



# TOD MARR & ASSOCIATES, LLC

Real Estate Appraisers & Consultants

4735 94<sup>th</sup> Street North, Unit A

St. Petersburg, Florida 33708

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## APPRAISAL REPORT

A Fourteen Unit Apartment  
1552 S. Myrtle Avenue  
Clearwater, Florida 33756

Marr File #08244657



### PREPARED FOR

The City of Clearwater  
509 S East Ave, Suite 227  
Clearwater, Florida 33756

By

Brian DeMuth  
Cert Gen RZ2473

Tod Marr, MAI, CCIM  
Cert Gen RZ1237

### EFFECTIVE DATE

August 12, 2024

## ***Tod Marr and Associates, LLC***

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*Real Estate Appraisers  
and Consultants  
Tod Marr, MAI, CCIM  
Cert. Gen. RZ1237*

August 23, 2024

Dylan Mayeux  
Interim Housing Manager  
The City of Clearwater  
509 S East Ave, Suite 227  
Clearwater, Florida 33756

Re: An appraisal of a fourteen unit apartment property located at 1552 S. Myrtle Avenue, Clearwater, Florida 33756. Marr File #08244657

Dear Mr. Mayeux:

At your request, we have prepared an appraisal report of the above referenced property. The purpose of the appraisal is to provide an opinion of the “as is” market value of the fee simple interest of the property described herein. The date of the inspection was August 12, 2024, which is the effective date of appraisal.

The following report contains a summary of the data, analysis, assumptions and limiting conditions on which we have based our value conclusions. Your attention is directed to the general assumptions and limiting conditions and certificate of appraisal that are considered typical for this type of report and have been included within the text of this report. This report has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The intended users of this report are The City of Clearwater and Tampa Bay Neighborhood Housing Services. The intended use of this appraisal is to secure funding through the City of Clearwater for the purchase of the property. The appraisers are not responsible for unauthorized use of this report and no one other than the intended users may rely on its conclusions.

Each of the subject units includes a range/oven and a refrigerator. These items are considered Furniture, Fixtures & Equipment (FF&E). Because the value of the FF&E represents such a small portion of the total value, the FF&E value is included in the overall value and was not separated out.

Page 2  
August 23, 2024

Based on the analysis, our opinion of the market value of the fee simple interest of the subject, as of August 12, 2024, in “as is” condition, under the conditions as set forth herein, is estimated at:

**THREE MILLION TEN THOUSAND DOLLARS  
(\$3,010,000)**

Respectfully Submitted,



Digitally signed  
by Tod Marr  
Date: 2024.08.23  
15:22:27 -04'00'

Tod Marr, MAI, CCIM  
Cert Gen RZ1237  
(Did Not Inspect)



Digitally signed  
by Brian DeMuth  
Date: 2024.08.23  
15:22:45 -04'00'

Brian D. DeMuth  
Cert Gen RZ2473

## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Address:	1552 S. Myrtle Avenue, Clearwater, Pinellas County, Florida 33756
Location:	The subject is located on the west side of S. Myrtle Avenue, north of Belleair Road, within the city limits of Clearwater.
Parcel Number:	21-29-15-00000-440-2500
Owner of Record:	Hope Villages of America, Inc.
Prospective Buyer:	Tampa Bay Neighborhood Housing Services
Contract Price:	\$2,995,000
Property Rights Appraised:	Fee Simple Interest
Effective Date of Appraisal:	August 12, 2024
Typing Date of Report:	August 23, 2024
Improvements:	The subject consists of two apartment buildings, an office building and a recreation building (community center). The two apartment buildings are single-story. Building 100 is “L” shaped, contains 6 apartment units and a laundry room. Building 200 is “U” shaped and contains 8 apartment units, a meeting/class room and a storage room. The gross building area is estimated at 17,545 square feet. The property contains twelve 3- bedroom/1.5 bath units and two 2-bedroom/1 bath units.
Land Area:	59,372 square feet or 1.36 acres, mol
Density:	10.29 units per acre
Zoning Classification:	The northern portion is zoned O, Office, by the City of Clearwater. The southern portion is zoned MDR, Medium Density Residential.
Future Land Use Designation:	Northern portion- R/OG, Residential Office General; Southern portion - RU, Residential Urban
Highest and Best Use as Improved:	Continued use as a fourteen unit apartment.
Estimated Marketing Time:	3 to 6 Months
Census Tract:	258.00
<b>ESTIMATES OF VALUE:</b>	
Sales Comparison Approach:	\$3,010,000
Income Capitalization Approach:	\$3,015,000
Final Value Estimate:	\$3,010,000

**SUBJECT PHOTOGRAPHS**



**FRONT VIEW OF PROPERTY,  
FACING NORTHWEST FROM MYRTLE AVENUE**



**BUILDING 200, EASTERN AND SOUTHERN ELEVATIONS**



BUILDING 200, COURTYARD ACCESSING FRONTS OF UNITS,  
FACING WEST



BUIDING 200, WESTERN ELEVATION, FACING SOUTHEAST



BUILDING 200, NORTHERN ELEVATION FACING EAST



BUILDING 100, NORTHERN ELEVATION FACING SOUTH



BUILDING 100, NORTHERN ELEVATION, FACING SOUTHWEST



BUILDING 100, EASTERN ELEVATION, FACING SOUTHWEST





BUILDING 100, WESTERN ELEVATION, FACING NORTHEAST



BUILDING 100, SOUTHERN ELEVATION, FACING WEST



FRONT VIEW, COMMUNITY CENTER



REAR VIEW, COMMUNITY CENTER



FRONT AND NORTHERN ELEVATIONS, OFFICE



REAR AND SOUTHERN ELEVATIONS, OFFICE



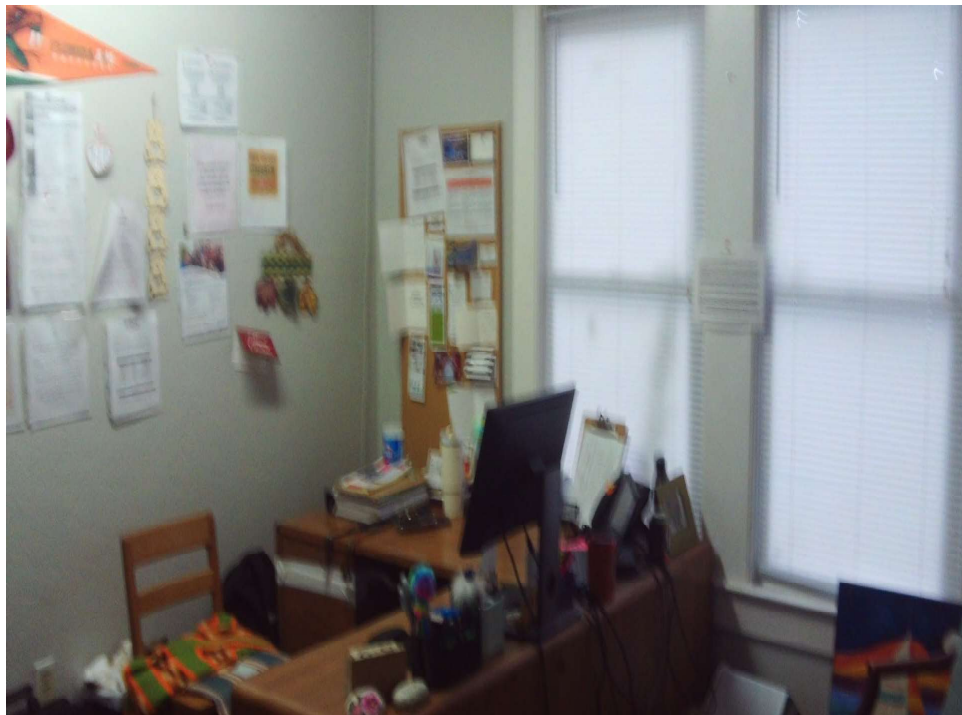
MINOR WOOD DAMAGE, OFFICE EXTERIOR WINDOW



ALUMINUM SOFFITS, EASTERN ELEVATION OF BUILDING 100



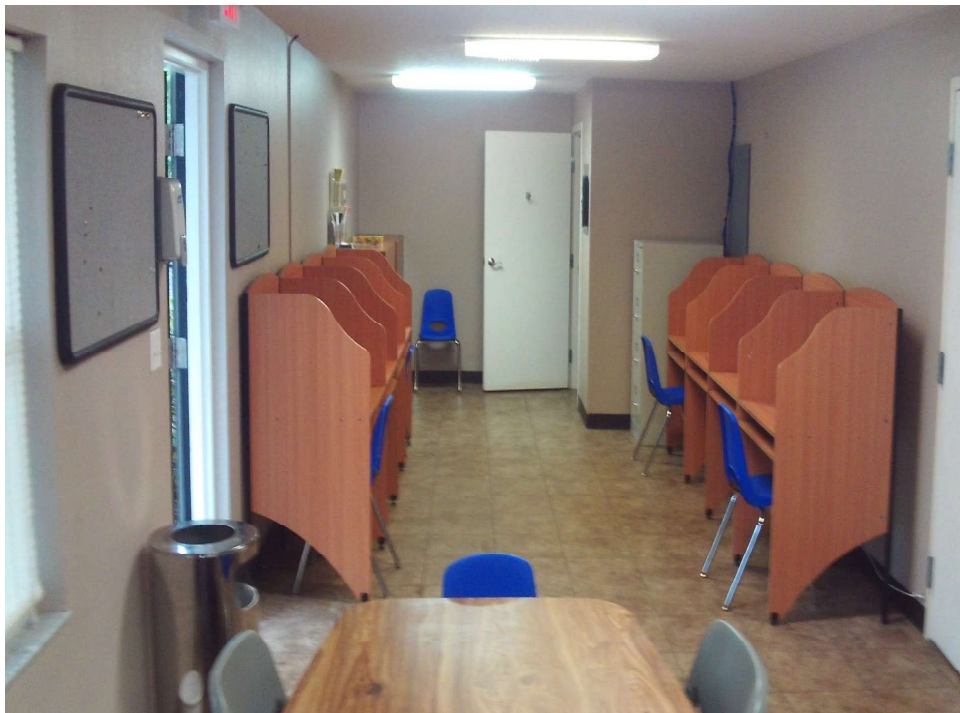
TREE LIMBS OBSERVED ON ROOF OF BUILDING 100



INTERIOR, OFFICE BUILDING



INTERIOR, RECREATION ROOM



INTERIOR, BUILDING 100 CLASSROOM



INTERIOR, UNIT 206 BEDROOM



INTERIOR, UNIT 206 KITCHEN



INTERIOR, UNIT 206 BATHROOM



INTERIOR, UNIT 201 KITCHEN





INTERIOR, UNIT 201 BATHROOM



STREET SCENE, MYRTLE AVENUE FACING NORTH  
SUBJECT LOCATED ON LEFT SIDE OF PHOTOGRAPH



STREET SCENE, MYRTLE AVENUE FACING SOUTH  
SUBJECT LOCATED ON RIGHT SIDE OF PHOTOGRAPH

**AERIAL IMAGE (GOOGLE EARTH)**



**FACING SOUTHWEST**

**APPRAISAL REPORT**  
A Fourteen Unit Apartment  
1552 S. Myrtle Avenue  
Clearwater, Florida 33756  
Marr File #08244657

## **SCOPE OF WORK**

In preparing this appraisal, we

- Inspected the subject, surrounding properties and neighborhood. Brian DeMuth made interior and exterior inspections of the property on August 12, 2024. A representative of the buyer, David Harder, and the listing agent, Joe Santolucito, were present at the time of inspection and provided access to units 201 and 206, the laundry room, office and recreation room. A copy of the rent roll and operating statement were provided for our review. The gross building area estimate is based on dimensions obtained from our physical measurements of the structure. Tax rolls and tax maps were used to estimate the subject site size. Photographs were taken at the time of inspection.
- Gathered and reviewed specific data such as public record information and market data relative to the analysis of the subject.
- Gathered relevant data pertaining to the neighborhood from a personal inspection of the surrounding area as well as local publications and real estate journals.
- Discussed market conditions and trends with local brokers, managers, financial institutions and/or appropriate governmental agencies.
- Estimated the property's most probable and likely utilization under the basic real estate valuation principle of highest and best use.
- Gathered market information pertaining to improved sales and rent comparables for analysis of the subject via the sales comparison and income capitalization approaches to value. Improved sales were researched through Micro Base Plus, MLS and Crexi. The sales time parameter was roughly eighteen months, and the research area included competing areas of Pinellas County and Tampa. A "drive-by" cursory inspection of the comparables was made. Verification of the comparables was made through public records and/or a knowledgeable source.

This appraisal report is intended to comply with the reporting requirements of the Uniform Standards of Professional Practice. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated.

