

**CITY COUNCIL**

**The City of Orange Township, New Jersey**

DATE \_\_\_\_\_

NUMBER 19-2020

**TITLE:**

**AN ORDINANCE AUTHORIZING THE EXECUTION OF A CONTRACT OF SALE BETWEEN THE CITY OF ORANGE TOWNSHIP AND 534 MITCHELL STREET LLC FOR THE SALE OF REAL PROPERTY LOCATED AT 540 MITCHELL STREET AND IDENTIFIED ON THE CITY TAX MAP AS BLOCK 4005, LOT 2 AND AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE THE DOCUMENTS NECESSARY TO IMPLEMENT THE CONVEYANCE OF THIS PROPERTY SUBJECT TO CERTAIN CONDITIONS**

**WHEREAS**, the City of Orange Township (the "City") currently owns the property located at 540 Mitchell Street in Orange, New Jersey and identified on the City tax map as Block 4005, Lot 2 (the "Property"); and

**WHEREAS**, the Property is located within the Central Valley Redevelopment Area and is governed by the Central Valley Redevelopment Plan; and

**WHEREAS**, the City Council previously adopted Resolution 260-206 on August 2, 2006 designating Harvard Development Associates, LLC as the redeveloper for the entire Redevelopment Area; and

**WHEREAS**, Harvard Development Associates, LLC is a limited liability company owned and controlled by The Alpert Group, a recognized and well-respected real estate development company; and


**WHEREAS**, The Alpert Group has created 534 Mitchell Street LLC, another limited liability which it owns and controls, to serve as the redeveloper for this Property; and

**WHEREAS**, 534 Mitchell Street LLC is proposing to redevelop the Property with a redevelopment project (the "Project") which will be consistent with the requirements of the Central Valley Redevelopment Plan and which will be approved by the City in the manner set forth within a redevelopment agreement that will be negotiated and entered between the Parties (the "Redevelopment Agreement"); and

**WHEREAS**, the City has appraised the Property and has determined that the appraised value of the Property is two hundred ninety thousand dollars (\$290,000.00); and

**WHEREAS**, 534 Mitchell Street LLC has agreed to purchase the Property from the City for its appraised value of two hundred ninety thousand dollars (\$290,000.00) and to redevelop the Property in accordance with the terms of the Redevelopment Agreement; and

**WHEREAS**, 534 Mitchell Street LLC has also agreed to pay all of the reasonable fees, expenses, and costs incurred by the City in connection with this Project, the City's conveyance of the Property to the Redeveloper, and the City's preparation of this Contract of Sale and the Redevelopment Agreement (collectively, the "City Costs"), as described more fully within the separate Escrow Agreement between the Parties; and

*Vaughn Parchment on behalf of the City Attorney*  
  
CITY ATTORNEY

**WHEREAS**, the Mayor has negotiated a Contract of Sale with 534 Mitchell Street LLC for the Property which provides, among other things, that:

- (i) the City shall convey the Property to 534 Mitchell Street LLC for a purchase price of two hundred and ninety thousand dollars (\$290,000.00) and that 534 Mitchell Street LLC shall also agree to pay the City Costs (as such term is defined within the Escrow Agreement between the Parties) and to redevelop the Property in accordance with the terms and conditions of a Redevelopment Agreement to be negotiated, approved, and signed by the Parties;
- (ii) the City's conveyance of the Property to 534 Mitchell Street LLC shall be contingent upon the entry of a mutually acceptable Redevelopment Agreement between the City and 534 Mitchell Street LLC within 120 days of the date of the full execution of the Contract of Sale, or any extended time period approved in writing by the City Business Administrator, which shall include, at a minimum, (a) a more detailed description of the Project, (b) deadlines for the commencement and completion of the Project on the Property, and (c) that if 534 Mitchell Street LLC fails to timely complete the Project or defaults on any of its other obligations under the Redevelopment Agreement prior to completion of the Project, title to the Property shall revert to the City; and
- (iii) if the Parties do not enter into a mutually agreeable Redevelopment Agreement within 120 days of the date of the full execution of the Contract of Sale, or any extended time period approved in writing by the City Business Administrator, then the Contract of Sale shall be null and void and, if title to the Property has already been conveyed by the City to the Redeveloper, such title shall revert back to the City; and

**WHEREAS**, the City Council wishes to authorize the execution of the Contract of Sale between the City and 534 Mitchell Street LLC in substantially the form attached hereto and to authorize the Mayor or his designee to execute the documents necessary to implement the conveyance of the Property to 534 Mitchell Street LLC subject to the conditions described herein.

**NOW, THEREFORE, BE IT ORDAINED** by the Municipal Council of the City of Orange Township that:

1. The Municipal Council hereby authorizes the sale of the Property to 534 Mitchell Street, LLC for a purchase price of two hundred and ninety thousand dollars (\$290,000.00) plus the additional consideration described herein.
2. The Municipal Council hereby approves the form of the Contract of Sale between the City and 534 Mitchell Street LLC in substantially the form attached hereto.
3. The Mayor, Clerk, and Attorney are hereby authorized to execute the Contract of Sale between the City and 534 Mitchell Street LLC in substantially the form attached hereto, along with any other documents and/or agreements necessary to implement the purposes of this Ordinance.
4. The Mayor and/or his designee are authorized to execute the documents necessary to implement the conveyance of the Property to 534 Mitchell Street LLC subject to the

conditions described within the Contract of Sale.

5. This ordinance shall take effect upon final passage, approval and publication according to law.

Adopted:

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Joyce L. Lanier  
Municipal Clerk

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Tency A. Eason  
Council President

Approved:

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Mayor, Dwayne D. Warren, Esq.

Purpose:

**CONTRACT OF SALE OF REAL ESTATE**

This Contract of Sale (the "Contract" or "Contract of Sale") dated June \_\_\_\_\_, 2020, is by and between the **CITY OF ORANGE TOWNSHIP**, a municipal corporation of the County of Essex and the State of New Jersey, having its offices at 29 North Day Street, Orange, New Jersey 07050 (the "City"), and **534 MITCHELL STREET LLC**, a limited liability company with an address of c/o The Alpert Group, One Parker Plaza, Fort Lee, NJ 07024, Attn: Joseph Alpert (the "Redeveloper")(collectively, the "Parties").

**WITNESSETH:**

**WHEREAS**, the City currently owns the property located at 540 Mitchell Street in Orange, New Jersey and identified on the City tax map as Block 4005, Lot 2 (the "Property"); and

**WHEREAS**, the Property is located within the Central Valley Redevelopment Area (the "Redevelopment Area") and is governed by the Central Valley Redevelopment Plan (the "Redevelopment Plan"); and

**WHEREAS**, the City Council previously adopted Resolution 260-206 on August 2, 2006 designating Harvard Development Associates, LLC as the redeveloper for the entire Redevelopment Area; and

**WHEREAS**, Harvard Development Associates, LLC is a limited liability company owned and controlled by The Alpert Group, a recognized and well-respected real estate development company; and

**WHEREAS**, The Alpert Group has created the Redeveloper, another limited liability which it owns and controls, to serve as the redeveloper for this Property; and

**WHEREAS**, the Redeveloper is proposing to redevelop the Property with a redevelopment project (the "Project") which will be consistent with the requirements of the Central Valley Redevelopment Plan and which will be approved by the City in the manner set forth within a redevelopment agreement that will be negotiated and entered between the Parties (the "Redevelopment Agreement"); and

**WHEREAS**, the City has appraised the Property and has determined that the appraised value of the Property is two hundred ninety thousand dollars (\$290,000.00); and

**WHEREAS**, the Redeveloper has agreed to purchase the Property from the City for its appraised value of two hundred ninety thousand dollars (\$290,000.00) and to redevelop the Property in accordance with the terms of the Redevelopment Agreement; and

**WHEREAS**, the Redeveloper has also agreed to pay all of the reasonable fees, expenses, and costs incurred by the City in connection with this Project, the City's conveyance of the Property to the Redeveloper, and the City's preparation of this Contract of Sale and the Redevelopment Agreement (collectively, the "City Costs"), as described more fully within the separate Escrow Agreement between the Parties; and

**WHEREAS**, although the Parties have not completed their negotiations of the Redevelopment Agreement yet, they wish to enter into this Contract of Sale for the sale of the Property from the City to the Redeveloper, subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing and certain other consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties hereto, the Parties hereby agree as follows:

**ARTICLE 1**  
**TERMS AND CONDITIONS OF SALE OF PROPERTY**

**1.1 Consideration For Sale.** The consideration for the conveyance of the Property shall be the Redeveloper's payment to the City of the sum of two hundred and ninety thousand dollars (\$290,000.00)(the "Purchase Price"), the Redeveloper's agreement to pay the City Costs (as such term is defined within the Escrow Agreement between the Parties), and the Redeveloper's commitment through the Redevelopment Agreement to be negotiated and approved by the Parties to redevelop the Property with the Project.

**1.2 Time And Place Of Closing Of Title.** (a) The Closing on the conveyance of the Property shall occur on a mutually convenient date, time and location no later than forty-five (45) days after the full execution of the Redevelopment Agreement by the Parties (the "Closing Date"); provided, however, that such deadline may be extended by mutual written consent of the Parties.

(b) The Parties shall have the option of Closing on the conveyance of the Property prior to their full execution of the Redevelopment Agreement if there is mutual written consent to do so. In that event, the provisions of Sections 2.2 and 2.3 below shall apply.

**1.3 Transfer Of Ownership; Title.**

(a) At the Closing for the Property, the Redeveloper shall pay the City the Purchase Price and the City shall give the Redeveloper a properly executed Bargain and Sale Deed without covenants (the "Deed"), an adequate affidavit of title, a properly executed affidavit of consideration or exemption, a true copy of the resolution or ordinance authorizing the sale and conveyance, and such other documentation as may reasonably be requested by Redeveloper's title insurance company. The Deed will contain all of the covenants required under N.J.S.A. 40A:12A-9 and a right of reverter to

the City if there is an Event of Default on the part of the Redeveloper with regard to its obligations under this Contract and the Redevelopment Agreement prior to the Redeveloper's completion of the Project.

(b) The City shall transfer and convey to the Redeveloper clear and marketable title to the Property, defined for purposes of this Contract of Sale as insurable by a title insurance company licensed to do business in the State of New Jersey at regular rates free of all claims and rights of others, except for: (i) normal utility easements servicing the Property which do not interfere with Redeveloper's intended use thereof; (ii) ALTA 1992 preprinted exceptions; and (iii) any Permitted Exceptions (as hereinafter defined).

(c) Failure to notify the City of an objection to title for the Property prior to Closing on the Property shall be deemed a waiver by the Redeveloper of all objections to any lien, encumbrances or other exception revealed by the title report (as waived, or as otherwise deemed acceptable by Redeveloper, "Permitted Exceptions"). In the event that the City is unwilling or unable to remedy any such title defect(s) of that particular Property, then the Redeveloper may either (i) waive the objection and proceed to Closing; or (ii) terminate this Contract. Upon such termination, neither the Redeveloper nor the City shall have any further liability under this Contract as to the Property except as otherwise expressly provided herein. Under no circumstances shall the City be obligated to reimburse the Redeveloper for any monies expended by the Redeveloper in connection with this Contract.

#### **1.4 Physical Condition Of The Property; Release As To Environmental Claims.**

(a) The Property is being sold to the Redeveloper in an "AS IS" condition. The Redeveloper acknowledges that the City has not made any statements, claims or guaranties as to the value or condition of the Property. The Redeveloper fully realizes that the City does not assume any responsibility or liability on account of any such physical condition. At the Closing, the City shall deliver possession of the Property in the same condition as it is in as of the date of the execution of this Contract of Sale, deterioration from ordinary and reasonable usage and exposure to the elements excepted.

(b) The Deed shall contain language providing that as a condition of accepting the Deed, at the time of the Closing the Redeveloper shall release the City from any and all responsibility, liability and claims for or arising out of the presence on or about the particular Property being conveyed (including in the soil, air, structures and surface and subsurface water) of materials, wastes or substances that are or become regulated under or that are or become classified as toxic or hazardous, under any environmental laws, including without limitation, petroleum, oil, gasoline or other petroleum products, byproducts or waste. In addition, and except if arising out of the gross negligence or willful misconduct of the City or any of its contractors, employees, agents or invitees, the Redeveloper shall defend, indemnify and hold the City harmless from and against all administrative actions, claims, liabilities, demands, causes of action, debts, obligations, promises, acts, agreements, expenses, costs and damages, of whatever kind or nature,

arising out of or related to the presence on or about the Property (including in the soil, air, structures and surface and subsurface water) of materials, wastes or substances that are or become regulated under or that are or become classified as toxic or hazardous, under any environmental laws, including, but not limited to, administrative proceedings, third-party suits and claims, made or brought by governmental agencies, persons or entities.

**1.5 Risk Of Loss.** The City is responsible for any damage or loss to the Property, except for normal wear and tear, until the Closing; provided, however, that the City shall not be required to repair any damage to the existing improvements on the Property as it is the intention of the Redeveloper to demolish these improvements.

**1.6 Building And Zoning Laws.** The Property is being sold subject to the Redevelopment Plan and all other applicable laws.

**1.7 Brokerage Fees.** The Redeveloper and the City each represent that they have not dealt with or transacted any business with any broker concerning the purchase of the Property, and each agrees to hold the other harmless from any claim of any broker.

**1.8 Non-Foreign Affidavit.** The City shall provide to the Redeveloper at Closing an adequate Non-Foreign Affidavit stating the inapplicability of 26 U.S.C. Section 1445 to the sale of the Property.

**1.9 Form 1099-B Filing.** In compliance with the requirements of the Internal Revenue Code, the Redeveloper's attorney is responsible for collecting certain information from the City necessary to complete and file Form 1099-B with the Internal Revenue Service. The City agrees to supply all necessary information to the Redeveloper's attorney in order to facilitate such filing.

**1.10 Responsibility For Taxes.** The Redeveloper shall be responsible for the payment of any real estate taxes assessed on the Property after conveyance of title in the Property to the Redeveloper.

## ARTICLE 2

### **CONTRACT OF SALE CONTINGENT UPON FUTURE REDEVELOPMENT AGREEMENT; CONDITIONS SUBSEQUENT TO CLOSING; REVERTER FOR NON-COMPLIANCE WITH CONDITIONS SUBSEQUENT**

**2.1 Contract Of Sale Contingent Upon Parties' Entry Into Redevelopment Agreement.** The City's sale of the Property to the Redeveloper is being made pursuant to the City's powers as a redevelopment entity under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL") so that the Redeveloper may redevelop the Property with the Project. For that reason, the City's agreement to sell the Property to the Redeveloper under this Contract is expressly contingent upon the Parties' future entry into a mutually satisfactory Redevelopment Agreement governing the Redeveloper's redevelopment of the Property. The Parties shall have one hundred twenty

(120) days to negotiate, approve and execute a Redevelopment Agreement for the Property. That time period may be extended by the City in the sole discretion of the City's Business Administrator so long as any extension is memorialized in writing by the Business Administrator. If the Parties fail to negotiate, approve and execute a Redevelopment Agreement for the Property within this time period, as extended by the Business Administrator, then the City shall no longer be obligated to sell the Property to the Redeveloper and this Contract shall be null and void; provided, however, that the provisions of this Contract addressing the termination of the Contract, such as those in Sections 2.2 and 2.3 below, shall survive and shall remain in full force and effect.

**2.2 Conditions Subsequent To Closing If Closing Occurs Before Parties' Entry Into Redevelopment Agreement.** In the event that the Parties exercise the option under Section 1.2(b) herein to Close on the Property prior to the date of full execution of the Redevelopment Agreement, then the following are conditions subsequent to Closing which the Redeveloper must satisfy in order to retain title to the Property:

- (a) the Parties must enter into a Redevelopment Agreement within 120 days of the date of the full execution of this Contract by the Parties (or within any extended deadline as approved by the City's Business Administrator). This Redevelopment Agreement shall include, at a minimum, (i) a more detailed description of the Project, (ii) deadlines for the commencement and completion of the Project on the Property, and (iii) a provision indicating that if the Redeveloper fails to timely complete the Project or defaults on any of its other obligations under the Redevelopment Agreement prior to completion of the Project, title to the Property shall revert to the City.

