

Summary of Review Appraiser's Report

I, Lee D. Peterson, the undersigned, hereby certify that I have reviewed the appraisal report submitted to me. A personal on-site review of the property listed below was considered necessary. I further certify that all improvements, structures, appurtenances, the determinations made as to various classes to types of real and personal property found therein, as well as other elements of value thereon and thereunder, were appraised in accordance with recognized appraisal practices. Any exceptions will be noted below.

DESCRIPTION: Appraisal of Vacant Land Located at 1219 Marshall Street NE, Minneapolis

APPRAISER: Thomas J. Day, MAI, SRA, of The Valuation Group

ESTIMATED MARKET VALUE IN REPORT:

Based on a 143 unit Moderate-density project - \$1,300,000

Based on a 175 unit Higher-density Project - \$1,500,000

Based upon my review of the appraisal updated report dated March 14, 2011, with an effective date of March 14, 2011, it is my considered opinion that the fair market value is as follows:

<i>Project</i>	<i>Block/Parcel</i>	<i>Name of Owner</i>	<i>Fair Market Value</i>
		City of Minneapolis	\$1,400,000

Comments:

. There are four reporting methods that appraisers can use to convey their opinions of value; verbal report, restricted report, restricted use letter report, summary report, and self contained report. The appraisal report under review is a summary report. This report contains summary discussions of the data, reasoning, and analysis that are used in the appraisal process whereas supporting documentation is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

This appraisal report used the sales comparison approach to estimate the value of the subject property, as the sales comparison approach is considered the most applicable and appropriate valuation approach for vacant land like the property that is the subject of this appraisal. I know of no other methods or techniques that would be more appropriate for evaluating this property than the one used in this appraisal.

Review Appraisal
1219 Marshall Street NE
Page 2

The appraiser found that this 2.5 acre multifamily residential site is encumbered with archaeological ruins of the former Orth Brewery, located in the northwest corner. He also found a new unidentified drainage/utility easement bisecting the site near the ruins. The ruins cannot be disturbed; therefore there is a development stipulation for a public plaza in this portion of the site.

The appraiser describes this parcel as a Z-shaped site containing 2.5 acres, zoned C1/Commercial Neighborhood District and R5/Multiple Family District

Highest and Best Use was determined to be a multiple unit apartment complex, with 143 units in four (4) stories. The appraiser also considered a 175 unit complex should a five (5) story structure be approved.

Using the Sales comparison Approach, the appraiser identified Seven (7) comparable sales, one of which was an earlier attempt to sell the subject site that never closed. I found the comparable land sales data to be accurate.

The analyses used in the appraisal are appropriate and reasonable for an evaluation of the subject property, and the opinions and conclusions also appear to be appropriate and reasonable,

Based on this appraisal and all of the factors affecting the market the market value is estimated at:

One Million Four Hundred Thousand Dollars
\$1,400,000



Lee D. Peterson
Appraiser
Comm. Planning & Economic Development
105 Fifth Avenue South, Suite 600
Minneapolis, Minnesota 55401-2538
(612) 673-5034

Date: April 9, 2011



2011 Market Value Summary Appraisal Report

**Grain Belt Housing Project Site
1219 Marshall Street NE
Minneapolis, Minnesota**

**Owner is the City of Minneapolis
Department of Community Planning & Economic Development
Appraisal Assignment C-27582**



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Plymouth, MN 55446
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Principals
Paul G. Bakken, MAI, MS, CCIM
Cletus C. Liedl, MAI
Thomas J. Day, MAI, SRA
David S. Reach, MAI

March 14, 2011

Lee D. Peterson, CPED Real Estate Appraiser
City of Minneapolis
Community Planning & Economic Development
Crown Roller Mill
105 5th Avenue South, Suite 200
Minneapolis, MN 55401

RE: Market value appraisal, summary report
Grain Belt Housing Project Site
1215 Marshall Street NE
Minneapolis, Minnesota 55413
Owner is the City of Minneapolis, Department of Community Planning & Economic Development

Dear Mr. Peterson:

In accordance with your request, an inspection and a market value appraisal analysis on the referenced property have been completed. We have considered the relevant factors relating to the subject property and the current market forces. The attached report contains the summary of the analysis completed, commentary, and value conclusions. The appraisal as developed and reported is for your intended use for potential disposition purposes; there are no other intended uses or users. The Valuation Group, Inc. assumes no responsibility for any unintended uses or users of the appraisal. The prospective date of value is August 1, 2011, the fee simple interest has been appraised based upon its "as-is" status, and the adjacent 1215 building has not been included in the valuation.

The subject property is a 2.5-acre multi-family residential site, having a corner location within the established average, mixed-use, historically-appealing Grain Belt district. The northwest corner of the site is encumbered by archaeological ruins of the former Orth Brewery, designated for historic preservation, and cannot be disturbed; therefore, there is a development stipulation for a public plaza in this portion of the site. The subject is also encumbered with two easements benefiting the adjacent property to the south at 1215 Marshall St NE; a 5310-sf driveway easement along the south lot line, and a new, unidentified drainage/utility easement bisecting the site near the ruins.

In the past, the City has sought developers via its "Requests for Proposals" (RFP) program for this property, or as an assemblage with the adjacent historic vacant Grain Belt Office Building at 1215 Marshall St NE. As discussed in the attached report, there have been serious proposals for condominium projects, yet the agreements to purchase never closed due to the recent difficult market conditions, the condo market stalling and the discovery of the ruins impacting the site more than originally thought. The City intends to issue a new RFP, to be developed for a multi-family project, possibly with a small retail element, either by itself or jointly with the adjacent 1215 office building. The property will be rezoned to accommodate its future use.

This appraisal has been made in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), applicable local, state and federal regulations pertaining to appraisal practice and procedure, and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. Attached is a summary report as defined by USPAP, with additional supporting data retained in our workfile.

We have completed a credible appraisal analysis consistent with the intended use of the appraisal, the requirements of the intended user, and within conformity of the Scope of Work Rule per USPAP. Please refer to the body of the attached report for descriptions of assignment conditions and the details of the scope of work employed in our development of the conclusions. The analysis includes development of all reliable valuation approaches. The appraisal is subject to the general limiting conditions, extraordinary assumptions and hypothetical conditions contained on pages 5 and 6 (please review these before any of the values or conclusions are relied upon). Utilizing a density similar to the past approved project, the subject analysis was based on a moderate-density 143-unit project; we have also included an indicated value for a potential higher-density 175-unit project. Should the number of units increase or decrease, the value of the property would change accordingly.

Neither our employment to make this appraisal nor the compensation received is contingent upon the conclusions or values reported herein. Based upon our investigation and analysis of moderate & higher-density projects, it is our opinion that the subject will have fee simple market values, subject to limitations and conditions as hereinafter stated, in the amounts shown below.

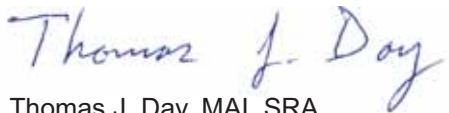
**Based on a 143-unit moderate-density project:
ONE MILLION THREE HUNDRED THOUSAND DOLLARS (\$1,300,000)**

**Based on a 175-unit higher-density project:
ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000)**

It has been a pleasure to serve you in this manner. Feel free to contact me if you have any questions or concerns.

Respectfully submitted,

THE VALUATION GROUP, INC.



Thomas J. Day, MAI, SRA
Minnesota Certified General Real Property Appraiser #4000814

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IDENTIFICATION OF CLIENT, OTHER INTENDED USERS, AND INTENDED USE OF APPRAISAL

Client and Appraisal Engagement
Minneapolis Community Planning and Economic Development (CPED)
Crown Roller Mill
105 5th Avenue South, Suite 200
Minneapolis, MN 55401
Engaged by: Lee D. Peterson, CPED Real Estate Appraiser
Phone: 612-673-5034

Previous Subject Appraisals
X Appraisers have not completed a prior appraisal within the past 3 years
Appraisers have completed a prior appraisal for the same client within the past 3 years
This is an updated appraisal assignment
Appraisers have completed a prior appraisal during the past 3 years for a different client
Current appraisal correlates well with the recent past appraisal
Current appraisal notably differs from our recent past appraisal due to the following factors:

Other Intended Users
None

Intended Use of Appraisal
The intended use of the appraisal is for disposition purposes. The City of Minneapolis intends to seek developers via its "Requests for Proposals" (RFP's) program for this property, or as an assemblage with the adjacent property at 1215 Marshall St NE. Use or reliance of the appraisal is only for the stated use

Restriction on Use of Appraisal
X Differing intended users and appraisal problems/assignments involve different assignment conditions and scope of work. Hence, this appraisal as developed and reported is <u>only</u> for the intended user(s) and stated use. Neither the appraisers nor The Valuation Group, Inc. assume responsibility for any reliance by unintended users or uses of the appraisal
This appraisal can not be used for a federally-regulated real estate transaction. FIRREA requires that the appraisal engagement not be from the borrower
X Any unauthorized use or third party relying upon any portion of this report, does so at its own risk and liability

Appraiser
All appraisers are with The Valuation Group, Inc. 3655 Plymouth Blvd, Suite 105 Plymouth, MN 55446 www.commercial-appraisal-group.com
Thomas J. Day, MAI, SRA MN Certified General Real Property Appraiser #4000814 Phone 763-398-1130, email tday@valgroun.net



SUBJECT IDENTIFICATION AND EXECUTIVE SUMMARY

Subject Property Name and Location

Grain Belt housing project site

1219 Marshall Street NE

Minneapolis, MN 55413

Subject Property Owner

City of Minneapolis

Department of Community Planning & Economic Development

Contact is Steve Maki (Staff Engineer)

Phone 612-673-5033

Subject Occupancy

Vacant land

Legal Description

Legal is Outlot A, Minneapolis Brewing Company Addition to Minneapolis

PID is 15-029-24-14-0111

The Valuation Group File Number

2011036

Client File Number

Appraisal Assignment C-27582

Subject Property Overview

Location

Average urban mixed-use location within the Grain Belt Brewery district, having close proximity to downtown, good access and average market appeal. Significant recent past redevelopment activity within district when market conditions were stronger

Site

Multi-family residential site of 108,872 sf (2.5 acres), level to sloping topo, currently zoned C1, Neighborhood Commercial District and R5, Multiple Family District, good exposure on 3 roadways (Marshall St NE, 13th Ave NE & Main St NE)

History

Past development proposals were never finalized. Original 4-story, 177-unit condo project was reduced to 152 units due to scope of archaeological ruins, designated for historic preservation, found in the NWC of the site. Sale to developer at a price of \$2 million did not occur due to a larger area of ruins than what was previously known, and deteriorating market conditions

Current Use

Vacant land parcel

Highest and Best Use

Development for multi-family residential with possible small retail/commercial component

District Aerial



SUBJECT IDENTIFICATION AND EXECUTIVE SUMMARY (CONTINUED)

County Parcel Map



Concluded Market Value of Subject	
Highest & Best Use Summary	As multi-family residential development the concluded highest and best use, the subject provides average appeal to a developer
Subject Value Conclusion:	
143-unit moderate-density project:	\$1,300,000 (\$9,091/unit)
175-unit higher-density project	\$1,500,000 (\$8,571/unit)

CERTIFICATION OF APPRAISER

I certify that to the best of our knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) 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.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) 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.
- 7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- 8) I have made a personal inspection of the property that is the subject of this report.
- 9) Associate appraiser, Barbara L. Day (MN Certified General Real Property Appraiser License #AP-20318572) assisted in preliminary research, analysis and report writing. No one else provided significant real property appraisal assistance to the person signing this report.
- 10) 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 Appraisal Practice of the Appraisal Institute.
- 11) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 12) As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
- 13) I certify that I have adequate knowledge, experience, education and resources to competently complete this appraisal assignment.
- 14) I have not completed any services pertaining to the subject property within the prior three years, as an appraiser or in any other capacity.

Date: March 14, 2011

Signature: Thomas J. Day

Thomas J. Day, MAI, SRA

State Certification:

Minnesota Certified General Real Property Appraiser
#4000814

Expiration Date: 8/31/2012

ASSUMPTIONS AND LIMITING CONDITIONS

- 1) The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable.
- 2) The furnished legal description is assumed to be correct.
- 3) The property is appraised free and clear of all indebtedness, liens or encumbrances unless otherwise stated.
- 4) Responsible ownership and competent property management are assumed.
- 5) Any plat, site plan or sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property. It is assumed that the utilization of the subject land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- 6) The appraisers are not required to give further consultation, testimony, or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
- 7) Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- 8) The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraisers assume no responsibility for such conditions, or for engineering which might be required to discover such factors. Stable soils are assumed unless otherwise stated.
- 9) Unless otherwise noted in this report, the subject is assumed to have no significant or value-impacting delineated wetlands. Since identifying these factors is beyond our area of expertise, we assume no responsibility for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 10) Depending upon the scope of work, the appraisers may have reviewed FEMA maps for determining the subject's Special Flood Hazard Area. Precise locations are difficult to make, and we can not guarantee such determinations. The client is urged to retain an expert in this field, if desired.
- 11) Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as petroleum products, asbestos, urea-formaldehyde foam insulation, radon gas, mold, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 12) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been identified, described and considered in the appraisal.
- 13) It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- 14) It is assumed that there is full compliance with all applicable local, state and federal environmental regulations unless a noncompliance has been stated, described, and considered in the appraisal report.
- 15) Information, estimates, and opinions furnished to the appraisers by others, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers can be assumed by the appraisers.
- 16) This appraisal does not affix or set the price of the property but offers only a supportable opinion as to the present worth of anticipated benefits subject to investment risk, measured mainly by the market data available at the valuation date. Therefore, we assume no liability for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.
- 17) Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. No part of the contents of this report, or copy thereof (especially any conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers is connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
- 18) The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- 19) Information in the appraisal report relating to the comparable market data is more fully documented in the confidential files in the office of the appraisers.
- 20) Possession of this report or a copy thereof does not carry with it the right of publication.
- 21) Differing intended users and appraisal problems/assignments involve different assignment conditions and scope of work. Hence, this appraisal as developed and reported is only for the intended user(s) and stated use. Neither the appraisers nor The Valuation Group, Inc. assume responsibility for any reliance by unintended users or uses of the appraisal. Any unauthorized use or third party relying upon any portion of this report, does so at its own risk and liability.



EXTRAORDINARY ASSUMPTIONS, SPECIAL LIMITING CONDITIONS, AND HYPOTHETICAL CONDITIONS

Definitions

Extraordinary assumptions or conditions affecting the appraisal are uncertain facts that are assumed to be accurate for purpose of the appraisal. Examples include a possible or probable rezoning which has not yet occurred, or possible contamination which is ignored in the value opinion.

Hypothetical conditions or assumptions are contrary to known facts or conditions. An example is ignoring known contamination for valuation purposes given a pending litigation in which damages are being sought due to the contamination.

Extraordinary and Special Assumptions and Limiting Conditions

X	A prospective value is used in our valuation. It is assumed that market conditions will be similar to those of today in that no major local, national or international events would impact the economy or real estate markets
	Appraisal is subject to the completion of the proposed improvements; good workmanship is assumed
	The appraisers assume that the user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumber the property
	Some of the buildings are on or very close to the property borders--no encroachment is assumed
X	Any levied special assessments, deferred taxes, delinquent taxes, unpaid utility bills or any other liens on the subject property are assumed to be paid in full
	The proposed lease(s) as summarized within this appraisal report is assumed to be fully executed without significant alteration or delay
X	No legal description or survey was furnished. The property dimensions and size were determined from other sources. Should a survey prove this information incorrect, revised analysis may be required
X	The value opinion is linked to specific exposure/marketing periods. Please review these before relying upon the value conclusions
X	The land and/or building areas were obtained from submitted documents--they have been relied upon and are assumed to be accurate
X	In late 2010, the City installed a new storm sewer connection to 13th Ave NE for the adjacent property to the south (1215 Marshall St), bisecting the subject. An encumbering drainage/utility easement is assumed, yet it has not been defined
X	Rezoning to remove the subject's split zoning & accommodate a proposed use will be done by the seller at no expense to the buyer

Hypothetical Conditions

X	None
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TYPE AND DEFINITION OF APPRAISED VALUE

Type of Value

The type of value appraised is the market value of the subject property as of the date stated. Market value is purely an economic concept. It differs from intrinsic value, value in use (value based upon a specific use) investment value (value to a specific investor), going concern value (value of a proven property operation which can include personal property and business enterprise), insurable value, liquidation value, assessed value used for taxation purposes and based upon mass appraisal techniques, public interest value (e.g., conservation and preservation issues), and cost.

Value is created by utility, scarcity, desire and effective purchasing power.

From the 2010 - 2011 USPAP Edition, market value is "a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal."

The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- 1) The relationship, knowledge, and motivation of the parties (i.e., seller and buyer)
- 2) The terms of sale (e.g., cash, cash equivalent, or other terms)
- 3) The conditions of sale (e.g., exposure in a competitive market for a reasonable time period to sale)

Market Value Definition

The definition of "Market Value" as utilized in this report per federal agencies, such as the Office of the Comptroller of Currency, is 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 as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. *Buyer and seller are typically motivated;*
2. *Both parties are well informed or well advised, and 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.*

The above definition requires analysis on property value for any special or creative financing or sales concessions which can occur in transactions in depressed markets.

DATE OF APPRAISAL AND PROPERTY RIGHTS

Appraisal Dates

Date(s) of Value	8/1/2011
Date of Inspection	2/24/2011
Date of Report	3/14/2011
	With the date of value being subsequent to the inspection date, it is assumed that all physical and economic elements are the same
X	The prospective value assumes that market conditions will be similar or improved to those of today
	The prospective value assumes that all proposed improvements will be fully completed; good workmanship is assumed
	The stabilized value assumes that the subject is occupied, and that all leasing costs and any TIs will have been paid for

Property Rights Appraised

X	Fee simple interest subject to normal easements for drainage, public streets and utilities, if any
X	Property is subject to the following known significant easements or encroachments: New (undefined) encumbering drainage/utility easement bisects the site & benefits the adjacent 1215 property, 5310-sf encroaching driveway easement also benefiting the adjacent property, and encumbering historic preservation archaeological stipulations & ruins (see Site Data and Analysis section of report for detailed descriptions)
	Leased fee interest
	Leasehold interest
X	No personal property or special trade fixtures included in value
	Value includes the following special trade fixtures:
	Value includes the following personal property needed for the operation of the project as a rental facility:
X	Any deferred taxes, delinquent taxes, special assessments, unpaid utility charges, payable association dues, or any other levies/liens on the subject are assumed to be paid
	Following special assessments <u>not</u> assumed to be paid:
	Impact of any existing mortgage is not included in appraisal
	Impact of any existing lease(s) is not included in appraisal



SIGNIFICANT ASSIGNMENT CONDITIONS

Summary of Appraisal Problem	
X	Elsewhere within this report are described the identification of client and intended users, the intended use of appraisal, the type and definition of value, the date of value, the identification of property characteristics and property rights, extraordinary assumptions and hypothetical assumptions
X	Overview: Subject is a vacant land parcel within the Grain Belt Brewery district, and encumbered with significant easements and historic preservation archaeological stipulations. Adequate market data was available and analyzed in our development of a credible value opinion
X	No special appraisal problems were encountered
X	Appraiser(s) have the necessary State of MN appraisal certifications licenses, education, experience and resources to competently complete this appraisal assignment. Please refer to the Qualifications of Appraisers section of this report for additional background on the appraiser(s)

Significant Assignment Conditions	
X	Assignment includes an appraisal that has been completed in compliance with USPAP
X	Appraisal made in conformity to the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute
	Appraisal for use by a federally regulated financial institution; appraisal made in conformity to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)
	Jurisdictional Exception Rule has been invoked in this appraisal:
	Appraisal prepared in conformity with established State of Minnesota eminent domain laws and regulations pertaining to appraisal practice and procedure
	Appraisal made in conformity to client's established appraisal standards:
	Assignment engagement stipulates a short completion date; adequate analysis has been completed to produce credible assignment results
	No interior subject inspection made; subject descriptive data obtained from a brief exterior inspection, available public data, and client-provided information
	For timing and/or fee limitations, appraisal assignment based upon development of only the most relevant valuation approach; other applicable approaches have not been developed
	For timing and/or fee limitations, appraisal assignment based upon development of two of the three traditional valuation approaches:
	Per scope of engagement, some valuation approaches are preliminary, or are based upon abbreviated analysis
	Subject trade fixtures or personal property have not been included
	Appraised value is based upon a continued highest and best use assumption
X	Appraisal is based upon the "as-is" status of the subject property
	Appraisal includes proposed improvements
	Appraisal is based upon stabilized occupancy; no discount for current vacancy issues has been made
	While subject may contain excess land; the additional value attributed to it has not been fully considered/developed
	Subject environmental issues have not been considered
	Subject geotechnical issues have not been considered
X	Appraisal based upon the conditions stated within the prior Extraordinary Assumptions, Special Limiting Conditions, and Hypothetical Conditions section of this report
X	See Scope of Work Used to Develop Appraisal section of this report
X	There are no client assignment conditions that result in predetermined opinions or conclusions, that favor the cause of the client, result in favorable compensation, or precludes the appraiser's impartiality
X	No assignment conditions have been accepted that are based upon speculative/unsupported highest and best use conclusions, unaccepted appraisal theories, or upon unsubstantiated legal opinions

TYPE OF REPORT

Overview

The difference between the three following report options is the level of content, detail of information, and the presentation provided. The report option must be consistent with the intended use of the appraisal. Additional supporting documentation is retained in our workfile

Type of Report

	Self-Contained
X	Summary
	Restricted-Use

Definitions

Self-Contained Report	State, <u>describe and explain</u> in sufficient detail the appraisal procedures, analysis and conclusions in compliance with USPAP SR 2-2(a)
Summary Report	State and <u>summarize</u> in sufficient detail the appraisal procedures, analysis and conclusions in compliance with USPAP SR 2-2(b). Sufficient information should be provided for the intended user to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches
Restricted-Use Report	<u>State</u> the appraisal procedures, analysis and conclusions in compliance with USPAP SR 2-2(c). This report option can be used only when the client is the sole intended user

SCOPE OF WORK USED TO DEVELOP APPRAISAL

Scope of Work Definition and Overview

Scope of work is defined by USPAP as "the type and extent of research and analyses in an assignment." Scope of work (SOW) includes:

1. The extent to which the property is identified
2. The extent to which tangible property is inspected
3. The type and extent of data researched
4. The type and extent of analysis applied to arrive at opinions or conclusion

The appraisal problem has been adequately disclosed within other sections of this report. On the following pages and within the various sections of this report, the SOW performed is shown.