The sales comparison and income capitalization approaches were used in the analysis. It is our opinion that these methods provide a credible estimate of the value for the subject. The improved sales were compared on a price per unit and per square foot basis and their sale prices were adjusted to the subject using a sales comparison adjustment grid. In the income approach we estimated the potential gross income, then subtracted for vacancy and expenses resulting in an estimated net operating income. The estimated net operating

income was capitalized to obtain a value estimate. The sales comparison and income capitalization approaches were then reconciled to obtain a final value estimate. Due to the age of the improvements and inaccuracies in estimating accrued depreciation, the cost approach is not considered applicable.

## **CLIENT**

Economic Development & Housing Department  
The City of Clearwater  
509 S. East Avenue, Suite 227  
Clearwater, Florida 33756

## **APPRAISERS**

Brian D. DeMuth  
Cert Gen RZ2473

Tod Marr, MAI, CCIM  
Cert Gen RZ1237

## **PURPOSE OF APPRAISAL**

The purpose of this appraisal is to provide an opinion of the market value of the fee simple interest in the property described.

## **DATE OF APPRAISAL**

The effective date of the appraisal is the date of the on-site inspection, August 12, 2024. The typing date of the appraisal is August 23, 2024.

## **INTENDED USER AND USE OF THE APPRAISAL**

The intended users of this report are Tampa Bay Neighborhood Housing Services and the City of Clearwater. The intended use of this appraisal is to secure funding through the City of Clearwater for the purchase of the property. The appraisers are not responsible for unauthorized use of this report and no one other than the intended users may rely on its conclusions.

## **INTEREST APPRAISED**

The fee simple interest of the property described herein has been appraised. Liens and encumbrances, other than leases, have been disregarded and the property has been analyzed as though free and clear. The leases are short term, and/or the rental rates are similar to market rent; therefore, the market values of the leased fee and fee simple interests are similar.

## DEFINITION OF FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. Source: The Dictionary of Real Estate Appraisal, 6<sup>th</sup> edition, page 90

## DEFINITION OF LEASED FEE INTEREST

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. Source: The Dictionary of Real Estate Appraisal, 6<sup>th</sup> edition, page 128

## DEFINITION OF MARKET VALUE

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised and acting in what they consider their own best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. Source: 12 CFR part 34 subpart C-Appraisals 34.69 (g) Federal Register 34696

Important elements affecting market value include the time element, neighborhood and economic changes, as well as anticipation thereof. Market prices do not necessarily follow all of these concepts and are often affected by salesmanship and the urgency and need of the buyer and/or the seller.

## LEGAL DESCRIPTION

Pinellas, State of Florida, to wit:  
From the SE corner of the SE 1/4 of Section 21, Township 29 S, Range 15 E, run thence N 0° 20' 51" E, along the section line, 556.80 feet for the Point of Beginning; thence N 89° 15' 09" W, 450.0 feet, thence N 0° 20' 51" E, 100.0 feet; thence S 89° 51' 25" E, 113.75 feet; thence N 25° 13' 42" E, 3.35 feet; thence S 89° 12' 20" E, 334.84 feet to the section line; thence S 0° 20' 51" W, along the section line, 103.97 feet to the Point of Beginning. Less and except the East 30.0 feet for road right of way.

The legal description was copied from a recorded deed for the subject property. It is assumed correct, and no warranty is made as to its accuracy.

## **TAX INFORMATION**

Parcel Number:	21-29-15-00000-440-2500
Owner of Record:	Hope Villages of America, Inc.
Assessed Value (2023):	\$1,713,812
Millage Rate:	19.2762
Gross R/E Taxes:	\$0 (tax exempt)

The subject is owned by a non-profit organization which is exempt from paying real estate taxes. The subject benefits from a 10% cap on annual assessed value increases. Without the cap, the subject assessed value would be \$1,998,958. The exemption and cap would be automatically removed if the property transfers ownership to an individual or for profit company. Without the cap and tax exemption, the subject taxes would be \$38,532.31. Based on a review of tax comparables, the subject assessed value without the cap is reasonable.

## **SALES HISTORY OF THE SUBJECT PROPERTY**

The subject property has not transferred ownership in the past three years. It is currently under contract for \$2,995,000, or \$213,929 per unit. The buyer is Tampa Bay Neighborhood Housing Services. The property is listed for sale for \$3,100,000 and the listing agents are Steve Klein and Joe Santolucito, with Klein & Heuchan Realtors. It was on the market for roughly five weeks prior to the contract. Based on the analysis, in our opinion, the contract price is similar to market value.

## **HIDDEN CONDITIONS**

We assume that there are no hidden or unapparent conditions of the property, subsoil or structures which would make it more or less valuable than otherwise apparently comparable property. We assume no responsibility for such conditions or for engineering that might be required to discover such conditions.

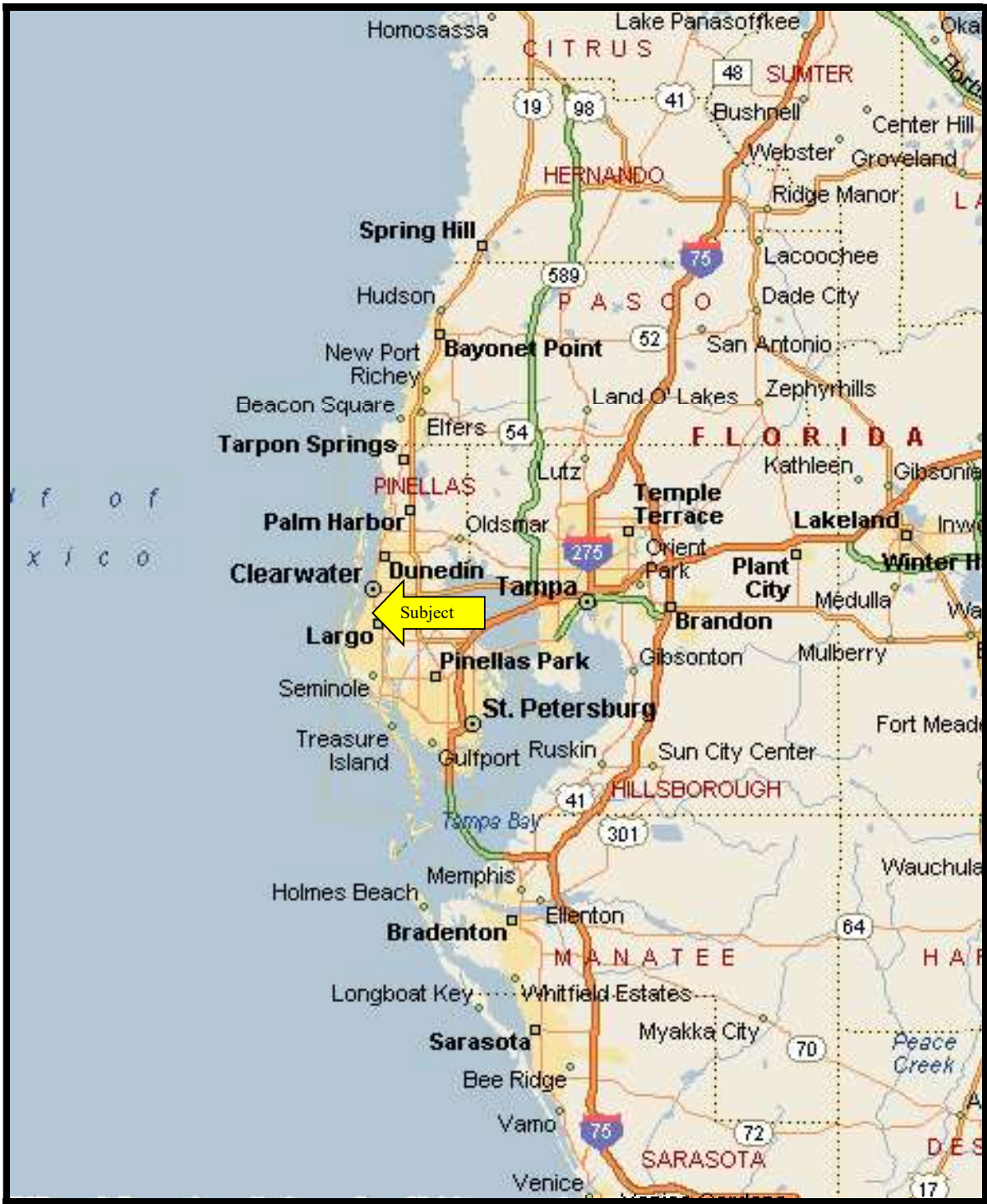
## **AMERICANS WITH DISABILITIES ACT OF 1990**

The Americans with Disabilities Act of 1990 sets strict and specific standards for handicapped access to and within most commercial and industrial buildings. Determination of compliance with these standards is beyond appraisal expertise. We assume no responsibility for the cost of such determination and this appraisal is subject to revision if the improvements are not in compliance.

## **COVID-19**

The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what long term effect, if any, this event may have on the national economy, the local economy or the real estate market in which the subject property is located. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.





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x j c o

**REGIONAL MAP**

## **NEIGHBORHOOD DESCRIPTION**

A neighborhood can be a portion of a city, community or an entire town. It is usually considered to be an area that exhibits a fairly high degree of homogeneous, as to use, tenancy and certain other characteristics. Homogeneity is a state of uniform structure or composition throughout. Therefore, in real estate terminology, a homogeneous neighborhood is one which the property types and uses are similar. A neighborhood is more or less a unified area with somewhat different boundaries.

The neighborhood boundaries could be defined as Drew Street to the north, Highland Avenue to the east, Rosery Road to the south and Clearwater Harbor to the west. The neighborhood is fully developed with commercial, residential and limited industrial properties. The area consists of a good mix of residential properties with supporting retail and office properties. Some industrial properties are scattered throughout the neighborhood. The properties located in the immediate area of the subject consist primarily of single-family homes and general commercial uses.

The neighborhood is located conveniently to shopping, schools, churches, recreational activities, and employment centers. Downtown Clearwater is located in the northwestern portion of the neighborhood. Development in the Clearwater Central Business District began over 100 years ago. Downtown Clearwater is the county seat for Pinellas County. The County Courthouse, City Hall, post office, Clearwater Chamber of Commerce, Church of Scientology headquarters, various banks, large office buildings and retail shops are located within the downtown area. Clearwater Beach is located to the immediate west of the neighborhood and is accessed by Memorial Causeway (a.k.a. State Road 60). Morton Plant Hospital is located on the south side of Jeffords Street, just west of Fort Harrison Avenue.

Clearwater-Largo Road and Missouri Avenue are the main north-south roads through the neighborhood. Clearwater-Largo Road is a four-lane road with a center turn lane. These roads are typically lined with a mix of commercial type uses, including retail, office, automotive repair, restaurants, gas stations, etc. Many older trailer parks and older apartments in the area have been razed for redevelopment in recent years. An older apartment located at 2030 Clearwater-Largo Road was razed for redevelopment with an 88 unit apartment complex, Grand Oaks Apartments. A trailer park located at 1650 Clearwater-Largo Road has been razed for redevelopment with a 255-unit apartment complex, Alta Belleair. The trailer park located at the southeast corner of Clearwater-Largo-Road and Rosery Road was redeveloped in 2020 with a 224 unit apartment complex referred to as the Rosery.

The Florida Association of Realtors reported a decrease in statewide sales activity of existing single-family homes of 11.1% in the June 2024 year-to-year comparison. June sales of existing townhouse-condos statewide decreased by 20.5% for the same time period. The Tampa Bay area has seen a decrease in sales of single-family homes of 13.0%, and a decrease in townhouse-condominium sales of 19.3%. The median statewide sale price for single family homes increased by 1.6% year over year. Townhouse-condos median sale prices were up 1.5 % for the same time period. The Tampa Bay market median sale price for single family homes increased by 2.4% and the

median sale price for townhouse-condominiums in the June year-over-year reports was up by 0.3%. The inventory of single-family homes for sale in Florida was up 60.5% year over year and the month's supply inventory was up 63.0%. The inventory of townhouses and condos for sale in Florida increased by 91.3% and the month's supply increased by 100%.

