

MARKET VALUE APPRAISAL
of
Various Parcels of Vacant Land in Glennallen and
Copper Center Area

Appraisal Report No.4656-0



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
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MEMORANDUM

State of Alaska

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DATE: February 12, 2024

TO: Kevin Hindmarch
Review Appraiser

FROM: Mike Dooley 

SUBJECT: Appraisal of 10 parcels of land located near the community of Glennallen, Alaska and Copper Center, Alaska. 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.

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	ii

PREMISES OF THE APPRAISAL

Table of Contents	3
Appraisal Summary	4
Type of Appraisal and Report	5
Purpose and Use of the Appraisal	5
User and Client Identity	5
Property Rights Appraised	5
Definition of Market Value	2
Effective Date of Value Estimate	5
Exposure Time	6
Sale History	6
Scope of the Appraisal	6
Assumptions and Limiting Conditions	7

PRESENTATION OF DATA

Area Analysis	8
Parcel Descriptions	10

DATA ANALYSIS AND CONCLUSION

Highest and Best Use	29
Approaches to Value	29
Data Analyses and Conclusion	32
Certification of Value	41

ADDENDA

Subject Parcels Survey	
Comparable Sales Forms	
DNR Size Adjustment Method	
DNR Land Disposal Appraisal Instructions	
Appraiser Qualifications	

APPRAISAL SUMMARY

Subdivision Name	Location	Lot Size (acres)
Copper Center OTE	There is one Copper Center OTE Subdivision parcel. The subject parcel is located approximately 7.75 miles south of Glennallen, Alaska.	2.71
Glenallen Area II	There are three subject parcels located in the Glenallen Area II Subdivision. The parcels are located 1.3 miles northwest of the intersection of the Glenn Highway and the Richardson Highway, in Glennallen.	2.53-5.46
Sven	There is one subject parcel in the Sven Subdivision. The subject is located 1.26 miles south of Glennallen, Alaska.	2.12
Tazlina Northwest	There is one subject parcel in the Tazlina Northwest Subdivision. The subject is located approximately 4.75 miles south of Glennallen.	5.00
Tazlina Southwest	There are three subject parcels in the Tazlina Southwest Subdivision. The subjects are located approximately 7.5- 8.5 miles south of Glennallen.	2.37-10.14
Willowcrest	There is one subject parcel in the Willowcrest Subdivision. The subjects are located approximately 19.0 miles south of Glennallen and 6.75 miles south of Copper Center, Alaska.	4.97

Value Summary

	Subdivision	Lot	Block/ Tract	ASLS	Size (acres)	Value (RND)
232488	Copper Center OTE	2	14	79-42	2.71	\$5,800
204762	Glenallen Area II	3	-	79-249	5.46	\$9,200
204764	Glenallen Area II	5	-	79-249	3.81	\$7,200
204774	Glenallen Area II	15	-	79-249	2.53	\$5,800
230134	Sven	10	1	2004-43	2.12	\$19,100
204708	Tazlina Northwest	11	7	79-226	5.00	\$7,800
204514	Tazlina Southwest	6	1	79-121	10.17	\$12,600
204521	Tazlina Southwest	6	2	79-121	2.37	\$5,000
204532	Tazlina Southwest	8	3	79-121	3.51	\$7,300
204397	Willowcrest	7	1	80-8	4.97	\$8,600

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

The effective date for the subject parcels is September 27, 2023.

Date of Report

February 12, 2023

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 2/1/2024.

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

The parcels are recreational lots located near the communities of Glennallen and Copper Center. An exposure time for the subject parcels of up to one to two year is reasonable.

Sale History

The Copper Center OTE parcel, ADL #232488, sold in 2019 and was relinquished in September of 2022.

Glenallen Area II parcel, ADL #504762 parcel, sold in 2016 and was relinquished in September of 2022.

The Sven parcel, ADL #230134, sold in 2010 and was relinquished in September of 2022.

The Tazlina Southwest parcel, ADL #204514, sold in 2017 and was relinquished in September of 2022.

The Tazlina Southwest parcel, ADL #204532, sold in 2018 and was relinquished in September of 2022.

The Willowcrest parcel, ADL #204532, sold in 2020 and was relinquished in September of 2022.

All of the relinquished parcels above were placed back into Potential Reoffer Status. There are no known sales or deed transfers of any of the subject parcels within the past three years.

Prior Appraisal History

I appraised ADL #204764 and ADL #204774 on February 24, 2021. I have not previously appraised any of the other subject parcels in the preceding three years.

SCOPE OF WORK**Property and Comparable Sales Inspection**

The subject parcels were inspected by fixed wing aircraft on September 27, 2023. A subsequent inspection of the access to the subdivisions was also performed on September 27, 2023. The comparable sales that have not previously been inspected were inspected during this period.

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.

⁴ Uniform Standards of Professional Appraisal Practice 2024 Appraisal Foundation, U-2

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 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

The subject parcels are located near the communities of Glennallen and Copper Center. The Glenn Highway and the Richardson Highway provide road access to these communities. The subject parcels are recreational parcels that have various access means. Below is a description of the individual subdivisions and nearby communities.

