APPRAISAL REPORT

OF

FIVE TRACTS OF NON-CONTIGUOUS LAND TOTALING 2.8574 ACRES **

LOCATED ALONG TORREON, EL PASO, S. COLORADO, AND S. SMITH STREETS

SAN ANTONIO, BEXAR COUNTY, TEXAS 78207

** The 5 tracts are comprised of 18 tax ID numbers

DATE OF APPRAISAL / INSPECTION: FEBRUARY 21, 2019

DATE OF REPORT: FEBRUARY 25, 2019

PREPARED FOR & AUTHORIZED BY

MS. ANA PADILLA
DEVELOPMENT PROJECT MANAGER
THE NRP GROUP
1228 EUCLID AVENUE, 4TH FLOOR
CLEVELAND, OH 44115

PREPARED BY

DAVID L. PALLANTE AND ASSOCIATES, L.L.C.
7062-B LAKEVIEW HAVEN, SUITE 116
HOUSTON, TEXAS 77095

2.8574 Acres
February 25, 2019

Ms. Ana Padilla
Development Project Manager
The NRP Group
1228 Euclid Avenue, 4th Floor
Cleveland, OH 44115

RE: Appraisal report as to the estimated Market Value in “as is” condition of five (5) tracts of non-contiguous land totaling 2.8574 acres (124,470 sq. ft.) located as follows: Tract 1 - Southwest corner of Torreon and S. Smith Streets; Tract 2 - Block bounded by Torreon, S. Smith, S. Colorado, and El Paso Streets; Tract 3 - Southeast corner of Torreon and S. Colorado Streets, with frontage along El Paso Street; Tract 4 - Southeast corner of S. Colorado and El Paso Streets; Tract 5 - Southwest corner of S. Colorado and El Paso Street. All parcels are in close proximity to each other and within San Antonio, Bexar County, Texas 78207.

Note: These 5 tracts are comprised of 18 tax ID numbers. A 3-page summary of these 18 Tax ID numbers, along with corresponding street addresses, a plat map, and their relationship to the 5 contiguous parcels, is presented on pages 30 - 34 of this report.

Dear Ms. Padilla:

We are pleased to submit this appraisal report covering the above-described property. The purpose of this appraisal is to develop an estimate of market value, in “as is” condition, of the Fee Simple Estate as of February 21, 2019, the date of inspection. The intended users are The NRP Group and TDHCA and the intended use is to assist the NRP Group and TDHCA with the analysis of a proposed 9% LIHTC community (Alazan Lofts - 88 units). The investigation has been conducted in accordance with accepted appraisal procedures and conforms with the code of professional ethics and standards of professional conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP). In addition, this appraisal conforms to the Texas Department of Housing and Community Affairs (TDHCA) 2018 Real Estate Analysis Rules and Guidelines. We have read and understand the requirements of Section §11.304 of the Appraisal Rules and Guidelines.

As per our letter of engagement, the following value was requested:

<table>
<thead>
<tr>
<th>Valuation Premise</th>
<th>Premise Qualifier</th>
<th>Property Interest</th>
<th>Date of Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>As Is</td>
<td>Fee Simple</td>
<td>February 21, 2019</td>
</tr>
</tbody>
</table>
Based upon the data and conclusions set forth in the accompanying detailed report, our opinion of the requested value, assuming a reasonable exposure time of 12 months or less, as of February 21, 2019, is as follows:

<table>
<thead>
<tr>
<th>Valuation Premise</th>
<th>Premise Qualifier</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Indicated Value (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value - 2.8574 Acres</td>
<td>As Is</td>
<td>Fee Simple</td>
<td>February 21, 2019</td>
<td>$1,150,000</td>
</tr>
</tbody>
</table>

* The herein value is subject to an extraordinary assumption presented on page 2.

On the following pages you will find information pertinent to the subject property and its valuation. Your attention is also directed to the Assumptions and Limiting Conditions which are an integral part of the appraisal report. Please read them to fully understand the basis of the subject's valuation estimate. The opinions of value expressed herein are contingent upon the conditions set forth in the attached report. Field data from which this report was prepared is retained in our files. If there are any questions regarding the valuation herein, please contact the undersigned for further discussion or clarification.

Respectfully submitted,

[Signature]
David L. Pallante, MAI
Inspecting Appraiser
State Certified General Appraiser
TX-1320347-G
Expires 03/31/2019
Appraisal Institute #8964
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2.8574 Acres

David L. Pallante & Associates, L.L.C.
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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Appraised / Location: There are five (5) tracts of non-contiguous land totaling 2.8574 acres (124,470 sq. ft.) located as follows: Tract 1 - Southwest corner of Torreon and S. Smith Streets; Tract 2 - Block bounded by Torreon, S. Smith, S. Colorado, and El Paso Streets; Tract 3 - Southeast corner of Torreon and S. Colorado Streets, with frontage along El Paso Street; Tract 4 - Southeast corner of S. Colorado and El Paso Streets; Tract 5 - Southwest corner of S. Colorado and El Paso Street. All parcels are in close proximity to each other and within San Antonio, Bexar County, Texas 78207.

Date of the Appraisal: February 21, 2019
Date of Inspection: February 21, 2019
Date of the Report: February 25, 2019

Purpose of the Appraisal: To provide an opinion of market value in an effort to assist the NRP Group and TDHCA with the analysis of a proposed 9% LIHTC community (Alazan Lofts - 88 units).

Highest & Best Use: As Vacant - Rent restricted multifamily development

Site Area:

<table>
<thead>
<tr>
<th>Tract</th>
<th>0.1911 acres (or) 8,325 sq. ft.</th>
<th>0.6795 acres (or) 29,600 sq. ft.</th>
<th>0.3553 acres (or) 15,476 sq. ft.</th>
<th>0.4062 acres (or) 17,696 sq. ft.</th>
<th>1.2253 acres (or) 53,373 sq. ft.</th>
<th>2.8574 acres (or) 124,470 sq. ft.</th>
</tr>
</thead>
</table>

Site Shape: The 5 separate tracts of land are mostly rectangular and functional in terms of size and shape.

Utilities: All public utilities are available and connected to the site. Municipally owned City Public Service (CPS) provides electricity and natural gas for all of San Antonio and Bexar county; telephone service is provided by AT&T and other providers; and water/sewer service is provided by the city of San Antonio.

Adverse Easements: None known or noted

Flood Hazard: None (Zone X)
Summary of Important Facts and Conclusions / Continued

Zoning: MF-33 (Multi-family residence which allows for a maximum density of 33 units per acre). The proposed 88 unit Alazan Lofts are in conformance with the current zoning.

Legal Description: As per metes and bounds legal descriptions (as presented on the surveys) and Bexar CAD records, the subject sites are legally described as being 18 separate tracts of land (5 non-contiguous parcels) totaling 2.8574 acres (124,470 square feet) and located in New City Blocks (NCB) 2415, 2416, 2417, 2439 and 2440, San Antonio, Bexar County, Texas. A summary of the parcels is presented later within the Site Data section of the report.

**TAX AND ASSESSMENT DATA**

<table>
<thead>
<tr>
<th>2018 Assessed Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCAD Account Number:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2018 Tax Rate</td>
</tr>
<tr>
<td>(per $100 of Assessed value)</td>
</tr>
<tr>
<td>2018 Tax Liability:</td>
</tr>
</tbody>
</table>

**FINAL CONCLUDED VALUE**

<table>
<thead>
<tr>
<th>Valuation Premise</th>
<th>Premise Qualifier</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
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<td>February 21, 2019</td>
<td>$1,150,000</td>
</tr>
</tbody>
</table>

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PART I
INTRODUCTION

IDENTIFICATION OF THE APPRAISAL PROBLEM

- The clients and intended users of this Appraisal Report are The NRP Group and TDHCA.
- The intended use is to assist the NRP Group and TDHCA with the analysis of a proposed 9% LIHTC community (Alazan Lofts - 88 units).
- The purpose of this appraisal is to develop an estimate of market value, in “as is” condition, of the Fee Simple Estate as of the effective date of our inspection (February 21, 2019.) The subject property was visited and observed by David L. Pallante, MAI.
- The property being appraised is comprised of five (5) tracts of non-contiguous land totaling 2.8574 acres (124,470 sq. ft.) located as follows: Tract 1 - Southwest corner of Torreon and S. Smith Streets; Tract 2 - Block bounded by Torreon, S. Smith, S. Colorado, and El Paso Streets; Tract 3 - Southeast corner of Torreon and S. Colorado Streets, with frontage along El Paso Street; Tract 4 - Southeast corner of S. Colorado and El Paso Streets; Tract 5 - Southwest corner of S. Colorado and El Paso Street. All parcels are in close proximity to each other and within San Antonio, Bexar County, Texas 78207.
- As per metes and bounds legal descriptions (as presented on the surveys) and Bexar CAD records, the subject sites are legally described as being 18 separate tracts of land (5 non-contiguous parcels) totaling 2.8574 acres (124,470 square feet) and located in New City Blocks (NCB) 2415, 2416, 2417, 2439 and 2440, San Antonio, Bexar County, Texas. A summary of the parcels is presented later within the Site Data section of the report.

PROPERTY RIGHTS APPRAISED

The property rights appraised were the Fee Simple Estate which is defined as: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. 1

HYPOTHEtical CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” 2

- None

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1 Dictionary of Real Estate Appraisal - Fifth Edition, Appraisal Institute, Chicago, IL, Page 78.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.” 3

A Phase I Environmental Site Assessment (ESA) was prepared by Terracon on February 21, 2019. This 2,339 page ESA noted several areas of concern that are too lengthy to present within this appraisal. As such, the reader is advised to acquire and read the ESA to gain a better understanding of the environmental issues. Based on the ESA and for purposes of our analysis, it was assumed that the property was not affected by any costly or above-average environmental problems. In the event further studies show otherwise, we reserve the right to change our opinion of value.

DEFINITIONS

Market Value - Real Property

As quoted in the Federal Register, Volume 55, 12 C.F.R. Part 34.42(g), Page 34696, August 24, 1990, as amended at Federal Register, Volume 57, Page 12202, April 9, 2002; Federal Register, Volume 59, Page 29499, June 7, 1994, Market Value is defined as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale of a specified date and 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 each acting in what they consider their own best interest;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2.8574 Acres
Part I - Introduction / Continued

**As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. 4

**SCOPE OF WORK**

In consultation with the owner representative (client), we provided a market value estimate of the subject’s Fee Simple Estate in “as is” condition as of February 21, 2019.

As part of this appraisal, the appraisers have made several independent investigations, conducted interviews and performed different analyses. Most of the data relied on to reach our value conclusion is included within this report. The appraisal process is a systematic procedure employed to provide the answer to a specific question about real property values. Following is how we approached this appraisal problem:

1. Area and Neighborhood Analysis

   We have gathered information about San Antonio and Bexar County based on information available from various sources. Our neighborhood analysis was also based on available published information. In addition, we drove within and around the defined neighborhood and much of the information contained in this section was based on actual observation.

2. Site Description and Analysis

   An inspection of the subject property was performed on February 21, 2019. Photographs were taken from several different points showing typical scenes around the subject property. In evaluating the subject sites we utilized F.E.M.A. flood maps, zoning maps, Google-provided aerial maps, borrower-provided surveys and Bexar CAD plat maps.

3. Improvement Description and Analysis

   The subject sites are effectively vacant. Tract 3 is improved with a dilapidated home that will need to be removed and has not value.

4. Market Data Program

   Appraising vacant land requires the appraisers to gather information on similar tracts of land with a similar highest and best use and location. Due to the subject’s multifamily highest and best use, and location in fairly close proximity to the CBD, we sought land sales in the general or similar areas that were purchased specifically for multifamily development.

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5. Approaches to Market Value

**Income Approach** - Not utilized since we are valuing vacant land and this approach is not applicable.

**Sales Comparison Approach** - Utilized since the property under appraisement is effectively vacant land and we are estimating the Market Value in “as is” condition.

**Cost Approach** - Not utilized since we are valuing vacant land and this approach is not applicable.

**Research and Analysis** - The appraisal involved using the following data sources:

- Information obtained from the Bexar Central Appraisal District (BCAD)
- Flood maps from FEMA
- Aerial maps from Google Maps
- Site surveys provided by the client
- City of San Antonio Zoning Maps
- Proprietary database of vacant land sales
- Discussions with market participants and real estate professionals

**Significant Issues** - None

**EXPOSURE TIME**

As per the *Dictionary of Real Estate Appraisal, Fifth Edition*, page 73, Exposure Time is defined as:

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Considering the investment activity for similar type properties in the subject area, and taking the subject’s location into consideration and the herein value conclusion, a typical exposure period of 12 months is considered appropriate. This time frame is also based on discussions with knowledgeable individuals in the marketplace including real estate appraisers, brokers, and investors.

**COMPETENCY**

The appraisers have valued numerous tracts of vacant land within the past 34 years. We are of the opinion that our past experience as well as our research and investigations into the market, as explained in the "Scope of Assignment", has made us competent to appraise the subject property.
OWNERSHIP AND SALES HISTORY

As per information provided by public records, the San Antonio Housing Authority. The various sites were acquired in 4 transactions as follows:

1). Acquired 86,001 sq. ft. or 1.9743 acres from Rene Botello and Botello Enterprises, Inc. on March 22, 2018. The sellers had owned this property since at least May 29, 2014. What they paid to acquire the property was unknown.

2). Acquired 1,144 sq. ft. or 0.0263 acre from Francisco Vazquez on March 15, 2018. The seller had owned this land since December 27, 2011. What he paid to acquire the property was unknown.

3). Acquired 4,533 sq. ft. or 0.1041 acre from Gustavo and Delfina Suastegui on March 15, 2018. The sellers had owned this land since August 21, 2017. What he paid to acquire the property was unknown.

4). Acquired 32,792 sq. ft. or 0.7528 acre from Avenida Guadalupe & Associates on March 15, 2018. The seller had owned this property since July 14, 2003. What they paid to acquire the property was unknown.

Overall, a total of $1,070,177 or $8.60 psf was paid for 124,470 sq. ft. or 2.8574 acres. Our estimate of Market Value in “as is” condition totals $1,150,000 and is thus $79,823 or 4.7% higher than the overall acquisition cost. Considering the acquisition date (March 2018), changes in the overall market since then, and comparison to comparable sales, the relative variance is fairly modest and well within a range of reasonableness (say ±5%).

The property is not currently listed for sale or under contract and no additional sales activity was noted within the past three (3) years.
PART II
REGIONAL ANALYSIS

The Real estate values reflect the influence of four primary forces that motivate human activity: environmental factors, governmental factors, social trends, and economic conditions. The purpose of this regional analysis is to describe and analyze the geographic area within which these various forces interact and how it may impact current or future property values.

Environmental Factors

Location: San Antonio is located in the south central portion of Texas, approximately 140 miles northwest of the Gulf of Mexico, 80 miles south of the state capital, Austin, and 200 miles west of Houston, the state’s largest city.

History: San Antonio has developed since the mid-1700's, when it was occupied by Spain. The largest boost to San Antonio's development came during and after World War II, as the city was chosen as the site of numerous military installations. San Antonio took major steps during the 1960's and 1970's to enhance its image through improving its inner city, the most notable projects including the San Antonio Riverwalk and Hemisfair grounds. As a result, San Antonio was able to substantially broaden its economic base through expansion of the tourism industry.

Climate: San Antonio is located at the meeting point of the Gulf Coast Plains from the southeast, agricultural and ranch land to the south, and the Texas Hill Country from the northwest. The area terrain is generally level on the east and south sides of the city and moderately hilly on the north and west sides of the city. The San Antonio River flows through downtown and there are numerous bayous and other small rivers which flow principally in a north/south direction towards the Gulf of Mexico. Warm temperatures dominate the local climate.

Water for most of the area is provided by the City of San Antonio owned San Antonio Water System (SAWS) and Bexar Metropolitan Water District (BexarMet). The water supply is from deep artesian wells which pump from the Edwards Aquifer, an extensive limestone formation located in Bexar and several surrounding counties. A search is currently underway to determine the most favorable site for an above-ground source of water to replace what’s drained from the area's aquifers. In addition, a major program has been implemented to relieve the city's strained sewage treatment system which will ensure adequate service well into the 21st century.

