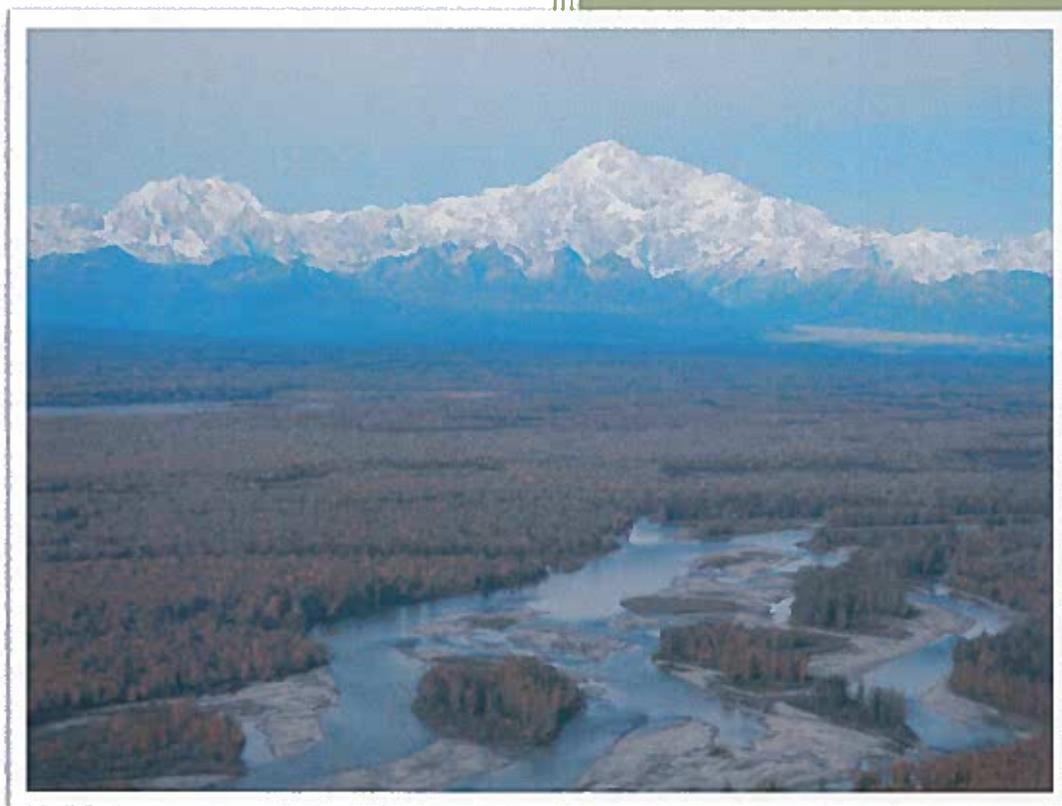


MARKET VALUE APPRAISAL

of
35 Parcels of Vacant Land within Remote
Matanuska-Susitna Borough

Appraisal Report No.4519



STATE OF ALASKA

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

MEMORANDUM

State of Alaska

Department of Natural Resources

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Division of Mining, Land and Water

550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: January 9, 2020

TO: Kevin Hindmarch
Review Appraiser

FROM: Mike Dooley

SUBJECT: Appraisal of 35 parcels of land located in the Matanuska-Susitna Borough. The parcels are being appraised to establish minimum bid price for sale at auction.

As requested, I have completed an appraisal of the referenced parcels. I understand that this appraisal will be used to determine the minimum purchase price for the above referenced parcels. 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 Land Disposal), DNR. This Appraisal Report is based on the General Assumptions and Limiting Conditions, Hypothetical Condition and Extraordinary Assumption (see Page 8) stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected the subject parcels and most of the comparable sales used in this report. Physical descriptions of the subject parcels are based on physical inspections, soil maps, aerial photography and topographic maps. Based on my observations and analysis of all available data, I have formed an opinion of market value as of the effective date of value.

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APPRAISAL SUMMARY

Subdivision Name	Location	Lot Size (acres)
Alexander Creek West	There are 20 subject parcels in the Alexander Creek West Subdivision. The parcels are located approximately 34 miles northwest of Anchorage, Alaska, and six miles west of the confluence of the Yentna and Susitna Rivers.	4.39-5.00
Hiline Lake Homestead	There are six subject parcels in the Hiline Lake Homestead Subdivision. The parcels are located approximately 18.0-miles southwest of the Skwentna Airstrip and range from two miles southeast of Hiline Lake to three miles west of Beluga Mountain.	38.25-40.06
Hiline Lake Odd Lots	There are two subject parcels in the Hiline Lake Odd Lots subdivision, ADL 224601 and 224611. The parcels are located approximately 18.0-miles southwest of the Skwentna Airstrip on the south side of Hiline Lake.	20.01-20.05
Kahiltna Flats	There is one subject parcel in the Kahiltna Flats Subdivision. The parcel is located approximately 50 miles northwest of Anchorage, 15 miles West of Willow between Kahiltna River and Deshka River.	5.00
Quartz Creek West RRCS	There are three subject parcels in the Quartz Creek RRCS. The parcels are located approximately 14.0-miles southwest of the Skwentna Airstrip, and 2.8 miles south of the confluence of Canyon Creek and The Skwentna River.	12.31-18.4
Super Cub	There is one subject parcel located in the Super Cub subdivision. The parcel is located approximately 36 miles southwest of Skwentna, Alaska, and 10 miles northeast of Beluga Lake.	4.998-5.00

