

**APPRAISAL OF VACANT LAND
SITUATED ALONG
BROADHEAD FORDING ROAD
BLOCK & LOT 70-A-3
CITY OF PITTSBURGH (28TH WARD)
ALLEGHENY COUNTY
PENNSYLVANIA**

**CLIENT: URBAN REDEVELOPMENT AUTHORITY
OF THE CITY OF PITTSBURGH**



**PREPARED BY:
BODNAR REAL ESTATE SERVICES, INC.
2004 EAST CARSON STREET, SECOND FLOOR
PITTSBURGH, PENNSYLVANIA 15203
(412) 390-3170**

April 8, 2019

TABLE OF CONTENTS

	Page
Letter of Transmittal.....	3
Summary of Pertinent Data	5
Certification	6
Contingent and Limiting Conditions.....	7
Purpose of the Appraisal/Definition of Market Value.....	9
Property Rights Appraised	9
Zoning.....	9
Highest and Best Use.....	10
Property Identification	11
Legal Data/Sales History	11
Market Trend Analysis	12
Competency Statement.....	12
Marketing Time	12
Tax Assessment Information.....	12
General Location & Neighborhood Information	13
Location Map.....	14
Property Description.....	15
Subject Photographs	16
The Appraisal Process	18
Cost Approach	20
Income Approach.....	21
Sales Comparison Approach	22
Summary of Salient Facts and Reconciliation	28
Addenda.....	29



BODNAR REAL ESTATE SERVICES, INC.

2004 East Carson Street
2nd Floor
Pittsburgh, PA 15203

Phone: 412/390-3170
Fax: 412/390-3165
gbod@aol.com

April 8, 2019

Ms. Julie Udvarhelyi
Urban Redevelopment Authority
City of Pittsburgh
200 Ross Street, 10th Floor
Pittsburgh, PA 15219

**RE: Complete Appraisal Report
Broadhead Fording Road- Vacant Land
Block & Lot 70-A-3
28th Ward, City of Pittsburgh
Allegheny County, Pennsylvania
Urban Redevelopment Authority of Pittsburgh**

Dear Ms. Udvarhelyi:

Pursuant to your request, we have completed our inspection, investigation and appraisal of the above-captioned property.

This valuation is predicated upon the owner's title to the property being one of "Unencumbered Fee Simple Interest".

This appraisal report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. We have prepared a Complete Appraisal in a Summary Report.

As a result of our analysis, we are of the opinion as of April 5, 2019, the subject property had a Market Value as follows:

THIRTY-THREE THOUSAND DOLLARS
\$33,000.00

The following pages of this report specify, in detail, the justification and support of our final estimate of value.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary R. Bodnar", with a long horizontal flourish extending to the right.

Gary R. Bodnar, GAA
Certified General Appraiser

GRB/jlb

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Location (Address)	:	Broadhead-Fording Road 28th Ward, City of Pittsburgh Allegheny County, Pennsylvania
Client	:	Urban Redevelopment Authority of Pittsburgh
Block and Lot Numbers	:	70-E-185
Total Land Area	:	13,000 SF or 0.2984 acres
Brief Description of the Improvements	:	N/A Vacant land
Zoning	:	“RM-M” Residential
Taxes	:	N/A- Exempt
Highest and Best Use- As Vacant	:	Residential development
As Improved	:	N/A
Property Rights Appraised	:	Fee Simple Absolute
Value Conclusions –		
Cost Approach	:	N/A
Income Approach	:	N/A
Sales Comparison	:	\$33,000
Effective Date	:	April 5, 2019
Date of Inspection	:	April 5, 2019
ESTIMATED MARKET VALUE	:	\$33,000
Estimated Marketing Time	:	12 to 15 months

CERTIFICATION

We 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, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person(s) signing this report.
- We have acted in an independent capacity and this appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Date: April 8, 2019



Signed:

Gary R. Bodnar, GAA
PA Certification Number: GA000173-L

CONTINGENT AND LIMITING CONDITIONS

1. This is a Complete Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. It includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Any additional and supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy 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 estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

13. The appraiser is not qualified to detect hazardous waste. Any comments by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation. Such determination would require investigation by a qualified expert. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

PURPOSE/FUNCTION OF THE APPRAISAL

The purpose of this appraisal report is to estimate the Market Value of this property as of April 5, 2019, the effective date of this appraisal. The date of the appraisal report is April 8, 2019. The function of this appraisal is to assist the Urban Redevelopment Authority of the City of Pittsburgh in decisions relative to internal matters concerning the subject property.

DEFINITION OF 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, knowledgeable 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:"

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and each acting in what he considers his own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."¹

PROPERTY RIGHTS APPRAISED

The property is being appraised as if owned in Fee Simple Absolute.

ZONING

The subject property is zoned "RM-M" Residential Multi-Unit Moderate Density District, according to the current zoning ordinance of the City of Pittsburgh. The property, in its current state, i.e. vacant land, represents a conforming use to said zoning classification.

¹ Source: Office of Thrift Supervisor (OTC), Federal Register Volume 55, No. 164, August 23, 1990, Rules and Regulations, page 34532.

HIGHEST AND BEST USE

According to Communicating the Appraisal: A Guide to Report Writing, a publication by the American Institute of Real Estate Appraisers in 1982, Highest and Best Use is defined as follows:

"The most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and need, or likely to be in demand in the reasonably near future. However, elements affecting value that depend on events or a combination of occurrences that, although in the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of the land that may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use that will yield to land the highest present value, sometimes called 'optimum use'."

This same publication also suggests that in estimating highest and best use, there are essentially four stages of analysis:

1. Possible Use - What uses of the site are physically possible?
2. Permissible Use (legal) - What uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use - Which possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use - Among the feasible uses, which will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

The following tests must be met in estimating the highest and best use: The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

HIGHEST AND BEST USE (CONTINUED)

Estimating the future highest and best use depends on many factors in addition to the site's physical features. These may be legal, contractual or economic restrictions on the use of the site; or they may relate to market conditions such as supply and demand. Also inherent in the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the use determined from analysis represents an opinion, not a fact, to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

According to the City of Pittsburgh Zoning Ordinance, the subject property is located in an "RM-M" Residential Multi-Unit Moderate Density District.

The existing use of the subject site as vacant land is obviously permitted and appropriate under the terms of the zoning district.

Surrounding uses are mainly residential uses.

In recognition of all of the factors discussed above, therefore, it is concluded that the Highest and Best Use of the subject site is for "multiple-family residential development".

PROPERTY IDENTIFICATION

The subject property consists of a vacant parcel of land. The total land area is +/-13,000 SF or approximately 0.2984 acres. The property is located along the easterly side of Broadhead Fording Road at the intersection with Von Bonnhorst Street. This is located in the "Fairywood" district/neighborhood and the 28th Ward of the City of Pittsburgh, Allegheny County, Pennsylvania. A more general term for this area is the city's "West End".

The lot is identified as Block and Lot Number 70-A-3 by the Allegheny County Tax Assessment Office.

LEGAL DATA/SALES HISTORY

The property currently has rights vested to Urban Redevelopment Authority of Pittsburgh. There is no relevant previous sale of the subject property.

COMPETENCY STATEMENT

Gary R. Bodnar has appraised similar vacant land properties in the past, and has the data, capability and knowledge to complete an appraisal assignment of this type.

MARKETING TIME

Based upon prevailing market conditions and the historical marketing range provided by improved sale properties and similar vacant land, it is projected that a marketing period of twelve to fifteen months for the subject property is within the realm of current market conditions. However, the prevailing real estate market conditions are not guaranteed to remain constant since supply and demand and mortgage financing rates and terms are subject to change within the subject marketplace.

TAX ASSESSMENT INFORMATION

The subject property is tax exempt however it is assessed as follows-

Total Assessed Value

Land	\$ 16,700
Improvements	<u>\$ 50,100</u>
Total Assessed Value	\$ 66,800

The above assessment information is incorrect as it shows a building on the property. At the time of my inspection however, there was no structure on the property.

Annual Taxes

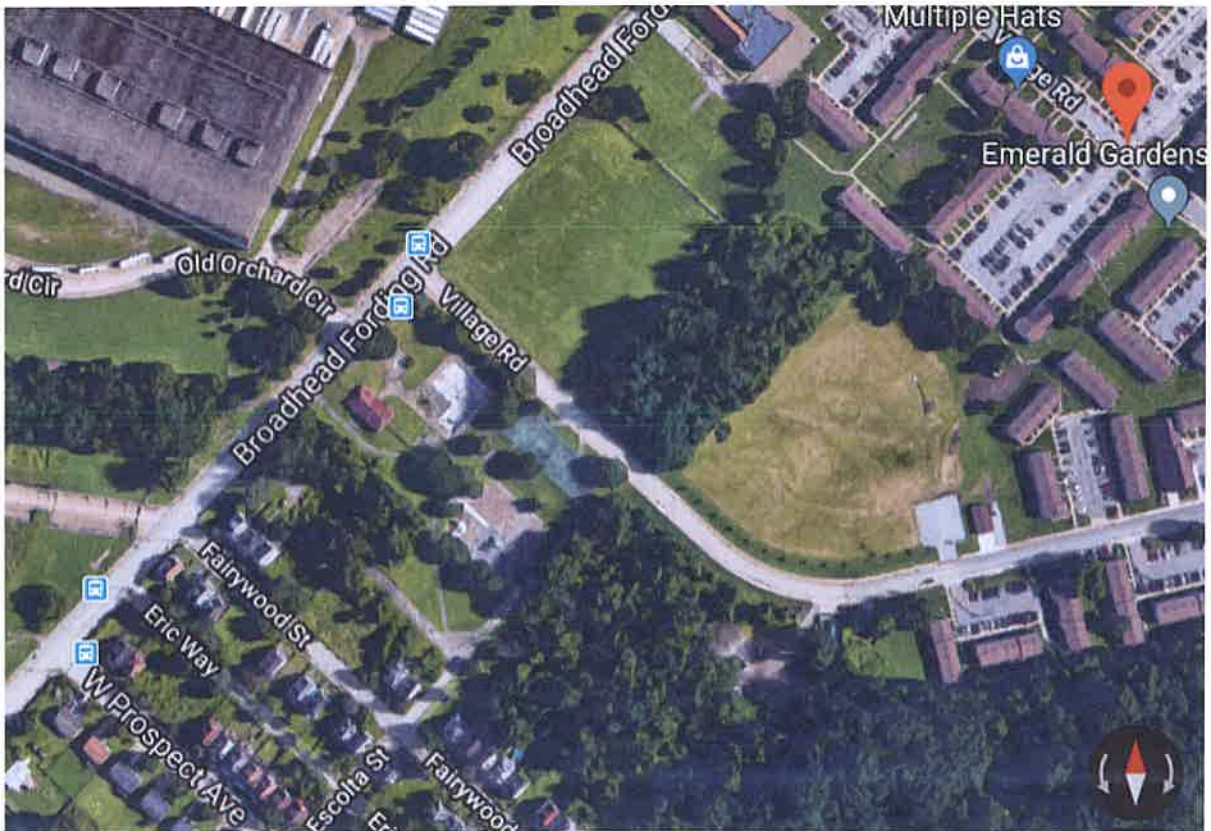
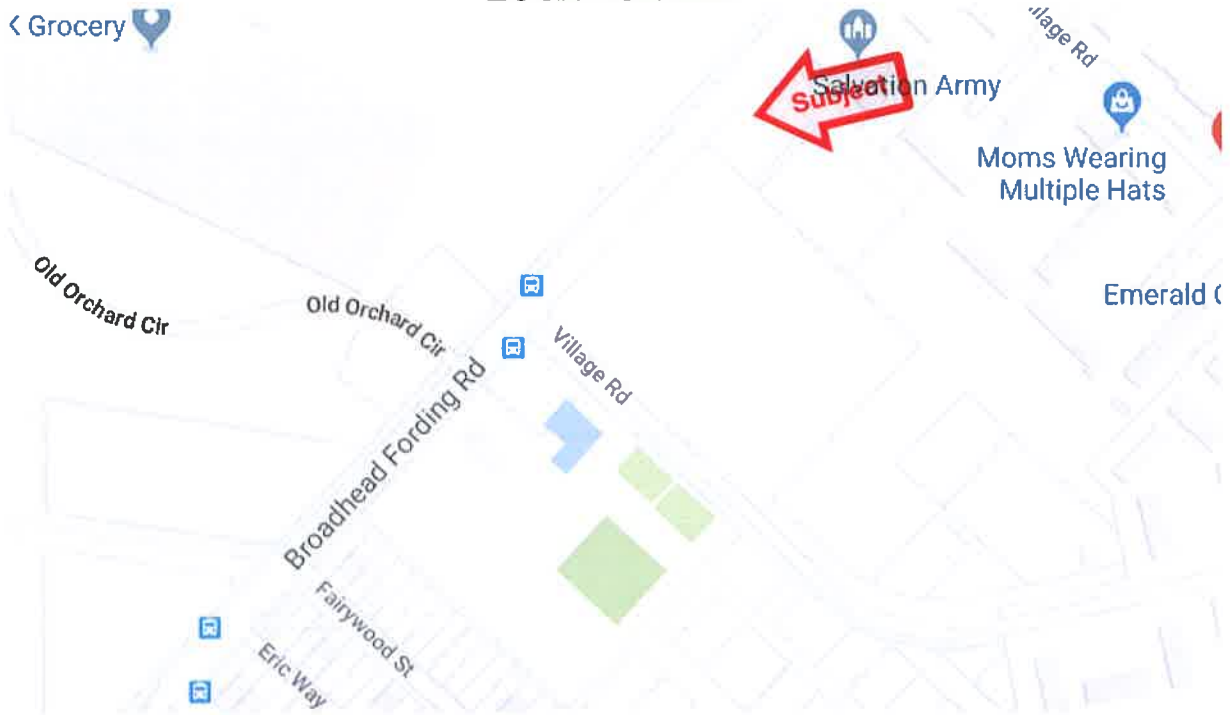
The subject's ensuing tax burden would be estimated as follows-

Assessed Value		Millage Factor	Taxes
\$66,800	x	.02263	\$1,511.68
			\$1,481.45 w/ discount

GENERAL LOCATION AND NEIGHBORHOOD INFORMATION

The 28th Ward of the City of Pittsburgh is commonly referred to as part of the “West End” and is located approximately 5 miles southwest of Downtown Pittsburgh. Part of the overlapping area of Greater Pittsburgh’s South Hills/West End, this neighborhood consists of mostly older mixed uses in spotted development. There are residential properties (both multi-family and single-family) as well as institutional uses, light industrial uses and scattered commercial uses. The area is conveniently located to State Routes 50, 60 and 121, as well as the Parkway West, thus offering good access to the Pittsburgh International Airport, I-79 and Downtown Pittsburgh. There have been no areas of significant growth or economic influence within the general area.

LOCATION MAP



PROPERTY DESCRIPTION

Area	:	13,000 SF or 3.15 acres
Topography	:	Level
Shape	:	Rectangular
Block and Lot	:	70-A-3
Zoning	:	"RM-M" Residential
Flood Plain	:	Zone X "area of minimal flood hazard" according to Map No. 420030329F with an effective date of May 15, 2003
Utilities	:	All public utilities including electricity, gas, water and sanitary sewage are available.
Highest & Best Use	:	Multi-family residential development in an assemblage
Current Use	:	Vacant land
On Site Improvements	:	N/A
Off Site Improvements	:	Property located along a 2-way asphalt paved street

SUBJECT PHOTOGRAPHS

70-A-3





THE VALUATION PROCESS

The valuation process begins when an appraiser identifies the appraisal problem and ends when he or she reports a conclusion to the client. Each real property is unique and many different types of value can be estimated for a single property. The most common appraisal assignment is performed to estimate market value; the valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for estimating any other defined value. Consulting assignments often call for value estimates, which are derived through modification of the valuation process.