Glennallen⁵

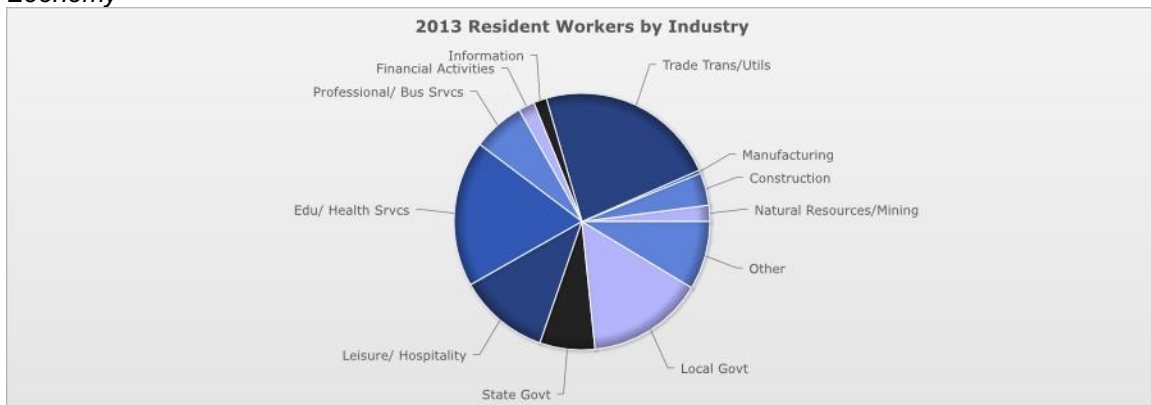
Current Population:	514 (2013 Alaska Department of Labor Estimate)
Incorporation Type:	Unincorporated
Located In:	Valdez-Cordova Census Area
School District:	Copper River School District

Location The community of Glennallen lies along the Glenn Highway at its junction with the Richardson Highway, 189 road miles east of Anchorage. It is located just outside the western boundary of Wrangell-St. Elias National Park.

Climate Glennallen lies in the continental climate zone, characterized by about 20 inches of average annual precipitation and an average temperature of about 22 °F. Temperature extremes are greater in the Continental zone than in the other climatic zones. The coldest month in 2013 was December, with a mean minimum temperature of -13.2 °F. The warmest month was June, with a mean maximum temperature of 74.2 °F.

Transportation Glennallen is located at milepost 187 on the Glenn Highway, northeast of Anchorage and just west of the junction with the Richardson Highway. It is the supply hub of the Copper River region. The Gulkana Airport, five miles northeast of Glennallen, provides scheduled flights to Anchorage and McGarthy.

Economy



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

Copper Center⁶

Current Population:	315 (2013 Alaska Department of Labor Estimate)
Incorporation Type:	Unincorporated
Located In:	Valdez-Cordova Census Area
School District:	Copper River School District

Location Copper Center is located between miles 101 and 105 of the Richardson Highway. It is on the west bank of the Copper River at the confluence of the Klutina River. It lies just west of the Wrangell-St. Elias National Park.

Climate Copper Center is located in the continental climate zone. Winters are long and cold, and summers are relatively warm. Temperature extremes have been recorded from a low of -74 to a high of 96 °F. Annual snowfall averages 39 inches, and total precipitation averages 9 inches per year.

Transportation Copper Center lies on the Richardson Highway. A state-owned gravel airstrip provides for chartered flights and general aviation.

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

Parcel Descriptions
Property Description for Copper Center OTE Subdivision

ADL	Lot	Block	ASLS	Size (acres)	MTRS
232488	2	14	79-42	2.71	C003N001W34



Location

The Copper Center OTE parcel is located 7.75 miles south of Glennallen and approximately 1/2 miles south of the Intersection of the New and Old Richardson Highways.

Access

Access to the parcel is from the Richardson Highway then via the platted but undeveloped rights-of-way within the subdivision.

Size & Shape

The subject parcel is 2.71-acres in size and is irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcel is located approximately 1,300 feet above sea level.

Soils/Vegetation

The parcel contains primarily mature spruce trees with an area of wetland in the southern corner. Soils are typical of the surrounding area.

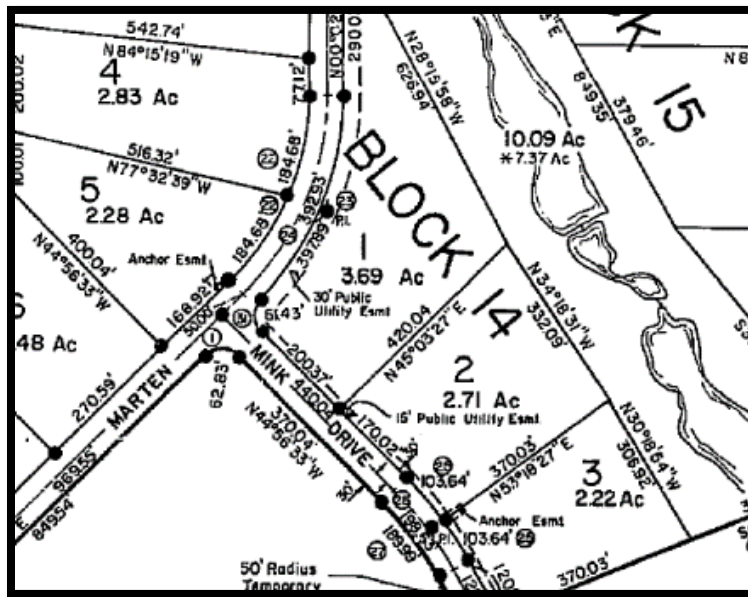
Utilities, Water & Sewer

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' public utility easement along the platted right-of-way on the southwest lot line.