Value Summary

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (acres)	Value (RND)
204863	Alexander Creek West	37	1	ASLS 79-209	5.00	\$5,400
204864	Alexander Creek West	38	1	ASLS 79-209	5.00	\$5,400
204870	Alexander Creek West	44	1	ASLS 79-209	5.00	\$5,400
204875	Alexander Creek West	49	1	ASLS 79-209	4.39	\$4,900
204899	Alexander Creek West	11	3	ASLS 79-209	4.99	\$5,400
204900	Alexander Creek West	12	3	ASLS 79-209	4.99	\$5,400
204901	Alexander Creek West	13	3	ASLS 79-209	4.61	\$5,100
204905	Alexander Creek West	4	4	ASLS 79-209	5.00	\$4,700
204907	Alexander Creek West	6	4	ASLS 79-209	5.00	\$5,400
204908	Alexander Creek West	7	4	ASLS 79-209	5.00	\$5,400
204910	Alexander Creek West	9	4	ASLS 79-209	5.00	\$5,400
204919	Alexander Creek West	18	4	ASLS 79-209	4.60	\$5,100
204920	Alexander Creek West	19	4	ASLS 79-209	4.68	\$5,100
204921	Alexander Creek West	20	4	ASLS 79-209	4.65	\$5,100
204922	Alexander Creek West	21	4	ASLS 79-209	4.99	\$5,400
204923	Alexander Creek West	22	4	ASLS 79-209	4.91	\$5,300
204924	Alexander Creek West	23	4	ASLS 79-209	4.87	\$5,200
204926	Alexander Creek West	25	4	ASLS 79-209	4.81	\$5,200
204967	Alexander Creek West	10	6	ASLS 79-209	4.99	\$5,400
204972	Alexander Creek West	15	6	ASLS 79-209	5.00	\$5,400

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (acres)	Value (RND)
224473	Hiline Lake Homestead	-	A	ASLS 91-191	18.99	\$13,000
224475	Hiline Lake Homestead	-	B	ASLS 91-191	39.90	\$18,000
224487	Hiline Lake Homestead	-	E	ASLS 91-191	40.08	\$18,000
224586	Hiline Lake Homestead	-	H	ASLS 91-191	40.00	\$18,000
224601	Hiline Lake Odd Lots	-	A	ASLS 91-257	20.01	\$12,000
224608	Hiline Lake Predesignated Homestead	-	-	ASLS 91-116	20.06	\$12,000
224611	Hiline Lake Odd Lots	-	U	ASLS 91-257	20.05	\$12,000
228809	Hiline Lake	-	D	ASLS 91-191	40.06	\$20,000
228810	Hiline Lake	-	G	ASLS 91-191	38.25	\$19,500
213526	Kahiltna Flats	28	9	ASLS 80-175	5.00	\$10,200
228863	Quartz Creek West RRCS	-	D	ASLS 2003-42	12.31	\$18,500
229079	Quartz Creek West RRCS	-	G	ASLS 2003-42	12.54	\$18,800
229080	Quartz Creek West RRCS	-	F	ASLS 2003-42	18.4	\$23,200
211270	Super Cub	7	3	ASLS 80-132	5.00	\$4,000
211271	Super Cub	8	3	ASLS 80-132	4.998	\$4,000

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is an Appraisal Report 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 DNR's Special Appraisal Instructions – DNR Land Disposal.

Purpose of Appraisal

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

User and Client Identity

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

Intended Use of Appraisal

The appraisal will be used by DNR to establish the minimum price for a sealed bid auction and will be used by the general public for guidance in determining actual bid prices.

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

I inspected all of the subject parcels and some of the comparable sales via an aerial inspection on July 2, 2019.

Date of Report

January 9, 2020

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.90

² Alaska Statutes Title 38, Public Land Article 5, <http://www.legis.state.ak.us/basis/folio.asp>, Accessed 12/20/2019

³ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

Exposure Time

Exposure time is defined as "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort."⁴

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. An exposure time of up to one year is typical for road accessible parcels, and up to three years for remote parcels.

Sale History

A contract to purchase Quartz Creek Parcel, ADL #228863, was recorded on 01/20/2010. The contract was terminated on 05/22/2019, and the parcel was placed into potential reoffer status.

A contract to purchase Quartz Creek Parcel, ADL #229079, was recorded on 06/01/2016. The contract was relinquished on 05/08/2018, and the parcel was placed into potential reoffer status.

A contract to purchase Quartz Creek Parcel, ADL #2289080, was recorded on 12/03/2009. The contract was terminated on 02/15/2019, and the parcel was placed into potential reoffer status.

A contract to purchase the subject parcel was recorded on 07/31/2017. The contract was terminated on 02/15/2019, and the parcel was placed into potential reoffer status.

There are no other known sales or transfers of the subject parcels within the past three years.

Prior Appraisal History

I have not previously appraised any of the subject parcels in the preceding three years.

SCOPE OF WORK

Property and Comparable Sales Inspection

I inspected the subject parcels and some of the comparable sales via an aerial inspection on July 02, 2019.

Research and Analysis Conducted

Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales and information about parcels currently available.

Previous appraisals of the subject parcels were utilized to help identify pertinent physical characteristics and neighborhood characteristics. Current listings were also searched. The recorder's office was searched to identify any recent sales. Sellers and buyers or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

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.

⁴ Uniform Standards of Professional Appraisal Practice 2016-2017, Appraisal Foundation, p. 2-3

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 visualize 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. 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.
6. 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 the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. 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.
8. 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.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser, Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

PRESENTATION OF DATA

Market Area

All of the subject parcels are all located in remote areas of the Matanuska-Susitna Borough. All of the parcels are located north of the Cook Inlet, south of Denali National Park, east of the Alaska Range, and west of the Talkeetna Mountains.

The Matanuska Susitna Borough⁵

Location:

The Matanuska-Susitna (Mat-Su) Borough is located in the middle of south central Alaska, including the Matanuska and Susitna River Drainages, portions of the Chugach Mountains as well as the Alaska, Talkeetna, and Clearwater Ranges. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern border. The average temperatures in January range from 6°F to 14°F; in July, 47°F to 67°F. Annual precipitation is 16.5 inches.

Local Government:

The Mat-Su Borough is a second-class Borough incorporated in 1964 with an elected Mayor and Assembly. The Borough's area-wide powers include: assessment and collection of taxes, education, planning and zoning, parks and recreation, ports, harbors and wharves, ambulance service, transportation systems, air pollution control, day care facilities, historic preservation, and transient accommodations taxation. The Borough's non-area-wide powers include fireworks, motor vehicles and operators, snow vehicles, solid waste, libraries, septic tank waste disposal, economic development, limited health and social service, natural gas, electric, and road local improvement districts, animal control, and water pollution control.

Demographics:

Low housing costs, the rural lifestyle, and a reasonable commute to Anchorage for employment and services has made the Mat-Su Borough one of the fastest growing areas of Alaska in recent years.

According to the 2010 Census, the population was 88,995. There were 41,329 housing units in the community and 31,824 were occupied. Its population was 5.5 percent American Indian or Alaska Native; 84.9 percent white; 1 percent black; 1.2 percent Asian; 0.2 percent Pacific Islander; 6.5 percent of the local residents had multi-racial backgrounds. Additionally, 3.7 percent of the population was of Hispanic descent.