The valuation process is accomplished through specific steps; the number of steps followed depends on the nature of the appraisal assignment and the data available. The model indicates a pattern that can be used in any appraisal assignment to perform market research and data analysis, to apply appraisal techniques, and to integrate the results of these activities into an estimate of defined value.

Research begins after the appraisal problem has been defined. The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels—international, national, regional, community and neighborhood. This examination helps the appraiser understand the interrelationships among the principles, forces and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. These data can be analyzed and employed to estimate a defined value.

Traditionally, appraisal techniques are the specific procedures within the three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

In assignments to estimate market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which correspond to the three traditional approaches to value:

THE VALUATION PROCESS (CONTINUED)

1. The value indicated by recent sales of comparable properties in the market – the sales comparison approach.
2. The current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site value – the cost approach.
3. The value of a property's earning power based on the capitalization of its income – the income capitalization approach.

The three approaches are interrelated; each requires the gathering and analysis of sales, cost, and income data that pertain to the property being appraised. Each approach is outlined briefly in this chapter and discussed in detail in subsequent chapters.

From approaches applied, the appraiser derives separate indications of value for the property being appraised. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

To complete the valuation process, the appraiser integrates the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or a range within in which the value may fall. An effective integration of all the elements in the process depends on the appraiser's skill, experience and judgment.²

² The Appraisal of Real Estate, Eleventh Edition, 1996, Appraisal Institute.

COST APPROACH TO VALUE

In the Cost Approach to Value, the major components, land and improvements, are estimated separately.

The land value is established by comparison with the sale value of other land that offers varying degrees of comparability. The reproduction cost new of improvements is calculated by using reliable cost indexes; the depreciation elements for all causes are then subtracted to arrive at a depreciated value of the improvements; adding the value of the land given an indication of value for the entire property. These elements of depreciation include physical deterioration, functional obsolescence and economic obsolescence. Physical deterioration is brought about by wear and tear, disintegration, and use in service. Functional obsolescence reflects the efficiency or inefficiency of an improvement to perform the function for which it is being used. It includes design, inadequacy or super adequacy of the structure, and changes in construction materials and techniques. Economic obsolescence is loss in value caused by factors outside the property itself. They are items over which the property owner has no control.

The Society of Real Estate Appraisers, in the Real Estate Terminology textbook, defines the Cost Approach as:

“That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.”

As a building ages, application of the various forms of depreciation and obsolescence become difficult to measure with a high degree of accuracy. The Cost Approach loses its validity and becomes increasingly subjective. The Cost Approach as an indicator of value, while considered, was not developed in this report.

This approach is not being developed since the subject consists of vacant land only.

INCOME APPROACH

The underlying premise in the Income Approach is that value is the present worth of future benefits arising from ownership. These benefits can be tangible or intangible, but normally are limited to an estimate of stabilized future net income potential. Net Income potential is translated into a market value by capitalizing the stabilized net income at an appropriate capitalization rate.

The following are the six (6) steps necessary to develop the Income Approach:

1. Verification of actual rents and stabilization of the income stream.
2. Estimate of the proper vacancy and collection loss.
3. Estimate and stabilization of expenses.
4. Estimate of stabilized net operating income.
5. Development of proper rate of capitalization.
6. Capitalization of stabilized net income into an indication of value by application of a proper capitalization rate.

This approach is not developed since the subject exists as vacant land only.

SALES COMPARISON APPROACH TO VALUE

The basis or trust of this approach is predicated upon direct comparisons of the subject property to properties which share some degree of comparability with the subject, and which have sold on the same or similar market.

The estimate predicated upon this approach is considered to be representative of the reactions of typical buyers and sellers in the marketplace and is based upon the principle of substitution. That is, no prudent, knowledgeable person will pay more to buy one property than it will cost to buy another similar property. When a sufficient number of sales are evaluated, a pattern is usually established and with proper interpretation, this pattern can be a good and acceptable indication of market value.

Generally, the steps³ in the Sales Comparison Approach are indicated below:

- 1) Research the market to identify similar properties for which pertinent sales, listings, offerings and/or rental data is available.
- 2) Qualify the prices as to terms, motivating forces and bonafide nature.
- 3) Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics and conditions of sale.
- 4) Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
- 5) From the pattern developed, formulate an opinion of market value for the property being appraised.

We have identified a number of comparable vacant land properties in the general economic area. These sales were evaluated on a "per square foot of land area" basis, a method that is widely accepted in this market segment. Differences that could affect value include market condition, financing, location, land size, utility, topography, access, etc.

Following is a list of these sales-

³ The Appraisal of Real Estate, Seventh Edition, American Institute of Real Estate Appraisers.

SALES COMPARISON APPROACH TO VALUE (CONTINUED)

COMPARABLE SALE #1

Location	:	McMurray Road Bethel Park Borough
Block and Lot No.	:	775-D-42 & 775-D-295
Grantor	:	YMCA Greater Pittsburgh
Grantee	:	Clover Communities Bethel Park LLC
Date of Sale	:	3/16
Consideration	:	\$950,000
Reference	:	DBV 16322, page 288
Unit Price	:	\$91,223/acre or \$2.09/SF
Description	:	10.414 acres (453,634 SF) of vacant land (zoned Residential);includes 441' frontage along McMurray Road; level to gently sloping; all public utilities; purchased for eventual multiple family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #2

Location	:	Hamilton Road Bethel Park Borough
Block and Lot No.	:	316-A-175
Grantor	:	Totum Realty Advisors
Grantee	:	Rolling Lambert Building Development
Date of Sale	:	12/15
Consideration	:	\$450,000
Reference	:	N/A
Unit Price	:	\$132,353/acre or \$3.04 SF
Description	:	3.40 acres of land (148,104 SF); gently sloping; zoned Residential; all public utilities; located within the "Cool Springs" development; purchased for multi-family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #3

Location	:	103 Fox Plan Rd Monroeville Borough
Block and Lot No.	:	856-P-331/856-P-339/857-A-72/857-A-78
Grantor	:	Fox Plan LP
Grantee	:	Fox Plan Apartments LLC
Date of Sale	:	1/19
Consideration	:	\$1,202,000
Reference	:	DBV 17495 page 468
Unit Price	:	\$233,448/acre or \$5.36/SF
Description	:	5.1489 acres (224,286 SF) of vacant; zoned Residential; all utilities available; zoned "Residential"; gently sloping; purchased for residential development
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #4

Location	:	100-125 Apple Blossom Way Moon Township
Block and Lot No.	:	699-F-84
Grantor	:	Broadhead Investors Group LLC
Grantee	:	Broadhead Senior Living LLC
Date of Sale	:	9/17
Consideration	:	\$2,000,000
Reference	:	DBV 16940, page 30
Unit Price	:	\$101,404/acre or \$2.34/SF
Description	:	19.723 acres or 859,134 SF of vacant land; zoned Residential; mixed topography; purchased for multiple family residential development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

Comparable Sales Analysis & Conclusion

The appraiser essentially searched Allegheny County for comparable sales- vacant parcels similar to the subject.

Location- The subject property is located in a rather stagnant area for general real estate values- there has been little new development in this particular area. The demand however for higher density residential land however is somewhat strong here. All of the above sales are located in "superior" areas in terms of general real estate values and would require downward adjustments to their unit prices.

Topography- The subject is level and cleared and virtually ready for development. Sale 1 is the only sale that is similar to the subject in terms of topography. The remaining sales would warrant slightly upward adjustments for their slightly inferior topography.

Size- All of the sales are larger than the subject.

Zoning- All of the sales are zoned "Residential" which would allow for multi-family residential development.

All of the sales have been purchased for the development of multiple family or medium density residential development.

After considering the subject with respect to the comparables and their salient attributes, I am of the following opinion-

Indicated Value To Subject Property -

Therefore-

13,000 SF @ \$2.50/SF	\$32,500
Say	<u>\$33,000</u>

SUMMARY OF SALIENT FACTS AND RECONCILIATION

The value estimates indicated by the following approaches to value are as follows:

Cost Approach -	N/A
Income Capitalization Approach -	N/A
Sales Comparison Approach –	\$33,000

Cost Approach to Value –The Cost Approach will generally result in a more accurate estimate of value if the building is new and the improvements reflect the Highest and Best Use of the land. However, when items of physical deterioration and obsolescence must be estimated, a degree of subjectivity is usually involved. This approach was not applicable in this report since this is vacant land.

Income Capitalization Approach – This approach is based upon the Principle of Anticipation, i.e., value is created by the typical investor’s expectations of benefits to be derived in the future, namely, the present worth of the future benefits, including returns on and of the investment as well as the ownership advantages. Emphasis here is not on structural components, but on the quality and quantity of the income stream. This approach was not developed due to reasons previously explained.

Sales Comparison Approach – In the Sales Comparison Approach, consideration has been given to recent similar sales within the subject economic neighborhood/district. These sales were analyzed by the sale price per square foot method to reflect a market value estimate of the subject property. The appraiser found the quantity and quality of sales to be more than adequate, therefore, this approach was given considerable and equal weight in the final analysis.

Final Value – In consideration of the above and for the reasons and conclusions contained herein, it is estimated that the Market Value of the subject property as of April 5, 2019, is **\$33,000**.

ADDENDUM

PIN: ~~00700000000000000000~~









70-A-3
 70-A-10
 70-E-185 N
 70-E-241
 70-E-375



WGS84 Web Mercator

LEGEND

-  Parcels
-  LotLines
-  Streets
-  Municipalities
-  Image
-  Red: Band_1
-  Green: Band_2
-  Blue: Band_3

This map is for informational purposes only. Parcel information is provided from the Office of Property Assessments in Allegheny County. Content and availability are subject to change. Property characteristics and values change due to a variety of factors such as court rulings, municipality permit processing and subdivision plans. Excludes name and contact information for property owners, as required by Ordinance 3478-07. For additional information, call the Allegheny County GIS Help Desk at (412) 350-4774 or email at GISHelp@AlleghenyCounty,PA.

**APPRAISAL OF VACANT LAND
SITUATED ALONG
VON BONNHORST STREET
BLOCK & LOT 70-A-10
CITY OF PITTSBURGH (28TH WARD)
ALLEGHENY COUNTY
PENNSYLVANIA**

**CLIENT: URBAN REDEVELOPMENT AUTHORITY
OF THE CITY OF PITTSBURGH**



**PREPARED BY:
BODNAR REAL ESTATE SERVICES, INC.
2004 EAST CARSON STREET, SECOND FLOOR
PITTSBURGH, PENNSYLVANIA 15203
(412) 390-3170**

April 8, 2019

TABLE OF CONTENTS

	Page
Letter of Transmittal	3
Summary of Pertinent Data	5
Certification	6
Contingent and Limiting Conditions.....	7
Purpose of the Appraisal/Definition of Market Value.....	9
Property Rights Appraised	9
Zoning	9
Highest and Best Use.....	10
Property Identification	11
Legal Data/Sales History	11
Market Trend Analysis	12
Competency Statement.....	12
Marketing Time	12
Tax Assessment Information.....	12
General Location & Neighborhood Information	13
Location Map.....	14
Property Description.....	15
Subject Photographs	16
The Appraisal Process	17
Cost Approach	19
Income Approach.....	20
Sales Comparison Approach	21
Summary of Salient Facts and Reconciliation.....	27
Addenda.....	28



BODNAR REAL ESTATE SERVICES, INC.

2004 East Carson Street
2nd Floor
Pittsburgh, PA 15203

Phone: 412/390-3170
Fax: 412/390-3165
gbod@aol.com

April 8, 2019

Ms. Julie Udvarhelyi
Urban Redevelopment Authority
City of Pittsburgh
200 Ross Street, 10th Floor
Pittsburgh, PA 15219

**RE: Complete Appraisal Report
Von Bonnhorst Street- Vacant Land
Block & Lot 70-A-10
28th Ward, City of Pittsburgh
Allegheny County, Pennsylvania
Urban Redevelopment Authority of Pittsburgh**

Dear Ms. Udvarhelyi:

Pursuant to your request, we have completed our inspection, investigation and appraisal of the above-captioned property.

This valuation is predicated upon the owner's title to the property being one of "Unencumbered Fee Simple Interest".

This appraisal report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. We have prepared a Complete Appraisal in a Summary Report.

As a result of our analysis, we are of the opinion as of April 5, 2019, the subject property had a Market Value as follows:

**TWO- THOUSAND & NINE-HUNDRED DOLLARS
\$2,900.00**

The following pages of this report specify, in detail, the justification and support of our final estimate of value.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary R. Bodnar", with a long, sweeping horizontal line extending to the right.

Gary R. Bodnar, GAA
Certified General Appraiser

GRB/jlb

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Location (Address)	:	Von Bonnhorst Street 28th Ward, City of Pittsburgh Allegheny County, Pennsylvania
Client	:	Urban Redevelopment Authority of Pittsburgh
Block and Lot Numbers	:	70-A-10
Total Land Area	:	1,430 SF or +/-0.0328 acres
Brief Description of the Improvements	:	N/A Vacant land
Zoning	:	“RM-M” Residential
Taxes	:	N/A- Exempt
Highest and Best Use- As Vacant	:	Residential development
As Improved	:	N/A
Property Rights Appraised	:	Fee Simple Absolute
Value Conclusions –		
Cost Approach	:	N/A
Income Approach	:	N/A
Sales Comparison	:	\$2,900
Effective Date	:	April 5, 2019
Date of Inspection	:	April 5, 2019
ESTIMATED MARKET VALUE	:	\$2,900
Estimated Marketing Time	:	12 to 15 months

CERTIFICATION

We 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, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person(s) signing this report.
- We have acted in an independent capacity and this appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Date: April 8, 2019



Signed:

Gary R. Bodnar, GAA
PA Certification Number: GA000173-L

CONTINGENT AND LIMITING CONDITIONS

1. This is a Complete Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. It includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Any additional and supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy 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 estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

13. The appraiser is not qualified to detect hazardous waste. Any comments by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation. Such determination would require investigation by a qualified expert. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

PURPOSE/FUNCTION OF THE APPRAISAL

The purpose of this appraisal report is to estimate the Market Value of this property as of April 5, 2019, the effective date of this appraisal. The date of the appraisal report is April 8, 2019. The function of this appraisal is to assist the Urban Redevelopment Authority of the City of Pittsburgh in decisions relative to internal matters concerning the subject property.

DEFINITION OF 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, knowledgeable 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:"

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and each acting in what he considers his own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."¹

PROPERTY RIGHTS APPRAISED

The property is being appraised as if owned in Fee Simple Absolute.

ZONING

The subject property is zoned "RM-M" Residential Multi-Unit Moderate Density District, according to the current zoning ordinance of the City of Pittsburgh. The property, in its current state, i.e. vacant land, represents a conforming use to said zoning classification.

¹ Source: Office of Thrift Supervisor (OTC), Federal Register Volume 55, No. 164, August 23, 1990, Rules and Regulations, page 34532.

HIGHEST AND BEST USE

According to Communicating the Appraisal: A Guide to Report Writing, a publication by the American Institute of Real Estate Appraisers in 1982, Highest and Best Use is defined as follows:

"The most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and need, or likely to be in demand in the reasonably near future. However, elements affecting value that depend on events or a combination of occurrences that, although in the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of the land that may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use that will yield to land the highest present value, sometimes called 'optimum use'."

This same publication also suggests that in estimating highest and best use, there are essentially four stages of analysis:

1. Possible Use - What uses of the site are physically possible?
2. Permissible Use (legal) - What uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use - Which possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use - Among the feasible uses, which will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

The following tests must be met in estimating the highest and best use: The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

HIGHEST AND BEST USE (CONTINUED)

Estimating the future highest and best use depends on many factors in addition to the site's physical features. These may be legal, contractual or economic restrictions on the use of the site; or they may relate to market conditions such as supply and demand. Also inherent in the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the use determined from analysis represents an opinion, not a fact, to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

According to the City of Pittsburgh Zoning Ordinance, the subject property is located in an "RM-M" Residential Multi-Unit Moderate Density District.

The existing use of the subject site as vacant land is obviously permitted and appropriate under the terms of the zoning district.

Surrounding uses are mainly residential uses.