Transportation: The greater San Antonio area has an effective roadway system. Four different interstate systems serve the area: IH-10 in an east-west direction, and IH-35 and IH-37 in a north-south direction. IH-410 and SR 1604 (Anderson Loop) encircle the region. Along with various loops and spurs, these interstates provide access to and through the entire metropolitan area. Other major US highways in the area include US 87 (Rigsby Road), US 90, and U.S. Highway 281. Overall, the city has an effective and efficient roadway system. The area is served by numerous railroads and trucking lines. This type of transportation system is necessary for a successful manufacturing and agriculture economy.
San Antonio International Airport (SAT) is located in north central San Antonio, approximately eight miles or 15 minutes from the downtown central business district. It is easily accessed from the major freeways into and around San Antonio. The airport covers 2,600 acres and is the primary facility serving the city and metropolitan area. Service is provided by 14 air carriers including Aerolitoral, American Airlines, America West, Continental, Delta, Mexicana, Midwest, Northwest, Southwest and United Airlines. Recent plans call for the demolition of the older of the two terminals and its replacement with a larger more modern facility.

**Education:** The San Antonio metropolitan area is served by several school districts, the largest being the San Antonio Independent School District. Other large districts which serve the city and the surrounding Bexar county area include the Northeast Independent School District, Northside Independent School District, Comal Independent School District and Harlandale Independent School District. San Antonio is also home to several institutions of higher education. The largest of these is the Alamo Community College system with three campuses. Other universities include the University of Texas at San Antonio (UTSA), St. Mary’s University, Our Lady of the Lake University, Incarnate Word University, Texas A&M University - San Antonio, and the prestigious Trinity University.

**Government Factors**

San Antonio operates under a council-manager form of government. The city council, whose members serve two year terms, consists of 11 elected members, 10 of whom are elected by districts while the mayor is elected at large. The council sets the policies for the city and hires the manager. Bexar County is governed by a four member elected county commission presided over by an elected county judge. Within the area, are 22 suburban cities and special districts created for water, sewer and flood control. Some 10 small enclaves are completely encircled by the city of San Antonio, with separate governmental bodies. Municipally owned City Public Service (CPS) provides electricity and gas for all of Bexar county and small parts of several surrounding counties.

**Social Forces**

**Population Profile:** The following chart summarizes population trends for the San Antonio MSA as well as comparative figures for the State of Texas and the United States.

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2018</th>
<th>Growth Rate 2000-2018</th>
<th>2023</th>
<th>Growth Rate 2018-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio MSA</td>
<td>1,711,703</td>
<td>2,511,792</td>
<td>2.15%</td>
<td>2,748,963</td>
<td>1.82%</td>
</tr>
<tr>
<td>Texas</td>
<td>20,851,820</td>
<td>28,954,616</td>
<td>1.84%</td>
<td>31,430,767</td>
<td>1.65%</td>
</tr>
<tr>
<td>United States</td>
<td>281,421,906</td>
<td>330,088,686</td>
<td>0.89%</td>
<td>343,954,683</td>
<td>0.83%</td>
</tr>
</tbody>
</table>

Source: Site To Do Business (www.stdb.com)
Over the past 18 years, the population of the San Antonio MSA has increased at a compounded annual rate of 2.15%. During the same period, the Texas growth rate was 1.84% and the national growth rate was 0.89%. Over the next five years, the MSA’s population is projected to increase at a compounded annual rate of 1.82%, while the State of the Texas is projected to grow at a rate of 1.65% and the nation is projected to grow at a rate of 0.83%.

**Households:** The following chart summarizes trends in household growth for the region.

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2018</th>
<th>Growth Rate 2000-2018</th>
<th>2023</th>
<th>Growth Rate 2018-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio MSA</td>
<td>601,265</td>
<td>892,489</td>
<td>2.22%</td>
<td>976,679</td>
<td>1.82%</td>
</tr>
<tr>
<td>Texas</td>
<td>7,393,354</td>
<td>10,211,287</td>
<td>1.81%</td>
<td>11,065,229</td>
<td>1.65%</td>
</tr>
<tr>
<td>United States</td>
<td>105,480,101</td>
<td>124,110,001</td>
<td>0.91%</td>
<td>129,076,036</td>
<td>0.79%</td>
</tr>
</tbody>
</table>

*Source: Site To Do Business (www.stdb.com)*

The number of households in the MSA is increasing at a similar rate compared to the population. It should be noted, in previous years, higher household growth rates were noted within the MSA, indicating a trend toward smaller average households. However, this has changed in recent years and household growth rates are similar to population growth rates, which is similar to the trend observed in most markets across the nation and state, where household size has essentially remained the same.

**Income Levels:** The following chart summarizes trends in median household income levels.

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2018</th>
<th>Growth Rate 2000-2018</th>
<th>2023</th>
<th>Growth Rate 2018-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio MSA</td>
<td>$39,087</td>
<td>$57,234</td>
<td>2.14%</td>
<td>$63,405</td>
<td>2.07%</td>
</tr>
<tr>
<td>Texas</td>
<td>$39,928</td>
<td>$57,286</td>
<td>2.03%</td>
<td>$63,955</td>
<td>2.23%</td>
</tr>
<tr>
<td>United States</td>
<td>$42,253</td>
<td>$58,100</td>
<td>1.79%</td>
<td>$65,727</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

*Source: SRC LLC (www.demographicsnow.com) & Site To Do Business (www.stdb.com)*

As of 2018, the median income for the MSA was $57,234, which is 0.09% lower than the statewide median of $57,286 and 1.49% lower than the national median of $58,100. Over the past 18 years, the median income for the MSA has grown at a compounded rate of 2.14%, compared to 2.03% for the State of Texas and 1.79% for the nation. Over the next 5 years, the median income for the MSA is projected to grow at a slower rate of 2.07%, compared to 2.23% for the State of Texas and 2.50% for the nation. By 2023, the MSA median income is projected to reach $63,405, which would be 0.86% lower than the projected statewide median of $63,955 and 3.53% lower than the projected national median of $65,727.
Economic Factors

Major Employers: The largest number of jobs in San Antonio has for some time been provided by government agencies, most of which are related in some way to the three major military bases in the region. These facilities are well established and have, for many years, played a major role in the housing and retail markets. The following summaries are of the major sectors of the San Antonio economy:

Military

<table>
<thead>
<tr>
<th>Installation</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lackland AFB USAF</td>
<td>Air Force Basic Training and HQ for Air Force Intelligence Agency</td>
</tr>
<tr>
<td>Fort Sam Houston</td>
<td>Brooke Army Medical Center, Institute of Surgical Research, Defense Medical Readiness Training Institute</td>
</tr>
<tr>
<td>Camp Bullis</td>
<td>Provides Base Operations Support and Training Support to Joint Base San Antonio (JBSA).</td>
</tr>
<tr>
<td>Randolph AFB USAF</td>
<td>HQ for Air Education and Training Command and the Air Force Military Personnel Center</td>
</tr>
</tbody>
</table>

Source: San Antonio Economic Development Foundation

The U.S. Department of Defense (DoD) is the largest generator of employment in the San Antonio metropolitan area. The Texas Comptroller of Public Accounts analyzed the economic impact of Joint Base San Antonio (JBSA) on the Texas economy at the request of the Texas Military Preparedness Commission (TMPC). The Comptroller estimates that population directly affiliated with JBSA contributed at least $30.37 billion to the Texas economy in 2017.

JBSA provided the data used in this analysis to the TMPC. Starting with this information, the Comptroller's office collected additional data from each of the state’s 13 U.S. military installations using a survey designed to ensure consistency in determining the total direct and indirect contribution of the base’s populations to state-level employment, gross domestic product, output and disposable personal income. On the following page is the economic contribution derived from these data of the population associated with JBSA:
Part II - Regional Analysis/Continued

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct employment</td>
<td>64,967</td>
</tr>
<tr>
<td>Total employment (1)</td>
<td>187,174</td>
</tr>
<tr>
<td>Output (2)</td>
<td>$30,373,948,000</td>
</tr>
<tr>
<td>Gross Domestic Product (3)</td>
<td>$18,659,669,000</td>
</tr>
<tr>
<td>Disposable Personal Income (4)</td>
<td>$12,203,017,000</td>
</tr>
</tbody>
</table>


(1) Total employment” refers to both direct and indirect employment.
(2) “Output” refers to the total value of all goods and services (both final and intermediate) produced in Texas.
(3) “Gross Domestic Product” refers to the total value of all final goods and services produced in Texas.
(4) “Disposable Personal Income” refers to post-income-tax income.

The Base Realignment and Consolidation (BRAC) process has contributed significantly to this job creation. The consolidation of all military medical training in San Antonio is consistently bringing new residents to the city. Additionally, the NSA’s decision to locate a significant portion of its database and servers in the Westover Hills area has spurred further growth in San Antonio. Firms such as Lockheed Martin, Boeing, and Booz Allen Hamilton have all recently expanded their footprints in San Antonio.

**Medical / Biomedical**

San Antonio has attained the reputation of being a leader in the healthcare field. Primarily responsible for this is the 900 acre South Texas Medical Center, located in the northwest portion of the city. The Center, which consists of a number of hospitals, clinics, and medical offices, employs approximately 56,000 people (both medical and non-medical related employers). Major facilities are the Veterans Hospital, the Baptist Medical Center, the Humana Women's Hospital, and the University of Texas Health Sciences Center. There is an on-going expansion of the medical centers, with plenty of land available.

The University of Texas Health Science Center employs approximately 4,612 and has schools of medicine, dentistry, nursing, and health sciences, and a graduate school of biomedical sciences. The entire South Texas Medical Center area has 23,800 employees, 3,876 licensed beds, and an annual budget of approximately $1.594 billion. There are numerous other medical facilities outside the boundaries of the South Texas Medical Center, including 25 short-term general hospitals, two children’s psychiatric hospitals, two state hospitals, and two Department of Defense hospitals. The medical/biomedical community contributes to the San Antonio economy and employment base with an annual payroll of over $3 billion.
The Medical Center Alliance role has expanded to oversee initiatives pertaining to growth, functionality and community involvement. The MCA’s membership is made up of the eight largest landowners in the STMC: Baptist Health System, Cancer Therapy and Research Center at the UT Health Science Center, CHRISTUS Santa Rosa Healthcare, San Antonio Medical Foundation, Methodist Healthcare, Methodist Healthcare Ministries, University Health System and The University of Texas Health Science Center at San Antonio.

The medical/biomedical community is another large contributor to the San Antonio economic and employment base. In 2015, according to a Greater San Antonio Chamber of Commerce study, the economic impact of the Bioscience and Healthcare industry was $28.4 billion measured conservatively or $37 billion by a more comprehensive estimate. The comprehensive estimate takes into account the full impact of academic and military medicine, which is an integral component of San Antonio’s biomedical sector. The industry paid $8.9 billion in wages and salaries to 172,094 employees in 2015. One of every six San Antonio employees works in the Bioscience and Healthcare industry. The Bioscience and Healthcare industry has added 50,000 net new jobs over the past decade, fueling San Antonio’s growth.

**Hospitality**

Hospitality has long provided a substantial contribution to the local economy with an annual economic impact of $8.7 billion, an 85% increase over the past decade. San Antonio’s Hospitality industry employs nearly 94,000 workers, serving 17.4 million leisure visitors and 3.9 million for conventions and other business purposes annually. San Antonio boasts some of the nation’s most well-known theme parks including *Sea World* which opened in 1988 and draws approximately 2.9 million annual visitors. *Six Flags Fiesta Texas* opened in 1992 and encompasses 200 acres and offers amusement rides, musical shows, and exhibits. The park employs 200 to 250 permanent employees and over 2,000 part-time employees during the tourist season. Six Flags Fiesta Texas is the focal point within the larger mixed-use La Cantera development. The Park’s supporting commercial and entertainment development includes the *Shops at La Cantera* and *La Cantera Golf Club*. 
According to the Governor’s Office, San Antonio has five of the top ten tourist attractions in Texas: The Alamo (#1); the River Walk (#2); SeaWorld San Antonio (#6); Six Flags Fiesta Texas (#8); and the San Antonio Zoo (#9). Other tourist destinations include numerous golf courses and water sports along the area’s rivers. San Antonio hosts two major PGA Golf events - the AT&T Championship and the Texas Open.

**Manufacturing**

San Antonio is rapidly emerging as a center for automotive and leading-edge technology manufacturing. Toyota and its 21 on-site suppliers began rolling Tundra trucks off the plant floor in November 2006. With Toyota creating well over 2,900 manufacturing jobs, San Antonio’s manufacturing sector is expected to grow significantly over the next few years and become a preferred location for automotive and other leading edge technology manufacturers.

In addition to the automotive industry, San Antonio is home to high tech manufacturers of medical instruments, semi-conductors, telecommunications equipment, machine tools, and plastics. The Advanced Technology Center (ATC) located at Port S.A. and the Manufacturing Technology Academy, which opened in 2004, have helped provide a well-trained workforce for these new and emerging industries.

**Aerospace and Aviation**

With an established presence of major aviation companies such as Boeing, Lockheed-Martin, Pratt & Whitney, San Antonio Aerospace, Inc., and Sino Swearingen, the aerospace/aviation industry is a growing economic cluster in San Antonio. This industry presents significant opportunities for diversification and continued growth, particularly in the areas of passenger service; air cargo; maintenance, repair, overhaul (MRO) and assembly.

Recognized as the birthplace of military aviation, this city is home to Lackland and Randolph Air Force Base. The local aerospace industry has grown by over 400% in the last 25 years. Over 13,000 San Antonio employees work in the combined aerospace-related maintenance, repair, and operations (MRO), manufacturing, military, and air transportation services industry. Jobs in the aerospace industry are among the best paying in the area. According to a SWOT analysis by Deloitte, the average wage for aerospace employees is $59,801. San Antonio also boasts the Alamo Area Aerospace Academy program, which works in close partnership with industry, and serves as a national model for developing a pipeline between local high school students and aerospace employers. The Aerospace Academy offers both classroom instruction and real-world experience through full-time paid internships provided by industry partners. Upon finishing high school, graduates of the program are ready to launch their careers with area aerospace firms, and are well on their way toward qualifying for their Federal Aviation Administration Airframe & Powerplant Mechanics’ certificates.
Part II - Regional Analysis/Continued

**Port of San Antonio**

Kelly Air Force Base, for decades one of the largest military repair and maintenance facilities in the world, has been transformed into the Port of San Antonio and continues to play a significant role in military MRO. With ample workforce and cutting-edge educational programs such as the Alamo Area Aerospace Academy, San Antonio enjoys both experienced skill sets as well as exceptionally trained career entrants. Public sector partners such as Alamo Worksource and the Alamo Community College District continuously work with employers to meet workforce and training needs. Additionally, within the aerospace Industry there is regional industry collaboration that enables powerful alliances across very successful local firms. Collaborations such as the Defense Technology Cluster (DTC) are examples of dynamic private sector leadership and a commitment to a thriving aerospace/aviation industry in San Antonio.

**Logistics and Transportation**

This industry includes transportation services, wholesale and third party logistics providers, logistical intermediaries, and transportation infrastructure assets. Development of San Antonio’s cluster of logistics and transportation industries holds the key to establishing San Antonio as an Inland Port to fully capitalize on potential trade with Mexico and Canada under the North American Free Trade Agreement (NAFTA - nka USMCA).

NAFTA / USMCA has given San Antonio a competitive advantage serving as the nexus of incoming truck traffic from Mexico to the rest of North America and providing the opportunity to add value before goods reach their destinations. Seventy-five percent of all goods moving between the U.S. and Mexico flow through San Antonio. The Port Authority of San Antonio is a separate political subdivision of the State of Texas established as a business entity in 1996 by the City of San Antonio. Port San Antonio has 300,000 sq. ft. of existing warehousing available, ready for custom-built shipping and distribution operations, and directly linked by three interchanges with I-90 connecting to I-35, I-10 and I-37. With its existing 11,500-foot heavy-duty runway, Port San Antonio is ready for “heavy lift” cargo aircraft and heavy-duty equipment deliveries. In addition, Port San Antonio can provide space for aircraft parking and “build-to-suit” product storage of heavy equipment or a sortation center. Port San Antonio is located on two major rail lines, providing an excellent and efficient opportunity for bulk and industrial product manufacture and movement.

