each 1,000 square feet of lot area.

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The city of San Diego adopted a Complete Communities Plan in 2019 which is a housing solution that promotes a more streamline permitting process for larger apartment developments with discretionary approval from the local jurisdiction. The focus is intended to create a variety of housing options for everyone, particularly those at low and middle-income levels. The Subject site is part of the Complete Communities Plan in which the max FAR would be increased to 4.0

The current owner of the Subject site provided a feasibility study dated June 26th, 2023 provided by Gottsik of the Subject. The feasibility study determined that developing the site with affordable housing to take advantage of all available bonuses and the complete community requirements which would permit a total of approximately 200 affordable units on the site.

Assuming the Subject is granted the available bonuses, 200 proposed affordable apartment units appears reasonable. Zoning information was verified with the City of San Diego Zoning Code and the Complete Communities Plan.

Financially Feasible

The cost of the land limits those uses that are financially feasible for the site. Any use of the Subject site that provides a financial return to the land in excess of the cost of the land is those uses that are financially feasible.

Maximally Productive

With the tax credit subsidy, the value of the project supports feasibility. Based upon our analysis, new construction of multifamily housing is financially feasible with subsidy. Therefore, the maximally productive use of this site as if vacant would be to construct a multifamily residential complex using tax credit equity, favorable financing, or other gap subsidies.

Conclusion Highest and Best Use “As Vacant”

The highest and best use for the property “as vacant” would be to construct a multifamily residential complex with financial subsidies.

APPRAISAL METHODOLOGY

The sales comparison approach of land sale comparables intended for multifamily development to assess the value of the Subject site, as though vacant is the appropriate methodology for valuation of the Subject property. The cost and income approach are not applicable, and were not used in this appraisal report.