In recognition of all of the factors discussed above, therefore, it is concluded that the Highest and Best Use of the subject site is for "multiple-family residential development in an assemblage".

PROPERTY IDENTIFICATION

The subject property consists of a vacant parcel of land. The total land area is +/-1,430 SF or approximately +/-0.0328 acres. The property is located along the southerly side of Von Bonnhorst Street. This is located in the "Fairywood" district/neighborhood and the 28th Ward of the City of Pittsburgh, Allegheny County, Pennsylvania. A more general term for this area is the city's "West End".

The lot is identified as Block and Lot Number 70-A-10 by the Allegheny County Tax Assessment Office.

LEGAL DATA/SALES HISTORY

The property currently has rights vested to Urban Redevelopment Authority of Pittsburgh. There is no relevant previous sale of the subject property.

COMPETENCY STATEMENT

Gary R. Bodnar has appraised similar vacant land properties in the past, and has the data, capability and knowledge to complete an appraisal assignment of this type.

MARKETING TIME

Based upon prevailing market conditions and the historical marketing range provided by improved sale properties and similar vacant land, it is projected that a marketing period of twelve to fifteen months for the subject property is within the realm of current market conditions. However, the prevailing real estate market conditions are not guaranteed to remain constant since supply and demand and mortgage financing rates and terms are subject to change within the subject marketplace.

TAX ASSESSMENT INFORMATION

The subject property is tax exempt however it is assessed as follows-

Total Assessed Value

Land	\$ 500
Improvements	<u>\$ 0</u>
Total Assessed Value	\$ 500

Annual Taxes

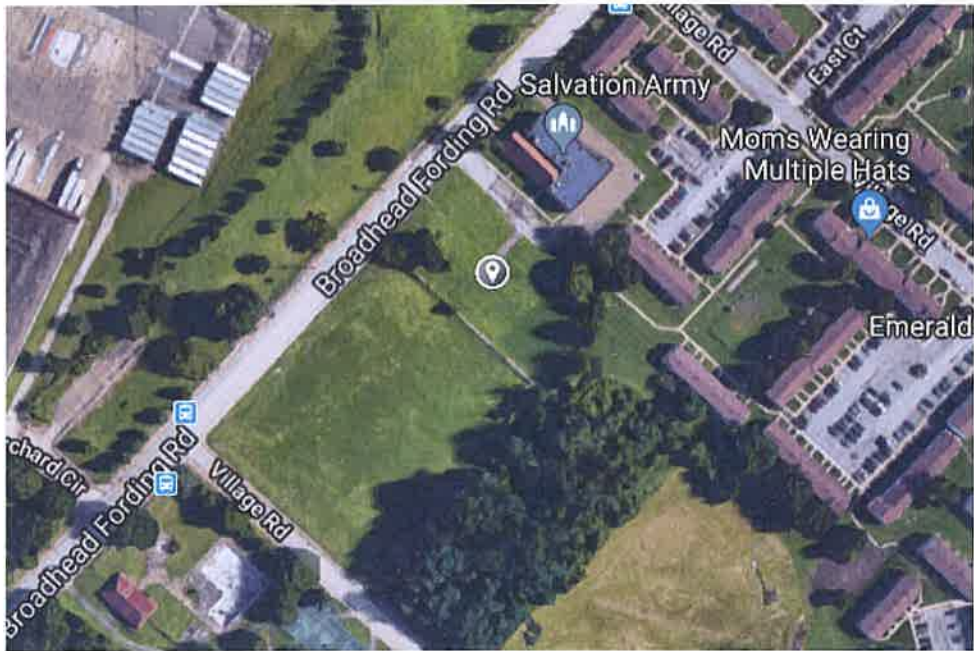
The subject's ensuing tax burden would be estimated as follows-

Assessed Value		Millage Factor	Taxes
\$500	x	.02263	\$11.32
			\$11.09 w/ discount

GENERAL LOCATION AND NEIGHBORHOOD INFORMATION

The 28th Ward of the City of Pittsburgh is commonly referred to as part of the “West End” and is located approximately 5 miles southwest of Downtown Pittsburgh. Part of the overlapping area of Greater Pittsburgh’s South Hills/West End, this neighborhood consists of mostly older mixed uses in spotted development. There are residential properties (both multi-family and single-family) as well as institutional uses, light industrial uses and scattered commercial uses. The area is conveniently located to State Routes 50, 60 and 121, as well as the Parkway West, thus offering good access to the Pittsburgh International Airport, I-79 and Downtown Pittsburgh. There have been no areas of significant growth or economic influence within the general area.

LOCATION MAP

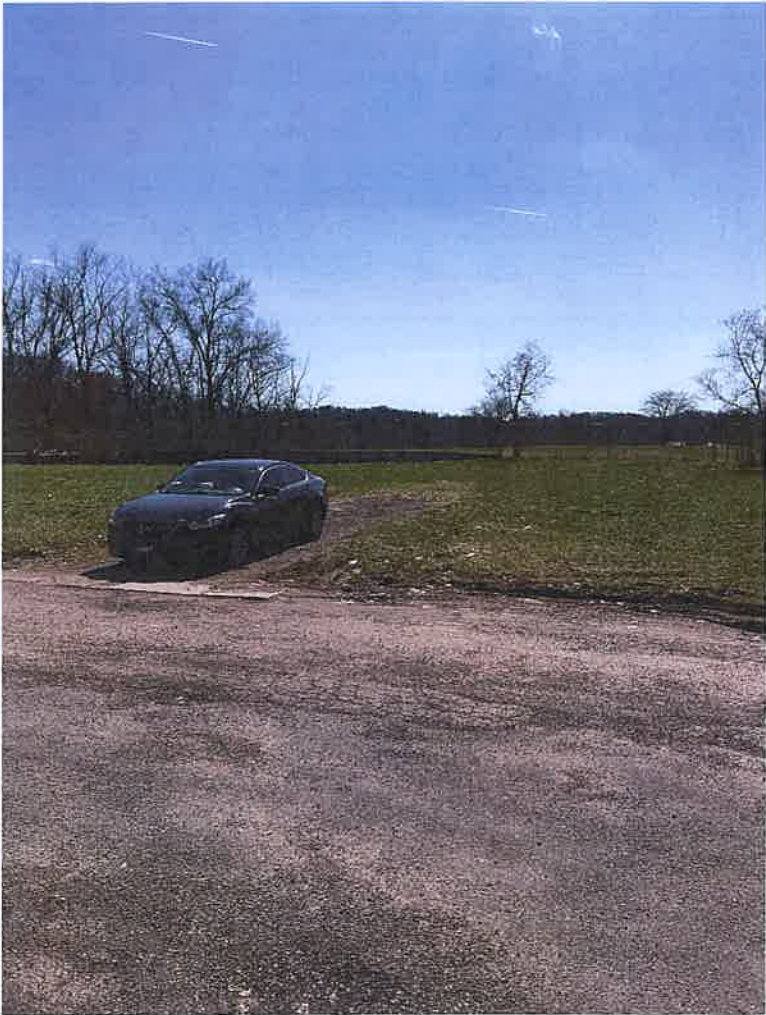


PROPERTY DESCRIPTION

Area	:	1,430 SF or 0.0328 acres
Topography	:	Level
Shape	:	Rectangular; long & narrow
Block and Lot	:	70-A-10
Zoning	:	"RM-M" Residential
Flood Plain	:	Zone X "area of minimal flood hazard" according to Map No. 420030329F with an effective date of May 15, 2003
Utilities	:	All public utilities including electricity, gas, water and sanitary sewage are available.
Highest & Best Use	:	Multi-family residential development in an assemblage
Current Use	:	Vacant land
On Site Improvements	:	N/A
Off Site Improvements	:	Property located along a 2-way asphalt paved street

SUBJECT PHOTOGRAPHS

70-A-10



THE VALUATION PROCESS

The valuation process begins when an appraiser identifies the appraisal problem and ends when he or she reports a conclusion to the client. Each real property is unique and many different types of value can be estimated for a single property. The most common appraisal assignment is performed to estimate market value; the valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for estimating any other defined value. Consulting assignments often call for value estimates, which are derived through modification of the valuation process.

The valuation process is accomplished through specific steps; the number of steps followed depends on the nature of the appraisal assignment and the data available. The model indicates a pattern that can be used in any appraisal assignment to perform market research and data analysis, to apply appraisal techniques, and to integrate the results of these activities into an estimate of defined value.

Research begins after the appraisal problem has been defined. The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels—international, national, regional, community and neighborhood. This examination helps the appraiser understand the interrelationships among the principles, forces and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. These data can be analyzed and employed to estimate a defined value.

Traditionally, appraisal techniques are the specific procedures within the three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

In assignments to estimate market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which correspond to the three traditional approaches to value:

THE VALUATION PROCESS (CONTINUED)

1. The value indicated by recent sales of comparable properties in the market – the sales comparison approach.
2. The current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site value – the cost approach.
3. The value of a property's earning power based on the capitalization of its income – the income capitalization approach.

The three approaches are interrelated; each requires the gathering and analysis of sales, cost, and income data that pertain to the property being appraised. Each approach is outlined briefly in this chapter and discussed in detail in subsequent chapters.

From approaches applied, the appraiser derives separate indications of value for the property being appraised. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

To complete the valuation process, the appraiser integrates the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or a range within in which the value may fall. An effective integration of all the elements in the process depends on the appraiser's skill, experience and judgment.²

² The Appraisal of Real Estate, Eleventh Edition, 1996, Appraisal Institute.

COST APPROACH TO VALUE

In the Cost Approach to Value, the major components, land and improvements, are estimated separately.

The land value is established by comparison with the sale value of other land that offers varying degrees of comparability. The reproduction cost new of improvements is calculated by using reliable cost indexes; the depreciation elements for all causes are then subtracted to arrive at a depreciated value of the improvements; adding the value of the land given an indication of value for the entire property. These elements of depreciation include physical deterioration, functional obsolescence and economic obsolescence. Physical deterioration is brought about by wear and tear, disintegration, and use in service. Functional obsolescence reflects the efficiency or inefficiency of an improvement to perform the function for which it is being used. It includes design, inadequacy or super adequacy of the structure, and changes in construction materials and techniques. Economic obsolescence is loss in value caused by factors outside the property itself. They are items over which the property owner has no control.

The Society of Real Estate Appraisers, in the Real Estate Terminology textbook, defines the Cost Approach as:

“That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.”

As a building ages, application of the various forms of depreciation and obsolescence become difficult to measure with a high degree of accuracy. The Cost Approach loses its validity and becomes increasingly subjective. The Cost Approach as an indicator of value, while considered, was not developed in this report.

This approach is not being developed since the subject consists of vacant land only.

INCOME APPROACH

The underlying premise in the Income Approach is that value is the present worth of future benefits arising from ownership. These benefits can be tangible or intangible, but normally are limited to an estimate of stabilized future net income potential. Net Income potential is translated into a market value by capitalizing the stabilized net income at an appropriate capitalization rate.

The following are the six (6) steps necessary to develop the Income Approach:

1. Verification of actual rents and stabilization of the income stream.
2. Estimate of the proper vacancy and collection loss.
3. Estimate and stabilization of expenses.
4. Estimate of stabilized net operating income.
5. Development of proper rate of capitalization.
6. Capitalization of stabilized net income into an indication of value by application of a proper capitalization rate.

This approach is not developed since the subject exists as vacant land only.

SALES COMPARISON APPROACH TO VALUE

The basis or trust of this approach is predicated upon direct comparisons of the subject property to properties which share some degree of comparability with the subject, and which have sold on the same or similar market.

The estimate predicated upon this approach is considered to be representative of the reactions of typical buyers and sellers in the marketplace and is based upon the principle of substitution. That is, no prudent, knowledgeable person will pay more to buy one property than it will cost to buy another similar property. When a sufficient number of sales are evaluated, a pattern is usually established and with proper interpretation, this pattern can be a good and acceptable indication of market value.

Generally, the steps³ in the Sales Comparison Approach are indicated below:

- 1) Research the market to identify similar properties for which pertinent sales, listings, offerings and/or rental data is available.
- 2) Qualify the prices as to terms, motivating forces and bonafide nature.
- 3) Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics and conditions of sale.
- 4) Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
- 5) From the pattern developed, formulate an opinion of market value for the property being appraised.

We have identified a number of comparable vacant land properties in the general economic area. These sales were evaluated on a "per square foot of land area" basis, a method that is widely accepted in this market segment. Differences that could affect value include market condition, financing, location, land size, utility, topography, access, etc.

Following is a list of these sales-

³ The Appraisal of Real Estate, Seventh Edition, American Institute of Real Estate Appraisers.

SALES COMPARISON APPROACH TO VALUE (CONTINUED)

COMPARABLE SALE #1

Location	:	McMurray Road Bethel Park Borough
Block and Lot No.	:	775-D-42 & 775-D-295
Grantor	:	YMCA Greater Pittsburgh
Grantee	:	Clover Communities Bethel Park LLC
Date of Sale	:	3/16
Consideration	:	\$950,000
Reference	:	DBV 16322, page 288
Unit Price	:	\$91,223/acre or \$2.09/SF
Description	:	10.414 acres (453,634 SF) of vacant land (zoned Residential);includes 441' frontage along McMurray Road; level to gently sloping; all public utilities; purchased for eventual multiple family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #2

Location	:	Hamilton Road Bethel Park Borough
Block and Lot No.	:	316-A-175
Grantor	:	Totum Realty Advisors
Grantee	:	Rolling Lambert Building Development
Date of Sale	:	12/15
Consideration	:	\$450,000
Reference	:	N/A
Unit Price	:	\$132,353/acre or \$3.04 SF
Description	:	3.40 acres of land (148,104 SF); gently sloping; zoned Residential; all public utilities; located within the "Cool Springs" development; purchased for multi-family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #3

Location	:	103 Fox Plan Road Monroeville Borough
Block and Lot No.	:	856-P-331/856-P-339/857-A-72/857-A-78
Grantor	:	Fox Plan LP
Grantee	:	Fox Plan Apartments LLC
Date of Sale	:	1/19
Consideration	:	\$1,202,000
Reference	:	DBV 17495 page 468
Unit Price	:	\$233,448/acre or \$5.36/SF
Description	:	5.1489 acres (224,286 SF) of vacant; zoned Residential; all utilities available; zoned "Residential"; gently sloping; purchased for residential development
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #4

Location	:	100-125 Apple Blossom Way Moon Township
Block and Lot No.	:	699-F-84
Grantor	:	Broadhead Investors Group LLC
Grantee	:	Broadhead Senior Living LLC
Date of Sale	:	9/17
Consideration	:	\$2,000,000
Reference	:	DBV 16940, page 30
Unit Price	:	\$101,404/acre or \$2.34/SF
Description	:	19.723 acres or 859,134 SF of vacant land; zoned Residential; mixed topography; purchased for multiple family residential development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

Comparable Sales Analysis & Conclusion

The appraiser essentially searched Allegheny County for comparable sales- vacant parcels similar to the subject.

Location- The subject property is located in a rather stagnant area for general real estate values- there has been little new development in this particular area. The demand however for higher density residential land however is somewhat strong here. All of the above sales are located in "superior" areas in terms of general real estate values and would require downward adjustments to their unit prices.

Topography- The subject is level and cleared and virtually ready for development. Sale 1 is the only sale that is similar to the subject in terms of topography. The remaining sales would warrant slightly upward adjustments for their slightly inferior topography.

Size- All of the sales are larger than the subject. The sales are viewed from a collective perspective as the highest and best use is "residential development in an assemblage".

Zoning- All of the sales are zoned "Residential" which would allow for multi-family residential development.

All of the sales have been purchased for the development of multiple family or medium density residential development.