Listed below are 20 of the largest private sector employers in the San Antonio area:
Part II - Regional Analysis/Continued

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry/Business</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.E.B. Food Stores</td>
<td>Super Market Chain</td>
<td>20,000</td>
</tr>
<tr>
<td>United Service Automobile Assn. (USAA)</td>
<td>Financial Services and Insurance</td>
<td>17,000</td>
</tr>
<tr>
<td>Methodist Healthcare System</td>
<td>Health Care Services</td>
<td>9,620</td>
</tr>
<tr>
<td>Baptist Health System</td>
<td>Health Care Services</td>
<td>6,383</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>Contact Center and Banking Services</td>
<td>5,073</td>
</tr>
<tr>
<td>JPMorgan Chase</td>
<td>Contact Center and Banking Services</td>
<td>5,000</td>
</tr>
<tr>
<td>Cullen / Frost Bank</td>
<td>Financial Services</td>
<td>3,982</td>
</tr>
<tr>
<td>Bill Miller BBQ</td>
<td>Fast Food Chain</td>
<td>3,540</td>
</tr>
<tr>
<td>Rackspace</td>
<td>IT Managed Hosting Solutions</td>
<td>3,300</td>
</tr>
<tr>
<td>CPS Energy</td>
<td>Utilities</td>
<td>3,022</td>
</tr>
<tr>
<td>Toyota Motoring Manufacturing</td>
<td>Manufacturing</td>
<td>2,900</td>
</tr>
<tr>
<td>Clear Channel Communications, Inc.</td>
<td>TV &amp; Radio Stations, Outdoor Ads</td>
<td>2,800</td>
</tr>
<tr>
<td>Southwest Research Institute</td>
<td>Scientific Research</td>
<td>2,715</td>
</tr>
<tr>
<td>Valero Energy</td>
<td>Oil Refiner &amp; Gasoline Mktg.</td>
<td>1,653</td>
</tr>
<tr>
<td>Harland Clarke</td>
<td>Check Printing</td>
<td>1,500</td>
</tr>
<tr>
<td>KCI</td>
<td>Medical Supplies</td>
<td>1,400</td>
</tr>
<tr>
<td>Tesoro</td>
<td>Oil Refiner &amp; Petroleum Products</td>
<td>1,300</td>
</tr>
<tr>
<td>HVHC</td>
<td>Optical Manufacturing</td>
<td>1,200</td>
</tr>
<tr>
<td>SWBC</td>
<td>Insurance</td>
<td>1,200</td>
</tr>
<tr>
<td>Security Service Federal Credit Union</td>
<td>Financial Institution</td>
<td>1,200</td>
</tr>
</tbody>
</table>


Employment by Industry: As outlined, San Antonio has a diverse economic base, including large components in government, education, tourism, and high-tech manufacturing. The southern portion of San Antonio has experienced a manufacturing boom over the last several years with the Toyota truck plant producing it’s first vehicle in November 2006. This plant has brought numerous construction jobs for both the plant and supporting services which will translate into a significant number of higher paying jobs. The three largest employment sectors in the MSA are Trade, Transportation and Utilities; Government; and Education & Health Services. San Antonio is a primary player in both the communications sector and high-tech research and development.

Unemployment: The following chart summarizes recent unemployment trends for the MSA, the state, and the nation, as reported by the U.S. Bureau of Labor Statistics.

<table>
<thead>
<tr>
<th>Actual Unemployment Information (‘000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio - New Braunfels MSA</td>
</tr>
<tr>
<td>Employed</td>
</tr>
<tr>
<td>Dec - 18</td>
</tr>
<tr>
<td>Nov- 18</td>
</tr>
<tr>
<td>Dec - 17</td>
</tr>
</tbody>
</table>

Source: Texas Labor Market Information, Texas Workforce Commission (http://www.tracer2.com)
San Antonio-New Braunfels MSA
(Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, Wilson)

Industry Composition

Employment by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Dec-18</th>
<th>Nov-18</th>
<th>Dec-17</th>
<th>Monthly Change</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm</td>
<td>1,065,000</td>
<td>1,065,300</td>
<td>1,056,300</td>
<td>-300 0.0%</td>
<td>8,700 0.8%</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>9,200</td>
<td>9,100</td>
<td>8,100</td>
<td>100 1.1%</td>
<td>1,100 13.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>55,100</td>
<td>54,600</td>
<td>55,000</td>
<td>500 0.9%</td>
<td>100 0.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>48,900</td>
<td>49,800</td>
<td>48,300</td>
<td>-900 -1.8%</td>
<td>600 1.2%</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>188,600</td>
<td>189,900</td>
<td>187,100</td>
<td>-1,300 -0.7%</td>
<td>1,500 0.8%</td>
</tr>
<tr>
<td>Information</td>
<td>20,300</td>
<td>20,400</td>
<td>20,500</td>
<td>-100 -0.5%</td>
<td>-200 -1.0%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>90,600</td>
<td>90,100</td>
<td>90,100</td>
<td>500 0.6%</td>
<td>500 0.6%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>134,700</td>
<td>134,500</td>
<td>138,000</td>
<td>-200 -0.1%</td>
<td>-3,300 -2.4%</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>167,300</td>
<td>167,400</td>
<td>163,100</td>
<td>-100 -0.1%</td>
<td>4,200 2.6%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>134,900</td>
<td>134,100</td>
<td>134,000</td>
<td>800 0.6%</td>
<td>900 0.7%</td>
</tr>
<tr>
<td>Other Services</td>
<td>38,700</td>
<td>39,000</td>
<td>38,000</td>
<td>-300 -0.8%</td>
<td>700 1.8%</td>
</tr>
<tr>
<td>Government</td>
<td>176,700</td>
<td>176,400</td>
<td>174,100</td>
<td>300 0.2%</td>
<td>2,600 1.5%</td>
</tr>
</tbody>
</table>

Annual Growth Rate for Total Nonagricultural Employment

Unemployment Information

<table>
<thead>
<tr>
<th>San Antonio-New Braunfels MSA</th>
<th>C.L.F.</th>
<th>Emp.</th>
<th>Unemp.</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-18</td>
<td>1,188.2</td>
<td>1,150.5</td>
<td>37.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Nov-18</td>
<td>1,187.4</td>
<td>1,150.9</td>
<td>36.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Dec-17</td>
<td>1,172.0</td>
<td>1,136.8</td>
<td>35.1</td>
<td>3.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Texas (Actual)</th>
<th>C.L.F.</th>
<th>Emp.</th>
<th>Unemp.</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-18</td>
<td>13,976.3</td>
<td>13,471.7</td>
<td>504.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Nov-18</td>
<td>13,937.1</td>
<td>13,454.5</td>
<td>482.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Dec-17</td>
<td>13,598.1</td>
<td>13,096.2</td>
<td>501.8</td>
<td>3.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>United States (Actual)</th>
<th>C.L.F.</th>
<th>Emp.</th>
<th>Unemp.</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-18</td>
<td>162,510.0</td>
<td>156,481.0</td>
<td>6,029.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Nov-18</td>
<td>162,665.0</td>
<td>157,015.0</td>
<td>5,650.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Dec-17</td>
<td>159,880.0</td>
<td>153,602.0</td>
<td>6,278.0</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Historical Unemployment Rates

Available at http://www.tracer2.com
Part II - Regional Analysis/Continued

As outlined, the total number of employed individuals in the San Antonio MSA (agricultural and non-farm employment) has increased by 13,700 over the past 12 months. However, total nonagricultural employment has increased by 8,700. On an annual basis, nine of the eleven employment sectors realized job gains. However, on a monthly basis, only six of the eleven employment sectors realized job gains. The current unemployment rate of 3.2% is very desirable and superior to the state and national averages. This trend is unlikely to change.

Eagle Ford Shale

In addition to the previously mentioned industries and corporations which drive the San Antonio economy, the impact of the Eagle Ford Shale play must be considered. Although oil and gas extraction within the Eagle Ford Shale is not occurring in Bexar County, proximity to this development has had, and will continue to have, an economic impact on San Antonio and Bexar County. The UTSA has examined the economic impact of the Eagle Ford Shale on the 21 counties directly and indirectly involved in production. The 15 core counties where activity is most prevalent are Atascosa, Bee, DeWitt, Dimmit, Frio, Gonzales, Karnes, La Salle, Lavaca, Live Oak, Maverick, McMullen, Webb, Wilson and Zavala. The six neighboring counties where significant activity not including extraction is occurring are Bexar, Jim Wells, Nueces, San Patricio, Uvalde and Victoria.

The Eagle Ford Shale play caused a boom in the growth of energy companies in San Antonio with Valero, Tesoro, EOG, and NuStar Energy all having significant local presence. In fact, oil and condensate production in the Eagle Ford Shale has grown from 229 barrels per day in 2008 to more than 179,007 barrels per day as of November 2018. However, this is in contrast to a peak of 300,183 barrels per day as of 2015.

During a five year term, the price of crude oil (West Texas Intermediate) reached a peak of $110.62 per barrel on September 6, 2013 and a low of $26.19 per barrel on February 11, 2016. This represents a decrease of $84.43 per barrel or -76.3%. However, the price is currently at $52.43 per barrel as of February 11, 2019, about 17.6% below the trailing 12 month average of $63.61 per barrel. There is no indication of how much more prices will fluctuate in the coming months, although a review of Crude Oil Futures Quotes suggest the price of oil is expected to increase 8.3% ($4.35 per barrel) over the next 12 months (thru February 2020). Based on the most recent history and projected oil prices, oil and gas production within the various shale plays is likely to stay flat as many wells remain unprofitable.
Conclusion

The San Antonio area enjoys a stable economy, anchored by the military and supported by tourism, healthcare services, and a variety of other industries. Looking forward, San Antonio's population will continue to grow at a fairly healthy rate. Most new job growth will come from the services sector, although considerable new job growth has been derived from the healthcare and manufacturing sectors. In addition, the conversion of Kelly AFB to private uses has helped with job creation and increased growth in the industrial sector. Likewise, development in the Eagle Ford Shale has had a positive impact which will continue into the foreseeable future. Construction activity is expected to remain stable in the various real estate sectors. NAFTA (nka USMCA) is expected to continue to have a positive impact on the San Antonio MSA's economy. With the continued influence of USMCA, the opening/expansion of several tourist attractions, and major corporations such as Valero, Tesoro Energy and JPMorgan/Chase headquartered in the area, San Antonio is well positioned to maintain steady economic growth. The area is expected to experience a period of modest, but sustained recovery over the near term as it attempts to overcome economic issues affecting all parts of the United States.
NEIGHBORHOOD MAP

Subject Property
NEIGHBORHOOD DESCRIPTION

The neighborhood may be best defined as all the land within the following boundaries:

North: Culebra Road;
South: US-90;
East: IH-10; and
West: Cupples Road.

The subject property is located in the east / central portion of the neighborhood. The defined neighborhood is located within the city of San Antonio, just east of the CBD and almost entirely within zip code 78207. A small portion along the southeast edge of the neighborhood is within zip code 78225.

General Data

The subject neighborhood is approximately 1.25 miles west of the San Antonio Central Business District (CBD). The subject is in close proximity to IH-10 which is roughly 0.60 mile east. The area is established and there is a considerable amount of dated, low-quality single family development. In addition, there is a sizeable amount of light industrial development located along or in proximity to a railroad that bisects the eastern and southern portion of the neighborhood. This neighborhood may be considered urban and established with limited supporting commercial and retail development located along the major arterials / thoroughfares. From the standpoint of the visual and built-up characteristics of this neighborhood, it appears that the area is approximately 95% built-up.

Neighborhood life Cycle

The complementary land uses that comprise neighborhoods typically evolve through four stages. These four stages comprise the life cycle of a neighborhood and are described as follows:

1) Growth: a period in which the neighborhood gains public favor and acceptance.
2) Stability: a period of equilibrium without marked gains or losses.
3) Decline: a period of diminishing demand.
4) Revitalization: a period of renewal, modernization and increasing demand.

Overall, the subject neighborhood is currently considered stable with limited new development noted over the past 10 years. The recent development within the area has mainly been located along or in proximity to IH-10 and thus more easily influenced by the CBD.
Accessibility

Primary access is provided by IH-10 and US-90, two major arterials. Additional access is provided by various streets and thoroughfares which form a grid pattern (refer to the neighborhood map). Overall, access to all parts of San Antonio is considered very good.

Public Utilities / Infrastructure / Police & Fire Service

All public utilities are available. Municipally owned City Public Service (CPS) provides electricity and natural gas for all of San Antonio and Bexar county; telephone and cable / internet service is provided by AT&T and other providers; and water/sewer service is provided by the city of San Antonio. The main and secondary streets are generally concrete paved with curbs and underground storm sewer drainage. Street maintenance is provided by TxDOT (IH-10) and the city of San Antonio. Police and fire protection is provided by the city of San Antonio.

Topography/Flood

The subject area has a generally level topography. From the writer's knowledge, there are no known flood hazards from serious flooding or drainage problems in the immediate neighborhood. However, the area is bisected by Alazan and Apache Creeks and thus small portions of adjacent land occasionally flood.

Zoning

The City of San Antonio is a zoned community. However, as with areas as established as the defined neighborhood, there are numerous incompatible land uses. Thus, much of the area is not considered attractive, orderly, and homogeneous.

Quality and Convenience of Stores

The quality and convenience of stores which serve the subject's neighborhood is considered to be limited. There are two HEB Grocery stores within the defined neighborhood which are located 1.0 and 2.5 miles from the subject property. A major mall (Shops at Rivercenter) is located 1.7 miles to the east within the CBD and along the River Walk. This 1.06 million sq. ft. mall is anchored by Macy's and H&M and a 38-story, 1,001-room Marriott hotel. In addition, the Historic Market Square is located within a mile just east of IH-10. This is a three-block outdoor plaza lined with shops, and restaurants. Market Square is the largest Mexican market in the United States. The "El Mercado" section has 32 specialty shops and the "Farmer's Market Plaza" section has 80.
Recreational and Cultural Opportunities

Recreational amenities and facilities are provided by the Parks Department of San Antonio. Recreational activities in the area are limited to several small neighborhood parks. However, the *San Antonio River Walk* is located within 1.25 miles of the subject property. The River Walk is a city park and network of walkways along the banks of the San Antonio River, one story beneath the streets. Lined by bars, shops, restaurants, nature, public artwork, and the five historic missions, the River Walk is an important part of the city's urban fabric and a tourist attraction in its own right. The River Walk winds and loops under bridges as two parallel sidewalks lined with restaurants and shops, connecting the major tourist draws from the Shops at Rivercenter, to the Arneson River Theatre, to Marriage Island, to La Villita, to HemisFair Park, to the Tower Life Building, to the San Antonio Museum of Art, to the Pearl and the city's five Spanish colonial missions, which have been named a World Heritage Site, including the Alamo.

Medical Facilities

The subject neighborhood is served by several hospital located on the periphery of the defined neighborhood. *Christus Santa Rosa* is located 1 mile northeast of the subject property along IH-10; *Methodist Texsan Hospital* is located 5 miles to the north; *Nix Health* is 1.5 miles west; and *Metropolitan Methodist Hospital* is 2 miles northeast.

Schools and Religious Facilities

Primary and elementary education is provided by the San Antonio Independent School District which has rating of “C”. The subject property is within walking distance to Lanier High School, J.T. Brackenridge Elementary, and Tafolla Middle School. The high school is not well regarded and only 1.9% of students taking the SAT/ACT test scored at above criterion (1100 SAT and 24 ACT). This is in contrast to the statewide rate of 22.3% and thus helps to put the school into perspective. Higher Education is available nearby with the *UTSA Downtown* campus located half a mile to the northeast of the subject property. In addition, *Our Lady of the Lake University* is located 2 miles to the west and *St. Mary's University* is 3.75 miles northwest of the subject property.

Religious facilities serving many denominations / faiths are located within and in close proximity to the neighborhood.

Prestige and Homogeneity of Surrounding Area

The general prestige and social standpoint of the neighborhood is considered to range from fair to average. The typical resident has mostly below average income and education levels.
Part III - Neighborhood Analysis / Continued

**Hazards and Nuisances**

The neighborhood borders IH-10 and US-90 and is located in proximity to major transportation arterials and thus certain properties are affected by noise and car pollution. However, this could be said about most areas of San Antonio. The subject neighborhood does have a few designated flood hazard areas adjacent to the Alazan and Apache Creeks. However, flood zones are known and new development is located outside these areas. The neighborhood is bisected by a railroad along the eastern and southern edges and adjacent land is impacted. Overall, environmental conditions are considered typical.

**General Economic Considerations**

The largest concentration of employment is within the blue collar sector. Many area residents are employed within the local area businesses and/or within the CBD. The hospitality sector dominates the CBD and thus numerous restaurant and hotel jobs are available to area residents.