The Federal Reserve economic report for economic activity in the Sixth District released in July 2024 includes the subject area. Economic activity in this District was fairly flat, on balance, over the reporting period. Labor markets and wage pressures eased further, and worker availability and turnover improved. Cost growth moderated overall, but some construction and freight costs increased. Firms' pricing power weakened. Consumer spending was flat. Leisure travel softened, but group and business travel strengthened. Home sales slowed and existing home inventories grew. Commercial real estate conditions varied. Transportation activity was mixed. Loan growth was flat, and delinquencies rose. Energy activity varied by sector. Manufacturing declined somewhat. Agriculture conditions improved slightly

The Bureau of Labor Statistics reported the June 2024 unemployment rate for Florida at 3.3%, which is slightly higher than its historic low of 2.8% in February 2020, and down significantly from 14.1% in May 2020. In an effort to quell the spread of Covid-19, the Florida Governor issued a statewide stay-at-home order, effective on April 3, 2020. The number of people applying for unemployment benefits subsequently increased significantly, but as the state began to open back up, the unemployment rate continued to decrease. Pinellas County had an unemployment rate of 2.9% in December 2019, which spiked to 14.7% in April 2020. As the county started to open back up, the unemployment rate dropped and was reported at 3.2% in June 2024.

The Consumer Price Index for All Urban Consumers (CPI-U) remained unchanged in May 2024, on a seasonally adjusted basis. It rose 3.3% over the past twelve months, according to the U.S. Bureau of Labor Statistics. The inflation turned higher to start 2023, as rising shelter, gas and fuel prices took their toll on consumers, according to the Labor Department. The annualized inflation is notably higher than in July 2020, which was at 1.0%. As a result of high inflation, the Federal Reserve has been increasing rates. The Fed has raised the federal funds rate eleven times between March 2022 and the third week of July 2023; however, it has remained unchanged for the past several meetings. While fears of a recession loom, the Fed hopes they can curb inflation without stalling economic growth.

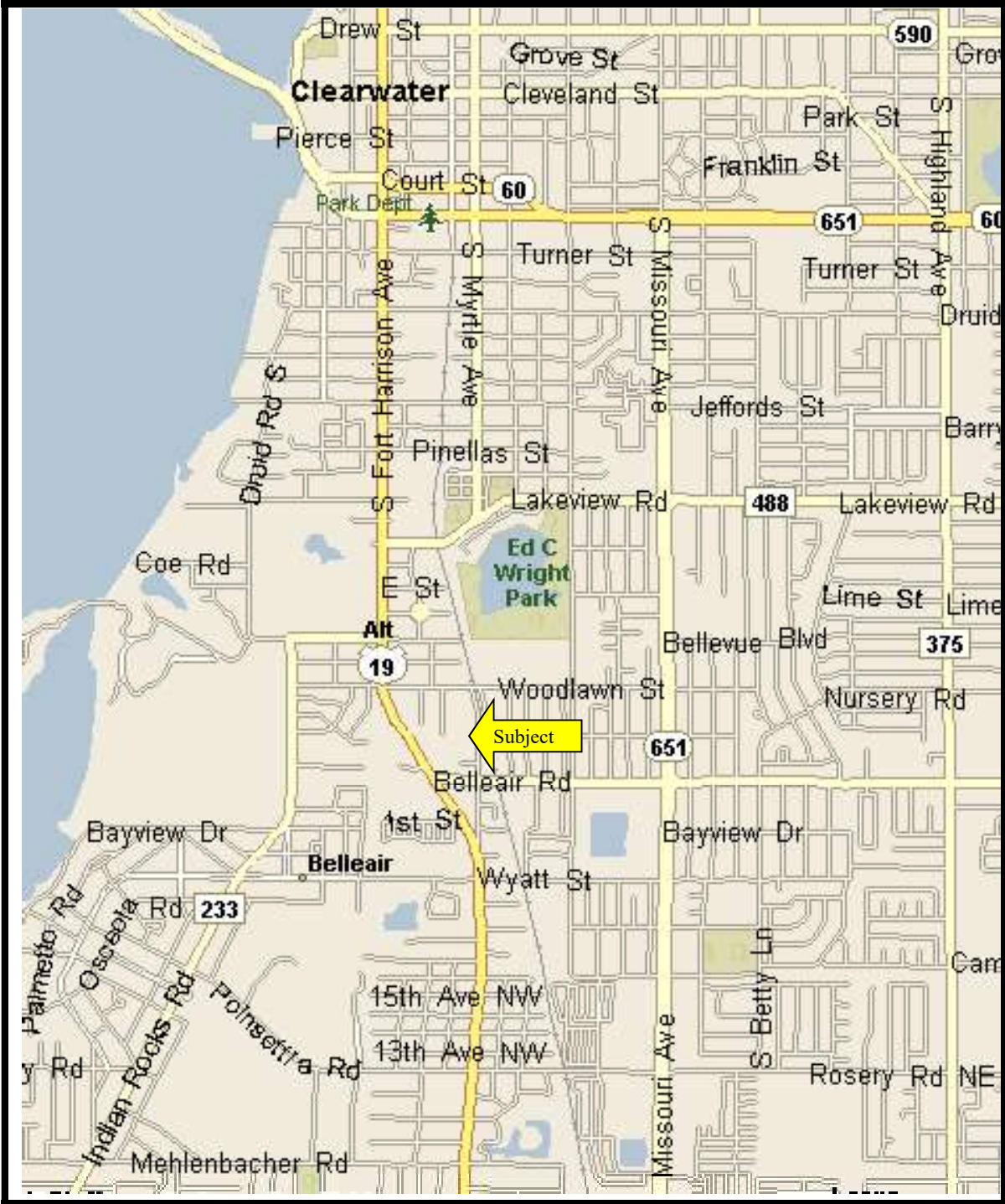
There is good demand for residential rental units in the subject neighborhood. Occupancy rates are currently high, ranging between 90% and 100%. The typical rental rates for two-bedroom apartments are between \$1,400 and \$2,000 a month and between \$1,600 and over \$2,500 for three-bedroom units. Most of the multi-family residential properties in the area sell for between \$135,000 and over \$230,000 a unit.

Yardi Matrix Tampa multifamily market report for February 2024 indicates the Tampa Bay area posted steady progress in 2023, recording more typical performance following two remarkable years. The average rent closed the year at \$1,793, following a 0.3%

decline on a trailing three-month basis through December, on par with the U.S. rate, which clocked in at \$1,709, as reported in the national multifamily market outlook. Still, demand remained stubbornly steady. The occupancy rate in stabilized properties reflected that, down just 50 basis points in the 12 months ending in November, to 94.1%, despite three consecutive years of record deliveries.

Marcus & Millichap Multifamily 2024 Q2 Report for Tampa-St Petersburg Metro area indicates a softening rent metrics oppose pickup in apartment demand. Tampa-St. Petersburg faces a misalignment of supply and demand in 2024, with a 20-year high completion total in the first quarter manifesting in rising vacancy and falling rents. Competition from new construction is lifting concession use, particularly among Class A and B apartments, subsequently contributing to discounted effective rents on new leases. While units with renters renewing leases logged some rent growth in the opening months of 2024, the pace is decelerating. Yet, more apartments were absorbed on net in just the first quarter, at nearly 2,700, more than during 2022 and 2023 combined. This substantial turnaround in demand suggests rent growth may re-enter positive territory when development moderates after 2024. Amid record supply additions, vacancy include up in the first quarter to 6.0%, the second highest among major Florida markets. The Tampa-St. Petersburg average effective rent dropped for the second quarter in a row, with an average of \$1,804 per month.

In summary, the subject neighborhood is located in the Clearwater area of west-central Pinellas County. The neighborhood has a large residential population base and is adequately supported by local commercial facilities and general employment centers. The area is well served by local utilities and governmental services. Recreational and social amenities, including schools and parks, are also abundant in the area. Existing properties are generally adequately maintained. After several years of increasing property values, they appear to have leveled off over the past two years. As inflation and interest rates have risen, additional pressure has been placed on the market.



**NEIGHBORHOOD MAP**

## **SITE DESCRIPTION**

### **Location**

The subject is located on the west side of Myrtle Avenue, north of Belleair Road, within the city limits of Clearwater, Florida. It is located adjacent to the south of multi-family residential property, north of single-family homes, northeast of an ALF, and east of a single-family home. It is west (across Myrtle Avenue) from a triplex and a railroad. The subject's physical address is 1552 S. Myrtle Avenue, Clearwater, Florida 33756.

### **Dimensions and Shape**

The subject parcel is Flag shaped. It has 163.97' of frontage on the west side of Myrtle Avenue and a depth of 418.59' along its northern boundary. Based on the dimensions, we have estimated the site size at 59,372 gross square feet of area, or 1.36 acres, mol. See tax map, aerial photograph and survey at end of site description for a visual depiction.

### **Ingress/Egress (Access)**

The subject has an interior location on Myrtle Avenue. This is a two-lane asphalt paved public road with limited traffic. It is typically lined with residential properties. The subject has one curb cut on the west side of Myrtle Avenue. Access to the site is considered adequate for residential type use.

### **Topography and Soil**

The site is generally level and above street grade. No on-site storm water retention is provided, which is typical of a property of this age. The storm water drainage is assumed to be adequate. An environmental audit was not provided. Based on a visual inspection, there did not appear to be any adverse environmental conditions regarding the soil or subsoil. We are not experts in this field and give no warranty as to soil or subsoil conditions. This appraisal values the subject as though it is clean with no soil contamination.

### **Utilities**

All typical utilities are currently available to the site. Electric service is available from Duke Energy and telephone service is available from private providers. Public water and sewer services are provided by the City of Clearwater.

### **Improvements**

The subject consists of two apartment buildings, an office building and a recreation building (community center). The two apartment buildings are single-story. Building 100 is "L" shaped, contains 6 apartment units and a laundry room. Building 200 is "U" shaped and contains 8 apartment units, a meeting/class room and a storage room. The

gross building area is estimated at 17,545 square feet. The property contains twelve 3-bedroom/1.5 bath units and two 2-bedroom/1 bath units.

Site improvements include asphalt paved drive and parking areas, average landscaping, concrete walks and curbs, parking bumpers, vinyl fencing, concrete block patio areas, basketball hoop, irrigation system with well pump, etc. The site has a total of 19 on-site parking spaces as counted. This equates to 1.36 spaces per unit, which is considered adequate.

### **Nuisances and Hazards**

No nuisances or hazards were observed. Per FIRM community panel number 12103C 0108J, map dated August 24, 2021, the subject is located in flood hazard zone “X”. Flood insurance is not typically required for improved properties located in the “X” designated areas. The flood zone should be confirmed with a flood certification. Refer to flood map at the end of site description.

### **Easements and Encroachments**

No easements which would adversely affect the subject were observed at the time of the physical inspection or review of the survey. It is assumed that none exists. A title commitment is typically used to verify if any adversities exist.

### **Concurrency**

The January 1990 enactment of Concurrency Laws in the state of Florida directly impacts the use of a site. Concurrency is part of the 1985 Growth Management Act, which states in part that all of an area’s infrastructure, which are or will be affected by the development of a property must be in place or concurrent with development and must be adequate.

In mid-2011 the Florida legislature made major changes to the growth management laws. The act was changed from the “Local Government Comprehensive Planning and Land Development Regulation Act” to the “Community Planning Act”. This reflected a change from State oversight to local government control of the planning and growth management process. The Act’s purpose moves from “control future development” to “manage future development consistent with the proper role of local government”. The new statement focuses on recognizing and protecting “the traditional economic base of the state, agriculture, tourism and military presence” while also encouraging “economic diversification, workforce development and community planning”. The subject is developed and is therefore vested.