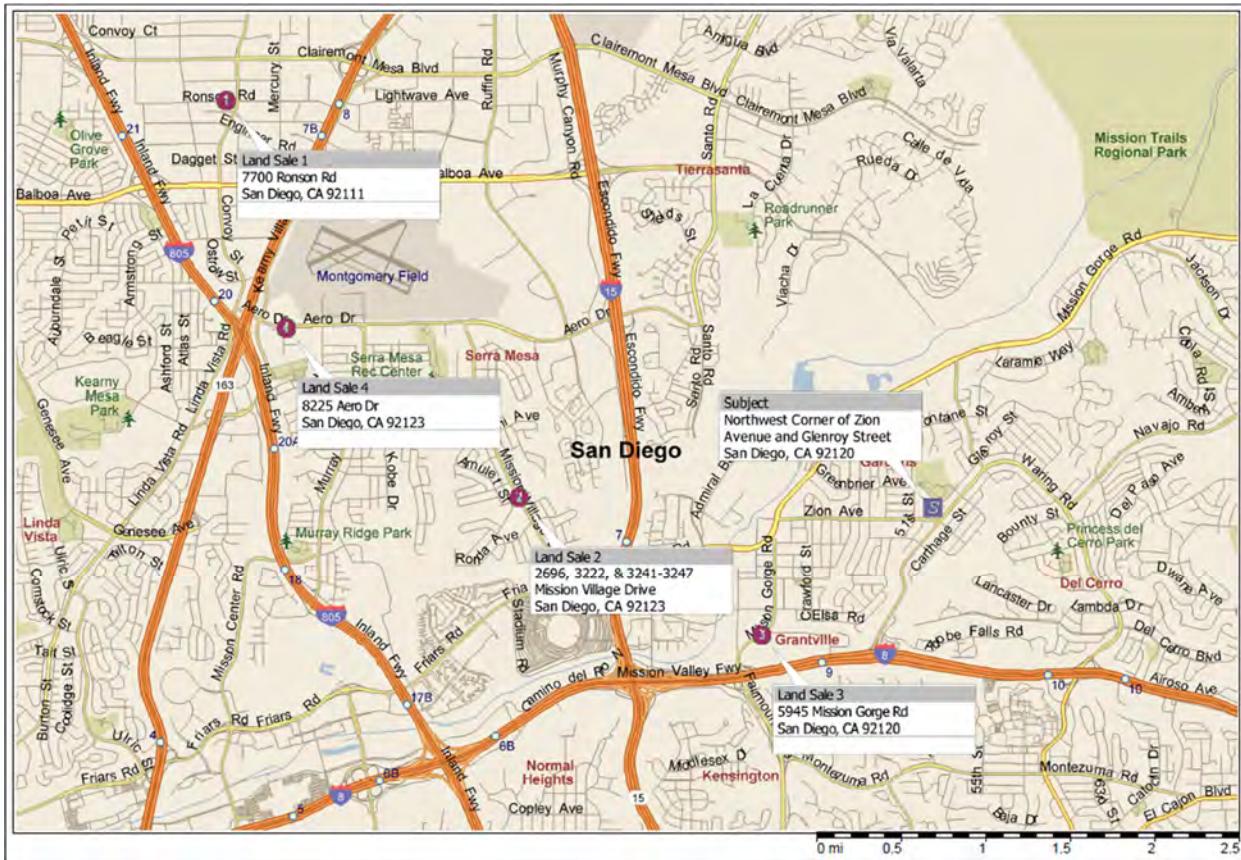
LAND VALUATION

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by prospective purchasers willing to buy or lease. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

To arrive at an opinion of land value for the Subject site, we researched and analyzed sales of comparable sites in the competitive area. In performing the market valuation, an extensive search for recent transfers of land zoned for multifamily development within the San Diego area was made. All sales are located within San Diego. Following is a land sales map, summary of sales, analysis of sales, and individual land data sheets.

Multifamily Land Sales							
Data No.	Property Identification	Date of Sale	Sale Price	Property Size/Acres	Property Size/SF	Price per SF	Price per Unit
1	7700 Ronson Road San Diego, CA 92111 356-110-63	Mar-23	\$42,075,923	4.99	217,364	\$193.57	\$79,239
2	2696, 3222, & 3241-3247 Mission Village Drive San Diego, CA 92123 429-011-11; 429-022-01; 429-030-03; 429-281-01	Dec-22	\$5,905,000	2.44	106,497	\$55.45	\$51,798
3	5945 Mission Gorge Road San Diego, CA 92120 461-190-04	Oct-22	\$2,700,000	0.40	17,337	\$155.74	\$56,250
4	8225 Aero Drive San Diego, CA 92123 421-040-01-00	Jul-21	\$35,200,000	3.80	165,528	\$212.65	\$81,106

Land Sales Map



Land Sale 1			
Property Identification			
Address/Location			7700 Ronson Road San Diego, CA 92111
APN			356-110-63
Property Characteristics		Sale Data	
Zoning	RMX-2	Sale Price	\$42,075,923
Property Use	Multifamily	Cash Equivalent	\$42,075,923
Size (Acres)	4.99	Number of Units Planned	531
Size (SF)	217,364	Price per SF	\$193.57
Shape	Irregular	Sale Date	Mar-23
Topography	Level	Price per Unit	\$79,239
Streets	Paved	Cash Equivalent	Yes
Off-site Improvements	To Site	Seller	Mgp Xii Kearny Mesa I LLC
Other Improvements	None	Buyer	Convoy Km Apartments Owner LLC
Utilities	To Site	Sale Conditions	Market
Location	Average	Property Rights	Fee Simple
Access	Average	Marketing Time (Mo.)	N/A
Visibility	Average	Comp ID	17906
Comments			
Sale information was confirmed with the buyers, Alec Schiffer and Greg Moiseve (858-774-7292) of Trammell Crow Residential. The purchase agreement was signed in August 2021 and the buyer was allowed the necessary time to obtain entitlements/permits. It was a condition of the purchase agreement that the site be delivered vacant at the seller's expense. The seller demolished the existing improvements, a 47,000 square foot office building in the first quarter 2023. The site was purchased for the development of a 531-unit apartment complex of which 22 units will be set aside for low-income (60% AMI) households. The site is located within the Kearny Mesa Community Plan which was adopted in November 2020 and resulted in a change in this site's zoning from Industrial Light Zoning (IL-3-1) to Residential Mixed-Use (RMX-2).			