**Conclusions**

The subject neighborhood is well located relative to major transportation arterials and is not adversely impacted by negative environmental or governmental forces. The social factors affecting value are considered fair given the household incomes and other demographic factors outlined later. Economic factors affecting value are considered to be closely related to the regional economy. Overall, the area should continue to slowly grow over the next 5-10 years.
MULTIFAMILY MARKET ANALYSIS

The subject’s submarket is best reflected by Zip Code 78207 which covers roughly 90% of the defined neighborhood. According to 2019 data, there are 2,100 units located within the defined neighborhood. A percentage breakdown of the total units by year completed is as follows:

<table>
<thead>
<tr>
<th>Percentage Unit Breakdown By Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submarket</td>
</tr>
<tr>
<td>ALN - Defined Neighborhood</td>
</tr>
<tr>
<td>Units Built Per Year</td>
</tr>
<tr>
<td>Annual Change in Construction</td>
</tr>
<tr>
<td>% Change in Construction</td>
</tr>
<tr>
<td>Percent of Total</td>
</tr>
<tr>
<td>San Antonio - New Braunfels *</td>
</tr>
<tr>
<td>Units Built Per Year</td>
</tr>
<tr>
<td>Annual Change in Construction</td>
</tr>
<tr>
<td>% Change in Construction</td>
</tr>
<tr>
<td>Percent of Total</td>
</tr>
</tbody>
</table>

* The San Antonio-New Braunfels units were based on a sampling of 73.7% of the 203,673 existing units within the MSA.

** The total units built per year does not consider pre-1970s era construction

As depicted in the above table, the subject’s submarket is very small and only represents about 1.4% of the total supply within the MSA. This is considered reasonable given the character of the neighborhood which is comprised of mostly dated single family development and below-average demographics. However, most of the neighborhood multifamily development is fairly new, with only 25.5% of the supply built in the 1970s. Development in the 1990s was weak but increased significantly in the 2000s and 2010s with an average of 76 units per year. As such, 68.5% of all multifamily development ranges from new to 19 years old.

No properties are currently under construction, although 3 properties are proposed:

1). Artisan at Ruiz (102 unit LIHTC community)
2). Legacy at Buena Vista (96 unit LIHTC seniors community)
3). Alazan Lofts (Subject) (88 unit LIHTC community)
## MULTIFAMILY SUMMARY - ZIP CODE 78207

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Address</th>
<th># of Units</th>
<th>Year Built</th>
<th>Type Description</th>
<th>Occupancy</th>
<th>Avg. Unit Size (SF)</th>
<th>Average Monthly Rent</th>
<th>Average Rent PSF</th>
<th>Eff. Average Rent</th>
<th>Eff. Average Rent PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terrace at Haven for Hope</td>
<td>703 N San Marcos St</td>
<td>140</td>
<td>2012</td>
<td>LIHTC - Transitional Housing</td>
<td>89.0%</td>
<td>787</td>
<td>$643.19</td>
<td>$0.82</td>
<td>$643.19</td>
<td>$0.82</td>
</tr>
<tr>
<td>Gardens at San Juan Square</td>
<td>2003 South Zarzamora</td>
<td>252</td>
<td>2013</td>
<td>LIHTC</td>
<td>93.6%</td>
<td>1,008</td>
<td>$638.71</td>
<td>$0.63</td>
<td>$638.71</td>
<td>$0.63</td>
</tr>
<tr>
<td>Las Villas De Merida</td>
<td>1700 S Hamilton Ave</td>
<td>160</td>
<td>2003</td>
<td>LIHTC</td>
<td>79.0%</td>
<td>1,042</td>
<td>$794.55</td>
<td>$0.76</td>
<td>$794.55</td>
<td>$0.76</td>
</tr>
<tr>
<td>San Juan Square I</td>
<td>1938 S Zarzamora</td>
<td>143</td>
<td>2007</td>
<td>LIHTC</td>
<td>94.4%</td>
<td>1,046</td>
<td>$790.81</td>
<td>$0.76</td>
<td>$790.81</td>
<td>$0.76</td>
</tr>
<tr>
<td>Artisan at Creekside</td>
<td>1901 S San Marcos</td>
<td>252</td>
<td>2009</td>
<td>LIHTC</td>
<td>97.2%</td>
<td>998</td>
<td>$844.02</td>
<td>$0.85</td>
<td>$844.02</td>
<td>$0.85</td>
</tr>
<tr>
<td>San Juan Square II</td>
<td>2404 S Calaveras St</td>
<td>144</td>
<td>2009</td>
<td>LIHTC</td>
<td>96.0%</td>
<td>1,165</td>
<td>$838.72</td>
<td>$0.72</td>
<td>$838.72</td>
<td>$0.72</td>
</tr>
<tr>
<td>San Jacinto Senior</td>
<td>1512 El Paso Street</td>
<td>50</td>
<td>1996</td>
<td>LIHTC - Seniors</td>
<td>94.0%</td>
<td>632</td>
<td>$465.00</td>
<td>$0.74</td>
<td>$465.00</td>
<td>$0.74</td>
</tr>
<tr>
<td><strong>SUBTOTALS</strong></td>
<td></td>
<td>1,141</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peanut Factory Lofts</td>
<td>1011 S Frio St</td>
<td>102</td>
<td>2014</td>
<td>MKT</td>
<td>86.2%</td>
<td>929</td>
<td>$1,493.43</td>
<td>$1.61</td>
<td>$1,493.43</td>
<td>$1.61</td>
</tr>
<tr>
<td>Vistana</td>
<td>100 N Santa Rosa Ave</td>
<td>247</td>
<td>2009</td>
<td>MKT</td>
<td>85.8%</td>
<td>981</td>
<td>$1,701.43</td>
<td>$1.73</td>
<td>$1,701.43</td>
<td>$1.73</td>
</tr>
<tr>
<td>Darby Square</td>
<td>811 Darby Blvd</td>
<td>75</td>
<td>1985</td>
<td>MKT</td>
<td>96.0%</td>
<td>686</td>
<td>$802.60</td>
<td>$1.17</td>
<td>$802.60</td>
<td>$1.17</td>
</tr>
<tr>
<td>Soap Factory II</td>
<td>601 North Santa Rosa Street</td>
<td>120</td>
<td>1976</td>
<td>MKT</td>
<td>85.3%</td>
<td>574</td>
<td>$816.00</td>
<td>$1.42</td>
<td>$791.00</td>
<td>$1.38</td>
</tr>
<tr>
<td>Parkside</td>
<td>1010 N Frio St</td>
<td>154</td>
<td>1979</td>
<td>MKT</td>
<td>90.0%</td>
<td>457</td>
<td>$674.45</td>
<td>$1.48</td>
<td>$626.64</td>
<td>$1.37</td>
</tr>
<tr>
<td>Soap Factory I</td>
<td>500 North Santa Rosa Street</td>
<td>261</td>
<td>1979</td>
<td>MKT</td>
<td>85.3%</td>
<td>505</td>
<td>$785.90</td>
<td>$1.56</td>
<td>$760.90</td>
<td>$1.51</td>
</tr>
<tr>
<td><strong>SUBTOTALS</strong></td>
<td></td>
<td>959</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td>2,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Address</th>
<th># of Units</th>
<th>Year Built</th>
<th>Type Description</th>
<th>Occupancy</th>
<th>Avg. Unit Size (SF)</th>
<th>Average Monthly Rent</th>
<th>Average Rent PSF</th>
<th>Eff. Average Rent</th>
<th>Eff. Average Rent PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan at Ruiz</td>
<td>1507 Ruiz</td>
<td>102</td>
<td>Planned</td>
<td>LIHTC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legacy at Buena Vista</td>
<td>1409 Buena Vista St</td>
<td>96</td>
<td>Planned</td>
<td>LIHTC - Seniors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alazan Lofts</td>
<td>1201 El Paso</td>
<td>88</td>
<td>Planned</td>
<td>LIHTC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTALS</strong></td>
<td></td>
<td>286</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vitre</td>
<td>700 W Commerce St</td>
<td>242</td>
<td></td>
<td>On-Hold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td>2,100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ground Break</th>
<th>Lease Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan at Ruiz</td>
<td>2019/05 (Est)</td>
</tr>
<tr>
<td>Legacy at Buena Vista</td>
<td>2019/05 (Est)</td>
</tr>
<tr>
<td>Alazan Lofts</td>
<td>Unknown</td>
</tr>
<tr>
<td><strong>SUBTOTALS</strong></td>
<td>286</td>
</tr>
</tbody>
</table>
As outlined, the submarket is comprised of 2,100 units, of which 1,141 or 54.3% are rent restricted LIHTC communities. It should be noted that several multifamily communities owned and operated by the San Antonio Housing Authority (SAHA) were not surveyed by ALN. Thus, the number and percentage of rent restricted, subsidized housing is higher than what has been presented. Considering the demographics of the neighborhood, this is not considered unusual.

Of particular importance is that of the 3 planned multifamily communities, all are LIHTC properties which will be rent restricted. Although a 242 unit market rate community (Vitre at 700 W. Commerce) has been announced, this project has been placed “on hold”.

**Occupancy**

As outlined on the previous multifamily summary, the submarket occupancy is fairly modest with an overall weighted average occupancy of 89.9% with the LIHTC communities at 92.2% and market rate at 87.1%. Generally speaking, an occupancy rate of less than 95% to 93% suggests a weak submarket.

**Rents**

As outlined on the previous multifamily summary, the submarket rent levels are fairly modest with an overall weighted average of $891 per month or $1.10 psf. However, this data is skewed by the LIHTC communities which average $743 per month or $0.75 psf. The market rate communities have much higher rents of $1,067 per month or $1.51 psf. Of particular importance are the two newly built market rate properties (Peanut Factory Lofts and Vistana) which have average rents of $1.61 and $1.73 psf, respectively. Rent levels of this magnitude are generally considered to be at cost-feasible levels. However, Vistana is located east of IH-10 in close proximity to the CBD and is thus not considered a good representation of the subject’s neighborhood. Likewise, 4 of the 6 market rate communities are located east of IH-10. Only the Peanut factory Lofts and Parkside are located within the defined neighborhood, west of IH-10.
AREA DEMOGRAPHICS

Demographic information from within zip code 78207 was based on the 2000 and 2010 U.S. Census. Estimates and projections for 2018 and 2023 were provided by Site to Do Business (STDB). Primary demographic information is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>Zip Code 78207</th>
<th>Change 3-Miles (2018 - 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 2000</td>
<td>56,721</td>
<td>2,204 - 2.204</td>
</tr>
<tr>
<td>- 2010</td>
<td>54,799</td>
<td>3.8%</td>
</tr>
<tr>
<td>- 2018</td>
<td>57,395</td>
<td></td>
</tr>
<tr>
<td>- 2023</td>
<td>59,599</td>
<td></td>
</tr>
<tr>
<td>Households</td>
<td></td>
<td>780 - 4.7%</td>
</tr>
<tr>
<td>- 2000</td>
<td>15,478</td>
<td></td>
</tr>
<tr>
<td>- 2010</td>
<td>15,747</td>
<td></td>
</tr>
<tr>
<td>- 2018</td>
<td>16,558</td>
<td></td>
</tr>
<tr>
<td>- 2023</td>
<td>17,338</td>
<td></td>
</tr>
</tbody>
</table>

2018 Estimates

- Average HH Size: 3.47
- Renter Occupied Units: 51.1%
- Median HH Income: $26,264
- Per Capita Income: $11,861
- Average HH Income: $36,287
- HH Income < $25,000: 47.5%
- HH Income > $74,999: 9.7%
- Less Than High School: 46.8%
- College Degree (Associate +): 7.6%
- Population < 20 Years: 33.6%
- Population > 54 Years: 22.7%
- Median Age (Years): 31.1

The subject’s demographic statistics are compared to the San Antonio - New Braunfels CBSA, as per the following page:
Demographic Data /Continued

<table>
<thead>
<tr>
<th></th>
<th>Zip Code 78207</th>
<th>San Antonio / New Braunfels CBSA</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population change (2018-2023)</td>
<td>3.8%</td>
<td>9.4%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Household change (2018-2023)</td>
<td>4.7%</td>
<td>9.4%</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Average HH Size</td>
<td>3.47</td>
<td>2.76</td>
<td>0.71</td>
</tr>
<tr>
<td>Renter Occupied Units</td>
<td>51.1%</td>
<td>37.5%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Median HH Income</td>
<td>$26,264</td>
<td>$57,234</td>
<td>-54.1%</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>$11,861</td>
<td>$29,019</td>
<td>-59.1%</td>
</tr>
<tr>
<td>Average HH Income</td>
<td>$36,287</td>
<td>$80,162</td>
<td>-54.7%</td>
</tr>
<tr>
<td>HH Income &lt; $25,000</td>
<td>47.5%</td>
<td>19.9%</td>
<td>27.6%</td>
</tr>
<tr>
<td>HH Income &gt; $74,999</td>
<td>9.7%</td>
<td>38.2%</td>
<td>-28.5%</td>
</tr>
<tr>
<td>Less Than High School</td>
<td>46.80%</td>
<td>14.80%</td>
<td>32.00%</td>
</tr>
<tr>
<td>College Degree (Associate +)</td>
<td>7.60%</td>
<td>36.50%</td>
<td>-28.90%</td>
</tr>
<tr>
<td>Population &lt; 20 Years</td>
<td>33.6%</td>
<td>27.6%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Population &gt; 54 Years</td>
<td>22.7%</td>
<td>25.2%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Median Age (Years)</td>
<td>31.1</td>
<td>35.4</td>
<td>-4.3</td>
</tr>
</tbody>
</table>

As outlined, the subject area is expected to realize below average population and household growth, as compared to the CBSA. As an established area with a below-average demographic profile, this lower growth trend can be expected. The subject area has significantly lower median, per capita, and average household incomes. Consequently, the education levels are also inferior to the CBSA with a much smaller percentage of high school and college graduates. There is a higher concentration of children and smaller elderly component; thus, the median age is below average. In addition, there is a much lower percentage of households renting which increases the transiency. Overall, the demographics are indicative of a low income area.
PART VI
SITE & ASSESSMENT DATA & HIGHEST AND BEST USE

SITE DESCRIPTION

Location - The subject property is comprised of five (5) tracts of non-contiguous land totaling 2.8574 acres (124,470 sq. ft.) located as follows: Tract 1 - Southwest corner of Torreon and S. Smith Streets; Tract 2 - Block bounded by Torreon, S. Smith, S. Colorado, and El Paso Streets; Tract 3 - Southeast corner of Torreon and S. Colorado Streets, with frontage along El Paso Street; Tract 4 - Southeast corner of S. Colorado and El Paso Streets; Tract 5 - Southwest corner of S. Colorado and El Paso Street. All parcels are in close proximity to each other and within San Antonio, Bexar County, Texas 78207. Exposure and visibility is somewhat limited given the site is setback from the I-10 and SH-99 Frontage Roads.

Legal Description - As per metes and bounds legal descriptions (as presented on the surveys) and Bexar CAD records, the subject sites are legally described as being 18 separate tracts of land (5 non-contiguous parcels) totaling 2.8574 acres (124,470 square feet) and located in New City Blocks (NCB) 2415, 2416, 2417, 2439 and 2440, San Antonio, Bexar County, Texas. A summary of the parcels is presented later within the Site Data section of the report.

Site Area:

<table>
<thead>
<tr>
<th>Tract</th>
<th>Site Area</th>
<th>0.1911 acres (or) 8,325 sq. ft.</th>
<th>0.6795 acres (or) 29,600 sq. ft.</th>
<th>0.3553 acres (or) 15,476 sq. ft.</th>
<th>0.4062 acres (or) 17,696 sq. ft.</th>
<th>1.2253 acres (or) 53,373 sq. ft.</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tract 1</td>
<td></td>
<td>0.1911 acres (or) 8,325 sq. ft</td>
<td>0.6795 acres (or) 29,600 sq. ft</td>
<td>0.3553 acres (or) 15,476 sq. ft</td>
<td>0.4062 acres (or) 17,696 sq. ft</td>
<td>1.2253 acres (or) 53,373 sq. ft</td>
<td>2.8574 acres (or) 124,470 sq. ft</td>
</tr>
</tbody>
</table>

Site Shape - The 5 separate tracts of land are mostly rectangular and functional in terms of size and shape.