Economy:

The economy is diverse, and residents are employed in a variety of retail, professional services, city, borough, state and federal occupations. Top employers are Mat-Su Schools, Valley Hospital, Wal-Mart, Carrs/Safeway and Fred Meyer. About one-third of the Borough's labor force commutes to Anchorage for employment. In 2010, 300 borough residents held commercial fish permits.

The 2005-2009 American Community Survey (ACS) estimated 35,540 residents as employed. The public sector employed 17.9% of all workers. The local unemployment rate was 11.8%. The percentage of workers not in labor force was 34.3%. The ACS surveys established that average median household income (in 2009 inflation-adjusted dollars) was \$66,052 (MOE +/- \$1,869). The per capita income (in 2009 inflation-adjusted dollars) was \$24,906 (MOE +/- \$707). About 10.3% of all residents had incomes below the poverty level.

⁵ All information regarding market area and neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

Facilities:

There are three incorporated cities within the Borough: Houston, Palmer, and Wasilla. Additionally, there are several unincorporated communities and twenty-five (25) Borough recognized community councils. The majority of the Borough population resides in the "core area" surrounding the cities of Palmer and Wasilla, and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. There are 44 schools located in the borough, attended by 17,079 students.

Transportation:

The area accesses both the Glenn and George Parks Highways. Commercial airlines serve the nearby Anchorage International Airport, but a local municipal airport supports private and chartered services. The Alaska Railroad provides for delivery of ocean freight.

Talkeetna Neighborhood⁶

Located at the junction of the Talkeetna and Susitna Rivers, it lies 115 miles north of Anchorage at mile 226.7 of the Alaska Railroad. The paved Talkeetna Spur Road runs 14 miles east off of the George Parks Highway at milepost 98.7. The community lies at approximately 62.323890° North Latitude and - 150.109440° West Longitude. (Sec. 24, T026N, R005W, Seward Meridian.) Talkeetna is located in the Talkeetna Recording District.

History, Culture and Demographics

Talkeetna was settled as a mining town and Alaska Commercial Company trading post in 1896. A gold rush to the Susitna River brought prospectors to the area, and by 1910 Talkeetna was a riverboat steamer station, supplying miners and trappers in the Cache Creek, Iron Creek, and Broad Creek districts. In 1915, Talkeetna was chosen as the headquarters for the Alaska Engineering Commission, who built the Alaska Railroad, and the community population peaked near 1,000. World War I and completion of the railroad in 1919 dramatically decreased the population. Talkeetna has since developed as an aviation and supply base for expeditions to Denali. Several of its old log buildings are now historical landmarks, and Talkeetna was placed on the National Register of Historic Places in April 1993. State land disposals and homestead programs helped the community grow.

Talkeetna is popular for its recreational fishing, hunting, boating, flight seeing, skiing, and dog mushing. Local businesses provide services to Denali climbers. Middle and high school students are bused to Y, at milepost 98, in the Susitna Valley.

According to Census 2010, there were 744 housing units in the community and 449 were occupied.

Skwentna Neighborhood⁷

Skwentna is an unincorporated town site located just north of the Skwentna River, and within the Yentna River drainage. Skwentna is not accessible by the road system; however, it serves a hub for local snowmachiners in the winter and boat traffic up the Yentna in the summer.

History, Culture and Demographics

Dena'ina Athabascans have fished and hunted along the Skwentna and Yentna Rivers for centuries. In 1908, an Alaska Road Commission crew blazed a trail from Seward to Nome, going through Old Skwentna from the Susitna River to Rainy Pass. Many roadhouses were later constructed along the trail to the Innoko Mining District, including the Old Skwentna Roadhouse. Prospectors, trappers and Indians often used sled dogs to transport goods over the trail. Max and Belle Shellabarger homesteaded and started a guide service in 1923, and later a flying service and weather station. A post office was opened in 1937. After World War II, Morrison-Knudson built an airstrip, and in 1950, the U.S. Army established a

⁶ All information regarding neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

⁷ All information regarding neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

radar station at Skwentna and a recreation camp at Shell Lake, 15 air miles from Skwentna. In the 1960s, State land disposals increased settlement.

Skwentna residents are scattered over a large area of land. It has a number of seasonal use homes. There is a small local store, and residents use snowmachines or aircraft to travel to the post office.

According to the 2010 Census, there are approximately 37 full time residents. There were 353 housing units in the community and 20 were occupied.

Facilities, Utilities, Schools and Health Care

A number of homes have individual water wells and septic systems, but very few homes are fully plumbed. Outhouses are the primary means of sewage disposal. There is no central electric system; residents provide power via individual generator sets. A community refuse incinerator is available at the unpermitted dump site near the airport, operated by the Borough. The site is currently being used by several families, but most residents burn and bury their own refuse. There are no state operated schools located in the community. Local hospitals or health clinics include Valley Hospital in Palmer. Skwentna is classified as an isolated village, it is found in EMS Region 2C in the Mat-Su Region. Emergency Services is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Lake Creek/Skwentna First Responders.

Economy and Transportation

Employment is provided through local lodges, the post office and the airstrip.

Parcel Descriptions

Alexander Creek Subdivision

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (acres)	MTRS
204863	Alexander Creek West	37	1	79-209	5.00	S17N008W15
204864	Alexander Creek West	38	1	ASLS 79-209	5	S17N008W15
204870	Alexander Creek West	44	1	ASLS 79-209	5	S17N008W15
204875	Alexander Creek West	49	1	ASLS 79-209	4.39	S17N008W15
204899	Alexander Creek West	11	3	ASLS 79-209	4.99	S17N008W10
204900	Alexander Creek West	12	3	ASLS 79-209	4.99	S17N008W10
204901	Alexander Creek West	13	3	ASLS 79-209	4.61	S17N008W10
204905	Alexander Creek West	4	4	ASLS 79-209	5	S17N008W15
204907	Alexander Creek West	6	4	ASLS 79-209	5	S17N008W15
204908	Alexander Creek West	7	4	ASLS 79-209	5	S17N008W15
204910	Alexander Creek West	9	4	ASLS 79-209	5	S17N008W15
204919	Alexander Creek West	18	4	ASLS 79-209	4.6	S17N008W14
204920	Alexander Creek West	19	4	ASLS 79-209	4.68	S17N008W14
204921	Alexander Creek West	20	4	ASLS 79-209	4.65	S17N008W14
204922	Alexander Creek West	21	4	ASLS 79-209	4.99	S17N008W14
204923	Alexander Creek West	22	4	ASLS 79-209	4.91	S17N008W14
204924	Alexander Creek West	23	4	ASLS 79-209	4.87	S17N008W14
204926	Alexander Creek West	25	4	ASLS 79-209	4.81	S17N008W11
204967	Alexander Creek West	10	6	ASLS 79-209	4.99	S17N008W14
204972	Alexander Creek West	15	6	ASLS 79-209	5.00	S17N008W14

Location

There are 20 subject parcels in the Alexander Creek West Subdivision. The parcels are located approximately 34 miles northwest of Anchorage, Alaska, and six miles west of the confluence of the Yentna River and the Susitna River.