Land Sale 2		
Property Identification		
Address/Location		2696, 3222, & 3241-3247 Mission Village Drive San Diego, CA 92123
APN		429-011-11; 429-022-01; 429-030-03; 429-281-01
Property Characteristics		
Zoning	CO-1-2; CC-1-1-3; OC-1-1; CN-1-2	Sale Price \$5,905,000
Property Use	Multifamily	Cash Equivalent \$5,905,000
Size (Acres)	2.44	Number of Units Planned 114
Size (SF)	106,497	Price per SF \$55.45
Shape	Irregular	Sale Date Dec-22
Topography	Level	Price per Unit \$51,798
Streets	Paved	Cash Equivalent Yes
Off-site Improvements	To Site	Seller Two LLC; 9160 Three LLC
Other Improvements	Office Building	Buyer Gdc-cm Mission Village LP
Utilities	To Site	Sale Conditions Market
Location	Average	Property Rights Fee Simple
Access	Average	Marketing Time (Mo.) N/A
Visibility	Average	Comp ID 17907
Comments		
Sale information was confirmed with listing broker Victor Krebs (858-677-5334). The sale consists of three sites that all transacted between the same buyer and seller on the same day. Site details are as follows: 2696 Mission Village Drive (APN 429-281-01)- 17,392 square feet; vacant; CN-1-2 zoning; accommodates 18 units. 3222 Mission Village Drive (APN 429-011-11 & 429-022-01)-25,147 square feet; vacant; CC-1-3 and OC-1-1 zoning; accommodates 21 units. 3241 Mission Village Drive (APN 429-030-03)-63,958 square feet; improved with 21,500 square foot office building occupied by a church; CO-1-2 zoning; accommodates 75 units. 3222 & 3241-3247 Mission Village Drive are located across the street from one another while 2696 Mission Village Drive is located approximately 0.7 miles from these sites. The buyer intended to raze the existing improvements to allow for redevelopment. The site was purchased for the development of a 114-unit, scattered site apartment complex.		

Land Sale 3			
Property Identification			
Address/Location			5945 Mission Gorge Road San Diego, CA 92120
APN			461-190-04
Property Characteristics			
Zoning	CC-3-9	Sale Price	\$2,700,000
Property Use	Multifamily	Cash Equivalent	\$2,700,000
Size (Acres)	0.40	Number of Units Planned	48
Size (SF)	17,337	Price per SF	\$155.74
Shape	Irregular	Sale Date	Oct-22
Topography	Level	Price per Unit	\$56,250
Streets	Paved	Cash Equivalent	Yes
Off-site Improvements	To Site	Seller	EISMAN Trust; Spiegler Family Trust; Fisch Joseph J Trust
Other Improvements	Retail Bldg	Buyer	CRP Affordable Housing & Community Development CA
Utilities	To Site	Sale Conditions	Market
Location	Average	Property Rights	Fee Simple
Access	Average	Marketing Time (Mo.)	N/A
Visibility	Average	Comp ID	17935
Comments			
Sale information was confirmed with the buyer, Jack Burlison of CRP Affordable Housing & Community Development (831-915-3855). At the time of sale, the site was improved with a 7,987 square foot, two-story retail building housing 10 different businesses. The buyer intended to raze the improvements to allow for redevelopment. Costs associated with this include approximately \$200,000 in relocation costs and \$100,000 in demolition costs. The site was purchased for the development of a 7-story, 48-unit affordable apartment complex. Due to the site's location within a Transit Oriented Development (TOD), the site's base density (43 total units) could be increased to 65 total units (50% Bonus) with AB 2345 or 77 total units (80% Bonus) with AB 1763; further there are no parking requirements. The buyer elected to not build to maximum density in order to use incentives in other areas of the development, include some parking, and refrain from building a taller building, which would then be designated as high-rise and greatly increase construction costs per unit. The site was not entitled for the proposed project at the time of sale because due to its location in a flood zone, it was not eligible for ministerial review. The purchase agreement was signed in February 2021.			