Scope of Work Elements

Inspection	The appraiser has personally inspected the property. Owner representative, Steve Maki, Staff Engineer, accompanied the appraiser during the inspection
Site size	Dimensions, shape and size obtained from a 2009 preliminary plat map, and county records. These are assumed to be accurate
Building plans	NA
Building size	NA
Legal description	Obtained from public tax records
Documents available	Past RFP's & development proposals & plans, other site & existing conditions plans, past City directives pertaining to the subject, and other district planning documents from the City

Public Sources Reviewed

X	Current and preliminary plat maps
X	Past site plans
X	District topographic map
X	Aerial photos
X	Tax records
X	FEMA flood hazard map
	Past sale CREV
X	Published zoning map
X	Published Guide Plan map
X	Excerpts from published zoning code
X	Traffic count maps
X	Area demographic data

Scope of Work Analysis

Highest and Best Use	Developed
Cost Approach	Not applicable
Sales Comparison Approach	Developed
Income Approach	Not applicable
Comparable verification and inspection	Comps not confirmed by our office were obtained from reliable sources. All have been inspected (exterior)



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LOCATION ANALYSIS

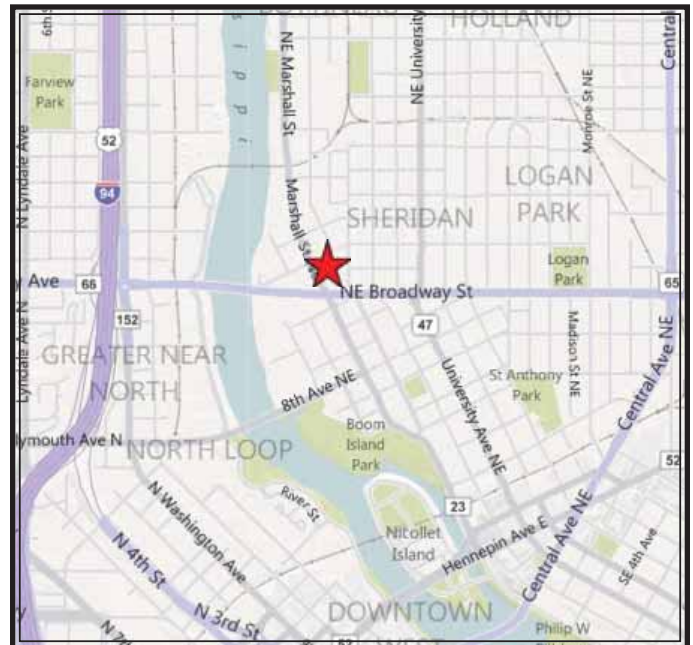
Location Description

County/community		Hennepin/Minneapolis	
X	Urban, Sheridan neighborhood		
	Suburban		
	Rural		
Proximity to downtown		1 mile north of downtown Minneapolis	
Population		382,605 for city, 2008 estimate	
Employment		Good, within city and suburbs	
Percent built-up		Near 100%, typical of urban districts	
Growth:		Nearby Uses:	
	Rapid	15%	SFR
	Significant	25%	Multi-family residential
	Moderate	30%	Commercial/retail
	Slow	30%	Industrial
	Near fully developed	0%	Vacant or other
X	Fully developed	100%	Total
New development or changing land uses		Fully developed neighborhood; some district commercial & mixed-use redevelopment likely once the economy recovers	
Age of development		Most development occurred around 1900. A number of older industrial buildings have been converted to studio space in recent years	
Appeal/appearance		Average	
Density of development		Typical for urban location	
Property compatibility		Average for urban mixed-use district	
Maintenance/condition		Some older buildings with deferred maintenance, yet conditions vary. Some renovation has occurred	
Transportation & access		Freeway access within 1/2 mile, good transportation routes and access. Average public transit service	
Adequacy of utilities		Average	
Police & fire protection		Good	
Schools		Average for urban setting	
Recreational facilities		Good	
Protection from adverse conditions/externalities		Nearby industrial, including heavy industrial across the river, yet this is acceptable within an urban mixed-use district	
Appeal to market		Average district appearance, yet distressed market conditions	
Balance of supply/demand		Current market conditions are distressed for all property types due to the overall economy. The subject district, however, is not more adversely impacted than other neighborhoods or communities. Demand is weak, rents are soft, concessions are prevalent, and vacancy is increased	
Rental demand & trend			
Vacancy trend			
Values: Average urban values, significantly declined since 2007 due to distressed economic conditions. Demand is weak, property fundamentals have deteriorated, securing financing is difficult, foreclosures are high, qualified interested buyers are limited, and continuing difficult market conditions are anticipated. In comparison to competing districts, subject location is rated average			
Future outlook: Continued distressed market conditions anticipated for the next several years			

Regional Map



Location Map



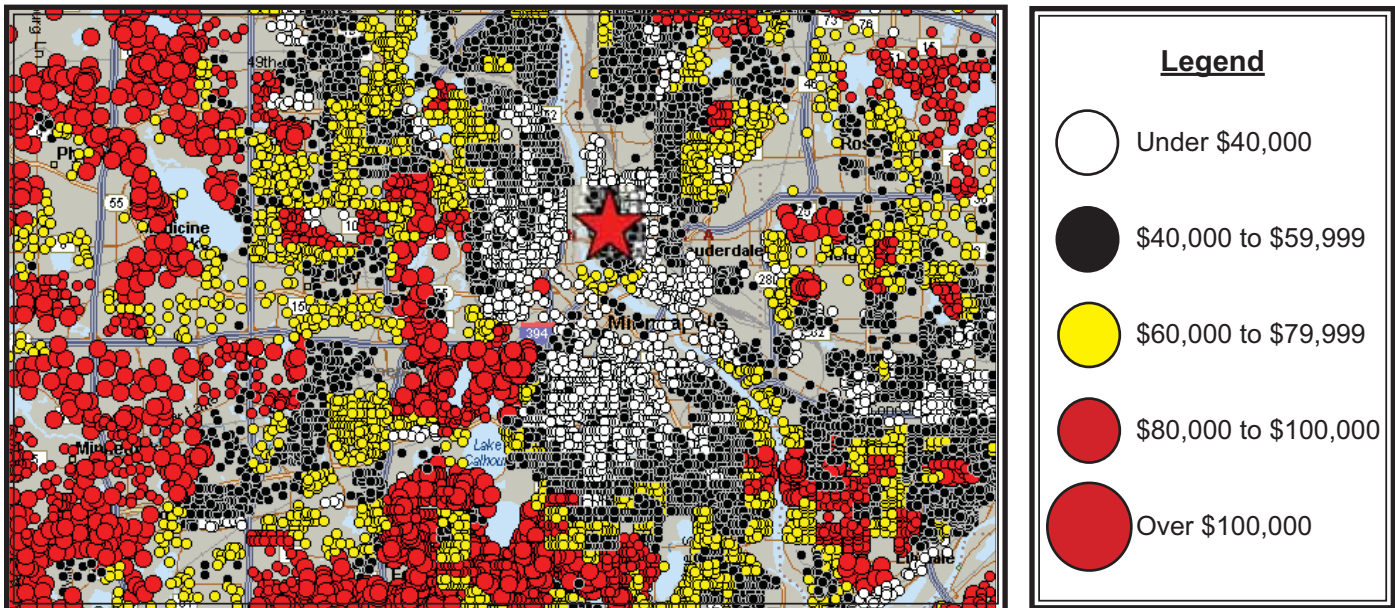
Conclusion and Comments

Overall, the subject has an average urban mixed-use location with close proximity to downtown, average demographics, market appeal and values. Major nearby uses include other renovated buildings within the former Grain Belt Brewing complex, offices, small retail, some large industrial facilities, dwellings and apartment buildings. The Mississippi River is 3 blocks to the west. Farther removed from the river are more consistent residential uses.

The subject is within an arts district node having a number of older industrial buildings renovated for multi-tenant studio use. Some mixed-use redevelopment and a stable-to-improving long-term future outlook, yet not until the economy and market conditions recover. Renovations or redevelopment will be required to meet numerous state & local standards. Real estate markets trail the economy with notable improvement a number of years away. There are no other significant adverse factors apparent impacting the subject.

LOCATION ANALYSIS (CONTINUED)

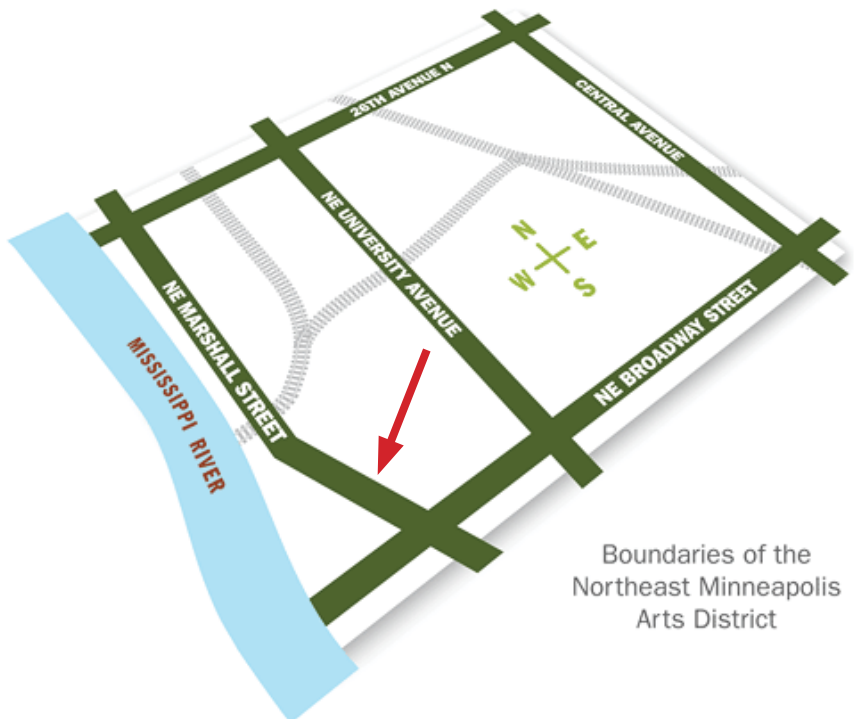
2008 Household Density and Median Household Income Map



The Northeast Minneapolis Arts District

The subject is within an arts district node, designated by the City of Minneapolis in 2003 as the Northeast Minneapolis Arts district. Per the district's web site, it "contains a diverse mix of businesses, restaurants, parks, art galleries and studios as well as industrial and residential property. Warehouses and rail yards are interspersed with homes, churches and family-run businesses. Artists populate many of the historic and formerly-industrial buildings, which have been re-purposed and renovated into studios, galleries and performance spaces. Independent galleries have sprung up throughout Northeast, with a concentration along the district's 13th Avenue." Over 400 artists live and work in the area.

Redevelopment and renovations of historic buildings will likely resume after economic conditions improve, yet recovery is not expected to occur for at least several years. Ongoing maintenance and updating of older properties needed for district to maintain future attraction



LOCATION ANALYSIS (CONTINUED)

2009 Existing Land Use Map



2009 Future Land Use Map

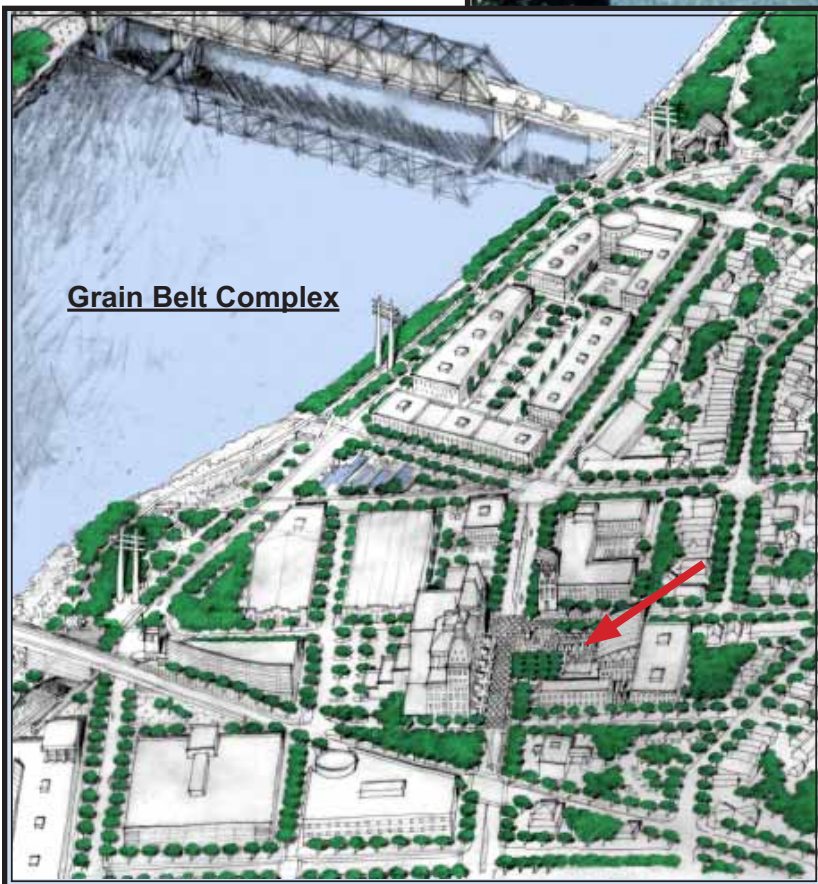
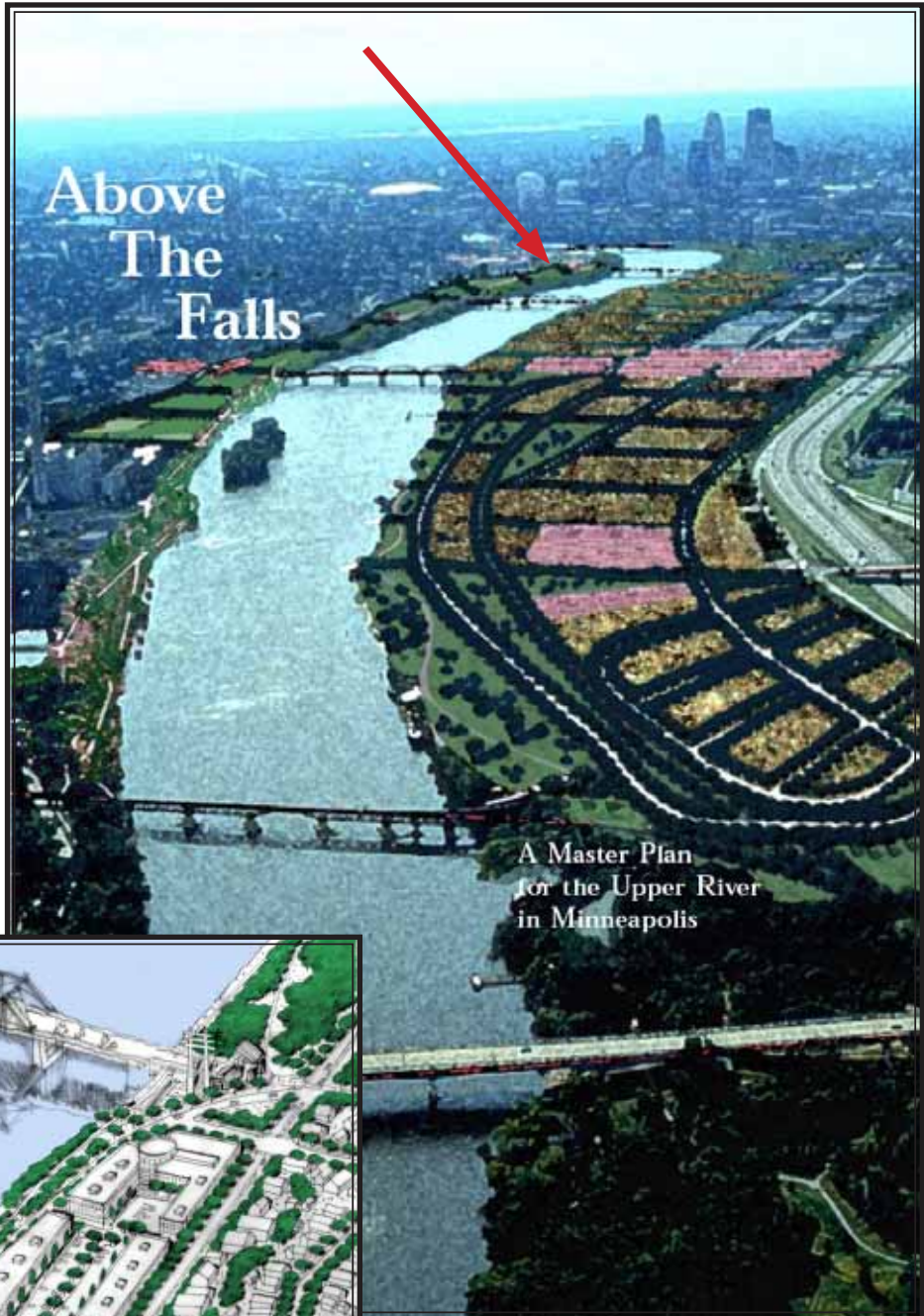


LOCATION ANALYSIS (CONTINUED)

Above the Falls Master Plan

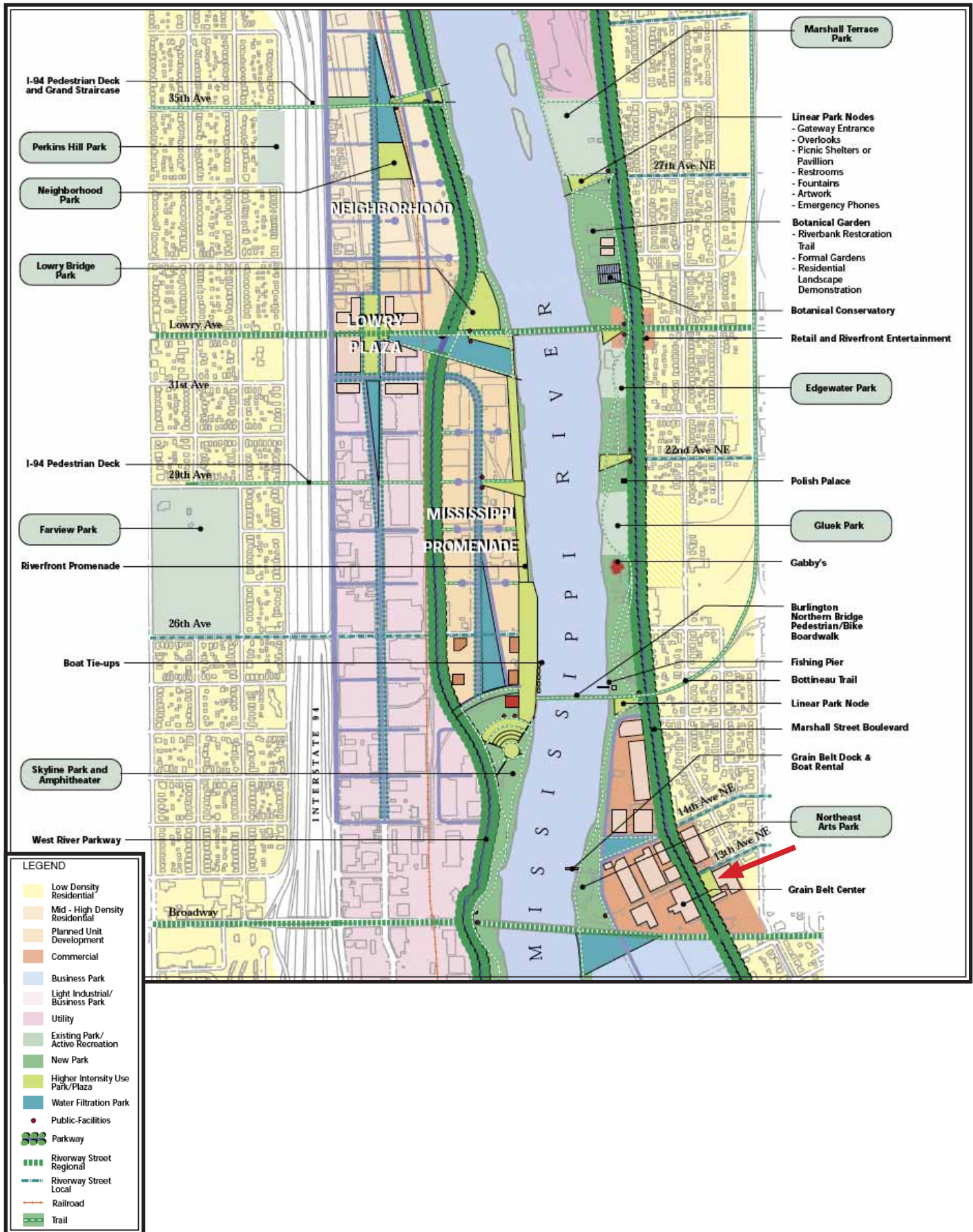
The subject is near the Mississippi River. City Council has approved an "Above The Falls" master plan for the river corridor above St. Anthony Falls. The vision is for phasing out heavy industrial uses, creating open space & trails along both banks, and providing public access to the river. The plan proposes a mixed-use development focusing on meeting, hospitality and entertainment facilities.

New PUD and mixed-use developments are planned for the west bank, and establish parkland along the east bank north of the Grain Belt Center

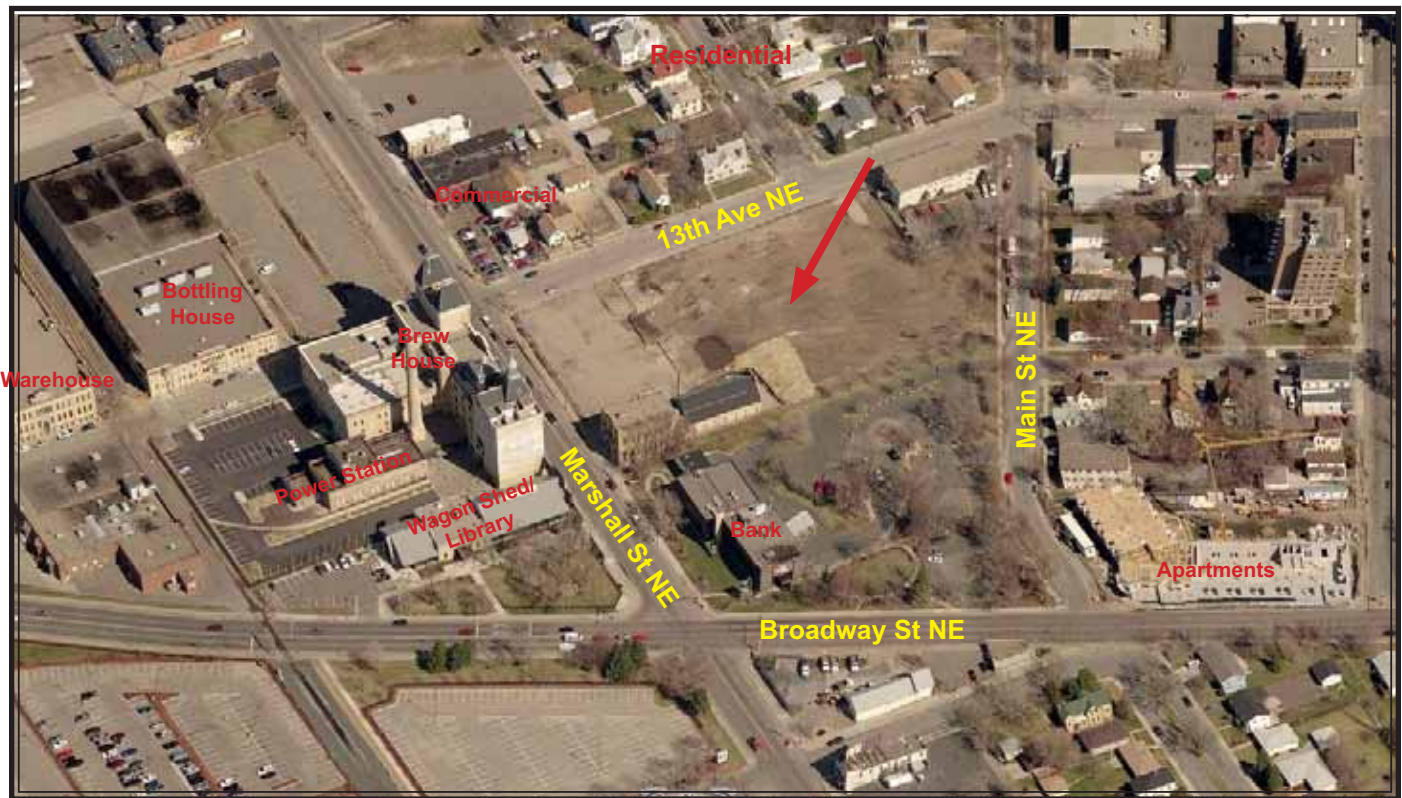


LOCATION ANALYSIS (CONTINUED)

Above The Falls Upper River Master Plan



Aerial Photos of District

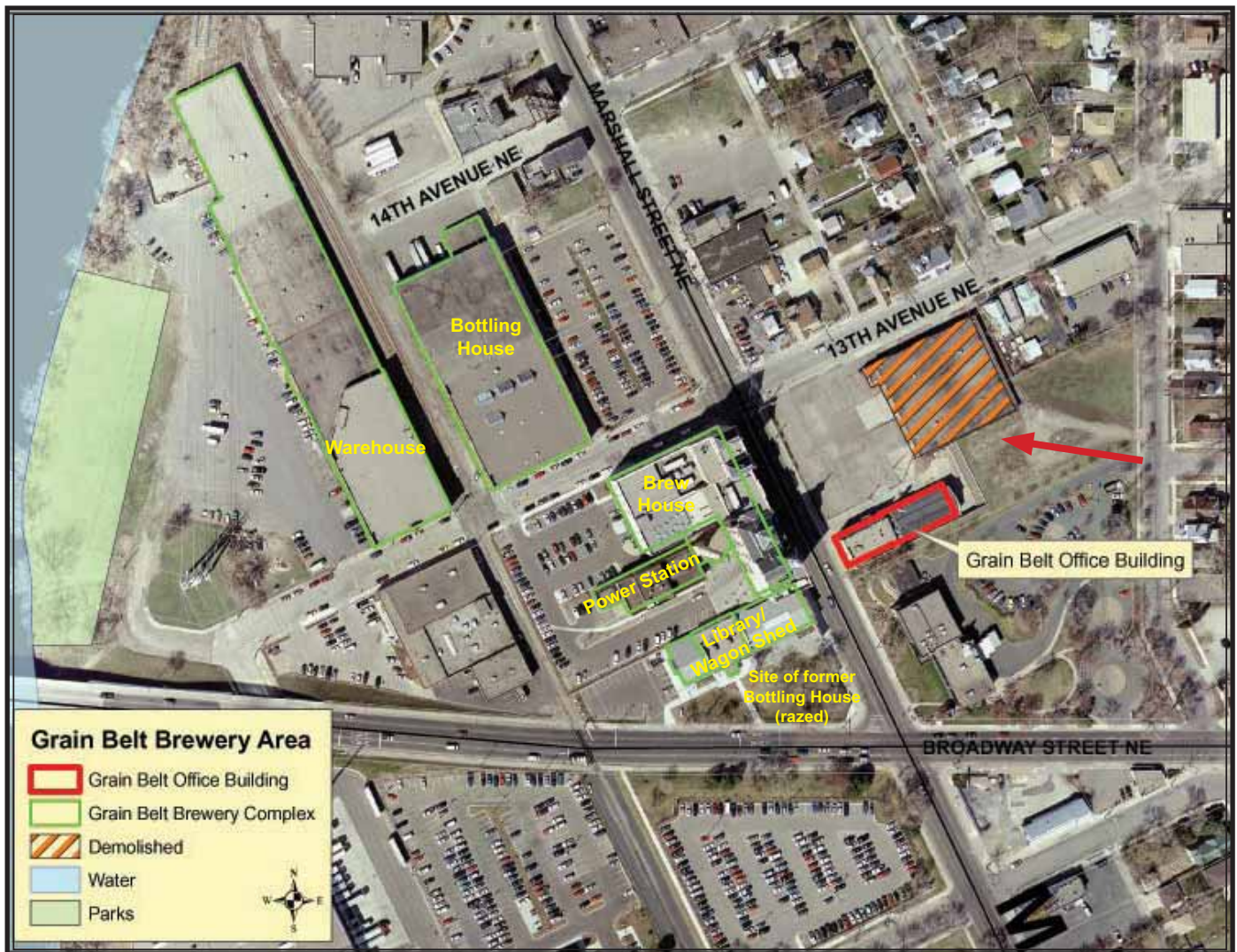


LOCATION ANALYSIS (CONTINUED)

Grain Belt Brewery Complex

The subject is part of the 14-acre former Grain Belt Brewery complex. The complex was placed on the National Register of Historic Places in 1990. It was originally established in 1890 by the Minneapolis Brewing and Malting Company, and consisted of seven structures including the brew house, offices and warehouses (a former bottling house has been razed). The facility was vacated in 1975 when brewing operations were relocated out of state. Most of the buildings have since been renovated into office space.