ADL #232488



Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcel falls within the Unorganized Borough. As such, the parcel is not subject to property taxes.

Ownership History

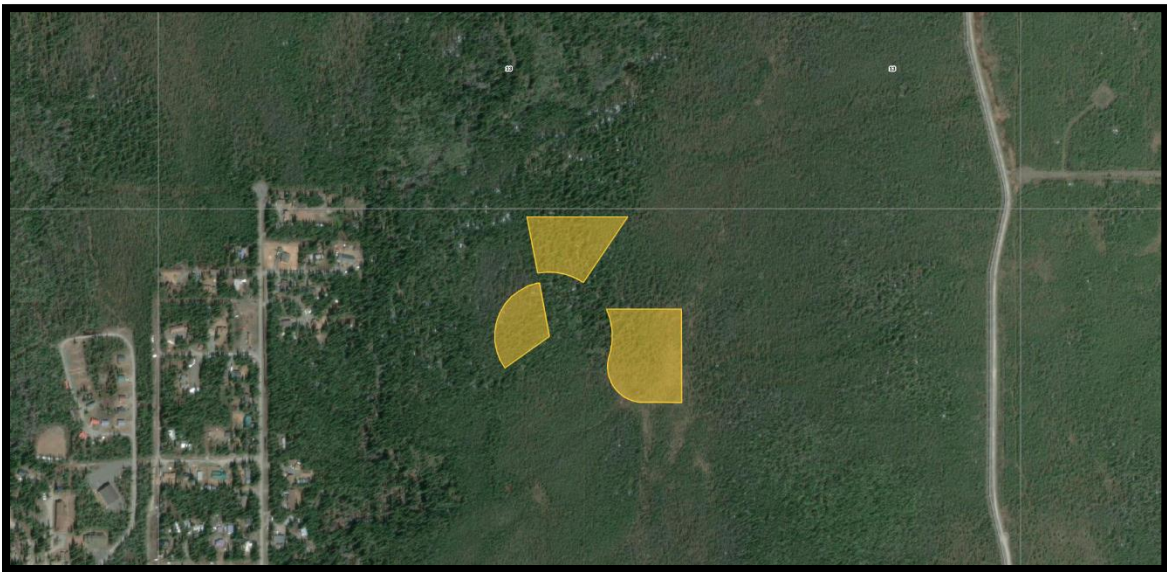
The Department of Natural Resources is the current owner of record for the subject parcel. There was a contract to purchase the subject in 2019. The buyer relinquished the parcel in September of 2022 and the parcel was placed into potential reoffer status. There are no other known sales or deed transfers of the subject property within the past three years.

Personal Property

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

Property Description for Glenallen Area II Parcels

ADL	Lot	Block	ASLS	Size (acres)	MTRS
204762	3	-	79-249	5.46	C004N002W24
204764	5	-	79-249	3.81	C004N002W24
204774	15	-	79-249	2.53	C004N002W24



Location

The Glenallen Area II parcels are located 1.3 miles northwest of the intersection of the Glenn Highway and the Richardson Highway, in Glenallen.

Access

Access to the parcels is from the Glenn Highway to the north end of Terrace Drive, then via the platted, but undeveloped rights-of-way within the subdivision.

Size & Shape

The subject parcels are 2.53 to 5.46-acres in size and are irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcels are located approximately 1,500 feet above sea level.

Soils/Vegetation

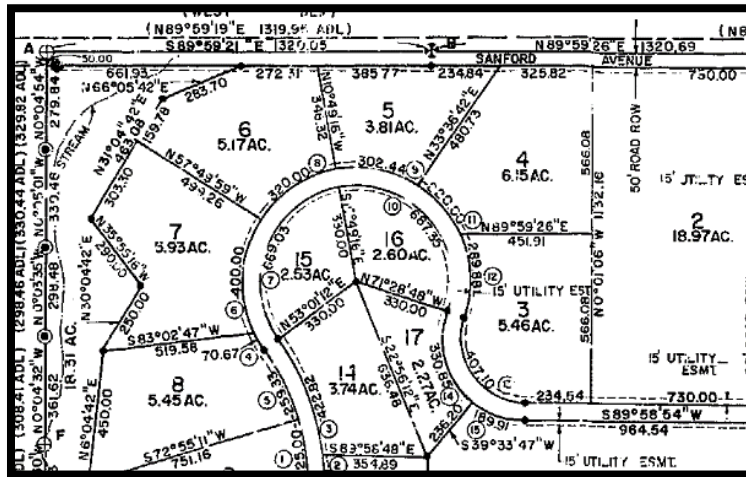
The parcels contain primarily mature spruce and birch trees. Soils are typical of the surrounding area.

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 are 15' public utility easements along the platted rights-of-way for all of the lots. There is a 50' section line easement along the north lot line of Lot 5.



Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels fall within the Unorganized Borough. As such, the parcels are not subject to property taxes.

