

# **MARKET VALUE APPRAISAL**

**Of  
Hypothetical Key Parcels  
Within the White Mountain  
Remote Recreational Cabin Sites**

**Base Appraisal Report No. 3111-7**



## **STATE OF ALASKA**

Department of Natural Resources  
Division of Mining, Land and Water  
550 West 7<sup>th</sup> Avenue, Suite 650  
Anchorage, AK 99501-3576



**A. SUMMARY OF APPRAISAL NO. 3111-7**

1. ADL NO(S): N/A
2. SIZE: 5.00 to 20.00 acres
3. APPLICANT: N/A
4. LOCATION: 45 miles north of Fairbanks
5. LEGAL DESCRIPTION(S): Sections 13, 23 to 26 within T5N, R3E, Fairbanks Meridian & Sections 13 to 26, 28 & 29 within Sections 13, T5N, R4E, Fairbanks Meridian.
6. INTEREST APPRAISED: Fee Simple less mineral rights
7. PURPOSE OF THE APPRAISAL: Estimate market value of hypothetical key parcels within the subject area
8. APPRAISED BY: Brandon Simpson, Appraiser II
9. DATE of REPORT: December 21, 2009
10. DATE of VALUE(S): November 30, 2009
11. APPRAISED VALUE(S):

<b>Conclusion of value for Hypothetical Key Parcels</b>			
	Size	Per/acre	Per/site (RND)
<b>Key Parcel 'A'</b> <i>Creek Frontage</i>	5.00 acres*	\$1,662	\$8,300
	<b>10.00 acres</b>	<b>\$1,250</b>	<b>\$12,500</b>
	15.00 acres*	\$1,088	\$16,300
	20.00 acres*	\$938	\$18,800
	Size	Per/acre	Per/site (RND)
<b>Key Parcel 'B'</b> <i>Interior</i>	5.00 acres*	\$1,164	\$5,800
	<b>10.00 acres</b>	<b>\$875</b>	<b>\$8,800</b>
	15.00 acres*	\$761	\$11,400
	20.00 acres*	\$656	\$13,100

Key parcel in bold, - \*Size adjusted Key Parcels based on adjustment shown in Addenda.

**B. SUMMARY OF REVIEW**

1. DATE of REVIEW: January 29, 2010
2. REVIEWER'S CLIENT:  DNR     Other: \_\_\_\_\_
3. INTENDED USERS of the REVIEW:  DNR     General Public     Other: \_\_\_\_\_
4. INTENDED USE of the REVIEW: The values and adjustments will be used to establish the purchase prices for parcels to be staked by various applicants
5. PURPOSE of REVIEW:  Evaluate for Technical Compliance with DNR Instructions & USPAP  
 Evaluate for Technical Compliance with UASFLA     Develop Independent Estimate of Value  
 Other: \_\_\_\_\_



6. SCOPE OF REVIEW: I Inspected the Subject on \_\_\_\_\_ I Did Not Inspect the Subject
- I Inspected the Comparable Sales on \_\_\_\_\_ I Did Not Inspect the Comparable Sales
- I Independently Verified the Comparable Sales in the Report  Yes  No
- Data and Information Considered in Addition to that Contained in the Report:  None  See Sections C thru F  
 Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:  
 None  See Section G Related appraisals reviewed: None
- Proofread DNR data entry:  Yes  No
7. RESULTS OF REVIEW:  Not Approved  Approved Approved Value: See A.11

C. COMPLETENESS OF APPRAISAL MATERIAL WITHIN SCOPE OF WORK APPLICABLE TO THE ASSIGNMENT/CONFORMANCE with APPRAISAL INSTRUCTIONS: Adequate