The City's vision is for "a varied yet cohesive mix of land uses complementing and enhancing the historic character of the brewery complex." Possible uses include neighborhood commercial services; residential, including residential above street-level commercial; arts-related; and some light industrial. In addition to the renovation of the historic buildings, objectives include improving public access to the Mississippi River, encouraging "appropriate residential development that maximizes the value of the riverfront amenity and the historic setting" and promoting nearby revitalization. Alterations or renovations to buildings within the complex must conform to City stipulations and historic preservation standards.



LOCATION ANALYSIS (CONTINUED)

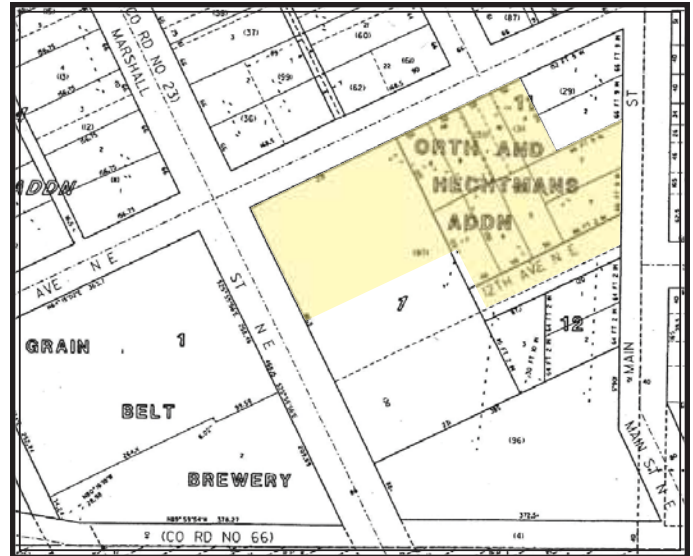
Photos of District Properties



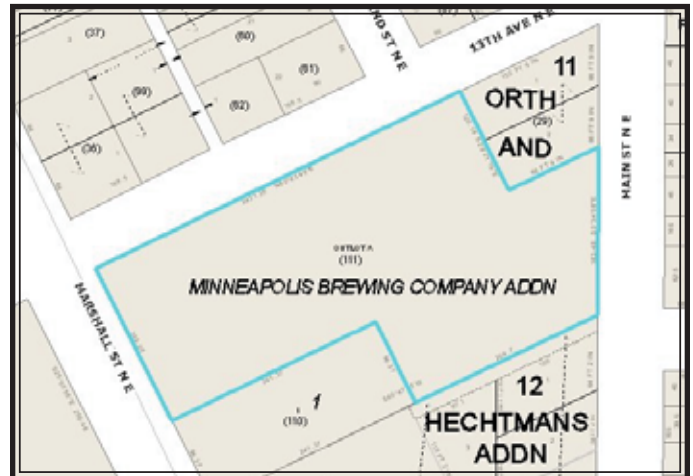
SUBJECT DATA AND ANALYSIS

Number of subject tax parcels	1
Shape	Irregular Z-shape
Gross size	108,872 sf (2.50 acres)
Usable size	Fully usable
X Corner site	Interior site
Landlocked	Railroad access
Significant wetlands on site	Excess or surplus land
Public infrastructure/improvements:	
X Public street frontage	Private street frontage
No street frontage	Access via private easement
X Paved street surface	Gravel street
X Concrete curb & gutter	No curb & gutter
X Average street lighting	Decorative street lighting
X Public sidewalk	Public bike trail
X Available street parking	No street parking allowed
X No streetscape improvements	Good streetscape improvements
X No alley	Alley access
X Public sanitary sewer	Private septic system
X Public water	Private well
X Public storm sewer system	Roadside ditches/culverts
Underground elect. service	X Overhead electrical
X Natural gas service	Private LP tank
Condition and comments on public improvements	Average public improvements, avg condition having remaining life
Terrain/topography	Level to upward sloping to east
Drainage	Average, no on-site ponding, district served by public storm sewer system
FEMA special flood hazard area	Low risk zone X, map #27053C0357E, dated 9/2/2004
Traffic visibility/exposure	2007-08 traffic counts on Marshall St, 13th Ave & nearby Broadway St of 12,700, 1700 & 22,900 vehicles per day, respectively
Access, center medians, traffic patterns and curb cuts	Site access would be obtained when developed, yet currently good access to & from 13th Ave via numerous curb cuts & 1 curb cut on Main St; no center medians
Views	Avg, good view of Brew House
Adjacent uses	Avg commercial & multi-family
Easements or encroachments: New (undefined) encumbering drainage/utility easement bisects the site, plus an encroaching 22' x 241.37' (5310 sf) driveway easement, both benefiting the adjacent property to the south (1215 Marshall St). No other significant apparent	
Soil condition issues	None apparent or assumed
Environmental issues	None apparent or assumed
Private deed restrictions: Redevelopment will be required to meet numerous state & local standards. See following Zoning comments.	
Comments and overall functional utility & appeal: Avg multi-family residential or mixed-use site having typical urban features & utility. No unusual conditions or factors apparent or assumed	

Plat Map



County Plat Map



County Parcel Map



SUBJECT DATA AND ANALYSIS (CONTINUED)

Zoning

Subject will be rezoned to accommodate redevelopment. The site is zoned C1 and R5

Current Zoning: The western portion of the site is zoned C1, and the eastern portion is designated R5.

C1, Neighborhood Commercial District. Allowed is a wide range of commercial uses including retail sales & services, professional and medical/dental office, restaurant, club or lodge, limited light industrial, place of assembly, some multi-family and mixed-use residential uses. There are no lot size requirements, max. building height 2.5 stories or 35', max. floor area ratio of 1.7.

R5, Multiple-Family District. Permitted are high-density apartments, congregate living arrangements and cluster developments. Other residential, institutional and public uses may be allowed. Requirements: Allows up to 62 units per acre (up to 155 units), min. lot size of 5000 sf & 700 sf of lot area per dwelling unit, max. building height - 4 stories or 56', max. floor area ratio of 2.0 for residential uses. Density bonus can be available for underground parking and affordability occupancy.

Parking Requirements: Adequate parking will be required.

Historic Preservation District: The subject is vacant land, yet has this designation to protect the ruins of an old brewery building buried within the NE corner of the site; it cannot be disturbed. Therefore, there is a development stipulation for a public plaza in this portion of the site. Generally within the Historic Preservation District, major changes to buildings must go through an approval process to conform to City and state historic preservation standards.

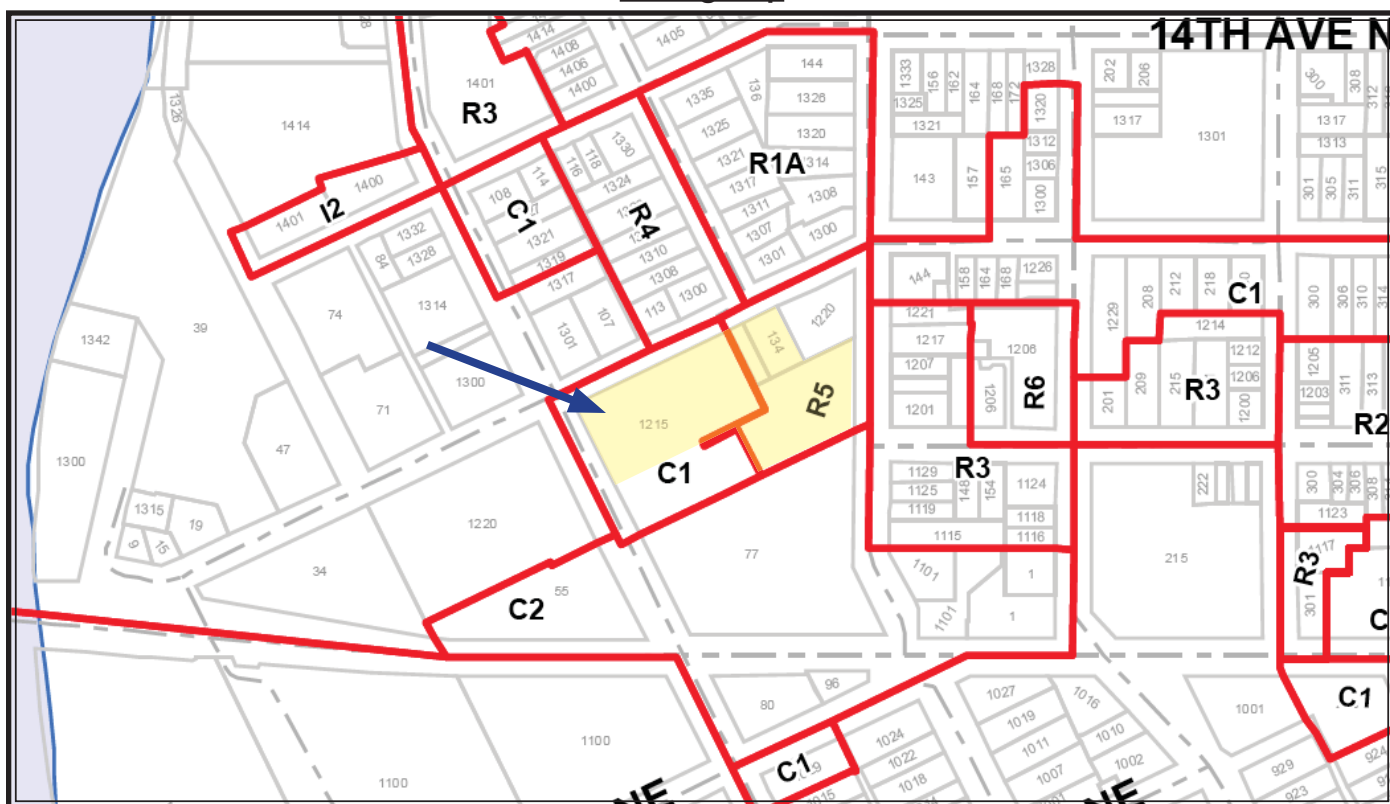
Grain Belt Brewery Area Development Objectives: The amended plan dated 8/11/2000 includes the requirement for a public plaza and suggests limiting building heights "within certain distances from the river, the primary design standard for the brewery area is that building heights and massing should be compatible with the existing historic buildings, and should preserve the vistas of the historic buildings."

Design objectives include: "In the area east of Marshall Street, new construction should be of the character, material and placement compatible with the existing Grain Belt office building. Such new construction should be limited in height so as not to obscure the easterly view of the brewhouse...It is generally expected that a high level of design quality and amenities will be incorporated into any new development in the brewery area."

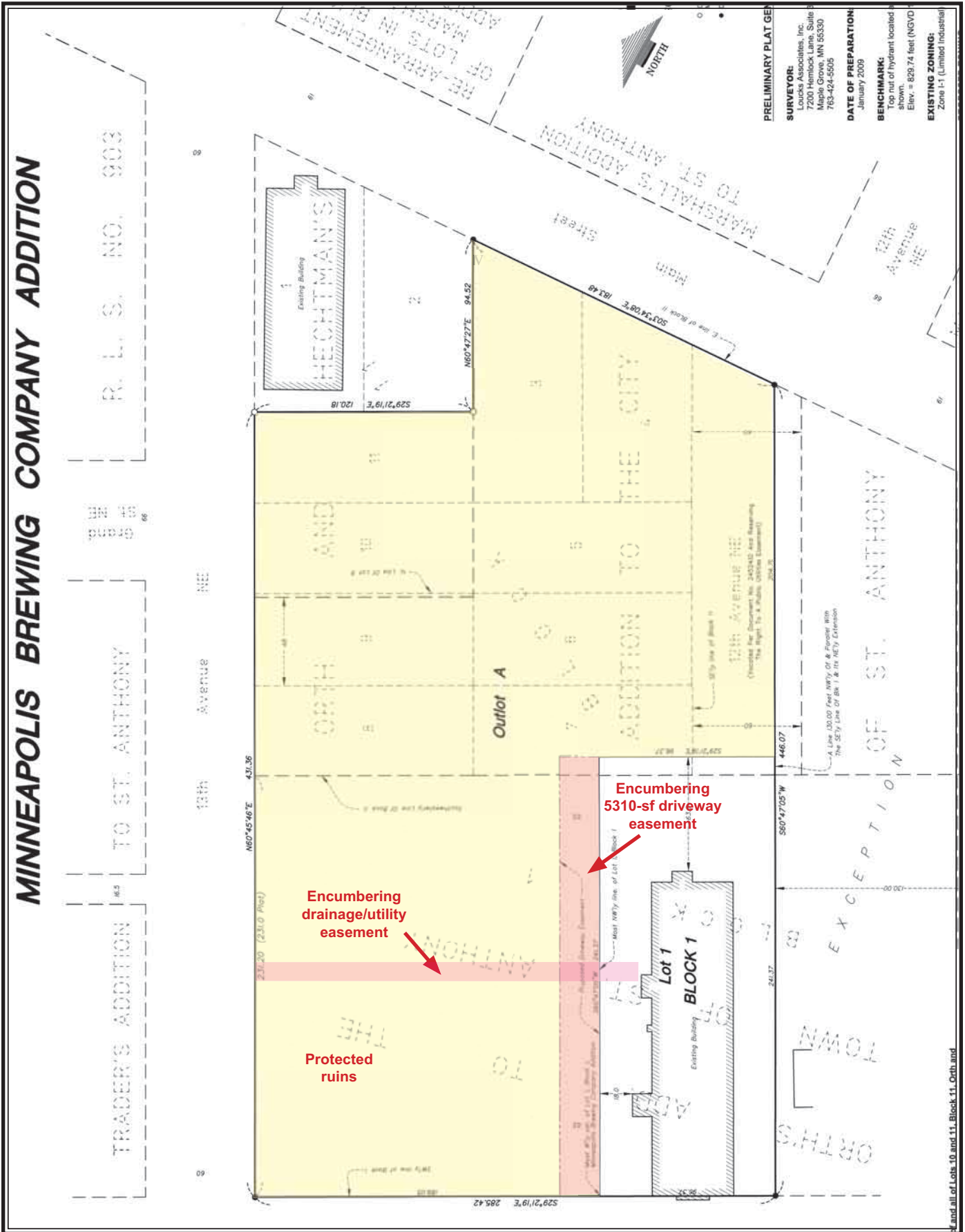
Allowable Density: Mixed-Use and Multiple Family Zoning Districts

Zoning District	Name	required lot area per dwelling unit (sq. ft.)	base height limitation	base units per acre	base Floor Area Ratio maximum
Multiple Family Districts					
R3	Multiple Family District (Medium Density)	1,500	2.5	17	1.0
R4	Multiple Family District (Medium Density)	1,250	4	35	1.5
R5	Multiple Family District (High Density)	700	4	62	2.0
R6	Multiple Family District (High Density)	400	6	109	3.0
Office/Residence Districts					
OR1	Neighborhood Office Residence District	1,500	2.5	29	1.5
OR2	High Density Office Residence District	700	4	62	2.5
OR3	Institutional Office Residence District	300	6	145	3.5
Commercial Mixed-Use Districts					
C1	Neighborhood Commercial District	700	2.5/3	62	1.7
C2	Neighborhood Corridor Commercial District	700	4	62	1.7
C3A	Community Activity Center District	400	4	109	2.7
C3S	Community Shopping Center District	400	4	109	2.7
C4	General Commercial District	900	4	48	1.7

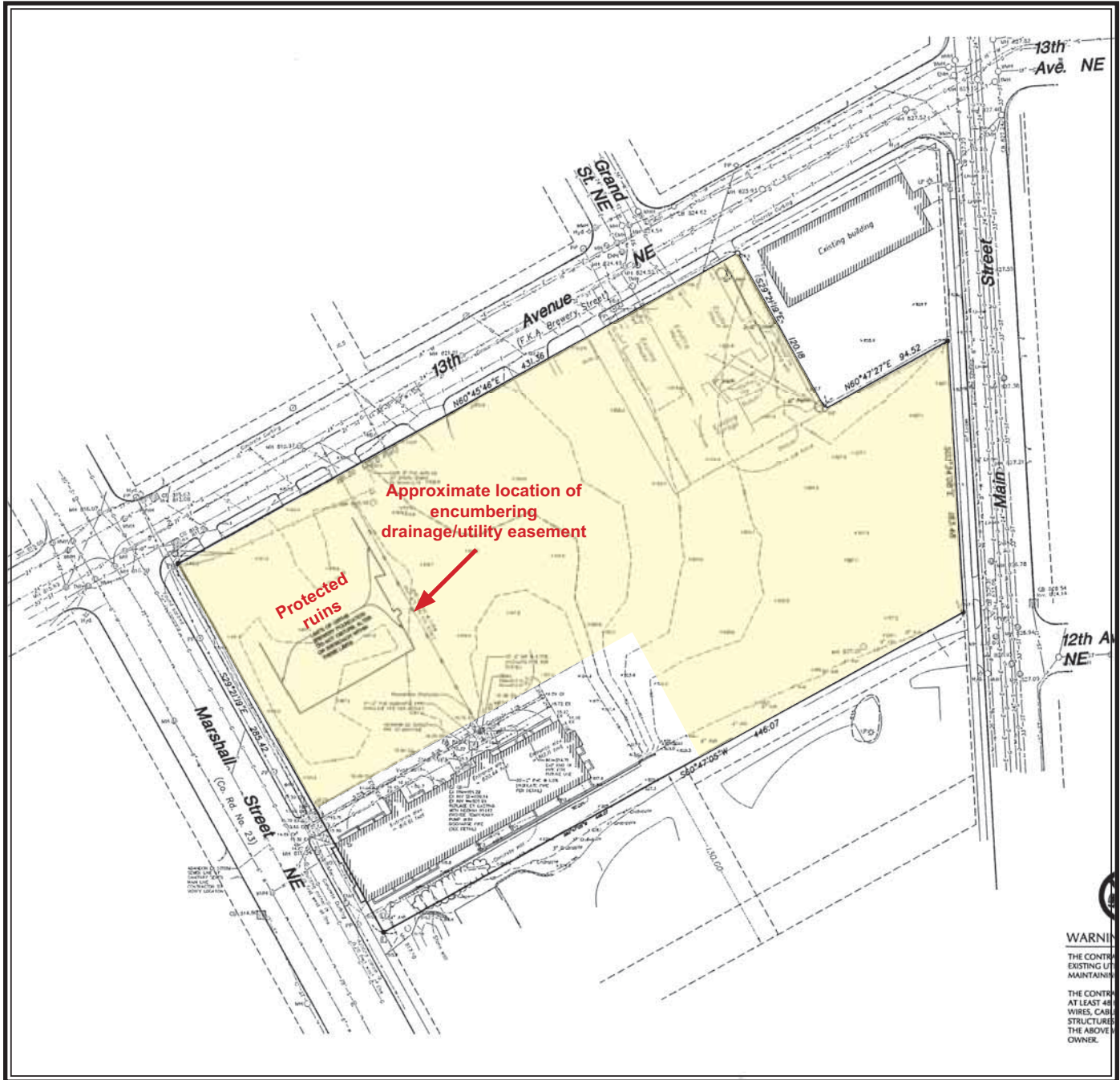
Zoning Map



2009 Preliminary Plat (with approximate locations of easements)



2011 Drainage & Storm Sewer Improvements



SUBJECT DATA AND ANALYSIS (CONTINUED)

Aerial Photos



Facing north



Facing south

Photos of Adjacent Properties



SUBJECT DATA AND ANALYSIS (CONTINUED)

Subject Photographs



Subject Photographs



Street Scenes



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REAL ESTATE TAXES

Overview

Real estate taxes on investment property can be high within Minnesota with certain property types. While tax rates have improved due to past legislation, it remains of concern to many lessors and lessees. Considerable effort can be placed upon appeal in an effort to reduce the tax burden.

Annually every January, assessors value real estate—the measure used is market value (value in exchange) based upon a fee simple interest. Current year taxes are based upon the prior year's assessed valuation. The table below details the taxes and assessed values for tax purposes.

Tax Factors

X	Subject consists of a single tax parcel
	Subject consists of multiple tax parcels:
	Subject is part of a larger tax parcel
X	Subject is tax exempt
	Subject is fully assessed
	Subject is not fully assessed
	For recently platted and developed lots, Minnesota's new plat law would apply. Within the 7-county metro region, of which the subject is within, the increase in taxable assessed value due to subdivision improvements is phased over 3 years. This only applies to parcels where no building improvements have begun
	Subject's taxable market value is less than total AMV
	Due to the much greater concluded appraised value, supported later in this report, there is risk of future increases in assessed valuations and taxes
	Assessed market value & taxes appear to be excessive
X	Appraisal based upon any special assessments, deferred/delinquent taxes or other levied taxes being paid in full
	Special assessments are <u>not</u> assumed to be paid
	No trunk assessments have been paid in the past
	Subject may enjoy a green acres tax benefit, yet this has not been researched; appraisal based upon any green acres taxes due upon a current sale to be paid in full by the seller
X	No special assessment search has been completed by the appraisers
	Comments:

Assessed Values and Taxes

	Payable 2010	Payable 2009
Total Assessed Market Value	\$1,020,000	\$1,343,400
Per Land SF	\$9.37	\$12.34
Net Taxes (non-homestead)	Exempt	Exempt
Special Assessment Payment	None known	None known
Total Tax Payment		
Remaining Special Assessment Balance	Unknown	Unknown

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SUBJECT HISTORY

	Year of original construction	
X	Original use	Former Orth Brewery (1850), 1950's warehouse & (3) SFR's, razed years ago
X	Current use	Vacant land parcel
	Appraisers are aware of possible past hazardous uses within the property	
	Year of conversion	
	Year of renovation	
	Subject sold within the past 5 years	
	Subject is under a pending purchase agreement	
X	Appraisers are aware of recent past listings for sale	The City of Minneapolis has sought developers via its "Requests for Proposals" (RFP's) program. See comments below
	Appraisers are <u>not</u> aware of a recent past sale or listing for sale	
	Subject is or will be owner-occupied	
	Subject is or will soon be leased	
	Copy of lease contained within the addenda of this report	
	Financial/operating data contained within the Income Approach of this report	

Comments:

The City of Minneapolis purchased 14 acres of the Grain Belt complex, including the subject, in 1989 for \$4,850,000. Development Objectives for the subject district were approved by the City Council in 1996 & revised in 2000.