These obligations are intended to and shall survive the Closing of the conveyance of the Property from the City to the Redeveloper.

**2.3 Reverter For Non-Compliance With Conditions Subsequent.** In the event that the Redeveloper fails to satisfy the conditions subsequent set forth within Section 2.2 herein, title to the Property shall revert back to the City without any further act on the City's part and the estate conveyed by the City by Deed to the Redeveloper shall immediately terminate and re-vest in the City. This reverter provision shall be included in the language of the Deed conveying title in the Property from the City to the Redeveloper, and this provision is intended to and shall survive the Closing of the conveyance of the Property from the City to the Redeveloper.

### **ARTICLE 3**

#### **REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

**3.1 Representations And Warranties By The Redeveloper.** The Redeveloper makes the following representations and warranties:



(a) The Redeveloper has the legal capacity to enter into this Contract of Sale and perform each of the undertakings set forth herein as of the date of this Contract of Sale.

(b) The Redeveloper is a duly organized and validly existing legal entity under the laws of the State of New Jersey, and all necessary resolutions or authorizations have been duly adopted to authorize the execution and delivery of this Contract of Sale and to authorize and direct the persons executing this Contract to do so for and on the Redeveloper's behalf.

(c) No receiver, liquidator, custodian or trustee of the Redeveloper has been appointed or is contemplated as of the date of this Contract, and no petition to reorganize the Redeveloper pursuant to the United States Bankruptcy Code or any similar statute that is applicable to the Redeveloper has been filed or is contemplated as of the date of this Contract.

(d) No indictment has been returned against any member, manager or officer of the Redeveloper.

(e) To the best of the Redeveloper's knowledge and belief after diligent inquiry, there is no action, proceeding or investigation now pending, nor any basis therefor, known or believed to exist which (i) questions the validity of this Contract, the Redeveloper's execution hereof, or any action or act taken or to be taken by the Redeveloper pursuant to this Contract; or (ii) is likely to result in a material adverse change in the Redeveloper's property, assets, liabilities or condition which will materially and substantially impair the Redeveloper's ability to perform the Project on the Property under the Redevelopment Agreement to be negotiated by the Parties.

(f) The Redeveloper's execution and delivery of this Contract and its performance hereunder will not constitute a violation of any operating agreement of the Redeveloper or, to the Redeveloper's knowledge, any other agreement, mortgage, indenture, instrument or judgment to which the Redeveloper is a party.

(g) All information and statements included in any information submitted by the Redeveloper to the City and its agents (including but not limited to Gluck Walrath, LLP) are complete, true and accurate in all material respects. The Redeveloper acknowledges that the facts and representations contained in the information submitted by the Redeveloper, incorporated herein by reference, are being relied upon by the City and are a material factor in the decision of the City to enter into this Contract.

(h) The party or parties signing this Contract on behalf of the Redeveloper is or are fully authorized to sign on behalf of the current members of the Redeveloper and to bind it with respect thereto.

**3.2 Representations And Warranties By The City.** The City hereby makes the following representations and warranties:

(a) The City has the legal power, right and authority to enter into this Contract and the instruments and documents referenced herein to which the City is a party, to consummate the transactions contemplated hereby, to take any steps or actions contemplated hereby, and to perform their obligations hereunder.

(b) This Contract is duly executed by the City, and is valid and legally binding upon the City and enforceable in accordance with its terms on the basis of all applicable laws currently in effect and the execution and delivery thereof shall not, with due notice or the passage of time, constitute a default under or violate the terms of any indenture, agreement or other instrument to which the City is a party.

(c) To the best of the City's knowledge there is no action, proceeding or investigation now pending nor any basis therefor, known or believed to exist which questions the validity of this Contract or any action or act taken or to be taken by the City pursuant to this Contract.

(d) To the best of the City's knowledge there is no pending litigation which affects the title to the Property, the designation of the Redevelopment Area, the adoption of the Redevelopment Plan, or the City's ability to convey the Property to the Redeveloper.

(e) To the best of the City's knowledge the City is not in violation of any term of any judgment, decree, injunction or order affecting the Property.

(f) The City has not received notice of any pending eminent domain or condemnation of any of the Property and the City does not know of, or have reason to know of, any proposed eminent domain or condemnation proceeding with respect to any portion of the Property.

(g) To the best of the City's knowledge the City has not received any notice of violation issued by any federal, state or other public authority with regard to any the Property, and the City has no reason to believe that any such notice will be issued after the date hereof.

(h) Prior to conveyance from the City to the Redeveloper, the City shall be the legal owner of the Property in fee simple and the Property shall not then be subject to any outstanding option or agreement of sale.

**3.3 No Warranty Of Suitability Or Environmental Condition.** The Redeveloper specifically acknowledges that the City makes no representation or warranty, expressed, implied or otherwise, as to the Property's suitability for the Project or for any other purpose. Moreover, the City makes no representation or warranty as to the environmental

condition of the Property (or the structures located thereon) and, once the Closing for the Property occurs, the City shall not have any obligation with respect to the investigation or remediation of environmental conditions on the Property (or the structures located thereon). The Redeveloper expressly acknowledges and agrees that the City shall not be liable to the Redeveloper whatsoever for any pre-existing environmental conditions on, at or under the Property unless caused or arising out of the gross negligence or willful misconduct of the City or any of its contractors, employees, agents or invitees. In the event that the Redeveloper chooses to pursue an action, at any time, against any prior owner and/or operators and/or tenants of the Property, for any and all non-consequential damages; cleanup and removal costs; all costs associated with damage or injury to natural resources including but not limited to restoration costs; and all costs and expenses incurred by the City, the Redeveloper expressly agrees to defend, indemnify and hold harmless the City from any all claims resulting therefore, including but not limited to claims for subrogation, except if arising out of the gross negligence or willful misconduct of the City or any of its contractors, employees, agents or invitees. These obligations are intended to and shall survive the Closing of the conveyance of the Property from the City to the Redeveloper.

#### **ARTICLE 4** **MISCELLANEOUS PROVISIONS**

**4.1 Modification of Agreement.** No amendment to this Contract shall be considered binding on either of the Parties unless such amendment is in writing and specifically recites that it is being entered into by and between the City and Redeveloper with the specific intention to modify the terms of this Contract. In the event that any such amendment is agreed to by the Parties, such amendment shall not modify, change or amend any portion of this Contract except those specific portions that are recited in such amendment as being modified by such amendment. All other portions of this Contract not so specifically amended in writing shall remain in full force and effect. No waiver by the City or the Redeveloper of any covenant, agreement, term, provision or condition of this Contract shall be deemed to have been made unless expressed in writing and signed by an appropriate official on behalf of both the City and the Redeveloper.

**4.2 Governing Law; Jurisdiction and Venue.** This Contract shall be governed by and construed and enforced pursuant to the laws of the State of New Jersey, without regard to its conflict of laws principles. Any action hereunder shall be brought exclusively in a court of the State of New Jersey sitting in Essex County, New Jersey, and the Redeveloper hereby waives all objections to such venue. Notwithstanding the above, the Parties may, upon mutual written consent, pursue alternate dispute resolution (such as mediation or binding arbitration) to attempt to resolve any issues or disputes arising from this Contract.

**4.3 Entire Agreement.** With the exception of the Escrow Agreement between the Parties governing the Redeveloper's obligation to pay City Costs (as such term is defined in the Escrow Agreement) and the Redevelopment Agreement that will be negotiated and

signed by the Parties, this Contract constitutes the entire agreement between the Parties hereto and supersedes all prior oral and written agreements between the Parties with respect to the subject matter hereof.

**4.4 Notices and Demands** A notice, demand or other communication under this Contract by any party to the other shall be sufficiently given or delivered if dispatched by United States Registered or Certified Mail, postage prepaid and return receipt requested, or delivered by overnight courier or delivered personally (with receipt acknowledged), or by facsimile transmission (with receipt acknowledged) to the Parties at their respective addresses as set forth herein, or at such other address or addresses with respect to the Parties or their counsel as any party may, from time to time, designate in writing and forward to the others as provided in this Section.

**As to the City:**

The City of Orange Township  
29 North Day Street  
Orange, New Jersey 07050

Attention:

Christopher Hartwyk  
Business Administrator

Phone: 973-266-4010  
Fax: 973-677-7847  
Email: chartwyk@ci.orange.nj.us

Attention:

Christopher Mobley  
Planning and Economic Development

Phone: 973-266-4061  
Fax: 973-677-7847  
Email: cmobley@ci.orange.nj.us

Attention:

Avram White  
Planning and Economic Development

Phone: 973-266-4198  
Fax: 973-674-2021  
Email: awhite@ci.orange.nj.us

With copies to:

David A. Clark, Esq.  
Gluck Walrath LLP  
4 Paragon Way, Suite 400  
Freehold, New Jersey 07728

**As to the Redeveloper:**

534 Mitchell Street LLC  
c/o The Alpert Group

One Parker Plaza  
Fort Lee, NJ 07024  
Attn: Joseph Alpert

From time to time either party may designate a different person or address for all the purposes of this notice provision by giving the other party no less than ten (10) days notice in advance of such change of address in accordance with the provisions hereof.

**4.5 Titles of Articles and Sections.** The titles of the several Articles and Sections of this Contract, as set forth at the heads of said Articles and Sections, are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

**4.6 Severability.** The validity of any Articles and Sections, clauses or provisions of this Contract shall not affect the validity of the remaining Articles and Sections, clauses or provisions hereof.

**4.7 Successors Bound.** This Contract shall be binding upon the respective Parties hereto and their permitted successors and assigns.

**4.8 Counterparts.** This Contract may be executed in counterparts. All such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.

**4.9 Waiver.** No waiver made by any party with respect to any obligation of any other party under this Contract shall be considered a waiver of any other rights of the party making the waiver beyond those expressly waived in writing and to the extent thereof.

**4.10 Authorization.** Each of the Parties hereto which are business entities represent and warrant that each has complied with all necessary formalities and the undersigned signatory has been duly authorized to execute this Contract on behalf of such entity.

IN WITNESS WHEREOF, the Parties have caused these presents to be executed as of the day and year first above written.

ATTEST:

534 MITCHELL STREET LLC

\_\_\_\_\_

Witness

By: \_\_\_\_\_

Joseph Alpert  
Managing Member

ATTEST:

THE CITY OF ORANGE  
TOWNSHIP

\_\_\_\_\_

Clerk

By: \_\_\_\_\_

Dwayne D. Warren, Esq., Mayor

APPROVED AS TO FORM

\_\_\_\_\_

City Attorney



**Integra Realty Resources**  
**Northern New Jersey**

**Appraisal of Real Property**

**540 Mitchell Street**  
540 Mitchell St.  
Orange, Essex County, New Jersey 07050

**Prepared For:**  
City of Orange Township

**Effective Date of the Appraisal:**  
April 15, 2020

**Report Format:**  
Appraisal Report – Standard Format

**IRR - Northern New Jersey**  
File Number: 9838







**540 Mitchell Street**  
540 Mitchell St.  
Orange, New Jersey

Integra Realty Resources  
Northern New Jersey

301 S. Livingston Avenue  
Suite 104  
Livingston, NJ

T (973) 422-9800  
F (973) 422-9797  
Office Email  
www.irr.com



April 24, 2020

Chris Mobley  
Planning Department  
City of Orange Township  
29 North Day Street  
Orange, NJ 07050

SUBJECT:       Market Value Appraisal  
                  540 Mitchell Street  
                  540 Mitchell St.  
                  Orange, Essex County, New Jersey 07050  
                  IRR - Northern New Jersey File No. 9838

Dear Mr. Mobley:

Integra Realty Resources – Northern New Jersey is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property. The client for the assignment is City of Orange Township, and the intended use is for eminent domain purposes.

The subject is a 0.29 acre or 12,480-sf lot improved with a three story mill building. The improvements have been vacant for an extended period and are in dilapidated condition. The property is zoned CDA-Mixed use and is within the CVRA, Central Valley Redevelopment Area, which permits retail, office, multi-family and mixed uses. Please note the permitted uses, bulk requirements and design standards of the Redevelopment Area supersede the underlying zoning that would otherwise be applicable to the subject property.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of Orange Township.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we

adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>Value Conclusion</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
Market Value	Fee Simple	April 15, 2020	\$290,000

#### **Extraordinary Assumptions and Hypothetical Conditions**

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Given the current COVID-19 pandemic, effects on the market cannot be measured as the full effect is not yet evident. Since development of the subject property is not anticipated to be completed in the near future, the property is being appraised assuming stabilized market condition unaffected by economic factors as a result of COVID-19.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

#### **IMPORTANT MARKET CONDITIONS WARNING: Market Uncertainty from Novel Coronavirus (COVID-19)**

The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

As of the effective date of this report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. Our valuation is based upon the best information as of the effective date.



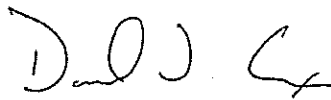
Chris Mobley  
City of Orange Township  
April 24, 2020  
Page 3

Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

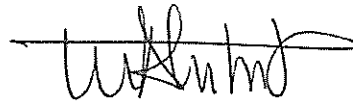
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**INTEGRA REALTY RESOURCES - NORTHERN NEW JERSEY**



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## Summary of Salient Facts and Conclusions

Property Name	540 Mitchell Street	
Address	540 Mitchell St. Orange, Essex County, New Jersey 07050	
Property Type	Land - Other	
Owner of Record	City of Orange	
Tax ID	Block 4005, Lot 2	
Land Area	0.29 acres; 12,480 SF	
Zoning Designation	CDA and CVRA, Mixed Use and Central Valley	
Highest and Best Use	Multifamily use	
Exposure Time; Marketing Period	6-12 months; 6-12 months	
Effective Date of the Appraisal	April 15, 2020	
Date of the Report	April 24, 2020	
Property Interest Appraised	Fee Simple	
Sales Comparison Approach		
Number of Sales	5	
Range of Sale Dates	Mar 15 to Jan 19	
Range of Prices per Unit (Unadjusted)	\$9,148 - \$30,000	
Market Value Conclusion	\$290,000	(\$10,000/Unit)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Orange Township may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Given the current COVID-19 pandemic, effects on the market cannot be measured as the full effect is not yet evident. Since development of the subject property is not anticipated to be completed in the near future, the property is being appraised assuming stabilized market condition unaffected by economic factors as a result of COVID-19.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

## General Information

### Identification of Subject

The subject is a 0.29 acre or 12,480-sf lot improved with a three story mill building. The improvements have been vacant for an extended period and are in dilapidated condition. The property is zoned CDA-Mixed use and is within the CVRA, Central Valley Redevelopment Area, which permits retail, office, multi-family and mixed uses. Please note the permitted uses, bulk requirements and design standards of the Redevelopment Area supersede the underlying zoning that would otherwise be applicable to the subject property.

#### Property Identification

Property Name	540 Mitchell Street
Address	540 Mitchell St. Orange, New Jersey 07050
Tax ID	Block 4005, Lot 2
Owner of Record	City of Orange

### Sale History

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year

### Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

### Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of the effective date of the appraisal, April 15, 2020. The date of the report is April 24, 2020. The appraisal is valid only as of the stated effective date or dates.

### Definition of Market Value

Market value is defined as:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;

- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

### **Definition of Property Rights Appraised**

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

*Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

### **Intended Use and User**

The intended use of the appraisal is for eminent domain purposes. The client and intended user is City of Orange Township. The appraisal is not intended for any other use or user. No party or parties other than City of Orange Township may use or rely on the information, opinions, and conclusions contained in this report.

### **Applicable Requirements**

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;

### **Report Format**

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

### **Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property



management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for the current client within the three-year period immediately preceding acceptance of this assignment.

### Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

### Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

<b>Approaches to Value</b>		
<b>Approach</b>	<b>Applicability to Subject</b>	<b>Use in Assignment</b>
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

### Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### Inspection

Daniel J. Cox, SCGREA, conducted an exterior inspection of the property on April 15, 2020.

## **Important Market Conditions Warning**

### **Market Uncertainty from Novel Coronavirus (COVID-19)**

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Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

## Economic Analysis

### Essex County Area Analysis

Essex County is located in northern New Jersey. It is 126 square miles in size and has a population density of 6,368 persons per square mile. Essex County is part of the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area, hereinafter called the New York MSA, as defined by the U.S. Office of Management and Budget.

### Population

Essex County has an estimated 2020 population of 803,742, which represents an average annual 0.2% increase over the 2010 census of 783,969. Essex County added an average of 1,977 residents per year over the 2010-2020 period, and its annual growth rate is similar to that of the State of New Jersey.

Looking forward, Essex County's population is projected to increase at a 0.3% annual rate from 2020-2025, equivalent to the addition of an average of 2,271 residents per year. Essex County's growth rate is expected to exceed that of New Jersey, which is projected to be 0.2%.

	Population Trends				
	Population			Compound Ann. % Chng	
	2010 Census	2020 Estimate	2025 Projection	2010 - 2020	2020 - 2025
Essex County, NJ	783,969	803,742	815,095	0.2%	0.3%
New Jersey	8,791,894	8,926,519	9,003,264	0.2%	0.2%

Source: Environics Analytics

### Employment

Total employment in Essex County is currently estimated at 342,719 jobs. Between year-end 2008 and the present, employment declined by 16,189 jobs, equivalent to a 4.5% loss over the entire period. There were declines in employment in five out of the past ten years, influenced in part by the national economic downturn and slow recovery. Although many areas suffered declines in employment over the last decade, Essex County underperformed New Jersey, which experienced an increase in employment of 3.9% or 152,069 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Essex County unemployment rate has been consistently higher than that of New Jersey, with an average unemployment rate of 8.2% in comparison to a 7.0% rate for New Jersey. A higher unemployment rate is a negative indicator.

Recent data shows that the Essex County unemployment rate is 4.5% in comparison to a 3.6% rate for New Jersey, a negative sign that is consistent with the fact that Essex County has underperformed New Jersey in the rate of job growth over the past two years.

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Essex County	% Change	New Jersey	% Change	Essex County	New Jersey
2008	358,908		3,920,569		6.4%	5.3%
2009	347,808	-3.1%	3,799,840	-3.1%	10.3%	9.1%
2010	342,329	-1.6%	3,788,169	-0.3%	10.9%	9.5%
2011	343,843	0.4%	3,805,246	0.5%	10.8%	9.4%
2012	343,195	-0.2%	3,840,054	0.9%	10.7%	9.3%
2013	337,890	-1.5%	3,881,678	1.1%	9.7%	8.2%
2014	339,370	0.4%	3,921,961	1.0%	8.0%	6.8%
2015	343,527	1.2%	3,987,588	1.7%	6.9%	5.8%
2016	344,115	0.2%	4,042,779	1.4%	6.0%	5.0%
2017	348,140	1.2%	4,093,102	1.2%	5.7%	4.6%
2018*	342,719	-1.6%	4,072,638	-0.5%	5.2%	4.2%
Overall Change 2008-2018	-16,189	-4.5%	152,069	3.9%		
Avg Unemp. Rate 2008-2018					8.2%	7.0%
Unemployment Rate - December 2018					4.5%	3.6%

\*Total employment data is as of September 2018; unemployment rate data reflects the average of 12 months of 2018.  
Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW).  
Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

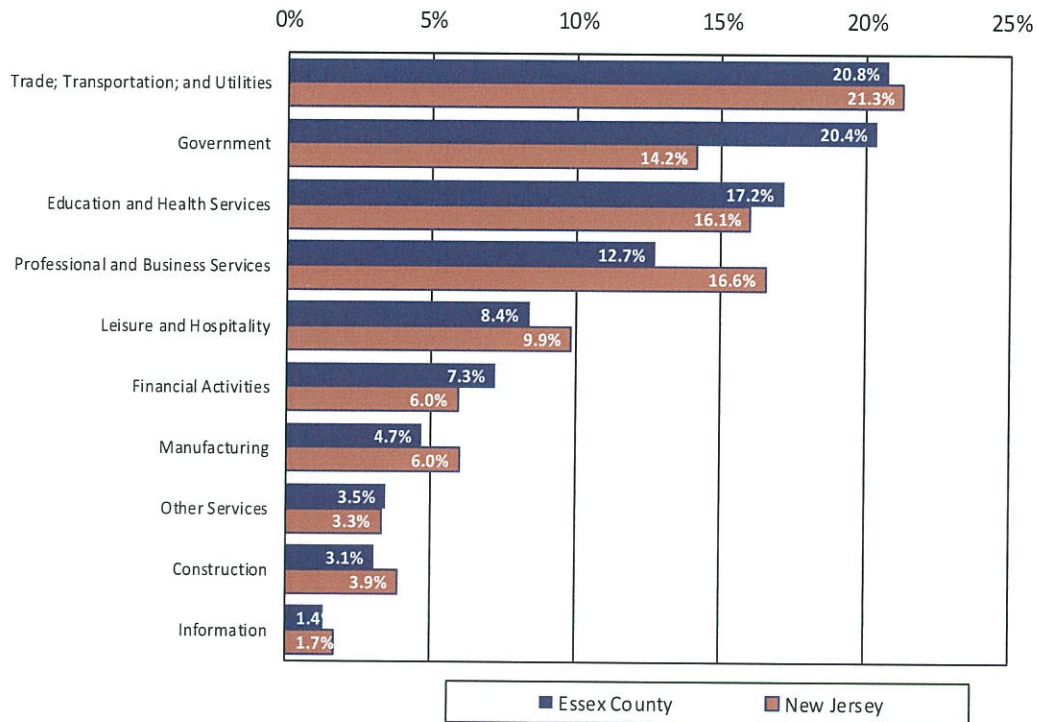
### Employment Sectors

The composition of the Essex County job market is depicted in the following chart, along with that of New Jersey. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Essex County jobs in each category.

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**Employment Sectors - 2018**


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Source: Bureau of Labor Statistics and Economy.com

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Essex County has greater concentrations than New Jersey in the following employment sectors:

1. **Government**, representing 20.4% of Essex County payroll employment compared to 14.2% for New Jersey as a whole. This sector includes employment in local, state, and federal government agencies.
2. **Education and Health Services**, representing 17.2% of Essex County payroll employment compared to 16.1% for New Jersey as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
3. **Financial Activities**, representing 7.3% of Essex County payroll employment compared to 6.0% for New Jersey as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. **Other Services**, representing 3.5% of Essex County payroll employment compared to 3.3% for New Jersey as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

Essex County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 20.8% of Essex County payroll employment compared to 21.3% for New Jersey as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 12.7% of Essex County payroll employment compared to 16.6% for New Jersey as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Leisure and Hospitality, representing 8.4% of Essex County payroll employment compared to 9.9% for New Jersey as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing, representing 4.7% of Essex County payroll employment compared to 6.0% for New Jersey as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

### Major Employers

Major employers in Essex County are shown in the following table.

Major Employers - Essex County, NJ	
Name	Industry
1 Prudential Financial	Financial
2 United Airlines	Transportation
3 Rutgers University - Newark	Education and Healthcare
4 Horizon Blue Cross Blue Shield	Healthcare
5 Public Service Enterprise Group	Utility
6 St. Barnabas Medical Center	Healthcare
7 ADP	Payroll Services
8 American Huts, Inc.	Hospitality
9 Barnabas Health	Healthcare
10 Dun & Bradstreet Corporation	Info Tech

Source: <https://www.choosenj.com/stats-and-facts/counties/essex-county/>

### Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the New York MSA is considered meaningful when compared to the nation overall, as Essex County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been considerably lower in the New York MSA than the United States overall during the past eight years. The New York MSA has grown at a 1.3% average annual rate while the United States has grown at a 2.1% rate. As the national economy improves, the New York MSA continues to underperform the United States. GDP for the New York MSA rose by 1.3% in 2017 while the United States GDP rose by 2.2%.

The New York MSA has a per capita GDP of \$71,084, which is 28% greater than the United States GDP of \$55,418. This means that New York MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

### Gross Domestic Product

Year	(\$ Mil)		(\$ Mil)	
	New York MSA	% Change	United States	% Change
2010	1,321,890		15,598,753	
2011	1,325,612	0.3%	15,840,664	1.6%
2012	1,364,249	2.9%	16,197,007	2.2%
2013	1,367,354	0.2%	16,495,369	1.8%
2014	1,391,584	1.8%	16,899,831	2.5%
2015	1,419,450	2.0%	17,386,700	2.9%
2016	1,425,635	0.4%	17,659,187	1.6%
2017	1,444,484	1.3%	18,050,693	2.2%
Compound % Chg (2010-2017)		1.3%		2.1%
GDP Per Capita 2017	\$71,084		\$55,418	

Source: Bureau of Economic Analysis and Economy.com; data released September 2018. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

### Household Income

Essex County has a considerably lower level of household income than New Jersey. Median household income for Essex County is \$65,245, which is 24.5% less than the corresponding figure for New Jersey.

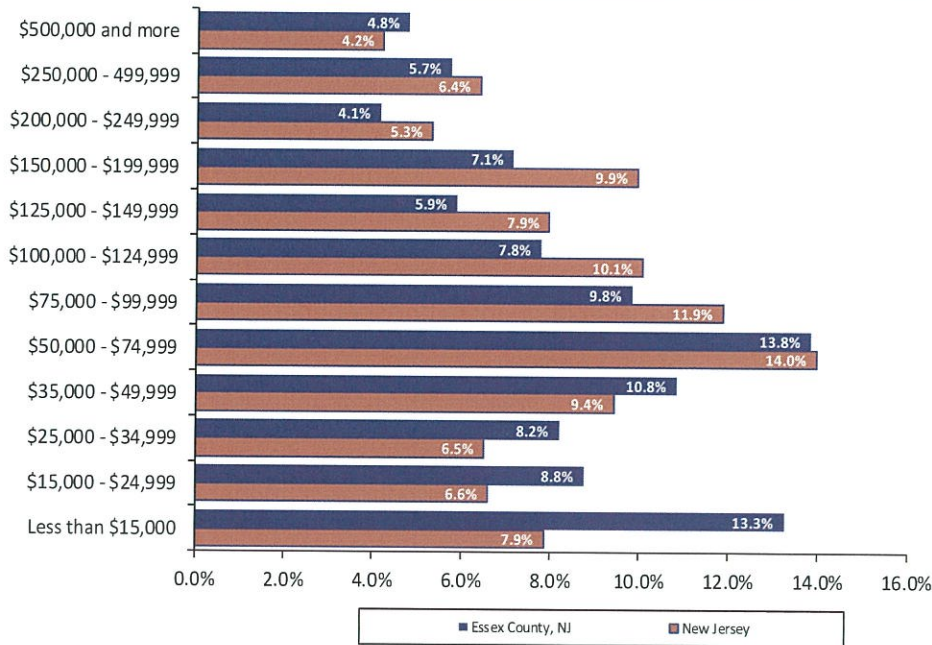
### Median Household Income - 2020

	Median
Essex County, NJ	\$65,245
New Jersey	\$86,371
Comparison of Essex County, NJ to New Jersey	- 24.5%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. Essex County has a greater concentration of households in the lower income levels than New Jersey. Specifically, 30% of Essex County households are below the \$35,000 level in household income as compared to 21% of New Jersey households. A lesser concentration of households is apparent in the higher income levels, as 45% of Essex County households are at the \$75,000 or greater levels in household income versus 56% of New Jersey households.

Household Income Distribution - 2020



Source: Environics Analytics

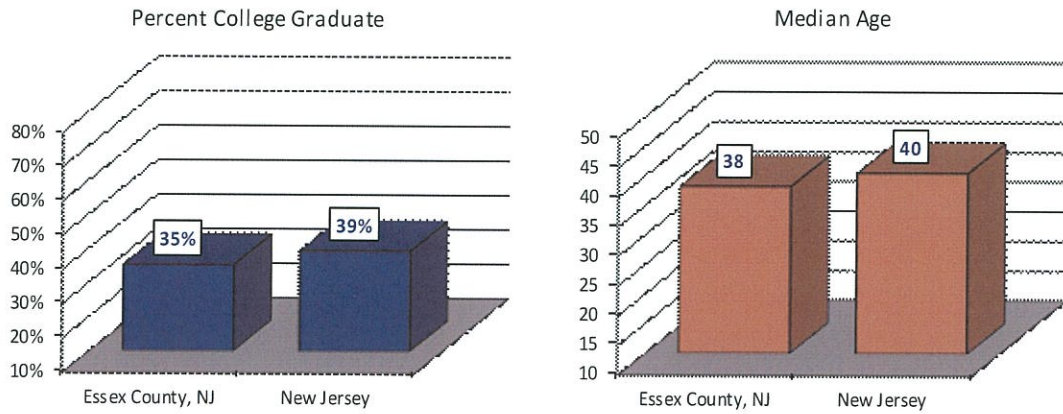
Education and Age

Residents of Essex County have a lower level of educational attainment than those of New Jersey. An estimated 35% of Essex County residents are college graduates with four-year degrees, versus 39% of New Jersey residents. People in Essex County are younger than their New Jersey counterparts. The median age for Essex County is 38 years, while the median age for New Jersey is 40 years.





**Education & Age - 2020**



Source: Environics Analytics

**Conclusion**

The Essex County economy will be affected by a stable to slightly growing population base and lower income and education levels. Essex County experienced a decline in the number of jobs, and had a consistently higher unemployment rate than New Jersey over the past decade. However, Essex County benefits from being part of the New York MSA, which is the most populous metropolitan area in the country, and generates a higher level of GDP per capita than the nation overall. On balance, we anticipate that growth in the Essex County economy will be limited, resulting in only a modest level of demand for real estate in general.



### Area Map



## Surrounding Area Analysis

### Location

The subject is located in the Central Valley Redevelopment Area within the Central Orange Redevelopment Plan. In the City of Orange, NJ. The property is located on Mitchell Street within close proximity to the Highlands Station of the NJ Transit rail line.

### Access and Linkages

Primary highway access to the area is via Route 280 and the Garden State Parkway. Public transportation is provided by New Jersey Transit and provides close access to the Orange Train Station on the Morris & Essex Line., as well as the Highland Street Station. Overall, the primary mode of transportation in the area is a combination of automobiles and public transportation via NJ Transit train lines.

### Demand Generators

The close proximity of the subject property to two major highways (I-280 and the Garden State Parkway), as well as being within walking distance of the Orange Train Station, and Highland Street Train Station combine for a strong demand for multifamily development., with a strong emphasis on the NJ Transit lines.

### Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2020 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Essex County, NJ	New Jersey
Population 2010	46,996	308,097	733,193	783,969	8,791,894
Population 2020	48,492	314,227	751,736	803,742	8,926,519
Population 2025	49,337	318,093	762,141	815,095	9,003,264
Compound % Change 2010-2020	0.3%	0.2%	0.3%	0.2%	0.2%
Compound % Change 2020-2025	0.3%	0.2%	0.3%	0.3%	0.2%
Households 2010	17,854	111,983	264,833	283,712	3,214,360
Households 2020	18,660	115,520	274,489	293,858	3,270,034
Households 2025	19,067	117,406	279,352	299,113	3,300,825
Compound % Change 2010-2020	0.4%	0.3%	0.4%	0.4%	0.2%
Compound % Change 2020-2025	0.4%	0.3%	0.4%	0.4%	0.2%
Median Household Income 2020	\$47,253	\$54,576	\$60,202	\$65,245	\$86,371
Average Household Size	2.6	2.7	2.7	2.7	2.7
College Graduate %	23%	29%	32%	35%	39%
Median Age	37	37	38	38	40
Owner Occupied %	23%	36%	41%	45%	65%
Renter Occupied %	77%	64%	59%	55%	35%
Median Owner Occupied Housing Value	\$244,205	\$312,188	\$354,883	\$407,631	\$354,222
Median Year Structure Built	1957	1954	1955	1955	1968
Average Travel Time to Work in Minutes	37	38	38	38	35

Source: Environics Analytics

As shown above, the current population within a 3-mile radius of the subject is 314,227, and the average household size is 2.7. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Essex County overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$54,576, which is lower than the household income for Essex County. Residents within a 3-mile radius have a lower level of educational attainment than those of Essex County, while median owner occupied home values are considerably lower.