Ownership History

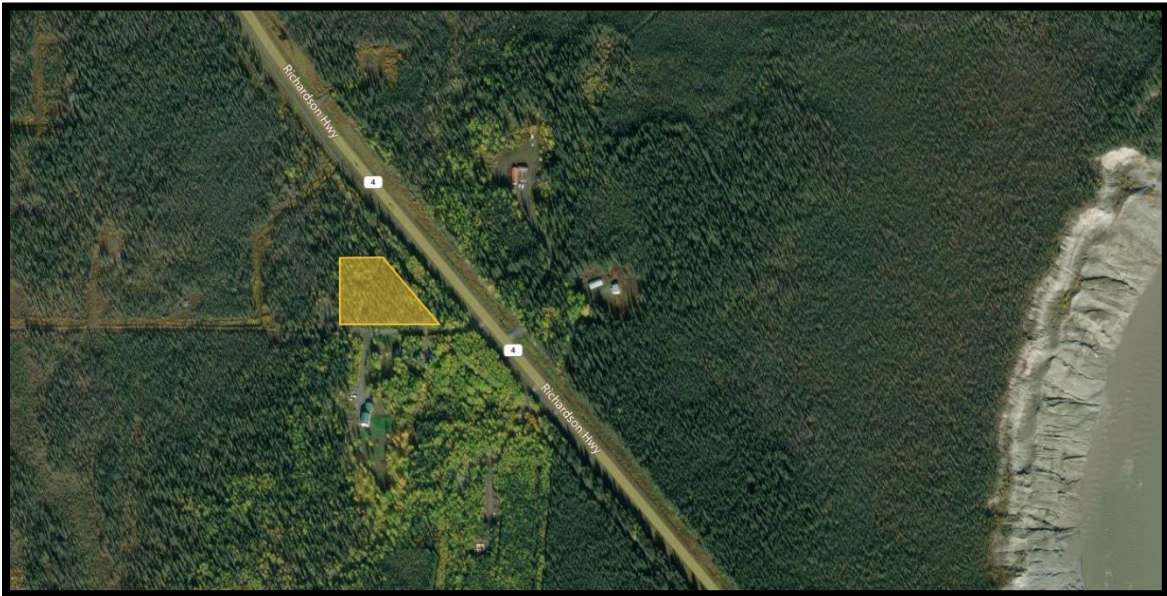
The Department of Natural Resources is the current owner of record for the subject parcel. There was a contract to purchase ADL 204762 initiated in 2016. The buyer relinquished the parcel in September of 2022 and the parcel was placed into potential reoffer status. There are no other known sales or deed transfers of the subject properties within the past three years.

Personal Property

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

Property Description for Sven Subdivision

ADL	Lot	Block	ASLS	Size (acres)	MTRS
230134	10	1	2004-43	2.12	C004N001W29



Location

The Sven parcel is located 1.25 miles south of Glennallen, Alaska.

Access

Access to the parcel is from the Richardson Highway to Arne Drive.

Size & Shape

The subject parcel is 2.12-acres in size and is irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcel is located approximately 1,300 feet above sea level.

Soils/Vegetation

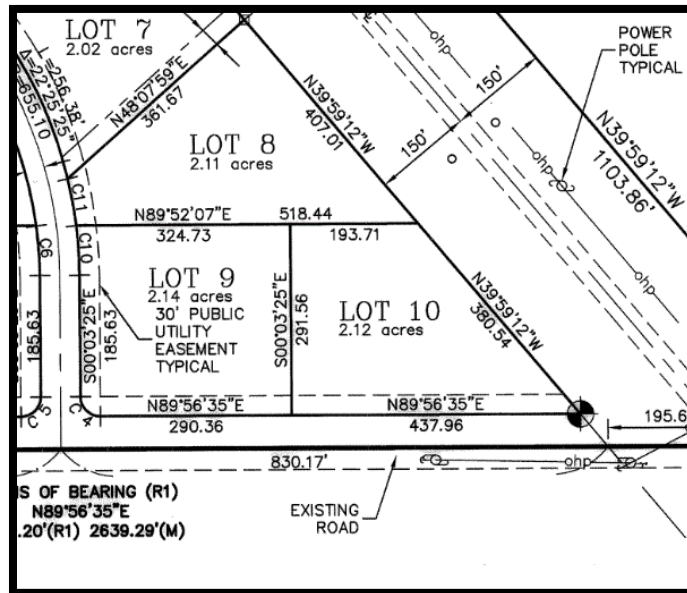
The parcel contains primarily mature spruce trees with an area of wetland bordering the north and the west lot lines.

Utilities, Water & Sewer

Overhead electrical service is located along Arne Drive. 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' public utility easement along the platted right-of-way on the southwest lot line.



Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcel falls within the Unorganized Borough. As such, the parcel is not subject to property taxes.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel. There was a contract to purchase the subject initiated in 2010. The buyer relinquished the parcel in September of 2022 and the parcel was placed into potential reoffer status. 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.

Property Description for Tazlina Northwest Parcel

ADL	Lot	Block	ASLS	Size (acres)	MTRS
204708	11	7	79-226	5.00	C00N001W34



Location

The Tazlina Northwest parcel is located approximately 4.75 miles south of Glenallen.

Access

Access to the parcel is from the Richardson Highway to the subdivision, then via platted but undeveloped rights-of-way to the subject.