After considering the subject with respect to the comparables and their salient attributes, I am of the following opinion-

Indicated Value To Subject Property -

Therefore-

1,430 SF @ \$2.00/SF	\$2,860
Say	<u>\$2,900</u>

SUMMARY OF SALIENT FACTS AND RECONCILIATION

The value estimates indicated by the following approaches to value are as follows:

Cost Approach -	N/A
Income Capitalization Approach -	N/A
Sales Comparison Approach –	\$2,900

Cost Approach to Value –The Cost Approach will generally result in a more accurate estimate of value if the building is new and the improvements reflect the Highest and Best Use of the land. However, when items of physical deterioration and obsolescence must be estimated, a degree of subjectivity is usually involved. This approach was not applicable in this report since this is vacant land.

Income Capitalization Approach – This approach is based upon the Principle of Anticipation, i.e., value is created by the typical investor’s expectations of benefits to be derived in the future, namely, the present worth of the future benefits, including returns on and of the investment as well as the ownership advantages. Emphasis here is not on structural components, but on the quality and quantity of the income stream. This approach was not developed due to reasons previously explained.

Sales Comparison Approach – In the Sales Comparison Approach, consideration has been given to recent similar sales within the subject economic neighborhood/district. These sales were analyzed by the sale price per square foot method to reflect a market value estimate of the subject property. The appraiser found the quantity and quality of sales to be more than adequate, therefore, this approach was given considerable and equal weight in the final analysis.

Final Value – In consideration of the above and for the reasons and conclusions contained herein, it is estimated that the Market Value of the subject property as of April 5, 2019, is **\$2,900**.

ADDENDUM

PIN: ~~00700000000000000000~~



70-A-3
70-A-10
70-E-185 N
70-E-241
70-E-375



WGS84 Web Mercator

LEGEND

- Parcels
- LotLines
- Streets
- Municipalities
- Image
- Red: Band_1
- Green: Band_2
- Blue: Band_3

This map is for informational purposes only. Parcel information is provided from the Office of Property Assessments in Allegheny County. Content and availability are subject to change. Property characteristics and values change due to a variety of factors such as court rulings, municipality permit processing and subdivision plans. Excludes name and contact information for property owners, as required by Ordinance 54.79-07. For additional information, call the Allegheny County GIS Help Desk at (412) 350-4774 or email at GISHelp@AlleghenyCounty.PA.us.

**APPRAISAL OF VACANT LAND
SITUATED ALONG
BROADHEAD FORDING ROAD
BLOCK & LOT 70-E-185
CITY OF PITTSBURGH (28TH WARD)
ALLEGHENY COUNTY
PENNSYLVANIA**

**CLIENT: URBAN REDEVELOPMENT AUTHORITY
OF THE CITY OF PITTSBURGH**



**PREPARED BY:
BODNAR REAL ESTATE SERVICES, INC.
2004 EAST CARSON STREET, SECOND FLOOR
PITTSBURGH, PENNSYLVANIA 15203
(412) 390-3170**

April 8, 2019

TABLE OF CONTENTS

	Page
Letter of Transmittal	3
Summary of Pertinent Data	5
Certification	6
Contingent and Limiting Conditions.....	7
Purpose of the Appraisal/Definition of Market Value.....	9
Property Rights Appraised	9
Zoning	9
Highest and Best Use.....	10
Property Identification	11
Legal Data/Sales History	11
Market Trend Analysis	12
Competency Statement.....	12
Marketing Time	12
Tax Assessment Information.....	13
General Location & Neighborhood Information	14
Location Map.....	15
Property Description.....	16
Subject Photographs	17
The Appraisal Process	19
Cost Approach	21
Income Approach.....	22
Sales Comparison Approach	23
Summary of Salient Facts and Reconciliation	30
Addenda.....	31



BODNAR REAL ESTATE SERVICES, INC.

2004 East Carson Street
2nd Floor
Pittsburgh, PA 15203

Phone: 412/390-3170
Fax: 412/390-3165
gbod@aol.com

April 8, 2019

Ms. Julie Udvarhelyi
Urban Redevelopment Authority
City of Pittsburgh
200 Ross Street, 10th Floor
Pittsburgh, PA 15219

**RE: Complete Appraisal Report
Broadhead Fording Road- Vacant Land
Block & Lot 70-E-185
28th Ward, City of Pittsburgh
Allegheny County, Pennsylvania
Urban Redevelopment Authority of Pittsburgh**

Dear Ms. Udvarhelyi:

Pursuant to your request, we have completed our inspection, investigation and appraisal of the above-captioned property.

This valuation is predicated upon the owner's title to the property being one of "Unencumbered Fee Simple Interest".

This appraisal report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. We have prepared a Complete Appraisal in a Summary Report.

As a result of our analysis, we are of the opinion as of April 5, 2019, the subject property had a Market Value as follows:

**TWO-HUNDRED & SEVENTY- FOUR THOUSAND DOLLARS
\$274,000.00**

The following pages of this report specify, in detail, the justification and support of our final estimate of value.

Respectfully submitted,

A handwritten signature in black ink that reads "Gary R. Bodnar". The signature is written in a cursive style with a long, sweeping underline.

Gary R. Bodnar, GAA
Certified General Appraiser

GRB/jlb

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Location (Address)	:	Broadhead-Fording Road 28th Ward, City of Pittsburgh Allegheny County, Pennsylvania
Client	:	Urban Redevelopment Authority of Pittsburgh
Block and Lot Numbers	:	70-E-185
Total Land Area	:	137,214 SF or 3.15 acres
Brief Description of the Improvements	:	N/A Vacant land
Zoning	:	“RM-M” Residential
Taxes	:	N/A- Exempt
Highest and Best Use- As Vacant	:	Residential development
As Improved	:	N/A
Property Rights Appraised	:	Fee Simple Absolute
Value Conclusions –		
Cost Approach	:	N/A
Income Approach	:	N/A
Sales Comparison	:	\$274,000
Effective Date	:	April 5, 2019
Date of Inspection	:	April 5, 2019
ESTIMATED MARKET VALUE	:	\$274,000
Estimated Marketing Time	:	12 to 15 months

CERTIFICATION

We 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, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person(s) signing this report.
- We have acted in an independent capacity and this appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Date: April 8, 2019



Signed:

Gary R. Bodnar, GAA
PA Certification Number: GA000173-L

CONTINGENT AND LIMITING CONDITIONS

1. This is a Complete Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. It includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Any additional and supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy 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 estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

13. The appraiser is not qualified to detect hazardous waste. Any comments by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation. Such determination would require investigation by a qualified expert. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

PURPOSE/FUNCTION OF THE APPRAISAL

The purpose of this appraisal report is to estimate the Market Value of this property as of April 5, 2019, the effective date of this appraisal. The date of the appraisal report is April 8, 2019. The function of this appraisal is to assist the Urban Redevelopment Authority of the City of Pittsburgh in decisions relative to internal matters concerning the subject property.

DEFINITION OF 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, knowledgeable 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:"

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and each acting in what he considers his own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."¹

PROPERTY RIGHTS APPRAISED

The property is being appraised as if owned in Fee Simple Absolute.

ZONING

The subject property is zoned "RM-M" Residential Multi-Unit Moderate Density District, according to the current zoning ordinance of the City of Pittsburgh. The property, in its current state, i.e. vacant land, represents a conforming use to said zoning classification.

¹ Source: Office of Thrift Supervisor (OTC), Federal Register Volume 55, No. 164, August 23, 1990, Rules and Regulations, page 34532.

HIGHEST AND BEST USE

According to Communicating the Appraisal: A Guide to Report Writing, a publication by the American Institute of Real Estate Appraisers in 1982, Highest and Best Use is defined as follows:

"The most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and need, or likely to be in demand in the reasonably near future. However, elements affecting value that depend on events or a combination of occurrences that, although in the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of the land that may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use that will yield to land the highest present value, sometimes called 'optimum use'."

This same publication also suggests that in estimating highest and best use, there are essentially four stages of analysis:

1. Possible Use - What uses of the site are physically possible?
2. Permissible Use (legal) - What uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use - Which possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use - Among the feasible uses, which will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

The following tests must be met in estimating the highest and best use: The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

HIGHEST AND BEST USE (CONTINUED)

Estimating the future highest and best use depends on many factors in addition to the site's physical features. These may be legal, contractual or economic restrictions on the use of the site; or they may relate to market conditions such as supply and demand. Also inherent in the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the use determined from analysis represents an opinion, not a fact, to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

According to the City of Pittsburgh Zoning Ordinance, the subject property is located in an "RM-M" Residential Multi-Unit Moderate Density District.

The existing use of the subject site as vacant land is obviously permitted and appropriate under the terms of the zoning district.

Surrounding uses are mainly residential uses.

In recognition of all of the factors discussed above, therefore, it is concluded that the Highest and Best Use of the subject site is for "multiple-family residential development".

PROPERTY IDENTIFICATION

The subject property consists of a vacant parcel of land. The total land area is +/-137,214 SF or approximately 3.15 acres. The property is located along the easterly side of Broadhead Fording Road near its intersection with Village Road. This is located in the "Fairywood" district/neighborhood and the 28th Ward of the City of Pittsburgh, Allegheny County, Pennsylvania. A more general term for this area is the city's "West End".

The lot is identified as Block and Lot Number 70-E-185 by the Allegheny County Tax Assessment Office.

LEGAL DATA/SALES HISTORY

The property currently has rights vested to Urban Redevelopment Authority of Pittsburgh. There is no relevant previous sale of the subject property.

COMPETENCY STATEMENT

Gary R. Bodnar has appraised similar vacant land properties in the past, and has the data, capability and knowledge to complete an appraisal assignment of this type.

MARKETING TIME

Based upon prevailing market conditions and the historical marketing range provided by improved sale properties and similar vacant land, it is projected that a marketing period of twelve to fifteen months for the subject property is within the realm of current market conditions. However, the prevailing real estate market conditions are not guaranteed to remain constant since supply and demand and mortgage financing rates and terms are subject to change within the subject marketplace.

TAX ASSESSMENT INFORMATION

The subject property is tax exempt however it is assessed as follows-

Total Assessed Value

Land	\$ 220,800
Improvements	\$ <u>0</u>
Total Assessed Value	\$ 220,800

Annual Taxes

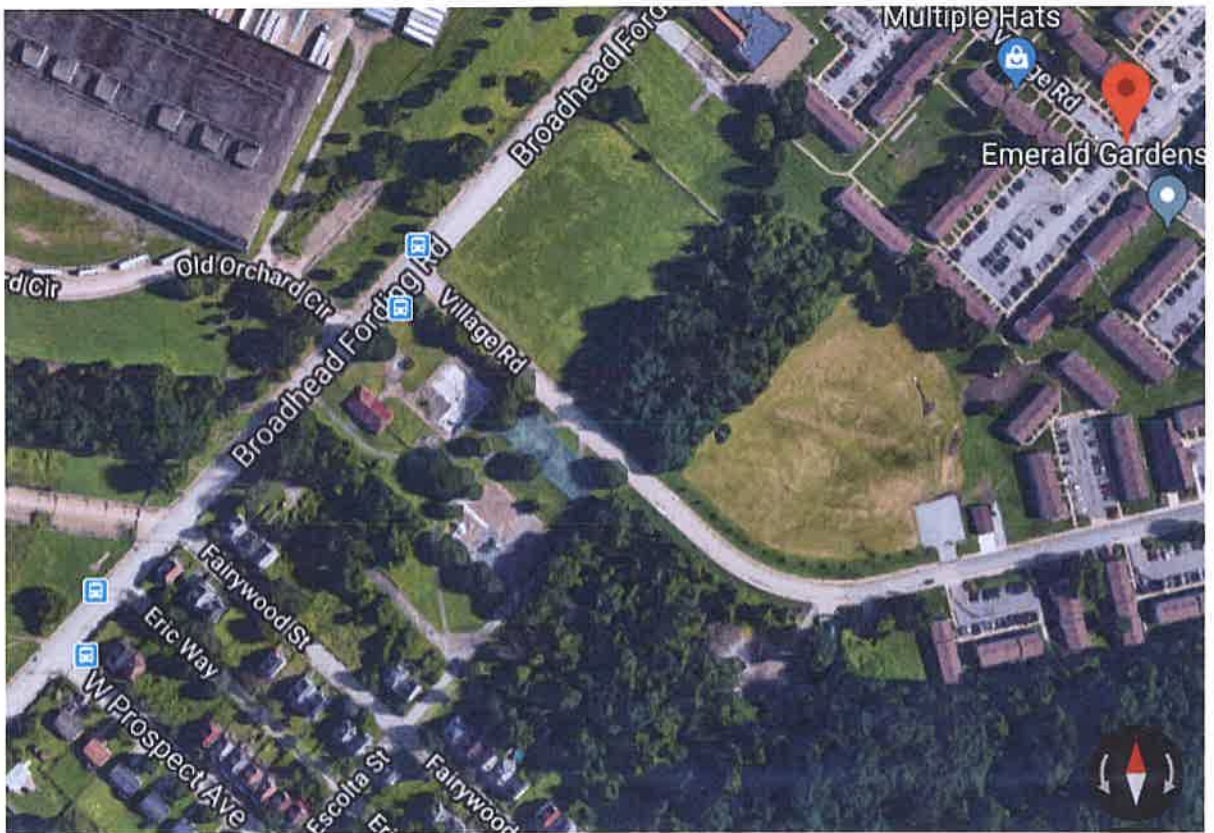
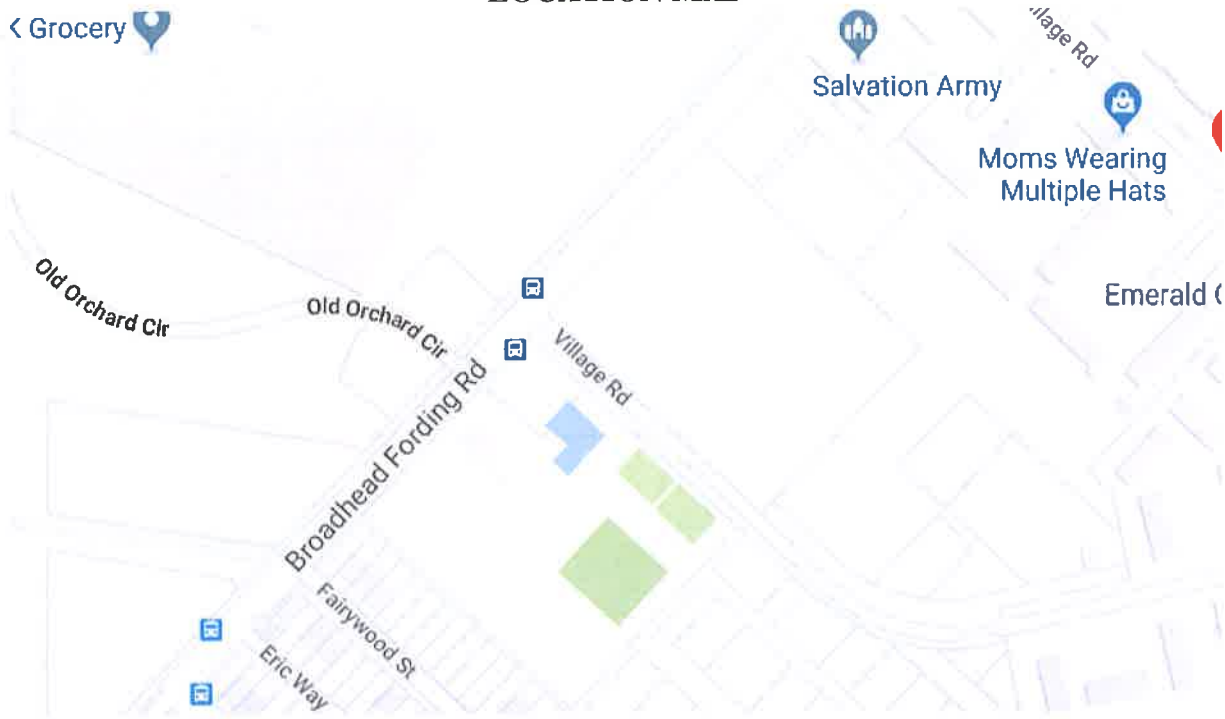
The subject's ensuing tax burden would be estimated as follows-

Assessed Value		Millage Factor	Taxes
\$220,800	x	.02263	\$4,996.70
			\$4,896.77 w/ discount

GENERAL LOCATION AND NEIGHBORHOOD INFORMATION

The 28th Ward of the City of Pittsburgh is commonly referred to as part of the “West End” and is located approximately 5 miles southwest of Downtown Pittsburgh. Part of the overlapping area of Greater Pittsburgh’s South Hills/West End, this neighborhood consists of mostly older mixed uses in spotted development. There are residential properties (both multi-family and single-family) as well as institutional uses, light industrial uses and scattered commercial uses. The area is conveniently located to State Routes 50, 60 and 121, as well as the Parkway West, thus offering good access to the Pittsburgh International Airport, I-79 and Downtown Pittsburgh. There have been no areas of significant growth or economic influence within the general area.