D. ADEQUACY and RELEVANCE of APPRAISAL DATA and PROPRIETY OF ADJUSTMENTS: Adequate

E. APPROPRIATENESS OF APPRAISAL METHODS and TECHNIQUES: Appropriate

F. ANALYSES, OPINIONS, and CONCLUSIONS ARE APPROPRIATE and REASONABLE, except:

G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS

1. This review is based on data and information contained in the appraisal report as well as any additional data from other sources that is identified in this review.
2. The reviewer assumes that the data and information in the appraisal are factual and accurate.
3. The reviewer reserves the right to consider any additional data or information that may subsequently become available, and to revise an opinion or conclusion, if such data and information warrant a revision.
4. All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated.
5. A title report has been provided to the appraiser and the reviewer. Unless specifically noted in the report or this review, it is assumed that the only easements and restrictions that affect the property are those shown on the plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.



REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3111-7

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

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I did  did not  personally inspect the subject property of the report under review.
- No one provided significant professional assistance to the person signing this review report.

Reviewed by Kevin Hindmarch  
Kevin R. Hindmarch, Review Appraiser

Date 1/29/10

cc: Marta Mueller  
Tim Shilling  
Victoria Braun

# MEMORANDUM

# State of Alaska

Department of Natural Resources  
Tel (907) 269-8513  
Fax (907) 269-8914  
[brandon\\_simpson@alaska.gov](mailto:brandon_simpson@alaska.gov)

Division of Mining, Land and Water  
550 West 7<sup>th</sup> Avenue, Suite 650  
Anchorage AK 99501-3576

DATE: November 30, 2009

TO: Kevin Hindmarch  
Review Appraiser

FROM: Brandon Simpson 

SUBJECT: Appraisal of Hypothetical *Key Parcels* in the White Mountain Remote Recreational Cabin Sites Area – Base Appraisal Report no. 3111-7.

As requested, I have completed a valuation of the hypothetical *Key Parcels* in the above staking area. I understand that this appraisal will be used to determine the base purchase price for recreational parcels staked within this area. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal. This is a complete, summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I did an aerial inspection of the parcels previously staked in the area October 4, 2004. In addition, some of the comparables sales have been inspected during unrelated assignments. The remaining portion of the staking area and comparable sales has not been inspected. The physical description of the *Key Parcels* was based on aerial photography, topographic maps, previously completed appraisal reports, and interviews of various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.



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## APPRAISAL SUMMARY

<b>White Mountain Hypothetical Key Parcels</b>	
<b>Location</b>	The staking area is located about 45 miles north of Fairbanks, just north of the Steese Highway, between miles 45.5 and 52.5.
<b>Topography Map</b>	USGS Circle A-6, B-6 & Livengood A-1, B-1
<b>Owner</b>	State of Alaska
<b>Key Parcel 'A'</b> <i>Creek Frontage</i>	Size: 10.00 acres
	Lot Type: 1 <sup>st</sup> tier* creek frontage
	Access: ATV or snowmachine
	Building Site: Moderate sloping, wooded parcel with adequate drainage
	Setbacks: 100' building setback from public or navigable water bodies
	Easements: Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50' public access easement. Sites are subject to a minimum 30-foot public access and utility easement along interior parcel boundary lines and a 60-foot public access easement along all existing unnamed trails.
	Amenities: Creek front property with view potential of surrounding area
<b>Key Parcel 'B'</b> <i>Interior</i>	Size: 10.00 acres
	Lot Type: Interior (2 <sup>nd</sup> tier*) parcel (not on established ATV trail)
	Access: ATV or snowmachine
	Building Site: Moderate sloping, wooded parcel with adequate drainage
	Easements: Sites are subject to a minimum 30-foot public access and utility easement along interior parcel boundary lines, and a 60-foot public access easement along all existing unnamed trails.
	Amenities: Interior lot with view potential of surrounding area
<b>Improvements</b>	None
<b>Highest and Best Use</b>	Recreational cabin site
<b>Interest Appraised</b>	Fee simple title, excluding mineral rights
<b>Effective Date of Value</b>	November 19, 2009
<b>Date of Report</b>	November 30, 2009

\*1<sup>st</sup> tier parcel is defined as a parcel with direct frontage on a lake, river or creek, or is separated from the water by public land.