### **Zoning/Future Land Use**

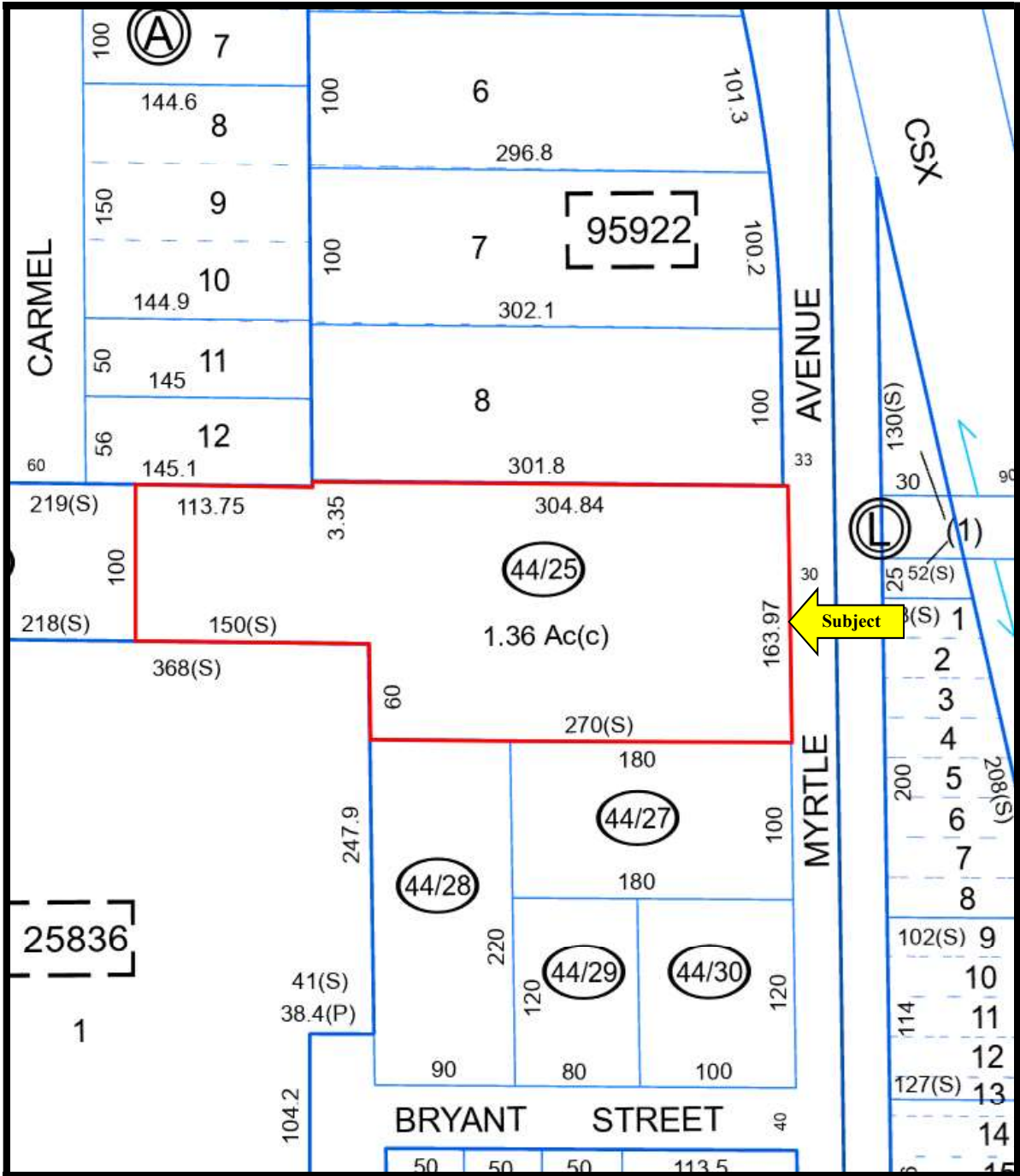
The northern portion of the subject site is zoned O, Office and the southern portion is zoned MDR, Medium Density Residential District, by the City of Clearwater. The future land use designations are R/OG, Residential Office General for the northern portion and

RU, Residential Urban (7.5 u.p.a.) for the southern portion, The Office zoning district does not allow for multifamily residential development. Based on our conversation with planner, James Baker, with the City of Clearwater Planning Department, the subject is a legal non-conforming use and is grandfathered into its current zoning. This is common to the area and is not considered adverse to its marketability.

### **Summary**

In summary, the subject is located on the west side of Myrtle Avenue, north of Belleair Road, within the city limits of Clearwater, Pinellas County, Florida. The site is 59,372 square feet, is generally level and has adequate utility. It has Office and Medium Density Residential zoning classifications with compatible Residential Office General and Residential Medium future land use designations. The site is well suited for residential type development.





TAX MAP



**AERIAL PHOTOGRAPH WITH TAX MAP OVERLAY**





**FLOOD MAP**

## IMPROVEMENT DESCRIPTION

The subject consists of two apartment buildings, an office building and a recreation building (community center). Apartment Building 100 is “L” shaped, contains 6 apartment units and a laundry room. Apartment Building 200 is “U” shaped and contains 8 apartment units, a meeting/class room and a storage room. The property also includes an office and a recreation building. The gross building area is estimated at 17,545 square feet.

The subject consists of two apartment structures which were built in 1996 of average quality masonry construction. Building 100 is 6,188 sf and contains 6 units and the laundry room. Building 200 is 8,928 sf and contains 8 units and a classroom/storage room. The buildings have poured concrete foundations. The roofs are pitched with dimensional shingle coverings, assumed to be over wood decking and wood trusses. The eaves heights are estimated to be 8’. The windows are primarily white aluminum single-hung with thermal glass and the exterior doors are metal. Gutters and downspouts are provided.

There are twelve 3-bedroom/1.5 bath units and two 2-bedroom/1 bath units. The floor plans include a living room with adjacent dining areas, full kitchen, bedrooms, closets and three-fixture bathroom. The 3 bedroom units include an additional two fixture bath. The kitchens include built-in cabinets, range/oven, fan/hood and refrigerator. The baths typically have tubs with ceramic tile wainscot and built-in vanities with sinks. The interiors are typically finished with ceramic tile floor coverings throughout. The interior walls and ceilings are finished drywall with light finishes. Each unit has a central heating and cooling system with a pad mounted condensing unit. Each unit also has a gas operated water heater. There are solar panels on the roofs for the water heaters; however, they were indicated to be non-operational.

The subject also includes a recreation/community center building. It was built in 1996 of average quality masonry construction. It has a poured concrete foundation. The roof is pitched with dimensional shingle covering over wood decking and wood trusses. The eaves heights are estimated to be 8’. The windows are white aluminum single-hung with thermal glass and the exterior doors are metal. The gross building area is 1,000 sf and the floor plan includes a large open area, two storage rooms, small kitchen area and a two-fixture restroom. It has wood style vinyl plank floor coverings, gypsum board walls and ceilings.

The site is also improved with an office building. It was built in 1930 of average quality frame stucco construction. It has a pier foundation. The roof is pitched with dimensional shingle covering over wood decking and wood trusses. The eaves heights are estimated to be 8’. The windows are white aluminum sliders with thermal glass and the exterior doors are metal. The gross building area is 1,429 sf and the floor plan includes a several individual offices, break area, storage room, and a two-fixture restroom. It has a mix of carpet, tile and vinyl floor coverings.

The four buildings contain 17,545 square feet of gross building area. Based on measurements, the 3-bedroom units are roughly 992 sf, and the 2-bedroom units are roughly 868 sf. The laundry room is roughly 248 sf, and the education/storage area is 948 sf. All four buildings are equipped with fire sprinklers.

The unit rents were indicated to be collected on a monthly basis with annual lease agreements. The units are not individually metered for electric. The owner currently pays for the electricity, water/sewer/trash. The prospective owner is planning to have the units metered individually for electric use.

Nine of the fourteen units are currently occupied. It was indicated that the prospective buyer has requested the units not be leased as they plan to place the tenants subsequent to purchase. They are planning to increase the rental rates and possibly submeter the units individually.

A summary of the subject rent roll is as follows:

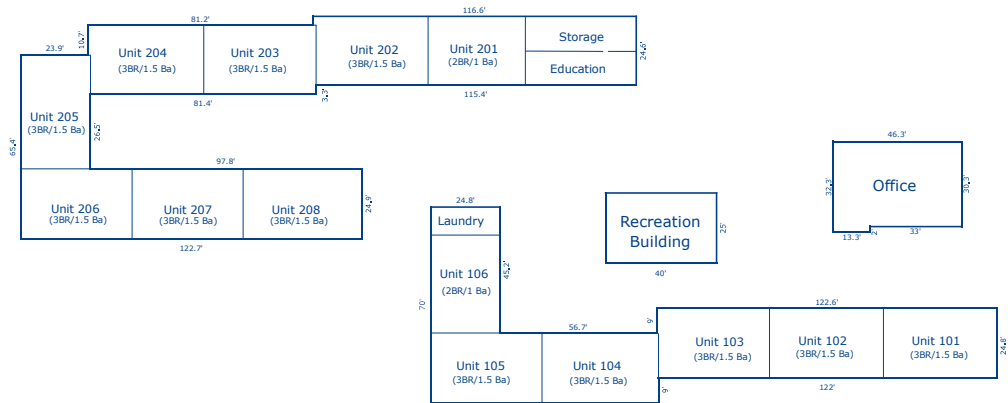
Rent Roll

<u>Unit</u>	<u>Occupied/ Vacant</u>	<u>Unit Type</u>	<u>Unit Size Estimate</u>	<u>Current Rent</u>	<u>Rent/ Sq.Ft.</u>	<u>Lease Expires</u>
101	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	9/30/2024
102	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	1/31/2025
103	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
104	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	11/30/2024
105	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
106	Occupied	2 BR/1Ba	868	\$1,500.00	\$1.73	10/31/2024
201	Occupied	2 BR/1Ba	868	\$1,500.00	\$1.73	4/30/2025
202	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	10/31/2024
203	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	9/30/2024
204	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	10/31/2024
205	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
206	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
207	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
208	Occupied	3 BR/1.5 Ba	992	<u>\$1,775.00</u>	\$1.79	2/28/2025
Total				\$ 15,275		

The subject office building was built in 1930, and the other structures were built in 1996. Their actual ages are 94 and 28 years. The property is maintained in overall good condition. All the central a/c units were replaced in 2023, and the roof coverings were replaced in 2015. Hurricane impact windows were installed in 2015. The appliances were all replaced in 2023. The kitchen and bath cabinetry have been updated and are in good condition. The floor coverings have been updated with ceramic tile throughout and LED lighting has been installed. The kitchen and bath components appear to be mostly original, and area well maintained (1996).

Noted at the time of inspection was some minor water damage to window trim on the north side of the office building. The aluminum soffits along the east side of Building 100 have lifted and need to be repaired or replaced. A tree limb is overhanging and touching the roof shingles on Building 100 and needs to be trimmed. It was indicated that the subject apartment buildings, and the recreation building have termites. The listing agent indicated the cost to treat the termites is roughly \$10,000. A credit of \$30,000 will be given to the buyer at closing to account for the termite treatment, related repairs and repair of other minor deferred maintenance. For the purposes of this appraisal, we have estimated the deferred maintenance at \$30,000. This will be deducted as a lump sum amount from the values obtained in the sales comparison and income capitalization approaches.

The subject is maintained in overall good condition with some deferred maintenance. In our opinion, the effective age is lower than its actual age, or roughly 25 years. According to the Marshall Valuation Service, the total economic life for a property of this type is typically 55 years. Based on a review of similar properties in the area, as well as the comparables used in this report, this estimate seems reasonable; therefore, the subject's remaining economic life is estimated at 30 years. No measurable functional or external obsolescence was observed.



Sketch by Apex Sketch v5 Standard™

Scale: 1" = 50'

AREA CALCULATIONS SUMMARY				BUILDING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown		Subtotals
GBA1	Office	1429.49	17545.17	Office		
	Recreation Building	1000.00		30.3 x 46.3	1402.89	
	Building 200	8927.64		2.0 x 13.3	26.60	
	Building 100	6188.04				
				Recreation Building		
				25.0 x 40.0		1000.00
				Building 200		
				3.2 x 116.6		373.12
				3.3 x 106.3		350.79
				10.7 x 221.7		2372.19
				10.7 x 197.8		2116.46
				26.5 x 24.9		659.85
				122.7 x 24.9		3055.23
				Building 100		
				24.8 x 45.2		1120.96
				204.1 x 15.8		3224.78
				9.0 x 122.6		1103.40
				9.0 x 82.1		738.90
	Net BUILDING Area	(rounded)	17545	13 Items	(rounded)	17545

## BUILDING SKETCH



## **HIGHEST AND BEST USE**

The highest and best use is defined as: The reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity. Source: The Dictionary of Real Estate Appraisal, 6<sup>th</sup> edition page 109

### **Highest and Best Use as Though Vacant**

The highest and best use of land or site as though vacant is defined as: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made of labor, capital, and coordination. The use of a property based on the assumption that a parcel of land is vacant or can be made vacant by demolishing any improvements.

The subject is located on the west side of Myrtle Avenue, north of Belleair Road, in a residential area of Clearwater. The site is 59,372 square feet or 1.36 acres and has an adequate amount of road frontage. The northern portion of the subject site is zoned Office, and the southern portion is zoned Medium Density Residential. The future land use designations are Residential Office General for the northern portion and Residential Urban (7.5 u.p.a.) for the southern portion. The Office zoning district does not allow for multifamily residential development.

Considering the size, location and physical characteristics of the subject, most legally permissible, uses would be considered physically possible, legally permissible and would be the most reasonable type of use. New residential development is occurring in the area. Demand for residential units is good in the subject market area. It is surrounded by multi-family and single-family residential development. An attempt to change the office zoning to residential should be made. In our opinion, development of the subject site with an average to good quality multi-family residential or mixed-use development is the highest and best use of the property as though vacant.