LOCATION MAP



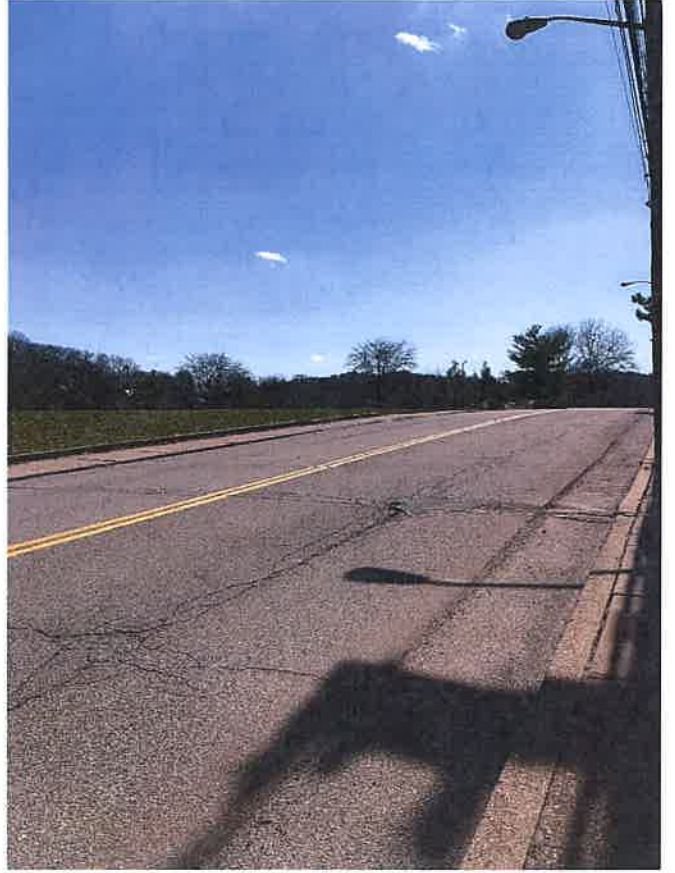
PROPERTY DESCRIPTION

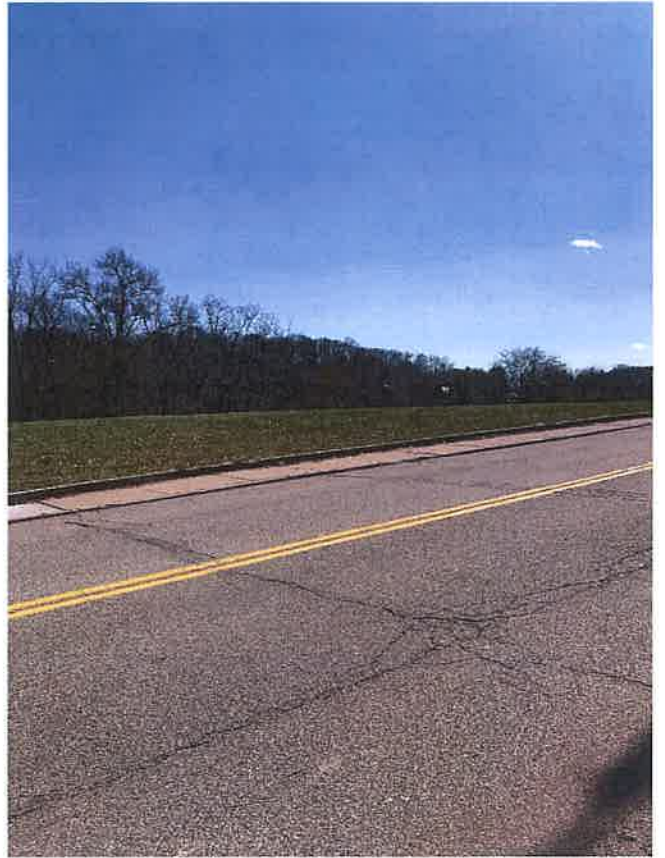
Area	:	137,214 SF or 3.15 acres
Topography	:	Level
Shape	:	Rectangular
Block and Lot	:	70-E-185
Zoning	:	"RM-M" Residential
Flood Plain	:	Zone X "area of minimal flood hazard" according to Map No. 420030329F with an effective date of May 15, 2003
Utilities	:	All public utilities including electricity, gas, water and sanitary sewage are available.
Highest & Best Use	:	Multi-family residential development
Current Use	:	Vacant land
On Site Improvements	:	N/A
Off Site Improvements	:	Property located along a 2-way asphalt paved street

SUBJECT PHOTOGRAPHS

70-E-185







THE VALUATION PROCESS

The valuation process begins when an appraiser identifies the appraisal problem and ends when he or she reports a conclusion to the client. Each real property is unique and many different types of value can be estimated for a single property. The most common appraisal assignment is performed to estimate market value; the valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for estimating any other defined value. Consulting assignments often call for value estimates, which are derived through modification of the valuation process.

The valuation process is accomplished through specific steps; the number of steps followed depends on the nature of the appraisal assignment and the data available. The model indicates a pattern that can be used in any appraisal assignment to perform market research and data analysis, to apply appraisal techniques, and to integrate the results of these activities into an estimate of defined value.

Research begins after the appraisal problem has been defined. The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels—international, national, regional, community and neighborhood. This examination helps the appraiser understand the interrelationships among the principles, forces and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. These data can be analyzed and employed to estimate a defined value.

Traditionally, appraisal techniques are the specific procedures within the three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

In assignments to estimate market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which correspond to the three traditional approaches to value:

THE VALUATION PROCESS (CONTINUED)

1. The value indicated by recent sales of comparable properties in the market – the sales comparison approach.
2. The current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site value – the cost approach.
3. The value of a property's earning power based on the capitalization of its income – the income capitalization approach.

The three approaches are interrelated; each requires the gathering and analysis of sales, cost, and income data that pertain to the property being appraised. Each approach is outlined briefly in this chapter and discussed in detail in subsequent chapters.

From approaches applied, the appraiser derives separate indications of value for the property being appraised. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

To complete the valuation process, the appraiser integrates the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or a range within in which the value may fall. An effective integration of all the elements in the process depends on the appraiser's skill, experience and judgment.²

² The Appraisal of Real Estate, Eleventh Edition, 1996, Appraisal Institute.

COST APPROACH TO VALUE

In the Cost Approach to Value, the major components, land and improvements, are estimated separately.

The land value is established by comparison with the sale value of other land that offers varying degrees of comparability. The reproduction cost new of improvements is calculated by using reliable cost indexes; the depreciation elements for all causes are then subtracted to arrive at a depreciated value of the improvements; adding the value of the land given an indication of value for the entire property. These elements of depreciation include physical deterioration, functional obsolescence and economic obsolescence. Physical deterioration is brought about by wear and tear, disintegration, and use in service. Functional obsolescence reflects the efficiency or inefficiency of an improvement to perform the function for which it is being used. It includes design, inadequacy or super adequacy of the structure, and changes in construction materials and techniques. Economic obsolescence is loss in value caused by factors outside the property itself. They are items over which the property owner has no control.

The Society of Real Estate Appraisers, in the Real Estate Terminology textbook, defines the Cost Approach as:

“That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.”

As a building ages, application of the various forms of depreciation and obsolescence become difficult to measure with a high degree of accuracy. The Cost Approach loses its validity and becomes increasingly subjective. The Cost Approach as an indicator of value, while considered, was not developed in this report.

This approach is not being developed since the subject consists of vacant land only.

INCOME APPROACH

The underlying premise in the Income Approach is that value is the present worth of future benefits arising from ownership. These benefits can be tangible or intangible, but normally are limited to an estimate of stabilized future net income potential. Net Income potential is translated into a market value by capitalizing the stabilized net income at an appropriate capitalization rate.

The following are the six (6) steps necessary to develop the Income Approach:

1. Verification of actual rents and stabilization of the income stream.
2. Estimate of the proper vacancy and collection loss.
3. Estimate and stabilization of expenses.
4. Estimate of stabilized net operating income.
5. Development of proper rate of capitalization.
6. Capitalization of stabilized net income into an indication of value by application of a proper capitalization rate.

This approach is not developed since the subject exists as vacant land only.

SALES COMPARISON APPROACH TO VALUE

The basis or trust of this approach is predicated upon direct comparisons of the subject property to properties which share some degree of comparability with the subject, and which have sold on the same or similar market.

The estimate predicated upon this approach is considered to be representative of the reactions of typical buyers and sellers in the marketplace and is based upon the principle of substitution. That is, no prudent, knowledgeable person will pay more to buy one property than it will cost to buy another similar property. When a sufficient number of sales are evaluated, a pattern is usually established and with proper interpretation, this pattern can be a good and acceptable indication of market value.

Generally, the steps³ in the Sales Comparison Approach are indicated below:

- 1) Research the market to identify similar properties for which pertinent sales, listings, offerings and/or rental data is available.
- 2) Qualify the prices as to terms, motivating forces and bonafide nature.
- 3) Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics and conditions of sale.
- 4) Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
- 5) From the pattern developed, formulate an opinion of market value for the property being appraised.

We have identified a number of comparable vacant land properties in the general economic area. These sales were evaluated on a "per square foot of land area" basis, a method that is widely accepted in this market segment. Differences that could affect value include market condition, financing, location, land size, utility, topography, access, etc.

Following is a list of these sales-

³ The Appraisal of Real Estate, Seventh Edition, American Institute of Real Estate Appraisers.

SALES COMPARISON APPROACH TO VALUE (CONTINUED)

COMPARABLE SALE #1

Location	:	McMurray Road Bethel Park Borough
Block and Lot No.	:	775-D-42 & 775-D-295
Grantor	:	YMCA Greater Pittsburgh
Grantee	:	Clover Communities Bethel Park LLC
Date of Sale	:	3/16
Consideration	:	\$950,000
Reference	:	DBV 16322, page 288
Unit Price	:	\$91,223/acre or \$2.09/SF
Description	:	10.414 acres (453,634 SF) of vacant land (zoned Residential);includes 441' frontage along McMurray Road; level to gently sloping; all public utilities; purchased for eventual multiple family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #2

Location	:	Hamilton Road Bethel Park Borough
Block and Lot No.	:	316-A-175
Grantor	:	Totum Realty Advisors
Grantee	:	Rolling Lambert Building Development
Date of Sale	:	12/15
Consideration	:	\$450,000
Reference	:	N/A
Unit Price	:	\$132,353/acre or \$3.04 SF
Description	:	3.40 acres of land (148,104 SF); gently sloping; zoned Residential; all public utilities; located within the "Cool Springs" development; purchased for multi-family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #3

Location	:	103 Fox Plan Road Monroeville Borough
Block and Lot No.	:	856-P-331/856-P-339/857-A-72/857-A-78
Grantor	:	Fox Plan LP
Grantee	:	Fox Plan Apartments LLC
Date of Sale	:	1/19
Consideration	:	\$1,202,000
Reference	:	DBV 17495 page 468
Unit Price	:	\$233,448/acre or \$5.36/SF
Description	:	5.1489 acres (224,286 SF) of vacant; zoned Residential; all utilities available; zoned "Residential"; gently sloping; purchased for residential development
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #4

Location	:	100-125 Apple Blossom Way Moon Township
Block and Lot No.	:	699-F-84
Grantor	:	Broadhead Investors Group LLC
Grantee	:	Broadhead Senior Living LLC
Date of Sale	:	9/17
Consideration	:	\$2,000,000
Reference	:	DBV 16940, page 30
Unit Price	:	\$101,404/acre or \$2.34/SF
Description	:	19.723 acres or 859,134 SF of vacant land; zoned Residential; mixed topography; purchased for multiple family residential development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

Comparable Sales Analysis & Conclusion

The appraiser essentially searched Allegheny County for comparable sales- vacant parcels similar to the subject.

Location- The subject property is located in a rather stagnant area for general real estate values- there has been little new development in this particular area. The demand however for higher density residential land however is somewhat strong here. All of the above sales are located in "superior" areas in terms of general real estate values and would require downward adjustments to their unit prices.

Topography- The subject is level and cleared and virtually ready for development. Sale 1 is the only sale that is similar to the subject in terms of topography. The remaining sales would warrant slightly upward adjustments for their slightly inferior topography.

Size- All of the sales are larger than the subject.

Zoning- All of the sales are zoned "Residential" which would allow for multi-family residential development.

All of the sales have been purchased for the development of multiple family or medium density residential development.

After considering the subject with respect to the comparables and their salient attributes, I am of the following opinion-

Indicated Value To Subject Property -

Therefore-

137,214 SF @ \$2.00/SF	\$274,428
Say	<u>\$274,000</u>

SUMMARY OF SALIENT FACTS AND RECONCILIATION

The value estimates indicated by the following approaches to value are as follows:

Cost Approach -	N/A
Income Capitalization Approach -	N/A
Sales Comparison Approach –	\$274,000

Cost Approach to Value –The Cost Approach will generally result in a more accurate estimate of value if the building is new and the improvements reflect the Highest and Best Use of the land. However, when items of physical deterioration and obsolescence must be estimated, a degree of subjectivity is usually involved. This approach was not applicable in this report since this is vacant land.

Income Capitalization Approach – This approach is based upon the Principle of Anticipation, i.e., value is created by the typical investor’s expectations of benefits to be derived in the future, namely, the present worth of the future benefits, including returns on and of the investment as well as the ownership advantages. Emphasis here is not on structural components, but on the quality and quantity of the income stream. This approach was not developed due to reasons previously explained.

Sales Comparison Approach – In the Sales Comparison Approach, consideration has been given to recent similar sales within the subject economic neighborhood/district. These sales were analyzed by the sale price per square foot method to reflect a market value estimate of the subject property. The appraiser found the quantity and quality of sales to be more than adequate, therefore, this approach was given considerable and equal weight in the final analysis.

Final Value – In consideration of the above and for the reasons and conclusions contained herein, it is estimated that the Market Value of the subject property as of April 5, 2019, is **\$274,000**.

ADDENDUM

PIN: 00701E00180000000



70-A-3
70-A-10
70-E-185 N
70-E-241
70-E-375



WGS84 Web Mercator

LEGEND

- Parcels
- LotLines
- Streets
- Municipalities
- Image
- Red: Band_1
- Green: Band_2
- Blue: Band_3

This map is for informational purposes only. Parcel information is provided from the Office of Property Assessments in Allegheny County. Content and availability are subject to change. Property characteristics and values change due to a variety of factors such as court rulings, municipality permit processing and subdivision plans. Excludes name and contact information for property owners, as required by Ordinance 3478-07. For additional information, call the Allegheny County GIS Help Desk at (412) 350-4774 or email at GISHelp@AlleghenyCounty,US.