Land Sale 4			
Property Identification			
Address/Location			8225 Aero Drive San Diego, CA 92123
APN			421-040-01-00
Property Characteristics		Sale Data	
Zoning	RMX-2	Sale Price	\$35,200,000
Property Use	Multifamily	Cash Equivalent	\$35,200,000
Size (Acres)	3.80	Number of Units Planned	434
Size (SF)	165,528	Price per SF	\$212.65
Shape	Rectangular	Sale Date	Jul-21
Topography	Level	Price per Unit	\$81,106
Streets	Paved	Cash Equivalent	Yes
Off-site Improvements	To Site	Seller	Aero Apartments LLC
Other Improvements	Industrial Bldg	Buyer	PPF AMLI 8225 Aero Drive LP
Utilities	To Site	Sale Conditions	Market
Location	Average	Property Rights	Fee Simple
Access	Average	Marketing Time (Mo.)	N/A
Visibility	Average	Comp ID	11009
Comments			
Multiple attempts to reach the parties involved were not returned. Sale information was confirmed with CoStar. At the time of the sale, the site was improved with a vacant 27,605 square foot industrial building. The improvements will be razed to allow for redevelopment. The buyer purchased the site for the development of a 434-unit luxury apartment complex.			

The table below summarizes the adjustments.

Land Sale Analysis							
Address/Location	Subject Northwest corner of Zion Avenue and Glenroy Street San Diego, California 92120	Sale 1 7700 Ronson Road San Diego, CA 92111	Sale 2 2696, 3222, & 3241-3247 Mission Village Drive San Diego, CA 92123	Sale 3 5945 Mission Gorge Road San Diego, CA 92120	Sale 4 8225 Aero Drive San Diego, CA 92123		
	Sale Price Price per Unit	\$42,075,923 \$79,239		\$5,905,000 \$51,798	\$2,700,000 \$56,250		\$35,200,000 \$81,106
Comparison	Comparison	Adj.		Comparison	Adj.		
Property Rights	Fee Simple		Fee Simple	Fee Simple		Fee Simple	
Adjusted Price Per Unit		\$79,239		\$51,798		\$56,250	
Terms	Yes		Yes	Yes		Yes	
Adjusted Price Per Unit		\$79,239		\$51,798		\$56,250	
Sale Conditions	Market		Market	Market		Market	
Adjusted Price Per Unit		\$79,239		\$51,798		\$56,250	
Sale Date	Mar-23		Dec-22	5%	Oct-22	5%	Jul-21
Adjusted Price Per Unit		\$79,239		\$54,388		\$59,063	
Expenditures After Purchase	No		Yes	5%	Yes	11%	Yes
Adjusted Price Per Unit		\$79,239		\$57,108		\$65,559	
Physical Characteristics	Comparison	Comparison	Adj.	Comparison	Adj.	Comparison	Adj.
Zoning	RM-3-7	RMX-2		CO-1-2; CC-1-3; OC-1-1; CN-1-2		CC-3-9	
Size (Acres)	1.21	4.99	4%	2.44	1%	0.40	-1%
Size (SF)	52,708	217,364		106,497		17,337	
Topography	Level	Level		Level		Level	
Street	Paved	Paved		Paved		Paved	
Off-site Improvements	To Site	To Site		To Site		To Site	
On-site Improvements	None	None		Office Building		Retail Bldg	
Utilities	To Site	To Site		To Site		To Site	
Location	Average	Inferior	15%	Superior	-10%	Similar	Superior
Total Physical Adjustment			19%		-9%		-1%
Adjusted Price Per Unit			\$94,294		\$51,968		\$64,904
							\$83,801
				Minimum Sale	\$51,968		
				Maximum Sale	\$94,294		
				Average Sale	\$73,742		

Explanation of Adjustments

Market Conditions

Real estate values change over time. The rate of this change fluctuates due to investors' perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of comparables, when values have appreciated or depreciated. In this analysis, market conditions of the Council Bluffs area indicate that adjustments for time and market conditions are necessary.