### **Land Use**

The area is urban in character and the predominant land uses are a mix of single and multifamily residential housing, mixed use retail developments, stand-alone retail stores, restaurants, religious places of worship, as well as several educational institutions including local public and private schools. During the last five years, development has been predominantly of mixed use retail and multifamily development uses, and has included several redevelopment projects for both affordable and market rate multifamily units. It should be noted that the majority of these development projects are centered on the Orange Train Station, which provides easy commuter access to the PATH and midtown Manhattan. The pace of development has generally accelerated over this time.

### **Outlook and Conclusions**

The outlook for continued development should continue, due to proximity to the Highlands station and regional highways, and will present a demand for more multi-family projects in the near future.

### **Important Market Conditions Warning**

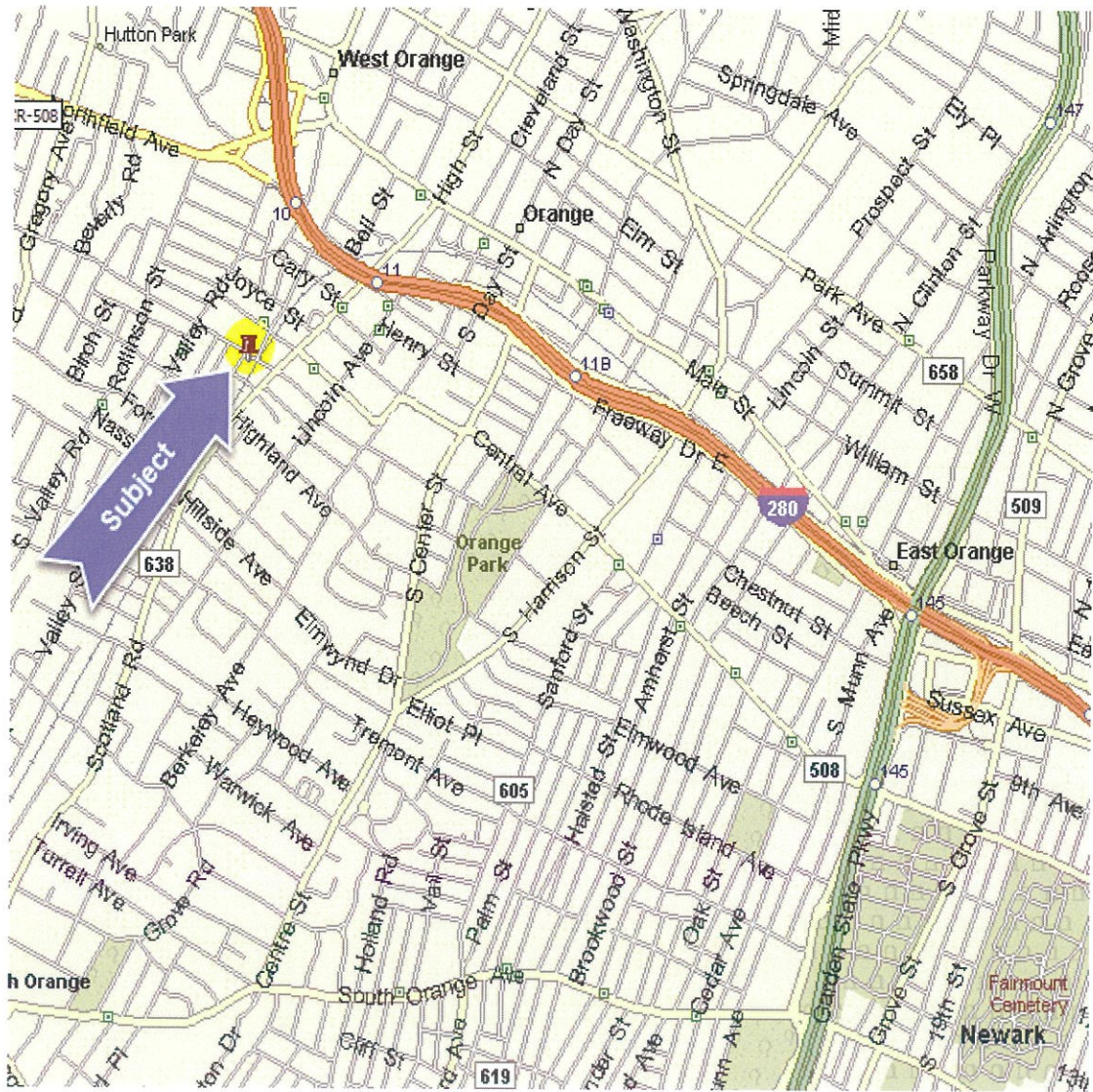
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The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

As of the effective date of this report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. Our valuation is based upon the best information as of the effective date.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

### Surrounding Area Map



## Multifamily Market Analysis

### Metro Area Overview

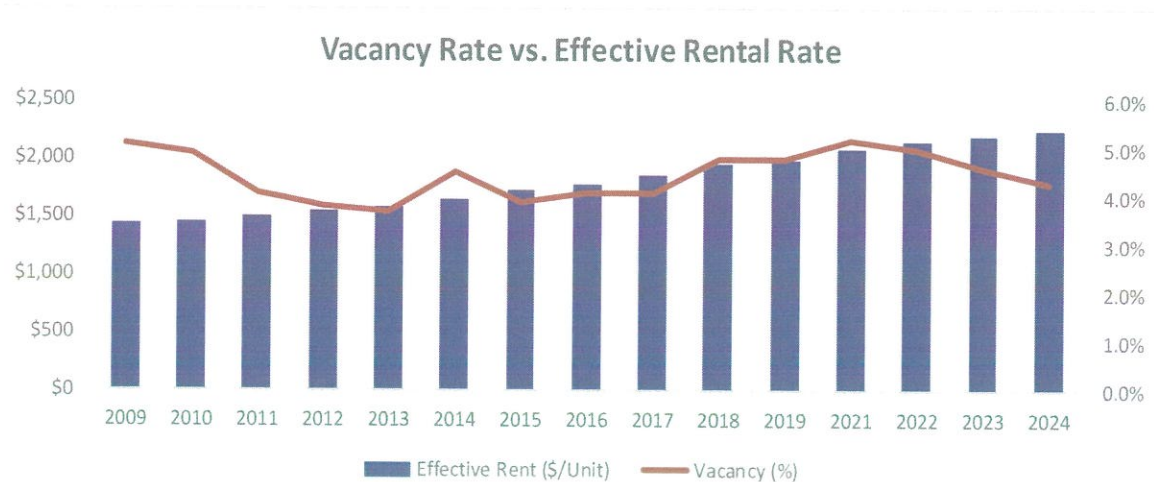
The subject is located in the Northern New Jersey metro area as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

**Northern New Jersey Multifamily Market Trends and Forecasts**

Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent (\$/Unit)	Effective Rental Rate (% Change)	Gross Revenue (\$/Unit)
2009	206,814	196,223	10,591	5.1%	1,804	-1,345	\$1,423	-3.5%	\$1,406
2010	209,207	199,056	10,151	4.9%	2,393	2,833	\$1,452	2.0%	\$1,437
2011	210,315	201,689	8,626	4.1%	1,108	2,633	\$1,496	3.0%	\$1,488
2012	211,860	203,738	8,122	3.8%	1,545	2,049	\$1,538	2.8%	\$1,524
2013	213,960	206,012	7,948	3.7%	2,100	2,274	\$1,575	2.4%	\$1,561
2014	217,922	208,062	9,860	4.5%	3,962	2,050	\$1,634	3.8%	\$1,605
2015	222,852	214,222	8,630	3.9%	4,930	6,160	\$1,722	5.3%	\$1,700
2016	227,444	218,178	9,266	4.1%	4,592	3,956	\$1,770	2.8%	\$1,750
2017	233,362	223,871	9,491	4.1%	5,918	5,693	\$1,845	4.3%	\$1,835
2018	239,106	227,644	11,462	4.8%	5,744	3,773	\$1,945	5.4%	\$1,924
2019	242,699	231,118	11,581	4.8%	3,437	3,474	\$1,977	1.6%	\$1,977
2020	252,041	238,103	13,938	5.5%	9,342	6,985	\$2,037	3.0%	\$2,035
2021	255,802	242,527	13,275	5.2%	3,761	4,424	\$2,085	2.4%	\$2,094
2022	259,128	246,259	12,869	5.0%	3,326	3,732	\$2,137	2.5%	\$2,155
2023	260,563	248,682	11,881	4.6%	1,435	2,423	\$2,191	2.5%	\$2,221
2024	262,173	250,960	11,213	4.3%	1,610	2,278	\$2,247	2.6%	\$2,286
2009 - 2019 Average	221,413	211,801	9,612	4.3%	3,412	3,050	\$1,671	2.7%	\$1,655

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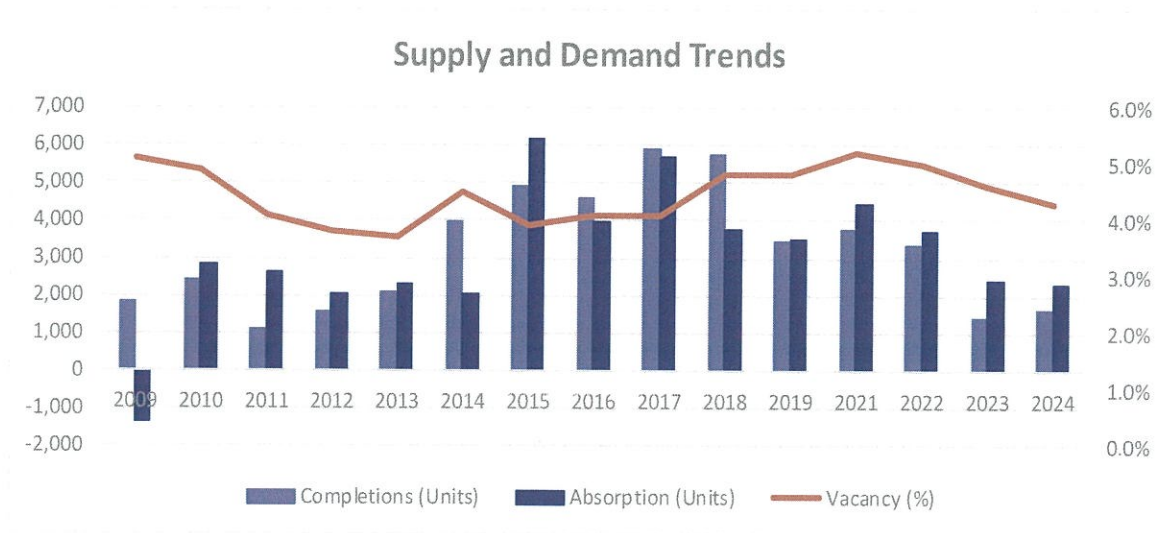
### Northern New Jersey Metro Trends and Forecasts



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- The current vacancy rate in the metro area is 4.8%; the vacancy rate has increased by 30 bps from 2014.
- Four-year forecasts project a 4.3% vacancy rate in the metro area, representing a decrease of 50 bps by year-end 2024.
- Effective rent averages \$1,977/Unit in the metro area; future rent values are expected to increase by 13.7% to \$2,247/Unit by year-end 2024.



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- Inventory in the metro area has increased by 11.4% from 2014, while the occupied stock has increased by 11.1%.
- Between 2014 and 2019, completions averaged 4,764 Units annually and reached a peak of 5,918 Units in 2017.
- Between 2014 and 2019, absorption figures reached a peak of 6,160 Units in 2015 and a low of 2,050 Units in 2014.

**Class B/C Multifamily Overview**

The subject is a Class B property as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all Class B/C space in the Northern New Jersey metro area are presented in the following table.

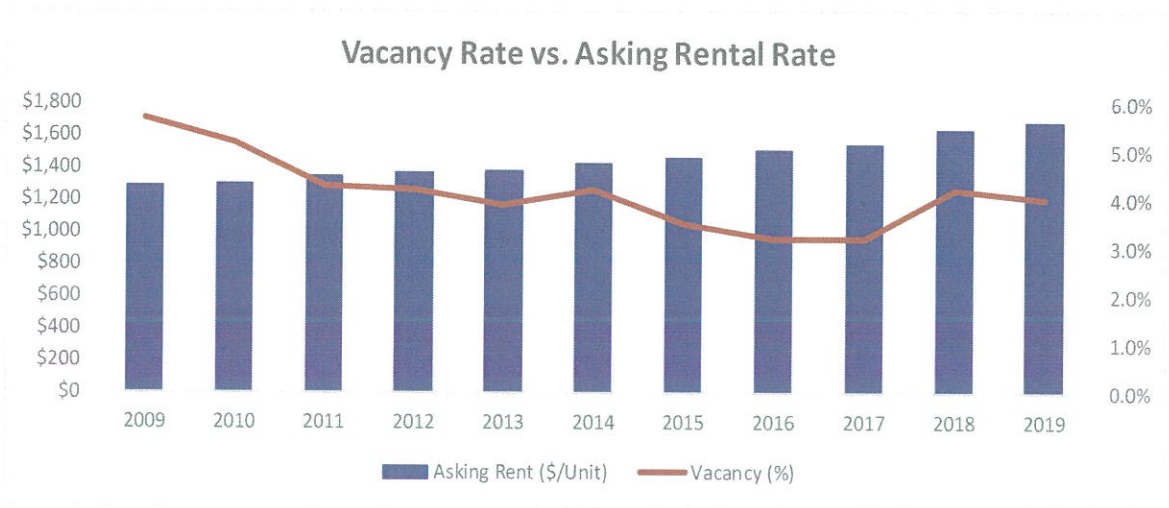


**Northern New Jersey Multifamily Class B/C Market Trends**

Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent (\$/Unit)	Asking Rental Rate (% Change)	Gross Revenue (\$/Unit)
2009	139,570	131,660	7,910	5.7%	256	-2,497	\$1,282	-2.2%	\$1,209
2010	139,646	132,424	7,222	5.2%	76	764	\$1,303	1.6%	\$1,236
2011	139,772	133,722	6,050	4.3%	126	1,298	\$1,339	2.8%	\$1,281
2012	139,772	133,876	5,896	4.2%	0	154	\$1,363	1.8%	\$1,306
2013	139,772	134,366	5,406	3.9%	0	490	\$1,384	1.5%	\$1,330
2014	139,879	133,951	5,928	4.2%	107	-415	\$1,421	2.7%	\$1,361
2015	139,879	134,937	4,942	3.5%	0	986	\$1,465	3.1%	\$1,413
2016	139,965	135,442	4,523	3.2%	86	505	\$1,502	2.5%	\$1,453
2017	140,121	135,614	4,507	3.2%	156	172	\$1,539	2.5%	\$1,490
2018	140,866	134,897	5,969	4.2%	745	-717	\$1,633	6.1%	\$1,564
2019	141,373	135,674	5,699	4.0%	351	777	\$1,682	3.0%	\$1,614
<b>2009 - 2019 Average</b>	<b>140,056</b>	<b>134,233</b>	<b>5,823</b>	<b>4.1%</b>	<b>173</b>	<b>138</b>	<b>\$1,447</b>	<b>2.3%</b>	<b>\$1,387</b>

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**Class B/C Multifamily Trends and Insights**

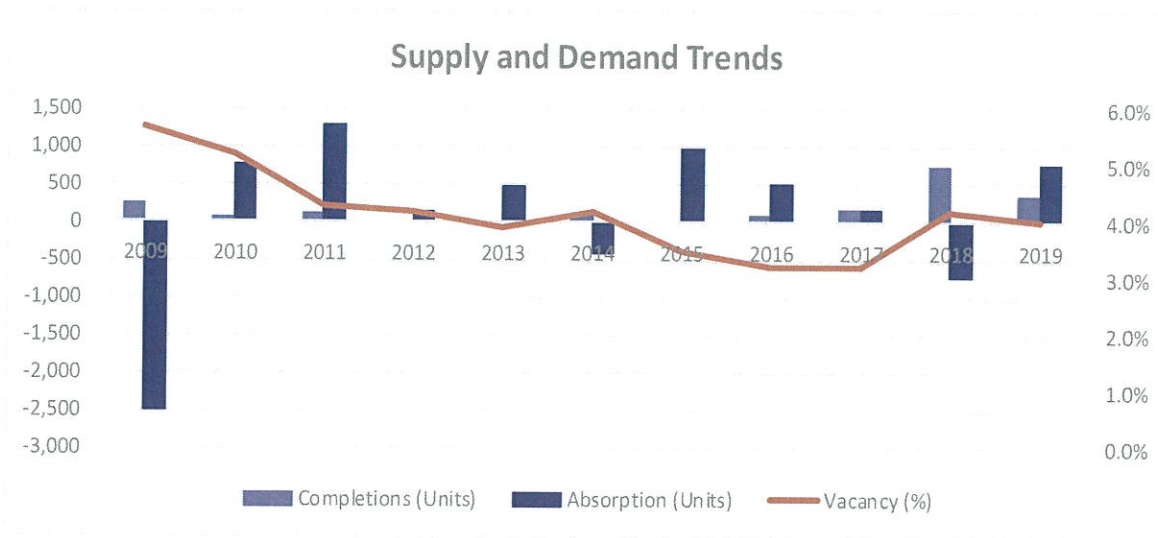


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- The current vacancy rate for Class B/C properties in the metro area is 4.0%; the vacancy rate has decreased by 20 bps from 2014.
- Asking rent currently averages \$1,682/Unit and has increased by 18.4% from 2014.