Access

Primary summer access to this parcel is by float plane to area lakes, then overland vial platted rights-of-way to parcels. Winter access might be possible by ski-plane or snowmachine.

Size & Shape

The subject parcels are 4.39-acres to 5.00-acres in size and are rectangular to irregular in shape.

Topography

The subdivision topography is characterized by a level to sloping topography. The parcels are located approximately 200 feet above sea level.

Soils/Vegetation

The subdivision is heavily treed with a mix of spruce, birch, and alder trees with large, lower lying tracts of wetlands throughout the subdivision. The soils are typical of the area.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations.

There is a 15' utility easement on each side of all interior lot lines. In addition, all section lines are subject to a 50' easement on each side of the section line. Also, there is a 50' wide access easement along the mean high water or ordinary highwater line of any water body. The subject parcel is not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject is located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for all of the Alexander Creek West parcels. There are no known sales or deed transfers of the subject property within the past three years.

Personal Property

There is no personal property involved with the appraisal of this property.

Alexander Creek West
ADL #204863



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Lot 37 & 38/Block 1 from right to left.

ADL #204864



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #204870

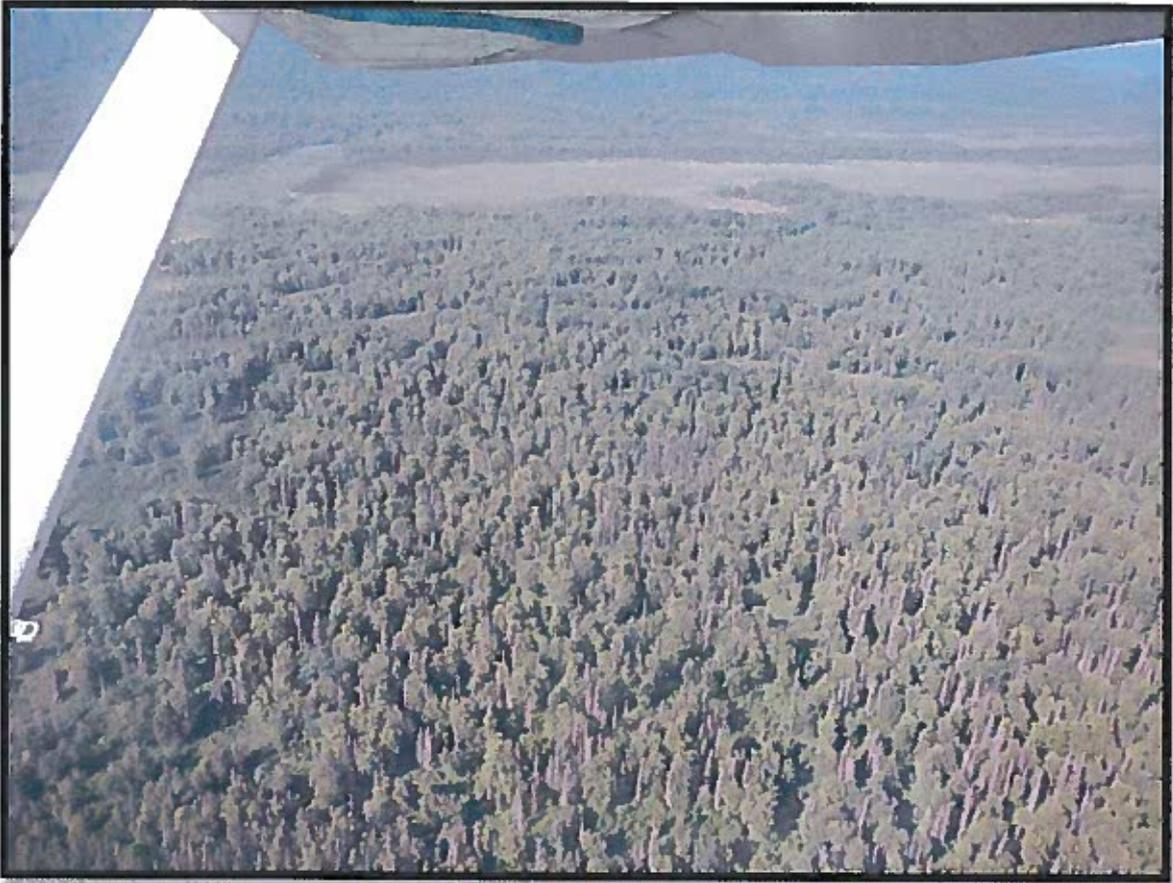


Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #204875



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #204899, #204900, #204901



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #204899, #204900 & #204901, from right to left.

ADL #204905, #204907, & 204908



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #204905, #204907 & #204908, from right to left.

ADL #204910



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #204919 thru #204924, ADL #204926, and #204972



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Top row: ADL #204926

Bottom row starting from right: ADL #204919, #204920, & #204921

Middle row starting from left: #204922, #204923, #204924

Square shaped parcel on the right: ADL #204972

ADL #204967



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Hiline Lake Homestead, ASLS #91-191

ADL	Subdivision	Tract	Survey	Size (acres)	MTRS
224473	Hiline Lake Homestead	A	91-191	18.99	S19N011W19
224475	Hiline Lake Homestead	B	91-191	39.90	S19N011W19
224487	Hiline Lake Homestead	E	91-191	40.08	S19N011W30
224586	Hiline Lake Homestead	H	91-191	40.00	S19N011W29
228809	Hiline Lake Homestead	D	91-191	40.06	S19N011W30
228810	Hiline Lake Homestead	G	91-191	38.25	S19N011W30

Location

There are six subject parcels in the ASLS 91-191, Hiline Lake Homestead Subdivision. The parcels are located approximately 18.0-miles southwest of the Skwentna Airstrip and range from one mile southeast of Hiline Lake to three miles southeast of Hiline Lake.