Size & Shape

The subject parcel is 5.0-acres in size and is irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcel is located approximately 1,400 feet above sea level.

Soils/Vegetation

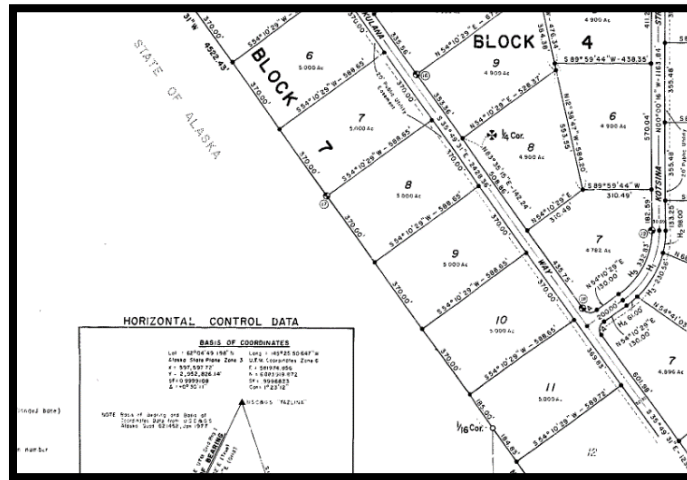
The parcels contain primarily mature spruce trees with an area of wetland bordering the north and the west lot lines.

Utilities, Water & Sewer

Electrical service is not extend to the subject parcel. 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' public utility easement along the platted right-of-way on the southwest lot line.



Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcel falls within the Unorganized Borough. As such, the parcel is not subject to property taxes.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel. There was a contract to purchase the subject initiated in 2010. The buyer relinquished the parcel in September of 2022 and the parcel was placed into potential reoffer status. There are no other known sales or deed transfers of the subject property within the past three years.

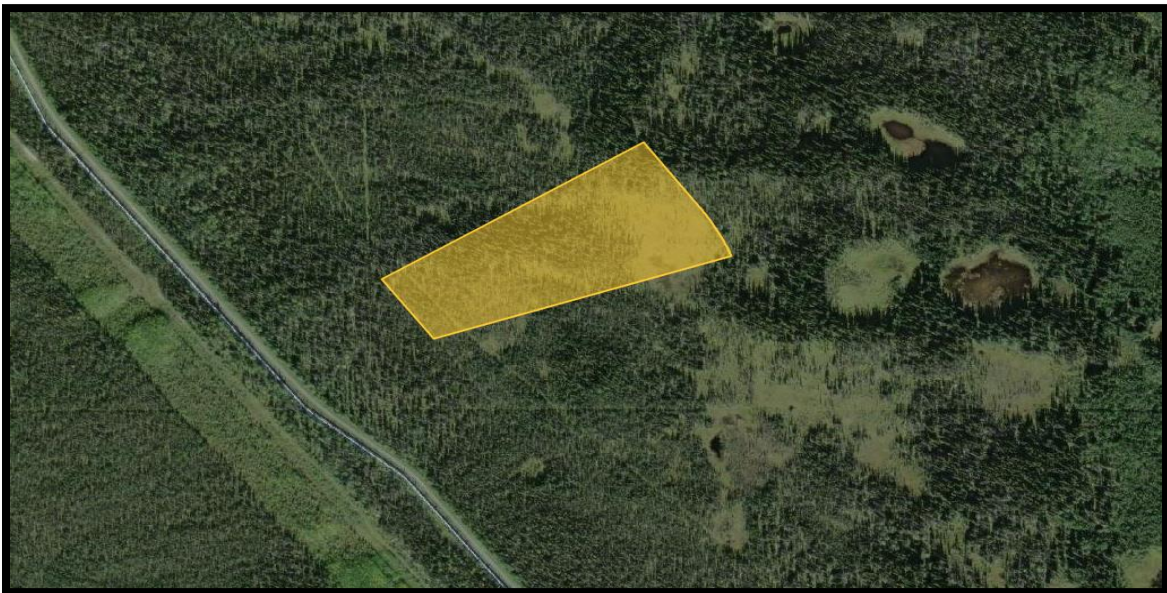
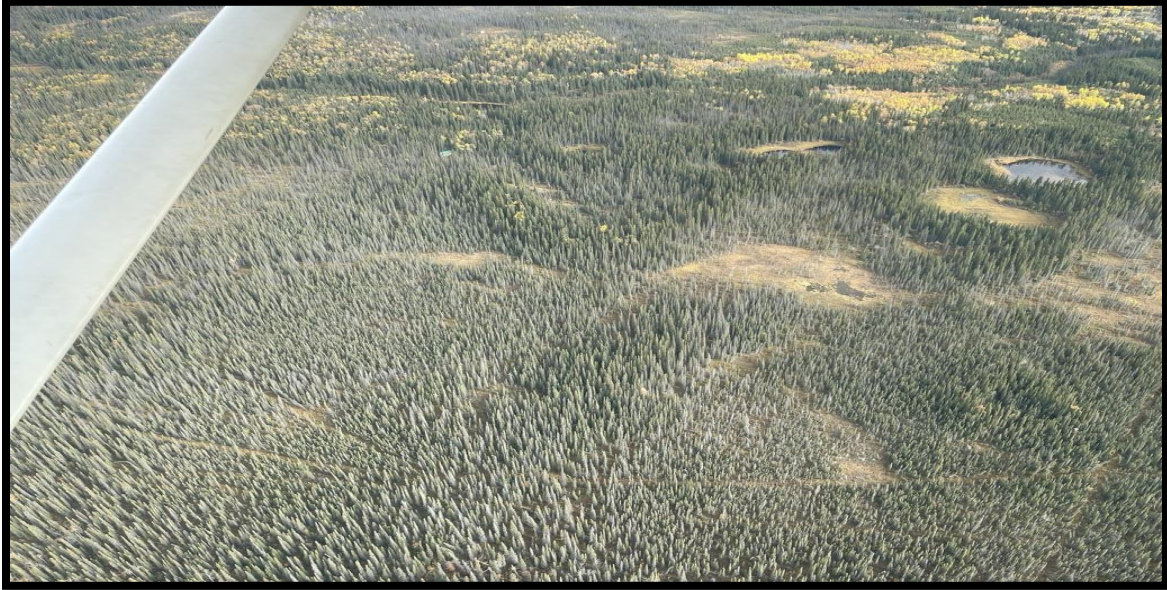
Personal Property