\*2<sup>nd</sup> tier parcel is defined as a location where a parcel(s) could be staked between the subject and the nearest water-body access.

<b>Conclusion of value for Hypothetical Key Parcels</b>			
	Size	Per/acre	Per/site (RND)
<b>Key Parcel 'A'</b> <i>Creek Frontage</i>	5.00 acres*	\$1,662	\$8,300
	<b>10.00 acres</b>	<b>\$1,250</b>	<b>\$12,500</b>
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	20.00 acres*	\$656	\$13,100

**-Key Parcel in bold**

**-\*Size adjusted Key Parcels based on adjustment shown in Addenda**

Adjustments		
Date of Value	Date of entry	To be determined
Location	No distinctions within staking area	None
Size, acres	Adjustments for size variations	See addenda
Access	On established trail	1.05 to 1.20 of Key 'A' or 'B'
Easements	Typical easements are considered in the base value. Other easements, or trails across staked parcels to be handled on a case-by-case basis.	To be determined
Building site	Poor: Mostly steep, mostly wet ground, or unstable soils	0.75 to 0.90
	Average: Mostly level to moderate slope, wooded parcel with adequate drainage	1.00
	Good: Mostly level to gently sloping, well drained and wooded.	1.10
	Burned parcels	0.90 of Key 'A' or 'B'
Amenities	No view potential	0.90 of Key 'A' or 'B'
Miscellaneous	Differences in parcels discovered during field inspection.	To be determined

**Adjustment Process:** An adjustment of less than 1.00 means the feature of the staked parcel is inferior to the hypothetical key parcel and requires a downward price adjustment. An adjustment of greater than 1.00 means the feature is superior to the hypothetical key parcel, requiring an upward adjustment. An adjustment of 1.00 means the property feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the estimated value of the key parcel to yield a value for the staked parcel.



## PREMISES OF THE APPRAISAL

### **Type of Appraisal and Report**

This appraisal is a complete, summary appraisal prepared in accordance with Standards Rule 1 and 2 of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP), and in accordance with Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal.

### **Purpose of Appraisal**

The purpose of this appraisal is to estimate current market value.

### **Intended Use of Appraisal**

The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).

### **User and Client Identity**

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

### **Property Rights Appraised**

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.

Fee simple estate is defined as<sup>1</sup>:

"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."

**AS 38.05.125(a)** states<sup>2</sup>:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

### **Definition of Market Value<sup>3</sup>**

"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

### **Effective Date of Value**

The effective date of the value estimate is November 11, 2009.

### **Exposure Time**

Exposure time is defined as<sup>4</sup>: "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal..."

<sup>1</sup> The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.112

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2008, p. 624-625

<sup>3</sup> The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2008-2009, Appraisal Foundation, p. U-87.

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time.

DNR has had two offerings in the immediate vicinity of the staking area. The original offering of White Mountain RRCS took place in 2001. There were 14 parcels staked in the offering. The Riverview Subdivision is located between the staking area and the Steese Highway. There are 132 lots available in the subdivision. About half the lots have sold either at auction or over-the-counter. The remaining lots in the subdivision are currently not available. Based on exposure time for similar properties, the estimated values are based on an exposure time of up to two years.

#### **Sales History**

Existing surveyed parcels can be found within the staking area boundaries as a result of previous offerings. The remainder of the staking area has never been sold.

#### **Scope of the Appraisal**

I did an aerial inspection of the parcels previously staked in the area October 4, 2004. In addition, some of the comparables sales have been inspected during unrelated assignments. The remaining portion of the staking area and comparable sales has not been inspected. The physical description of the *Key Parcels* was based on aerial photography, topographic maps, previously completed appraisal reports, and interviews of various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.