Access

Primary summer access to this parcel is by float plane to area lakes, then overland via platted rights-of-way to parcels. Winter access might be possible by ski-plane or snowmachine.

Size & Shape

The subject parcels are 18.99-acres to 40.08-acres in size and are rectangular to irregular in shape.

Topography

The subdivision topography is characterized by a level to sloping topography. The parcels are located approximately 800 feet to 1000 feet above sea level.

Soils/Vegetation

The subdivision is heavily treed with a mix of spruce, birch, and alder trees with large, lower lying tracts of wetlands throughout the subdivision. Tract E has approximately 5% wet soils.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations.

There is a 30' public access and utility easement on each side of all tract lines. In addition, all section lines are subject to a 50' easement on each side of the section line. Also, there is a 50' wide access easement along the mean high water or ordinary highwater line of any water body. The subject parcel is not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subjects are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for all of the Hiline Lake Homestead parcels. There are no known sales or deed transfers of the subject property within the past three years.

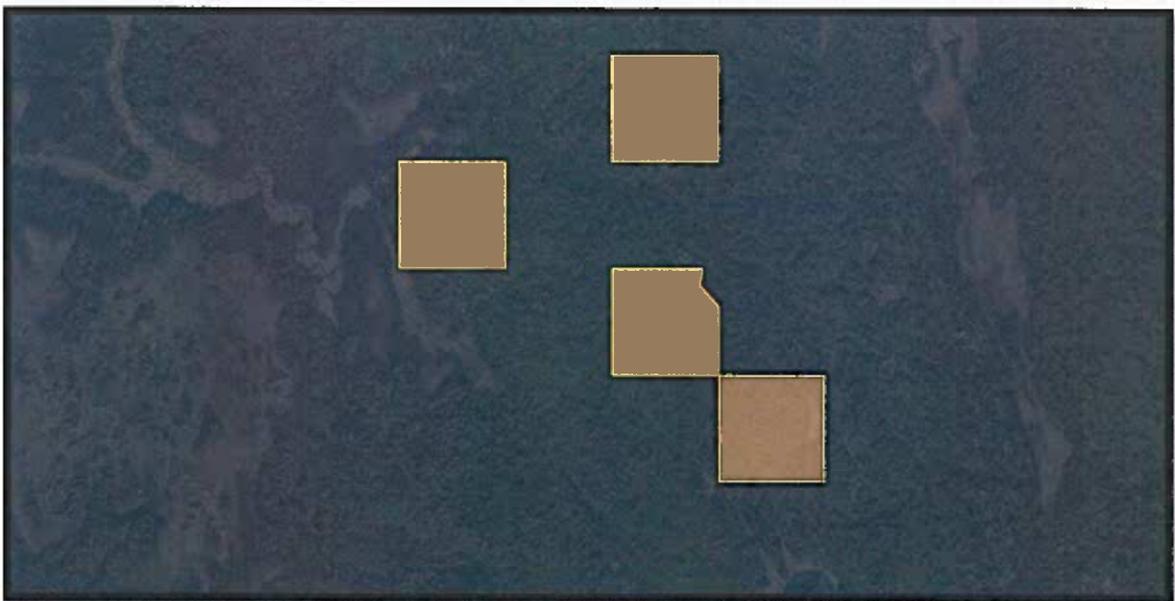
Personal Property

There is no personal property involved with the appraisal of this property.

ADL #224487, #228809, #228810 and ADL #224586



Aerial field inspection photo of subdivision.



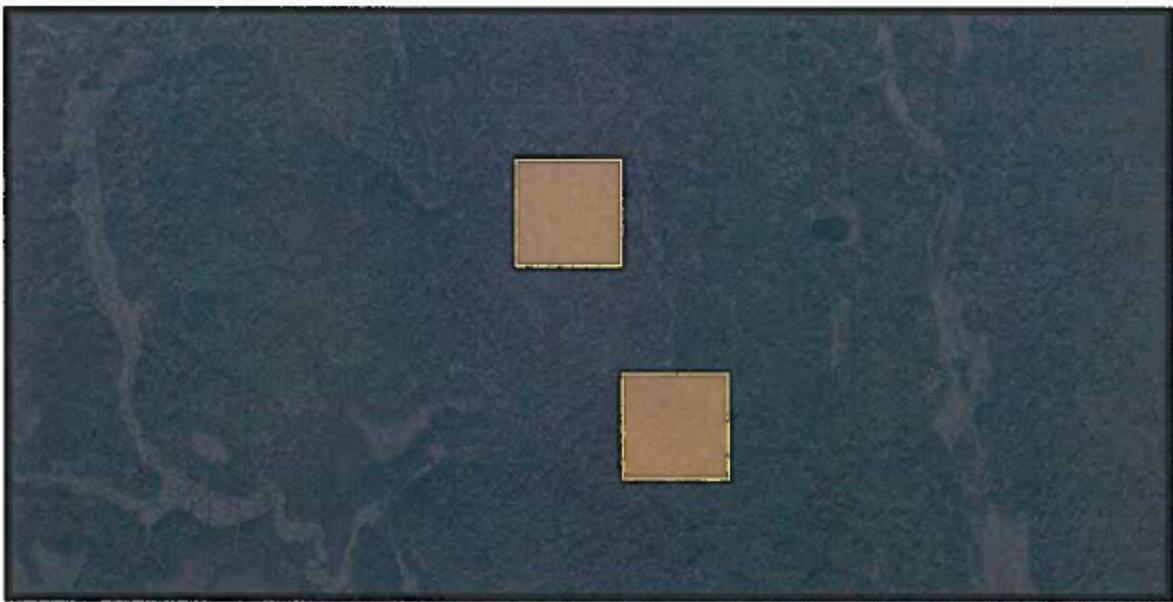
Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Left side: ADL #224487. Right side top to bottom: ADL #228809, ADL# 228810, and ADL #224586.