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- Class B/C metro area inventory has increased by 1.1% from 2014, while the occupied stock has increased by 1.3%.
- Between 2014 and 2019, completions averaged 241 Units annually and reached a peak of 745 Units in 2018.
- Between 2014 and 2019, absorption figures reached a peak of 986 Units in 2015 and a low of -717 Units in 2018.
- Between 2014 and 2019, gross revenue for Class B/C properties in the metro area averaged \$1,482/Unit and has increased by 14.2%.

**Submarket Overview**

The subject is located in the Newark/Orange/East Essex County submarket. In order to evaluate the market appeal of the subject’s submarket in comparison to others in the Northern New Jersey metro area, we compare key supply and demand indicators for all classes of space in the ensuing table.

### Northern New Jersey Multifamily Submarket Comparison

Submarket	Inventory (Buildings)	Inventory (Units)	Asking Rent (\$/Unit)	Vacancy (%)	Free Rent (mos)	Expenses (%)
Bergen County	230	44,973	\$2,107	4.0%	0.41	43.4%
Passaic County	100	24,619	\$1,503	3.6%	0.29	41.5%
Morris County	92	24,591	\$1,575	4.5%	0.50	43.9%
East Essex County	152	43,955	\$1,198	4.5%	0.38	42.6%
Hudson County	217	60,284	\$3,416	6.4%	0.81	36.6%
West Essex County	124	17,707	\$2,025	4.2%	0.55	44.1%
Union County	175	26,570	\$1,470	4.5%	0.44	45.6%
<b>Market Averages/Totals</b>	<b>1,090</b>	<b>242,699</b>	<b>\$1,899</b>	<b>4.8%</b>	<b>0.48</b>	<b>42.5%</b>

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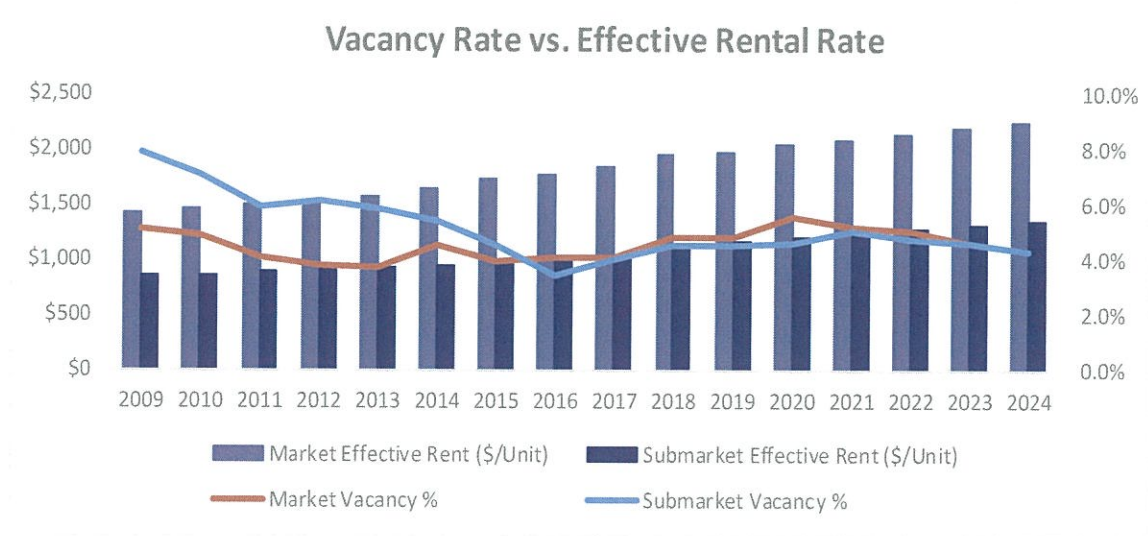
### Newark/Orange/East Essex County Submarket Trends and Forecasts

Supply and demand indicators for all classes of space in the Newark/Orange/East Essex County submarket are displayed in the following table.

#### Newark/Orange/East Essex County Multifamily Submarket Trends and Forecasts

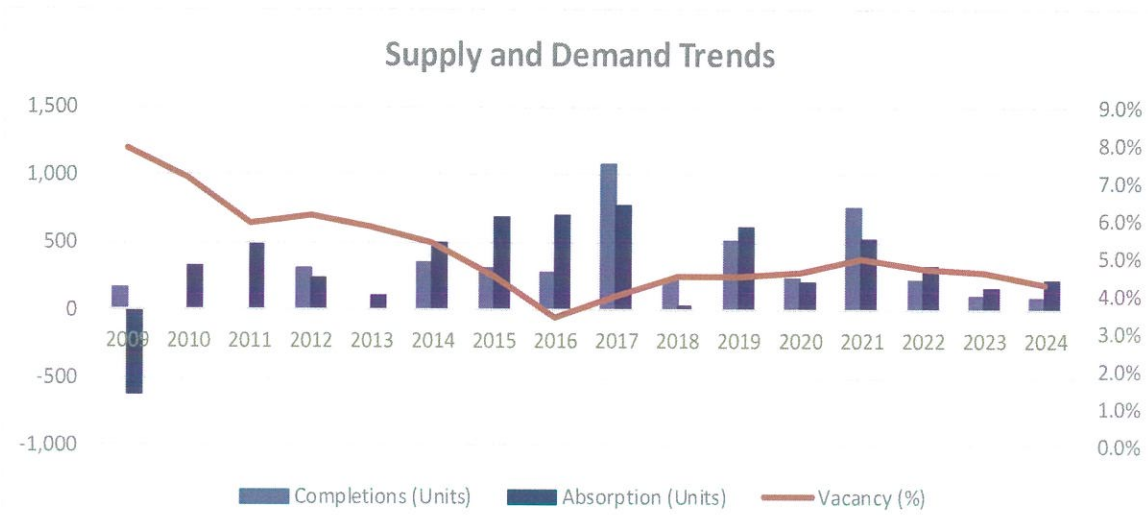
Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent (\$/Unit)	Effective Rental Rate (% Change)	Gross Revenue (\$/Unit)
2009	40,723	37,506	3,217	7.9%	163	-620	\$850	-3.3%	\$816
2010	40,723	37,832	2,891	7.1%	0	326	\$859	1.1%	\$826
2011	40,723	38,320	2,403	5.9%	0	488	\$885	3.1%	\$860
2012	41,038	38,555	2,483	6.1%	315	235	\$906	2.4%	\$875
2013	41,038	38,658	2,380	5.8%	0	103	\$927	2.2%	\$894
2014	41,397	39,162	2,235	5.4%	359	504	\$944	1.9%	\$916
2015	41,702	39,846	1,856	4.5%	305	684	\$959	1.5%	\$938
2016	41,979	40,548	1,431	3.4%	277	702	\$982	2.5%	\$974
2017	43,061	41,326	1,735	4.0%	1,082	778	\$1,041	6.0%	\$1,027
2018	43,282	41,356	1,926	4.5%	221	30	\$1,089	4.7%	\$1,076
2019	43,955	41,964	1,991	4.5%	517	608	\$1,160	6.5%	\$1,143
2020	44,188	42,173	2,015	4.6%	233	209	\$1,199	3.3%	\$1,183
2021	44,941	42,698	2,243	5.0%	753	525	\$1,233	2.9%	\$1,211
2022	45,165	43,020	2,145	4.7%	224	322	\$1,272	3.1%	\$1,253
2023	45,266	43,179	2,087	4.6%	101	159	\$1,310	3.0%	\$1,292
2024	45,362	43,407	1,955	4.3%	96	228	\$1,353	3.3%	\$1,335
<b>2009 - 2019 Average</b>	<b>41,784</b>	<b>39,552</b>	<b>2,232</b>	<b>5.4%</b>	<b>294</b>	<b>349</b>	<b>\$964</b>	<b>2.6%</b>	<b>\$941</b>

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- The current vacancy rate in the submarket is 4.5%; the vacancy rate has decreased by 90 bps from 2014.
- Four-year forecasts project a 4.3% vacancy rate in the submarket, representing a decrease of 20 bps by year-end 2024.
- Effective rent averages \$1,160/Unit in the submarket; future rent values are expected to increase by 16.6% to \$1,353/Unit by year-end 2024.



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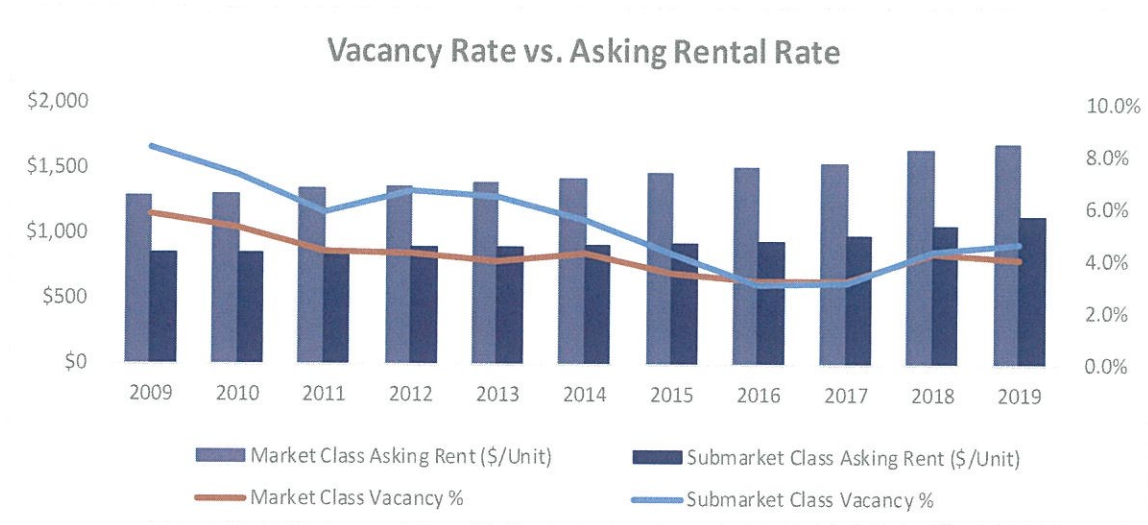
- The current inventory level of 43,955 Units is expected to increase by 3.2% through year-end 2024.
- The inventory in the submarket has increased by 6.2% from 2014, while the occupied stock has increased by 7.2%.
- Between 2014 and 2019, completions have averaged 460 Units annually and reached a peak of 1,082 Units in 2017.
- Between 2014 and 2019, absorption figures reached a peak of 778 Units in 2017 and a low of 30 Units in 2018.

### Class B/C Newark/Orange/East Essex County Submarket Trends and Insights

Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for Class B/C space in the submarket are presented in the ensuing table.

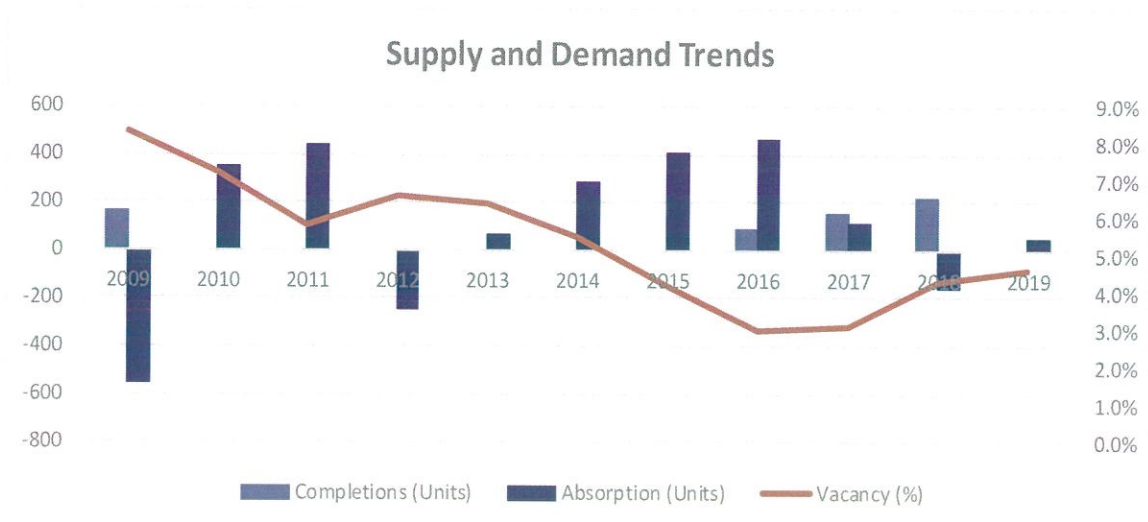
Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent (\$/Unit)	Asking Rental Rate (% Change)	Gross Revenue (\$/Unit)
2009	31,256	28,663	2,593	8.3%	163	-557	\$841	-2.2%	\$771
2010	31,256	29,007	2,249	7.2%	0	344	\$851	1.2%	\$790
2011	31,256	29,442	1,814	5.8%	0	435	\$868	2.0%	\$818
2012	31,256	29,193	2,063	6.6%	0	-249	\$886	2.1%	\$828
2013	31,256	29,256	2,000	6.4%	0	63	\$891	0.6%	\$834
2014	31,256	29,537	1,719	5.5%	0	281	\$902	1.2%	\$852
2015	31,256	29,943	1,313	4.2%	0	406	\$919	1.9%	\$880
2016	31,342	30,401	941	3.0%	86	458	\$943	2.6%	\$915
2017	31,498	30,517	981	3.1%	156	116	\$978	3.7%	\$948
2018	31,719	30,358	1,361	4.3%	221	-159	\$1,055	7.9%	\$1,010
2019	31,875	30,403	1,472	4.6%	0	45	\$1,134	7.5%	\$1,082
<b>2009 - 2019 Average</b>	<b>31,384</b>	<b>29,702</b>	<b>1,682</b>	<b>5.4%</b>	<b>57</b>	<b>108</b>	<b>\$933</b>	<b>2.6%</b>	<b>\$884</b>

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- The current vacancy rate for Class B/C properties in the submarket is 4.6%; the vacancy rate has decreased by 90 bps from 2014.
- Asking rent currently averages \$1,134/Unit and has increased by 25.7% from 2014.