Past development proposals:

2/2001 - Sheridan Development Company (Ross Fefercorn) was selected as the Grain Belt Housing Project developer. Plans included renovating the adjacent Grain Belt Office Building at 1215 Marshall St. Shortly afterwards, the Orth Brewery foundation ruin, having numerous buildings & shallow foundations, were located. In 11/2002, a \$775,000 development grant was awarded for the acquisition/relocation/demolition of the (3) SFR's & warehouse.

Project approvals for Phase 1 and financing (including some TIF) were obtained in 2003. The following year, the Phase 1 housing project was approved for 177 condo units (including a corner building), 14,000 sf of retail/commercial & the 1215 building renovation; 2004 & 2005 amendments reduced the number of units to 152, with no buildings near the ruins. The original 177-unit project costs were budgeted over \$42.9 million (including the 1215 renovation), or \$242,372/unit before public subsidy. Condos were priced at \$190,000 to \$265,000. The revised 152-unit plan included 7000 sf of commercial/retail space, and condos were priced from \$200,000 to \$300,000.

In 2006, the 1215 office building was severed from the housing project, and a RFP was issued. The City rezoned the Phase 1 site to C1 & R5. It was discovered that the Orth Brewery foundation ruins impacted the site significantly more than originally thought. Revisions to building locations, spacing & setbacks, underground parking and drainage delayed the development timetable. The City approved the sale of the subject for Phase 1 to the developer for \$2 million (\$13,158/unit net of retail, based upon 152 units) and excluded a smaller 1215 site. City was to reinvest the \$2 million in to Marshall St public improvements (street, utilities & public plaza). However, the sale never closed due to the significant ruins impact upon project density & design, and to deteriorating market conditions.

In the fall of 2010, the City installed a new storm sewer connection for the 1215 building to 13th Ave NE, bisecting the subject just east of the ruins. An encumbering drainage/utility easement is assumed (not yet defined), and will further reduce the buildable portion of the site.



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MARKET OVERVIEW

Overview and Trends

The current poor economy has significantly impacted multi-family residential properties, both nationally and locally. The recent deep recession created a lack of consumer confidence, reduced spending, outsourcing and changes in commercial lending. Increased spending and job growth will likely be significant factors for improvement in the multi-family residential real estate market.

Rental rates are likely to remain depressed for most property types until more excess inventory is absorbed. 2011 apartment rents are anticipated to remain relatively flat, yet with fewer concessions offered. As of 1/2011, NorthMarq reports the average monthly rent in the 13-county Twin Cities metro area is near \$905.

Vacancy rates have dropped 3 consecutive quarters to 4.2%, down from 6.4% one year ago and at a peak of 7.3% at the end of 2009. The lowest vacancy rates were for units in the \$900-\$1000 range. The graphs within this section clearly show the current trends as compared to historic levels.

Sale transactions are greatly reduced, there has been little new construction, and financing continues to be difficult to obtain, yet the trend is improving. Speculative land is not moving, even at rock-bottom prices; however, there have been more recent land sales for users, i.e., values follow development. On the negative side, construction costs are rising due to higher energy & materials costs, plus increasing demand. Several multi-family projects are currently under way, with more activity in urban vs. suburban areas. NorthMarq reports 500-600 units are expected to be delivered in 2011, and some larger projects are anticipated to open in 2012.

Due to deterioration in property fundamentals, cap rates had increased the past years for commercial property, except for institutional-grade complexes where rates have reduced. Changes in rents, vacancy and cap rates have resulted in significant value decline since late 2007. In the past 6 months, a slower decrease in vacancy rates and less negative absorption may indicate the commercial market has hit bottom and is beginning a slow recovery. Published surveys indicate some recent improvement in cap rates.

Multi-family has been the strongest performing sector in the past year. Vacancy is down, cap rates are lower, values are up, and some rental apartment construction is occurring or is planned. A positive factor is a recent reduction in Minneapolis apartment vacancies.

Two multi-family residential projects within two blocks of the subject are reportedly doing well:

River Run Apartments at 1424-34 Marshall St NE, features a 74-unit low-income rental apartment building built in 2005 and 10 owner-occupied townhouses constructed in 2007. The property manager reports the building is consistently full, and any vacancies are filled quickly. The apartment portion has always been a rental project.

1101 on Main is a mixed-use senior market-rate rental apartment project having 9887 sf of street-level retail with 56 apartments above. Originally constructed for condominiums, the project stalled in 2007 due to declining market conditions, with only 16 of the units sold. Catholic Eldercare purchased the remaining 40 units in March 2008 for conversion to senior housing, and agreed to buy out the 16 condo owners at "fair market value" by 2012. An Catholic Eldercare Spring 2008 newsletter reported "a professional market survey identified a strong demand for quality apartments in NE Minneapolis." The senior component currently has 50 units with 4 vacancies, and rents range from \$990-\$2000/unit. 5325 sf of the retail space has never been occupied and is currently listed at \$12/sf NNN (\$7.10/sf 2011 operating expenses); listing agent reports occasional inquiries.

The subject district may experience future stability and growth, yet not significantly until the economy and market conditions improve. In conclusion, market fundamentals are poor, yet improvement is anticipated. Economic activity and consumer confidence need to improve, and credit requirements need to ease before significant market improvement can occur. Demand and values to remain soft likely thru 2012.

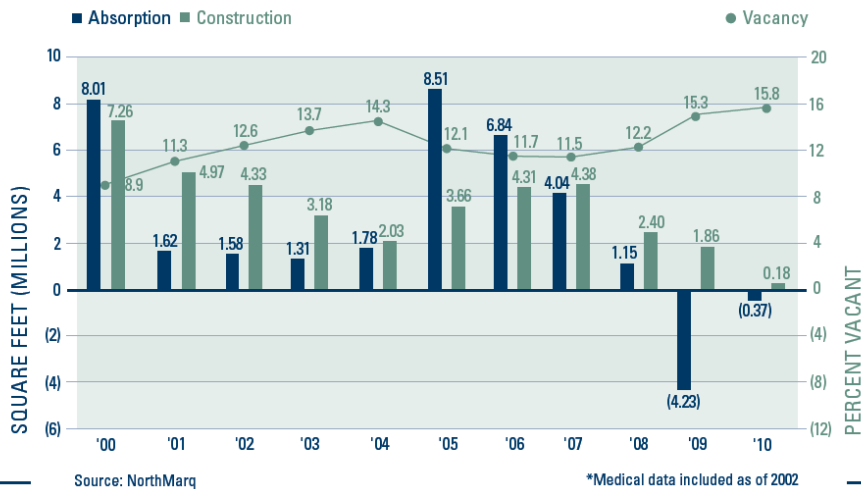
National Value Trends from Moodys/REAL Commercial Property Price Index (CPPI)



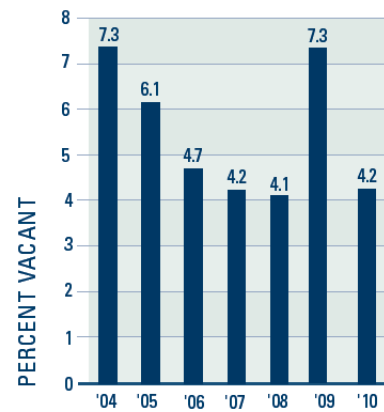
MARKET OVERVIEW (CONTINUED)

ABSORPTION, CONSTRUCTION AND VACANCY

Twin Cities Office, Retail, Industrial, Medical* Multi-Tenant Market



MULTI-FAMILY VACANCY



SALES VOLUME AND CAPITALIZATION RATES

Twin Cities Office, Retail, Industrial and Multi-Family Properties

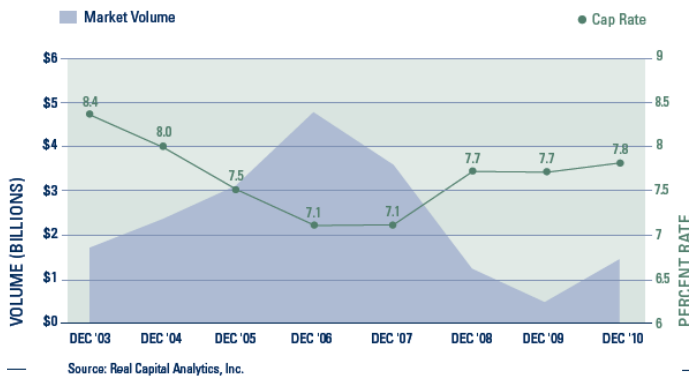
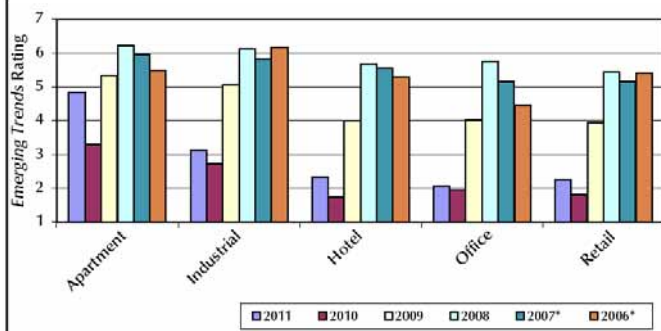
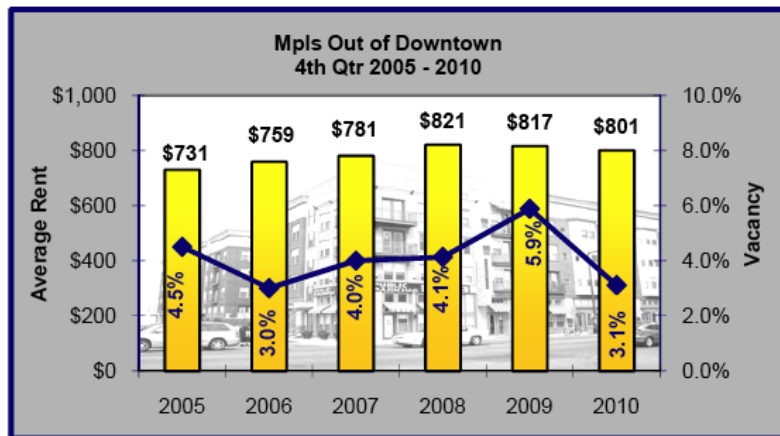


Chart NDL-1 DEVELOPMENT PROSPECTS

Emerging Trends 2006 to 2011



Marquette Advisors Apartment Trends



Minneapolis - Out of Downtown

At \$801, the average rent in Minneapolis - Out-of-Downtown is down slightly from \$817 over the past 12 months. The vacancy rate has declined to 3.1%. This submarket showed the 2nd lowest vacancy rate among all Twin Cities submarkets.

HIGHEST AND BEST USE

Definitions and Criteria Used

Highest and best use as defined in The Appraisal of Real Estate, Thirteenth Edition, by the Appraisal Institute, 2008 is:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value"

Implied in this definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals.

The four criteria used in determining highest and best use are:

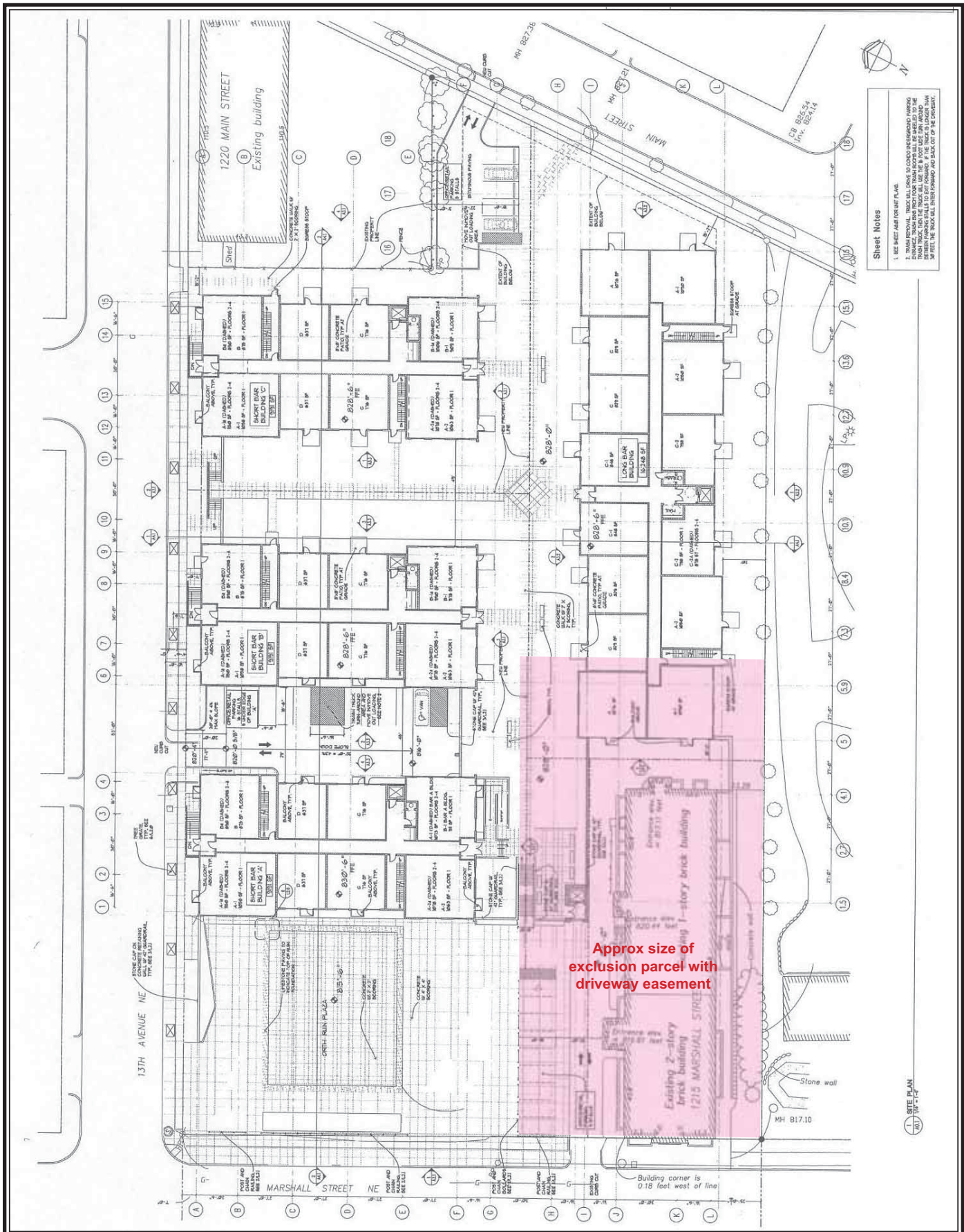
1. Legally permissible (e.g., zoning requirements or the potential for re-zoning)
2. Physically possible (e.g., site adequacy in terms of size, terrain, soil conditions, utilities and access)
3. Financially feasible (e.g., surrounding similar or compatible uses, is there an established market for such a property? do current rents justify the costs of construction? is there sufficient demand to produce an acceptable occupancy level?)
4. Maximally productive (determine which use of the feasible uses is the most profitable use)

Highest and Best Use Elements

Legal Factors	The subject currently has split zoning & will be rezoned to accommodate development; likely for a dense multi-family residential use, possibly with a small retail component. For more information, see zoning section within the prior Site Data and Analysis section, and zoning excerpts within the addenda of this report
Physical Factors	<p>Subject is a large corner lot, yet is an irregular shape and encumbered with historic preservation stipulations for old brewery ruins, public plaza requirements, and driveway & utility easements limiting the buildable area. Soils are stable, public utilities are available, there is good street frontage, and the size of the site can accommodate a dense multi-family residential development.</p> <p>A 2006 proposed redevelopment plan for condo units is shown on the following page; the project did not proceed due to declining market conditions & the discovery of more significant ruins than originally thought.</p>
Financial Factors	Subject is in an established urban district having some historic appeal near the Mississippi River. There is a good view of the attractive renovated Grain Belt Brew House
Conclusion	<p>Zoning would likely require a dense urban multi-family residential development. Market conditions generally do not support new construction at this time, although the apartment market is beginning to show some signs of a slow recovery. Some new construction projects are occurring within Minneapolis.</p> <p>The condo market is distressed and does not support new construction. Likely use is for a rental multi-family residential development with or without a small retail component.</p> <p>Zoning allows for up to 62 units per acre, yet limits building height to 4 stories. The Grain Belt Brewery Area Development Objectives by the City support limiting building masses to retain views for the district. As a 4-story project net of the ruins location, a density similar to the past approved project is likely. This achieved 152 units with an underground garage on a 2.66-acre site, or 57.14 units per acre.</p> <p>The present site has been reduced to 2.50 acres, plus the size of the ruins has been increased. Using the previous approved density of 57.14 units per acre, the current site could achieve approximately 143 units. Should a 5-story project be approved via a PUD, approximately 175 units would likely be attainable (average density of 70 units/acre). In the following valuation section, our main valuation scenario is based upon 143 units, yet we have also valued a potential of 175 units.</p>



Past Proposed Redevelopment Plan dated 1/2006



SUBJECT VALUATION

Vacant Land Valuation Overview

The subject is valued to its highest and best use--as a dense urban multi-family residential and mixed-use development site. There has been some transaction activity with which to develop a land value via a Sales Comparison Approach.

Comparable Selection

Given the recent downturn in the economy, market activity in the past 2 to 3 years has slowed considerably and there have been few sales transactions. Minneapolis has had pockets of redevelopment activity, and there have been some land transactions in recent years. We have given primarily consideration to sales which closed in 2009 or later and when possible, have utilized sales that have closed in the past 18 months.

We have identified 7 comparable sales of multi-family residential development sites within Minneapolis that are used for detailed analysis. These land sales are analyzed based on the price paid per unit. Unadjusted, they generally range in price from \$9000/unit to \$22,490/unit. Following are a location map, summary information on each sale, and an adjustment analysis.

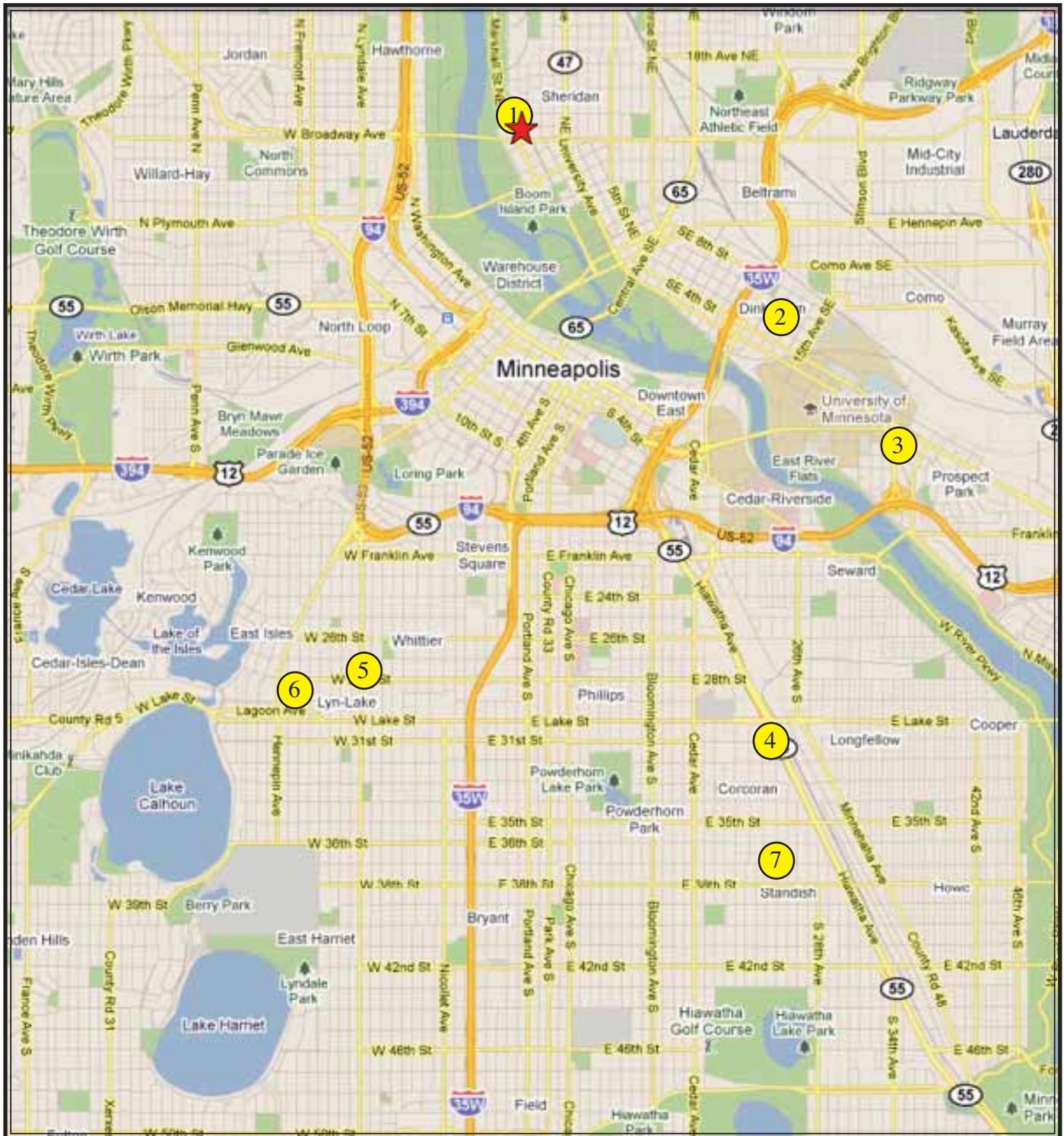
Summary Table of Comparable Sales

Comp. No.	Address	Usable Area	Intended Use	Density (Units/Acre)	Sale Date	Sale Price	Price Per Unit
1	2006 Grain Belt Housing site	116,051 sf 2.66 ac	Residential condos 152 units	57	May 2006	\$2,000,000	\$13,158
2	412 Lofts 1206-1212 5th St	51,765 sf 1.19 ac	Student housing 102 units	86	Sept 2010	\$2,294,000	\$22,490
3	Solhaus Apartments 2428 Delaware St Se	21,687 sf 0.50 ac	Student housing 75 units	151	Sept 2010	\$1,290,000	\$17,200
4	Clare Hiawatha 3105 23rd Ave S	31,320 sf .72 ac	HIV/AIDS housing 45 units	63	May 2010	\$678,806	\$15,085
5	The Greenleaf 610 28th St W	38,535 sf .88 ac	Rental apartments 63 units	71	Nov 2010	\$1,100,000	\$17,460
6	Flux 2838 Fremont Ave S	78,757 sf 1.81 ac	Rental apartments 216 units	119	Nov 2010	\$3,350,000	\$15,509
7	The Waters Senior Living 3733 23rd Ave S	51,022 sf 1.17 ac	Senior apartments 77 units	66	Apr 2010	\$693,000	\$9 000



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Land Comparable Location Map



SUBJECT VALUATION (CONTINUED)

Comparable Sales

COMPARABLE 1

1219 Marshall St NE - Minneapolis

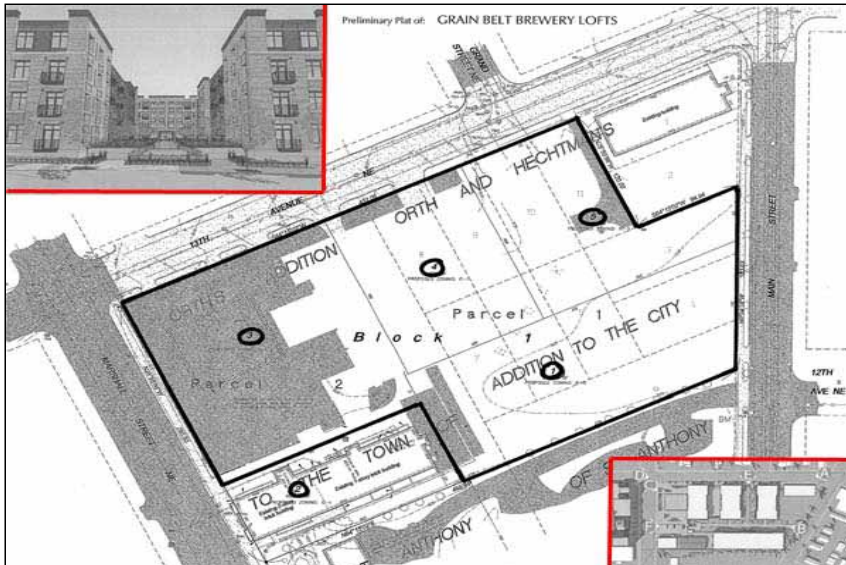


Price - \$/Unit: \$13,158

Sale Date: May, 2006

Sale Price: \$2,000,000

Address: 1219 Marshall St NE
 City: Minneapolis
 Intended Use: 152 residential condo units
 Soil Type/Cond.: Assumed stable
 Topography: Slope 10' over 430'
 Water: Public
 Sanitary Sewer: Public
 Storm Sewer: Public
 Gas: Available
 Trackage: N/A
 Curbing: Concrete
 Flood Zone: X