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

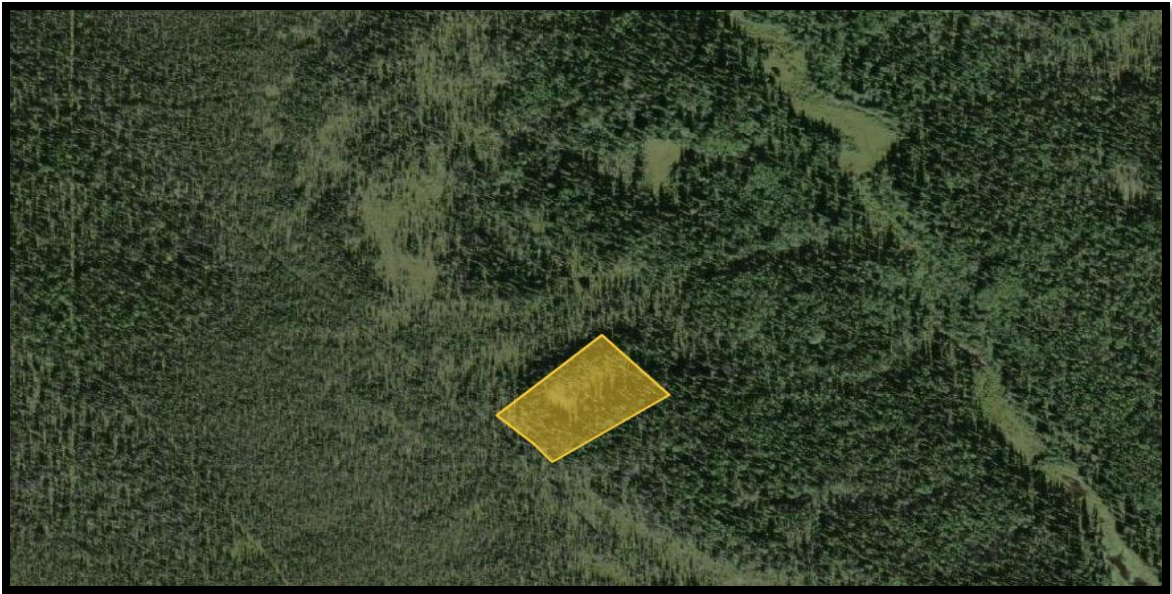
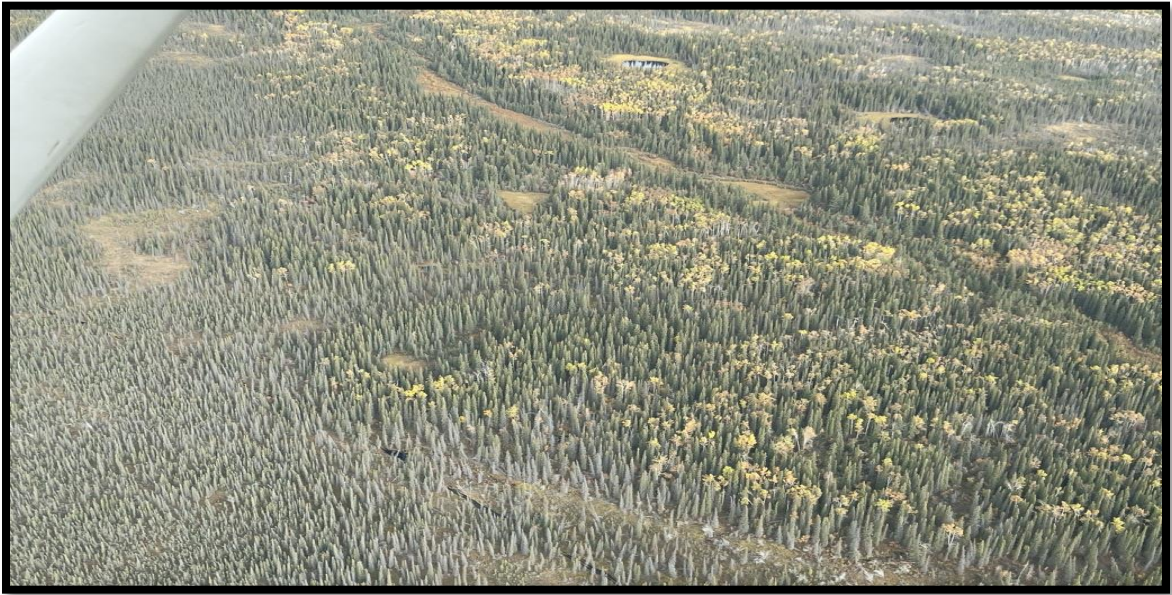
Property Description for Tazlina Southwest Parcels