The land sales occurred between July 2021 and March 2023. During the time period between 2008 and 2012, there were softened market conditions, and declining market values. Appreciation in land values started being reported in late 2012 and continued rising through the year-to-date. Interviews with local broker's revealed prices increased on average between three and five percent

per year during this time frame. Based on this methodology, Sale 1 required no adjustment, Sales 2 and 3 were adjusted upwards 5 percent, and Sale 4 was adjusted upwards 10 percent.

Expenditures After Purchase

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs effect the price the buyer agrees to pay. Such expenditures may include costs to cure deferred maintenance, costs to demolish and remove a portion of the improvements, costs for additions or improvements to the property, costs to petition for a zoning change, and costs to remediate environmental contamination. These costs are often quantified in price negotiations.

The Subject is currently vacant. Sale 1 was also vacant and required no adjustment. Sales 2, 3, and 4 were improved with an office building, retail building, and industrial building, respectively. Demolition costs for Sale 3 were reported at \$100,000 in addition to \$200,000 in relocation costs. It was adjusted upward 11 percent.

Demolition cost estimates were not available for Sales 2 and 4. Based on demolition cost data available from other regional sales, an estimate of \$15 per square foot is utilized. This cost is multiplied by the square footage of the improvement and then divided by the sale price to derive a percentage adjustment for each sale. Sales 2 and 4 were adjusted upward 5 and 1 percent, respectively.

In addition to on-site improvements, a site can have off-site improvements. Off-site improvements may include utility lines, access to roads, and water, drainage, and sewer systems. Off-site improvements may have an effect on the value of a site, even though they are not a part of the site. If purchasing a site that does not have off-site improvements in place, buyers of land would have considered the costs of building out this infrastructure as part of the price at the time of the sale.

Zoning/Density

All of the sales are zoned and approved for multifamily purposes; therefore, no adjustments are necessary. The land valuation is based on a price per allowable unit basis, and the density of allowable units is accounted for when multiplying the price paid per unit times the number of units allowable for the site. Adjustments for development density have been qualitatively analyzed in the summation of value.

Size

Typically, an inverse relationship exists between site size and price per unit indication; therefore, larger sites are adjusted upward. The Subject is a 1.21-acre site. Sales 1, 2, and 4 are larger than the Subject and were adjusted upward 4, 1, and 3 percent, respectively. Sale 3 is smaller than the Subject and was adjusted downward one percent. The adjustment was based on one percent per acre (rounded).

Topography

The Subject site has a level topography. Sales 1, 2, 3, and 4 also have level topography; therefore, no adjustments were necessary.

On-Site Improvements

The Subject site is currently vacant. Sales 2, 3, and 4 reported improvements at the time of the sales but the sale price was not affected by the demolition costs or the costs have already been accounted for; therefore, no adjustments were necessary for Sales 2, 3, and 4. Sale 1 was vacant; therefore, no adjustments were necessary for Sale 1.

Location

The Subject and land sales are generally located within the central portion of San Diego; however, differences do exist in the neighborhood areas. In order to determine a location adjustment, the median contract rent of the Subject's zip code was compared with the median contract rent of the zip code each sale is located in. Sale 3 is located within a similar area to the Subject; therefore, no adjustments were necessary. The table below illustrates this analysis and the adjustments applied to each sale.