### **Highest and Best Use as Improved**

The highest and best use of property as improved is defined as: The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

The subject is improved with a fourteen-unit apartment, which includes an office, laundry room and recreation room. The structures were built in 1930 and 1996, and are maintained in overall good condition. As discussed, the subject's use as a fourteen unit apartment is consistent with surrounding properties. Based on the analysis, the value of the site and improvements is greater than the site value alone. There are no known modifications which would feasibly increase the value of the subject. Based on our

conversation with planner, James Baker, with the City of Clearwater Planning Department, the subject is a legal non-conforming use and is grandfathered into its current zoning. Therefore, in our opinion, the highest and best use of the property is to repair the deferred maintenance and continue the property's use as a fourteen-unit apartment. It is extremely rare to find rental properties that have two and three-bedroom units, in which the property owner pays the electric bill for the tenants. The property owner may want to look into the feasibility of metering the units for electric usage.

## THE VALUATION PROCESS

The estimate of market value for real property involves a systematic process in which the problem is defined, the work necessary to solve the problem is planned, and the data required; is acquired, classified, analyzed and interpreted into an estimate of value. In this process, three approaches are used by the appraiser to estimate value. They are:

THE COST APPROACH

THE SALES COMPARISON APPROACH

THE INCOME CAPITALIZATION APPROACH

The cost approach is a method in which the value of a property is derived from creating a substitute property with the same utility as the subject property. In the cost approach, the appraiser must estimate the market value of the subject site as if vacant, by using the direct sales comparison approach, then estimate the reproduction cost new of the improvements. Depreciation from all sources is estimated and subtracted from the reproduction cost new of the improvements. The depreciated reproduction cost of all improvements is then added to the estimated site value with the results being an indicated value by the cost approach.

The sales comparison approach, also referred to as the market approach, involves the comparison of similar properties that have recently been sold or similar properties that are currently offered for sale, with the subject property.

The income capitalization approach is a process which discounts anticipated income streams (whether in dollar income or amenity benefits) to a present worth figure through the capitalization process. The appraiser is again faced with obtaining certain data related to the subject and comparing it to similar physical, functional and economic properties. Comparable rental information is analyzed to estimate potential gross income (actual and/or comparative) to determine a projected net income stream. The appraiser must estimate a capitalization rate, either through extraction from the market or using other available techniques. The net income stream is capitalized into an indicated value by this approach.

The value estimates as indicated by the three approaches are then reconciled into a final estimate of the property's value. In the final reconciliation, the appraiser must weigh the relative significance, defensibility, amount and accuracy of data, and applicability of each approach as it pertains to the type of property being appraised and that best approximates the value being sought in the appraisal.

The sales comparison and income capitalization approaches were used in the analysis. In our opinion these methods provide a credible estimate of value. Due to the age of the improvements and inaccuracies in estimating accrued depreciation, the cost approach is not considered applicable.

## THE SALES COMPARISON APPROACH

The sales comparison approach involves a detailed comparison of the subject property with similar properties which have recently sold in the same or competitive market. This approach is based primarily on the principle of substitution. This principle states, when several commodities or services with substantially the same utility are available, the lower price attracts the greatest demand and widest distribution. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, considering that an alternative property may be purchased for less. The five basic steps in this analysis are listed below:

1. Research the market to identify similar properties for which pertinent sales listings offerings and/or rental data is available.
2. Qualify the data as to terms, motivating forces, or bona fide nature.
3. Analyze the salient characteristics of the comparable properties in relation to the property being appraised, particularly those items relating to date of sale, location, physical characteristics, and condition of sale.
4. Consider all dissimilarities and the probable effect on the price of each sale and derive individual market value indications for the property being appraised.
5. Formulate an opinion of market value from the pattern developed from the foregoing analysis.

A market investigation was conducted in the subject's area to find sales of properties comparable to the subject. The most pertinent transactions have been presented on the following pages.

**IMPROVED COMPARABLE NO 1:**



Address: 116 SW Jefferson Cr. N, St. Petersburg, FL 33703  
Location: South side of Jefferson, west of 4<sup>th</sup> Street N.  
Parcel Number: 31-30-17-61146-013-0170  
Date of Sale: August 2024  
Grantor: Helios Holdings INV, LLC  
Grantee: Marbella 98, LLC  
O.R. Book/Page: 22883/1212  
Sale Price: \$2,350,000  
Number of Units: 12 Units  
Building Size: 7,808 sf  
Average Unit Size: 651 sf  
Unit Mix: 1 studio, 7 one-bedroom & 4 two-bedroom units  
Year Built: 1973  
Condition: Good  
Quality: Average, Masonry  
Land Size: 15,600 sf or 0.36 acre, mol  
Density: 33.33 u.p.a.  
Financing: Cash to Seller  
Price Per Unit: \$195,833  
Price Per Square Foot: \$300.97  
Overall Capitalization Rate: 6.5%

Comments: This sale consists of a two-story, twelve-unit apartment building located just west of 4<sup>th</sup> Street in St. Petersburg. Half of the units were indicated to have been renovated. The property had been vacated for renovations and the capitalization rate was based on pro-forma data. The sale was verified with the selling real estate agent, Katelyn Robideaux. The property had previously sold in January 2023 for \$1,800,000 and had subsequent renovations.

**IMPROVED COMPARABLE NO 2:**



Address: 3402, 3404 & 3406 Phillips St., Tampa, FL 33619  
Location: Northwest corner of Phillips and E. 26<sup>th</sup> Avenue  
Folio Numbers: 159068-0100, 0200 & 0000  
Date of Sale: March 2024  
Grantor: Seatamp KL, LLC  
Grantee: Jorge Gomez Jimenez  
Instrument Number: 2024137849, 2024137845 & 2024137856  
Sale Price: \$1,350,000 (total)  
Number of Units: 6 units  
Building Size: 5,616 sf  
Average Unit Size: 936 sf  
Unit Mix: 6 three-bedroom units  
Year Built: 1989  
Condition: Good  
Quality: Average, Masonry  
Land Size: 16,800 sf or 0.39 acre, mol  
Density: 15.38 u.p.a.  
Financing: Cash to Seller  
Price Per Unit: \$225,000  
Price Per Square Foot: \$240.38  
Overall Capitalization Rate: 5.6%  
Comments: This sale consists of three adjacent tax parcels located just east of 50<sup>th</sup> Street and north of Interstate 4 in the Tampa area. It consists of three two-story apartment buildings, each containing 2 three-bedroom/two bath units. The property has been renovated and sold with five of the six units occupied. It was listed for \$1,400,000 and was on the market for roughly 3 weeks. The sale was verified with the listing agent, Jessica Scrivani.

### IMPROVED COMPARABLE NO 3:



Address: 6538 42<sup>nd</sup> Avenue N., Kenneth City, FL 33709  
Location: South side of 42<sup>nd</sup> Avenue, east of 66<sup>th</sup> Street N.  
Parcel Number: 05-31-16-29430-001-0380  
Date of Sale: November 2023  
Grantor: Milky, LLC  
Grantee: Balope Investments, LLC  
Instrument Number: 22646/1081  
Sale Price: \$1,775,000  
Number of Units: 8 units  
Building Size: 5,028 sf  
Average Unit Size: 629 sf  
Unit Mix: 8 two-bedroom units  
Year Built: 1958  
Condition: Good (+)  
Quality: Average, Masonry  
Land Size: 16,560 sf or 0.38 acre, mol  
Density: 21.05 u.p.a.  
Financing: Conv. Mtg.; BayFirst National Bank; \$1,000,000  
Price Per Unit: \$221,875  
Price Per Square Foot: \$353.02

Comments: This sale consists of four adjacent single-story apartment buildings located just east of 66<sup>th</sup> Street in Kenneth City. It consists of all two-bedroom/one bath units. The property was renovated, including roof coverings, a/c units, kitchens, baths, floors, paint, landscaping, etc. It was listed for \$1,975,000, reduced to \$1,899,900 and was on the market for roughly three months. The sale was verified with the listing agent, Terry Tillung.

**IMPROVED COMPARABLE NO 4:**



Address: 4590 76<sup>th</sup> Avenue N., Pinellas Park, FL 33781  
Location: Southeast corner of 76<sup>th</sup> Ave. and 46<sup>th</sup> Street  
Parcel Number: 27-30-16-00000-320-2200  
Date of Sale: May 2023  
Grantor: Azzam Properties Corporation, Trustee  
Grantee: Venture Housings, LLC  
O.R. Book/Page: 22452/2012  
Sale Price: \$2,000,000  
Number of Units: 9 Units  
Building Size: 6,720 sf  
Average Unit Size: 747 sf  
Unit Mix: 9 two-bedroom/1 bath units  
Year Built: 1983  
Condition: Good (+)  
Quality: Average, Masonry  
Land Size: 26,026 sf or 0.60 acre, mol  
Density: 15.00 u.p.a.  
Financing: Conv. Mortgage; Grow Financial; \$1,440,000  
Price Per Unit: \$222,222  
Price Per Square Foot: \$297.62  
Overall Capitalization Rate: 6.0%

Comments: This sale consists of a nine unit apartment building located in the Pinellas Park area of mid- Pinellas County. It was completely renovated and sold fully occupied. The property was listed for sale for \$2,000,000 and was on the market for two weeks prior to the contract. The sale was verified with the listing agent, Craig Clark. The property was previously purchased in May 2022, was extensively renovated and was placed back on the market.





**IMPROVED COMPARABLES**

**IMPROVED COMPARABLE COMPARISON CHART**

	<u>SUBJECT</u>	<u>COMP. #1</u>	<u>COMP. #2</u>	<u>COMP. #3</u>	<u>COMP. #4</u>
SALE PRICE	\$2,995,000	\$2,350,000	\$1,350,000	\$1,775,000	\$2,000,000
NUMBER OF UNITS	14	12	6	8	9
BUILDING SIZE (SF)	17,545	7,808	5,616	5,028	6,720
AVERAGE UNIT SIZE (SF)	1,253	651	936	629	747
PRICE/UNIT	\$213,929	\$195,833	\$225,000	\$221,875	\$222,222
PRICE/SF	\$170.70	\$300.97	\$240.38	\$353.02	\$297.62
DATE OF APPRAISAL/SALE	Aug-24	Aug-24	Mar-24	Nov-23	May-23
MONTHS SINCE SALE		-	5	9	15
FINANCING/CONDITIONS OF SALE		0%	0%	0%	0%
FIN/COND OF SALE ADJUSTED PRICE		\$2,350,000	\$1,350,000	\$1,775,000	\$2,000,000
<u>MARKET CONDITIONS:</u>					
% ADJUSTMENT		0%	0%	0%	0%
TIME ADJUSTED SALE PRICE		\$2,350,000	\$1,350,000	\$1,775,000	\$2,000,000
ADJUSTED PRICE/UNIT		\$195,833	\$225,000	\$221,875	\$222,222
ADJUSTED PRICE/SF		\$300.97	\$240.38	\$353.02	\$297.62
<u>PROPERTY CHARACTERISTICS:</u>					
LOCATION	S. Myrtle Ave Clearwater	Jefferson Cir St. Petersburg	Phillips St Tampa	42nd Ave N St.Petersburg	76th Ave N Pinellas Park
OVERALL LOCATION	Average	Similar	Similar	Similar	Similar
YEAR BUILT	1930-1996	1973	1989	1958	1983
CONDITION	Good	Similar	Similar	Superior	Superior
QUALITY	Average	Similar	Similar	Similar	Similar
NUMBER OF UNITS	14	12	6	8	9
BUILDING SIZE	17,545	7,808	5,616	5,028	6,720
AVERAGE UNIT SIZE	1,253	651	936	629	747
LAND SIZE (SF)	59,372	15,600	16,800	16,560	26,026
LAND SIZE (ACRES)	1.36	0.36	0.39	0.38	0.60
DENSITY (Units/Acre)	10.29	33.33	15.38	21.05	15.00
AMENITIES	Minimal	Minimal	Minimal	Minimal	Minimal
<u>ADJUSTMENTS:</u>					
LOCATION	Average	0%	0%	0%	0%
YEAR BUILT/CONDITION	'30-'96/Good	0%	0%	-5%	-5%
QUALITY	Average	0%	0%	0%	0%
NUMBER OF UNITS	14	0%	-5%	-5%	-5%
AVERAGE UNIT SIZE	1,253	10%	5%	10%	8%
LAND SIZE (ACRES)	1.36	0%	0%	0%	0%
DENSITY	10.29	0%	0%	0%	0%
AMENITIES	Minimal	0%	0%	0%	0%
NET PROPERTY ADJUSTMENT (UNIT)		10%	0%	0%	-2%
<u>ANALYSIS:</u>					
ADJUSTED PRICE	\$2,995,000	\$2,585,000	\$1,350,000	\$1,775,000	\$1,960,000
ADJUSTED PRICE/UNIT	\$213,929	\$215,417	\$225,000	\$221,875	\$217,778

## **EXPLANATION OF ADJUSTMENTS**

Where appropriate, adjustments have been made to the comparables to account for material differences from the subject. The adjustment categories include financing/conditions of sale, market conditions (time), location, year built/condition, quality, number of units, average unit size, density and amenities. The following is an explanation of the various adjustments.