Buyer: RMF Entities
 Seller: Minneapolis CPED
 Sale Date: May, 2006
 Size SF/Acres: 116,051 / 2.66
 Purchase Price: \$2,000,000
 Plus: Specials: \$0
 Other Costs: \$0
 Total Price: \$2,000,000
 \$/SF - Overall: \$17.23 ±/SF
 \$/SF - Unit: \$13,158 ±/SF-Unit
 NO. Units: 152
 PID Number: 15-029-24-14-0097
 Zoning: Rezoned to C1 & R5

Purchase agreement for a proposed housing condo project which had several revisions to design & density (originally 177 units). Buyer & seller agreed to the \$2.0 million price in May 2006 for 152 units, yet the deal never closed due to deteriorating market conditions and increased impact of archaeological ruins (discussed below). Planning & approvals had previously been completed by the buyer. This sale did not include the Grain Belt Brewery office building located at 1215 Marshall St NE, yet included some encumbering parking arrangements for the office building. Seller was responsible for costs incurred to prepare site for development (environmental, razing of past structures & some public improvements). Good infill site (across from the renovated Grain Belt Brewery House) that was to be developed with 152 lofts and flats, plus up to 7000 sf of retail/commercial space. The Marshall St frontage was to feature a public plaza, protecting the historically-designated archaeological ruins of the 1850's Orth Brewery; after the price was agreed to, it was discovered that the protected ruins encompassed a larger area, thereby reducing the buildable area & density of the site--the sale never closed. Proposed was the Grain Belt Brewery Lofts project consisting of (4) 4-story buildings having an underground parking garage & street-level promenade. The city was to provide financial assistance towards the public plaza & promenade. Condo units originally priced at \$200,000 to \$300,000. Located in an average mixed-use district within the Sheridan neighborhood, having good access and support facilities. 2005 traffic counts of 9900 & 1900 vehicles per day on Marshall St & 13th Ave, respectively. 2007 counts of 12,700 & 1700 vehicles. Price per unit: \$13,158 Average density: 57.05 units per acre, plus retail

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 2

1206 -1212 5th St & 1209 4th St SE - Minneapolis



Price - \$/Unit: \$22,490

Sale Date: September, 2010

Sale Price: \$2,294,000

Address: 1206 -1212 5th St &
City: Minneapolis
Intended Use: Student housing, 102 units
Soil Type/Cond.: Reported to be stable
Topography: Level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: None
Curbing: Concrete
Flood Zone: X



Buyer: Doran University II, LLC
Seller: Heart of the Earth Survival School Inc
Sale Date: September, 2010
Size SF/Acres: 51,765 / 1.19
Purchase Price: \$2,194,000
Plus: Specials: \$0
Other Costs: \$100,000
Total Price: \$2,294,000
\$/SF - Overall: \$44.32 ±SF
\$/SF - Unit: \$22,490 ±SF-Unit
NO. Units: 102
PID Number: 24-029-24-31-0082
Zoning: OR3, Institutional Office

Includes PID #'s 24-029-24-31-0081 and 0110. P.A. was signed in 2/2009. Three-parcel site purchased for assemblage and construction of a 1-building, 5-story, 102-unit student housing project to be known as "412 Lofts." Existing buildings totaling approx 40,500 sf were razed at a cost of near \$100,000 (shown in Other Costs above). Environmental issues within the buildings were remediated by the buyer, and fully reimbursed with public funds. Located in a good mixed-use district, 1/4-mile north of the University of Minnesota campus.

Density: 85.83 units/acre
Total price per unit: \$22,490

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 3

2428 Delaware St SE - Minneapolis



Price - \$/Unit: \$17,200

Sale Date: March, 2010

Sale Price: \$1,290,000

Address: 2428 Delaware St SE
City: Minneapolis
Intended Use: Student housing
Soil Type/Cond.: Much contamination
Topography: Level; at street grade
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: None
Curbing: Concrete
Flood Zone: X



Buyer: Solhaus Associates, LLC

Seller: Republic Ventures, LLC

Sale Date: March, 2010

Size SF/Acres: 21,687 / 0.50

Purchase Price: \$800,000

Plus: Specials:

Other Costs: \$490,000

Total Price: \$1,290,000

\$/SF - Overall: \$59.48 ±/SF

\$/SF - Unit: \$17,200 ±/SF-Unit

NO. Units: 75

PID Number: 30-029-23-24-0037

Zoning: C3A-Community Activity

Sale closed 9/30/2010. Purchased for construction of a 1-building, 6-story, 75-unit student apartment facility to be known as "Solhaus Apartments." Site was previously used by Gopher Oil Co and had extensive soil contamination. Buyer estimated cost to remediate of \$1.4 million, yet \$950,000 in grants had been received by 11/2010. Other costs included \$35,000 for demolition of 2 existing buildings & \$5000 to remove an underground storage tank; total buyer costs of approx \$490,000 shown in Other Costs above. Site was not marketed for sale and buyer & seller knew each other, yet buyer felt the transaction was arm's length. Good mixed-use location several blocks east of the core of the University of Minnesota's East Bank campus, one block south of Washington Ave SE, near the TCF Bank Stadium. As of 2/2011, the building is under construction and scheduled to open in 8/2011; asking rents start at \$500/student.

Density: 150.64 units/acre

Total price per unit (including corrections): \$17,200

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Appraisal report of 1219 Marshall St NE, Minneapolis, MN

SUBJECT VALUATION (CONTINUED)

COMPARABLE 4

3105 23rd Ave S - Minneapolis



Price - \$/Unit: \$15,085

Sale Date: May, 2010

Sale Price: \$678,806

Address: 3105 23rd Ave S
City: Minneapolis
Intended Use: HIV/AIDS housing, 45 units
Soil Type/Cond.: Reported to be stable
Topography: Level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: Near LRT line
Curbing: Concrete
Flood Zone: X



Buyer: Clare Hiawatha Limited Partnership

Seller: Clare Hiawatha, LLC

Sale Date: May, 2010

Size SF/Acres: 31,320 / 0.72

Purchase Price: \$678,806

Plus: Specials: \$0

Other Costs: \$0

Total Price: \$678,806

\$/SF - Overall: \$21.67 ±SF

\$/SF - Unit: \$15,085 ±SF-Unit

NO. Units: 45

PID Number: 01-028-24-21-0121

Zoning: R4

CREV indicates sale between related parties, yet buyer reports arm's length transaction, and price was based on an appraisal. Purchased by a non-profit group for construction of 1-building, 3-story, 45-unit, HIV/AIDS housing project. Building to feature (19) studio and (26) 1-BR units. Buyer reportedly obtained \$9.3 million in public funding, and sought an additional \$1 million in public support. Located in an average mixed-use district within the Powderhorn neighborhood, one block south of the Lake St LRT station. The project broke ground in 5/2010; anticipated to open in 2011.

Density: 62.50 units/acre

Price per unit: \$15,085

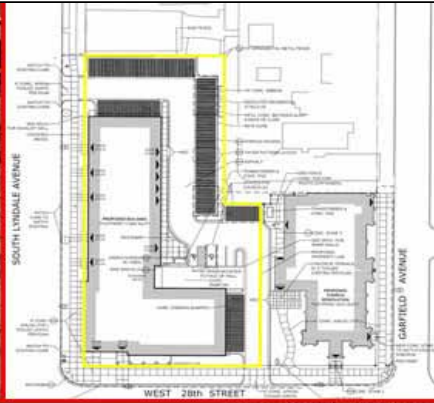
Formerly excess Met Council land, the site was purchased by the seller (jointly with Wellington Management) for \$616,950 (\$19.70/sf or \$13,710/unit) in 8/2008. May, 2010 sale price appears to be based on the 2008 sale price, plus holding/approval costs.

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 5

610 28th St W - Minneapolis



Price - \$/Unit: \$26,032

Sale Date: November, 2010

Sale Price: \$1,640,000

Address: 610 28th St W
 City: Minneapolis
 Intended Use: Mixed-use development
 Soil Type/Cond.: Assumed stable
 Topography: Level
 Water: Available
 Sanitary Sewer: Available
 Storm Sewer: Available
 Gas: Available
 Trackage: None
 Curbing: Concrete
 Flood Zone: X

Buyer: Lyndale Salem Green Ltd Partnership
 Seller: Salem English Evangelical Lutheran Church
 Sale Date: November, 2010
 Size SF/Acres: 38,535 / 0.88
 Purchase Price: \$1,600,000
 Plus: Specials:
 Other Costs: \$40,000
 Total Price: \$1,640,000
 \$/SF - Overall: \$42.56 ±/SF
 \$/SF - Unit: \$26,032 ±/SF-Unit
 NO. Units: 63
 PID Number: 34-029-24-32-0062
 Zoning: C2, Neighborhood Corridor

Old PID # shown; new PID's 34-029-24-32-0414, 0415, 0417, 0418 & 0420. P.A. signed 6/3/2010. Arm's length transaction of the western portion of a church property (outlined in yellow on map) purchased for construction of a mixed-use 1-building, 4-story project to be known as "The Greenleaf," having main level commercial space (ap. 8700 sf) & affordable housing (63 apartments) on upper levels. Sale price is allocated as - \$1.1 million for the multi-family residential component & \$500,000 for the commercial component. Costs to raze the existing church accessory building, garage & asphalt parking lot estimated at \$40,000 (in Other Costs above). The seller will retain & rehabilitate the original church on the eastern portion (not included in this sale). Cross-easements for parking, etc., will be negotiated between the 2 sites; project features 51 stalls of structured parking & a 48-stall surface parking lot. The buyer was selected via an RFP process, and the transaction was negotiated based on district market trends. A P.A. was originally signed on 2/1/2008 for \$2 million (1.4 million for multi-family & \$600,000 for commercial), yet the price was later reduced. Heavy traffic corner location in an average mixed-use district on the border of the Whittier and Lowry Hill East neighborhoods.

Density: 71.22 units/acre

Total price per unit including razing costs: \$26,032 (\$17,640/unit for allocated housing portion before razing costs)

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 6

2838 Fremont Ave S - Minneapolis



Price - \$/Unit: \$15,509

Sale Date: November, 2010

Sale Price: \$3,350,000

Address: 2838 Fremont Ave S
City: Minneapolis
Intended Use: 216 apartment units
Soil Type/Cond.: Assumed stable
Topography: Level, at street grade
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: None
Curbing: Concrete
Flood Zone: X, panel not printed



Buyer: BIT Uptown Apartments LLC

Seller: Fremont Development Partners LLC

Sale Date: November, 2010

Size SF/Acres: 78,757 / 1.81

Purchase Price: \$3,350,000

Plus: Specials: \$0

Other Costs: \$0

Total Price: \$3,350,000

\$/SF - Overall: \$42.54 ±SF

\$/SF - Unit: \$15,509 ±SF-Unit

NO. Units: 216

PID Number: 33-029-24-43-0136

Zoning: R-6, Multiple Family

Related parties, yet buyer reports a market transaction. Former industrial use (Acme Tag site) purchased for construction of a \$38-million rental apartment project to be called "Flux." Some environmental remediation was completed prior to the sale, and the site was vacant. The property extends between Girard & Fremont Aves and is located in an average multi-family district on the north side of the Greenway, a few blocks from Uptown (Hennepin & Lake).

Project is under construction as of 2/2011, and will feature a 195,000-sf, 6-story building having 216 units and numerous amenities including an internet cafe, bar, outdoor pool, patio, dog park, fitness center and underground parking. Units layouts include 1-BR, 1BR + den, 2-BR and 2-BR + penthouse. Greco is the developer.

Density: 119.47 units per acre

Price per unit: \$15,509

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 7

3733 23rd Ave S - Minneapolis



Price - \$/Unit: \$9,000

Sale Date: April, 2010

Sale Price: \$693,000

Address: 3733 23rd Ave S
 City: Minneapolis
 Intended Use: Senior housing
 Soil Type/Cond.: See below
 Topography: Level
 Water: Available
 Sanitary Sewer: Available
 Storm Sewer: Available
 Gas: Available
 Trackage: None
 Curbing: Concrete
 Flood Zone: X



Buyer: Covenire Care Nokomis, LLC
 Seller: Senior Care Communities, Inc
 Sale Date: April, 2010
 Size SF/Acres: 51,022 / 1.17
 Purchase Price: \$693,000
 Plus: Specials: \$0
 Other Costs: \$0
 Total Price: \$693,000
 \$/SF - Overall: \$13.58 ±/SF
 \$/SF - Unit: \$9,000 ±/SF-Unit
 NO. Units: 77
 PID Number: 01-028-24-34-0176
 Zoning: OR2

Arm's length sale of a parcel purchased for construction of a senior housing facility to be known as The Waters Senior Living of Minnehaha; price was based on an appraisal. The site was improved with a parking lot for the nearby 218-bed Providence Place nursing home. Buyer & seller intended to create a "care campus," featuring various levels of senior care in one location. This \$15-million HUD-backed project consists of one 4-story building having 77 assisted living & memory care apartment units and one level of underground heating parking for 50 vehicles. Mutually-benefiting cross parking & access; this facility has use of the adjacent 41-stall surface lot owned by the nursing home, and nursing home guests may use the underground parking in this facility. Buyer corrected some soil issues (bad fill & some environmental), costs unknown. Planning began in 2006, yet was slowed by the financing market. Construction began 4/2010. Located in an average residential & mixed-use district.

Units to consist of studio, 1-BR & 2-BR, plus 7 memory support & 7 private care suites. 20% of the units marketed for incomes below 50% of AMI. Common amenities: dining room, parlor, cafe, activity room, screen porch, patio, walking paths, secure entries. A beauty salon for the residents will also be open to the public.

Density: 65.74 units/acre Price per unit: \$9000

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SUBJECT VALUATION (CONTINUED)

Adjustment Grid

FEATURE	SUBJECT	COMP #1	COMP #2	COMP #3	COMP #4	COMP #5	COMP #6	COMP #7
Property Address	Grain Belt Housing Site	2006 Grain Belt Housing Site	412 Lofts, 1206 - 1212 5th St, Minneapolis	Solhaus Apts, 2428 Delaware St SE, Mpls	Clare Hiawatha, 3105 23rd Ave S, Minneapolis	The Greenleaf, 610 28th St W, Minneapolis	Flux, 2838 Fremont Ave S, Minneapolis	The Waters Senior Living, 3733 23rd Ave S, Minneapolis
Sale Price		\$2,000,000	\$2,294,000	\$1,290,000	\$678,806	\$1,100,000	\$3,350,000	\$693,000
Usable SF	108,872	116,051	51,765	21,687	31,320	38,535	78,757	51,022
Usable Acres	2.50	2.66	1.19	0.50	0.72	0.88	1.81	1.17
Intended Use	Multi-fam res	Condo project	Student hsg	Student hsg	HIV/AIDS hsg	Rental apts	Rental apts	Senior apts
No. Units / Density (units/ac)	143 57	152 57	102 86	75 151	45 63	63 71	216 119	77 66
Price Per SF		17.23	44.32	59.48	21.67	28.55	42.54	13.58
Price Per Unit		\$13,158	\$22,490	\$17,200	\$15,085	\$17,460	\$15,509	\$9,000
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms	Market terms	Market terms	Market terms	Market terms
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Conditions of Sale	Arm's length	Arm's length	Arm's length	Arm's length	Arm's length	Arm's length	Arm's length	Arm's length
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Market Conditions	8/1/11	5/06 (-35%)	9/10 (0%)	9/10 (0%)	5/10 (0%)	11/10 (0%)	11/10 (0%)	4/10 (0%)
Adjustment Multiplier		0.65	1.00	1.00	1.00	1.00	1.00	1.00
Location (district appeal, exposure & access)	Avg NE Mpls, Grain Belt mixed-use district	Similar	Much superior	Much superior	Superior	Much superior	Much superior	Similar
Adjustment Multiplier		1.00	0.60	0.60	0.80	0.65	0.60	1.00
Features (topo, shape, utilities, soil conditions)	Good soils, shape, topo & utilities, avg views	Same	Razing costs incl in price	Razing / remediation costs in price	Same	Razing costs incl in price	Same	Soil correction by buyer
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00	1.06
Easements or Encroachments	Encumbering Orth Brewery ruins, and driveway esmt	Encumbering Orth Brewery ruins, and parking	None major	None major	None major	Encumbering parking esmt for adjacent church	None major	None major
Adjustment Multiplier		1.05	0.95	0.95	0.95	1.00	0.95	0.95
Size (economies of scale)	2.50 acres 143 units	2.66 acres 152 units	1.19 acres 102 units	0.50 acres 75 units	0.72 acres 45 units	0.88 acres 63 units	1.81 acres 216 units	1.17 acres 77 units
Adjustment Multiplier		1.00	0.95	0.90	0.85	0.90	1.10	0.90
Zoning, Use & Density	Multi-fam res, some limited commercial 57 units/ac	Multi-fam res, some limited commercial 57 units/ac	Student housing 86 units/ac	Student housing 151 units/ac	Multi-family residential 63 units/ac	Multi-fam res (commercial not included) 71 units/ac	Multi-family residential 119 units/ac	Multi-fam res, very limited commercial 66 units/ac
Adjustment Multiplier		1.00	1.05	1.15	1.00	1.00	1.10	1.00
Composite Adj. Multiplier		0.68	0.57	0.59	0.65	0.59	0.69	0.91
Adjusted Price / Unit		\$8,980	\$12,787	\$10,147	\$9,745	\$10,214	\$10,697	\$8,157

SUBJECT VALUATION (CONTINUED)

Adjustment Analysis	
Category	Adjustment Comments
Unit of Comparison	Market participants are generally relying on price per unit basis
Property Rights	No adjustment needed
Financing Terms	No adjustment needed
Conditions of Sale	No adjustment needed
Market Conditions	Land values have dramatically dropped due to the economy, the distressed market conditions, and to the lack of new construction. Based on sales activity and the condition of the overall economy and credit markets, we estimate the peak of the Twin Cities residential land market occurred in 2005. We have applied a market conditions adjustments of -35% for the subject's 2006 sale agreement and made no adjustment for 2010 sales
Location--District Appeal, Exposure & Access	The subject is within an established urban mixed-use district having historic appeal. Comps are adjusted based on surrounding uses, traffic exposure, overall access, proximity to freeways, demographics, as well as services and amenities within the district. Significant adjustments are made to four comps for their much superior districts (e.g., near U of M, Midtown Greenway
Features--Topography, Shape, Utilities, Soil Conditions	This adjustment category reflects differences in features such as topography, utilities, efficiency of shape, soil conditions, views, etc. All have similar features. Only Comp #7 is moderately adjusted for soil remediation completed by the buyer
Easements or Encroachments	The subject has an encumbering historic preservation stipulation for old brewery ruins, plus an encumbering driveway easement. Moderate adjustments are made to the comps having no encumbrances
Size	Market participants often pay more on a per unit basis for small sites due to economies of scale, yet it is difficult to achieve large/efficient redevelopment sites within an urban setting. Some moderate adjustments are merited
Zoning, Use & Density	All have similar multi-family residential intended uses. High density amounts to the greatest price/sf, yet somewhat lower price per unit. Adjustments are taken for projects having superior commercial components and for density differences

Reconciliation Comments
<p>We have adjusted the comparables based on the subject having a proposed moderate-density multi-family development of 143 units. Following on this page, we have also concluded a market value for a higher-density 5-story, 175-unit project; however, a 5-story project is less likely to occur due to the numerous approvals that would be required.</p> <p>The comparables are generally similar to the subject, with good market-supported adjustments being made for the variations. An average value of \$10,104/unit is indicated. A value of \$8961/unit is attained with using the 3 most similar comparables (Comps #1, #4 & #7). The two scenarios support a value range of \$8961/unit to \$10,104/unit for the subject. With placing the greatest emphasis on the most similar comparables, a rounded subject value of \$9,000/unit, or \$1,300,000, is concluded. As the economy and real estate markets improve, future value would likely be higher.</p>

Land Value Indications	
Low:	\$8,157/unit
High:	\$12,787/unit
Average:	\$10,104/unit

Concluded Market Value of Subject	
Subject Value Conclusion:	\$9,000/unit at moderate density \$8,500/unit at a higher density
143 units @ \$9,000/unit = \$1,300,000 (rounded) 175 units @ \$8,500/unit = \$1,500,000 (rounded)	

CONCLUDED SUBJECT MARKET VALUE AS OF 8/1/2011:

143-unit moderate-density project	\$1,300,000
175-unit higher-density project	\$1,500,000



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EXPOSURE & MARKETING TIME

Exposure Time	
Definition:	
Per the Appraisal Standards Board in its Statement on Appraisal Standards No. 6:	
<i>"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."</i>	
	Subject has broad market appeal
X	Subject has adequate market appeal, yet an extended exposure period would be required due to difficult market conditions, the RFP process, City requirements and historic structure preservation stipulations. Demand is reduced, financing is difficult to obtain, and limited new construction is occurring
	Subject has limited market appeal
	Subject is a special purpose property having an extremely limited number of potential buyers
X	Subject could easily be marketed without significant work being needed
	Subject may need significant work to enhance its market acceptance--see highest and best use comments
X	Exposure period conclusion is based upon market observations
X	Exposure period allows for marketing efforts, negotiating, required inspections, legal work, designing & approvals, time to secure financing, and some time to coordinate a closing
X	Conclusion: 12 to 18 months
	Comments:

Marketing Time	
Definition:	
Per the Appraisal Standards Board in its Advisory Opinion No. 7:	
<i>"...an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."</i>	
While exposure time precedes the effective date of value, marketing time differs in that it is subsequent.	
X	Same marketing period applies in that market conditions are not anticipated to radically alter in terms of supply/demand, economic conditions, or significant national or local events
	A longer marketing period may occur due to changes in the economy, interest rates, capital markets or anticipated declining market conditions
	A shorter marketing period may occur due to improvement in the economy, interest rates, or market conditions
X	Conclusion: 12 to 18 months
	Comments:

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Addenda



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EXCERPTS FROM ZONING CODE

Minneapolis, Minnesota, Code of Ordinances >> - CODE OF ORDINANCES >> [Title 20 - ZONING CODE](#) >>
[CHAPTER 548. - COMMERCIAL DISTRICTS](#) >> [ARTICLE I. - GENERAL PROVISIONS](#) >>

[ARTICLE I. - GENERAL PROVISIONS](#)

[548.10. - Purpose.](#)
[548.20. - District names.](#)
[548.30. - Principal uses for the commercial districts.](#)
[548.40. - Accessory uses and structures.](#)
[548.50. - Maximum occupancy.](#)
[548.60. - Hours open to the public.](#)
[548.70. - Parking and loading requirements.](#)
[548.80. - Truck and commercial](#)
[548.90. - Signs.](#)
[548.100. - Height.](#)
[548.110. - Increasing maximum height.](#)
[548.120. - Lot dimension and building bulk requirements.](#)
[548.130. - Density bonuses.](#)
[548.140. - Yard requirements.](#)
[548.150. - Prohibition on decreasing front yards.](#)
[548.160. - Landscaped yards for nonresidential uses.](#)
[548.170. - Reserved.](#)
[548.180. - Enclosed building requirement.](#)
[548.190. - Compliance with performance standards.](#)

548.10. - Purpose.

The commercial districts are established to provide a range of goods and services for city residents, to promote employment opportunities and the adaptive reuse of existing commercial buildings, and to maintain and improve compatibility with surrounding areas. In addition to commercial uses, residential uses, institutional and public uses, parking facilities, limited production and processing and public services and utilities are allowed.

548.20. - District names.

The commercial district names are:

- C1 Neighborhood Commercial District
- C2 Neighborhood Corridor Commercial District
- C3A Community Activity Center District
- C3S Community Shopping Center District
- C4 General Commercial District

548.30. - Principal uses for the commercial districts.

(a) *In general.* Table 548-1, Principal Uses in the Commercial Districts, lists all permitted and conditional uses in the commercial districts.

- (b) *Permitted uses.* Uses specified with a "P" are permitted as of right in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance. Persons wishing to establish a permitted use shall obtain a zoning certificate for such use as specified in Chapter 525, Administration and Enforcement.
- (c) *Conditional uses.* Uses specified with a "C" are allowed as a conditional use in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance. Persons wishing to establish or expand a conditional use shall obtain a conditional use permit for such use, as specified in Chapter 525, Administration and Enforcement.
- (d) *Prohibited uses.* Any use not listed as either "P" (permitted) or "C" (conditional) in a particular district or any use not determined by the zoning administrator to be substantially similar to a use listed as permitted or conditional shall be prohibited in that district.