Location Adjustment				
Sale	Zip Code	Median Contract Rent	% Difference	Matrix Adjustment
Subject	92120	\$1,954	-	
Sale 1	92111	\$1,700	15%	15%
Sale 2	92123	\$2,203	-11%	-10%
Sale 4	92123	\$2,203	-11%	-10%

Summary of Land Value

The adjusted sales range from \$51,968 to \$94,294 per unit and average \$73,742 per unit. Sale 3 was given the most weight because it is the most similar in location and size, and has a similar density. Sale 1 was given secondary weight because it is the most recent and was vacant like the Subject. Sales 2 and 4 are given minimal weight because Sale 2 has issues complicating the development of the site and Sale 4 is the oldest sale. A conclusion of \$75,000 per unit is considered reasonable and market oriented. The value indication for the site is below.

Indication of Value		
# of Units	\$/Unit	Indication
200	\$75,000	\$15,000,000

Marketing/Exposure Time

Marketing Time is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of twelve months is reasonable for properties such as the Subject. This is supported by data obtained on several of the comparable sales and consistent with information obtained from the *PWC Real Estate Investor Survey*. This estimate assumes a strong advertising and marketing program during the marketing period.

The exposure/marketing time of the subject property is very difficult to judge in that the buy/sell decision involving investment properties is interrelated with the assumption that the property is priced reasonably and is adequately exposed to the proper market. Marketing Time differs from Exposure Time in that the estimate of Marketing Time is a projection into the future with the associated estimates as to future trends and factors that are likely to impact the market segment in which the subject is participating. In an attempt to forecast Marketing Time, consideration is given to the fact that the sales and opinions that have been elicited in the estimation of Exposure Time have been formulated during current economic conditions that are expected to be very similar in the foreseeable future.

Investment property brokers, investors, and sellers familiar with the market, report that the exposure time can range from 30 days to as long as twelve months. This assumes that financing is available and that there are no significant negative items affecting the property. Based upon information gathered during the course of this assignment it is our opinion that the appropriate estimate of the exposure time is equal to the marketing time for the subject and is estimated at six to twelve months.

ADDENDUM A

Assumptions and Limiting Conditions, Certification

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the appraiser has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report which others furnished was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the appraiser did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.

10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or appraisal and are invalid if so used.
11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is non-static and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organizations of which the appraiser is a member be identified without written consent of the appraiser.
13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional appraisal organization with which the appraiser is affiliated: specifically, the Appraisal Institute.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental 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.

19. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums, except as reported to the appraiser and contained in this report.
20. The party for whom this report is prepared has reported to the appraiser there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
21. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use, as detailed in this report.
22. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The appraiser does not warrant the condition or adequacy of such systems.
23. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the appraised property. The appraiser reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.

Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions.

CERTIFICATION

The undersigned hereby certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- We provided a land appraisal for the Subject in March 2019 and May 2021. We have not performed any other appraisal or consulting assignments on the Subject in the past three years;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our 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 Valuation Practice of the Appraisal Institute and USPAP;
- George Ballin performed a physical inspection of the property and the Subject's neighborhood June 28, 2023. Jake Cleveland researched and surveyed land sales and wrote the report. Amanda Baker, MAI did not inspect the Subject site, but did conclude to the final overall value;
- We do not authorize the out of context quoting from or partial reprinting of this market analysis report. Further, neither all nor any part of this report shall be disseminated to the general public by the use of media for public communication without the prior written consent of Kinetic Valuation Group, Inc.;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- As of the date of this report, Amanda Baker, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



Amanda Baker, MAI
CA Certified General Appraiser
No.3002360 Expiration 07/14/2024
amanda@kvgteam.com
(402) 305-1693