### **Financing/Conditions of Sale**

All sales were verified with the grantee, grantor, an informed party and/or public records. No under-market financing or any special considerations which may have influenced the comparables' selling prices were discovered; therefore, no adjustments were made.

### **Market Conditions (Time)**

Market conditions refer to the appreciation or depreciation of a property over a period of time. The comparables are recent sales, having sold within the past 15 months and no time adjustments were warranted.

### **Location**

The factor included in this adjustment category is the general location of the comparables when compared to the subject. The subject is located on Myrtle Avenue in a residential area of Clearwater. The comparables have similar residential locations and no adjustments were warranted.

### **Year Built/Condition**

This adjustment category is based on the age and the condition of the comparables in relation to the subject. Properties in poor condition typically sell at a lower price per unit. The condition of the comparables was determined by an exterior inspection of the properties and/or by conversations with knowledgeable sources. The subject was built in 1930 and 1996, has had updates and is in good condition. Comparables 1 and 2 sold in similar condition and no adjustments were warranted. Comparables 3 and 4 have had superior updates and sold in superior condition. They were adjusted downward accordingly for their differences.

### **Quality**

This adjustment category is based on the quality of the comparables in relation to the subject. Typically, as the quality of a building increases so does its selling price per unit. The quality of the comparables was determined by an exterior inspection of the properties and by conversations with the grantee, grantor and or the real estate agent involved in the sale. The subject is an above average quality masonry apartment building. The comparables are similar quality masonry structures and no adjustments were warranted.

## Number of Units

The subject is a 14 unit apartment complex. Comparable 1 is a similar 12 unit complex and based on a review of the sales, no adjustment was warranted. Comparables 2, 3 and 4 have fewer units and required slight downward adjustments.

## Average Unit Size

Average unit size adjustments were made on the basis of the comparables' average unit sizes in relation to the subject. Market data indicates that the average unit size has a direct relationship with its selling price per unit, that is, as the average unit size increases, the price per unit increases. The subject has is a mix of three and two-bedroom units and includes an above average amount of common space (office and recreation room). Based on its gross building area, it has an average unit size of 1,253 square feet. The comparables have smaller average unit sizes and upward adjustments were warranted.

## Density

The subject is built at a density of 10.29 units per acre. The comparables vary in their densities; however, based on a review of sales, no adjustments were warranted.

## CORRELATION AND CONCLUSION

The four comparables have adjusted selling prices between \$215,417 and \$225,000 per unit, with a central tendency of \$220,017. Comparables 1 and 3 are recent sales, have similar locations in Pinellas County and required minimal adjustments. These two sales have been given primary consideration and have adjusted sale prices of \$215,417 and \$221,875 per unit, respectively. Comparables 2 and 4 support these value indications and have been given close secondary weight. They have adjusted sale prices of \$225,000 and \$217,778 per unit.

As discussed, the subject has some deferred maintenance. We have estimated the cost to repair the deferred maintenance at \$30,000, which will be deducted as a lump sum amount.

Therefore, based on the analysis, in our opinion the market value of the subject, by the sales comparison approach, in "as is" condition, is estimated at \$217,000 per unit and can be calculated as follows:

\$217,000/Unit	X	14 units	=	\$3,038,000
Less Cost to Repair Deferred Maintenance			=	<u>( \$30,000)</u>
Total			=	\$3,008,000
Round to				\$3,010,000

## **THE INCOME CAPITALIZATION APPROACH**

The income capitalization approach, the basic tool for the valuation of income producing real estate, relates to an investor's thinking and motivation as to the future benefits of ownership. It is based on the principle of substitution, which is reflected in the definition of value as the present worth of all the rights to future benefits accruing to ownership. The income producing property is typically purchased for investment purposes, and the projected net income stream is therefore the critical factor affecting this market value.

The valuation by the income capitalization approach consists of the following steps:

1. Estimate the market rent for the subject property through a market analysis of competitive projects to arrive at a gross income estimate
2. Estimate the vacancy and collection losses for the income projection period
3. Deduct the estimated vacancy and collection losses and the annual operating expenses from the gross income estimate for an estimated net income before recapture
4. Determine the appropriate capitalization technique and gather market supported data for its application
5. Capitalize the resulting net income figure by an appropriate capitalization rate in order to obtain an indicated value of the property

## **ESTIMATE OF MARKET RENT**

The first step in the income capitalization approach is to estimate the subject's market rent. The following rent comparables are considered the best indicators for the estimate of market rent for the subject property.

**RENT COMPARABLE NO 1:**



Address: 600 S. Betty Lane, Clearwater, Florida 33756  
Location: Southwest corner of Betty Lane and Turner Street  
Unit Size: 795 sf  
Year Built: 1971  
Condition: Good  
Quality: Average, Masonry

Monthly Rents

<u>Unit Type</u>	<u>Size</u>	<u>Monthly Rent</u>	<u>Rent/Sq.Ft</u>
2 Bedroom/2 Bath	795 sf	\$1,750	\$2.20

Vacancy: 0%

Comments: This comparable reflects a recently leased unit located in a two-story apartment building on Betty Lane in Clearwater. The unit had recent updates. The tenant pays for their own electric. The rent includes water, sewer and trash removal.

**RENT COMPARABLE NO 2:**



Address: 911 Grand Central Street, Clearwater, Florida 33756  
Location: South side of Grand Central, west of Ewing Avenue  
Unit Size: 1,112 sf  
Year Built: 1947  
Condition: Average to Good  
Quality: Average, Wood Frame

Monthly Rents

<u>Unit Type</u>	<u>Size</u>	<u>Monthly Rents</u>	<u>Rent/Sq.Ft</u>
2 Bedroom/2 Bath	1,112 sf	\$1,700	\$1.53

Vacancy: 0%

Comments: This comparable reflects a recently leased unit located in a small residential income property. The unit has central heating/ cooling and open parking. The tenant pays for their own electric. Water, sewer and trash removal is included.

**RENT COMPARABLE NO 3:**



Address: 1432 Lotus Path, Clearwater, Florida 33756  
Location: North side of Lotus Path, west of Pineview Ave,  
Unit Size: 896 sf  
Year Built: 1959  
Condition: Average  
Quality: Average, Masonry

Monthly Rents

<u>Unit Type</u>	<u>Size</u>	<u>Monthly Rents</u>	<u>Rent/Sq.Ft</u>
2 Bedroom/1 Bath	896 sf	\$1,800	\$2.01

Vacancy: 0%

Comments: This comparable reflects a recently leased unit located in a residential duplex apartment building. The unit includes a one-car carport and a screen porch. The tenant pays for their own electric, water, sewer and trash removal.



**RENT COMPARABLE NO 4:**



Address: 1421 Lotus Path, Clearwater, FL 33756  
Location: South side of Lotus Path, west of Pineview Ave.  
Unit Size: 1,350 sf  
Year Built: 1958  
Condition: Good  
Quality: Average

Monthly Rents

<u>Unit Type</u>	<u>Size</u>	<u>Monthly Rents</u>	<u>Rent/Sq.Ft</u>
3 Bedroom/2 Bath	1,350 sf	\$1,950	\$1.44

Vacancy: 0%

Comments: This comparable reflects a recently leased unit located in a duplex. It is located in a residential subdivision of Clearwater. The property has had some recent updates, including roof and window replacement. The tenants pay for their own electric, water, sewer and trash.

**RENT COMPARABLE NO 5:**



Address: 910 Turner Street, Clearwater, Florida 33756  
Location: North side of Turner Street, east of Prospect Avenue  
Unit Size: 1,014 sf  
Year Built: 1925  
Condition: Average  
Quality: Average, Masonry

Monthly Rents

<u>Unit Type</u>	<u>Size</u>	<u>Monthly Rents</u>	<u>Rent/Sq.Ft</u>
3 Bedroom/2 Bath	1,014 sf	\$2,000	\$1.97

Comments: This comparable reflects a recently leased unit located in a small residential income property. Adequate on-site parking is available. The tenant pays for their own electric. Water, sewer and trash removal are included.

**RENT COMPARABLE NO 6:**



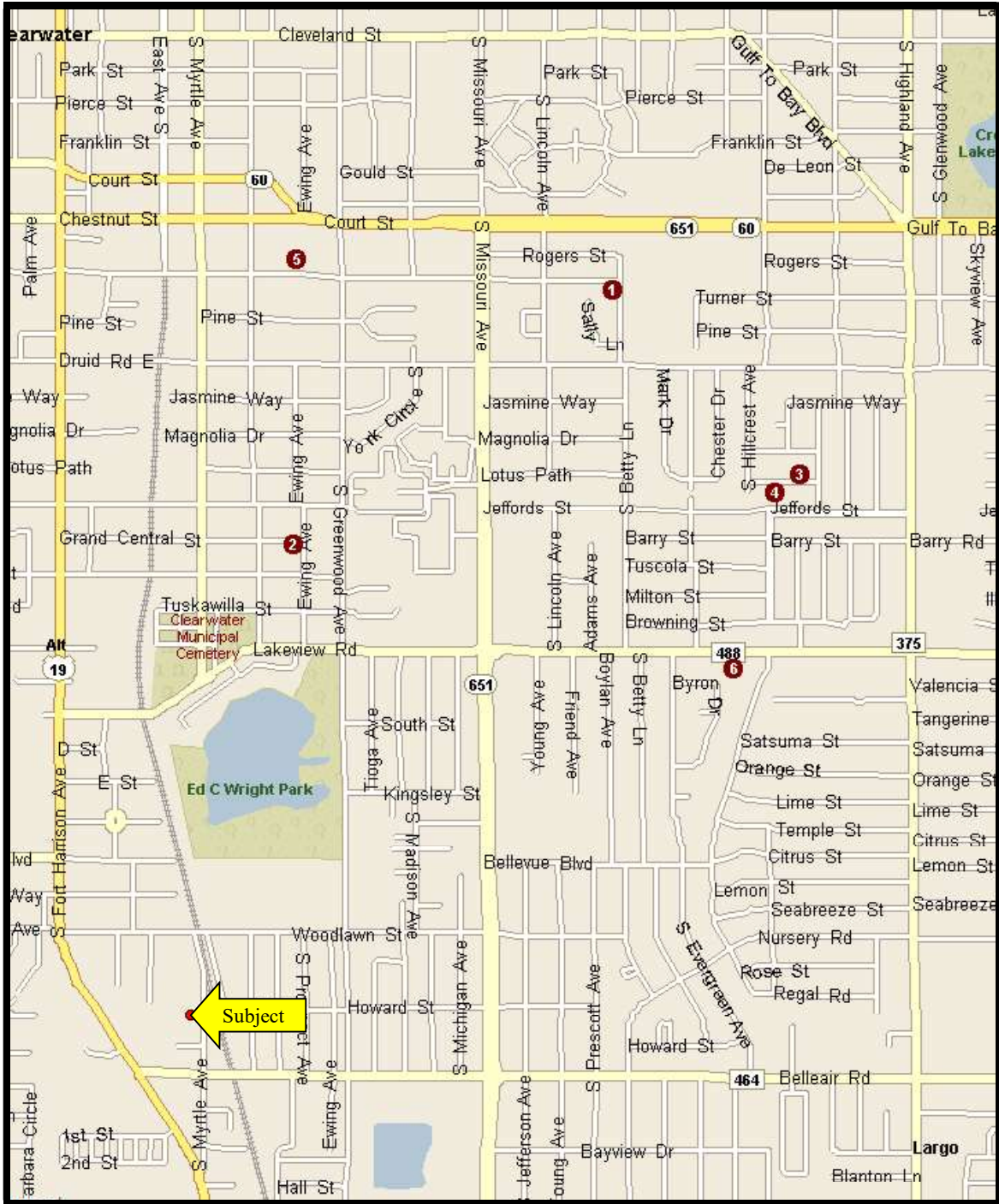
Address: 1355 Lakeview Road, Clearwater, FL 33756  
Location: South side of Lakeview Road, east of Evergreen Drive  
Unit Size: 1,060 sf  
Year Built: 1964  
Condition: Average  
Quality: Average, Masonry

Monthly Rents

<u>Unit Type</u>	<u>Size</u>	<u>Monthly Rents</u>	<u>Rent/Sq.Ft</u>
3 Bedroom/1 Bath	1,060 sf	\$2,300	\$2.17

Vacancy: 0%

Comments: This comparable reflects a recently leased unit located in a duplex. It is located in a residential area of Clearwater. The tenants pay for their own electric, water, sewer and trash.