EXCERPTS FROM ZONING CODE (CONTINUED)

- (e) *Specific development standards.* Permitted and conditional uses specified with an "■" under the Specific Development Standards column shall be subject to the specific development standards of Chapter 536, Specific Development Standards.
- (f) *General use categories.* Table 548-1 employs general use categories for some types of uses. A particular use may be determined to be within a general use category if not listed specifically elsewhere in Table 548-1 and if not determined to be within another general use category. Determination of whether a particular use is included within a general use category shall be made by the zoning administrator in the manner provided for in Chapter 525, Administration and Enforcement, governing determination of substantially similar uses.
 - (1) *General retail sales and services.* General retail sales and services uses include the retail sale of products or the provision of services to the general public that produce minimal off-site impacts. General retail sales and services include but are not limited to the following uses:
 - a. Bakery.
 - b. Barber shop/beauty salon.
 - c. Bicycle sales and repair.
 - d. Clothing and accessories.
 - e. Drug store.
 - f. Dry cleaning pick-up station.
 - g. Electronics.
 - h. Film developing.
 - i. Furniture store.
 - j. Hardware store.
 - k. Interior decorating/upholstery.
 - l. Jewelry store.
 - m. Locksmith.
 - n. Picture framing.
 - o. Radio and television service and repair.
 - p. Shoe repair/tailor.
 - (2) *Limited production and processing.* Limited production and processing uses include activities that are consistent and compatible with retail sales and services. These uses produce minimal off-site impacts due to their limited nature and scale. Limited production and processing shall not include any use which may be classified as a medium industrial use or a general industrial use or any use which is first allowed in the I2 or I3 Districts. Limited production and processing is allowed as a principal use, and may include wholesale and off-premise sales, notwithstanding the restrictions of this chapter, provided the use shall not exceed one thousand two hundred (1,200) square feet of gross floor area, and the main entrance shall open to a retail or office component equal to not less than fifteen (15) percent of the floor area of the use, except in the C4 District where such district standards shall apply. Limited production and processing includes but is not limited to the following uses:
 - a. Apparel, and other finished products made from fabrics.
 - b. Computers and accessories, including circuit boards and software.
 - c. Electronic components and accessories.
 - d. Film, video and audio production.
 - e. Food and beverage products, except no live slaughter, grain milling, cereal, vegetable oil or vinegar.
 - f. Precision medical and optical goods.
 - g. Printing and publishing.
 - h. Signs, including electric and neon signs.
 - i. Watches and clocks.
 - j. Wood crafting and carving.
 - k. Wood furniture and upholstery.

Table 548-1 Principal Uses in the Commercial Districts

Use	C1	C2	C3A	C3S	C4	Specific Development Standards
COMMERCIAL USES						
Retail Sales and Services						

EXCERPTS FROM ZONING CODE (CONTINUED)

General retail sales and services	P	P	P	P	P	
Antiques and collectibles store	P	P	P	P	P	
Art gallery	P	P	P	P	P	
Art studio	P	P	P	P	P	□
Bank or financial institution	P	P	P	P	P	
Bed and breakfast home	P					□
Bookstore, new or used	P	P	P	P	P	
Building material sales	P	P		P	C	
Child care center	P	P	P	P	P	□
Consignment clothing store	P	P	P	P	P	□
Contractor's office	C	C	C	C	C	
Currency exchange		P		P	P	□
Day labor agency					C	□
Exterminating shop					P	
Farmers' market	P	P	P	P	P	□
Firearms dealer					C	□
Funeral home	P	P	P	P	P	□
Greenhouse, lawn and garden supply store	P	P		P	P	
Grocery store	P	P	P	P	P	□
Laundry, self service	P	P	P	P	P	
Memorial monuments		P			P	□
Motorized scooter sales	P	P	P	P	P	
Neighborhood electric vehicle sales	P	P	P	P	P	
Office supplies sales and service	P	P	P	P	P	
Pawnshop					P	□
Performing, visual or martial arts school	P	P	P	P	P	
Pet store	P	P	P	P	P	□
Photocopying	P	P	P	P	P	
Rental of household goods and equipment		P	P	P	P	
Secondhand goods store	P	P	P	P	P	□
Shopping center	C	C	C	C	C	□
Small engine repair		C		P	P	□
Tattoo and body piercing parlor	P	P	P	P	P	
Tobacco shop		P	P	P	P	□
Veterinary clinic	P	P	P	P	P	□
Video store	P	P	P	P	P	
Offices	P	P	P	P	P	
Automobile Services						
Automobile convenience facility existing on the effective date of this ordinance	C	C		C	C	□
Automobile convenience facility		C		C	C	□
Automobile rental		C			C	□
Automobile repair, major					C	□
Automobile repair, minor		C		C	C	□
Automobile repair, minor, existing on the effective date	C	C		C	C	□

EXCERPTS FROM ZONING CODE (CONTINUED)

of this ordinance						
Automobile sales		C		C	C	□
Car wash		C		C	C	□
Food and Beverages						
Catering	P	P	P	P	P	
Coffee shop, with limited entertainment	P	P	P	P	P	□
Liquor store, off-sale		C	C	C	C	□
Nightclub			C			□
Restaurant, delicatessen	P	P	P	P	P	□
Restaurant, fast food	C	C	C	C	C	□
Restaurant, sit down, including the serving of alcoholic beverages, with limited entertainment	P	P	P	P	P	□
Restaurant, sit down, including the serving of alcoholic beverages, with general entertainment		P	P	P	P	□
Commercial Recreation, Entertainment and Lodging						
Hotel			P	P	P	□
Indoor recreation area		P	P	P	P	
Outdoor recreation area		C	C	C	C	□
Radio or television station	P	P	P	P	P	□
Reception or meeting hall		C	P	C	C	□
Regional sports arena			P			□
Sports and health facility, major		C	C	C	C	
Sports and health facility, minor	P	P	P	P	P	
Theater, indoor	P	P	P	P	P	□
Medical Facilities						
Blood/plasma collection facility					C	
Clinic, medical or dental	P	P	P	P	P	
Laboratory, medical or dental	P	P	P	P	P	
Planned Unit Development	C	C	C	C	C	□
Transportation						
Ambulance service					C	
Bus garage or maintenance facility					C	
Limousine service					C	
Package delivery service					C	□
Taxicab service					C	
Truck, trailer, boat, recreational vehicle or mobile home sales, service and rental					C	
PARKING FACILITIES						
Parking facility	C	C	C	C	C	
RESIDENTIAL USES						
Dwellings						
Single or two-family dwelling	P	P				
Single or two-family dwelling existing on the effective date of this ordinance			P	P	P	

EXCERPTS FROM ZONING CODE (CONTINUED)

Cluster development	C	C	C	C	C	□
One (1) to four (4) dwelling units, as part of a mixed use building	P	P	P	P	P	
Multiple-family dwelling, three (3) and four (4) units	P	P	P	P	P	
Multiple-family dwelling, five (5) units or more	C	C	C	C	C	
Planned Unit Development	C	C	C	C	C	□
Congregate Living						
Community residential facility serving six (6) or fewer persons	P	P	P	P	P	□
Community residential facility serving seven (7) to sixteen (16) persons	C	C	C	C	C	□
Community residential facility serving seventeen (17) to thirty-two (32) persons		C	C	C	C	□
Board and care home/Nursing home/Assisted living		C			C	□
Inebriate housing		C			C	□
Residential hospice		C			C	□
Supportive housing		C			C	□
INSTITUTIONAL AND PUBLIC USES						
Educational Facilities						
Early childhood learning center	P	P	P	P	P	□
Preschool	P	P	P	P	P	□
School, grades K–12	C	C	C	C	C	□
School, vocational or business	C	P	P	P	P	□
Social, Cultural, Charitable and Recreational Facilities						
Athletic field	C	C	C	C	C	□
Club or lodge, with limited entertainment	C	P	P	P	P	
Club or lodge, with general entertainment		P	P	P	P	
Community center	C	P	P	P	P	□
Community garden	P	P	P	P	P	□
Developmental achievement center	C	P	P	P	P	
Educational arts center	P	P	P	P	P	
Library	C	P	P	P	P	
Mission					C	□
Museum	C	P	P	P	P	
Park, public	P	P	P	P	P	
Religious Institutions						
Convent, monastery or religious retreat center	C	P	P	P	P	□
Place of assembly	P	P	P	P	P	
PRODUCTION, PROCESSING AND STORAGE						
Limited production and processing	C	C	C	C	C	
Dry cleaning establishment		C			C	□
Film, video and audio production		C	C		C	□

EXCERPTS FROM ZONING CODE (CONTINUED)

Furniture moving and storage					C	
Industrial machinery and equipment sales, service and rental					C	
Laundry, commercial		C			C	■
Packaging of finished goods					C	
Printing and publishing		C			C	
Self-service storage					C	
Wholesaling, warehousing and distribution					C	
PUBLIC SERVICES AND UTILITIES						
Bus turnaround	C	C	C	C	C	
Communication exchange	C	C	C	C	C	
Electric or gas substation	C	C	C	C	C	
Fire station	C	C	C	C	C	
Garage for public vehicles					C	
Heating or cooling facility	C	C	C	C	C	
Passenger transit station	C	C	C	C	C	
Police station	C	C	C	C	C	
Post office	C	C	C	C	C	
Railroad right-of-way	C	C	C	C	C	
Regional financial service center			C			■
Stormwater retention pond	C	C	C	C	C	
Street and equipment maintenance facility					C	
Water pumping and filtration facility	C	C	C	C	C	

(2000-Or-045, § 1, 5-19-2000; 2005-Or-045, § 1, 5-13-05; 2006-Or-015, § 1, 2-10-06; 2006-Or-089, § 1, 7-21-06; 2009-Or-035, § 1, 4-24-09; 2009-Or-088, § 1, 8-28-09; 2009-Or-101, § 1, 9-18-09; 2010-Or-015, § 1, 4-2-10; 2010-Or-056, § 1, 5-28-10)

548.40. - Accessory uses and structures.

Accessory uses and structures shall comply with the provisions of Chapter 537, Accessory Uses and Structures.

548.50. - Maximum occupancy.

(a) *Dwelling units.* The maximum occupancy of a dwelling unit located in the commercial districts shall not exceed one (1) family plus four (4) unrelated persons living together as a permanent household, provided that the family plus the unrelated persons shall not exceed a total of five (5) persons.

(b) *Rooming units.* The maximum occupancy of a rooming unit shall be as regulated by Chapter 244 of the Minneapolis Code of Ordinances, Housing Maintenance Code.

548.60. - Hours open to the public.

(a) *In general.* All uses located in the commercial districts, except residential uses, religious institutions and hotels, shall comply with the regulations governing maximum hours open to the public as set forth in each district, except where the city planning commission further restricts such hours.

(b) *Extension of hours open to the public.* The hours open to the public may be extended by conditional use permit, as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining the hours open to the public:

- (1) Proximity to permitted or conditional residential uses.
- (2) Nature of the business and its impacts of noise, light and traffic.
- (3) Conformance with applicable zoning regulations, including but not limited to use, yards, gross floor area and specific development standards.

EXCERPTS FROM ZONING CODE (CONTINUED)

- (4) History of complaints related to the use.
- (c) *Uses licensed to sell alcoholic beverages.* The hours open to the public for uses licensed to sell alcoholic beverages shall be those permitted by the liquor, wine or beer license and any special late hours entertainment license approved for the facility. Hours open to the public beyond those permitted by the license may be requested by applying for a conditional use permit.
- (d) *Operations not open to the public.* Operations incidental to and commonly associated with the use and performed during the hours the use is closed to the public, for example production or processing activities or the stocking of inventory, may occur.

548.70. - Parking and loading requirements.

Parking and loading requirements for uses in the commercial districts shall be as set forth in Chapter 541, Off-Street Parking and Loading.

548.80. - Truck and commercial

vehicle parking. (a) *Residential uses.* Parking of commercial vehicles shall be prohibited.

- (b) *Nonresidential uses.* Regulations governing the parking of trucks and other commercial vehicles accessory to permitted or conditional nonresidential uses shall be as specified in each commercial district. These regulations shall apply only to vehicles that are parked regularly at a site and shall not apply to pick-up and delivery activities or to the temporary use of vehicles during construction. Outdoor storage of motorized equipment other than motor vehicles in operable condition shall be prohibited.

548.90. - Signs.

Sign requirements for uses in the commercial districts shall be as set forth in Chapter 543, On-Premise Signs.

548.100. - Height.

Except for communication antennas subject to Chapter 535, Regulations of General Applicability, the maximum height requirements of principal structures located in the commercial districts shall be as specified within each commercial district. Parapets not exceeding three (3) feet in height shall be exempt from such limitations, except where located on single or two-family dwellings or cluster developments.

548.110. - Increasing maximum height.

The height limitations of principal structures located in the commercial districts, except single and two-family dwellings, may be increased by conditional use permit, as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining the maximum height:

- (1) Access to light and air of surrounding properties.
- (2) Shadowing of residential properties or significant public spaces.
- (3) The scale and character of surrounding uses.
- (4) Preservation of views of landmark buildings, significant open spaces or water bodies.

548.120. - Lot dimension and building bulk requirements.

(a) *Maximum floor area ratio.* The maximum floor area ratio of all structures located in the commercial districts shall be as set forth within each commercial district. The maximum floor area ratio (F.A.R.) may not be attainable without obtaining conditional use permit approval for increasing maximum height.

- (b) *Minimum lot dimension requirements.* Lot dimension requirements for all uses located in the commercial districts, except residential uses, shall be as specified in Table 548-2, Lot Dimension Requirements in the Commercial Districts. Lot dimension requirements for residential uses shall be as set forth in each commercial district.

Table 548-2 Lot Dimension Requirements in the Commercial Districts

Use	Minimum Lot Area (Square Feet)	Minimum Lot Width (Feet)
COMMERCIAL USES		
Retail Sales and Services	None	None
With drive-through facility	12,000	100
Offices	None	None

EXCERPTS FROM ZONING CODE (CONTINUED)

Automobile Services	None	None
With car wash or fuel pump	12,000	100
Automobile sales	12,000	100
Food and Beverages	None	None
With drive-through facility	12,000	100
Commercial Recreation, Entertainment and Lodging	None	None
Medical Facilities	None	None
Planned Unit Development	1 acre	None
Transportation	12,000	100
PARKING FACILITIES	5,000	40
Institutional and Public Uses		
Educational Facilities		
Early childhood learning center	20,000	100
Preschool	None	None
School, grades K–12	20,000	100
School, vocational or business	None	None
Social, Cultural, Charitable and Recreational Facilities		
Athletic field	20,000	100
Club or lodge	None	None
Community center	None	None
Community garden	None	None
Developmental achievement center	None	None
Library	None	None
Mission	None	None
Museum	None	None
Park, public	None	None
Religious Institutions		
Convent, monastery or religious retreat center	As required for congregate living in each commercial district	40
Place of assembly	None	None
Production, Processing, and Storage	None	None
Public Services and Utilities	As approved by C.U.P.	As approved by C.U.P.

(2009-Or-088, § 2, 8-28-09)

548.130. - Density bonuses.

(a) *Bonus for enclosed parking.* The maximum number of dwelling units and the maximum floor area ratio of multiple-family dwellings may be increased by twenty (20) percent if all required parking is provided within the building, entirely below grade, or in a parking garage of at least two (2) levels.

- (b) *Bonus for mixed commercial-residential buildings.* The maximum number of dwelling units and the maximum floor area ratio may be increased by twenty (20) percent where residential uses are located above a ground floor in which at least fifty (50) percent of the gross floor area is devoted to commercial uses. In addition, in the C1 District, the maximum height of such structure may be increased to three (3) stories or forty-two (42) feet, whichever is less.
- (c) *Bonus for affordable housing.* The maximum number of dwelling units and the maximum floor area ratio of new cluster developments and new multiple-family dwellings of five (5) units or more may be increased by twenty (20) percent if at least twenty (20) percent of the dwelling units meet the definition of affordable housing. (2002-Or-183, § 1, 11-22-02)

548.140. - Yard requirements.

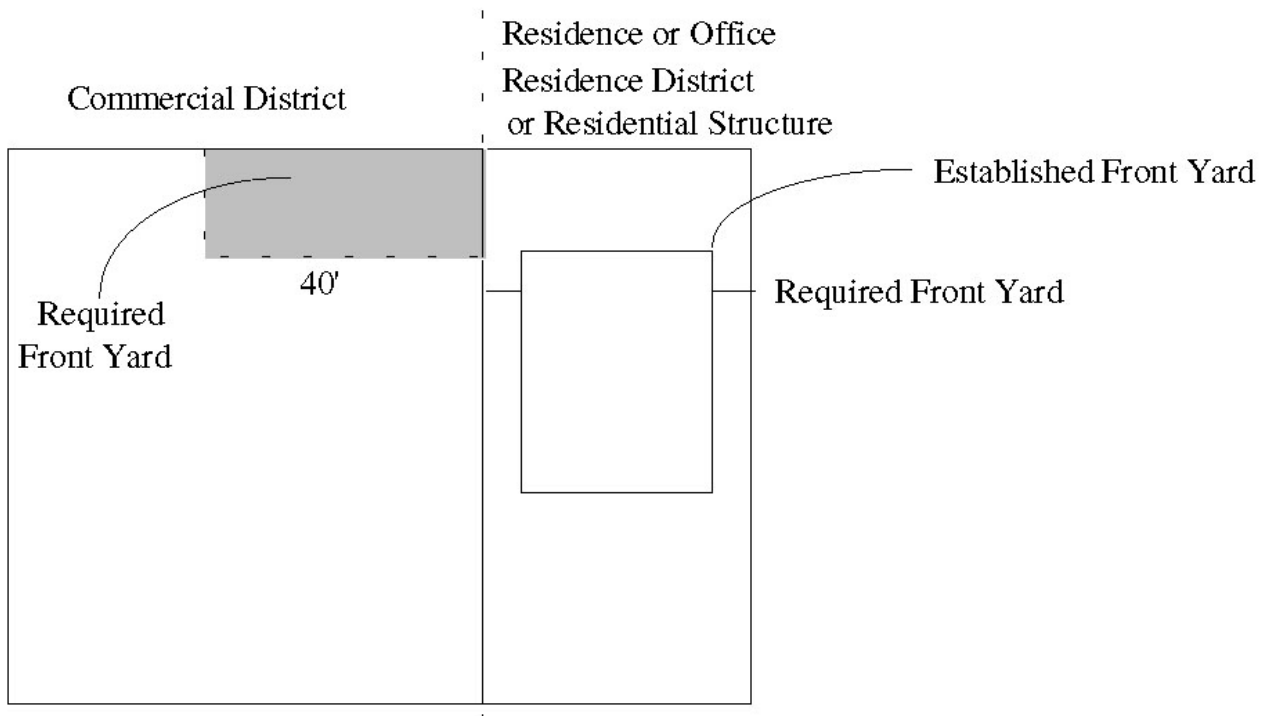
EXCERPTS FROM ZONING CODE (CONTINUED)

(a) *In general.* Unless subject to the provisions of sections (b) and (c) below, uses located in the commercial districts shall not be subject to minimum yard requirements.

(b) *Commercial districts near residence and office residence districts or residential structures.*

- (1) *Front yard requirements.* Where a street frontage includes property zoned as a residence or office residence district and property zoned as a commercial district, or where a street frontage includes structures used for permitted or conditional residential purposes, a front yard equal to the lesser of the front yard required by such residence or office residence district or the established front yard of such residential structure shall be provided in the commercial district for the first forty (40) feet from such residence or office residence district boundary or residential property.

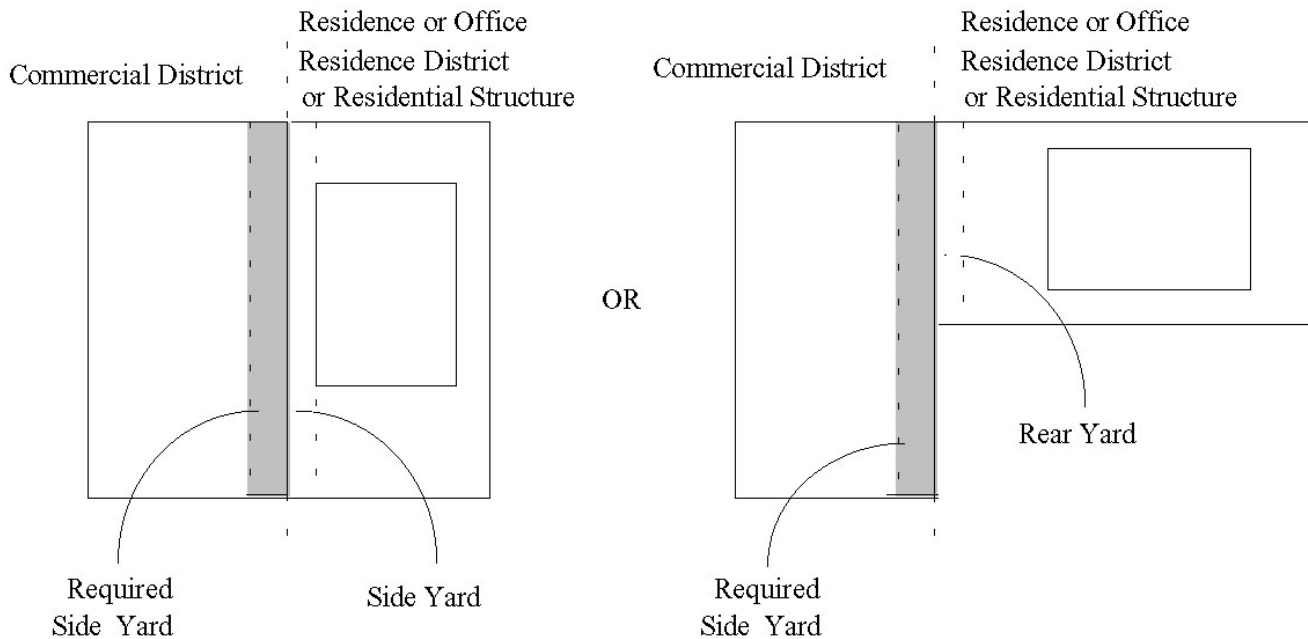
Front Yard Requirement



Commercial Districts: Front Yard Requirement

- (2) *Side yard requirements.* Where a side lot line abuts a side or rear lot line in a residence or office residence district, or abuts a side or rear lot line of a structure used for permitted or conditional residential purposes, a yard equal to the minimum side yard that would be required for a conditional use on the abutting residential lot shall be provided along such side lot line.

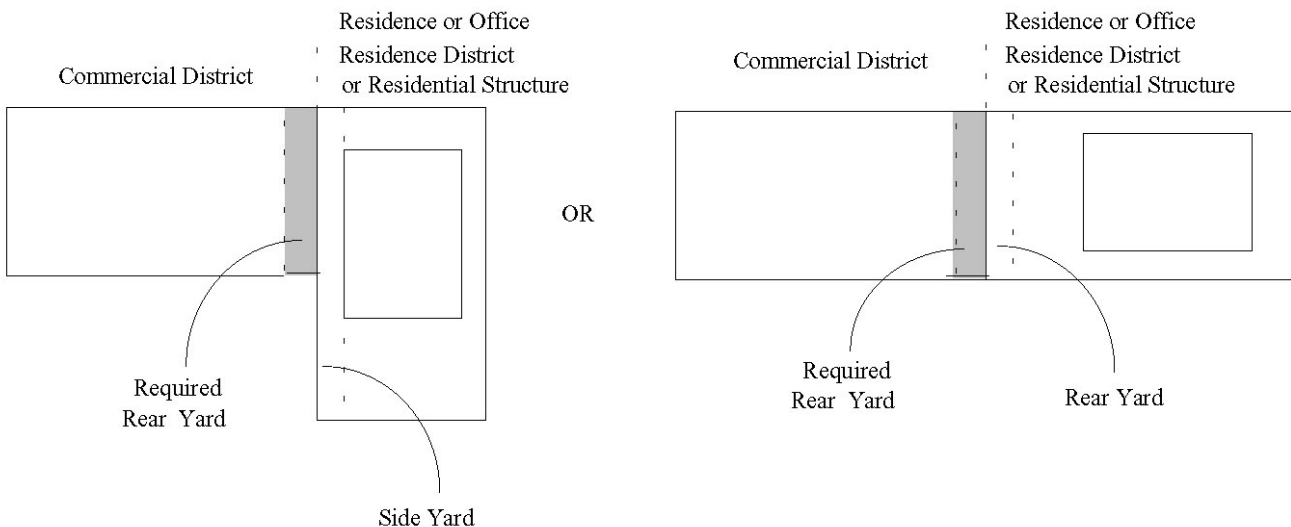
Side Yard Requirements



Commercial Districts: Side Yard Requirements

- (3) *Rear yard requirements.* Where a rear lot line abuts a side or rear lot line in a residence or office residence district, or abuts a side or rear lot line of a structure used for permitted or conditional residential purposes, a yard equal to the minimum side yard that would be required for a conditional use on the abutting residential lot shall be provided along such rear lot line.