Surrounding Land Uses - The subject sites are located south of a 2-story multifamily housing community owned by the San Antonio Housing Authority (SAHA) and operated as public housing. Further north is the San Antonio Natatorium and Tafolla Middle School along S. Colorado and W. Cesar E. Chavez Blvd. Land uses to the south, along El Paso Street, are comprised of run-down single family homes, vacant lots, and a 1-story commercial building (food store) along El Paso at S. Smith Street. Further south, along Guadalupe Street, a 50-lot single family subdivision with homes from 1999 is owned and operated by the SAHA. This community is located adjacent to the J.T. Brackenridge Elementary School. Further east of the subject sites is Alazan Creek thorough to light industrial land uses through to a railroad. To the west the land uses are mostly dated, 1-story commercial buildings along S. Brazos Street. There is the Guadalupe Cultural Arts Center and a small, renovated theatre (Guadalupe). In addition, a Family Dollar store is along S. Brazos and San Fernando across from Lanier High School.
## SUMMARY OF LAND / TAXES / LEGAL / ZONING / OWNERSHIP

### TRACT 1 (SW/C of Torreon Street and S. Smith Street)

<table>
<thead>
<tr>
<th>Tax ID</th>
<th>Land Area (SF)</th>
<th>Assessed Value</th>
<th>Legal Description / Address</th>
<th>Lot</th>
<th>Block</th>
<th>NCB</th>
<th>Zoning</th>
<th>Previous Owner</th>
<th>Sale Date</th>
<th>Deed Number</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>131186</td>
<td>4,912</td>
<td>$16,700</td>
<td>$10,110</td>
<td>Lot 1</td>
<td>5</td>
<td>2417</td>
<td>MF-33</td>
<td>Botello Enterprises, Inc.</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1201 El Paso Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>131187</td>
<td>3,367</td>
<td>$11,450</td>
<td>$5,340</td>
<td>E. 36.4' of Lot 2</td>
<td>5</td>
<td>2417</td>
<td>MF-33</td>
<td>Botello Enterprises, Inc.</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1201 El Paso Street</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>8,279</strong></td>
<td><strong>$28,150</strong></td>
<td><strong>$15,450</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td><strong>8,325 as per M&amp;B Legal / Survey</strong></td>
<td><strong>(1)</strong></td>
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</table>

### TRACT 2 (Block bounded by Torreon Street, S. Smith Street, S. Colorado St. and El Paso Street)

<table>
<thead>
<tr>
<th>Tax ID</th>
<th>Land Area (SF)</th>
<th>Assessed Value</th>
<th>Legal Description / Address</th>
<th>Lot</th>
<th>Block</th>
<th>NCB</th>
<th>Zoning</th>
<th>Previous Owner</th>
<th>Sale Date</th>
<th>Deed Number</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>131182</td>
<td>11,963</td>
<td>$38,520</td>
<td>$0</td>
<td>E. 45.7' of Lot 2</td>
<td>6</td>
<td>2416</td>
<td>MF-33</td>
<td>Rene Botello</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1101 El Paso Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>131183</td>
<td>4,967</td>
<td>$15,990</td>
<td>$0</td>
<td>W. 8' of Lot 2 and E. 45.7' of Lot 3</td>
<td>6</td>
<td>2416</td>
<td>MF-33</td>
<td>Botello Enterprises, Inc.</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1107 El Paso Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>131184</td>
<td>5,022</td>
<td>$16,170</td>
<td>$0</td>
<td>W. 8' of Lot 3 and E. 45.7' of Lot 4</td>
<td>6</td>
<td>2416</td>
<td>MF-33</td>
<td>Botello Enterprises, Inc.</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>316 Torreon Street</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>131185</td>
<td>10,665</td>
<td>$34,340</td>
<td>$0</td>
<td>Lots 5 and 6 and the W. 9' of Lot 4</td>
<td>6</td>
<td>2416</td>
<td>MF-33</td>
<td>Botello Enterprises, Inc.</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1121 El Paso Street</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>32,617</strong></td>
<td><strong>$105,020</strong></td>
<td><strong>$0</strong></td>
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<td></td>
<td><strong>29,600 as per M&amp;B Legal / Survey</strong></td>
<td><strong>(1)</strong></td>
</tr>
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</table>

### TRACT 3 (SE/C of Torreon Street and S. Colorado St. with frontage along El Paso Street)

<table>
<thead>
<tr>
<th>Tax ID</th>
<th>Land Area (SF)</th>
<th>Assessed Value</th>
<th>Legal Description / Address</th>
<th>Lot</th>
<th>Block</th>
<th>NCB</th>
<th>Zoning</th>
<th>Previous Owner</th>
<th>Sale Date</th>
<th>Deed Number</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>131176</td>
<td>2,812</td>
<td>$8,010</td>
<td>$0</td>
<td>W. 20.3' of Lot 3 and E. 10.4' of Lot 4</td>
<td>7</td>
<td>2415</td>
<td>MF-33</td>
<td>Rene Botello</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1013 El Paso Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>131177</td>
<td>3,627</td>
<td>$9,830</td>
<td>$0</td>
<td>W. 36.6' of Lot 4</td>
<td>7</td>
<td>2415</td>
<td>MF-33</td>
<td>Botello Enterprises, Inc.</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1015 El Paso Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SUMMARY OF LAND / TAXES / LEGAL / ZONING / OWNERSHIP

<table>
<thead>
<tr>
<th>Tax ID</th>
<th>Assessed Value</th>
<th>Sale Date</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>131178</td>
<td>$4,830</td>
<td>03/15/18 2018-005-4614</td>
<td>Francisco Vasquez</td>
</tr>
<tr>
<td>131179</td>
<td>$5,360</td>
<td>03/22/18 2018-005-4601</td>
<td>Rene Botello</td>
</tr>
<tr>
<td>131180</td>
<td>$7,250</td>
<td>03/22/18 2018-005-4601</td>
<td>Rene Botello</td>
</tr>
<tr>
<td>131181</td>
<td>$15,410</td>
<td>03/15/18 2018-005-4537</td>
<td>Gustavo &amp; Delfina Suastegui</td>
</tr>
</tbody>
</table>

Subtotal: $50,690

### TRACT 4 (SE/C of S. Colorado St. and El Paso Street)

<table>
<thead>
<tr>
<th>Tax ID</th>
<th>Assessed Value</th>
<th>Sale Date</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>986051</td>
<td>$23,330</td>
<td>03/15/18 2018-005-4486</td>
<td>Avenida Guadalupe &amp; Associates</td>
</tr>
<tr>
<td>986052</td>
<td>$18,050</td>
<td>03/15/18 2018-005-4486</td>
<td>Avenida Guadalupe &amp; Associates</td>
</tr>
<tr>
<td>986053</td>
<td>$18,050</td>
<td>03/15/18 2018-005-4486</td>
<td>Avenida Guadalupe &amp; Associates</td>
</tr>
</tbody>
</table>

Subtotal: $59,430

---

**Assessed Values:**
- E. 22' of the N. 52' of Lot 5 210 Torreon Street: $0
- W. 27' of the N. 49' of Lot 5 214 Torreon Street: $0
- S. 43.5' of Lot 5 1019 El Paso Street: $0
- Lot 6 1021 El Paso Street: $0

**Prices:**
- E. 22' of the N. 52' of Lot 5 210 Torreon Street: $4,830
- W. 27' of the N. 49' of Lot 5 214 Torreon Street: $5,360
- S. 43.5' of Lot 5 1019 El Paso Street: $7,250
- Lot 6 1021 El Paso Street: $15,410

**Sale Information:**
- E. 22' of the N. 52' of Lot 5 210 Torreon Street: 03/15/18 2018-005-4614
- W. 27' of the N. 49' of Lot 5 214 Torreon Street: 03/22/18 2018-005-4601
- S. 43.5' of Lot 5 1019 El Paso Street: 03/22/18 2018-005-4601
- Lot 6 1021 El Paso Street: 03/15/18 2018-005-4537

**Total:** $50,690

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**Legal Description / Addresses:**
- 201 Torreon Street
- 1019 El Paso Street
- 1021 El Paso Street

---

**Total Area:** 15,571

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**Subtotal:** $50,690

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**Subtotal Area:** 17,581

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**Subtotal:** $59,430

---

**Subtotal Area:** 17,696
## SUMMARY OF LAND / TAXES / LEGAL / ZONING / OWNERSHIP

### TRACT 5  (SW/C of S. Colorado St. and El Paso Street)

<table>
<thead>
<tr>
<th>Tax ID</th>
<th>Land Area (SF)</th>
<th>Assessed Value</th>
<th>Legal Description / Address</th>
<th>Lot</th>
<th>Block</th>
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<th>Previous Owner</th>
<th>Sale Date</th>
<th>Deed Number</th>
<th>Sales Price</th>
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<tbody>
<tr>
<td>131802</td>
<td>7,775</td>
<td>$26,440</td>
<td>$8,250</td>
<td>Lot 1</td>
<td>3</td>
<td>2439</td>
<td>MF-33</td>
<td>Avenida Guadalupe &amp; Associates</td>
<td>03/15/18</td>
<td>2018-005-4486</td>
<td>(4)</td>
</tr>
<tr>
<td>131803</td>
<td>38,438</td>
<td>$124,160</td>
<td>$0</td>
<td>Lot 2 thru 6 803 S. Colorado Street</td>
<td>3</td>
<td>2439</td>
<td>MF-33</td>
<td>Rene Botello</td>
<td>03/22/18</td>
<td>2018-005-4601</td>
<td>(1)</td>
</tr>
<tr>
<td>131811</td>
<td>7,220</td>
<td>$14,510</td>
<td>$0</td>
<td>E. 76' of Lots 13 &amp; 14 1114 El Paso Street</td>
<td>3</td>
<td>2439</td>
<td>MF-33</td>
<td>Avenida Guadalupe &amp; Associates</td>
<td>03/15/18</td>
<td>2018-005-4486</td>
<td>(4)</td>
</tr>
</tbody>
</table>

| Subtotal | 53,433        | $165,110        | $8,250                      |
|          |               |                 | 53,373 as per M&B Legal / Survey |
| Totals   | 127,481       | $408,400        | $45,380                     |
|          | 2.927 Acres   |                 |                             |

| Totals   | 124,470       |                 |                             |
|          | 2.857 Acres (as per M&B and Survey) |

### Summary of Sales Prices / Acquisition

1. $800,000 / 86,001 sf = $9.30 psf
2. $5,000 / 1,144 sf = $4.37 psf
3. $80,000 / 4,533 sf = $17.65 psf
4. $150,000 / 32,792 sf = $4.57 psf

$1,035,000 / 124,470 sf = *** $8.32 psf

*** The Commitment for Title Insurance (Schedule A) shows an amount of $1,070,177 or $35,177 more than what is shown above. However, we were provided closing statements showing $1,035,000.
Tract 1 - 8,325 sf

Tract 2 - 29,600 sf

Tract 3 - 15,476 sf

Tract 4 - 17,696 sf

Tract 5 - 53,373 sf

PLAT MAP
Utilities - All public utilities are available and connected to the site. Municipally owned City Public Service (CPS) provides electricity and natural gas for all of San Antonio and Bexar county; telephone service is provided by AT&T and other providers; and water/sewer service is provided by the city of San Antonio.

Flood Zoning - As per FEMA Community Panel No. 48029C0395G, revised September 19, 2010, the various subject sites appear to be in Flood Zone X. A very small portion near the northeast corner of the site may be in Zone AE, although any impact on the overall site would appear to be limited.

Topography - The topography is level and at street grade and drainage appears to be adequate.

Zoning - MF-33 (Multi-family residence which allows for a maximum density of 33 units per acre). The proposed 88 unit Alazan Lofts are in conformance with the current zoning.

Easements - Typical utility easements exist. No adverse easements were noted.

School District, Fire and Police Protection - The subject site is situated within the San Antonio Independent School District. Police and fire protection is provided by the city of San Antonio.

Site Improvements - A portion of Tract 3 (Tax ID 131181 / 1021 El Paso Street) is currently improved with a dilapidated building. Bexar CAD records indicate the structure is comprised of a 1,030 sq. ft. living area and a 1,238 sq. ft. retail store built in 1937. An ESA (see below) indicated this structure contains asbestos and lead-based/lead-containing paint which will need to be abated and disposed of according to proper OSHA procedures.

Environmental Issues - A Phase I Environmental Site Assessment (ESA) was prepared by Terracon on February 21, 2019. This 2,339 page ESA noted several areas of concern that are too lengthy to present here. As such, the reader is advised to acquire and read the ESA to gain a better understanding of the environmental issues. Listed below and on the following page are conclusions and recommendations by Terracon:

Conclusions

A summary of Recognized Environmental Conditions (RECs) and/or Business Environmental Risks (BERs) identified with the subject property by Terracon are as follows:

- The presence of lead in the soil, likely as a result of lead-based paint released to the site during the razing of the former on-site structures, is considered a REC to the site.

- Based on the results of the asbestos and lead-containing paint survey in January 2018, the dilapidated building located at 1021 El Paso Street contains asbestos and lead-based/lead-containing paint. The asbestos and lead-based/lead-containing paint are considered RECs to the site.
The Noise Guidebook, published by the U.S. Department of Housing and Urban Development, considers the following sources of noise: all civilian and military airports within 15 miles of the site, all significant roads within 1,000 feet and all railroads within 3,000 feet of the site. Terracon identified a rail line; within the search distance from the site. In accordance with U.S. Department of Housing and Urban Development guidelines, based on the proximity of the rail line from the site, Terracon recommends that a noise study be conducted.

According to a review of available sources, there are no recorded archaeological sites within the APE, nor has the APE been previously surveyed. Because the APE has not been surveyed and given the proximity of historic resources, further investigations of cultural resources may be required by regulatory reviewers.

According to the FIRMETTE Map, the northeast corner of the site has the potential to be located within Zone AE, an area with a 1 percent annual chance of flooding (100 year floodplain); the remainder of the site is in Zone X Unshaded. Zone X Unshaded is an area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.

If federal funding will be associated with the proposed project, additional studies and surveys and consultation may be required.

**Recommendations**

Based on the scope of services, limitations, and findings of this assessment, Terracon recommends the following:

- The soils impacted with lead exceeding the TCEQ Action Level for direct human exposure be excavated and properly disposed prior to the redevelopment of the site.

- The soils impacted with lead exceeding the TCEQ Action Level for soil-to-groundwater protection should also be excavated and properly disposed. Based on the analysis of three different samples for SPLP leachability, the aerial extent of this excavation may involve the majority of the site. Additionally, it is unclear at this time the overall depth that lead may have impacted soils.

- If no additional groundwater sampling will be conducted, then the monitoring wells should be properly plugged and abandoned by a licensed driller.

- Consult with an attorney regarding notification to the TCEQ.
The dilapidated building located at 1021 El Paso Street contains asbestos and lead-based/lead-containing paint. Terracon recommends that the asbestos and lead-based/lead-containing paint be abated and disposed of according to proper OSHA procedures. Furthermore, OSHA regulations (29 CFR 1926.62 - Lead Exposure in Construction) for personnel and worker protection should be implemented when working with the coatings. Terracon also recommends that waste generated from any activities be disposed of according to regulations.

For purposes of our analysis, it was assumed that the property was not affected by any costly or above-average environmental problems. In the event further studies show otherwise, we reserve the right to change our opinion of value.

REAL ESTATE TAX & ASSESSMENT ANALYSIS

Following is the assessed value and associated tax liability for the subject tracts:

<table>
<thead>
<tr>
<th>Taxing Jurisdiction</th>
<th>2018 Tax Rate</th>
<th>January 2018 Assessed Values</th>
<th>Taxes Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio ISD</td>
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<td>$453,780</td>
<td>Tax</td>
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<tr>
<td>City of San Antonio</td>
<td>$0.558270</td>
<td></td>
<td>Exempt</td>
</tr>
<tr>
<td>Bexar County</td>
<td>$0.277429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universal Health System</td>
<td>$0.276235</td>
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</tr>
<tr>
<td>Alamo Community College</td>
<td>$0.149150</td>
<td></td>
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</tr>
<tr>
<td>San Antonio River Authority</td>
<td>$0.018580</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bexar County Road &amp; Flood</td>
<td>$0.023668</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$2.865932</strong></td>
<td><strong>$453,780 or $3.56 psf</strong></td>
<td></td>
</tr>
</tbody>
</table>

As outlined, the subject’s current assessed value of $453,780 is well below the estimated market value, as outlined later. As such, a tax protest is not advised.

HIGHEST AND BEST USE

The use of a property to meet its Highest and Best Use must meet four criteria as a vacant site or as an improved site. The criteria are that the Highest and Best Use must be (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive. These uses all follow in sequence. The Highest and Best Use could not be met even if it is physically possible to construct a larger improvement if this is not financially feasible or if zoning would not permit this expansion. There are two distinct types of Highest and Best Use. The first type is the Highest and Best Use of the land as if vacant. The second type is the Highest and Best Use of a parcel as improved. This pertains to the use that should be made of the property as it exists. The following is our analysis of the Highest and Best Use as it pertains to the subject property and according to the four essential tests.
Subject Property, as if Vacant

Physical Possibility - As outlined earlier, the subject property is comprised of 5 non-contiguous tracts of land ranging in size from 0.1911 acre to 1.2253 acres or a total of 2.8574 acres. The sites have adequate frontage but exposure, visibility, and traffic flow is somewhat limited given the location along secondary side streets. The sites are generally rectangular and well suited to small scale development. In addition, the sites are well served with utilities, located in Flood Zone X, have level topographies, and are not burdened by adverse easements or environmental issues. All factors considered, a multifamily development, similar to what is located adjacent and nearby, is considered physically possible. In fact, the owner plans to construct an 88-unit LIHTC community known as the Alazan Lofts.