**RENT COMPARABLE LOCATION MAP**

## RENT COMPARABLE COMPARISON CHART

### Two-Bedroom Units

Name	Subject	Comp. #1	Comp. #2	Comp. #3
Location:	Average	Similar	Similar	Similar
Age:	1930-1996	1971	1947	1959
Condition:	Good	Similar	Inferior	Inferior
Quality:	Average	Similar	Similar	Similar
Rent/Mo.: 2-Bedroom	\$1,500/mo. (\$1.73/sf)	\$1,750/mo. (\$2.20/sf)	\$1,700/mo. (\$1.53/sf)	\$1,800/mo. (\$2.01/sf)
Utilities Included:	Electric, Water/Sewer, Trash	Water/Sewer, Trash	Water/Sewer, Trash	None
Amenities:	Office, Rec. Room, Education Room	Minimal	Minimal	Minimal

### Three-Bedroom Units

Name	Subject	Comp. #4	Comp. #5	Comp. #6
Location:	Average	Similar	Similar	Similar
Age:	1930-1996	1958	1925	1964
Condition:	Good	Similar	Inferior	Inferior
Quality:	Average	Similar	Similar	Similar
Rent/Mo.: 3-Bedroom	\$1,750-\$1,775 (\$1.76-\$1.79/sf)	\$1,950/mo. (\$1.44/sf)	\$2,000/mo. (\$1.97/sf)	\$2,300/mo. (\$2.17/sf)
Utilities Included:	Electric, Water/Sewer, Trash	None	None	None
Amenities:	Office, Rec. Room, Education Room	Minimal	Minimal	Minimal

## CORRELATION AND CONCLUSION AND ESTIMATE OF RENT

The above rent comparables are located in the subject market area and are considered similar competing properties. The two-bedroom comparables have monthly rents between \$1,700 and \$1,800, or \$1.53 and \$2.20/sf per month. They are all located in the subject market area and are considered reliable market rent indicators. The tenants in these three comparables are responsible for their own electric. The water/sewer and trash are included for comparables 1 and 2.

The subject rent roll is summarized below. It has two 2-bedroom/1 units which are leased for \$1,500 per month, which is low for the area. The leases for these two units expire in two months and eight months. The leases are considered short term and market rent will be used. The subjects' rents include electric, as well as water/sewer/trash. comparables do not include the owner paying for the electricity. The proforma statement reflects the rents for the two-bedroom units at \$1,760/month. Based on the analysis, and considering the subject rents include electricity and water/sewer/trash, we have estimated the market rent at \$1,760/month.

The three-bedroom comparables have monthly rents between \$1,950 and \$2,300, or \$1.44 and \$2.17/sf per month. They are all located in the subject market area and are considered reliable market rent indicators. The tenants in these three comparables are responsible for their own electric and their own water/sewer/trash.

The subject has twelve 3-bedroom/1.5 bath units which are leased for between \$1,750 and \$1,775 per month, which is low for the area. They have leases which expire from two to eight months. The leases are considered short term and market rent will be used. The comparables do not include the owner paying for the electricity or water/sewer/trash. The proforma statement reflects the rents for the three-bedroom units at \$2,250/month. Based on the analysis, and considering the subject rents include electricity and water/sewer/trash, we have estimated the market rent at \$2,250/month.

Below is the subject rent roll.

Rent Roll

<u>Unit</u>	<u>Occupied/ Vacant</u>	<u>Unit Type</u>	<u>Unit Size Estimate</u>	<u>Current Rent</u>	<u>Rent/ Sq.Ft.</u>	<u>Lease Expires</u>
101	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	9/30/2024
102	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	1/31/2025
103	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
104	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	11/30/2024
105	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
106	Occupied	2 BR/1Ba	868	\$1,500.00	\$1.73	10/31/2024
201	Occupied	2 BR/1Ba	868	\$1,500.00	\$1.73	4/30/2025
202	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	10/31/2024
203	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	9/30/2024
204	Occupied	3 BR/1.5 Ba	992	\$1,750.00	\$1.76	10/31/2024
205	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
206	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
207	Vacant	3 BR/1.5 Ba	992	NA	NA	NA
208	Occupied	3 BR/1.5 Ba	992	<u>\$1,775.00</u>	\$1.79	2/28/2025
Total				\$ 15,275		

## **Vacancy & Collection Loss**

The subject currently has four vacant units. It was indicated that the prospective buyer has requested the units not be leased as they plan to place new tenants subsequent to purchase. They are planning to increase the rental rates and possibly submeter the units individually. Surveying comparable properties in this market, there was a limited number of vacant units and a large number of properties in the area are fully leased. Considering the current market conditions, and the overall general vacancy rate in the area, the appropriate vacancy and collection loss rate for the subject is estimated at 3.0%. This figure is based on a stabilized occupancy rate over a typical investment holding period and accounts for tenant turnover and collection losses.

## **Other Income**

Other income includes late fees, termination fees, pet fees, laundry, etc. This can typically range between 0.5% and 2.5% of effective gross income. For the purposes of this analysis, we have estimated the other income at 2.0% of effective rental income.

## **Real Estate Taxes**

As discussed in the tax and assessment analysis, the subject property is owned by a non-profit organization and is tax exempt. If sold to a typical investor, the tax exemption would be removed. The subject taxes, without the cap and exemption would be \$38,500. (rd)

## **Insurance**

The insurance expense for properties like the subject typically ranges between \$1.00 and over \$2.00 a square foot depending on such considerations as type of construction, project size, coinsurance etc. No actual building insurance expense was provided. The proforma statement provided reflects insurance expense of \$21,000, or \$1.20/sf. Insurance premiums have been increasing over the past several years. We have estimated the insurance expense for the subject property at \$1.40/sf.

## **Utilities**

The owner is responsible for electric (Duke Energy) and water/sewer/trash/storm water (City of Clearwater). The proforma statement reflects the electric expense at \$24,000/year, or at \$1.37/sf (\$1,714/unit) and the water/sewer/trash expense at \$39,000/year, or at \$2.22/sf (\$2,786/unit). That equals a total of \$63,000/year or \$3.59/sf (\$4,500/unit). Based on information provided by Duke Energy and the City of Clearwater, as well as comparable properties, this is considered reasonable. For the purposes of this analysis, we have estimated the subject's annual utility expense at \$3.60/sf.

## **Repairs & Maintenance**

The repairs and maintenance expenses include general repairs and maintenance, lawn maintenance, pest control, a/c & plumbing repairs, fire sprinkler, etc. Repair and

maintenance expenses for small, properly managed apartments are typically between \$0.50 and \$1.50/sf. The proforma statement provided reflects the repairs/maintenance insurance expense of \$21,000, or \$1.20/sf. These expenses are above the typical range. Based on analysis of other apartment buildings, we have estimated the repairs and maintenance expense at \$1.00 per square foot.

### **Management/Leasing**

The management expense for outside management is generally based on a percentage of effective gross income. The management and leasing expenses for the subject have been estimated at 6.0% of effective gross income.

### **Structural Reserves**

This is a sinking fund used to annualize the future repairs of the HVAC, roof, exterior wall, parking lot, sidewalks, interior finishes, etc. The subject is well maintained and has had some recent updates including a new roof and most of the windows. We have estimated the reserves expense at 2.0% of effective gross income.

### **DIRECT CAPITALIZATION**

The last item needed to complete the summary of the income capitalization approach is deriving the capitalization rate (OAR). Direct capitalization is the process of converting income into value either by dividing the net income by an overall rate or by multiplying the potential or effective gross income by a multiplier. The basic formula for deriving this overall rate is as follows:  $\text{Net Income} / \text{Selling Price} = \text{Capitalization Rate (OAR)}$ . A summary of several comparables and their overall capitalization rates is as follows:

#### **Market Extraction**

Name	Sale Date	Capitalization Rate
116 SW Jefferson Cr. N, St. Petersburg,	8/24	6.5%
3402, 3404 & 3406 Phillips St., Tampa	3/24	5.6%
4680 73 <sup>rd</sup> Avenue N, Pinellas Park	5/24	6.5%
401 1 <sup>st</sup> Ave. NE, Largo	6/24	6.5%
400 S. Orion Ave, Clearwater	2/24	6.2%
1460 Pierce Street, Clearwater	11/23	6.2%
442 30 <sup>th</sup> Ave N., St Petersburg	10/23	5.6%
1254 Grove Street, Clearwater	1/24	5.5%
308 Avanda Court, Clearwater	8/23	6.6%
7027 4 <sup>th</sup> Avenue N., St. Petersburg	7/23	5.0%
1132 Auburn Street, Clearwater	5/23	5.0%
4590 76 <sup>th</sup> Avenue N., Pinellas Park	5/23	6.0%

The above comparables have overall capitalization rates between 5.0% and 6.6%, with an average capitalization rate of 5.9%. The above capitalization rates are from similar properties and are considered reliable indicators for the subject. Based on conversations with local real estate brokers, investors and fellow colleagues, this range has been



determined to be reasonable. As interest rates have been increasing, overall capitalization rates have been on the rise. The 2023 Quarter 3 PwC Real Estate Investment Survey published by the Appraisal Institute indicates average capitalization rates for Apartment properties were between 3.75% and 8.0% with an average rate of 5.28%. CBRE Cap Rate Survey for the first half of 2024 indicates that cap rates for retail properties have been stable over the past quarter and are currently between 5.25% and 5.75%, for Multifamily Suburban properties Tampa Bay market.

The subject is a small multifamily residential property which is maintained in overall good condition. It has an average location in Clearwater. The recent rise in interest rates is likely to put some upward pressure on capitalization rates. Based on the above analysis and considering the current agreement, the appropriate overall capitalization rate by market extraction for the subject property is estimated towards the middle to upper end of the range, or at 6.25%.

As discussed, the subject has some deferred maintenance. We have estimated the cost to repair the deferred maintenance at \$30,000, which will be deducted as a lump sum amount.

Therefore, based on the analysis, our opinion of the market value of the subject by the income capitalization approach is estimated as follows:

## SUMMARY OF THE INCOME CAPITALIZATION APPROACH

Gross Building Area	17,545	sf		
				Annualized
<u>Units</u>			<u>Rent/Month</u>	<u>Rent</u>
2 2 Bedroom/1 Bath Units			\$1,760.00	= \$ 42,240
12 3 Bedroom/1.5 Bath Units			\$2,250.00	= \$ 324,000
Total	14 Units			\$ 366,240
Vacancy, Tenant Turnover & Collections Loss		3.0%		\$ 10,987
Effective Gross Income				\$ 355,253
Other Income		2.0%		\$ 7,105
Total				\$ 362,358
Expenses				
<u>Fixed Expenses</u>	<u>\$/SF</u>	<u>% EGI</u>		
Real Estate Taxes	\$ 2.19	10.8%		\$ 38,500
Insurance	\$ 1.40	6.9%		\$ 24,563
Total Fixed	\$ 3.59	17.7%		\$ 63,063
<u>Variable Expenses</u>				
Utilities	\$ 3.60	17.8%		\$ 63,162
Repairs & Maintenance	\$ 1.00	4.9%		\$ 17,545
Management	\$ 1.21	6.0%		\$ 21,315
Replacement Reserves	\$ 0.40	2.0%		\$ 7,105
Total Variable	\$ 6.21	30.7%		\$ 109,127
Total Expenses	\$ 9.81	48.4%		\$ 172,190
Net Operating Income				\$ 190,168
Capitalization Rate				6.25%
Capitalized Value				\$ 3,042,688
Less Deferred Maintenance				\$ (30,000)
Total				\$ 3,012,688
Rounded To				\$ 3,015,000

## RECONCILIATION AND FINAL VALUE ESTIMATE

Reconciliation is defined as the last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion in relation to a benchmark or a single point estimate. (The Dictionary of Real Estate Appraisal, 6<sup>th</sup> edition, pg 91)

The following is a summary of the value conclusions obtained from the applicable approaches.

SALES COMPARISON APPROACH	\$3,010,000
INCOME CAPITALIZATION APPROACH	\$3,015,000

The sales comparison approach involves comparing similar properties that have recently sold, or similar properties that are currently offered for sale, with the subject. The basic principle of substitution underlies this approach. Small multi-family residential apartments like the subject are commonly purchased based on a price per unit basis. Four sales were used in the analysis and supported the value conclusion, and due to the quality of data, the sales comparison approach is considered reliable.

The income capitalization approach is also reliable when estimating the value of an income property. This approach most nearly reflects the value of the property as an investment. It includes an analysis of the effective gross income which the subject is capable of generating, based on rents achieved and occupancy rates at competitive properties. A deduction for normal operating expenses produced the subject's net operating income, which is capitalized at an overall capitalization rate.