Also, DNR appraisal records were searched for recent sales of similar parcels. Interviews were conducted with real estate agents, appraisers, and other individuals who provided data about trends in values, supply and demand. Sellers and buyers or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

In addition, a search for all DNR parcels that have sold or currently are available in the general vicinity of the staking area was undertaken.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

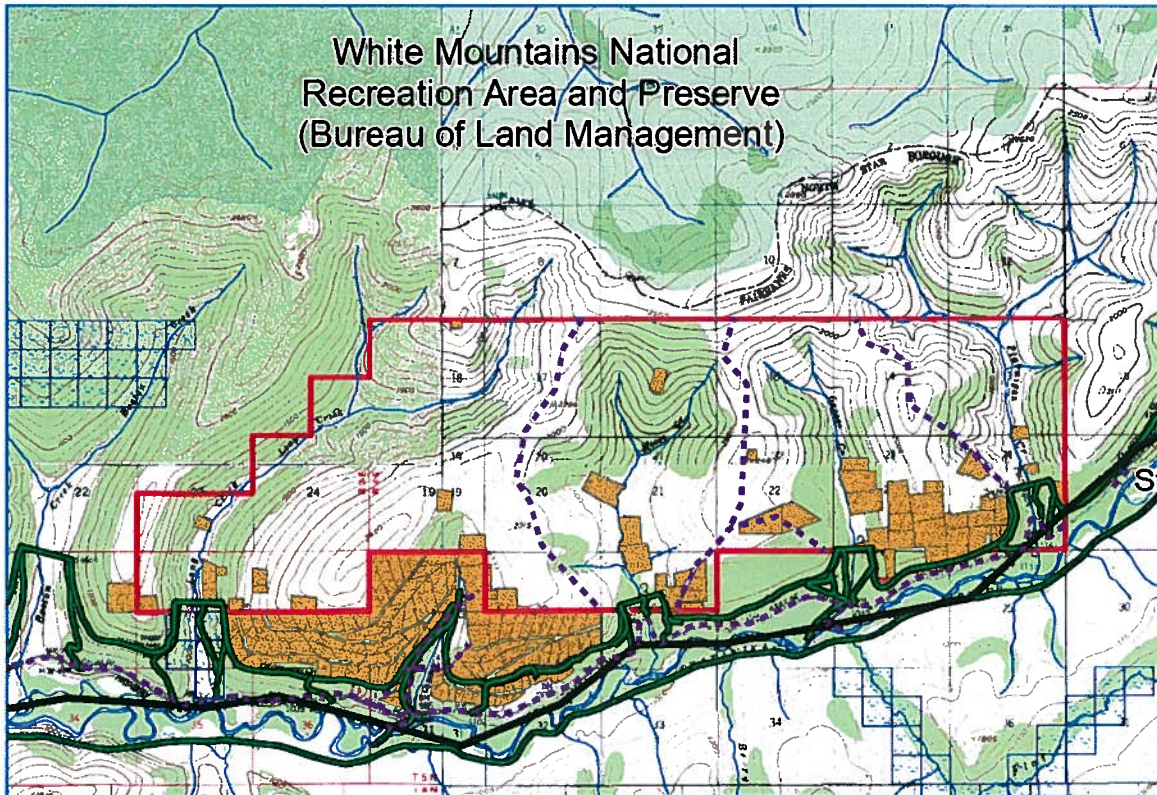
## **Assumptions and Limiting Conditions**

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.
3. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. Due to the lack of on-site inspections some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerials. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.
6. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
7. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which final judgment is based. Therefore, no part should be used out of context and by itself alone.
8. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
9. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
10. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.
11. The appraiser assumes no responsibility for legal matters. The subject lot is assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

## PRESENTATION OF DATA

### Area Data

The staking area is located about 45 miles northeast of Fairbanks, just north of the Steese Highway, between mile 45.5 and 52.5.