**APPRAISAL OF VACANT LAND
SITUATED AT
3477 VON BONNHORST STREET
BLOCK & LOT 70-E-241
CITY OF PITTSBURGH (28TH WARD)
ALLEGHENY COUNTY
PENNSYLVANIA**

**CLIENT: URBAN REDEVELOPMENT AUTHORITY
OF THE CITY OF PITTSBURGH**



**PREPARED BY:
BODNAR REAL ESTATE SERVICES, INC.
2004 EAST CARSON STREET, SECOND FLOOR
PITTSBURGH, PENNSYLVANIA 15203
(412) 390-3170**

April 8, 2019

TABLE OF CONTENTS

	Page
Letter of Transmittal	3
Summary of Pertinent Data	5
Certification	6
Contingent and Limiting Conditions.....	7
Purpose of the Appraisal/Definition of Market Value.....	9
Property Rights Appraised	9
Zoning	9
Highest and Best Use.....	10
Property Identification	11
Legal Data/Sales History	11
Market Trend Analysis	12
Competency Statement.....	12
Marketing Time	12
Tax Assessment Information.....	12
General Location & Neighborhood Information	13
Location Map	14
Property Description.....	15
Subject Photographs	16
The Appraisal Process	18
Cost Approach	20
Income Approach.....	21
Sales Comparison Approach	22
Summary of Salient Facts and Reconciliation	28
Addenda	29



BODNAR REAL ESTATE SERVICES, INC.

2004 East Carson Street
2nd Floor
Pittsburgh, PA 15203

Phone: 412/390-3170
Fax: 412/390-3165
gbod@aol.com

April 8, 2019

Ms. Julie Udvarhelyi
Urban Redevelopment Authority
City of Pittsburgh
200 Ross Street, 10th Floor
Pittsburgh, PA 15219

**RE: Complete Appraisal Report
3477 Von Bonnhorst Street- Vacant Land
Block & Lot 70-E-241
28th Ward, City of Pittsburgh
Allegheny County, Pennsylvania
Urban Redevelopment Authority of Pittsburgh**

Dear Ms. Udvarhelyi:

Pursuant to your request, we have completed our inspection, investigation and appraisal of the above-captioned property.

This valuation is predicated upon the owner's title to the property being one of "Unencumbered Fee Simple Interest".

This appraisal report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. We have prepared a Complete Appraisal in a Summary Report.

As a result of our analysis, we are of the opinion as of April 5, 2019, the subject property had a Market Value as follows:

**FIFTY- THOUSAND DOLLARS
\$50,000.00**

The following pages of this report specify, in detail, the justification and support of our final estimate of value.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary R. Bodnar", with a long, sweeping horizontal line extending to the right.

Gary R. Bodnar, GAA
Certified General Appraiser

GRB/jlb

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Location (Address)	:	3477 Von Bonnhorst Street 28th Ward, City of Pittsburgh Allegheny County, Pennsylvania
Client	:	Urban Redevelopment Authority of Pittsburgh
Block and Lot Numbers	:	70-E-241
Total Land Area	:	24,960 SF or +/-0.573 acres
Brief Description of the Improvements	:	N/A Vacant land
Zoning	:	“RM-M” Residential
Taxes	:	N/A- Exempt
Highest and Best Use- As Vacant As Improved	:	Residential development in an assemblage N/A
Property Rights Appraised	:	Fee Simple Absolute
Value Conclusions – Cost Approach	:	N/A
Income Approach	:	N/A
Sales Comparison	:	\$50,000
Effective Date	:	April 5, 2019
Date of Inspection	:	April 5, 2019
ESTIMATED MARKET VALUE	:	\$50,000
Estimated Marketing Time	:	12 to 15 months

CERTIFICATION

We 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, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person(s) signing this report.
- We have acted in an independent capacity and this appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Date: April 8, 2019



Signed:

Gary R. Bodnar, GAA
PA Certification Number: GA000173-L

CONTINGENT AND LIMITING CONDITIONS

1. This is a Complete Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. It includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Any additional and supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy 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 estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

13. The appraiser is not qualified to detect hazardous waste. Any comments by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation. Such determination would require investigation by a qualified expert. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

PURPOSE/FUNCTION OF THE APPRAISAL

The purpose of this appraisal report is to estimate the Market Value of this property as of April 5, 2019, the effective date of this appraisal. The date of the appraisal report is April 8, 2019. The function of this appraisal is to assist the Urban Redevelopment Authority of the City of Pittsburgh in decisions relative to internal matters concerning the subject property.

DEFINITION OF 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, knowledgeable 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:"

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and each acting in what he considers his own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."¹

PROPERTY RIGHTS APPRAISED

The property is being appraised as if owned in Fee Simple Absolute.

ZONING

The subject property is zoned "RM-M" Residential Multi-Unit Moderate Density District, according to the current zoning ordinance of the City of Pittsburgh. The property, in its current state, i.e. vacant land, represents a conforming use to said zoning classification.

¹ Source: Office of Thrift Supervisor (OTC), Federal Register Volume 55, No. 164, August 23, 1990, Rules and Regulations, page 34532.

HIGHEST AND BEST USE

According to Communicating the Appraisal: A Guide to Report Writing, a publication by the American Institute of Real Estate Appraisers in 1982, Highest and Best Use is defined as follows:

"The most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and need, or likely to be in demand in the reasonably near future. However, elements affecting value that depend on events or a combination of occurrences that, although in the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of the land that may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use that will yield to land the highest present value, sometimes called 'optimum use'."

This same publication also suggests that in estimating highest and best use, there are essentially four stages of analysis:

1. Possible Use - What uses of the site are physically possible?
2. Permissible Use (legal) - What uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use - Which possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use - Among the feasible uses, which will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

The following tests must be met in estimating the highest and best use: The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

HIGHEST AND BEST USE (CONTINUED)

Estimating the future highest and best use depends on many factors in addition to the site's physical features. These may be legal, contractual or economic restrictions on the use of the site; or they may relate to market conditions such as supply and demand. Also inherent in the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the use determined from analysis represents an opinion, not a fact, to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

According to the City of Pittsburgh Zoning Ordinance, the subject property is located in an "RM-M" Residential Multi-Unit Moderate Density District.

The existing use of the subject site as vacant land is obviously permitted and appropriate under the terms of the zoning district.

Surrounding uses are mainly residential uses.

In recognition of all of the factors discussed above, therefore, it is concluded that the Highest and Best Use of the subject site is for "multiple-family residential development in an assemblage".

PROPERTY IDENTIFICATION

The subject property consists of a vacant parcel of land. The total land area is +/-1,430 SF or approximately +/-0.0328 acres. The property is located along the southerly side of Von Bonnhorst Street, more specifically at 3477 Von Bonnhorst Street. This is located in the "Fairwood" district/neighborhood and the 28th Ward of the City of Pittsburgh, Allegheny County, Pennsylvania. A more general term for this area is the city's "West End".

The lot is identified as Block and Lot Number 70-E-241 by the Allegheny County Tax Assessment Office.

LEGAL DATA/SALES HISTORY

The property currently has rights vested to Urban Redevelopment Authority of Pittsburgh. There is no relevant previous sale of the subject property.

COMPETENCY STATEMENT

Gary R. Bodnar has appraised similar vacant land properties in the past, and has the data, capability and knowledge to complete an appraisal assignment of this type.

MARKETING TIME

Based upon prevailing market conditions and the historical marketing range provided by improved sale properties and similar vacant land, it is projected that a marketing period of twelve to fifteen months for the subject property is within the realm of current market conditions. However, the prevailing real estate market conditions are not guaranteed to remain constant since supply and demand and mortgage financing rates and terms are subject to change within the subject marketplace.

TAX ASSESSMENT INFORMATION

The subject property is tax exempt however it is assessed as follows-

Total Assessed Value

Land	\$ 17,800
Improvements	\$ <u>0</u>
Total Assessed Value	\$ 17,800

Annual Taxes

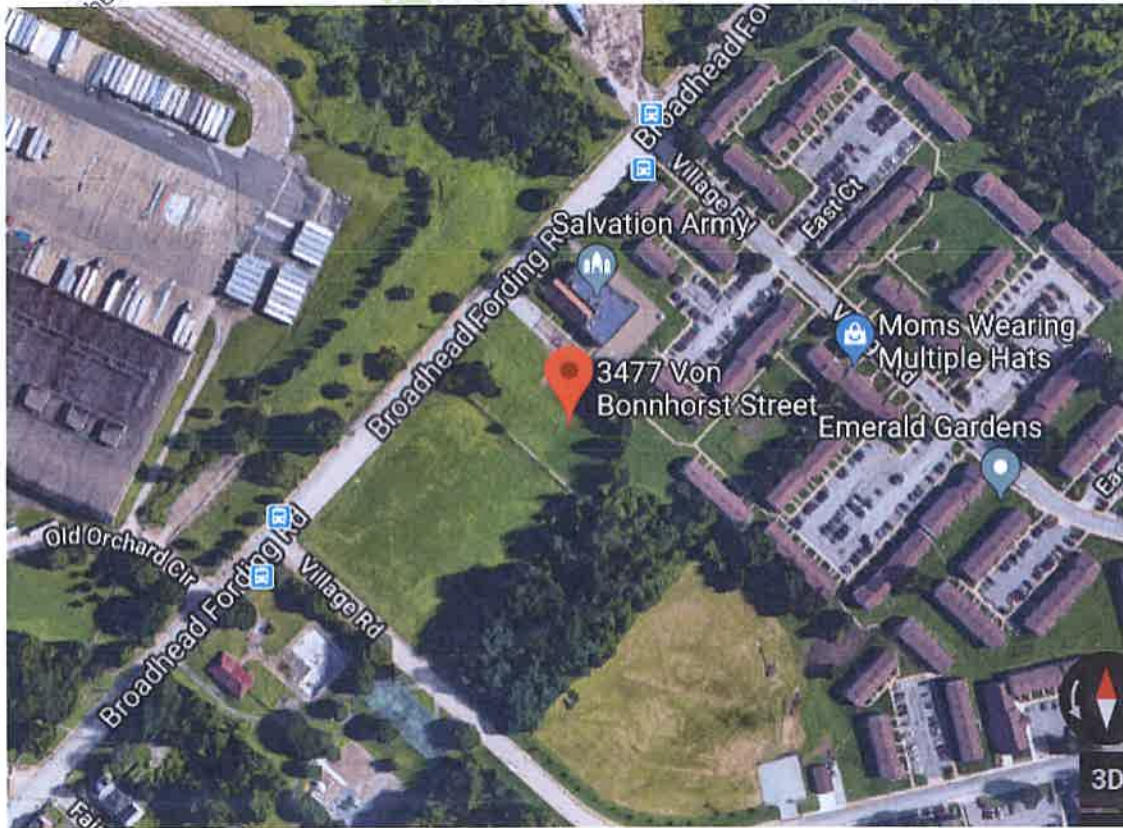
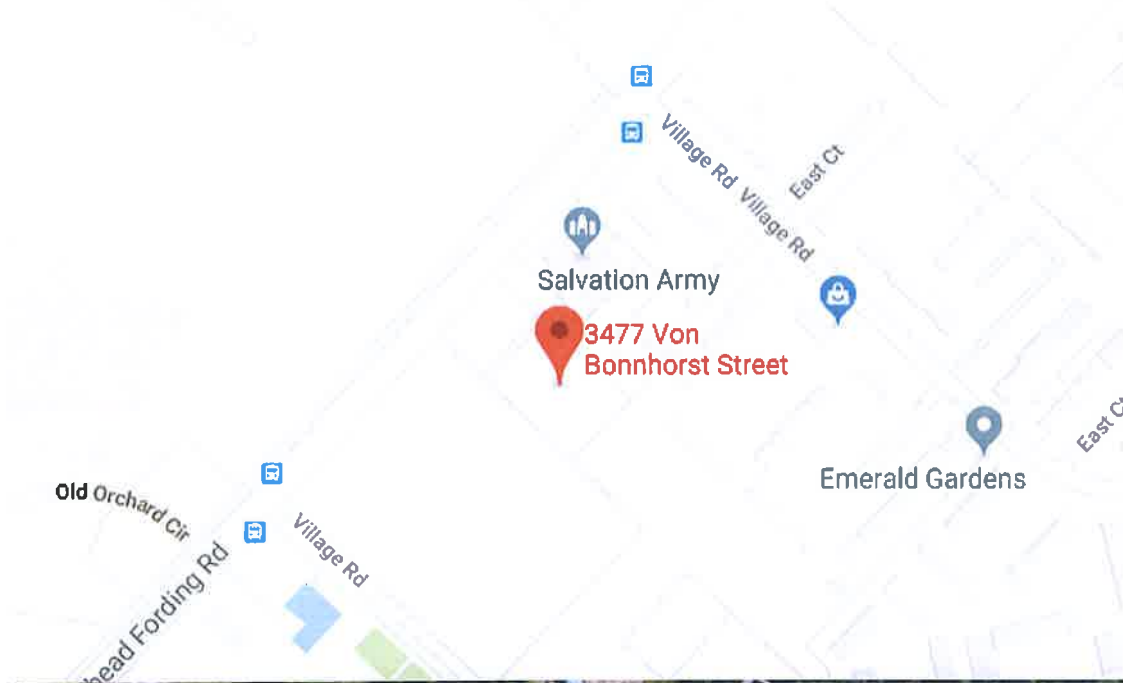
The subject's ensuing tax burden would be estimated as follows-

Assessed Value		Millage Factor	Taxes
\$17,800	x	.02263	\$402.82
			\$394.76 w/ discount

GENERAL LOCATION AND NEIGHBORHOOD INFORMATION

The 28th Ward of the City of Pittsburgh is commonly referred to as part of the “West End” and is located approximately 5 miles southwest of Downtown Pittsburgh. Part of the overlapping area of Greater Pittsburgh’s South Hills/West End, this neighborhood consists of mostly older mixed uses in spotted development. There are residential properties (both multi-family and single-family) as well as institutional uses, light industrial uses and scattered commercial uses. The area is conveniently located to State Routes 50, 60 and 121, as well as the Parkway West, thus offering good access to the Pittsburgh International Airport, I-79 and Downtown Pittsburgh. There have been no areas of significant growth or economic influence within the general area.

LOCATION MAP



PROPERTY DESCRIPTION

Area	:	24,960 SF or 0.573 acres
Topography	:	Level
Shape	:	Rectangular; long & narrow
Block and Lot	:	70-E-241
Zoning	:	"RM-M" Residential
Flood Plain	:	Zone X "area of minimal flood hazard" according to Map No. 420030329F with an effective date of May 15, 2003
Utilities	:	All public utilities including electricity, gas, water and sanitary sewage are available.
Highest & Best Use	:	Multi-family residential development in an assemblage
Current Use	:	Vacant land
On Site Improvements	:	N/A
Off Site Improvements	:	Property located along a 2-way asphalt paved street

SUBJECT PHOTOGRAPHS

70-E-241





THE VALUATION PROCESS

The valuation process begins when an appraiser identifies the appraisal problem and ends when he or she reports a conclusion to the client. Each real property is unique and many different types of value can be estimated for a single property. The most common appraisal assignment is performed to estimate market value; the valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for estimating any other defined value. Consulting assignments often call for value estimates, which are derived through modification of the valuation process.

The valuation process is accomplished through specific steps; the number of steps followed depends on the nature of the appraisal assignment and the data available. The model indicates a pattern that can be used in any appraisal assignment to perform market research and data analysis, to apply appraisal techniques, and to integrate the results of these activities into an estimate of defined value.

Research begins after the appraisal problem has been defined. The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels—international, national, regional, community and neighborhood. This examination helps the appraiser understand the interrelationships among the principles, forces and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. These data can be analyzed and employed to estimate a defined value.

Traditionally, appraisal techniques are the specific procedures within the three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

In assignments to estimate market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which correspond to the three traditional approaches to value:

THE VALUATION PROCESS (CONTINUED)

1. The value indicated by recent sales of comparable properties in the market – the sales comparison approach.
2. The current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site value – the cost approach.
3. The value of a property's earning power based on the capitalization of its income – the income capitalization approach.

The three approaches are interrelated; each requires the gathering and analysis of sales, cost, and income data that pertain to the property being appraised. Each approach is outlined briefly in this chapter and discussed in detail in subsequent chapters.

From approaches applied, the appraiser derives separate indications of value for the property being appraised. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

To complete the valuation process, the appraiser integrates the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or a range within in which the value may fall. An effective integration of all the elements in the process depends on the appraiser's skill, experience and judgment.²

² The Appraisal of Real Estate, Eleventh Edition, 1996, Appraisal Institute.