ADL	Lot	Block	ASLS	Size (acres)	MTRS
204514	6	1	79-121	10.17	C003N001W34
204521	6	2	79-121	2.37	C003N001W34
204532	8	3	79-121	3.51	C003N001W34

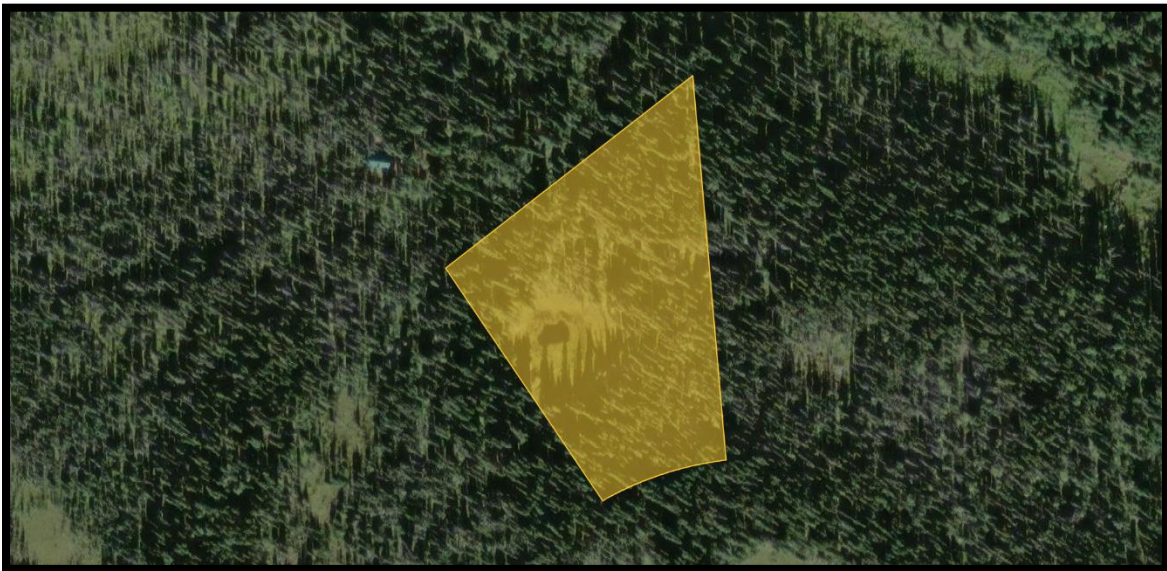
ADL 204514



ADL 204521



ADL 204532



Location

The Tazlina Southwest parcels are located approximately 7.5-8.5 miles south of Glennallen.

Access

Access to the parcels is from the Richardson Highway to the platted rights-of-way within the subdivision. The roads are not improved to the subject parcels.

Size & Shape

The subject parcels are 2.37 to 10.17-acres in size and are irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcels are located approximately 1,300 feet above sea level.

Soils/Vegetation

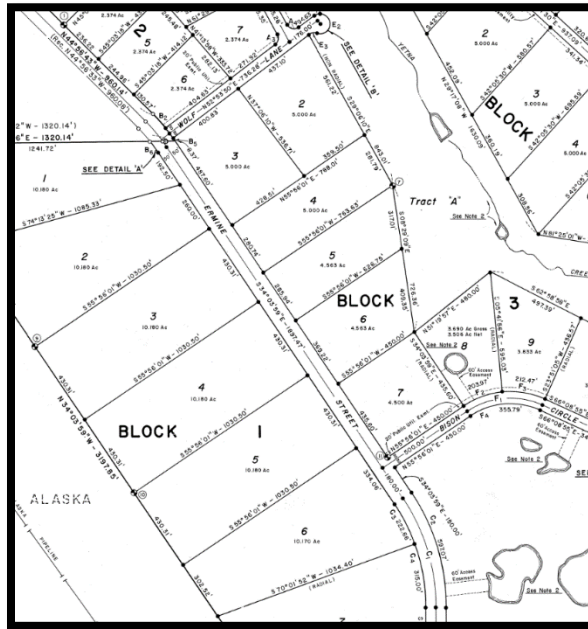
The parcels contain primarily mature spruce and birch trees. Soils are typical of the surrounding area. There is a pond in the middle of the western portion ADL #204532.

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 20' public utility easements along the southeast lot line of ADL 204521.



Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels fall within the Unorganized Borough. As such, the parcels are not subject to property taxes.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcels. There was a contract to purchase ADL 204514 that was initiated in 2017. The buyer relinquished the parcel in September of 2022 and the parcel was placed into potential reoffer status. 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.