ADL #224475 and ADL#228809



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Top: ADL #224475; Bottom: ADL #228809

ADL #2244763



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Hiline Lake Homestead, ASLS 90-116

ADL	Subdivision	Tract	Survey	Size (acres)	MTRS
224608	Hiline Lake Homestead	-	90-116	20.06	S19N012W22

Location

There is one subject parcel in the ASLS 90-116, Hiline Lake Homestead Subdivision. The parcel is located approximately 19.5-miles southwest of the Skwentna Airstrip and one mile west of the southwestern shoreline of Hiline.

Access

Primary summer access to this parcel is by float plane to area lakes, then overland vial platted rights-of-way to parcels. Winter access might be possible by ski-plane or snowmachine.

Size & Shape

The subject parcel is 20.06-acres in size and is rectangular in shape.

Topography

The subdivision topography is characterized by a level to sloping topography. The parcel is located at approximately 900 feet above sea level.

Soils/Vegetation

The subdivision is heavily treed with a mix of spruce, birch, and alder trees with large, lower lying tracts of wetlands throughout the subdivision. The soils are typical of the area.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations.

There is a 30' public access and utility easement on each side of all tract lines. In addition, all section lines are subject to a 50' easement on each side of the section line. Also, there is a 50' wide access easement along the mean high water or ordinary highwater line of any water body. The subject parcel is not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject is located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for the Hiline Lake Homestead parcel. There are no known sales or deed transfers of the subject property within the past three years.

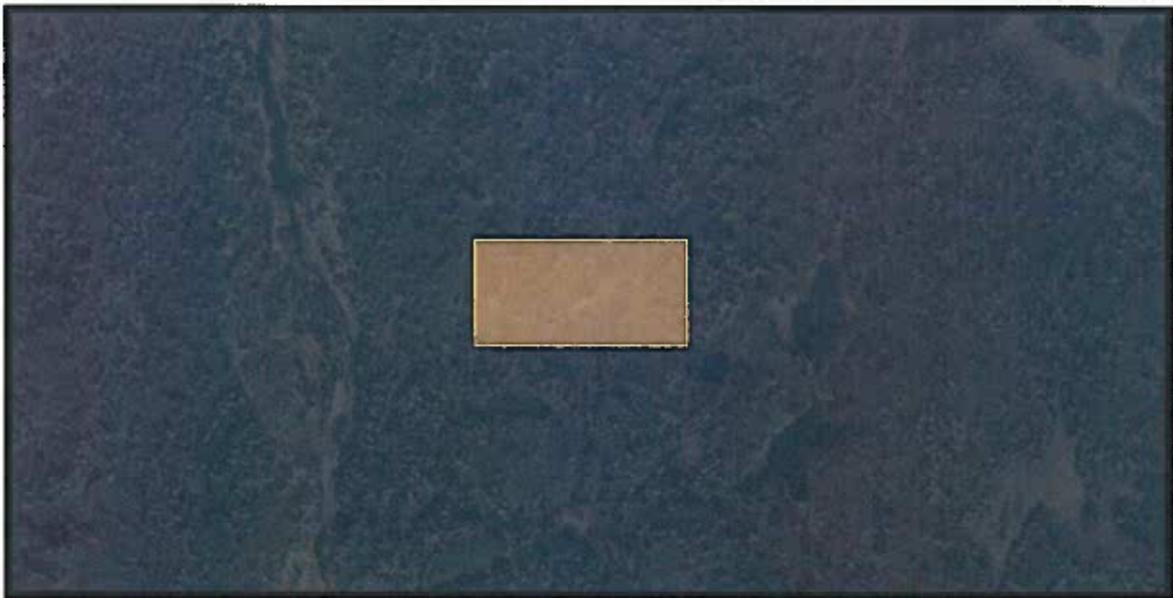
Personal Property

There is no personal property involved with the appraisal of this property.

ADL #224608



Aerial field inspection photo of subdivision.



Satellite image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Hiline Lake Homestead, ASLS 91-257

ADL	Subdivision	Tract	Survey	Size (acres)	MTRS
224601	Hiline Lake Homestead, Odd Lot	A	91-257	20.01	S19N012W24
224611	Hiline Lake Homestead, Odd Lot	U	91-257	20.05	S19N012W22

Location

There are two subject parcels in ASLS 91-257, Hiline Lake Homestead Subdivision. The parcels are located approximately 19-miles southwest of the Skwentna Airstrip and range from one mile west to one quarter mile east of the south shoreline of Hiline.

Access

Primary summer access to this parcel is by float plane to area lakes, then overland vial platted rights-of-way to parcels. Winter access might be possible by ski-plane or snowmachine.

Size & Shape

The subject parcels are 20.01-acres and 20.05-acres in size and are rectangular in shape.

Topography

The subdivision topography is characterized by a level to sloping topography. The parcels are located at approximately 700 feet to 900 feet above sea level.

Soils/Vegetation

The subdivision is heavily treed with a mix of spruce, birch, and alder trees with large, lower lying tracts of wetlands throughout the subdivision. Tract U has approximately 10% wet soils.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations.

There is a 30' public access and utility easement on each side of all tract lines. In addition, all section lines are subject to a 50' easement on each side of the section line. Also, there is a 50' wide access easement along the mean high water or ordinary highwater line of any water body. The subject parcels are not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject parcels are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for both of the Hiline Lake Homestead Odd Lot parcels. There are no known sales or deed transfers of the subject property within the past three years.