Rear Yard Requirements

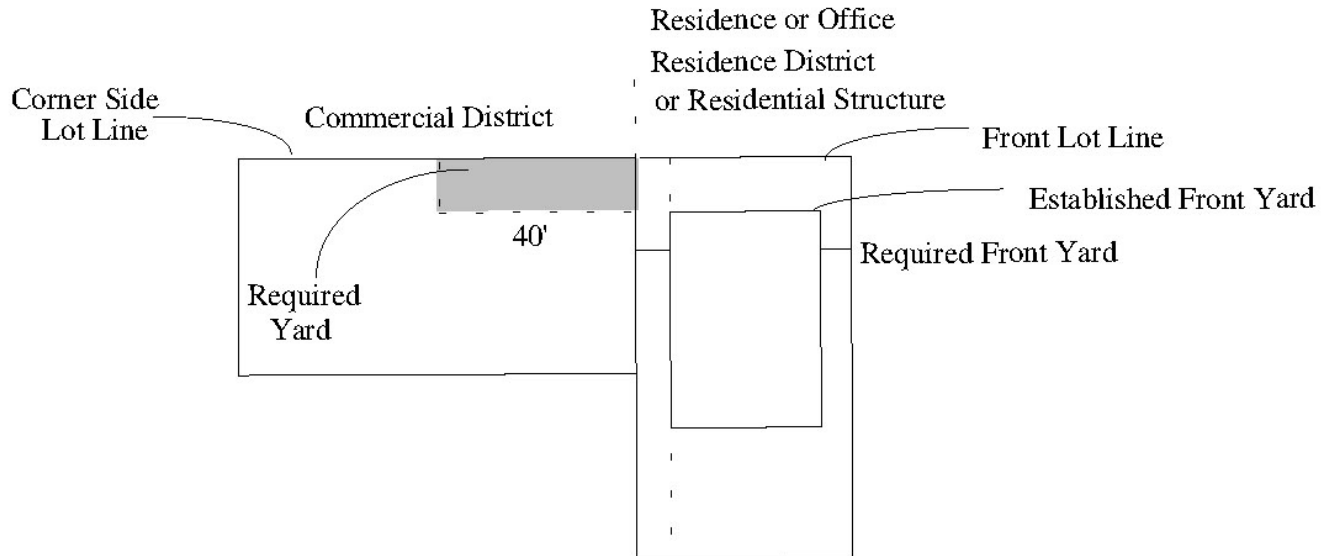


Commercial Districts: Rear Yard Requirements

- (4) *Reverse corner side yard requirements.* Where the extension of a corner side lot line coincides with a front lot line in an adjacent residence or office residence district, or with a front lot line of a structure used

for permitted or conditional residential purposes, a yard equal to the lesser of the front yard required by such residence or office residence district or the established front yard of such residential structure shall be provided along such side lot line for the first forty (40) feet from such residence or office residence district boundary or residential property.

Reverse Corner Side Yard Requirements



- (c) *Residential uses and hotels.* Unless subject to a greater yard requirement in section (b) above, or in Chapter 535, Regulations of General Applicability, the uses listed in Table 548-3, Residential and Hotel Yard Requirements, shall be subject to the following minimum yard requirements:

Table 548-3 Residential and Hotel Yard Requirements

Yards	Required Yards for Single and Two-family Dwellings and Permitted Community Residential Facilities (Feet)	Required Yards for All Other Residential Uses and Hotels Where the Use Contains Windows Facing an Interior Side Yard or Rear Yard (Feet)
Front	15	0
Rear	5	5+2X provided that this section (c) shall not require a minimum rear yard greater than fifteen (15) feet.
Interior Side	5	5+2X provided that this section (c) shall not require a minimum interior side yard greater than fifteen (15) feet.
Corner Side	8	0

X = Number of stories above the first floor

(2000-Or-045, § 2, 5-19-00; 2005-Or-106, § 1, 11-4-05)

548.150. - Prohibition on decreasing front yards.

The established front yard of residential structures or structures originally designed as such shall not be decreased, except as a permitted obstruction, as specified in Chapter 535, Regulations of General Applicability, or as a variance of yard requirements, as specified in Chapter 525, Administration and Enforcement.

548.160. - Landscaped yards for nonresidential uses.

Required yards for nonresidential uses shall be landscaped as specified in Chapter 530, Site Plan Review. Notwithstanding the obstructions permitted in Chapter 535, Regulations of General Applicability, required interior side yards shall remain unobstructed from the ground level to the sky, except that fencing shall be allowed. Where a rear yard abuts a required side yard, such rear yard shall remain unobstructed from the ground level to the sky, except that fencing shall be allowed.

548.170. - Reserved.

Editor's note— Ord. No. 2007-Or-041, § 1, adopted June 15, 2007, repealed § 548.170, which pertained to separate access required for commercial and residential uses. See also the Code Comparative Table.

548.180. - Enclosed building requirement.

(a) *In general.* All production, processing, storage, sales, display or other business activity shall be conducted within a completely enclosed building, except as otherwise provided in sections (b) and (c) below or elsewhere in this ordinance.

(b) *Outdoor dining.* Outdoor dining shall be allowed, provided the following conditions are met:

- (1) The outdoor dining area shall be no closer than twenty (20) feet from an adjacent residence or office residence district boundary or from an adjacent ground floor permitted or conditional residential use, and shall be screened from such district boundary or residential use, as specified in Chapter 530, Site Plan Review.
- (2) Sidewalk cafes shall comply with the requirements contained in Chapter 265 of the Minneapolis Code of Ordinances, Special Permits for Specific Businesses and Uses.

(c) *Outdoor sales and display.* The following may include outdoor sales and display provided such outdoor sales and display area shall be no closer than twenty (20) feet from an adjacent residence or office residence district boundary or from an adjacent ground floor permitted or conditional residential use, and shall be screened from such district boundary or residential use, as specified in Chapter 530, Site Plan Review:

- (1) Automobile sales.
- (2) Direct refueling of motor vehicles.
- (3) Lawn and garden sales, provided the outdoor sales and display area shall be included in the maximum gross floor area of such use, as regulated in each district.
- (4) Permitted drive-through facilities.
- (5) Building material sales located in the C4 District only.
- (6) Truck, trailer, boat or recreational vehicle sales, service or rental, subject to the regulations of the C4 District governing the outdoor parking of trucks and other commercial vehicles. (2002-Or-090, § 1, 9-13-02)

548.190. - Compliance with performance standards.

All uses in the commercial districts shall comply with all general performance standards contained in Chapter 535, Regulations of General Applicability, and with all other applicable regulations or law.

EXCERPTS FROM ZONING CODE (CONTINUED)

Minneapolis, Minnesota, Code of Ordinances >> - CODE OF ORDINANCES >> **Title 20 - ZONING CODE >> CHAPTER 548. - COMMERCIAL DISTRICTS >> ARTICLE II. - C1 NEIGHBORHOOD COMMERCIAL DISTRICT >>**

ARTICLE II. - C1 NEIGHBORHOOD COMMERCIAL DISTRICT

[548.200. - Purpose.](#)

[548.210. - Uses.](#)

[548.220. - Lot dimension requirements.](#)

[548.230. - Building bulk requirements.](#)

[548.240. - General district regulations.](#)

[548.250. - Truck and commercial vehicle parking for nonresidential uses.](#)

548.200. - Purpose.

The C1 Neighborhood Commercial District is established to provide a convenient shopping environment of small scale retail sales and commercial services that are compatible with adjacent residential uses. In addition to commercial uses, residential uses, institutional and public uses, parking facilities, limited production and processing and public services and utilities are allowed.

548.210. - Uses.

Permitted and conditional uses in the C1 District shall be as specified in section 548.30 and Table 548-1, Principal Uses in the Commercial Districts.

548.220. - Lot dimension requirements.

The minimum lot area and lot width for all nonresidential uses located in the C1 District shall be as specified in Table 548-2, Lot Dimension Requirements in the Commercial Districts. The minimum lot area and lot width for residential uses located in the C1 District shall be as specified in Table 548-4, Residential Lot Dimension Requirements in the C1 District.

Table 548-4 Residential Lot Dimension Requirements in the C1 District

Use	Minimum Lot Area (Square Feet)	Minimum Lot Width (Feet)
RESIDENTIAL USES		
Dwellings		
Single or two-family dwelling	5,000	40
Cluster development	5,000 or 700 sq. ft. per dwelling unit, whichever is greater	40
Dwelling unit, as part of a mixed use building	700 sq. ft. per dwelling unit	None
Multiple-family dwelling	5,000 or 700 sq. ft. per dwelling unit, whichever is greater	40
Planned unit development	1 acre or 700 sq. ft. per dwelling unit, whichever is greater	As approved by C.U.P.
Congregate Living		
Community residential facility serving six (6) or fewer persons	5,000	40
Community residential facility serving seven (7) to sixteen (16) persons	5,000 or 700 sq. ft. per rooming unit, whichever is greater	40

EXCERPTS FROM ZONING CODE (CONTINUED)

(2002-Or-057, § 1, 6-21-02; 2006-Or-070, § 1, 6-16-06; 2009-Or-028, § 1, 3-27-2009; 2009-Or-088, § 3, 8-28-09)

548.230. - Building bulk requirements.

The maximum height of all principal structures located in the C1 District shall be two and one-half (2.5) stories or thirty-five (35) feet, whichever is less. The maximum floor area ratio of all structures shall be one and seven-tenths (1.7).

548.240. - General district regulations.

The following conditions govern uses in the C1 District:

- (1) *Maximum floor area.*
 - a. In general. All commercial uses, including shopping centers, shall be limited to a maximum gross floor area of four thousand (4,000) square feet per use, except for planned unit developments and as provided in sections b. and c. below.
 - b. Bonus for no parking located between the principal structure and the street. If parking is not located between the principal structure and the street, the maximum gross floor area of a commercial use shall be increased to six thousand (6,000) square feet.
 - c. Bonus for additional stories. If parking is not located between the principal structure and the street, and the structure in which the commercial use is located is at least two (2) stories (not including the basement), the maximum gross floor area of a commercial use shall be increased to eight thousand (8,000) square feet.
- (2) *Maximum lot size.* All commercial uses, except for planned unit developments, shall be limited to a maximum zoning lot size of twenty thousand (20,000) square feet.
- (3) *Wholesale and off-premise sales.* Wholesale and off-premise sales accessory to retail sales shall be limited to two thousand (2,000) square feet of gross floor area or forty-five (45) percent of gross floor area, whichever is less, provided that the main entrance opens to the retail component of the establishment.
- (4) *Hours open to the public.* Hours open to the public shall be as follows:
Sunday through Thursday, from 6:00 a.m. to 10:00 p.m.
Friday and Saturday, from 6:00 a.m. to 11:00 p.m.
- (5) *Drive-through facilities and car washes prohibited.* Drive-through facilities and car washes shall be prohibited.
- (6) *Outdoor speakers prohibited.* Commercial outdoor speakers shall be prohibited, except when used in conjunction with self-service fuel pumps. Speaker boxes designed to communicate from pump islands shall not be audible from a residence or office residence district boundary or from a permitted or conditional residential use.
- (7) *Fast food restaurants.* Fast food restaurants shall be located only in storefront buildings existing on the effective date of this ordinance, provided further that no significant changes shall be made to the exterior of the structure and freestanding signs shall be prohibited.
- (8) *Automobile convenience facility and minor automobile repair.* Automobile convenience facilities and minor automobile repair uses shall not expand beyond the boundaries of the zoning lot existing on the effective date of this ordinance, and may not be reestablished if changed to another use.

548.250. - Truck and commercial vehicle parking for nonresidential uses.

Outdoor parking of trucks and other commercial vehicles shall be limited to operable, single rear axle vehicles of not more than fifteen thousand (15,000) pounds gross vehicle weight. All outdoor parking of trucks shall be screened from view, as specified in this zoning ordinance.

Minneapolis, Minnesota, Code of Ordinances >> - CODE OF ORDINANCES >> **Title 20 - ZONING CODE >>**
CHAPTER 546. - RESIDENCE DISTRICTS >> ARTICLE I. - GENERAL PROVISIONS >>

ARTICLE I. - GENERAL PROVISIONS

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[546.30. - Principal uses for the residence districts.](#)
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| 546.10. - Purpose.

The residence districts are established to preserve and enhance quality of living in residential neighborhoods, to regulate structures and uses which may affect the character or desirability of residential areas, to encourage a variety of dwelling types and locations and a range of population densities consistent with the comprehensive plan, and to ensure adequate light, air, privacy and open space.

| 546.20. - District names.

The residence district names are:

- (1) *Low density districts.*
 - R1 Single-family District
 - R1A Single-family District
 - R2 Two-family District
 - R2B Two-family District
- (2) *Medium density districts.*
 - R3 Multiple-family District
 - R4 Multiple-family District
- (3) *High density districts.*
 - R5 Multiple-family District
 - R6 Multiple-family District

| 546.30. - Principal uses for the residence districts.

(a) *In general.* Table 546-1, Principal Uses in the Residence Districts, lists all permitted and conditional uses in the residence districts.

- (b) *Permitted uses.* Uses specified with a "P" are permitted as of right in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance. Persons wishing to establish a permitted use shall obtain a zoning certificate for such use as specified in Chapter 525, Administration and Enforcement.
- (c) *Conditional uses.* Uses specified with a "C" are allowed as a conditional use in the district or districts where

EXCERPTS FROM ZONING CODE (CONTINUED)

designated, provided that the use complies with all other applicable provisions of this ordinance. Persons wishing to establish or expand a conditional use shall obtain a conditional use permit for such use, as specified in Chapter 525, Administration and Enforcement.

- (d) *Prohibited uses.* Any use not listed as either "P" (permitted) or "C" (conditional) in a particular district or any use not determined by the zoning administrator to be substantially similar to a use listed as permitted or conditional shall be prohibited in that district.
- (e) *Specific development standards.* Permitted and conditional uses specified with an "■" under the Specific Development Standards column shall be subject to the specific development standards of Chapter 536, Specific Development Standards.

Table 546-1 Principal Uses in Residence Districts

Use	R1	R1A	R2	R2B	R3	R4	R5	R6	Specific Development Standards
RESIDENTIAL USES									
Dwellings									
Single-family dwelling	P	P	P	P	P	P			
Two-family dwelling			P	P	P	P			
Single or two-family dwelling existing on the effective date of this ordinance							P	P	
Cluster development	C	C	C	C	C	C	C	C	■
Multiple-family dwelling, three (3) and four (4) units					P	P	P	P	
Multiple-family dwelling, five (5) units or more					C	C	C	C	■
Planned Unit Development					C	C	C	C	■
Congregate Living									
Community residential facility serving six (6) or fewer persons	P	P	P	P	P	P	P	P	■
Community residential facility serving seven (7) to sixteen (16) persons					C	C	C	C	■
Community residential facility serving seventeen (17) to thirty-two (32) persons						C	C	C	■
Board and care home/ Nursing home/ Assisted living						C	C	C	■
Faculty house						C	C	C	■
Fraternity or sorority						C	C	C	■
Hospitality residence						C	C	C	■
Residential hospice						C	C	C	■
Supportive housing						C	C	C	■
INSTITUTIONAL AND PUBLIC USES									
Educational Facilities									
Early childhood learning center	C	C	C	C	C	C	C	C	■
Preschool	C	C	C	C	C	C	C	C	■
School, grades K–12	C	C	C	C	C	C	C	C	■
Social, Cultural, Charitable and Recreational Facilities									
Athletic field	C	C	C	C	C	C	C	C	■
Cemetery	C	C	C	C	C	C	C	C	
Community garden	P	P	P	P	P	P	P	P	■

EXCERPTS FROM ZONING CODE (CONTINUED)

Developmental achievement center	C	C	C	C	C	C	C	C	■
Golf course	C	C	C	C	C	C	C	C	■
Library, public	C	C	C	C	C	C	C	C	
Park, public	P	P	P	P	P	P	P	P	
Religious Institutions									
Place of assembly	P	P	P	P	P	P	P	P	
COMMERCIAL USES									
Bed and breakfast home					C	C	C	C	■
Child care center	C	C	C	C	C	C	C	C	■
Nursery or greenhouse existing on January 1, 1991	C	C	C	C	C	C	C	C	■
PARKING FACILITIES									
Parking lot, serving institutional and public uses	C	C	C	C	C	C	C	C	
Parking lot, serving multiple-family dwellings					C	C	C	C	
Parking lot, serving board and care home/ nursing home/ assisted living						C	C	C	
PUBLIC SERVICES AND UTILITIES									
Bus turnaround	C	C	C	C	C	C	C	C	
Communication exchange	C	C	C	C	C	C	C	C	
Electric or gas substation	C	C	C	C	C	C	C	C	
Fire station	C	C	C	C	C	C	C	C	
Passenger transit station	C	C	C	C	C	C	C	C	
Police station	C	C	C	C	C	C	C	C	
Railroad right-of-way	C	C	C	C	C	C	C	C	
Stormwater retention pond	C	C	C	C	C	C	C	C	
Water pumping and filtration facility	C	C	C	C	C	C	C	C	

(2000-Or-043, § 1, 5-19-2000; 2006-Or-013, § 1, 2-10-06; 2009-Or-086, § 1, 8-28-09; 2010-Or-054, § 1, 5-28-10)

546.40. - Accessory uses and structures.

Accessory uses and structures shall comply with the provisions of Chapter 537, Accessory Uses and Structures.

546.50. - Maximum occupancy.

(a) *Dwelling units.* The maximum occupancy of a dwelling unit located in the R1 through R3 Districts shall not exceed one (1) family plus up to two (2) unrelated persons living together as a permanent household, provided that the family plus the unrelated persons shall not exceed a total of five (5) persons. The maximum occupancy of a dwelling unit located in the R4 through R6 Districts shall not exceed one (1) family plus four (4) unrelated persons living together as a permanent household, provided that the family plus the unrelated persons shall not exceed a total of five (5) persons.

(b) *Rooming units.* The maximum occupancy of a rooming unit shall be as regulated by Chapter 244 of the Minneapolis Code of Ordinances, Housing Maintenance Code.

546.60. - Hours open to the public.

(a) *In general.* All uses located in the residence districts, except residential uses and religious institutions, shall comply with the following regulations governing maximum hours open to the public, except where the city planning commission further restricts such hours:

Sunday through Thursday, from 7:00 a.m. to 10:00 p.m.

Friday and Saturday, from 7:00 a.m. to 11:00 p.m.

(b) *Extension of hours open to the public.* The hours open to the public may be extended by conditional use permit,

as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining the hours open to the public:

- (1) Proximity to permitted or conditional residential uses.
 - (2) Nature of the business and its impacts of noise, light and traffic.
 - (3) Conformance with applicable zoning regulations, including but not limited to use, yards, gross floor area and specific development standards.
 - (4) History of complaints related to the use.
- (c) *Operations not open to the public.* Operations incidental to and commonly associated with the use and performed during the hours the use is closed to the public may occur.

546.70. - Parking and loading requirements.

Parking and loading requirements for uses located in the residence districts shall be as set forth in Chapter 541, Off-Street Parking and Loading.

546.80. - Truck and commercial vehicle parking.

(a) *Residential uses.* Parking of commercial vehicles shall be prohibited.

- (b) *Nonresidential uses.* Parking of commercial vehicles accessory to permitted or conditional nonresidential uses shall be limited to operable, single rear axle vehicles of not more than fifteen thousand (15,000) pounds gross vehicle weight. Such vehicles shall be parked in an enclosed structure. These regulations shall apply only to vehicles that are parked regularly at a site and shall not apply to pick-up and delivery activities or to the temporary use of vehicles during construction.

546.90. - Signs.

Sign requirements for uses located in the residence districts shall be as set forth in Chapter 543, On-Premise Signs.

546.100. - Height.

Except for communication antennas otherwise allowed by administrative review in Chapter 535, Regulations of General Applicability, the maximum height requirements of principal structures located in the residence districts shall be as set forth within each residence district. Parapets not exceeding three (3) feet in height shall be exempt from such limitations, except where located on single or two-family dwellings or cluster developments.

546.110. - Increasing maximum height.

The height limitations of principal structures located in the residence districts, except single and two-family dwellings, may be increased by conditional use permit, as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining the maximum height:

- (1) Access to light and air of surrounding properties.
- (2) Shadowing of residential properties or significant public spaces.
- (3) The scale and character of surrounding uses.
- (4) Preservation of views of landmark buildings, significant open spaces or water bodies.

546.120. - Lot dimension and building bulk requirements.

Lot dimension and building bulk requirements shall be as specified in each residence district. The maximum floor area ratio (F.A.R.) may not be attainable without obtaining conditional use permit approval for increasing maximum height.

546.130. - Density bonuses.

(a) *Bonus for enclosed parking.* In the R3 through R6 Districts, the maximum number of dwelling units and the maximum floor area ratio of multiple-family dwellings may be increased by twenty (20) percent if all required parking is provided within the building, entirely below grade, or in a parking garage of at least two (2) levels.

- (b) *Bonus for affordable housing.* The maximum number of dwelling units and the maximum floor area ratio of new cluster developments and new multiple-family dwellings of five (5) units or more may be increased by twenty (20) percent if at least twenty (20) percent of the dwelling units meet the definition of affordable housing. (2002-Or-181, § 1, 11-22-02)

546.140. - Maximum lot coverage.

Principal and accessory structures shall not cover more than fifty (50) percent of any zoning lot located in the R1—R3

Districts. Principal and accessory structures shall not cover more than seventy (70) percent of any zoning lot located in the R4—R6 Districts.

(2007-Or-050, § 1, 6-29-2007)

546.150. - Impervious surface coverage.

Impervious surfaces shall not cover more than sixty-five (65) percent of any zoning lot located in the R1—R3 Districts. Impervious surfaces shall not cover more than eighty-five (85) percent of any zoning lot located in the R4—R6 Districts. The remainder of the zoning lot shall be covered with turf grass, native grasses, perennial flowering plants, shrubs, trees or similar landscape material sufficient to prevent soil erosion, minimize off-site stormwater runoff, and encourage natural filtration function.

(2007-Or-050, § 2, 6-29-2007)

546.160. - Yard requirements.

(a) *In general.* The minimum yard requirements for uses located in the residence districts shall be as set forth in each residence district, and in Chapter 535, Regulations of General Applicability, except as provided below. Required yards shall be unobstructed from the ground level to the sky, except as provided as a permitted obstruction in Chapter 535, Regulations of General Applicability.

(b) *Front yard increased.* The required front yard shall be increased where the established front yard of the closest principal building originally designed for residential purposes located on the same block face on either side of the property exceeds the front yard required by the zoning district. In such case, the required front yard shall be not less than such established front yard, provided that where there are principal buildings originally designed for residential purposes on both sides of the property, the required front yard shall be not less than that established by a line joining the nearest front corners of both buildings. Nothing in this provision shall authorize a front yard less than that required by the zoning district.

(c) *Corner side yard.* Where a corner side yard is required, it shall not exceed the applicable front yard requirement.

(2000-Or-043, § 2, 5-19-2000)

546.170. - Landscaped yards for nonresidential uses.

Required yards for nonresidential uses shall be landscaped as specified in Chapter 530, Site Plan Review. Notwithstanding the obstructions permitted in Chapter 535, Regulations of General Applicability, required interior side yards shall remain unobstructed from the ground level to the sky, except that fencing shall be allowed. Where a rear yard abuts a required side yard, such rear yard shall remain unobstructed from the ground level to the sky, except that fencing shall be allowed.

546.180. - Enclosed building requirement.

All production, processing, storage, sales, display, or other business activity shall be conducted within a completely enclosed building, except as otherwise provided in this ordinance.

(2000-Or-043, § 3, 5-19-2000)

546.190. - Compliance with performance standards.

All uses in the residence districts shall comply with all general performance standards contained in Chapter 535, Regulations of General Applicability, and with all other applicable regulations or law.