ADDENDUM B

Subject Photographs and Information

SUBJECT PHOTOGRAPHS



View of Subject facing north



View of Subject facing west



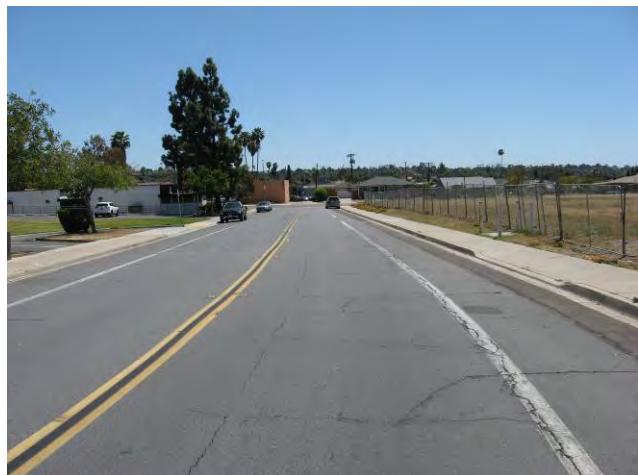
View of Subject facing northeast



View of Subject facing southwest



North along Glenroy Street; Subject on the left

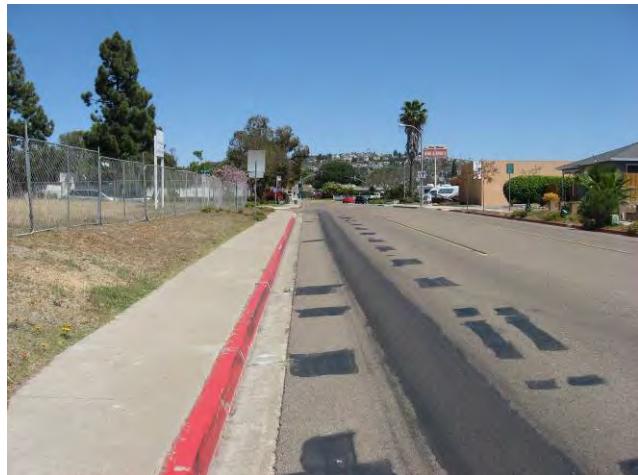


South along Glenroy Street; Subject on the right

SUBJECT PHOTOGRAPHS



View west along Zion Avenue; Subject on the right



View east along Zion Avenue; Subject on the left



View north of Subject



View west of Subject



View south of Subject



View southeast of Subject

SUBJECT PHOTOGRAPHS



View east of Subject



House of Worship northwest of Subject



House of Worship west of Subject



Community pool east of Subject



Allied Gardens Park north of Subject



Nearby gas station

SUBJECT PHOTOGRAPHS



Nearby retail/commercial



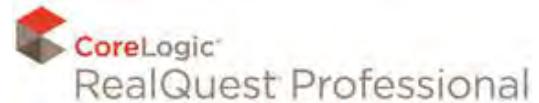
Nearby bank

ADDENDUM C

Legal Description

Property Detail Report

For Property Located At :
ZION AVE, SAN DIEGO, CA 92120



Owner Information

Owner Name: HARB FAMILY TRUST
Mailing Address: 6886 NEWBERRY ST, SAN DIEGO CA 92120-1031 C009
Vesting Codes: // PT

Location Information

Legal Description: PAR B TR 1381
County: SAN DIEGO, CA
Census Tract / Block: 97.03 /
Township-Range-Sect: 672-30
Legal Book/Page: 1
Legal Lot:
Legal Block:
Market Area:
Neighbor Code:

APN: 672-300-05-00
Alternate APN:
Subdivision: ALLIED GARDENS
Map Reference: 54-D4 /
Tract #: 1381
School District: SAN DIEGO
School District Name: SAN DIEGO
Munic/Township:

Owner Transfer Information

Recording/Sale Date: 11/09/2018 / 11/08/2018
Sale Price:
Document #: 470589

Deed Type: TRUSTEE'S DEED(TRANSFER)
1st Mtg Document #:

Last Market Sale Information

Recording/Sale Date: /
Sale Price:
Sale Type:
Document #:
Deed Type:
Transfer Document #:
New Construction:
Title Company:
Lender:
Seller Name:

1st Mtg Amount/Type: /
1st Mtg Int. Rate/Type: /
1st Mtg Document #: /
2nd Mtg Amount/Type: /
2nd Mtg Int. Rate/Type: /
Price Per SqFt:
Multi/Split Sale:

Prior Sale Information

Prior Rec/Sale Date: /
Prior Sale Price:
Prior Doc Number:
Prior Deed Type:

Prior Lender:
Prior 1st Mtg Amt/Type: /
Prior 1st Mtg Rate/Type: /

Property Characteristics

Year Built / Eff: /
Gross Area:
Building Area:
Tot Adj Area:
Above Grade:
of Stories:
Other Improvements: **Building Permit**

Total Rooms/Offices
Total Restrooms:
Roof Type:
Roof Material:
Construction:
Foundation:
Exterior wall:
Basement Area:

Garage Area:
Garage Capacity:
Parking Spaces:
Heat Type:
Air Cond:
Pool:
Quality:
Condition:

Site Information

Zoning: R1
Lot Area: 52,708
Land Use: VACANT LAND (NEC)
Site Influence:

Acres: 1.21
Lot Width/Depth: 482 x
Commercial Units:
Sewer Type:

County Use: RURAL 1-10 AC (161)
State Use:
Water Type:
Building Class:

Tax Information

Total Value: \$1,030,890
Land Value: \$1,030,890
Improvement Value:
Total Taxable Value: \$1,030,890

Assessed Year: 2018
Improved %:
Tax Year: 2018

Property Tax: \$12,137.96
Tax Area: 08278
Tax Exemption:

ADDENDUM D

Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS

AMANDA M. BAKER, MAI

I. Professional Affiliation

Member of the Appraisal Institute with the MAI Designation, No. 511086

II. State Certifications

State of Arizona Certified General Real Estate Appraiser (32065)
State of California Certified General Real Estate Appraiser (3002360)
State of Colorado Certified General Real Estate Appraiser (CG.200000747)
State of Illinois Certified General Real Estate Appraiser (553.002828)
State of Kansas Certified General Real Property Appraiser (G-2960)
State of Kentucky Certified General Real Property Appraiser (5615)
State of Louisiana Certified General Real Property Appraiser (G-3944)
State of Missouri Certified General Real Estate Appraiser (2014021680)
State of Nebraska Certified General Real Property Appraiser (CG2016006R)
State of New Jersey Certified General Real Property Appraiser (42RG00285600)
State of Nevada Certified General Real Estate Appraiser (A.0207150-CG)
State of Pennsylvania Certified General Real Property Appraiser (GA004621)
State of Washington Certified General Real Estate Appraiser (1102380)

III. Education

University of Nebraska-Omaha, **Bachelor of Science** in Business Administration
-Specialization in Real Estate and Land Use Economics
-Specialization in Marketing
-Secondary Specialization in Economics

IV. Professional Experience

-Vice President-Kinetic Valuation Group, June 2018-Present
-Manager-Lea & Company, November 2011-June 2018
-Senior Real Estate Analyst, Novogradac & Company LLP, April 2005–October 2011

V. Professional Training

-MAI General Demonstration Report-Capstone Program July 2016
-2016-2017 National USPAP Update March 2016
-MAI Comprehensive Exam August 2015
-Advanced Market Analysis and Highest & Best Use May 2015
-Advanced Income Capitalization October 2014
-Quantitative Analysis June 2014
-Advanced Concepts & Case Studies May 2014

VI. Real Estate Assignments

A representative sample of Due Diligence and Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation.

- Prepare appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Prepare appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies for projects under the HUD Multifamily Accelerated Processing program.
- Prepare appraisals of proposed new construction properties under the HUD Multifamily Accelerated Processing program.
- Prepare Rent Comparability Studies for expiring Section 8 HAP contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

Certificate of Professional Designation

This certificate verifies that

Jay A Wortmann
Kinetic Valuation Group

*Has completed NCHMA's Professional Designation Requirements
and is hence an approved member in good standing of:*



National Council of Housing Market Analysts
1400 16th St. NW
Suite 420
Washington, DC 20036
202-939-1750

Membership Term
1/1/2023 to 12/31/2023



Kaitlyn Snyder
Managing Director, NCHMA