### Legend

-  RS2477 Trails
-  Easements
-  State Mining Claims
-  Private Parcels
-  Staking area

## **White Mountain**



October 4, 2004 – Picture shows topography that is typical throughout most of the staking area. Hill in foreground has been burned.

### **Personal Property**

There is no personal property involved with the appraisal of these properties.

### **Market Area**

The staking area is located 45 miles northeast of Fairbanks, within the Fairbanks North Star Borough. Fairbanks is the regional service and supply center for interior Alaska. The staking area is located in an area used for various recreational uses by Fairbanks residents.

### **White Mountain Remote Recreational Staking Area**

The area is located just north of the Steese Highway, between mile 45.5 and 52.5. The Chatanika River is south of the staking area, across the Steese Highway. The historic Davidson Ditch runs between the north side of the highway and the staking area. The Davidson Ditch was used years ago to bring water to gold mining operations in the area. The Boundary fire burned a portion of the staking area in the summer of 2004.



<b>OFFERING INFORMATION</b>	
Proposed Number of Staking Authorizations	50. White Mountain staking area was previously offered in 2001, resulting in numerous surveyed parcels within the staking area.
Parcel Size	5 to 20 acres
Gross Project Area	9,794 acres
Net Offering	1,000 acres
MTRS	Sections 13, 23 to 26 within T5N, R3E, Fairbanks Meridian & Sections 13 to 26, 28 & 29 within Sections 13, T5N, R4E, Fairbanks Meridian
Municipal Authority	Fairbanks North Star Borough
Fire Management Option	The current fire management option is modified protection.
Game Management Unit	The Game Management Unit is 20B with 25C nearby to the north and east.

<b>PHYSICAL CHARACTERISTICS</b>	
Location	The area is located just north of the Steese Highway, between miles 45.5 and 52.5, about 45 miles northeast of Fairbanks.
Topography map	USGS Circle A-6, B-6 & Livengood A-1, B-1
Topography/Terrain/Major Features	Terrain includes mountainous terrain bisected by several drainages into the Chatanika River. Elevations range from 1,000' to 2,400'.
Access	Access is provided by public easements (ADL 410503, 410504, & 410505), platted right-of-ways via the Riverview subdivision, and section line easements. Access means include ATV, snowmachine and by foot.
View	View of Chatanika River valley to south, east and west, with mountain views in all directions.
Climate	Average January temperature is 4° Fahrenheit with the average July temperature of 55° Fahrenheit. The average annual precipitation is 14 inches, with 60 inches of snow.
Soils/Vegetation	Soils are primarily gravelly soils on steeper slopes, and loamy soils on rolling slopes. Vegetation is a mix of mature spruce, birch and aspen and large areas of regenerating softwoods. A large portion of the staking area burned in 2004.
Water Source	Drainages provide surface water within the staking area. Water quality is unknown.

<b>EASEMENTS &amp; RESERVATIONS</b>	
Title	All lands within the sale area are patented to the State of Alaska, Patents 50-89-0128, 50-91-0224, 50-20004-0310, excepting lands previously sold to the public.
Allowed Uses	Cabin site leases are for recreational use only. No commercial use or permanent residence is allowed while under lease. Once the parcel is under purchase contract or conveyed into private ownership, these restrictions no longer apply.
Section Line Easements	All parcels staked on lands owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, or that are bisected by such section line(s), are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 19.10.010. Staking is not allowed across surveyed section lines or surveyed township lines.
Public Access and Utility Easements	All cabin sites are subject to a minimum 30-foot public access and utility easement along interior parcel boundary lines and a 60-foot public access easement along all existing unnamed trails. Stakers may not obstruct or block access within these easements.
Public and Navigable Water Bodies and Easements	Parcels staked along the ordinary high water line of public and navigable water bodies are subject to a 50' public access easement. Using motorized vehicles to cross streams may be prohibited by applicable state and federal laws.