COST APPROACH TO VALUE

In the Cost Approach to Value, the major components, land and improvements, are estimated separately.

The land value is established by comparison with the sale value of other land that offers varying degrees of comparability. The reproduction cost new of improvements is calculated by using reliable cost indexes; the depreciation elements for all causes are then subtracted to arrive at a depreciated value of the improvements; adding the value of the land given an indication of value for the entire property. These elements of depreciation include physical deterioration, functional obsolescence and economic obsolescence. Physical deterioration is brought about by wear and tear, disintegration, and use in service. Functional obsolescence reflects the efficiency or inefficiency of an improvement to perform the function for which it is being used. It includes design, inadequacy or super adequacy of the structure, and changes in construction materials and techniques. Economic obsolescence is loss in value caused by factors outside the property itself. They are items over which the property owner has no control.

The Society of Real Estate Appraisers, in the Real Estate Terminology textbook, defines the Cost Approach as:

“That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.”

As a building ages, application of the various forms of depreciation and obsolescence become difficult to measure with a high degree of accuracy. The Cost Approach loses its validity and becomes increasingly subjective. The Cost Approach as an indicator of value, while considered, was not developed in this report.

This approach is not being developed since the subject consists of vacant land only.

INCOME APPROACH

The underlying premise in the Income Approach is that value is the present worth of future benefits arising from ownership. These benefits can be tangible or intangible, but normally are limited to an estimate of stabilized future net income potential. Net Income potential is translated into a market value by capitalizing the stabilized net income at an appropriate capitalization rate.

The following are the six (6) steps necessary to develop the Income Approach:

1. Verification of actual rents and stabilization of the income stream.
2. Estimate of the proper vacancy and collection loss.
3. Estimate and stabilization of expenses.
4. Estimate of stabilized net operating income.
5. Development of proper rate of capitalization.
6. Capitalization of stabilized net income into an indication of value by application of a proper capitalization rate.

This approach is not developed since the subject exists as vacant land only.

SALES COMPARISON APPROACH TO VALUE

The basis or trust of this approach is predicated upon direct comparisons of the subject property to properties which share some degree of comparability with the subject, and which have sold on the same or similar market.

The estimate predicated upon this approach is considered to be representative of the reactions of typical buyers and sellers in the marketplace and is based upon the principle of substitution. That is, no prudent, knowledgeable person will pay more to buy one property than it will cost to buy another similar property. When a sufficient number of sales are evaluated, a pattern is usually established and with proper interpretation, this pattern can be a good and acceptable indication of market value.

Generally, the steps³ in the Sales Comparison Approach are indicated below:

- 1) Research the market to identify similar properties for which pertinent sales, listings, offerings and/or rental data is available.
- 2) Qualify the prices as to terms, motivating forces and bonafide nature.
- 3) Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics and conditions of sale.
- 4) Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
- 5) From the pattern developed, formulate an opinion of market value for the property being appraised.

We have identified a number of comparable vacant land properties in the general economic area. These sales were evaluated on a "per square foot of land area" basis, a method that is widely accepted in this market segment. Differences that could affect value include market condition, financing, location, land size, utility, topography, access, etc.

Following is a list of these sales-

³ The Appraisal of Real Estate, Seventh Edition, American Institute of Real Estate Appraisers.

SALES COMPARISON APPROACH TO VALUE (CONTINUED)

COMPARABLE SALE #1

Location	:	McMurray Road Bethel Park Borough
Block and Lot No.	:	775-D-42 & 775-D-295
Grantor	:	YMCA Greater Pittsburgh
Grantee	:	Clover Communities Bethel Park LLC
Date of Sale	:	3/16
Consideration	:	\$950,000
Reference	:	DBV 16322, page 288
Unit Price	:	\$91,223/acre or \$2.09/SF
Description	:	10.414 acres (453,634 SF) of vacant land (zoned Residential);includes 441' frontage along McMurray Road; level to gently sloping; all public utilities; purchased for eventual multiple family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #2

Location	:	Hamilton Road Bethel Park Borough
Block and Lot No.	:	316-A-175
Grantor	:	Totum Realty Advisors
Grantee	:	Rolling Lambert Building Development
Date of Sale	:	12/15
Consideration	:	\$450,000
Reference	:	N/A
Unit Price	:	\$132,353/acre or \$3.04 SF
Description	:	3.40 acres of land (148,104 SF); gently sloping; zoned Residential; all public utilities; located within the "Cool Springs" development; purchased for multi-family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #3

Location	:	103 Fox Plan Road Monroeville Borough
Block and Lot No.	:	856-P-331/856-P-339/857-A-72/857-A-78
Grantor	:	Fox Plan LP
Grantee	:	Fox Plan Apartments LLC
Date of Sale	:	1/19
Consideration	:	\$1,202,000
Reference	:	DBV 17495 page 468
Unit Price	:	\$233,448/acre or \$5.36/SF
Description	:	5.1489 acres (224,286 SF) of vacant; zoned Residential; all utilities available; zoned "Residential"; gently sloping; purchased for residential development
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #4

Location	:	100-125 Apple Blossom Way Moon Township
Block and Lot No.	:	699-F-84
Grantor	:	Broadhead Investors Group LLC
Grantee	:	Broadhead Senior Living LLC
Date of Sale	:	9/17
Consideration	:	\$2,000,000
Reference	:	DBV 16940, page 30
Unit Price	:	\$101,404/acre or \$2.34/SF
Description	:	19.723 acres or 859,134 SF of vacant land; zoned Residential; mixed topography; purchased for multiple family residential development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

Comparable Sales Analysis & Conclusion

The appraiser essentially searched Allegheny County for comparable sales- vacant parcels similar to the subject.

Location- The subject property is located in a rather stagnant area for general real estate values- there has been little new development in this particular area. The demand however for higher density residential land however is somewhat strong here. All of the above sales are located in “superior” areas in terms of general real estate values and would require downward adjustments to their unit prices.

Topography- The subject is level and cleared and virtually ready for development. Sale 1 is the only sale that is similar to the subject in terms of topography. The remaining sales would warrant slightly upward adjustments for their slightly inferior topography.

Size- All of the sales are larger than the subject. The sales are viewed from a collective perspective as the highest and best use is “residential development in an assemblage”.

Zoning- All of the sales are zoned “Residential” which would allow for multi-family residential development.

All of the sales have been purchased for the development of multiple family or medium density residential development.

After considering the subject with respect to the comparables and their salient attributes, I am of the following opinion-

Indicated Value To Subject Property -

Therefore-

24,960 SF @ \$2.00/SF	\$49,920
Say	<u>\$50,000</u>

SUMMARY OF SALIENT FACTS AND RECONCILIATION

The value estimates indicated by the following approaches to value are as follows:

Cost Approach -	N/A
Income Capitalization Approach -	N/A
Sales Comparison Approach –	\$50,000

Cost Approach to Value –The Cost Approach will generally result in a more accurate estimate of value if the building is new and the improvements reflect the Highest and Best Use of the land. However, when items of physical deterioration and obsolescence must be estimated, a degree of subjectivity is usually involved. This approach was not applicable in this report since this is vacant land.

Income Capitalization Approach – This approach is based upon the Principle of Anticipation, i.e., value is created by the typical investor’s expectations of benefits to be derived in the future, namely, the present worth of the future benefits, including returns on and of the investment as well as the ownership advantages. Emphasis here is not on structural components, but on the quality and quantity of the income stream. This approach was not developed due to reasons previously explained.

Sales Comparison Approach – In the Sales Comparison Approach, consideration has been given to recent similar sales within the subject economic neighborhood/district. These sales were analyzed by the sale price per square foot method to reflect a market value estimate of the subject property. The appraiser found the quantity and quality of sales to be more than adequate, therefore, this approach was given considerable and equal weight in the final analysis.

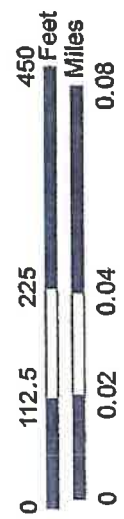
Final Value – In consideration of the above and for the reasons and conclusions contained herein, it is estimated that the Market Value of the subject property as of April 5, 2019, is **\$50,000**.

ADDENDUM

PIN: 0070F0018 000000



70-A-3
70-A-10
70-E-185 N
70-E-241
70-E-375



WGS84 Web Mercator

LEGEND

- Parcels
- LotLines
- Streets
- Municipalities
- Image
- Red: Band_1
- Green: Band_2
- Blue: Band_3

This map is for informational purposes only. Parcel information is provided from the Office of Property Assessments in Allegheny County. Content and availability are subject to change. Property characteristics and values change due to a variety of factors such as court rulings, municipality permit processing and subdivision plans. Excludes name and contact information for property owners, as required by Ordinance 3478-07. For additional information, call the Allegheny County GIS Help Desk at (412) 350-4774 or email at GISHelp@AlleghenyCounty, PA.

**APPRAISAL OF VACANT LAND
SITUATED ALONG
BROADHEAD FORDING ROAD
BLOCK & LOT 70-E-375
CITY OF PITTSBURGH (28TH WARD)
ALLEGHENY COUNTY
PENNSYLVANIA**

**CLIENT: URBAN REDEVELOPMENT AUTHORITY
OF THE CITY OF PITTSBURGH**



**PREPARED BY:
BODNAR REAL ESTATE SERVICES, INC.
2004 EAST CARSON STREET, SECOND FLOOR
PITTSBURGH, PENNSYLVANIA 15203
(412) 390-3170**

April 8, 2019

TABLE OF CONTENTS

	Page
Letter of Transmittal	3
Summary of Pertinent Data	5
Certification	6
Contingent and Limiting Conditions	7
Purpose of the Appraisal/Definition of Market Value	9
Property Rights Appraised	9
Zoning	9
Highest and Best Use.....	10
Property Identification	11
Legal Data/Sales History	11
Market Trend Analysis	12
Competency Statement.....	12
Marketing Time	12
Tax Assessment Information.....	12
General Location & Neighborhood Information	13
Location Map.....	14
Property Description.....	15
Subject Photographs	16
The Appraisal Process	18
Cost Approach	20
Income Approach.....	21
Sales Comparison Approach	22
Summary of Salient Facts and Reconciliation	28
Addenda	29



BODNAR REAL ESTATE SERVICES, INC.

2004 East Carson Street
2nd Floor
Pittsburgh, PA 15203

Phone: 412/390-3170
Fax: 412/390-3165
gbod@aol.com

April 8, 2019

Ms. Julie Udvarhelyi
Urban Redevelopment Authority
City of Pittsburgh
200 Ross Street, 10th Floor
Pittsburgh, PA 15219

**RE: Complete Appraisal Report
Broadhead Fording Road- Vacant Land
Block & Lot 70-E-375
28th Ward, City of Pittsburgh
Allegheny County, Pennsylvania
Urban Redevelopment Authority of Pittsburgh**

Dear Ms. Udvarhelyi:

Pursuant to your request, we have completed our inspection, investigation and appraisal of the above-captioned property.

This valuation is predicated upon the owner's title to the property being one of "Unencumbered Fee Simple Interest".

This appraisal report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation. We have prepared a Complete Appraisal in a Summary Report.

As a result of our analysis, we are of the opinion as of April 5, 2019, the subject property had a Market Value as follows:

SEVENTY- FIVE THOUSAND DOLLARS
\$75,000.00

The following pages of this report specify, in detail, the justification and support of our final estimate of value.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary R. Bodnar", with a long, sweeping horizontal line extending to the right.

Gary R. Bodnar, GAA
Certified General Appraiser

GRB/jlb

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Location (Address)	:	Broadhead-Fording Road 28th Ward, City of Pittsburgh Allegheny County, Pennsylvania
Client	:	Urban Redevelopment Authority of Pittsburgh
Block and Lot Numbers	:	70-E-375
Total Land Area	:	29,969 SF or 0.688 acres
Brief Description of the Improvements	:	N/A Vacant land
Zoning	:	“LNC” Local Neighborhood Commercial
Taxes	:	N/A- Exempt
Highest and Best Use- As Vacant	:	Residential development
As Improved	:	N/A
Property Rights Appraised	:	Fee Simple Absolute
Value Conclusions –		
Cost Approach	:	N/A
Income Approach	:	N/A
Sales Comparison	:	\$75,000
Effective Date	:	April 5, 2019
Date of Inspection	:	April 5, 2019
ESTIMATED MARKET VALUE	:	\$75,000
Estimated Marketing Time	:	12 to 15 months

CERTIFICATION

We 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, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person(s) signing this report.
- We have acted in an independent capacity and this appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Date: April 8, 2019



Signed:

Gary R. Bodnar, GAA
PA Certification Number: GA000173-L

CONTINGENT AND LIMITING CONDITIONS

1. This is a Complete Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. It includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Any additional and supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy 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 estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

13. The appraiser is not qualified to detect hazardous waste. Any comments by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation. Such determination would require investigation by a qualified expert. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

PURPOSE/FUNCTION OF THE APPRAISAL

The purpose of this appraisal report is to estimate the Market Value of this property as of April 5, 2019, the effective date of this appraisal. The date of the appraisal report is April 8, 2019. The function of this appraisal is to assist the Urban Redevelopment Authority of the City of Pittsburgh in decisions relative to internal matters concerning the subject property.

DEFINITION OF MARKET VALUE

"The most probable price which a property should be in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeable 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:"

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and each acting in what he considers his own best interest;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."¹

PROPERTY RIGHTS APPRAISED

The property is being appraised as if owned in Fee Simple Absolute.

ZONING

The subject property is zoned "LNC" Local Neighborhood Commercial District, according to the current zoning ordinance of the City of Pittsburgh. The property, in its current state, i.e. vacant land, represents a conforming use to said zoning classification.

¹ Source: Office of Thrift Supervisor (OTC), Federal Register Volume 55, No. 164, August 23, 1990, Rules and Regulations, page 34532.

HIGHEST AND BEST USE

According to Communicating the Appraisal: A Guide to Report Writing, a publication by the American Institute of Real Estate Appraisers in 1982, Highest and Best Use is defined as follows:

"The most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and need, or likely to be in demand in the reasonably near future. However, elements affecting value that depend on events or a combination of occurrences that, although in the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of the land that may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use that will yield to land the highest present value, sometimes called 'optimum use'."

This same publication also suggests that in estimating highest and best use, there are essentially four stages of analysis:

1. Possible Use - What uses of the site are physically possible?
2. Permissible Use (legal) - What uses are permitted by zoning and deed restrictions on the site in question?
3. Feasible Use - Which possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use - Among the feasible uses, which will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

The following tests must be met in estimating the highest and best use: The use must be legal. The use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

HIGHEST AND BEST USE (CONTINUED)

Estimating the future highest and best use depends on many factors in addition to the site's physical features. These may be legal, contractual or economic restrictions on the use of the site; or they may relate to market conditions such as supply and demand. Also inherent in the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill; i.e., that the use determined from analysis represents an opinion, not a fact, to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

According to the City of Pittsburgh Zoning Ordinance, the subject property is located in an "LNC" Local Neighborhood Commercial District.

The existing use of the subject site as vacant land is obviously permitted and appropriate under the terms of the zoning district.

Surrounding uses are mainly residential uses.

In recognition of all of the factors discussed above, therefore, it is concluded that the Highest and Best Use of the subject site is for "multiple-family residential development".

PROPERTY IDENTIFICATION

The subject property consists of a vacant parcel of land. The total land area is 29,969 SF or approximately 0.688 acres. The property is located along the westerly side of Broadhead Fording Road near its intersection with Village Road. This is located in the "Fairwood" district/neighborhood and the 28th Ward of the City of Pittsburgh, Allegheny County, Pennsylvania. A more general term for this area is the city's "West End".

The lot is identified as Block and Lot Number 70-E-375 by the Allegheny County Tax Assessment Office.