EXCERPTS FROM ZONING CODE (CONTINUED)

Minneapolis, Minnesota, Code of Ordinances >> - CODE OF ORDINANCES >> **Title 20 - ZONING CODE** >>
CHAPTER 546. - RESIDENCE DISTRICTS >> **ARTICLE VIII. - R5 MULTIPLE-FAMILY DISTRICT** >>

ARTICLE VIII. - R5 MULTIPLE-FAMILY DISTRICT

[546.540. - Purpose.](#)

[546.550. - Uses.](#)

[546.560. - Yard requirements.](#)

[546.570. - Lot dimension requirements.](#)

[546.580. - Building bulk requirements.](#)

546.540. - Purpose.

The R5 Multiple-family District is established to provide an environment of high density apartments, congregate living arrangements and cluster developments on lots with a minimum lot area of five thousand (5,000) square feet and at least seven hundred (700) square feet of lot area per dwelling unit. In addition to residential uses, institutional and public uses and public services and utilities may be allowed.

(2009-Or-027, § 5, 3-27-2009)

546.550. - Uses.

Permitted and conditional uses in the R5 Multiple-family District shall be as specified in section 546.30 and Table 546-1, Principal Uses in Residence Districts.

546.560. - Yard requirements.

The minimum yard requirements for uses located in the R5 District shall be as specified in Table 546-14, R5 Yard Requirements.

Table 546-14 R5 District Yard Requirements

Yards	Required Yards for Single and Two-family Dwellings and Permitted Community Residential Facilities (Feet)	Required Yards for All Other Uses (Feet)
Front	15	15
Rear and Interior Side	5	5+2X
Corner Side	8	8+2X

X = Number of stories above the first floor

546.570. - Lot dimension requirements.

The minimum lot area and minimum lot width for uses located in the R5 District shall be as specified in Table 546-15, R5 Lot Dimension and Building Bulk Requirements.

546.580. - Building bulk requirements.

(a) *In general.* The maximum height and the maximum floor area ratio of all principal structures located in the R5 District shall be as specified in Table 546-15, R5 Lot Dimension and Building Bulk Requirements.

(b) *Gross floor area computation for single or two-family dwellings.* The floor area will be counted twice for each story with a ceiling height greater than fourteen (14) feet. Gross floor area for single or two-family dwellings shall not include the following:

(1) Detached accessory structures.

EXCERPTS FROM ZONING CODE (CONTINUED)

- (2) Up to two hundred and fifty (250) square feet of any attached accessory use designed or intended to be used for the parking of vehicles.
- (3) Open porches.
- (4) The basement floor area if the finished floor of the first story is four (4) feet or less from natural grade for more than fifty (50) percent of the total perimeter.
- (5) Half story floor area.
- (c) *Floor area ratio increase.* Notwithstanding the floor area ratio limitations of this chapter, the maximum floor area ratio may be increased as follows:
 - (1) The maximum floor area ratio of single and two-family dwellings may be increased when the established floor area ratio of a minimum of fifty (50) percent of the single and two-family dwellings within one hundred (100) feet of the subject site exceed the maximum floor area ratio. When floor area ratio is increased through this method, the floor area ratio shall not exceed the maximum floor area ratio of the largest single and two-family dwelling within the one hundred (100) foot radius.
 - (2) Single and two-family dwellings existing on January 1, 2008, that exceed the maximum floor area ratio, or building additions that would cause the building to exceed the maximum floor area ratio, may increase the gross floor area one time by no more than five hundred (500) square feet.
- (d) *Height increase.* Notwithstanding the height limitations of this chapter, the maximum height of single and two-family dwellings may be increased to thirty five (35) feet when the established height of a minimum of fifty (50) percent of the single and two-family dwellings within one hundred (100) feet of the subject site exceed the maximum height.

(2007-Or-050, § 13, 6-29-2007; 2010-Or-054, § 8, 5-28-2010)

Table 546-15 R5 Lot Dimension and Building Bulk Requirements

Uses	Minimum Lot Area (Square Feet)	Minimum Lot Width (Feet)	Maximum Floor Area Ratio (Multiplier)	Maximum Height
RESIDENTIAL USES				
Dwellings				
Single or two-family dwelling existing on the effective date of this ordinance	5,000	40	0.5 or 2,500 sq. ft. of GFA per unit, whichever is greater	2.5 stories, not to exceed 30 ft.
Cluster development	5,000 or 700 sq. ft. per dwelling unit, whichever is greater	40	None	2.5 stories, not to exceed 35 ft.
Multiple-family dwelling	5,000 or 700 sq. ft. per dwelling unit, whichever is greater	40	2.0	4 stories, not to exceed 56 ft.
Planned unit development	1 acre or 700 sq. ft. per dwelling unit, whichever is greater	As approved by C.U.P.	2.0	4 stories, not to exceed 56 ft.
Congregate Living				
Community residential facility serving six (6) or fewer persons	5,000	40	None	2.5 stories, not to exceed 35 ft.
Community residential facility serving seven (7) to thirty-two (32) persons	5,000 or 700 sq. ft. per rooming unit, whichever is greater	40	2.0	4 stories, not to exceed 56 ft.
Board and care	20,000	80	2.0	4 stories, not to

EXCERPTS FROM ZONING CODE (CONTINUED)

home/ Nursing home/ Assisted living				exceed 56 ft.
Faculty house	10,000	80	2.0	2.5 stories, not to exceed 35 ft.
Fraternity or sorority	10,000 or 700 sq. ft. per rooming unit, whichever is greater	80	2.0	2.5 stories, not to exceed 35 ft.
Hospitality residence	10,000 or 700 sq. ft. per rooming unit, whichever is greater	80	2.0	4 stories, not to exceed 56 ft.
Residential hospice	10,000	80	2.0	2.5 stories, not to exceed 35 ft.
Supportive housing	5,000 or 700 sq. ft. per rooming unit, whichever is greater	40	2.0	4 stories, not to exceed 56 ft.
INSTITUTIONAL AND PUBLIC USES				
Educational Facilities				
Early childhood learning center	20,000	100	1.0	4 stories, not to exceed 56 ft.
Preschool	5,000	40	1.0	4 stories, not to exceed 56 ft.
School, K–12	20,000	100	1.0	4 stories, not to exceed 56 ft.
Social, Cultural, Charitable and Recreational Facilities				
Athletic field	20,000	100	1.0	4 stories, not to exceed 56 ft.
Cemetery	80 Acres	1,200	None	4 stories, not to exceed 56 ft.
Community garden	None	None	None	None
Developmental achievement center	4,000	As approved by C.U.P.	1.0	As approved by C.U.P.
Golf course	20,000	100	1.0	4 stories, not to exceed 56 ft.
Library, public	20,000	100	1.0	4 stories, not to exceed 56 ft.
Park, public	20,000	100	1.0	4 stories, not to exceed 56 ft.
Religious Institutions				
Place of assembly	10,000	80	1.0	4 stories, not to exceed 56 ft.
COMMERCIAL USES				
Bed and breakfast home	5,000	40	1.0	2.5 stories, not to exceed 35 ft.
Child care center	4,000	As approved by C.U.P.	1.0	As approved by C.U.P.
PARKING FACILITIES	5,000	40	None	As approved by C.U.P.
PUBLIC SERVICES AND UTILITIES	As approved by C.U.P.	As approved by C.U.P.	As approved by C.U.P.	As approved by C.U.P.

(2000-Or-043, § 6, 5-19-2000; 2007-Or-050, § 13, 6-29-2007; 2009-Or-027, § 6, 3-27-2009; 2009-Or-086, § 4, 8-28-09)

QUALIFICATIONS OF THOMAS J. DAY

The Valuation Group, Inc.

Thomas J. Day, MAI, SRA



Certified, experience, education, memberships, professionalism and integrity. Thomas Day has over 30 years of real estate appraisal and consulting experience. He is a principal, shareholder and officer of the Valuation Group, Inc. Prior to co-founding The Valuation Group, he was an owner and officer of the Lyle H. Nagell & Co., Inc.

Mr. Day has had extensive training and experience. After graduating from the University of Minnesota with a business degree having an emphasis in finance, he began his appraisal career in 1978. Numerous Appraisal Institute courses and educational offerings have been completed pertaining to real estate and valuation issues. He has a diverse appraisal practice, yet specializes in income producing properties and litigation matters. Challenging assignments include difficult highest and best use analyses, market studies, special use projects, and detailed analysis and support in eminent domain proceedings.

Tom maintains both his MAI and SRA memberships with The Appraisal Institute, and has served the North Star Chapter of the Appraisal Institute in numerous leadership capacities, including as past president. Other memberships include the International Right Of Way Association, and the Minneapolis Area Association of Realtors. He holds a Certified General Real Property appraisal license.

Mr. Day competently supports and communicates his professional findings and opinions, and has testified as an expert witness in District Court, Federal Court, and in condemnation proceedings before District Court-appointed county commissions.

EDUCATION

- Bachelor of Science Degree - Business Administration, 1978 honor graduate from the University of Minnesota, Minneapolis, Minnesota, with an emphasis in finance

APPRAISAL EDUCATION

The Appraisal Institute

- Capitalization Theory & Techniques, Part A
- Capitalization Theory & Techniques, Part B
- Case Studies in Commercial Highest And Best Use
- Income Property Valuation In The 1990s Seminar
- Evaluations & The Real Estate Appraisal Industry Seminar
- Case Studies In Real Estate Valuation
- Appraising Troubled Properties Seminar
- Eminent Domain and Condemnation Appraising
- Senior Demographics and its Impact on Senior Housing
- Attacking & Defending Appraisal in Litigation
- USPAP Update Courses
- Uniform Appraisal Standards for Federal Land Acquisitions
- Appraisal Report Writing Seminar
- Discounted Cash Flow Seminar
- Standards Of Professional Practice
- Subdivision Analysis
- Toxic Contamination
- Appraisal of Local Retail Properties
- Wetlands and Property Evaluations
- Upscale Urban Townhouse Development
- Multi-Family Housing—the Future
- Regional Retail Malls Seminar
- Eminent Domain
- Construction Disturbance & Temporary Loss of Going Concern



QUALIFICATIONS OF THOMAS J. DAY (CONTINUED)

The Society Of Real Estate Appraisers

- Introduction To Appraising Real Property, Course 101
- Applied Residential Appraising, Course 102
- Evaluating Residential Construction
- Building Codes and Inspections Seminar

Other Organizations

- Appraising Conservation Easements—American Society of Farm Managers & Rural Appraisers
- State of Minnesota vs. Woodridge Plaza L.P. Seminar—International Right of Way Association
- Mock Trial Seminar-- International Right of Way Association
- FHA Single-Family New Construction Appraisal Training Seminar/HUD Training Seminar—HUD
- Right of Way Professional Conferences—Minnesota Department of Transportation
- Comprehensive Appraisal Workshop—Ted Whitmer
- The Uniform Relocation and Real Property Acquisition Act-- International Right of Way Association

LICENCES AND AFFILIATIONS

- Minnesota General Real Property Appraiser No. 4000814
- Member - MAI designated member of Appraisal Institute
- Member - SRA designated member of Appraisal Institute
- Past service of the North Star Chapter of the Appraisal Institute as President, Vice President, Secretary, Treasurer, Nominating Committee Chair, Education Committee Member, Finance Committee member, Residential Admissions Committee Chair, Bylaws Committee Chair, Program Committee Chair, Residential Associate Guidance Committee Chair, Pro-Bono Committee member, Peer Review Committee member, and Scholarship Committee member
- Member - International Right Of Way Association
- Member - National Association of Realtors

CLIENTS SERVED



Numerous individuals, attorneys, corporations, partnerships, non-profits, governmental agencies and lenders. Sample clients include the following:

- | | | |
|---------------------------------------|---|---------------------------------------|
| ■ Anchor Bank | ■ Hennepin County | ■ New Market Bank |
| ■ Anoka Electric Cooperative | ■ Highland Banks | ■ New York Life Insurance Company |
| ■ Bank of America | ■ Honeywell | ■ Park National Bank |
| ■ Briggs and Morgan | ■ Hopkins School District | ■ Phillips Neighborhood Housing Trust |
| ■ Bremer Bank | ■ Kennedy & Graven | ■ Powderhorn Residents Group |
| ■ Burnsville School District | ■ Lakeville School District | ■ Premier Bank |
| ■ The Business Bank | ■ M & I Bank | ■ Project For Pride in Living, Inc. |
| ■ Central Community Housing Trust | ■ Metropolitan Airports Commission | ■ Ramsey County |
| ■ Citizens Bank | ■ Midland Financial | ■ Richfield Bank and Trust |
| ■ City of Bloomington | ■ Midway National Bank | ■ Seward Redesign |
| ■ City of Circle Pines | ■ Minneapolis Planning and Economic Development | ■ Southside Neighborhood Housing |
| ■ City of Edina | ■ Minneapolis Library | ■ State of Minnesota |
| ■ City of Minnetonka | ■ Minneapolis Park and Recreation Board | ■ RBC Builder Finance |
| ■ City of Orono | ■ Minneapolis Public Works Department | ■ TCF Bank |
| ■ City of Plymouth | ■ Minneapolis School District | ■ Three Rivers Park District |
| ■ City of St. Louis Park | ■ Minnesota Attorney General Office | ■ Union Bank and Trust |
| ■ Fredrikson & Bryon | ■ Minnesota Department of Commerce | ■ U.S. Bank |
| ■ Firststar Bank | ■ MN Dept of Transportation | ■ U.S. Fish and Wildlife Service |
| ■ First Federal | | ■ Voyager Bank |
| ■ GE Capital | | |
| ■ Gray, Plant, Mooty, Mooty & Bennett | | |
| ■ Habitat For Humanity, Inc. | | |

QUALIFICATIONS OF THOMAS J. DAY (CONTINUED)

CURRENT APPRAISAL LICENSE

Thomas Day holds a Minnesota Certified General Real Property Appraiser license.

<p>DAY, THOMAS J 12905 27TH PLACE NO PLYMOUTH, MN 55441</p>	<p>STATE OF MINNESOTA</p>  <p>Department of Commerce</p>						
<p>The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that THOMAS J DAY</p>							
<p>12905 27TH PLACE NO PLYMOUTH, MN 55441</p>							
<p>has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of</p>							
<p>Resident Appraiser : Certified General</p>							
<p>License Number: 4000814</p>							
<p>unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2012.</p>							
<p>IN TESTIMONY WHEREOF, I have hereunto set my hand this August 19, 2010.</p>							
							
<p>COMMISSIONER OF COMMERCE Minnesota Department of Commerce Licensing Division 85 7th Place East, Suite 500 St. Paul, MN 55101-3165 Telephone: (651) 296-6319 Email: licensing.commerce@state.mn.us Website: commerce.state.mn.us</p>	<p>Continuing Education:</p> <table border="0" style="width: 100%;"><thead><tr><th style="text-align: left;"><u>CE Requirement Type</u></th><th style="text-align: left;"><u>CE Required Hours</u></th></tr></thead><tbody><tr><td>Total - Appraiser</td><td>30</td></tr><tr><td>USPAP</td><td>7</td></tr></tbody></table>	<u>CE Requirement Type</u>	<u>CE Required Hours</u>	Total - Appraiser	30	USPAP	7
<u>CE Requirement Type</u>	<u>CE Required Hours</u>						
Total - Appraiser	30						
USPAP	7						
<p>Notes:</p> <ul style="list-style-type: none">• Continuing Education: 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.• Appraisers: You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. Trainees do not qualify. For further details, please visit our website at commerce.state.mn.us.							



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COMPANY PROFILE



“A real estate valuation and consulting company committed to the highest standards of ethics, expertise, research and technological innovation.”

The Valuation Group, Inc.
3655 Plymouth Boulevard
Minneapolis, Minnesota 55446
Phone 763-525-0000
Fax 763-525-8875



Formed in 1993, The Valuation Group is a Minneapolis-based provider of commercial real estate valuation and consulting services. The firm is lead by four MAI-designated partners that average 29 years of appraisal experience. Our continued success has led to our growth; we now have 13 appraisers, and are one of the largest commercial valuation firms in the Midwest.

The Valuation Group provides in-depth analytical services on a wide variety of real estate. We have created extensive market databases, and are dedicated to providing high level services tailored to each specific assignment. We are confident our knowledge, experience, size, resources, and commitment to professionalism will meet your real estate valuation and consulting needs.

Property Expertise

With our diverse practice, we have experts in the multi-faceted and complex real estate sub-markets, including:

- ✓ Retail centers
- ✓ Office complexes
- ✓ Corporate headquarters
- ✓ Industrial facilities
- ✓ Major manufacturing plants
- ✓ Multifamily residential properties
- ✓ Development projects
- ✓ Subdivision analysis
- ✓ Special use property
- ✓ Market feasibility studies
- ✓ Mixed-use projects
- ✓ Multi-property portfolios
- ✓ Affordable housing



Who We Are

The Valuation Group, Inc. was formed to incorporate the talents and expertise of the following four experienced appraisers, all of whom are MAI-designated members of the Appraisal Institute, and hold Certified General appraisal licenses. All partners have a minimum of 26 years in the business with some having over 30 years.



Experience and staff to meet your needs



Partners



Paul Bakken, MAI, CCIM, MS



Cletus Liedl, MAI



Thomas Day, MAI, SRA



David Reach, MAI

Staff

Partners

Paul Bakken, MAI, CCIM, MS

Cletus Liedl, MAI

Thomas Day, MAI, SRA

David Reach, MAI

Staff Appraisers

Barbara Day

Jonathan Day

Ashley Ferguson

Brett Hall

Jonathan Hicks

Margaret Lindblad

Matthew Schroeder

Dylan Swanson

Office Manager

Sherill Coumbe

Full service and resources to handle all your real estate assignments



Services We Provide

With our experienced partners and quality staff, we provide a variety of real estate valuation and consulting services. These include:

- ✓ Lending valuations
- ✓ Tax appeal valuation & consulting
- ✓ Condemnation Just Compensation valuation
- ✓ Pre-condemnation scope of taking consultation
- ✓ Inverse condemnation
- ✓ Investment consultation
- ✓ Valuation for estate planning
- ✓ Special assessment appeals
- ✓ Valuation and consulting relating to partnership dissolution
- ✓ General disputes relating to real estate
- ✓ Review appraisals
- ✓ Expert witness testimony
- ✓ Litigation support
- ✓ Highest and Best Use studies
- ✓ Market feasibility studies
- ✓ Market rent studies
- ✓ Charitable contribution valuations
- ✓ Environmental impact valuations
- ✓ Insurance cost replacement analysis
- ✓ Easement valuations
- ✓ Marriage dissolution property valuations

Resources

With our commitment to professionalism and technological innovation, we have compiled extensive tools and resources for our valuation and consultation practice. These include:

- ✓ Extensive and up-to-date electronic databases useful for market studies and specific comparable analysis
- ✓ Access to a variety of market data resources
- ✓ Large professional staff researching and verifying real estate transactions
- ✓ Discounted cash flow software
- ✓ State-of-the-art report writing and graphics software
- ✓ Published cost manuals
- ✓ Published market studies and surveys
- ✓ Extensive library
- ✓ Computerized model valuation techniques
- ✓ Numerous office files on income, expense, cost, absorption, capitalization rates and other market data
- ✓ Trail exhibit generating resources
- ✓ Geographic Information Systems (GIS) software
- ✓ Demographic software

Clients Served

Our professional services have assisted many clients in their real estate valuation and consultation needs. These clients include individuals, corporations, attorneys, governmental agencies, lenders and partnerships.

Geographic Area

While our office is within the Twin Cities, we serve the entire state and beyond. Our appraisers are licensed in Minnesota and Wisconsin, and we have completed assignments within 17 states.



Property Types

With our diverse practice, we have been involved with many property types, including:

- ✓ Office centers
- ✓ Corporate headquarters
- ✓ Medical office
- ✓ Office condominium projects
- ✓ Banks
- ✓ Retail stores
- ✓ Big box retail
- ✓ Retail centers
- ✓ Restaurants
- ✓ Regional shopping centers
- ✓ Convenience stores with fuel sales
- ✓ Grocery stores
- ✓ Funeral homes
- ✓ Day care
- ✓ Car wash
- ✓ Auto dealerships
- ✓ Auto repair
- ✓ Auto malls
- ✓ Industrial facilities and portfolios
- ✓ Manufacturing plants
- ✓ Research & development facilities
- ✓ Distribution centers
- ✓ Showroom facilities
- ✓ Recycling center
- ✓ Aircraft hangars
- ✓ Lumber yards
- ✓ Mini-storage facilities
- ✓ Land acreage and sites
- ✓ Land development
- ✓ Land subdivisions
- ✓ Wetlands
- ✓ Preservation land
- ✓ Parkland
- ✓ Variety of residential developments
- ✓ Apartment complexes
- ✓ Condominium conversions
- ✓ Group homes
- ✓ Nursing homes and care facilities
- ✓ Affordable housing projects
- ✓ Residential dwellings
- ✓ Student housing
- ✓ Hotels and motels
- ✓ Mixed-use projects
- ✓ Special use facilities
- ✓ Places of worship
- ✓ Civic and community centers
- ✓ Entertainment facilities
- ✓ Theatres
- ✓ Resorts
- ✓ Golf courses and clubs
- ✓ Educational buildings and campuses
- ✓ Fitness clubs
- ✓ Parking ramps
- ✓ Mobile home parks
- ✓ Gravel mining
- ✓ Media studios/stations



Sample Properties Appraised



Retail Properties

Southdale Regional Mall

Maplewood Mall

Rosedale Shopping Center

Burnsville Center

Galleria

Ridgedale Festival

Ridge Square North

Ridgehaven Mall

Burnside Shopping Center

Shingle Creek Shopping Center

Starlite Center

Peony Promenade

Kohl's/Media Play

Hawthorne Crossing

Cliff Lake Center

Highland Square

Round Lake Shoppes

Blaine Town Center

Pamida Discount Stores

Walgreens

Sunsets Restaurant

Blockbuster Video

Granada Center

Southridge Center

Golden Hills Center

Northgate Shoppes

Highland Square Shopping Center

Brandon Square

Westport Mall

Park Place Promenade

Canal Park Square

Slumberland

Seward Co-op



COMPANY PROFILE (CONTINUED)

Office Properties

Kinnard Office Building
Wayzata Executive
Minnesota Life
World Trade Center
Jewish Family Services
Grandview Square
HealthPartners Office
U.S. Bank Operations Center
H.B. Fuller Offices
Pioneer-Endicott Building
Northland Plaza
Interlachen Corporate Center
Griggs-Midway
Josten's Office Building
ADC Corporate HQ
Medtronic Corporate HQ
Court International
Deluxe Check
Southdale Office Center
First National Bank
LaSalle Plaza
Minnetonka Plaza
Flagship Office Building
Unisys Office Building
Chaska Business Center
Continental Professional Offices
Northwest Professional Building
Lowry Professional Building
Green Valley Office
Flying Cloud Business Center
301 Carlson Parkway
Crescent Ridge I & II
Marquette Plaza
Renaissance Square
Piper Jaffray Building
Welsh Companies Corporate Headquarters



COMPANY PROFILE (CONTINUED)

Industrial Properties

Rahr Malting Plant
Pillsbury R&D Facility
Merillat Corporation
Hormel Hog Plant
Johnson Brothers Warehouse
Recycling Center
Mars II Plant
Gannett/Printed Media
United Parcel Service
Water Tower Place
Grain Belt
Randy's Rentals
Federal Cartridge
Hoffman Enclosures
REXAM Beverage
Anvil Corporation
Magnetic Data
Farmland Foods
3M Plant - Cottage Grove
3M Plant - Cordova, IL
3M Plant - Nevada, MO
Honeywell Plant
Cooperative Printing
CalEast Industrial Portfolio
John Deere Facility
Clipay Corporation
Rogers Distribution Center
M.G. Walbaum Foods
Northern Wire
Grede Foundry
Entegris/FSI
Western Steel
Unisource Industrial
Graco
Federal Express
ConAgra Plant



Multi-Family and Other Properties



Southfork Village

Calhoun Beach Club

Symphony Place

East River Plaza

Churchill Apartments

Marquette Place

One Ten Grant

Oakridge Apartments

Royal Park Apartments

301 St. Anthony

Western Row Condos

556 North Snelling

Highcrest Apartments

Stone Creek Village Apartments

City View Apartments

Louisiana Court Project

Churchill Apartments

Stone Arch Apartments

Central Avenue Lofts

Riverwalk Loft Condominiums

Highland Heights Condominiums

Winona Student Housing



Giants Ridge Lodge

Sheraton Hotel

Holiday Inn Express

Grace Church Edina

Lakeville 21 Theatre

Duluth 10 Theatre

Holy Angels Academy

Northwestern College Roseville

St. Mary's High School

Mesaba Airlines Hangar

Rand Tower Parking Garage

Green Lea Manor Nursing Home

Fergus Falls Regional Treatment Center