Legally Permissible - The sites are all zoned MF-33 (Multi-family Residence). This zoning allows for a maximum density of 33 units per acre or up to 94 units.

Financially Feasible - In order for any proposed use to meet the definition of Highest and Best Use, it must make financial sense. In other words, a proposed use must produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that produce a positive return are financially feasible.

It is important to realize that, for an owner-user, the normal rules of financial feasibility do not apply. The specialized requirements of any specific business could predicate the construction and full utilization of a facility that would be unlikely (or even impossible) to rent in the open market at a rate that would support development. In such a case, a property could be constructed for its value in use to a specific owner. Naturally, the feasibility of the project would be inextricably tied to the fortunes of the occupying business. The financial feasibility of the subject site will focus only on speculative uses which are physically and legally possible.

In view of the present market conditions, financial feasibility is directly proportional to the amount of net income that could be derived from the subject. The subject site is well suited as a multifamily land use, as evidenced by the site characteristics and surrounding development.

Multifamily Development - As outlined earlier, the overall submarket is 89.9% occupied with LIHTC properties 92.2% occupied and market rate properties only at 87.1%. The market rate properties are limited to 6 communities, 4 of which are located just east of IH-35 and beyond the defined neighborhood. Only two of these market rate communities are new construction (2009 and 2014) and both are generating cost-feasible rents of $1.61 and $1.73 psf. However, both have sub 90% occupancies (86.2% and 85.8%) suggesting demand is not particularly strong. In addition, one of the two properties (Vistana) is located east of IH-10 on the edge of the CBD. The other is located close to IH-10 and thus just outside the CBD. In summary, both are considered better located and not reflective of the subject’s secondary location. Not surprisingly, of the 3 planned multifamily communities, all are LIHTC properties.
Based on current construction costs and neighborhood land values, cost justified rents within the immediate subject neighborhood would need to be in the $1.25 - $1.50 psf range with occupancies of 90% to 95%, depending on the overall quality being proposed. Rents and occupancies of this magnitude are not currently being attained in close proximity to the subject, suggesting feasibility is not possible.

*Maximum Productivity* - After considering the current economic climate and subject's location and size, we are of the opinion that the development which is physically possible and legally permissible would also be its ultimate use. However, in the subject's case, a conventional multifamily development is not considered possible given demographic and locational factors. As such, the maximally productive (non-subsidized) use is to hold the sites vacant pending improvement in the submarket.
PART VII - SALES COMPARISON APPROACH

The Sales Comparison Approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for a particular property than it would cost him to acquire an equally desirable alternate property. This approach involves comparison of the subject property with other properties which have either recently sold and/or properties currently being offered for sale. This comparison process involves making adjustments between the subject property and the comparable properties on an item-by-item basis. The factors considered in the comparison include financial terms, conditions of sale, date of sale, physical characteristics, size and location. The subject property is the standard, and the adjustments are made to the sales price of the comparable property in order to arrive at an indication of value for the subject.

The weaknesses of this approach include the fact that there may be insufficient data in the marketplace to justify its use; that it is based upon historical data rather than future expectations; and that the conditions of comparability may not closely conform to the subject property. Its strength lies in the fact that it reflects actual market behavior of typical purchasers under current market conditions. In short, the reliability of this approach depends upon the similarity of the comparable properties.

To arrive at an indicated value of the subject via the Sales Comparison Approach, the Deed Records of Bexar County was researched for sales of land in the immediate area of the subject. In addition, active real estate agents and appraisers in the area were contacted for information they might have that would aid in the investigation. All of the data gathered was checked for accuracy, analyzed, and then compared and adjusted to the subject. Adjustments have been made for the characteristics of the sales that were dissimilar to the subject, and upon applying the various adjustments, an indication of value was developed.

Ideally, sales which are recent, in close proximity to the subject, similar in their highest and best use, and have comparable physical characteristics are sought as a basis for comparison. In the absence of comparable market data it is often necessary to expand the scope of the sales search to include properties which vary from the aforementioned characteristics. Given the relative amount of sales activity, it was necessary to utilize sales which varied slightly from the subject in terms of time, location, and physical characteristics. Adjustments were made for dissimilar characteristics evident in the sales in comparison to the subject, and upon applying the various adjustments, an indication of the land value was developed. In all instances, the experience of the appraiser, coupled with his objective judgment, plays a major role in arriving at a final value.

A list of the sales which were considered comparable to the subject property can be found on the following pages, along with the Land Sales Location Map and the Land Sales Analysis and Conclusion.
VACANT LAND COMPARABLE # 1

KEY MAP: N/A  TAX ID#: 127444/474/476 and 127199 & 127208
STATE: Texas  COUNTY: Bexar  CITY: San Antonio

SELLER: Jan D. Ramert Exempt Lifetime Trust (3.06 acres)
Anthony T. Huerta, Jr. (1.08 acres)

PURCHASER: ARDC Ruiz, Ltd.

DATE OF SALE: January 3, 2019

LOCATION: Tract 1 - NW/C of Ruiz Street and N. Elmendorf Street (0.66 acres); Tract 2 - Block bounded by Ruiz St., N. Elmendorf St., Arbor Place and N. Murray Lane (2.399 acres); and Tract 3 - North side of Arbor Place and south side of Delgado Street with frontage along the west side of Alazan Creek (1.08 acres)

LEGAL: NCB 2162 (Blk 7); 2172 (Blk 3); and 2173 (Blk 2)

PRICE: $1,215,000 or $6.74 Per Sq. Foot
TERMS: Cash to Seller

CASH EQUIVALENT PRICE: $1,300,000 or $7.21 Per Sq. Foot
(See Comments)
DOCUMENTATION: 2019-000-1402 $12,745 Per Unit

PHYSICAL INFORMATION

LAND SIZE: 4.1400 Acres or 180,338 SF
UTILITIES: All available
FLOOD CONTROL: Zone X with a small portion of Tract 3 located in Zone AE
PROPOSED USE: 102-unit LIHTC Community (Artisan at Ruiz)
ZONING/DEED REST.: MF-33 and O2-CD. The O2-CD zoning is expected to change to MF-33.
EASEMENTS: Typical utility easements
EXISTING ROW: Paved
SITE DESCRIPTION: Tracts 1 and 2 are rectangular while Tract 3 is irregular
SALES HISTORY & RIGHTS CONVEYED: No previous sales were not over the past 3 years and the rights conveyed were Fee Simple.
VERIFIED WITH: TDHCA

COMMENTS: Tract 2 is improved with two warehouse type buildings totaling 10,468 and 21,068 sq. ft. which will be demolished at a cost of $85,000. As such, we have added this cost to the base sales price. These 3 non-contiguous sites are to be developed with a 102-unit LIHTC Community (Artisan at Ruiz). Only Tract 3 has been sold, with Tracts 1 and 2 slated to sell by June 3, 2019.
LAND SALE #1
**VACANT LAND COMPARABLE # 2**

<table>
<thead>
<tr>
<th>KEY MAP:</th>
<th>N/A</th>
<th>TAX ID#:</th>
<th>136179</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE:</td>
<td>Texas</td>
<td>COUNTY:</td>
<td>Bexar</td>
<td>CITY:</td>
</tr>
</tbody>
</table>

SELLER: Ladd Little Investments, Ltd.
PURCHASER: Rio Lofts, Ltd.
DATE OF SALE: June 20, 2018

LOCATION: 319 W. Mitchell; located at the northeast corner of King Roger Street and West Mitchell Street, with additional frontage along McKay Avenue.

LEGAL: Lots 21 and 22, New City Block 2852, Ladd Little Subdivision Unit-4, Bexar County, Texas.

PRICE: $1,500,000 or $20.72 Per Sq. Foot
TERMS: Cash to Seller
CASH EQUIVALENT PRICE: $1,725,000 or $23.83 Per Sq. Foot
DOCUMENTATION: 2018-011-8344 $21,296 Per Unit

**PHYSICAL INFORMATION**

LAND SIZE: 1.6618 Acres or 72,387 SF
UTILITIES: All available
FLOOD CONTROL: Zone X
PROPOSED USE: 81-unit LIHTC community known as Rio Lofts
CONST. SINCE PURCHASE: No
ZONING/DEED REST: “IDZ CD” Infill Development Zone Special District and “RIO-4” River Improvement Overlay Districts.

EASEMENTS: Typical utility easements
EXISTING ROW: Paved
SITE DESCRIPTION: Rectangular and functional
SALES HISTORY & RIGHTS CONVEYED: No previous sales were not over the past 3 years and the rights conveyed were Fee Simple.
VERIFIED WITH: Buyer

COMMENTS: This site was improved with a funeral home which the buyer intends to demolish at a cost of $225,000 which was added to the base sales price. The buyer intends to build an 81-unit LIHTC community known as Rio Lofts. This complex will have units restricted at the 30%, 50%, and 60% limits with 14 market rate units.
LAND SALE #2
### VACANT LAND COMPARABLE # 3

<table>
<thead>
<tr>
<th>Key Map:</th>
<th>N/A</th>
<th>Tax ID#:</th>
<th>131186 &amp; 17 others</th>
</tr>
</thead>
<tbody>
<tr>
<td>State:</td>
<td>Texas</td>
<td>County:</td>
<td>Bexar</td>
</tr>
<tr>
<td>City:</td>
<td>San Antonio</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Seller:** Botello Enterprises, Inc. and Rene Botello (86,001 sf); Francisco Vaquez (1,144 sf); Avenida Guadalupe & Associates (32,792 sf); Gustavo & Delfina Suastegui (4,533 sf)

**Purchaser:** San Antonio Housing Authority

**Date of Sale:** March 15, 2018

**Location:** Tract 1 - SW/C of Torreon and S. Smith Streets; Tract 2 - Block bounded by Torreon, S. Smith, S. Colorado, and El Paso Streets; Tract 3 - SE/C of Torreon and S. Colorado Streets, with frontage along El Paso Street; Tract 4 - SE/C of S. Colorado and El Paso Streets; Tract 5 - SW/C of S. Colorado and El Paso Street.

**Legal:** 18 separate tracts of land (5 non-contiguous parcels) totaling 2.8574 acres (124,470 square feet) and located in New City Blocks (NCB) 2415, 2416, 2417, 2439 and 2440

**Price:** $1,070,177 or $8.60 Per Sq. Foot

**Terms:** Cash to Seller

**Cash Equivalent Price:** $1,070,177 or $8.60 Per Sq. Foot, $12,161 Per Unit

**Documentation:** 2018-005-4601/ 4614 / 4486 / 4537

### Physical Information

**Land Size:** 2.8574 Acres or 124,470 SF

**Utilities:** All Available

**Flood Control:** Zone X

**Proposed Use:** 88-Unit LIHTC Community (Alazan Lofts)

**Zoning/Deed Rest:** MF-33

**Easements:** Typical utility easements

**Existing Row:** Paved

**Site Description:** Rectangular and functional

**Sales History & Rights Conveyed:** The sellers acquired the sites at different times (refer to the Sales History). The rights conveyed were Fee Simple.

**Verified With:** Buyer

**Comments:** Located in close proximity to IH-10 which is roughly 0.60 mile east and approximately 1.25 miles west of the San Antonio Central Business District (CBD). The land was acquired from 4 separate entities for development of an 88-unit LIHTC community (Alazan Lofts). Acquisition prices ranged from $4.37 (1,144 sf) to $17.65 psf (4,553 sf). An approximate 2,268 sf, dilapidated building considered to have no value is located on Tract 3.
Tract 1 - 8,325 sf
Tract 2 - 29,600 sf
Tract 3 - 15,476 sf
Tract 4 - 17,696 sf
Tract 5 - 53,373 sf

LAND SALE #3
<table>
<thead>
<tr>
<th>VACANT LAND COMPARABLE # 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KEY MAP:</strong> N/A</td>
</tr>
<tr>
<td><strong>STATE:</strong> Texas</td>
</tr>
<tr>
<td><strong>CITY:</strong> San Antonio</td>
</tr>
<tr>
<td><strong>BUYER:</strong> 643 Caesar Chavez, J.V., a Texas Joint Venture</td>
</tr>
<tr>
<td><strong>DATE OF SALE:</strong> April 7, 2017</td>
</tr>
<tr>
<td><strong>LOCATION:</strong> 0.26 acres located along the north side of Iowa Street and the east side of the Union Pacific railroad, with an elevated portion of E. Cesar Chavez Blvd. along the eastern property line; and 2.7086 acres located along the south side of Iowa Street, the east side of the Union Pacific railroad, the north side of Virginia Blvd., and the southwest side of E. Cesar Chavez Blvd. and the west side of S. Cherry Street</td>
</tr>
<tr>
<td><strong>LEGAL:</strong> Lots 1 thru 17, Block 5, NCB 643, San Antonio, Bexar County, Texas</td>
</tr>
<tr>
<td><strong>PRICE:</strong> $1,329,808 or $10.28 Per Sq. Foot</td>
</tr>
<tr>
<td><strong>TERMS:</strong> Cash to seller</td>
</tr>
<tr>
<td><strong>CASH EQUIVALENT PRICE:</strong> $1,164,808 or $9.01 Per Sq. Foot</td>
</tr>
<tr>
<td><strong>DOCUMENTATION:</strong> 2017-006-6793</td>
</tr>
</tbody>
</table>

**PHYSICAL INFORMATION**

| **LAND SIZE:** 2.969 Acres or 129,330 SF |
| **UTILITIES:** All Available |
| **FLOOD CONTROL:** Zone X |
| **PROPOSED USE:** Speculative (MFR likely) |
| **ZONING/DEED RESTRICTIONS:** The 0.26 acre site is zoned C-3R (Commercial District, Restrictive Alcoholic Sales), while the 2.7086 acres is zoned C-3R and I-1 (General Industrial District). However, the zoning was changed in January 2019 to a “high intensity infill development zone,” which would allow for a hotel, micro-brewery, beer garden and multi-family complex of 350 units or less. The buyer acquired the land in anticipation of this zoning change. |
EASEMENTS: 0.122 acres or 46.9% of the 0.26 acre site is comprised of a vacated right-of-way (former Durango Street). In addition, a 15’ wide city owned “alley” bisects the larger site. The cell tower on the larger site is built over this 15’ wide alley and thus represents an encumbrance. However, this easement can very likely be abandoned and incorporated into a future development. In addition, the site borders the Union Pacific Railroad and land located adjacent is negatively impacted by elevated noise levels. However, it is possible that if the site were developed residually a “silent zone” would be established. In addition, traffic along Iowa Street and Virginia Blvd. is occasionally delayed. However, these are two infrequently used roads and thus the impact is minimal.

EXISTING ROW: Paved

SITE DESCRIPTION: The 0.26 acre parcel is triangular shaped. Conversely, the 2.7086 acres is an irregular (mostly rectangular) shaped tract of land. Both tracts have adequate frontage and are easily accessible. However, the smaller tract has limited functionality due to the site shape and relative size.

SALES HISTORY & RIGHTS CONVEYED: The seller acquired the property in 03/2003 for an unknown amount and the rights conveyed were Fee Simple.