LEGAL DATA/SALES HISTORY

The property currently has rights vested to Urban Redevelopment Authority of Pittsburgh. There is no relevant previous sale of the subject property.

COMPETENCY STATEMENT

Gary R. Bodnar has appraised similar vacant land properties in the past, and has the data, capability and knowledge to complete an appraisal assignment of this type.

MARKETING TIME

Based upon prevailing market conditions and the historical marketing range provided by improved sale properties and similar vacant land, it is projected that a marketing period of twelve to fifteen months for the subject property is within the realm of current market conditions. However, the prevailing real estate market conditions are not guaranteed to remain constant since supply and demand and mortgage financing rates and terms are subject to change within the subject marketplace.

TAX ASSESSMENT INFORMATION

The subject property is tax exempt however it is assessed as follows-

Total Assessed Value

Land	\$ 18,300
Improvements	\$ <u>0</u>
Total Assessed Value	\$ 18,300

Annual Taxes

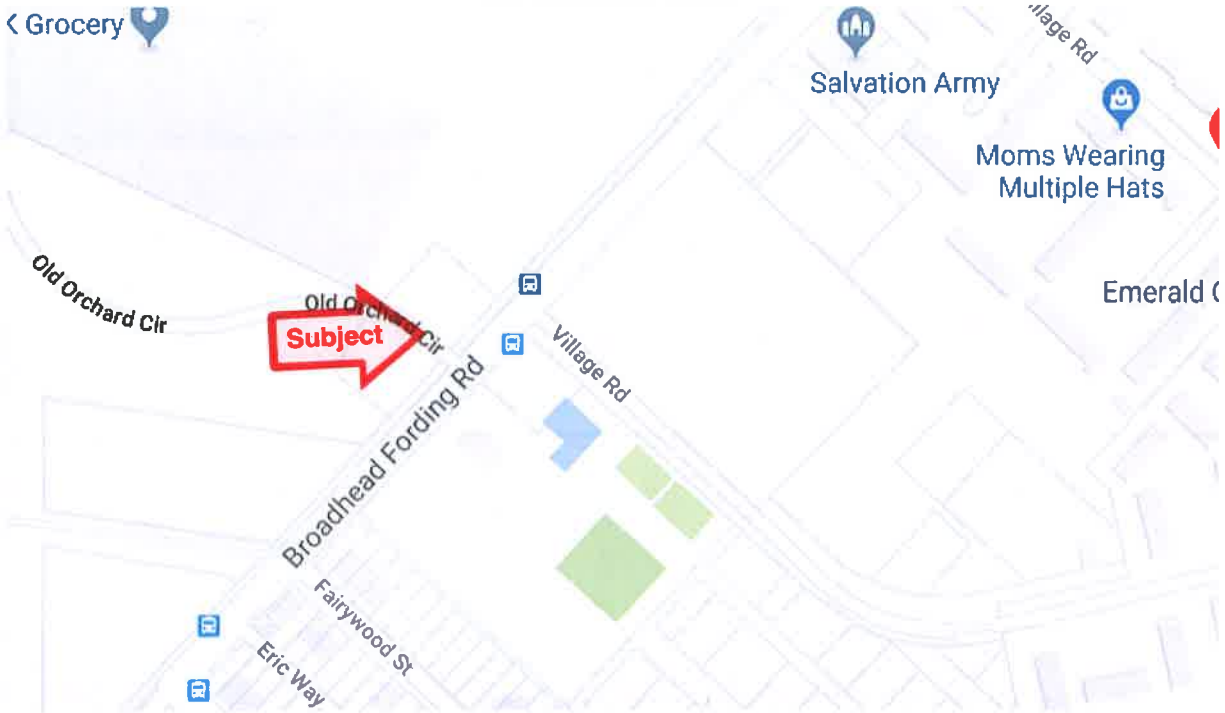
The subject's ensuing tax burden would be estimated as follows-

Assessed Value		Millage Factor	Taxes
\$ 18,300	x	.02263	\$414.13
			\$405.85 w/ discount

GENERAL LOCATION AND NEIGHBORHOOD INFORMATION

The 28th Ward of the City of Pittsburgh is commonly referred to as part of the “West End” and is located approximately 5 miles southwest of Downtown Pittsburgh. Part of the overlapping area of Greater Pittsburgh’s South Hills/West End, this neighborhood consists of mostly older mixed uses in spotted development. There are residential properties (both multi-family and single-family) as well as institutional uses, light industrial uses and scattered commercial uses. The area is conveniently located to State Routes 50, 60 and 121, as well as the Parkway West, thus offering good access to the Pittsburgh International Airport, I-79 and Downtown Pittsburgh. There have been no areas of significant growth or economic influence within the general area.

LOCATION MAP



PROPERTY DESCRIPTION

Area	:	29,969 SF or 0.688 acres
Topography	:	Level
Shape	:	Rectangular
Block and Lot	:	70-E-375
Zoning	:	"LNC" Local Neighborhood Commercial
Flood Plain	:	Zone X "area of minimal flood hazard" according to Map No. 420030329F with an effective date of May 15, 2003
Utilities	:	All public utilities including electricity, gas, water and sanitary sewage are available.
Highest & Best Use	:	Light industrial development
Current Use	:	Vacant land
On Site Improvements	:	N/A
Off Site Improvements	:	Property located along a 2-way asphalt paved street

SUBJECT PHOTOGRAPHS

70-E-375





THE VALUATION PROCESS

The valuation process begins when an appraiser identifies the appraisal problem and ends when he or she reports a conclusion to the client. Each real property is unique and many different types of value can be estimated for a single property. The most common appraisal assignment is performed to estimate market value; the valuation process contains all the steps appropriate to this type of assignment. The model also provides the framework for estimating any other defined value. Consulting assignments often call for value estimates, which are derived through modification of the valuation process.

The valuation process is accomplished through specific steps; the number of steps followed depends on the nature of the appraisal assignment and the data available. The model indicates a pattern that can be used in any appraisal assignment to perform market research and data analysis, to apply appraisal techniques, and to integrate the results of these activities into an estimate of defined value.

Research begins after the appraisal problem has been defined. The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels—international, national, regional, community and neighborhood. This examination helps the appraiser understand the interrelationships among the principles, forces and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. These data can be analyzed and employed to estimate a defined value.

Traditionally, appraisal techniques are the specific procedures within the three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

In assignments to estimate market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which correspond to the three traditional approaches to value:

THE VALUATION PROCESS (CONTINUED)

1. The value indicated by recent sales of comparable properties in the market – the sales comparison approach.
2. The current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site value – the cost approach.
3. The value of a property's earning power based on the capitalization of its income – the income capitalization approach.

The three approaches are interrelated; each requires the gathering and analysis of sales, cost, and income data that pertain to the property being appraised. Each approach is outlined briefly in this chapter and discussed in detail in subsequent chapters.

From approaches applied, the appraiser derives separate indications of value for the property being appraised. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

To complete the valuation process, the appraiser integrates the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or a range within in which the value may fall. An effective integration of all the elements in the process depends on the appraiser's skill, experience and judgment.²

² The Appraisal of Real Estate, Eleventh Edition, 1996, Appraisal Institute.

COST APPROACH TO VALUE

In the Cost Approach to Value, the major components, land and improvements, are estimated separately.

The land value is established by comparison with the sale value of other land that offers varying degrees of comparability. The reproduction cost new of improvements is calculated by using reliable cost indexes; the depreciation elements for all causes are then subtracted to arrive at a depreciated value of the improvements; adding the value of the land given an indication of value for the entire property. These elements of depreciation include physical deterioration, functional obsolescence and economic obsolescence. Physical deterioration is brought about by wear and tear, disintegration, and use in service. Functional obsolescence reflects the efficiency or inefficiency of an improvement to perform the function for which it is being used. It includes design, inadequacy or super adequacy of the structure, and changes in construction materials and techniques. Economic obsolescence is loss in value caused by factors outside the property itself. They are items over which the property owner has no control.

The Society of Real Estate Appraisers, in the Real Estate Terminology textbook, defines the Cost Approach as:

“That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.”

As a building ages, application of the various forms of depreciation and obsolescence become difficult to measure with a high degree of accuracy. The Cost Approach loses its validity and becomes increasingly subjective. The Cost Approach as an indicator of value, while considered, was not developed in this report.

This approach is not being developed since the subject consists of vacant land only.

INCOME APPROACH

The underlying premise in the Income Approach is that value is the present worth of future benefits arising from ownership. These benefits can be tangible or intangible, but normally are limited to an estimate of stabilized future net income potential. Net Income potential is translated into a market value by capitalizing the stabilized net income at an appropriate capitalization rate.

The following are the six (6) steps necessary to develop the Income Approach:

1. Verification of actual rents and stabilization of the income stream.
2. Estimate of the proper vacancy and collection loss.
3. Estimate and stabilization of expenses.
4. Estimate of stabilized net operating income.
5. Development of proper rate of capitalization.
6. Capitalization of stabilized net income into an indication of value by application of a proper capitalization rate.

This approach is not developed since the subject exists as vacant land only.

SALES COMPARISON APPROACH TO VALUE

The basis or trust of this approach is predicated upon direct comparisons of the subject property to properties which share some degree of comparability with the subject, and which have sold on the same or similar market.

The estimate predicated upon this approach is considered to be representative of the reactions of typical buyers and sellers in the marketplace and is based upon the principle of substitution. That is, no prudent, knowledgeable person will pay more to buy one property than it will cost to buy another similar property. When a sufficient number of sales are evaluated, a pattern is usually established and with proper interpretation, this pattern can be a good and acceptable indication of market value.

Generally, the steps³ in the Sales Comparison Approach are indicated below:

- 1) Research the market to identify similar properties for which pertinent sales, listings, offerings and/or rental data is available.
- 2) Qualify the prices as to terms, motivating forces and bonafide nature.
- 3) Compare each of the comparable properties' important attributes to the corresponding ones of the property being appraised, under the general categories of time, location, physical characteristics and conditions of sale.
- 4) Consider all dissimilarities and their probable effect on the price of each sale property to derive individual market value indications for the property being appraised.
- 5) From the pattern developed, formulate an opinion of market value for the property being appraised.

We have identified a number of comparable vacant land properties in the general economic area. These sales were evaluated on a "per square foot of land area" basis, a method that is widely accepted in this market segment. Differences that could affect value include market condition, financing, location, land size, utility, topography, access, etc.

Following is a list of these sales-

³ The Appraisal of Real Estate, Seventh Edition, American Institute of Real Estate Appraisers.

SALES COMPARISON APPROACH TO VALUE (CONTINUED)

COMPARABLE SALE #1

Location	:	McMurray Road Bethel Park Borough
Block and Lot No.	:	775-D-42 & 775-D-295
Grantor	:	YMCA Greater Pittsburgh
Grantee	:	Clover Communities Bethel Park LLC
Date of Sale	:	3/16
Consideration	:	\$950,000
Reference	:	DBV 16322, page 288
Unit Price	:	\$91,223/acre or \$2.09/SF
Description	:	10.414 acres (453,634 SF) of vacant land (zoned Residential); includes 441' frontage along McMurray Road; level to gently sloping; all public utilities; purchased for eventual multiple family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #2

Location	:	Hamilton Road Bethel Park Borough
Block and Lot No.	:	316-A-175
Grantor	:	Totum Realty Advisors
Grantee	:	Rolling Lambert Building Development
Date of Sale	:	12/15
Consideration	:	\$450,000
Reference	:	N/A
Unit Price	:	\$132,353/acre or \$3.04 SF
Description	:	3.40 acres of land (148,104 SF); gently sloping; zoned Residential; all public utilities; located within the "Cool Springs" development; purchased for multi-family development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #3

Location	:	103 Fox Plan Road Monroeville Borough
Block and Lot No.	:	856-P-331/856-P-339/857-A-72/857-A-78
Grantor	:	Fox Plan LP
Grantee	:	Fox Plan Apartments LLC
Date of Sale	:	1/19
Consideration	:	\$1,202,000
Reference	:	DBV 17495 page 468
Unit Price	:	\$233,448/acre or \$5.36/SF
Description	:	5.1489 acres (224,286 SF) of vacant; zoned Residential; all utilities available; zoned "Residential"; gently sloping; purchased for residential development
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE SALE #4

Location	:	100-125 Apple Blossom Way Moon Township
Block and Lot No.	:	699-F-84
Grantor	:	Broadhead Investors Group LLC
Grantee	:	Broadhead Senior Living LLC
Date of Sale	:	9/17
Consideration	:	\$2,000,000
Reference	:	DBV 16940, page 30
Unit Price	:	\$101,404/acre or \$2.34/SF
Description	:	19.723 acres or 859,134 SF of vacant land; zoned Residential; mixed topography; purchased for multiple family residential development.
Comments	:	N/A

SALES COMPARISON APPROACH (CONTINUED)

Comparable Sales Analysis & Conclusion

The appraiser essentially searched Allegheny County for comparable sales- vacant parcels similar to the subject.

Location- The subject property is located in a rather stagnant area for general real estate values- there has been little new development in this particular area. The demand however for higher density residential land however is somewhat strong here. All of the above sales are located in “superior” areas in terms of general real estate values and would require downward adjustments to their unit prices.

Topography- The subject is level and cleared and virtually ready for development. Sale 1 is the only sale that is similar to the subject in terms of topography. The remaining sales would warrant slightly upward adjustments for their slightly inferior topography.

Size- All of the sales are larger than the subject.

Zoning- All of the sales are zoned “Residential” which would allow for multi-family residential development.

All of the sales have been purchased for the development of multiple family or medium density residential development.

After considering the subject with respect to the comparables and their salient attributes, I am of the following opinion-

Indicated Value To Subject Property -

Therefore-

29,969 SF @ \$2.50/SF	\$74,923
Say	<u>\$75,000</u>

SUMMARY OF SALIENT FACTS AND RECONCILIATION

The value estimates indicated by the following approaches to value are as follows:

Cost Approach -	N/A
Income Capitalization Approach -	N/A
Sales Comparison Approach –	\$75,000

Cost Approach to Value –The Cost Approach will generally result in a more accurate estimate of value if the building is new and the improvements reflect the Highest and Best Use of the land. However, when items of physical deterioration and obsolescence must be estimated, a degree of subjectivity is usually involved. This approach was not applicable in this report since this is vacant land.

Income Capitalization Approach – This approach is based upon the Principle of Anticipation, i.e., value is created by the typical investor’s expectations of benefits to be derived in the future, namely, the present worth of the future benefits, including returns on and of the investment as well as the ownership advantages. Emphasis here is not on structural components, but on the quality and quantity of the income stream. This approach was not developed due to reasons previously explained.









Sales Comparison Approach – In the Sales Comparison Approach, consideration has been given to recent similar sales within the subject economic neighborhood/district. These sales were analyzed by the sale price per square foot method to reflect a market value estimate of the subject property. The appraiser found the quantity and quality of sales to be more than adequate, therefore, this approach was given considerable and equal weight in the final analysis.

Final Value – In consideration of the above and for the reasons and conclusions contained herein, it is estimated that the Market Value of the subject property as of April 5, 2019, is **\$75,000**.

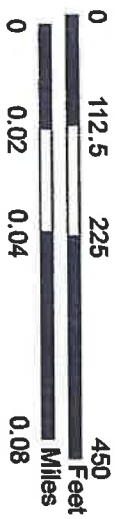
ADDENDUM



LEGEND

-  Parcels
-  Lotlines
-  Streets
-  Municipalities
-  Image
-  Red: Band_1
-  Green: Band_2
-  Blue: Band_3

This map is for informational purposes only. Parcel information is provided from the Office of Property Assessments in Allegheny County. Content and availability are subject to change. Property characteristics and values change due to a variety of factors such as court rulings, municipality permit processing and subdivision plans. Excludes name and contact information for property owners, as required by Ordinance 3478-07. For additional information, call the Allegheny County GIS Help Desk at (412) 350-4774 or email at GISHelp@AlleghenyCounty, US.



WGSR4 Web Mercator

70-A-3
70-A-10
70-E-185 N
70-E-241
70-E-375