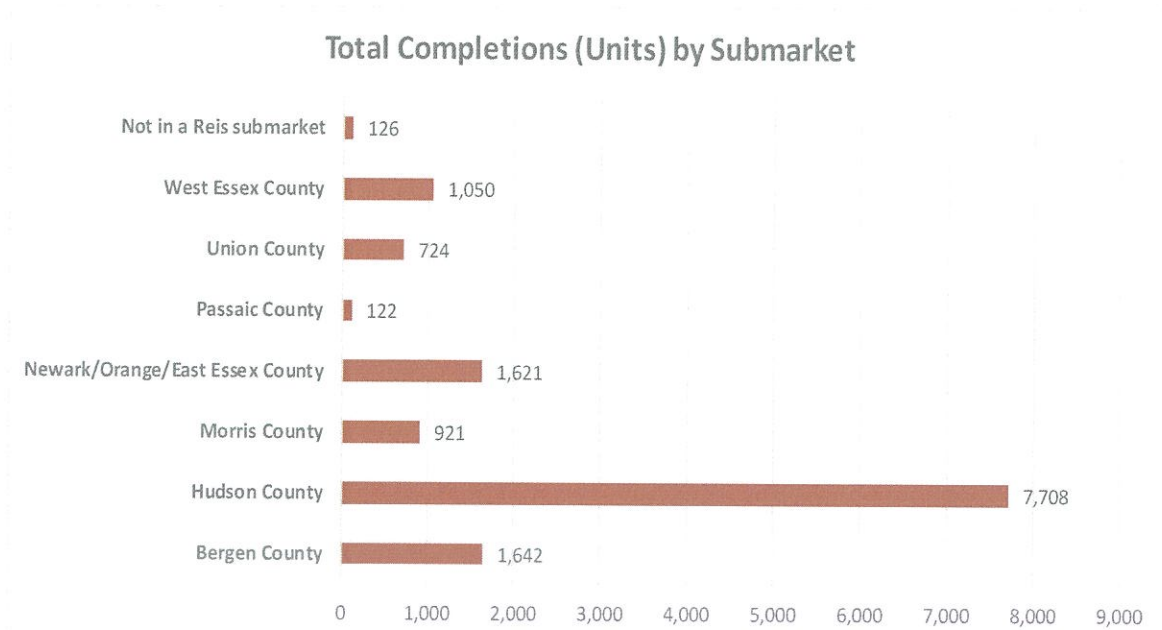
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- Class B/C inventory in the submarket has increased by 2.0% from 2014, while the occupied stock has increased by 2.9%.
- Between 2014 and 2019, completions have averaged 77 Units annually and reached a peak of 221 Units in 2018.

- Between 2014 and 2019, absorption figures reached a peak of 458 Units in 2016 and a low of - 159 Units in 2018.
- Between 2014 and 2019, gross revenue for Class B/C properties in the submarket averaged \$948/Unit and has increased by 22.9%.

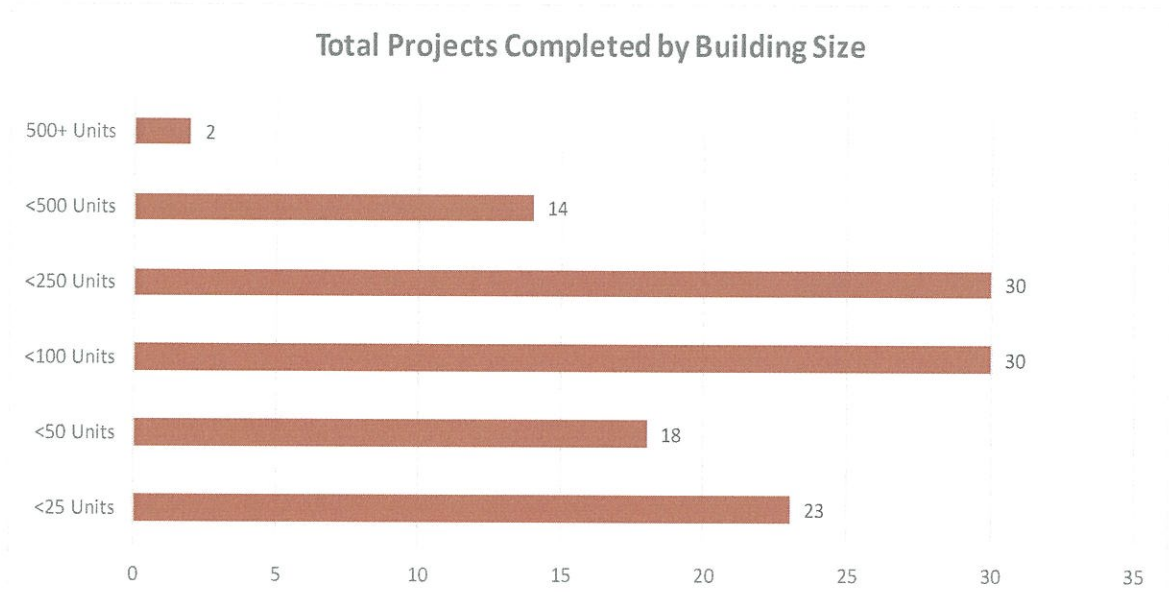
**New and Proposed Construction**

The following charts summarize the properties that have been completed in the Northern New Jersey metro area.



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The following table summarizes properties that are under construction, planned, and/or proposed in the Northern New Jersey metro area.

Multifamily Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Units	Properties	Units	Properties	Units
Apartment	73	11,659	190	30,188	250	36,683
Condominiums	14	1,371	7	1,188	3	130
Subsidized/Low Income	6	564	8	1,484	13	917
Mixed Income	5	1,583	6	2,253	10	6,098
Townhomes	2	395	1	230	2	250
Other	0	0	0	0	1	85
N/A	1	122	1	2,000	2	12,600
<b>Totals</b>	<b>101</b>	<b>15,694</b>	<b>213</b>	<b>37,343</b>	<b>281</b>	<b>56,763</b>

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**Northern New Jersey Multifamily Construction Insights**

- There are 101 properties under construction, 213 properties in the planned construction phase, and 281 properties in the proposed construction phase in the metro area.
- Apartment properties within the under-construction phase have an average size of 160 units and range in size between 9 units and 802 units.
- Apartment properties within the planned construction phase have an average size of 159 units and range in size between 8 units and 1,400 units.



- Apartment properties within the proposed construction phase have an average size of 147 units and range in size between 9 units and 2,150 units.
- Of the 15,694 units under construction, 74.3% are Apartment properties, 8.7% are Condominium properties, and 2.5% are Townhome properties.
- Of the 37,343 units planned for construction, 80.8% are Apartment properties, 3.2% are Condominium properties, and 0.6% are Townhome properties.
- Of the 56,763 units proposed for construction, 64.6% are Apartment properties, 0.2% are Condominium properties, and 0.4% are Townhome properties.

The following table summarizes properties that are under construction, planned, and/or proposed in the Newark/Orange/East Essex County submarket.

<b>Newark/Orange/East Essex County Submarket Construction by Phase and Subtype</b>						
Multifamily Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Units	Properties	Units	Properties	Units
Apartment	7	539	29	4,775	60	7,220
Condominiums	0	0	0	0	0	0
Subsidized/Low Income	2	111	3	1,250	7	346
Mixed Income	0	0	1	537	3	721
Townhomes	0	0	0	0	0	0
Other	0	0	0	0	0	0
N/A	0	0	0	0	0	0
<b>Totals</b>	<b>9</b>	<b>650</b>	<b>33</b>	<b>6,562</b>	<b>70</b>	<b>8,287</b>

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## Multifamily Market Outlook and Conclusions

Relevant vacancy rate indications are summarized as follows:

<b>Vacancy Rate Indications</b>	
Market Segment	Vacancy Rates
Northern New Jersey Metro Area	4.8%
Northern New Jersey Metro Area Class B/C	4.0%
Newark/Orange/East Essex County Submarket Area	4.5%
Newark/Orange/East Essex County Submarket Area Class B/C	4.6%

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Northern New Jersey metro area to have a neutral impact on the subject property's performance in the near-term.



## **Important Market Conditions Warning**

### **Market Uncertainty from Novel Coronavirus (COVID-19)**

The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

As of the effective date of this report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. Our valuation is based upon the best information as of the effective date.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

## Property Analysis

### Land Description and Analysis

#### Land Description

Land Area	0.29 acres; 12,480 SF
Source of Land Area	Public Records
Primary Street Frontage	Mitchell Street - 62 feet
Shape	Rectangular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed

Flood Area Panel Number	34013C0113F
Date	June 4, 2007
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

#### Zoning; Other Regulations

Zoning Jurisdiction	City of Orange
Zoning Designation	CDA and CVRA
Description	Mixed Use and Central Valley Redevelopment Area
Legally Conforming?	Appears to be legally nonconforming
Zoning Change Likely?	No
Permitted Uses	Retail, office, multi-family, mixed uses

#### Utilities

Service	Provider
Water	City of Orange
Sewer	City of Orange
Electricity	PSE&G
Natural Gas	PSE&G
Local Phone	Various

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

### Improvements

The subject is improved with a three story mill building containing approximately 15,900-sf of floor area. The building has been vacant for an extended period and suffers from severe deferred maintenance. The interior was not inspected due to safety concerns.

<b>Streets, Access and Frontage</b>		
<b>Street</b>	<b>Mitchell Street</b>	<b>S Jefferson Street</b>
Frontage Feet	62	208
Paving	Macadam	Macadam
Curbs	Concrete	Concrete
Sidewalks	Concrete	Concrete
Lanes	2 way, 1 lane each way	1 way, 1 lane
Direction of Traffic	East/west	North/south
Condition	Average	Average
Traffic Levels	Moderate	Low
Signals/Traffic Control	None	None
Access/Curb Cuts	None	One
Visibility	Average	Average

### **Potential Development Density**

Based on the current zoning regulations, there is no maximum density for development within the Central Valley Redevelopment Plan. Multifamily dwelling units could be developed on the site. Densities of similar sites within Orange are generally consistent with the maximum potential units available for the site. Based on our Highest and Best Use analysis, later in this report, we concluded a basis of 100 developable units per acre. Therefore, it appears that the development potential of the site is 29 units.

### **Rent Control Regulations**

The City of Orange restricts developments with four or more existing units to an annual rental increase of either 4%, if heat is paid by the tenant, or 5% if the heat is paid by the owner/landlord. New developments are exempt from rent controls for the first three years from the C/O date. After the first three years, the aforementioned 4%-5% rent controls apply to all multifamily projects over four units.

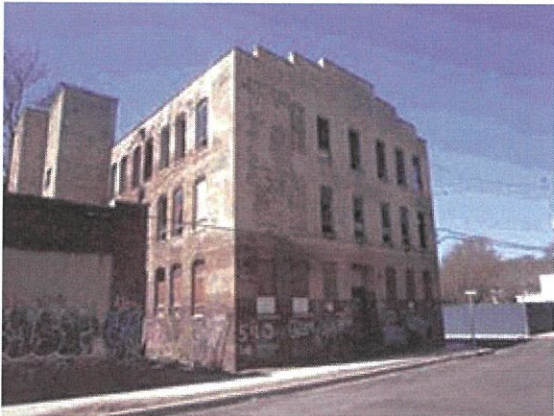
### **Easements, Encroachments and Restrictions**

According to the Orange tax map, the subject is encumbered by a 20' wide right-of-way easement. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### **Conclusion of Land Analysis**

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

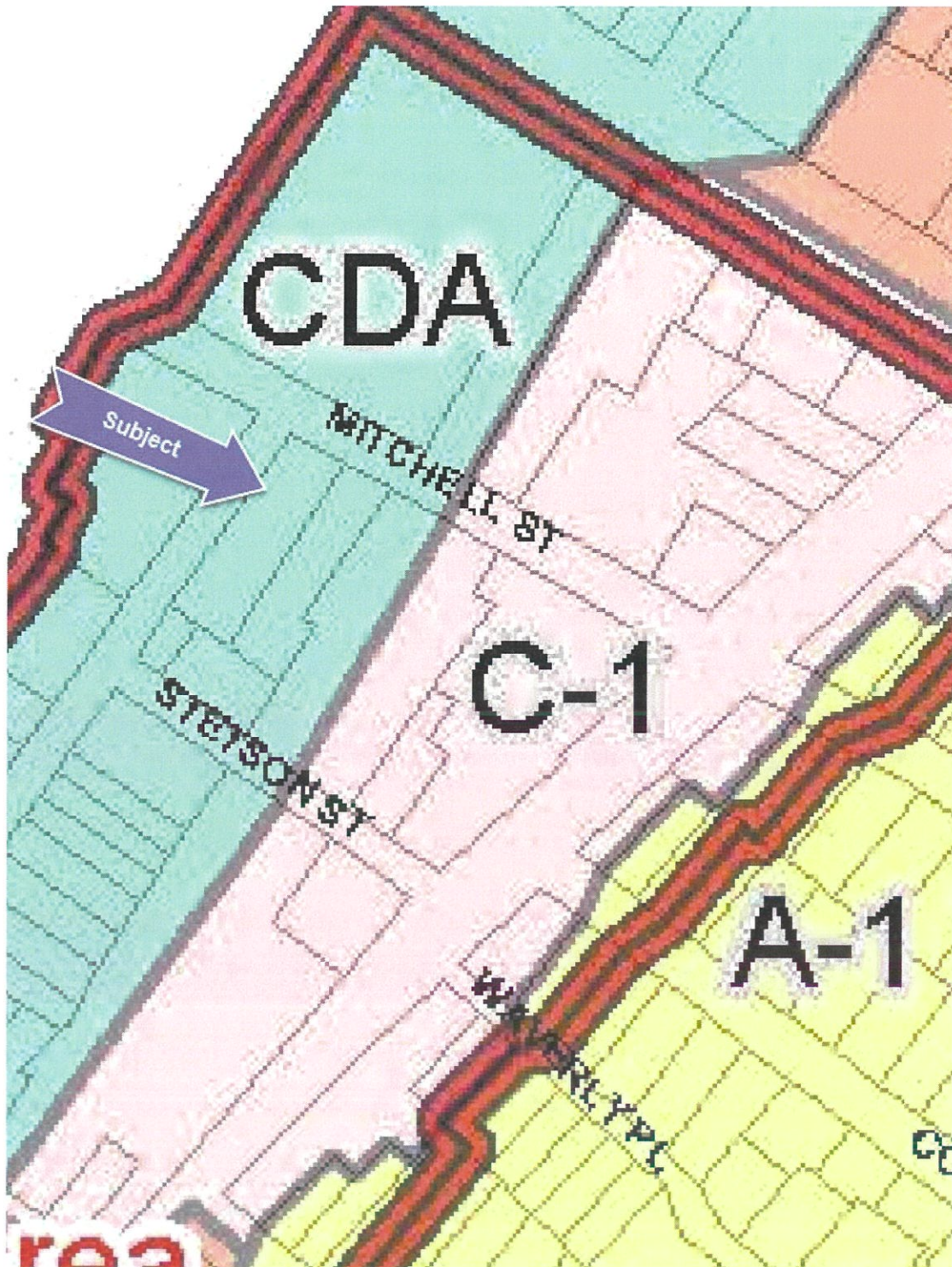
Demand for the subject site will be high given the strong geographic location and close proximity to transportation options. Based on our following analysis, the most probable use of the property will be suited for affordable multifamily unit development, with a potential for retail on the ground floor.



### Tax Map



### Zoning Map



**Aerial View**



540 Mitchell Street



## Real Estate Taxes

Real estate taxes and assessments for the current tax year are shown in the following table. However, the 2020 tax rate is not yet available. The rate stated in the following chart is the current 2019 tax rate.

### Taxes and Assessments - 2020

Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	Ad Valorem Tax Rate	Taxes	Total
Block 4005, Lot 2	\$128,700	\$364,500	\$493,200	5.315000%	\$26,214	\$26,214

The property is owned by the City of Orange and is exempt from real estate taxes.



## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned CVRA, Central Valley Redevelopment Area. Permitted uses include. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only multifamily use is given further consideration in determining highest and best use of the site, as though vacant.

To estimate the potential development density, we reviewed recent new and proposed multifamily developments in Orange Township. The comparable multifamily developments are listed as follows:

<b>Orange Multi-Family Development Densities</b>			
Address	Lot Size	Number of Units	Units/acre
751 Vose Avenue	0.43-ac	50	116
550 Central Avenue	1.36-ac	127	93
169-177 Central Avenue	0.88-ac	40	45
Orange Memorial Hospital	5.58-ac	500* 1,000*	90 179
250 Mt. Vernon Avenue	0.22-ac	19	86
377 Crane Street	1.90-ac	208	109

\*The proposed Orange Hospital Redevelopment has gone through a number of iterations. The two scenarios presented are based on concepts discussed with the municipality

Based on our analysis of surrounding projects on a potential unit per acre basis, we concluded that approximately 100 units per acre is possible for the subject property. The subject property has 0.29 acres of land, therefore it could accommodate 29 affordable or market rate units on the property based on the current trend throughout Orange, New Jersey.

#### **Financially Feasible**

Based on our analysis of the market, there is currently adequate demand for multifamily use in the subject's area. Historically, recent development has been predominantly affordable housing units built with low income housing tax credits. Some of these projects included a minority of market rate units. Plans are also in progress to develop projects with the majority of units at market rate. Given the right economic circumstances, development of affordable and market rate multifamily housing would be feasible. It appears that a newly developed multifamily use on the site would have a value commensurate with its cost. Therefore, multifamily use is considered to be financially feasible.

We considered commercial uses for the subject. These uses are typically developed along business thoroughfares with high traffic counts and exposure. The subject property fronts Mitchell Street, a secondary roadway. Development for commercial uses appears unlikely.

#### **Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than multifamily use. Accordingly, it is our opinion that multifamily use, with a mix of affordable and market rate units, permitted under the Redevelopment Plan, is the maximally productive use of the property. Please note, this is based on our Proposed Use conclusion of approximately 100 developable units per acre.

#### **Conclusion**

Development of the site for multifamily use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

#### **As Improved**

The subject is improved with a vacant and dilapidated mill building at the end of its economic life. Therefore, the highest and best use of the subject, as improved is for demolition and removal of the existing improvements and redevelopment for multi-family use.

#### **Most Probable Buyer**

Taking into account the functional utility of the site and area development trends, the probable buyer is a local or regional developer experienced with multifamily developments.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

## Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

- Location: Essex County area with a focus on Orange Township.
- Size: Between 0.66 acres and 2.52 acres.
- Use: Multi-family development
- Transaction Date: Between December 2016 and January 2019.

For this analysis, we use price per unit as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

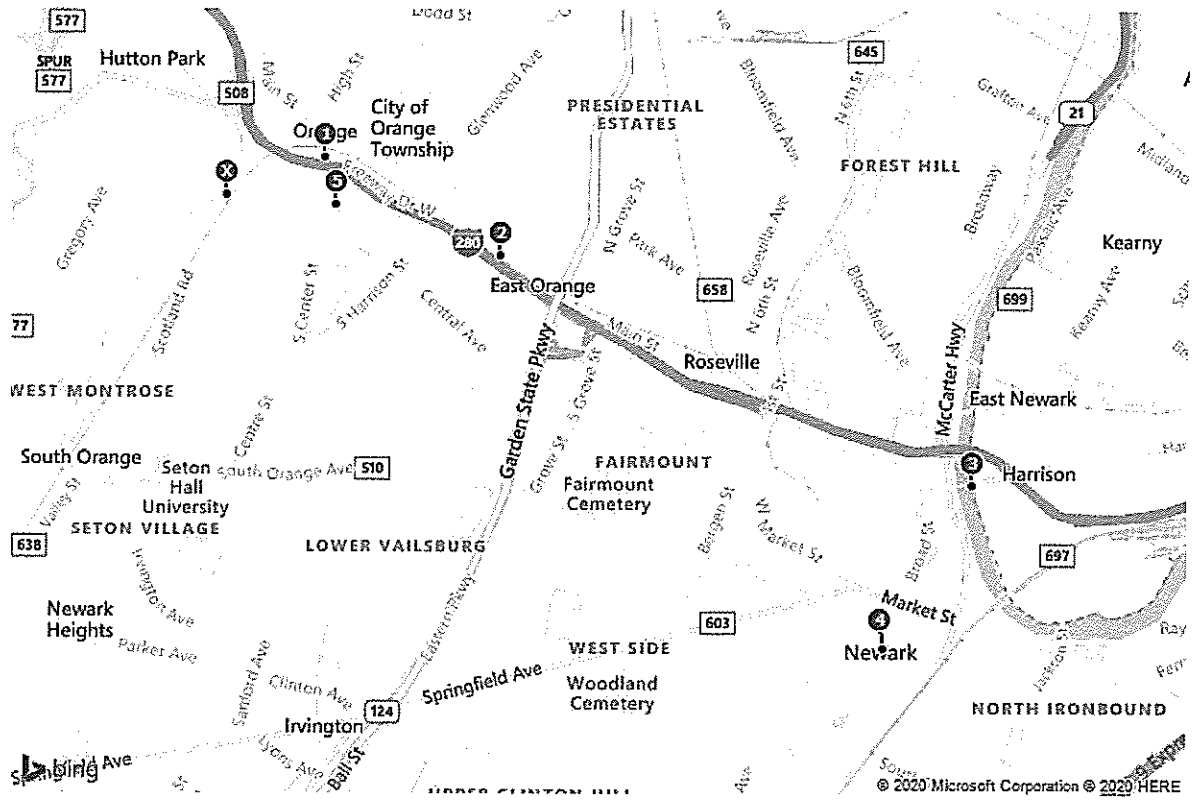
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**Summary of Comparable Land Sales**


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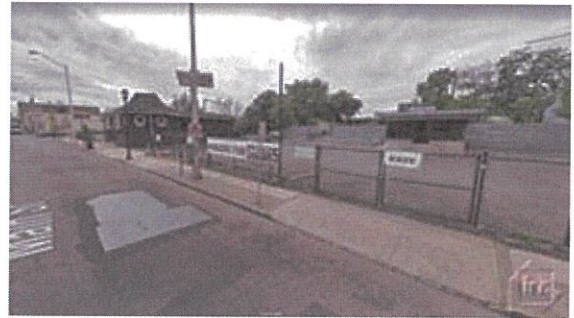
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	377 Crane Street 377 Crane St. Orange Essex County NJ	Jan-19 Closed	\$4,800,000	82,973 1.90		\$57.85	\$2,519,950
	<i>Comments: Sale consists of 3 vacant land parcels in Orange Township. (Block 2702 Lots 6 &amp; 8; Block 2703 Lot 1) Proposed development for the site is a 208 unit residential rental project, consisting of 64 studio units, 116 one bedroom units, and 28 two bedroom units. Developer will also construct a two story, 310 space parking deck for approximately \$3.5MM. 147 parking spaces will be situated on the first floor, dedicated to the residents. The balance of the spaces will be on the second floor of the deck and will be available to the public, as commuter spaces, and any overflow parking for residents. Commuter parking will be operated by the municipality with all revenues going to the municipality. Developer will also invest approximately \$250,000 in public improvements to Crane Street, such as curb replacements, resurfacing, sidewalks, and landscaping.</i>						
2	429-433 Dr. MLK Jr. Blvd. 429, 431, 433 Dr. MLK Jr. Blvd. East Orange Essex County NJ	May-18 Closed	\$2,000,000	35,924 0.82		\$55.67	\$2,425,124
	<i>Comments: Property sale is for proposed redevelopment of Block 386 Lots 2, 3, &amp; 4 in East Orange, for 113 market rate multifamily units.</i>						
3	1 Harrison Avenue 1 Harrison Ave. Harrison Hudson County NJ	Jan-17 Closed	\$6,000,000	109,832 2.52	ROM	\$54.63	\$2,379,630
	<i>Comments: Current purchase contract executed in May 2013. Subject to the purchaser obtaining approvals for the development of a 200 market rate unit apartment complex. The property is currently improved with a number of older structures which will require demolition in order to prepare for the site's redevelopment. A demolition cost of \$200,000 has been budgeted by the project redeveloper.</i>						
4	915-933 Broad Street 915-933 Broad St. Newark Essex County NJ	Dec-16 Closed	\$1,995,000	28,536 0.66		\$69.91	\$3,045,337
	<i>Comments: Sale of a 0.66-acre vacant lot located across the street from Newark's City Hall building along Broad Street. The site features 234' of frontage on Broad Street and is a block from the Prudential Center. The site sold on 12/23/16 for \$1.995 million. At the time of sale, approvals were in place for an 84-unit mixed-use multifamily development that will also include approximately 9,000-sf of ground level retail space. The residential component of the development will be 55% affordable, which yields 46 affordable units and 38 market rate units.</i>						
5	256 Henry Street 256 Henry St. Orange Essex County NJ	Mar-15 Closed	\$1,235,000	58,806 1.35		\$21.00	\$914,815
	<i>Comments: Combined sale of 4 parcels (Block 3601 Lots 3, 4, 5, 18) for redevelopment purposes into a residential multifamily complex. Potential units are based on estimated area market information from comparable developments within the subject's market area, at 100 units per acre. Information obtained from Essex County public records, reference numbers are as follows: Deed Book 12549 Page 3993 (3601/4); Book 12549 Page 3955 (3601/3); Book 12549 Page 4159 (3601/5); Book 12549 Page 3929 (3601/18).</i>						
	Subject 540 Mitchell Street Orange, NJ			12,480 0.29	Mixed Use and Central Valley Redevelopment		

### Comparable Land Sales Map





Sale 1  
377 Crane Street



Sale 2  
429-433 Dr. MLK Jr. Blvd.



Sale 3  
1 Harrison Avenue



Sale 4  
915-933 Broad Street



Sale 5  
256 Henry Street

540 Mitchell Street



## Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

<b>Adjustment Factors</b>	
Effective Sale Price	Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.  Sales 3 and 4 were adjusted downward for their superior locations when compared to the subject property.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between parcel size and unit value.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.
Abatements	Financial inducements provided by municipalities to promote redevelopment.  Sale 1 was adjusted downward because it received substantial tax incentives to develop from the municipality.



The following table summarizes the adjustments we make to each sale.

<b>Land Sales Adjustment Grid</b>					
	<b>Subject</b>	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>	<b>Comparable 4</b>
Name	540 Mitchell Street	377 Crane Street	429-433 Dr. MLK Jr. Blvd.	1 Harrison Avenue	915-933 Broad Street
Address	540 Mitchell St.	377 Crane St.	429, 431, 433 Dr. MLK Jr. Blvd.	1 Harrison Ave.	915-933 Broad St.
City	Orange	Orange	East Orange	Harrison	Newark
County	Essex	Essex	Essex	Hudson	Essex
State	New Jersey	NJ	NJ	NJ	NJ
Sale Date		Jan-19	May-18	Jan-17	Dec-16
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$4,800,000	\$2,000,000	\$6,000,000	\$1,995,000
Other Adjustment		\$0	\$0	\$0	\$0
Description of Adjustment					
Effective Sale Price		\$4,800,000	\$2,000,000	\$6,000,000	\$1,995,000
Square Feet	12,480	82,973	35,924	109,832	28,536
Acres	0.29	1.90	0.82	2.52	0.66
Number of Units	29	208	113	200	84
Price per Unit		<b>\$23,077</b>	<b>\$17,699</b>	<b>\$30,000</b>	<b>\$23,750</b>
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms					
% Adjustment		-	-	-	-
Conditions of Sale					
% Adjustment		-	-	-	-
Market Conditions	4/15/2020	Jan-19	May-18	Jan-17	Dec-16
Annual % Adjustment		-	-	-	-
Cumulative Adjusted Price		<b>\$23,077</b>	<b>\$17,699</b>	<b>\$30,000</b>	<b>\$23,750</b>
Location		-	-	-35%	-35%
Access/Exposure		-	-	-	-
Size		-	-	-	-
Shape and Topography		-	-	-	-
Zoning		-	-	-	-
Entitlements		-	-	-	-
Abatements		-40%	-	-	-
Adjustment 8		-	-	-	-
Net \$ Adjustment		-\$9,231	\$0	-\$10,500	-\$8,313
Net % Adjustment		-40%	0%	-35%	-35%
Final Adjusted Price		<b>\$13,846</b>	<b>\$17,699</b>	<b>\$19,500</b>	<b>\$15,438</b>
Overall Adjustment		-40%	0%	-35%	-35%
Range of Adjusted Prices		<b>\$9,148 - \$19,500</b>			
Average		<b>\$15,126</b>			
Indicated Value		<b>\$14,000</b>			

### Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$9,148 - \$30,000 per unit. After adjustment, the range is narrowed to \$9,148 - \$19,500 per unit, with an average of \$15,126 per unit. We give greatest weight to sale 1 as it is the most recent sales and is located in Orange. We arrive at a land value conclusion as follows:

Land Value Conclusion	
Indicated Value per Unit	\$14,000
Subject Units	29
Indicated Value	\$406,000
Rounded	\$410,000

### Demolition Costs

As previously discussed, the subject property is currently improved with a dilapidated, abandoned mill building containing approximately 15,900-sf. Redevelopment of the subject property will require the demolition and removal of the existing improvements. To determine demolition costs we have reviewed Marshall & Swift Valuation Manual as of March 2020. These costs are deducted from our land value estimate to conclude an overall value for the subject property.

Marshall & Swift Calculations					
	Area	Cost per Unit	Local Multiplier	Current Multiplier	Adjusted Cost
Demolition and Removal	15,900-sf	\$5.65/sf	1.3	1.02	\$7.49/sf

Demolition Cost Calculation			
	Area	MVS Cost/sf	Total Demolition
	15,900-sf	\$7.49/sf	\$119,121

Adjusted Value Estimate	
Land Value Estimate	\$410,000
Less Demolition	<u>\$119,121</u>
Adjusted Value Estimate (rounded)	\$290,000

## Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	April 15, 2020	\$290,000

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Given the current COVID-19 pandemic, effects on the market cannot be measured as the full effect is not yet evident. Since development of the subject property is not anticipated to be completed in the near future, the property is being appraised assuming stabilized market condition unaffected by economic factors as a result of COVID-19.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

## Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 6-12 months.

## Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 6-12 months.

## Important Market Conditions Warning

### Market Uncertainty from Novel Coronavirus (COVID-19)

The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the

coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

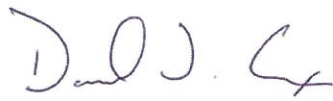
As of the effective date of this report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. Our valuation is based upon the best information as of the effective date.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

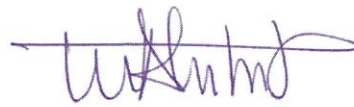
## Certification

We 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. >>Daniel J. Cox, SCGREA,>> made a personal inspection of the property that is the subject of this report. >>Arthur Linfante, III, MAI, CRE,>> has personally inspected the subject
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, >>Arthur Linfante, III, MAI, CRE>> has completed the continuing education program for Designated Members of the Appraisal Institute



Daniel J. Cox, SCGRE  
SCGRE  
New Jersey Certificate # 42RG00221600



Arthur Linfante, III, MAI, CRE  
SCGRE  
New Jersey Certificate # 42RG00096500

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic



conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Northern New Jersey, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. **IRR - Northern New Jersey is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Northern New Jersey. In addition, it is expressly**

agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. IRR - Northern New Jersey is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Given the current COVID-19 pandemic, effects on the market cannot be measured as the full effect is not yet evident. Since development of the subject property is not anticipated to be completed in the near future, the property is being appraised assuming stabilized market condition unaffected by economic factors as a result of COVID-19.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.
-

**Addendum A**  
**Appraiser Qualifications**

## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

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## Arthur Linfante, III, MAI, CRE

### Experience

Art Linfante has actively been engaged in real estate valuation and consulting since 1986. He is currently the Managing Director and partner at Integra Realty Resources – Northern New Jersey. He is a State Certified General Real Estate Appraiser in New Jersey, New York and Pennsylvania and holds the MAI designation from the Appraisal Institute and the CRE designation from Counselors of Real Estate.