Property Description for Willowcrest Subdivision

ADL	Lot	Block	ASLS	Size (acres)	MTRS
204397	7	1	2004-43	2.12	C001N001W20



Location

The Willowcrest parcel is located approximately 19.0 miles south of Glennallen and 6.75 miles south of Copper Center, Alaska.

Access

Access to the parcel is from the Richardson Highway to Lakewood Drive, to right on Woodland Way. The gravel portion of Woodland does not extend to the subject. There is marginal trail extending to the subject, but there are wetlands between the gravel road and the parcel making access difficult. As such, it will be treated as an interior parcel without road access.

Size & Shape

The subject parcel is 2.12-acres in size and is irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcel is located approximately 1,500 feet above sea level.

Soils/Vegetation

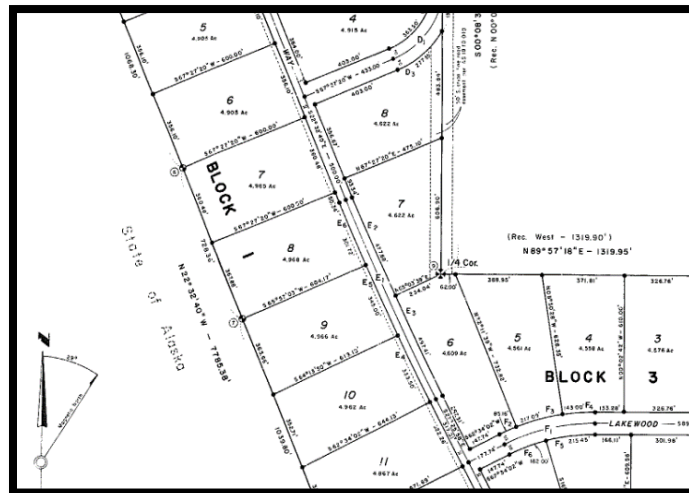
The parcel contains primarily mature spruce trees.

Utilities, Water & Sewer

Overhead electrical service is located along Lakewood Drive but does not extend to the subject.. 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' public utility easement along the platted right-of-way on the southwest lot line.



Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcel falls within the Unorganized Borough. As such, the parcel is not subject to property taxes.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel. There was a contract to purchase the subject initiated in 2020. The buyer relinquished the parcel in September of 2022 and the parcel was placed into potential reoffer status. 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.

Data Analysis and Value Conclusions

The subject parcels in this analysis have been grouped into two groups based on access. The two groups are identified as Road Accessible Parcel and Interior Parcels. There is only one Road Accessible parcel. There are multiple parcels in the Interior Parcel group. As such, a Key Parcel will be identified from this group.

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.”⁷

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 subject parcels are 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 subject parcels are adequate to support all reasonable and probable uses.

Financially Feasible

The subject parcels lack developed road access and 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 of the Subject Parcels is characterized predominantly by a mix of residential and private recreational activities.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use for Interior parcels is for recreational use.

Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

⁷ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

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.

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 Interior Parcels.

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 marketplace determine the unit of comparison, e.g., price per acre, square foot, site, front foot, etc. The subject parcels will be valued on a per acre basis.

Rights Conveyed

Fee simple less mineral rights as per Alaska Statue 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. Sales used in this analysis do not offer quantifiable differences in price as a result of terms. 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 the comparable sales are located in the same market area. No location adjustment is necessary.

Size & Topography

The Key Parcel and the comparable sales vary in size. Size adjustments were made utilizing the DNR Size Adjustment Method, which can be found in the addenda.

Access

The Key Parcel and comparable sales have similar access and no adjustments for access were required.

Site Quality

Site Quality describes the physical attributes of the parcel. No site quality adjustments were warranted.

Utilities

The Key Parcel and the 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. Parcels that have pond or small lake frontage may warrant a nominal upward adjustment of 10%.

Data Analysis and Value Conclusions

Road Accessible Parcel (Sven)

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.”⁸

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 Subject 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 Subject Parcel is adequate to support all reasonable and probable uses.

Financially Feasible

The Subject Parcel has developed road access and utilities are at the street. As a result, development as a residential home site is 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 of the subject parcel is characterized predominantly by residential use.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use for Sven parcel is for residential use.

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.

⁸ 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. There is only one key parcel. Therefore, this methodology will not be used.

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 marketplace determine the unit of comparison, e.g., price per acre, square foot, site, front foot, etc. The subject parcel will be valued on a per acre basis.

Rights Conveyed

Fee simple less mineral rights as per Alaska Statue 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. Sales used in this analysis do not offer quantifiable differences in price as a result of terms. 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 Subject parcel and the comparable sales are located in the same market area. However, S-3 is located in a subdivision in close proximity to the Tazlina River. As such, this sale was adjusted downward qualitatively. No location adjustment is necessary.

Size & Topography

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

Access

The subject parcel and comparable sales have similar access and no adjustments for access were required.

Site Quality

Describes the physical attributes of the parcel. All of the comparable sales have similar physical characteristics as the subject parcel. No site quality adjustments were warranted.

Utilities

The Subject has electrical service at the street. S-1 lacks utilities and received an upward adjustments qualitatively.

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. No such adjustments were warranted.

Due to the confidentiality of sales information, the valuation section of the report is not available online. The entire report can be obtained by submitting a request to the Land Conveyance Section at (907)269-8594, or by e-mail: landsales@alaska.gov.