<b>Setbacks and Other Restrictions</b>	Parcels are subject to a 100-foot building setback from all streams and public or navigable water bodies. Where the boundary parallels the Davidson Ditch, a 100' staking setback applies (RST 1968 & RST 1645).
<b>Reserved Areas</b>	DNR may reserve areas for future use and access. There are no reserved areas identified at this time.
<b>Oil, Gas and Minerals</b>	The state retains ownership of all oil, gas, coal, ore, minerals, fissionable materials, geothermal resources, and fossils that may be in or upon the land that sells (AS 38.05.125). The project area is currently closed to mineral entry through MCO 270.
<b>Waste Disposal</b>	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Contact ADEC for information.
<b>Wetlands</b>	Cabin sites may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material. Contact ACOE for information.
<b>Improvements</b>	Prior to construction of any structure or waste disposal system, contact the municipal authority for any permits or for required setbacks from water bodies, lot lines, and easements.
<b>Comments/Issues</b>	Recreation, hunting, trapping, wildlife habitat, forestry, settlement, and resource harvest for personal use are some of the principal uses of state land within the area. Stakers should be aware of existing parcels in the area, and be respectful of private property. Check recorder's office for current ownership of private land. Review survey plats and plat notes for specific information on easements, setbacks or other restrictions. There may be active trap lines in the area.

## ANAYLSIS AND CONCLUSIONS

### **Highest and Best Use**

Analysis of highest and best use of the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as<sup>5</sup>:

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

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised property is vacant and unimproved.

### **Legally Permissible**

White Mountain staking area is not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The hypothetical key parcels could be developed for almost any legal use.

### **Physically Possible**

The subject size and physical characteristics are adequate to support all reasonable and probable uses. Staked parcels will be 5 to 20 acres.

### **Financially Feasible**

Surrounding land use is primarily recreational. Development of the parcel depends on the amount of resources the owner is willing to allocate for recreational needs.

### **Maximally Productive**

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

### **Highest and Best Use of Land as Vacant**

Based on the foregoing analysis, the highest and best use of the *Key Lot* as vacant would be for almost any legal use, primarily a private recreation cabin site.

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<sup>5</sup> The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.278

## **Valuation Analysis**

Three approaches are considered to determine the market value estimate.

### **Income Approach**

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common in Alaska to lease vacant land for recreational use therefore data that supports this approach is not available.

### **Cost Approach**

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. The hypothetical *Key Lots* lack improvements; as such this approach will not be used for this appraisal.

### **Sales Comparison Approach**

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Only the sales comparison approach is applicable.

### **Key Parcel Method**

In appraising more than one similar parcel, it is an accepted practice to appraise a *Key Parcel* that is most representative of the other parcels being appraised. The *Key Parcel* may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the *Key Parcel*. The White Mountain staking area will have two *Hypothetical Key Parcels*, a creek front parcel and an interior parcel.

Due to the confidentiality of sales information in the State of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

**In Anchorage**

(in the Atwood Building)  
550 W. 7<sup>th</sup> Ave. Suite 1200, Anchorage AK, 99501  
Phone (907) 269-8400  
Fax (907) 269-8901  
TDD for hearing impaired (907) 269-8411  
e-mail: [dnr.pic@alaska.gov](mailto:dnr.pic@alaska.gov)  
Business hours 10:00 am to 5:00 pm M-F.

**In Fairbanks**

(Corner of University & Airport Way)  
3700 Airport Way, Fairbanks, AK 99709  
Phone (907) 451-2705  
Fax (907) 451-2706  
TDD for hearing impaired (907) 451-2770  
e-mail: [fbx-pic@alaska.gov](mailto:fbx-pic@alaska.gov)  
Business hours 10:00 am to 5:00 pm M-F.

**In Juneau**

(Southeast Div. of Land)  
400 Willoughby Ave., 4<sup>th</sup> Floor, Juneau AK 99801  
Phone (907) 465-3400  
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Business hours 10:00 am to 5:00 pm M-F.