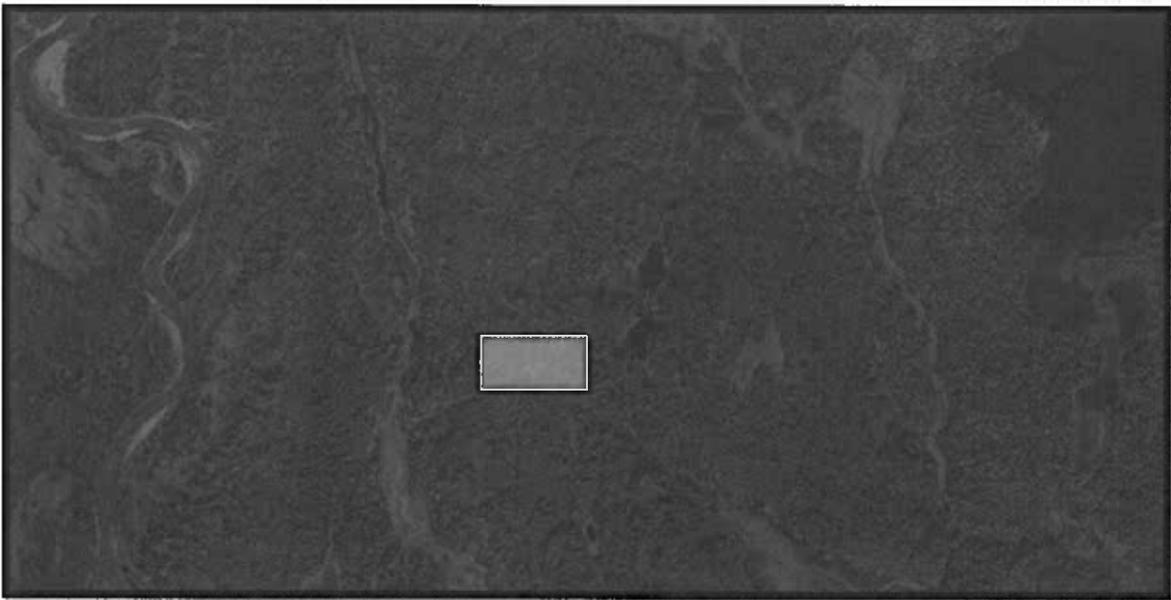
Personal Property

There is no personal property involved with the appraisal of this property.

ADL #224601



Aerial field inspection photo of subdivision.

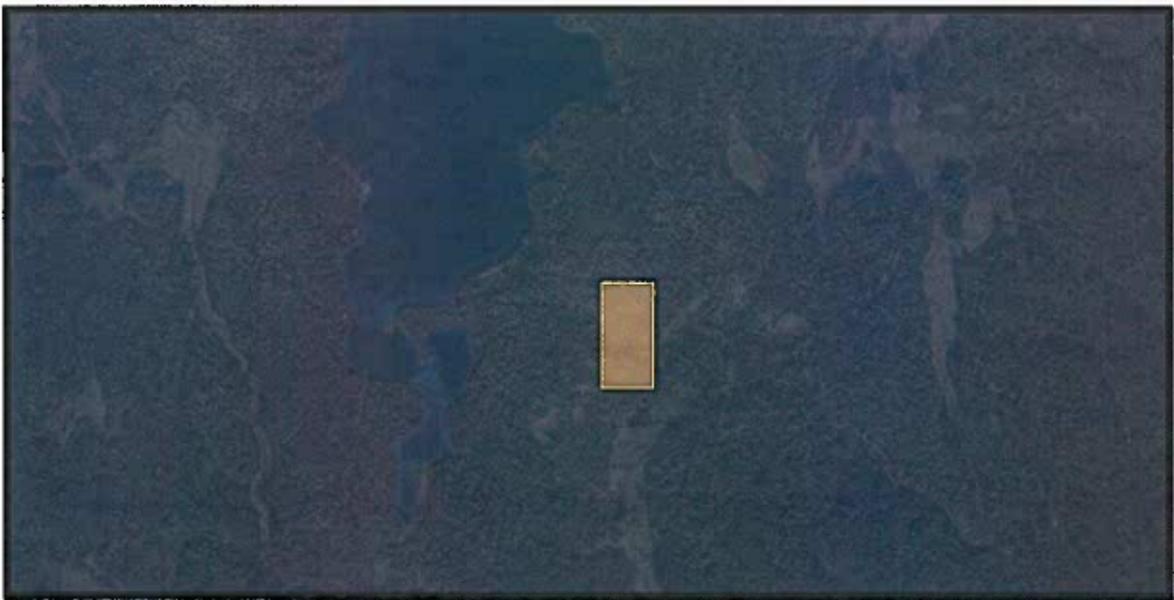


Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

ADL #224611



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Kahiltna Flats Subdivision

ADL	Subdivision	Lot/Block	Survey	Size (acres)	MTRS
213526	Kahiltna Flats	L28/B9	80-175	5.00	S21N007W35

Location

Kahiltna Flats Subdivision is located approximately 50 miles northwest of Anchorage, and approximately 15 miles west of Willow, between the Kahiltna River and the Deshka River.

Access

The subject parcel has direct frontage on a floatplane accessible lake. As such, primary summer access to this parcel is via floatplane. Primary winter access is by ski plane or by snowmachine.

Size & Shape

The subject parcel is 5.00-acres in size and is irregular in shape.

Topography

The topography of the subject parcel is characterized by a generally level topography with minimal variation in elevation. The parcel is approximately 300 feet above sea level.

Soils/Vegetation

Subdivision contains primarily mature birch and spruce mix with some areas of wetlands within the tracts. Soils are typical of the surrounding area, with the larger portions of wetlands identified as tracts within the subdivision. Approximately 45% of ADL #213526 is comprised of wetlands.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

No zoning, the subjects are located within an unregulated area of the Mat-Su Borough. Parcels are subject to a 10' easement on each side of common lot lines, and structures may not be constructed within 25' of a right of way. The survey plat indicates a 50' public access easement along the mean high water or ordinary high-water line of any water frontage of any sort. Additionally, there is a fifty-foot easement on each side of each section line within the subdivision.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments⁸

The subjects are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2013 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Kahiltna Flats Subdivision. A contract to purchase the subject parcel was recorded on 07/31/2017. The contract was terminated on 02/15/2019 and the parcel was placed into potential reoffer status.

⁸ <http://www.matsugov.us/realpropertyquery/detail> accessed 12-30-2019

Personal Property

There is no personal property involved with the appraisal of this property.

ADL #213526



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

Quartz Creek West RRCS

ADL	Subdivision	Tract	Survey	Size (acres)	MTRS
228863	Quartz Creek West RRCS	D	2003-42	12.31	S20N013W12
229079	Quartz Creek West RRCS	G	2003-42	12.54	S20N012W07
229080	Quartz Creek West RRCS	F	2003-42	18.40	S20N012W07

Location

The Quartz Creek West RRCS parcels are located approximately 14.0-miles southwest of the Skwentna Airstrip, and 2.8 miles south of the confluence of Canyon Creek and The Skwentna River.

Access

Primary summer access to these parcels is via floatplane. Winter access is by ski-plane or snowmachine. ADL #228863 has tier one frontage on a small floatplane accessible lake. The remaining parcels have direct frontage on another small floatplane accessible lake.