Mr. Linfante has extensive experience in asset valuation and advisory functions on a broad array of properties. Along with typical office, industrial, retail and apartment properties, he has been involved in evaluating complex properties such as site development and redevelopment, institutional/corporate grade facilities, special purpose property, full service hotels and casinos, marine terminals, nursing homes and schools, laboratory and research facilities, and petroleum and chemical storage facilities.

Recognized for his knowledge in litigation, municipal and corporate issues, Mr. Linfante is an experienced consultant to corporate clients as well as to several major municipalities in New Jersey. He has consulted on a variety of issues relating to real estate taxes, lease negotiations, fiscal impacts and redevelopment. As a trial consultant, Mr. Linfante has assisted many of the state's largest law firms with matters relating to partnership disputes, real estate taxes, equitable distribution and eminent domain issues. He is qualified as an expert witness before the Superior Court of New Jersey - Law Division; the Tax Court of the State of New Jersey; and various County Boards of Taxation. Mr. Linfante was appointed by the Supreme Court of New Jersey as a member of the Supreme Court Committee on the Tax Court and has served from 2000 to 2006.

More recently, Mr. Linfante's advisory services have focused on the expanding market of urban revitalization and redevelopment and he is presently involved in several redevelopment efforts. Current assignments include market studies, as well as marketability and feasibility studies on a broad range of property types. He has served on the Urban Revitalization Committee and the Public Policy Task Force of the National Association of Industrial and Office Properties (NAIOP).

Mr. Linfante holds the MAI designation from the Appraisal Institute and a CRE designation from the Counselors of Real Estate. He is a State Certified General Real Estate Appraiser (SOGREA) in the states of New York, New Jersey and Pennsylvania and is licensed by New Jersey as a Real Estate Salesperson. He is an active instructor for the Appraisal Institute and has developed seminars on property tax analysis and valuation issues for Lorman Educational Services, International Association of Assessing Officers, New Jersey Redevelopment Authority and has been a guest speaker for the Business MBA program at Rutgers University and the Wharton School of Business.

### Licenses

New Jersey, SCGRE, 42RG00096500  
New York, SCGRE, 46000039337  
Pennsylvania, SCGRE, GA003491

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## Arthur Linfante, III, MAI, CRE

### Education

Undergraduate: Thomas Edison College, Trenton, NJ

#### Professional Education

Attended Various Real Estate Investment and Professional Education Courses:

Rutgers University  
Massachusetts Institute of Technology  
The Appraisal Institute  
International Association of Assessing Officers

#### Course Titles

Real Estate Appraisal Principles  
Advanced Applications  
Basic Valuation Procedures  
Valuation Analysis and Report Writing  
Capitalization Theory, Part A  
Advanced Income Capitalization  
Capitalization Theory, Part B  
Environmental Cost Avoidance & Recovery  
Standards of Professional Practice  
Highest & Best Use/Market Analysis  
Understanding Real Estate Markets  
Fundamentals of Real Estate Finance  
Brownfield Redevelopment  
Fundamentals of Real Estate Development  
Separating Real and Personal Property from Intangible Business Assets  
MIT – Real Estate Development Seminars

### Qualified Before Courts & Administrative Bodies

Condemnation Commissioners Hearings  
Tax Court of the State of New Jersey  
Superior Court of New Jersey – Morris, Essex and Hunterdon Counties  
Superior Court of New Jersey – Hunterdon County  
Superior Court of Florida – Palm Beach County  
County Boards of Taxation in Bergen, Morris, Passaic, Sussex, Essex, Warren, Union and Middlesex

### Miscellaneous

Seminars and Lectures  
New Jersey Property Taxation – Lorman Seminars  
Rutgers University – Adjunct Professor-Rutgers Business School  
Guest Lecturer – Wharton School of Business  
Appraisal Instructor – Appraisal Institute  
Course 110 – Appraisal Principals  
Course 120 – Appraisal Procedures  
General Appraiser Income – Part I  
General Appraiser Income – Part II  
Advanced Income Capitalization

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## Daniel J. Cox, SCGREA

### Experience

Daniel Cox is a New Jersey State Certified General Appraiser and Director of Integra Realty Resources Northern New Jersey. Daniel was an Associate at Value Research Group, LLC for 13 years and has been a corporate real estate veteran since 2005. Daniel has provided clients with a wide array of real estate consulting and valuation services and His extensive experience in real estate appraisal includes vacant land, proposed/existing apartment complexes, senior housing complexes, industrial properties, single/multi tenanted office properties, corporate headquarters buildings, strip shopping centers, and special purpose property including gas stations, hotels, nursing homes and golf courses.

Daniel provides litigation support and trial consulting in connection with property matters, including tax appeals and eminent domain (condemnation). He serves as a consultant to attorneys and accountants for estate and family trust planning matters that are impacted by real estate valuation.

Daniel has extensive experience in the areas of property acquisition and development analysis. He consults with public and private entities on issues involving property redevelopment and transportation improvements.

### Professional Activities & Affiliations

Appraisal Institute, Associate Member

### Licenses

New Jersey, SCGREA, 42RG00221600  
Pennsylvania, SCGREA, GA003719  
New Jersey, Notary Public,

### Education

BA; University of Massachusetts, Boston, Massachusetts

#### Professional Education:

- Real Estate Appraisal Principles
- Real Estate Appraisal Procedures
- Uniform Standards of Professional Appraisal Practice (USPAP)
- Market Analysis & Highest & Best Use
- Basic Income Approach
- General Applications
- Advanced Income Capitalization

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**Addendum B**  
**Comparable Data**



## Location & Property Identification

Property Name:	377 Crane Street
Sub-Property Type:	Residential, Multifamily
Address:	377 Crane St.
City/State/Zip:	Orange, NJ 07050
County:	Essex
Submarket:	Essex County
Market Orientation:	Urban
IRR Event ID:	2187128



## Sale Information

Sale Price:	\$4,800,000
Effective Sale Price:	\$4,800,000
Sale Date:	01/07/2019
Sale Status:	Closed
\$/Acre(Gross):	\$2,519,950
\$/Land SF(Gross):	\$57.85
\$/Unit:	\$23,077 /Unit
Grantor/Seller:	LycoRed Corp
Grantee/Buyer:	Joe Russo (Specific Entity Name TBD)
Property Rights:	Fee Simple
Verified By:	Arthur Linfante, III, MAI, CRE
Verification Date:	03/30/2020
Verification Type:	Confirmed-Buyer

## Occupancy

Occupancy at Time of Sale:	0.00%
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## Improvement and Site Data

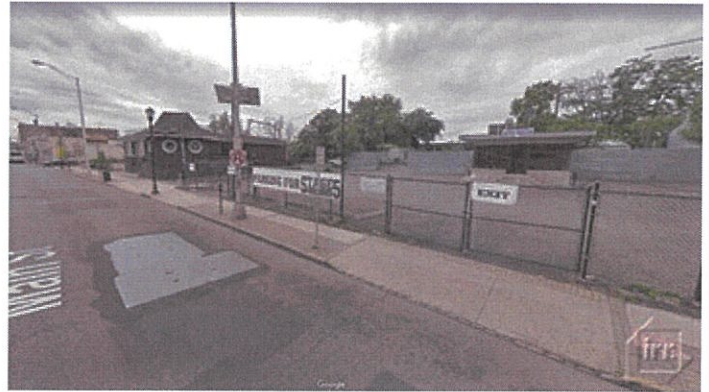
MSA:	New York-Newark-Jersey City, NY-NJ-PA
Acres(Gross):	1.90
Land-SF(Gross):	82,973
No. of Units (Potential):	208
Source of Land Info.:	Public Records

## Comments

Sale consists of 3 vacant land parcels in Orange Township. (Block 2702 Lots 6 & 8; Block 2703 Lot 1) Proposed development for the site is a 208 unit residential rental project, consisting of 64 studio units, 116 one bedroom units, and 28 two bedroom units. Developer will also construct a two story, 310 space parking deck for approximately \$3.5MM. 147 parking spaces will be situated on the first floor, dedicated to the residents. The balance of the spaces will be on the second floor of the deck and will be available to the public, as commuter spaces, and any overflow parking for residents. Commuter parking will be operated by the municipality with all revenues going to the municipality. Developer will also invest approximately \$250,000 in public improvements to Crane Street, such as curb replacements, resurfacing, sidewalks, and landscaping.

## Location & Property Identification

Property Name:	429-433 Dr. MLK Jr. Blvd.
Sub-Property Type:	Residential, Multifamily
Address:	429, 431, 433 Dr. MLK Jr. Blvd.
City/State/Zip:	East Orange, NJ 07018
County:	Essex
Submarket:	Essex County
Market Orientation:	Urban
IRR Event ID:	2194779



## Sale Information

Sale Price:	\$2,000,000
Effective Sale Price:	\$2,000,000
Sale Date:	05/08/2018
Sale Status:	Closed
\$/Acre(Gross):	\$2,425,124
\$/Land SF(Gross):	\$55.67
\$/Unit:	\$17,699 /Unit
Grantor/Seller:	ELLOPOS REALTY, LLC
Grantee/Buyer:	PASSAIC PROPERTIES I, LLC
Assemblage:	Yes
Property Rights:	Fee Simple
Verification Type:	Secondary Verification

multifamily units.

Property consists of three lots - Block 386, Lots 2, 3, & 4 in East Orange. Proposed use it to redevelop into 113 market rate multifamily units.

## Occupancy

Occupancy at Time of Sale:	0.00%
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## Improvement and Site Data

Acres(Gross):	0.82
Land-SF(Gross):	35,923
No. of Units (Potential):	113
Source of Land Info.:	Public Records

## Comments

Property sale is for proposed redevelopment of Block 386 Lots 2, 3, & 4 in East Orange, for 113 market rate

## Location & Property Identification

Property Name: 1 Harrison Avenue  
 Sub-Property Type: Residential, Multifamily  
 Address: 1 Harrison Ave.  
 City/State/Zip: Harrison, NJ 07029  
 County: Hudson  
 Submarket: West Hudson County  
 Market Orientation: Suburban  
  
 IRR Event ID: 1438997



## Sale Information

Sale Price: \$6,000,000  
 Effective Sale Price: \$6,000,000  
 Sale Date: 01/26/2017  
 Sale Status: Closed  
 \$/Acre(Gross): \$2,379,630  
 \$/Land SF(Gross): \$54.63  
 \$/Unit: \$30,000 /Apt. Unit  
 Grantor/Seller: S&V Realty c/oEurocraft Auto Sales  
  
 Grantee/Buyer: Under Contract  
 Property Rights: Fee Simple  
 Document Type: Deed  
 Recording No.: 8177/641  
 Verification Type: Secondary Verification

## Improvement and Site Data

MSA: New York-Newark-Jersey City, NY-NJ-PA  
  
 Legal/Tax/Parcel ID: B:66-L:1  
 Acres(Gross): 2.52  
 Land-SF(Gross): 109,832  
 No. of Units (Potential): 200  
 Shape: Irregular  
 Topography: Level  
 Zoning Desc.: ROM  
 Utilities: Electricity, Water Public, Sewer, Gas, Telephone

**1 Harrison Avenue**

Source of Land Info.: Public Records

## Project & Unit Amenities

Clubhouse/Rec. Bldg.	Air Conditioning
Fitness Room	Carpets/Drapes/Blinds
Garage/Under Building	Dishwasher
Other	Vaulted Ceilings
Swimming Pool	Walk-in Closets
	Washer/Dryer In Unit

## Comments

Current purchase contract executed in May 2013. Subject to the purchaser obtaining approvals for the development of a 200 market rate unit apartment complex. The property is currently improved with a number of older structures which will require demolition in order to prepare for the site's redevelopment. A demolition cost of \$200,000 has been budgeted by the project redeveloper.



## Location & Property Identification

Property Name:	915-933 Broad Street
Sub-Property Type:	Residential, Multifamily
Address:	915-933 Broad St.
City/State/Zip:	Newark, NJ 07102
County:	Essex
Submarket:	Essex County
Market Orientation:	Urban
IRR Event ID:	2267251



## Sale Information

Sale Price:	\$1,995,000
Effective Sale Price:	\$1,995,000
Sale Date:	12/23/2016
Recording Date:	12/29/2016
Sale Status:	Closed
\$/Acre(Gross):	\$3,045,337
\$/Land SF(Gross):	\$69.91
\$/Unit:	\$23,750 /Approved Unit
Grantor/Seller:	Newark Housing Authority
Grantee/Buyer:	BROAD HILL PARTNERS, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Document Type:	Deed
Recording No.:	20161-12703
Verified By:	Paul T. Beisser, IV
Verification Date:	08/28/2019
Verification Type:	Confirmed-Other

## Improvement and Site Data

Legal/Tax/Parcel ID:	B:93-L:29
Acres(Gross):	0.66
Land-SF(Gross):	28,536
No. of Units (Potential):	84
Shape:	Irregular
Topography:	Level
Vegetation:	Trees and grasses

Corner Lot:	No
Frontage Feet:	234
Frontage Desc.:	234' on Broad St.
Frontage Type:	2 way, 3 lanes each way
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
AccessibilityRating:	Above average
Visibility Rating:	Good
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Public Records

## Comments

Sale of a 0.66-acre vacant lot located across the street from Newark's City Hall building along Broad Street. The site features 234' of frontage on Broad Street and is a block from the Prudential Center. The site sold on 12/23/16 for \$1.995 million. At the time of sale, approvals were in place for an 84-unit mixed-use multifamily development that will also include approximately 9,000-sf of ground level retail space. The residential component of the development will be 55% affordable, which yields 46 affordable units and 38 market rate units.

## Location & Property Identification

Property Name:	256 Henry Street
Sub-Property Type:	Commercial
Address:	256 Henry St.
City/State/Zip:	Orange, NJ 07050
County:	Essex
Submarket:	Essex County
Market Orientation:	Urban
IRR Event ID:	2188404



## Sale Information

Sale Price:	\$1,235,000
Effective Sale Price:	\$1,235,000
Sale Date:	03/03/2015
Sale Status:	Closed
\$/SF GBA:	\$125.06
\$/SF NRA:	\$125.06
\$/Acre(Gross):	\$914,815
\$/Land SF(Gross):	\$21.00
\$/Unit:	\$9,148 /Unit
\$/Land SF(Potential):	\$125.06
Grantor/Seller:	Paul Ippolito Memorial, Inc.; Ippolito, Paul III; Paul C. Ippolito III Testamentary; Patrick Romano
Grantee/Buyer:	256 Henry Holdings LLC
Property Rights:	Fee Simple
Verification Type:	Secondary Verification

## Sale Analysis

Current Use at T.O.S.:	2 Residential Houses, Funeral Home, Parking Lot
Proposed Use Change:	Yes
Proposed Use Desc.:	Redevelopment for Residential Multifamily

## Occupancy

Occupancy at Time of Sale:	100.00%
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## Improvement and Site Data

MSA:	New York-Newark-Jersey City, NY-NJ-PA
GBA-SF:	9,875
NRA-SF:	9,875
Acres(Gross):	1.35
Land-SF(Gross):	58,806
No. of Units (Potential):	135
Bldg. to Land Ratio FAR:	0.17
Source of Land Info.:	Public Records

## Comments

Combined sale of 4 parcels (Block 3601 Lots 3, 4, 5, 18) for redevelopment purposes into a residential multifamily complex. Potential units are based on estimated area market information from comparable developments within the subject's market area, at 100 units per acre. Information obtained from Essex County public records, reference numbers are as follows: Deed Book 12549 Page 3993 (3601/4); Book 12549 Page 3955 (3601/3); Book 12549 Page 4159 (3601/5); Book 12549 Page 3929 (3601/18).

## Addenda

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