VERIFIED WITH: Buyer

COMMENTS: This is an assemblage of land involving 13 separate parcels from 3 separate owners. The sites are considered “infill” parcels which will likely be developed with higher and better uses. The current zoning doesn’t allow for residential development; however, it is the buyer’s opinion IDF zoning would be granted to allow for a moderate to high density residential use. As the city continues to grow the sites are well positioned to serve the population. There was a 0.26 acre triangular parcel improved with a cell tower (lease expiring 11/2017) and parking lot. The main site totals 2.7086 acres and was improved with a cell tower (leased at $16,425/year and expiring 01/2024) and various run-down buildings leased at $37,800/year on MTM leases. The indicated the cell tower lease and MTM income was valued at around $175,000 while eventual demolition was around $10,000. Thus, we subtracted $165,000 from the base sales price in arriving at a net cost of the land only.
LAND SALE #4
<table>
<thead>
<tr>
<th>VACANT LAND COMPARABLE # 5</th>
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<tbody>
<tr>
<td>KEY MAP: N/A</td>
</tr>
<tr>
<td>STATE: Texas</td>
</tr>
</tbody>
</table>

SELLER: Edgar G. Lozano
PURCHASER: Essex Modern City, LLC
DATE OF SALE: July 27, 2016

LOCATION: 0.7114 acres at the NE/C of Carolina Street and the Union Pacific RR; and 7.024 acres at the SW/C of Carolina Street and S. Cherry Street with FF along Essex Street and the Union Pacific railroad

LEGAL: NCB 671 and 678
PRICE: $3,706,593 or $11.00 Per Sq. Foot
TERMS: Cash to Seller
CASH EQUIVALENT PRICE: $3,916,593 or $11.62 Per Sq. Foot
DOCUMENTATION: CCF#: 2016-014-6916

**PHYSICAL INFORMATION**

LAND SIZE: 7.7356 Acres or 336,963 SF
UTILITIES: All available
FLOOD CONTROL: Zone X
PROPOSED USE: See comments
CONSTRUCT. SINCE PURCHASE: No
ZONING/DEED REST: I-1 and IDZ
EASEMENTS: Typical utility easements; borders the Union Pacific railroad
EXISTING ROW: Paved
SITE DESCRIPTION: The 0.7114 acre site is rectangular and the balance is irregular but functional
SALES HISTORY & RIGHTS CONVEYED: Seller acquired the land in 03/2003 for an unknown sum and the rights conveyed were Fee Simple.
VERIFIED WITH: Reliable 3rd party
COMMENTS: This site was improved with 52,615 sq. ft. of office/warehouse, office, and auto service buildings built between 1938 and 1965. We have estimated the cost of demolition at $4.00 psf or $210,000 which was added to the base sales price. The site was re-zoned IFD to allow for infill development and the buyers plan on building a mixed-use development (Essex Modern City) to include retail, office, for-sale residential, multifamily, and structured parking. Groundbreaking has not yet occurred as of February 2019.
**VACANT LAND COMPARABLE # 6**

<table>
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<tr>
<th>KEY MAP: N/A</th>
<th>TAX ID#: 138915 and 1111767</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE: Texas</td>
<td>COUNTY: Bexar CITY: San Antonio</td>
</tr>
</tbody>
</table>

**SELLER:** Kroschel Properties, LLC and Mr. Isidoro Ramon Gutierrez

**PURCHASER:** Housing & Community Services, Inc.

**DATE OF SALE:** February 18, 2019

**LOCATION:** NW/C of Roosevelt Avenue and Palo Blanco Street

**LEGAL:** Lots 50 - 52, Block 4, NCB 3000 and

**PRICE:** $905,555 or $14.19 Per Sq. Foot

**TERMS:** Cash to Seller

**CASH EQUIVALENT PRICE:** $1,080,555 or $16.93 Per Sq. Foot

**DOCUMENTATION:** Not Yet Closed $18,957 Per Unit

### PHYSICAL INFORMATION

- **LAND SIZE:** 1.4650 Acres or 63,815 SF
- **UTILITIES:** All available
- **FLOOD CONTROL:** Zone X
- **PROPOSED USE:** 57-unit, 5-story LIHTC Community (Village at Roosevelt)
- **ZONING/DEED REST:**
  - The property currently has 3 zoning classifications with each one having the Roosevelt Avenue Corridor Airport Hazard Overlay District. The zoning classifications are: 1) Residential Mixed Historic (RM-4), 2) Commercial with a conditional use for a plumbing company, and 3) Commercial.
  - Property is located in Infill Development Zone (IDZ), but not currently zoned IDZ. A zoning request has been filed on both properties requesting re-zoning to IDZ.

**EASEMENTS:** Typical utility easements

**EXISTING ROW:** Paved

**SITE DESCRIPTION:** Rectangular and functional

**SALES HISTORY & RIGHTS CONVEYED:** The seller acquired this site in 12/2014 and 10/2015 for an unknown amount and the rights conveyed were Fee Simple.

**VERIFIED WITH:** TDHCA

**COMMENTS:** This sale is comprised of two, contiguous tracts totaling 1.18 and 0.285 acres which have a difference of 5' in elevation. The northern parcel has a 4,000 sf commercial building built in 1938 and a detached storage building (760 sf) which is used by Kroschel Pump and Supply. The buyer has estimated the cost of demolition at $350,000 which is likely inflated. As such, we have added half of the cost or $175,000 to the base sales price. The contract expires 07/15/2019.
LAND SALE #6
Part VII - Sales Comparison Approach/Continued

To arrive at an estimate of land value, the preceding land sales have been compared to the subject tract in terms of date of sale, location, physical characteristics, etc. All adjustments have been made to the respective per unit sales price of the comparable properties. The following chart summarizes the sales which were seen to be applicable to our land value estimate.

<table>
<thead>
<tr>
<th>Sale</th>
<th>Date of Sale</th>
<th>Size (Acre)</th>
<th>Effective PPSF</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>January 3, 2019</td>
<td>4.14</td>
<td>$6.74</td>
<td>Tract 2 is improved with two warehouse type buildings totaling 10,468 and 21,068 sq. ft. which will be demolished at a cost of $85,000. As such, we have added this cost to the base sales price. These 3 non-contiguous sites are to be developed with a 102-unit LIHTC Community (Artisan at Ruiz). Only Tract 3 has been sold, with Tracts 1 and 2 slated to sell by June 3, 2019.</td>
</tr>
<tr>
<td>2</td>
<td>June 20, 2018</td>
<td>1.66</td>
<td>$20.72</td>
<td>This site was improved with a funeral home which the buyer intends to demolish at a cost of $225,000 which was added to the base sales price. The buyer intends to build an 81-unit LIHTC community known as Rio Lofts. This complex will have units restricted at the 30%, 50%, and 60% limits with 14 market rate units.</td>
</tr>
<tr>
<td>3</td>
<td>March 15, 2018</td>
<td>2.86</td>
<td>$8.60</td>
<td>Located in close proximity to IH-10 which is roughly 0.60 mile east and approximately 1.25 miles west of the San Antonio Central Business District (CBD). The land was acquired from 4 separate entities for development of an 88-unit LIHTC community (Alazan Lofts). Acquisition prices ranged from $4.37 (1,144 sf) to $17.65 psf (4,553 sf). An approximate 2,268 sf, dilapidated building considered to have no value is located on Tract 3.</td>
</tr>
<tr>
<td>4</td>
<td>April 7, 2017</td>
<td>2.97</td>
<td>$9.01</td>
<td>This is an assemblage of land involving 13 separate parcels from 3 separate owners. The sites are considered “infill” parcels which will likely be developed with higher and better uses. The current zoning doesn’t allow for residential development; however, it is the buyer’s opinion IDF zoning would be granted to allow for a moderate to high density residential use. As the city continues to grow the sites are well positioned to serve the population. There was a 0.26 acre triangular parcel improved with a cel tower (lease expiring 11/2017) and parking lot. The main site totals 2.7086 acres and was improved with a cel tower (leased at $16,425/year and expiring 01/2024) and various run-down buildings leased at $37,800/year on MTM leases. The indicated the cel tower lease and MTM income was valued at around $175,000 while eventual demolition was around $10,000. Thus, we subtracted $165,000 from the base sales price in arriving at a net cost of the land only.</td>
</tr>
</tbody>
</table>
Part VII - Sales Comparison Approach/Continued

<table>
<thead>
<tr>
<th>Sale</th>
<th>Date of Sale</th>
<th>Size (Acre)</th>
<th>Effective PPSF</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>July 27, 2016</td>
<td>7.74</td>
<td>$11.00</td>
<td>This site was improved with 52,615 sq. ft. of office/warehouse, office, and auto service buildings built between 1938 and 1965. We have estimated the cost of demolition at $4.00 psf or $210,000 which was added to the base sales price. The site was re-zoned IFD to allow for infill development and the buyers plan on building a mixed-use development (Essex Modern City) to include retail, office, for-sale residential, multifamily, and structured parking. Groundbreaking has not yet occurred as of February 2019.</td>
</tr>
<tr>
<td>6</td>
<td>February 18, 2019</td>
<td>1.47</td>
<td>$14.19</td>
<td>This sale is comprised of two, contiguous tracts totaling 1.18 and 0.285 acres which have a difference of 5’ in elevation. The northern parcel has a 4,000 sf commercial building built in 1938 and a detached storage building (760 sf) which is used by Kroschel Pump and Supply. The buyer has estimated the cost of demolition at $350,000 which is likely inflated. As such, we have added half of the cost or $175,000 to the base sales price. The contract expires 07/15/2019.</td>
</tr>
</tbody>
</table>

The previously listed data sample was utilized to derive a land value estimate for the subject tracts as vacant. These sales were of land located within the San Antonio MSA in fairly close proximity to the CBD. Primary emphasis was placed on land purchased for, or suitable to, multifamily housing. The time period searched was from January 2016 to the present. Refer to the grid chart following this analysis for a summation of all adjustments which were applied.

**PROPERTY RIGHTS**

All of the sales represented Fee Simple transactions. As such, no adjustments for property rights were needed.

**MARKET CONDITIONS (DATE OF SALE)**

This is an important consideration since property values tend to fluctuate over time. This fluctuation is dictated by market activity. In times of economic expansion property values will show an increase in value over time, whereas, in times of economic contraction, property values will stabilize or decline. If an extended period of economic contraction exists, the marketplace will exert a downward pressure on once stable property values. This downward pressure will exist until there is a general increase in optimism about the future among buyers. Ideally, an adjustment for time is extracted by comparison of the sale and subsequent resale of the same tract of land, with the only difference being the time frame involved.

Two of the sales utilized in this analysis (Sales 1 and 6) represent recent transactions. However, the four oldest transactions (Sales 2 thru 5) were adjusted upward 3% per year to account for improvements in the submarket.

2.8574 Acres
FINANCING

This adjustment seeks to ascertain the cash equivalent sale price relative to the definition of market value as set forth previously. Favorable financing is an important consideration because it recognizes the impact, if any, on unit price paid. All sales were cash to seller or equivalent; thus, no adjustments were deemed necessary for financing.

CONDITIONS OF SALE

All of the sales appeared to have been arms length transactions involving end-users. Thus, no adjustments were deemed necessary.

SIZE

Typically, property values and property size vary inversely. Thus, larger tracts tend to sell for lower per unit values than do smaller tracts. This is mainly due to the fact that smaller parcels usually have more potential buyers who bid up the price. Size, in this instance, is not absolute and there generally exists a range within which tracts are comparable. In addition, a tract which is too small for feasible development may suffer a loss in value. Size adjustments were applied at 10% for every doubling in size. Thus, a 5 acre tract would be adjusted 10%, relative to a 10 acre parcel.

PHYSICAL CHARACTERISTICS

These attributes include site configuration, topography, ingress/egress, utilities, and flood plain criteria. The majority of the comparables were generally consistent with the subject in terms of topography, ingress/egress and utilities and thus no adjustments were needed. However, with regards to flood zoning, all of the sales are within Zone X and thus similar to the subject. Sale 1 is slightly within Zone AE, although the amount of land impacted is nominal and no adjustment was applied.

With regards to easements, Sales 1, 2, 3, 5 and 6 were not impacted by any adverse easements and thus considered similar to the subject. With regards to Sale 4, 0.122 acres or 46.9% of the 0.26 acre site is comprised of a vacated right-of-way (former Durango Street). In addition, a 15' wide city owned “alley” bisects the larger site. The cel tower on the larger site is built over this 15' wide alley and thus represents an encumbrance. However, these easements can very likely be abandoned and incorporated into a future development. Thus, for all intents and purposes no adverse easements exist.

With regards to site shape, Sales 1, 3, 4 and 6 represented the assemblage of non-contiguous tracts of land. Similar to the subject in this regard, no adjustments were applied. Sales 1, 4 and 5 had slightly irregular configurations, although the impact on potential development was limited and no adjustments were applied. Sales 2 and 6 represented contiguous tracts of land and were thus well suited to development. Considered slightly superior to the subject, downward 5% adjustments were applied.
LOCATION

An adjustment for location may be required if the characteristics of a comparable property are significantly different from the subject. Locational adjustments are analyzed in terms of relative time distance relationships between all likely destinations and origins. This adjustment is the most subjective of all adjustment categories as linkages between the property and important places outside the property must be assessed. To adjust for differences in location, each comparable was analyzed and adjusted in comparison with the subject property being appraised. In addition, the demographics were analyzed in the chart below to help with location comparison.

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Median HH Income</th>
<th>Per Capita Income</th>
<th>Average HH Income</th>
<th>Owner Occupied HHs</th>
<th>College Degree (Associate +)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale 1</td>
<td>24,011</td>
<td>$29,517</td>
<td>$12,123</td>
<td>$38,711</td>
<td>48.4%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Sale 2</td>
<td>13,914</td>
<td>$33,803</td>
<td>$16,938</td>
<td>$47,454</td>
<td>49.2%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Sale 3 (subject)</td>
<td>21,584</td>
<td>$26,494</td>
<td>$12,419</td>
<td>$36,457</td>
<td>36.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Sale 4</td>
<td>13,686</td>
<td>$34,110</td>
<td>$24,706</td>
<td>$55,311</td>
<td>36.3%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Sale 5</td>
<td>15,863</td>
<td>$34,104</td>
<td>$19,430</td>
<td>$51,961</td>
<td>40.1%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Sale 6</td>
<td>13,471</td>
<td>$36,024</td>
<td>$17,071</td>
<td>$47,883</td>
<td>50.8%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Average</td>
<td>17,088</td>
<td>$32,342</td>
<td>$17,115</td>
<td>$46,296</td>
<td>15.8%</td>
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<tr>
<td>Subject</td>
<td>21,584</td>
<td>$26,494</td>
<td>$12,419</td>
<td>$36,457</td>
<td>36.5%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Adjustments are primarily subjective and are outlined as follows:

Sale 1 is located 1.5 miles northwest of the subject property. This parcel is 1.4 miles west of IH-10 and 2.5 miles from the San Antonio CBD. The demographics profile is fairly similar, although proximity to the CBD and other amenities (UTSA, schools, CBD, etc.) are inferior to the subject property. Overall inferior, an upward 15% adjustment was applied.

Sale 2 is located 1.9 miles southeast of the subject property. This parcel is 700' from IH-10 and within 2.0 miles of the San Antonio CBD. The demographics profile is slightly superior and proximity to the CBD and other amenities (parks, shopping, etc.) is similar to the subject property. Overall slightly superior, a downward 15% adjustment was applied.

Sale 3 is the subject property and thus no adjustment was applied.
Part VII - Sales Comparison Approach/Continued

**Sale 4** is located 2.15 miles east of the subject property. This parcel is 850' from IH-37 and within 1.25 miles of the San Antonio CBD. This site is just south of the Alamodome in an area undergoing gentrification. In fact, this site is being eyed by a major developer (refer to Sale 5) for a massive mixed-use development. The demographics profile is superior and proximity to the CBD and other amenities (parks, shopping, etc..) is similar to the subject property. However, the site borders the Union Pacific Railroad and land located adjacent is negatively impacted by elevated noise levels. However, it is possible that if the site were developed residentially a “silent zone” would be established. In addition, traffic along Iowa Street and Virginia Blvd. is occasionally delayed. However, these are two infrequently used roads and thus the impact is minimal. Overall slightly superior, a downward 15% adjustment was applied.

**Sale 5** is located 2.35 miles southeast of the subject property. This parcel is 900' from IH-37 and within 1.75 miles of the San Antonio CBD. This site is south of the Alamodome in an area undergoing gentrification. In fact, this site is slated to be developed with a massive mixed-use development. The demographics profile is superior and proximity to the CBD and other amenities (parks, shopping, etc..) is similar to the subject property. However, the site borders the Union Pacific Railroad and land located adjacent is negatively impacted by elevated noise levels. However, it is possible that if the site were developed residentially a “silent zone” would be established. Overall slightly superior, a downward 15% adjustment was applied.

**Sale 6** is 2.35 miles east of the subject property. This parcel is within half a mile of the IH-10 / IH-37 interchange and within 2.5 miles of the San Antonio CBD. The demographics profile is superior and proximity to the CBD and other amenities (parks, shopping, etc..) is slightly inferior to the subject property. Overall slightly superior, a downward 10% adjustment was applied.