Size & Shape

The subject parcels range in size from 12.31-acres to 18.40-acres and are irregular in shape.

Topography

The subdivision topography is characterized by a level to a slightly sloping topography. The parcels are located approximately 600 feet above sea level.

Soils/Vegetation

The vegetation is predominately treed with a mix of spruce, birch, and alder trees with areas of wetlands throughout the subdivision. The soils are typical of the area.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

The subject parcels are subject to a 30' utility and public access easement on each side of lot lines. The parcels are also subject to a 50' easement on each side of protracted or surveyed section lines. In addition, there is a 100' building setback from the ordinary high-water line of any public or navigable water ways. The subject parcels are not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject parcels are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when properties are sold into private ownership. The 2019 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for the Quartz Creek West RRCS parcels. There are no other known sales or deed transfers of the subject property within the past three years.

Personal Property

There is no personal property involved with the appraisal of this property.

ADL #228863, ADL#229079, and ADL #229080.



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.
ADL #228863 on the left. ADL #229079 at top right, and ADL#229080 at bottom right.

Super Cub Subdivision

ADL	Subdivision	Lot/Block	Survey	Size (acres)	MTRS
211270	Super Cub	L7/B3	80-132	5.000	S16N011W23
211271	Super Cub	L8/B3	80-132	4.998	S16N011W23

Location

The Super Cub subdivision parcels are located approximately 36 miles southwest of Skwentna, Alaska, and 9.8 miles northeast of Beluga Lake.

Access

Summer access to these parcels is challenging. It may be possible to land a float plane in area lakes and then overland to parcels. Winter access is by ski-plane or snowmachine. The subject parcel abuts a platted, yet unimproved, airstrip.

Size & Shape

The subject parcels are 4.998 - 5.00 acres in size and are irregular in shape.

Topography

The subdivision topography is characterized by a level to undulating topography. The parcels are located approximately 900 feet above sea level.

Soils/Vegetation

The vegetation is predominately treed with a mix of spruce, birch, and alder trees with areas of wetlands throughout the subdivision. Both subject parcels have approximately 10% wet soils.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

The subject parcel is subject to a 10' utility easement on each side of common lot lines. The subject parcels are not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject parcels are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when properties are sold into private ownership. The 2019 mill rate for the subject subdivision was 10.959.

Ownership History

The Department of Natural Resources is the current owner of record for the Super Cub parcels. There are no other known sales or deed transfers of the subject property within the past three years.

Personal Property

There is no personal property involved with the appraisal of this property.

ADL #211270 and #211271



Aerial field inspection photo of subdivision.



Satellite Image. The yellow outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.
ADL #211271 on the left and ADL #211270 on the right.

ADL

DATA ANALYSIS AND CONCLUSION

The subject parcels in this analysis have been grouped into to three groups based on market area; Interior Remote Interior parcels, Super Cub Subdivision parcels, and Remote Lakefront parcels. All of the groups contain more than one parcel. Therefore, a key parcel will be identified in each group and the Key Parcel method of analysis will be utilized.

Remote Interior Parcels

Highest and Best Use

Analysis of highest and best use for 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:

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.”⁹

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 parcels are vacant and unimproved.

Legally Permissible

The Key Parcel is not encumbered by any known zoning requirements that would restrict potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Almost any legal use of the site would be possible.

Physically Possible

The size and physical characteristics of the Key Parcel are adequate to support all reasonable and probable uses.

Financially Feasible

The Key Parcel lacks developed access or utilities. As a result, development as a residential home site is not financially feasible.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. The immediate vicinity is characterized by private recreation. Outdoor recreational activities are the primary motivations for the surrounding recreational users.

Highest and Best Use of Land as Vacant

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

Valuation Analysis

Three approaches to value 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 to lease vacant land for a residential use therefore data that supports this approach is not available.

⁹ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

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. As such, the cost approach will not be used.

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. Of the three approaches to value, only the sales comparison approach is applicable.

Key Parcel Method

When 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. This methodology replicates typical developer thinking and will be used for valuing all of the subject parcels in this report.

Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are 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 (or -) means the sale feature is superior to that appraised property and requires a downward adjustment to match the quality of the key parcel's feature, thus indicating the value of the key parcel. An adjustment greater than 1.00 (or +) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to match, thus indicating the value of the key parcel. An adjustment of 1.00 (or =) 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 the remaining appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. Detailed information about the comparable sales and the adjustments is contained in this report and addenda.

Unit of Comparison

Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The Key Parcel will be valued on a per acre basis.

Rights Conveyed

Fee simple less mineral rights as per Alaska Statute 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms

In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. In general, a cash transaction would tend to be at the lower end of the price range with listings or sales with favorable financing usually setting the upper limit.

Conditions of Sale

Unless otherwise noted, the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

Market Conditions (Time)

Analysis of real estate sales in the subject area indicates that prices of vacant land have been stable in recent years. Comparable sales used in this valuation are the most recent transactions available and do not need to be adjusted for time.

Location

The Key Parcel and most of the comparable sales are located in the same market area. No location adjustments were warranted.

Size & Topography

All of the comparable sales within this analysis required site size adjustments. The DNR site size adjustment method was utilized to calculate site size adjustments. An explanation of this method is located in the addendum. There are no major topographical deficiencies which would require an adjustment.

Access

The Key Parcel and all of the comparable sales have similar access and no adjustments for access were required

Building Site Condition and Soil Quality Adjustments

The key parcel and most of the comparable sales have adequate soils and good building sites. Approximately 30% of the land area of Sale #2 is wet, poorly drained soil. In effect, poorer soils reduce potential building sites. The following soil adjustment schedule is extrapolated from a paired sales analysis which was developed in appraisal #3568-0.

Soil Adjustment Schedule	
% Poorly Drained Soils	Adjustment
< 30%	1.0
30%	0.95
40%	0.95
50%	0.90
60%	0.85
>70%	0.80

Utilities

The Key Parcel and all comparable sales lack utilities, no adjustment is necessary.

Amenities

Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to bodies of water, exceptional views are examples of amenities that may warrant adjustments. Sale #1 and Sale #2 required a downward adjustment for having creek frontage. Market observations in the area indicated that a nominal 10% adjustment for creeks and ponds is warranted. This is consistent with past appraisals in the area, and will be applied to this analysis.

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

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550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
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Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
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(Corner of University & Airport Way)
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