Six rent comparables were used in this report to estimate the subject's market rent. The expenses were estimated based on the subject operating statement and operating statements of similar properties. The capitalization rate was extracted from the market and believed to be a desired return for this type of investment. This method is reliable in the valuation of residential income properties. The sales comparison and income capitalization approaches have been given similar consideration.

Therefore, based on the analysis, our opinion of the market value of the fee simple interest of the subject in "as is" condition under the conditions as set forth herein, is estimated at:

**THREE MILLION TEN THOUSAND DOLLARS  
(\$3,010,000)**

## **ESTIMATED MARKETING AND EXPOSURE TIME**

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time. Source: The Dictionary of Real Estate Appraisal, 6<sup>th</sup> edition, page 140

Exposure time is the time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to precede the effective date of an appraisal. Source: The Dictionary of Real Estate Appraisal, 6<sup>th</sup> edition, page 83

We have reviewed the marketing and exposure time for apartments in the Tampa Bay area, as well as discussed it with commercial brokers. In the subject's neighborhood, the demand for apartment buildings has improved over the past several years. Most appropriately priced apartments have been on the market for about 1 to 9 months; thus, in our opinion, if appropriately priced and properly marketed, a marketing time between 3 and 6 months seems reasonable. As mentioned, exposure time is always presumed to occur prior to the effective date of the appraisal. An exposure time between 3 and 6 months would have seemed reasonable.

## ASSUMPTIONS AND LIMITING CONDITIONS

The market value estimate of the property or properties appraised is subject to the following assumptions and limiting conditions:

1. 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.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. 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.
6. 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.
7. 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.
8. 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.
9. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. 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 the reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report.
11. 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.


12. We are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemical(s) used in construction, or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The value estimate is based on the assumption that the subject property is not so affected.
13. 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.
14. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and is invalid if so used.
16. Possession of this report, or copy thereof, does not carry with it the right of publication or reproduction nor may it be used by anyone but the applicant without prior written consent of the applicant and the appraiser and in any event only in its entirety.
17. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he/she is connected, or any reference to the Appraisal Institute, the MAI designation.
18. Certain data used in compiling this report was given to the appraiser from sources he considers reliable; however, he does not guarantee the correctness of such data, although as far as is reasonably possible the data has been checked and is believed to be correct.
19. The soil and the area of the subject appear to be firm and solid, unless otherwise stated. Subsidence in the area is unknown or uncommon but the appraiser does not warrant against this condition or occurrence.
20. Subsurface rights (mineral and oil) were not considered in making this report, unless otherwise stated.

21. Any riparian rights and/or littoral rights indicated by survey, map or plat are assumed to go with the property unless easements or deeds of record were found by the appraiser to the contrary.
22. The appraiser, by reason of this report, is not required to give testimony in court with reference to the property herein appraised nor is he obligated to appear before any governmental body, board or agent unless arrangements have been previously made thereof.
23. Neither our name nor report may be used in connection with any financing plan which would be classified as a public offering under state or federal securities laws.

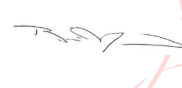
## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Tod Marr, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- I have performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

 Digitally signed  
by Tod Marr  
Date: 2024.08.23  
15:23:29 -04'00'

Tod Marr, MAI, CCIM  
Cert Gen RZ 1237  
(Did Not Inspect)

 Digitally signed  
by Brian DeMuth  
Date: 2024.08.23  
15:23:11 -04'00'

Brian D. DeMuth  
Cert Gen RZ 2473



## **ADDENDUM**

## QUALIFICATIONS OF APPRAISER

TOD MARR, MAI, CCIM

### Education

Florida State University, 1985, Tallahassee Florida, Bachelor of Science Degree in Finance and Real Estate. Minor in Accounting.

Courses: Florida State University

Real Estate and Its Legal Environment; Real Estate Appraisal; Real Estate Feasibility Analysis Real Estate Finance; Real Estate Principles; Real Estate Market Analysis

Courses: American Institute of Real Estate Appraisers/Appraisal Institute

1A-1	Real Estate Principles	2-1	Case Studies in Real Estate
1A-2	Basic Valuation	2-2	Valuation Analysis/Report
1B-1	Capitalization Theory and Techniques	4	Litigation
1B-2	Capitalization Theory and Techniques	SPP	Standards Part A, B, & C
520	Highest and Best Use & Market Analysis	710	Condemnation Appraising

Courses: Commercial Investment Real Estate Institute

CI-101	Financial Analysis for Commercial Investment Real Estate
CI-201	Market Analysis for Commercial Investment Real Estate
CI-301	Decision Analysis for Commercial Investment Real Estate

Seminars:

Understanding Limited Appraisals	USPAP-Core Law
Appraisal Review-Income Properties	Accrued Depreciation
Persuasive Style Report Writing	Construction Cost Estimating
The Appraiser's Legal Liability	Sales Comparison Approach
Rates, Ratios & Reasonableness	Understanding Wetlands for
Valuation of a Less than Fee Acquisition	Appraisal Purposes & Mitigation
& Sales Comparison App. in Litigation	Banking as a Highest & Best Use
Appraising Rural Properties	SFWMD Appraisal Seminar
Appraisal Hotels	Residential Subdivision Analysis
Dairy Appraisal	Subdivision Valuation
Critical Issues	Property Tax Assessments
The Appraiser as Expert Witness	Real Estate Finance & Statistics
UAS for Federal Land Acquisitions	Site Valuation & Cost Approach
Valuation of Donated Real Estate, Including Conservation Easements	

### Professional Affiliations:

Member of the Appraisal Institute, MAI Designation #9440

Member of the Commercial Investment Real Estate Institute, CCIM Designation #7465

Member Pinellas County Realtor Organization

### Experience:

Owner, Tod Marr & Associates, Clearwater and Seminole, Florida, January 1993 to present

Staff Appraiser, Commercial Division, AppraisalFirst Inc. Clearwater, FL (1986-1993)

Staff Appraiser, Southeastern Real Estate Appraisal Corp., St. Petersburg, FL (1985-1986)

### Licenses:

State-certified general appraiser RZ 1237

License Real Estate Broker, State of Florida

The Appraisal Institute conducts a program of continuing education for designated members. Designated members who meet the minimum standards of this program are awarded periodic educational certification.

Tod Marr, MAI, is currently certified under this program.

## **QUALIFICATIONS OF APPRAISER**

**BRIAN D. DEMUTH**

### **Education:**

Florida State University, Tallahassee, Florida 1989  
Bachelor of Science Degree; Major - Finance and Real Estate

### **Professional Education:**

Florida State University:  
Real Estate Principals and Practices  
Real Estate Law  
Real Estate Appraisal I  
Real Estate Appraisal II  
Real Estate Finance

### **Appraisal Institute:**

General Appraiser Report Writing and Case Studies  
Real Estate Appraisals Principles  
Basic Valuation techniques  
Capitalization Theory & Techniques 1B-1  
Capitalization Theory & Techniques 1B-2  
Standards of Professional Practice, Part A  
Standards of Professional Practice, Part B  
USPAP Core Law  
FHA & The Appraisal Process  
Valuation of Donated Real Estate, Including Conservation Easements

### **Other Courses:**

Residential Construction  
Apartment Appraising

### **Experience:**

Staff Appraiser; Tod Marr & Associates, Seminole, Florida  
Commercial Appraiser (8/00 to Present)

Staff Appraiser; Riggins, Atkinson, Combs & Associates, Clearwater, Florida  
Commercial Appraiser (6/94 to 8/00)

Staff Appraiser; AppraisalFirst, Inc., Clearwater, Florida  
Commercial & Residential Appraiser (6/89 to 6/94)

### **License:**

State-certified general real estate appraiser RZ2473

# COPY OF APPRAISERS' CERTIFICATIONS

 Ron DeSantis, Governor Melanie S. Griffin, Secretary



**STATE OF FLORIDA**  
**DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION**

**FLORIDA REAL ESTATE APPRAISAL BD**

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE  
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

  
**MARR, TOD**  
4735 94TH STREET N UNIT A  
ST. PETERSBURG FL 33708

**LICENSE NUMBER: RZ1237**

**EXPIRATION DATE: NOVEMBER 30, 2024**

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**FLORIDA REAL ESTATE APPRAISAL BD**


THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE  
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

  
**DE MUTH, BRIAN DONOVAN**  
10575 68TH AVENUE N.  
SUITE A3  
SEMINOLE FL 33772

**LICENSE NUMBER: RZ2473**

**EXPIRATION DATE: NOVEMBER 30, 2024**

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## RENT ROLL AS PROVIDED

PROPERTY ADDRESS: 1552 S Myrtle Avenue, Clearwater, florida

#	Beds / Baths	Rent	Water	End lease Date	Start lease Date	
101	#BED 3 #BATHS 1.5	\$ 1750	Owner	9/30/24	10-27-22	\$ 1750 RENT \$ _1700_SECURITY
102	#BED 3 #BATHS 1.5	\$ 1750	Owner	1/31/25	2-1-2024	\$ 1750 RENT \$ _1750_SECURITY
103	#BED 3 #BATHS 1.5	\$ 1775	Owner	VACANT		\$ 1750 RENT \$ _____SECURITY
104	#BED 3 #BATHS 1.5	\$ 1750	Owner	11/30/24	12-15-23	\$ 1750 RENT \$ _1700_SECURITY
105	#BED 3 #BATHS 1.5	\$ 1750	Owner	VACANT		\$ 1750 RENT \$ _____SECURITY
106	#BED 2 #BATHS 1	\$ 1500	Owner	10/31/24	11-18-22	\$ 1500 RENT \$ 3000_SECURITY + \$1500 LAST MO RENT
201	#BED 2 #BATHS 1	\$ 1500	Owner	04/30/25	5/27/24	\$ 1500 RENT \$ _____SECURITY
202	#BED 3 #BATHS 1.5	\$ 1750	Owner	10/31/24	11-17-22	\$ 1750 RENT \$ _3400_SECURITY + \$1700 LAST MO RENT
203	#BED 3 #BATHS 1.5	\$ 1750	Owner	9/30/24	10-26-22	\$ 1750 RENT \$ _1700_SECURITY
204	#BED 3 #BATHS 1.5	\$ 1750	Owner	10/31/24	11-14-22	\$ 1750 RENT \$ _1700_SECURITY
205	#BED 3 #BATHS 1.5	\$ 1750	Owner	5/31/25		\$ 1750 RENT \$ _____SECURITY
206	#BED 3 #BATHS 1.5	\$ 1750	Owner Currently vacant	VACANT		\$ 1750 RENT \$ _____SECURITY
207	#BED 3 #BATHS 1.5	\$ 1700	Owner	PENDING		\$ 1750 RENT \$ _____SECURITY
208	#BED 3 #BATHS 1.5	\$ 1775	Owner owner pays gas	2/28/25	3-1-24	\$ 1775 RENT \$ _1700_SECURITY

### Leasing office building

Leasing	#BED 4	\$ _____	Owner	Yes \ No		\$ _____ RENT
Office	#BATHS 1	1406 sq.ft.				\$ _____ SECURITY

The enclosed information and figures are deemed to be reliable, but are not guaranteed. The information is subject to change without notice.

**PROFORMA STATEMENT AS PROVIDED**

1552 South Myrtle Avenue Clearwater, FL				
<b><u>PROPERTY PROFORMA at STABILIZATION</u></b>				
<b>Projected Income</b>				
Units	Unit Size	Number of Units	Monthly Rent / Unit	Annual Rent
Two Bedrooms	750	2	\$1,760	\$42,240
Three Bedrooms	900	12	\$2,250	\$324,000
<b>Total Number Units</b>		<b>14</b>		<b>\$366,240</b>
Laundry Income				\$7,000
Projected Vacancy Rate at 3.00%:				(\$10,987)
<b>TOTAL PROJECTED INCOME:</b>				<b>\$362,253</b>
<b>Projected Operating Expenses</b>				
		Annual Estimated Per Unit	Estimated Monthly Expense	Estimated Annual Expense
Real Estate Tax		\$3,214	\$3,750	\$45,000
Insurance		\$1,500	\$1,750	\$21,000
Electric		\$1,714	\$2,000	\$24,000
Water/Sewer/Trash		\$2,786	\$3,250	\$39,000
Landscaping		\$286	\$333	\$4,000
Maintenance		\$714	\$833	\$10,000
Fire Sprinkler System		\$500	\$583	\$7,000
Marketing		\$36	\$42	\$500
Legal & Accounting		\$107	\$125	\$1,500
Management		\$786	\$917	\$11,000
Administrative		\$71	\$83	\$1,000
Miscellaneous		\$71	\$83	\$1,000
<b>TOTAL PROJECTED OPERATING EXPENSES:</b>		<b>\$11,786</b>	<b>\$13,750</b>	<b>\$165,000</b>
<b>Projected NOI</b>				<b>\$197,253</b>