Please refer to the grid charts on the following pages for a summation of all adjustments applied.
<table>
<thead>
<tr>
<th>SALE NO.</th>
<th>DATE</th>
<th>SIZE (AC/SF)</th>
<th>CASH EQUIV. PRICE PER SF</th>
<th>COND. OF SALE</th>
<th>TIME</th>
<th>ADJ. PRICE PER SF</th>
<th>SIZE</th>
<th>LOC.</th>
<th>TOTAL</th>
<th>FLOOD/ EASEMENT SITE SHAPE</th>
<th>TOTAL</th>
<th>INDICATED VALUE PSF</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>01/19</td>
<td>4.14</td>
<td>$6.74</td>
<td>0%</td>
<td>0.0%</td>
<td>$6.74</td>
<td>4.5%</td>
<td>15%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>2</td>
<td>06/18</td>
<td>1.66</td>
<td>$20.72</td>
<td>0%</td>
<td>2.0%</td>
<td>$21.14</td>
<td>-7.2%</td>
<td>-15%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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</tr>
<tr>
<td>3</td>
<td>03/18</td>
<td>2.86</td>
<td>$8.60</td>
<td>0%</td>
<td>2.8%</td>
<td>$8.84</td>
<td>0.0%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>4</td>
<td>04/17</td>
<td>2.97</td>
<td>$9.01</td>
<td>0%</td>
<td>5.6%</td>
<td>$9.51</td>
<td>0.0%</td>
<td>-15%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>5</td>
<td>07/16</td>
<td>7.74</td>
<td>$11.00</td>
<td>0%</td>
<td>4.7%</td>
<td>$11.52</td>
<td>13.5%</td>
<td>-15%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>6</td>
<td>Contract</td>
<td>1.47</td>
<td>$14.19</td>
<td>0%</td>
<td>0.0%</td>
<td>$14.19</td>
<td>-9.4%</td>
<td>-10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<td>Contract</td>
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</tbody>
</table>

**Mean**: $10.41  
**Median**: $9.78
RECONCILIATION

In conclusion, the factors which seem to exert the greatest influence regarding land value was location. The range of final adjusted prices was from $8.05 to $15.39 per sq. ft. with a mean of $10.41 and a median of $9.78 per sq. ft. The sales required varying amounts of adjustments; thus, the reliability ranged from fair to good. Sale 2 was considered an “outlier” since it varied so much from the other, more comparable sales. If this sale is removed, the mean decreases to $9.41 per sq. ft. with a median of $8.84 per sq. ft.

With primary emphasis placed between the adjusted mean and median of the range and the adjusted sales price for Sale 3 (the subject property), it is our opinion that the final estimated market value, in “as is” condition, unaffected by environmental issues, and assuming a reasonable exposure time of 12 months, as of February 21, 2019, was concluded to be as shown below:

\[
2.857 \text{ Acres or } 124,470 \text{ Sq. Ft. } \times \$9.25 \text{ PSF} = \$1,151,348
\]

**INDICATED LAND VALUE (ROUNDED)**

\[
\$1,150,000
\]

Test of Reasonableness

As outlined, the subject’s concluded market value was $1,150,000. Based on the proposed 88-unit LIHTC development (Alazan Lofts), the indicated value is $13,068 per developable unit. Four of the six sales were purchased specifically for multifamily and indicated PPDUs that, after adjustment, “bracketed” the subject’s concluded value. All factors considered, the subject’s concluded value is considered reasonable and well supported.

<table>
<thead>
<tr>
<th>SALE NO.</th>
<th>DATE</th>
<th>SIZE (AC/SF)</th>
<th>CASH EQUIV. PRICE</th>
<th>TIME</th>
<th>ADJ. PRICE PER UNIT</th>
<th>SIZE (*)</th>
<th>LOC.</th>
<th>FLOOD / ESMFT/ SHAPE</th>
<th>TOTAL</th>
<th>VALUE PER UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01/19</td>
<td>4.14</td>
<td>$12,745</td>
<td>0.00%</td>
<td>$12,745</td>
<td>0%</td>
<td>15%</td>
<td>0% 0% 0% 0%</td>
<td>15%</td>
<td>$14,657</td>
</tr>
<tr>
<td>2</td>
<td>06/18</td>
<td>1.66</td>
<td>$21,296</td>
<td>2.00%</td>
<td>$22,148</td>
<td>0%</td>
<td>-15%</td>
<td>0% 0% -5% -20%</td>
<td>-20%</td>
<td>$17,719</td>
</tr>
<tr>
<td>Subject</td>
<td>03/18</td>
<td>2.86</td>
<td>$12,161</td>
<td>2.80%</td>
<td>$12,842</td>
<td>0%</td>
<td>0%</td>
<td>0% 0% 0% 0%</td>
<td>0%</td>
<td>$12,842</td>
</tr>
<tr>
<td>6</td>
<td>02/19</td>
<td>1.47</td>
<td>$18,957</td>
<td>0.00%</td>
<td>$18,957</td>
<td>0%</td>
<td>-10%</td>
<td>0% 0% -5% -15%</td>
<td>-15%</td>
<td>$16,114</td>
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<td></td>
<td>MEAN $15,333</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MEDIAN $15,385</td>
</tr>
</tbody>
</table>

* Size adjustments were not applied since we are valuing the land on a PPDU basis.
Based on the previous analysis, the estimated Market Value of the subject’s *Fee Simple Estate*, in “as is” condition, and in accordance with accepted appraisal procedures and conforms with the code of professional ethics and standards of professional conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP); and subject to the *Assumptions and Limiting Conditions* contained herein, was:

**Market Value in “As Is” Condition as of February 21, 2019**

- **Cost Approach**: Not Applicable
- **Sales Comparison Approach - 2.8574 Acres**: $1,150,000
- **Income Approach**: Not Applicable

The previously outlined value conclusions are subject to the following *Assumptions and Limiting Conditions*. 
1. This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national 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.
Part IX - Assumptions & Limiting Conditions/Continued

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

15. Any proposed improvements are assumed to be completed in good workmanlike manner in accordance with the submitted plans and specifications.

16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressedwithout the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
PART X
CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

- To the best of my knowledge and belief, the statements of fact contained in this appraisal 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, 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 with respect to the parties involved.

- 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.

- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- David L. Pallante, MAI personally inspected the subject property. All pertinent data is contained in the report. In addition, nobody else provided significant assistance in collecting and verifying data.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Uniform Standards of Professional Appraisal Practice (USPAP); and the appraisal guidelines established by the Texas Department of Housing and Community Affairs (TDHCA) 2018 Real Estate Analysis Rules and Guidelines. 
  
  We have read and understand the requirements of Section §10.304 of the Appraisal Rules and Guidelines.
Part X - Certification/Continued

- 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, David L. Pallante has completed the requirements of the continuing education program of the Appraisal Institute.

- The value expressed in this report is not based in whole or part upon race, color, or national origin of the current/prospective owners or occupants.

- The Appraisal Assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. **We are a disinterested party and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal and that the fee is in no way contingent upon the outcome of the appraisal.**

- David L. Pallante & Associates, L.L.C. is a corporation duly organized and validly existing under the laws of the state of Texas.

Based upon the information contained in this report and upon our judgement, knowledge, and experience as real estate appraisers, it is our opinion that the Market Value of the Fee Simple Estate, in “as is” condition, assuming a reasonable exposure time of 12 months or less, is as follows:

<table>
<thead>
<tr>
<th>Valuation Premise</th>
<th>Premise Qualifier</th>
<th>Interest Appraised</th>
<th>Date of Value</th>
<th>Indicated Value (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value - 2.8574 Acres</td>
<td>As Is</td>
<td>Fee Simple</td>
<td>February 21, 2019</td>
<td>$1,150,000</td>
</tr>
</tbody>
</table>

* The herein value is subject to an extraordinary assumption presented on page 2.

David L. Pallante, MAI
Inspecting Appraiser
State Certified General Appraiser
TX-1320347-G
Expires 03/31/2019
Appraisal Institute #8964
PART XI - ADDENDA
QUALIFICATIONS OF DAVID L. PALLANTE, MAI

Professional Memberships
Texas State Certified General Real Estate Appraiser (TX-1320347-G)
Designated Member, Appraisal Institute, (MAI #8964); Currently certified under the AI Continuing Education Program

Education
B.B.A. with concentration in Finance and Real Estate
Western Michigan University, Kalamazoo, Michigan

Business curriculum which included Real Estate Principles, Real Estate Finance, Real Estate Appraisal, Investments, and Feasibility Analysis, with various related finance courses.

Appraisal Institute Course Work:
Course 1A-1, Real Estate Valuation Principles
Course 1A-2, Real Estate Valuation Procedures
Course 1B-A, Capitalization Theory & Techniques, Part A
Course 1B-B, Capitalization Theory & Techniques, Part B
Course 2-1, Case Studies in Real Estate Valuation
Course 2-2, Valuation Analysis and Report Writing

Seminars / Continuing Education:
Real Estate and the Americans with Disabilities Act - March 1994
Real Estate Environmental Screening - March 1994
Appraisal Practices For Litigation - May 1995
Understanding Limited Appraisals - February 1996
11th and 15th Annual Legal Seminar on Ad Valorem Taxation - August 1997 and August 2001
Appraising and the Internet - December 1997
Keeping Current with Texas Real Estate (MCE) - June 1999
Uniform Standards of Professional Appraisal Practice (USPAP) - 2000/03/05/06/08/10/12/14/16/18
Appraisal Review: Commercial - February 2001
On-line Search Strategies for Real Estate Appraisers - March 2001
On-line Appraising from Blueprints and Specifications - August 2001
On-line Analyzing Operating Expenses - January 2002
Appraisal of Nursing Facilities - February 2002
Appraisal Review: General - March 2003 & January 2005
Appraisal Consulting - March 2003
Land Valuation Adjustment Procedures - Module I and II - March 2003
The Houston Housing Story - Mike Inselmann (American Metro) - April 21, 2004
The Quiet Revolution in Housing & How it Affects the Appraisal Process - August 25, 2004
Houston Apartment Market Update - Mr. Cliff McDaniel, ARA Southwest - August 25, 2004
MCE Ethics and MCE Legal - January 2005
Qualifications of David L. Pallante, MAI / Continued

**Seminars / Continuing Education (Continued):**
The Road Less Traveled: Special Purpose Properties - January 2005
Houston Market Trends - Mr. Clark Davis, the Gerald Hines Company - March 2005
The Current State of the Houston Market - Mr. Jim McAlister, the McAlister Company, - May 2005
Local Economic Overview - Mr. Dan Seal, Greater Houston Partnership - August 2005
Impact of Hurricane Katrina on Houston - Mr. Fred Baca, Colliers - November 2005
CCIM 2006 Annual Commercial Real Estate Forecast Competition - February 2006
Property Taxes and Texas State Spending - Mr. Dan Patrick - February 2006
Market Analysis and the Site to do Business - March 2006
Mid-Year 2006 Office and Industrial Update: Good as it Gets - August 2006
Retail Markets in the Houston Area - February 2007
U.S. Army Corps of Engineers R.E. Division - October 2006
On-line Analyzing Distressed Real Estate - December 2006
On-line Valuation of Detrimental Conditions in Real Estate - March 2007
Real Estate Development Conference - Denver, CO. - May 2007
Update on The Uptown District - May 2007
Current Outlook on Houston Area Homebuilding - October 2007
Real Estate & the Economic Outlook from 2008-2009 - September 2008
Attacking & Defending an Appraisal Litigation - October 2008
Analyzing Operating Expenses - October 2008
LIHTC Basics - Novogradac - May 2009
Common Errors and Issues; Staying out of trouble in your Appraisal Practice; Spotlight on Challenges; and A Lenders Perspective - November 2010
On-line Appraisal Curriculum Overview - Residential and General - December 2011
Internet Search Strategies - March 2013
Current Issues Regarding Appraisals of Senior Housing and Long-Term Care Properties - March 2014
Houston’s New Formula for Economic Growth - May 2014
2014 Real Estate Trends in Commercial Properties - August 2014
State of the Economy and the Houston Real Estate Market - November 2014
Houston’s Economy Past and Future - February 2015
Valuing Net Zero Energy Buildings - February 2015
Appraising FHA Today - March 2015
The Nuts and Bolts of Green Building for Appraisers - March 2015
Appraisal of Land Subject to Ground Leases - March 2015
Supervisor - Trainee Course for Texas - March 2015
2015 Real Estate Trends in Commercial and Residential Properties - September 2015
Houston Real Estate Market (Dr. James Gaines) - November 2015
Downtown Houston (Bob Eury of Central Houston) - October 2016
Appraisal Institute - 2017 and Beyond - December 2016
Houston Multifamily - Have We Seen the Bottom - February 2017
A Review of Disciplinary Cases - February 2017
Advanced Hotel Appraising - Full Service Hotels - February 2017
Real Estate and the Houston Grocery War - April 2017
2017 - 2018 State of the Economy - March 2018
The Bayou Greenway Project - May 2018
2018 Real Estate Symposium - September 2018
Qualifications of David L. Pallante, MAI / Continued

**Professional Experience**
Appraisal experience includes both the appraisal and review of commercial properties, industrial, special purpose, vacant land and subdivisions (both commercial and residential). This work is performed for various types of clients which include lending institutions, governmental agencies, and various corporations, attorneys and individuals. Some of the more prominent / interesting appraisal assignments include the following:

**Land**
- 10,000 acres of timberland in East Texas
- The 400 acre Via Ranch - Katy, TX
- Norwood Park Mixed-use subdivision - Austin, TX
- Point Northwest Mixed-use subdivision - Houston, TX

**Miscellaneous**
- 2,000,000 gallons of wastewater capacity - Houston, TX
- Lakeside (West Houston) Airport
- The historic Balinese Ballroom - Galveston, TX
- Proposed Ritz Carlton - New Orleans, LA
- The Hardin House Dormitory - Austin, TX

**Office**
- Energy Tower I, II and III Office Buildings (over 1 million sf) - Houston, TX
- Energy Center III, IV and V Office Buildings (over 1.6 million sf) - Houston, TX
- Three Eldridge Office Building - Houston, TX
- 1,248,000 sq. ft. Exxon Mobil office building - Houston, TX
- 1,098,399 sq. ft. 1600 Smith Office Tower - Houston, TX
- 1,003,980 sq. ft. One Allen Center office building - Houston, TX
- 1725 and 1735 Hughes Landing Office Buildings (651,847 sf) - The Woodlands, TX
- The historic Davis Buildings - Austin, TX

**Retail**
- Pavilion on Post Oak Shopping Center - Houston, TX
- Whole Foods (Hughes Landing) - The Woodlands, TX

**Multifamily**
- Mosaic Lofts - Houston, TX
- St. Germain Lofts - Houston, TX
- Over 250 LIHTC apartment appraisals throughout Texas and Louisiana
- Over 2,500 conventional apartment appraisals throughout Texas and Louisiana

**Portfolios**
- 15 property conventional apartment portfolio with properties in Houston and Austin, TX
- 12 property Section 8 apartment portfolio with properties in Texas, Mississippi, Kentucky, North and South Carolina, and Georgia
- 15 property office portfolio - Austin, TX
- 10 property LIHTC portfolio with properties in Texas and Louisiana

Mr. Pallante has testified in Federal Bankruptcy, District and Commissioners Court as an expert witness in the valuation of real estate. Mr. Pallante has also testified before the Bond Review Board in Austin, Texas with regards to a proposed bond-financed, LIHTC community. In addition, Mr. Pallante has served as a special commissioner with regards to several condemnation proceedings.
Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.
February 13, 2019

Ms. Ana Padilla  
Development Project Manager  
The NRP Group  
1228 Euclid Avenue, 4th Floor.  
Cleveland, OH 44115  

RE: Appraisal of 2.857 acres of effectively vacant land, slated to be improved with a 9% LIHTC community (Alazan Lofts), located in San Antonio, TX.

Dear Ms. Padilla:

Pursuant to your request, I will prepare a USPAP-compliant market value appraisal of the above referenced land. It is my understanding the appraisal will be used as part of an application with the TDHCA to construct a LIHTC community. I will prepare the appraisal in compliance with USPAP and TDHCA guidelines with the understanding it may potentially be submitted to them.

My fee to provide the market study is $2,750 and I will have the report delivered no later than February 22, 2019. Payment of my fee is not contingent upon the derived conclusion and is due upon completion and delivery of the report. If the above terms are acceptable, please sign below and return as soon as possible.

Sincerely,

David L. Pallante, MAI

Agreed to and Accepted by:

Date 2/13/19
FLOOD MAP
SUBJECT PHOTOGRAPHS

Tract 1 (8,325 sf)  Tract 2 (29,600 sf)

Tract 2 looking NW from El Paso and S. Colorado  Tract 3 (15,476 sf)

Tract 3 (eastern part as seen from El Paso Street)  Tract 3 (as seen from S. Colorado and Torreon)
<table>
<thead>
<tr>
<th>Tract 4 (17,696 sf)</th>
<th>Tract 5 (53,373 sf)</th>
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<tbody>
<tr>
<td>East along El Paso from S. Smith Street</td>
<td>North along S. Colorado from Torreon</td>
</tr>
<tr>
<td>North along S. Smith from El Paso Street</td>
<td>West along El Paso from S. Smith Street</td>
</tr>
</tbody>
</table>
SUBJECT PHOTOGRAPHS

Adjacent commercial building (SW/C of El Paso and S. Smith)

Adjacent MFR along Torreon Street