

MARKET VALUE APPRAISAL

Of

Hypothetical Key Parcels within the Tower Bluffs
Remote Recreational Cabin Staking Area



-Picture by Marta Mueller, DNR DMLW

BASE APPRAISAL REPORT No. 3299

**STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water
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APPRAISAL SUMMARY

PHYSICAL CHARACTERISTICS	
Location	Along the Alaska Highway, approximately 2 miles north of the Robertson River. The staking area is west of the Alaska Highway and approximately 74 miles southeast of Delta Junction, 12 miles southeast of Dot Lake, and 32 miles northwest of Tok. The existing Tower Bluffs Subdivision is within the boundaries of the staking area (ASLS 80-97 & 80-98).
Topography map	USGS Tanacross C-6
Cadastral Survey	CS C020N008E102
Topography/Terrain/Major Features	The area is located in the upper Tanana Valley on hills north of the Robertson River. The area slopes east toward the Tanana River and varies in elevation from 1500 feet to 2000 feet. Small pothole lakes dot the southern sections near the river. The Tanana Valley Forest encompasses several townships on the east side of the Alaska Highway. Alaska Department of Fish and Game stocks some small lakes in the vicinity of the staking area.
Access	Access to the general vicinity is by the Alaska Highway. The north and south Tower Bluffs Subdivisions have access that is in various stages of development. These access routes are located at Mile 1350 and Mile 1351.5 of the Alaska Highway. It is possible to bring vehicles into the staking area currently. From the existing road and right-of-ways likely access would be via ATV, snowmachine, or walk-in. Note: The northern access route is not on the platted easement. The nearest public landing strips are in Delta Junction or Tok.
View	Views of the surrounding forest, rivers. Hilly areas in the southern half of the staking area provide a view of the Tanana River looking eastward or the Robertson River looking southward.
Climate	The area has a typical Interior climate with cold winters and warm summers. The average high temperature from June through August is 65 degrees Fahrenheit. The average low temperature from December through February is - 22 degrees Fahrenheit. Average annual precipitation is 9 inches and average annual snowfall is 27 inches.
Soils	Soil conditions vary but permafrost is thought to be widespread within the staking area.
Vegetation	Black spruce is the dominant vegetation in the staking area. There are wetter areas that support sedges and willow.
Water Source	There are several small pothole lakes in the southern portion. Water quality is unknown.

EASEMENTS AND RESERVATIONS	
Area Plan, Management Unit, Classification	Tanana Basin Area Plan, Subregion 6, Upper Tanana: Management Unit 6F, Robertson River, Subunit 6F1c, classified Settlement.
Fire Management Option	The staking area has a Full management option. The Alaska Interagency Wildland Fire Management Plan is updated annually. Contact the Division of Forestry for updated information regarding management options. Stakers are urged to locate parcels in hardwood stands or near water bodies to reduce potential for fire.
Game Management Unit	The staking area is in Game Management Unit 20D.
Allowed Uses	Cabin site leases are for recreational use only. No commercial use or permanent residence is allowed while under lease. Once the cabin site is under purchase contract or conveyed into private ownership, these restrictions no longer apply.
Municipal Authority	None
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.
Public Access and Utility Easements	All cabin sites are subject to a minimum 25-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.

Water Body Easements, Staking Setbacks and Restrictions	All parcels are subject to a 50-foot public access easement and a 100-foot building setback along the ordinary high water line of all water bodies. All parcels will be subject to a 1000-foot staking setback from the edge of the Alaska Highway. Parcels will also be subject to a 130-foot staking setback from the centerline of both roads that lead into the Tower Bluffs Subdivision. Stream crossings with motorized vehicles may be prohibited by applicable state and federal laws.
Reserved Areas	No staking is allowed within areas reserved or excluded on the staking maps for wood lots, airstrips, public use, or other uses.
Water Supply, Sewage Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation.
Wetlands	Cabin sites may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material.
Improvements	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.
Comments	Survey plats and survey plat notes should be reviewed for specific information on easements, building setbacks, or other restrictions. Check recorder's office for current ownership of private land. The staking area has an existing subdivision; respect private property within the staking area. Forestry, public recreation, and wildlife habitat are some of the principle uses of state land within subunit 4H.

Hypothetical Key Parcel	
Key Parcel	Size: 5-acres
	Location: within the Tower Bluffs remote recreational staking area
	Access: ATV, snowmachine or walk-in
	Building Site: at least 50% level, wooded and adequately drained
	Setbacks: 1,000' from Alaska Highway, Parcels will also be subject to a 130-foot staking setback from the centerline of both roads that lead into the Tower Bluffs Subdivision
	Easements: typical section-line easements and public access easements
	Amenities: typical view of surrounding area
Improvements	None
Highest and Best Use	Recreational cabin sites
Effective Date of Value	February 17, 2005
Date of Report	February 17, 2005

Conclusion of values for Hypothetical Key Parcel			
	Size	Per/acre	Per/site (RND)
Key Parcel	5.00 acres	\$600	\$3,000
	10.00 acres*	\$450	\$4,500
	20.00 acres*	\$336	\$6,700

-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
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
Access	No developed access	0.90
	ATV or snowmachine access	1.00
Building site	Poor: Mostly steep, or wet ground, or unstable soils.	0.80 to 0.90
	Average: At least 50% level to gently sloping adequately drained & wooded.	1.00
	Good: Mostly level to gently sloping, well drained and wooded.	1.10 to 1.20
Amenities	Pond or lake frontage	1.10
	Outstanding views	1.10
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 as¹:

"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) states²:

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 Value³

"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 February 17, 2005.

Exposure Time

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

Exposure time 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.

Remote parcels similar to the subject typically require a year or longer of marketing time. The subject parcels are considered average to poor when compared with other available properties on the market. Based on exposure time for similar properties, the estimated values are based on an exposure time of one to three years.

Marketing Time

"Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."⁵

Based on current market conditions for similar properties the estimated value is based on a marketing time of one to three years.

Scope of the Appraisal

I did not inspect the staking area in the field. Physical features, access and utilities were identified by the use of topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area. Photographs of the staking area provided by Marta Mueller, DNR NRO, were utilized. In addition, a web site maintained by the property owners in the existing Tower Bluffs Subdivision provided additional information about

¹ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.69

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2002, p. 590-591

³ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.22

⁴ Uniform Standards of Professional Appraisal Practice 2004, Appraisal Foundation, p. 94.

⁵ Op Ci, p. 141

the staking area. This web site provided pictures of the area as well as detailed information on the current status of the access roads into the subdivision and the progress being made by the area residents in improving these roads.

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 were contacted to verify sale prices and other transaction details.

In addition, a list of all DNR parcels sold or currently available in the general vicinity of the staking area was compiled and analyzed.

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 for the comparable sales 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.

Extraordinary Assumption

This report is based on the extraordinary assumption that the proposed staking area boundaries will be changed to exclude the southernmost sections (15 & 16 currently classified for settlement) and to include two sections (5 & 8 currently classified wildlife habitat) found immediately west of the original staking area boundaries. In order for this change to occur the Tanana Basin Area Plan will need to be amended. We reserve the right to amend this report if the changes to the staking area boundaries assumed and described in this report do not occur.

PRESENTATION OF MARKET DATA

Interior Alaska Region

The Tower Bluffs recreational cabin staking area is located approximately 32 miles northwest of Tok and 74 miles southeast of Delta Junction. The closest community is Dot Lake, located about 12 miles northwest of the staking area. The area is on the north slope of the Alaska Range situated on the west bank of the Tanana River.

The closest climate information available is for the community of Dot Lake. Dot Lake is located in the continental climatic zone, where winters are cold and summers are warm. In winter, cool air settles in the valley and ice fog and smoke conditions are common. The average low temperature during December, January and February is -22 degrees Fahrenheit. The average high temperature during June, July and August is 65 degrees Fahrenheit. Extreme temperatures ranging from a low of -75 to a high of 90 degrees Fahrenheit have been measured. Average annual precipitation is 9 inches, and annual snowfall is 27 inches.

Tower Bluffs Staking Area

The area is located in the upper Tanana Valley on hills north of the Robertson River. The area slopes east toward the Tanana River and varies in elevation from 1500 feet to 2000 feet. Small pothole lakes dot the southern sections near the river. Several small lakes in the area are stocked by the Alaska Department of Fish and Game.

Tower Bluffs staking area lies along the Alaska Highway. Supplies are brought up the Alaska Highway by truck or bus. Regular bus services to Fairbanks and Delta Junction from Dot Lake are available along the highway. The nearest public airstrips are at Delta Junction and Tok; a privately owned strip in Dot Lake was converted to a helicopter-landing pad. Cars, trucks, snowmachines and ATVs are used for local transportation.

The closest community, Dot Lake, has limited services. An electric distribution line and telephone cable follows the Alaska Highway from Tok to Dot Lake.

Applicants may stake a parcel between 5 to 20-acres. All parcels are subject to a 50-foot public access easement and a 100-foot building setback along the ordinary high water line of all water bodies. All parcels will be subject to a 1000-foot staking setback from the edge of the Alaska Highway. Parcels will also be subject to a 130-foot staking setback from the center of both roads that lead into the Tower Bluffs Subdivision.

ANALYSIS 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 as⁶:

“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.

⁶ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.305

Legally Permissible

Tower Bluffs 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 parcel 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 subject parcel as vacant would be for almost any legal use, primarily a private recreation cabin site.

SALES COMPARISON APPROACH**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.

Explanation of Adjustments

DNR appraisal instructions for the Remote Recreational Cabin Site program require the appraiser to develop and use quantitative adjustments. Ideally, the value differences for any price adjustment is measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences in the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject, requiring an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 means the sale 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 sale price to indicate the value of a key parcel.

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. The following is a summary of adjustments and how they were estimated. Detailed information about the comparable sales and the adjustments is contained in the Addenda.

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. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
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