

MARKET VALUE APPRAISAL
of
Twelve Parcels of Vacant Land within Remote
Matanuska-Susitna Borough

Appraisal Report No.4652



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 21, 2024

TO: Kevin Hindmarch
Review Appraiser

FROM: Mike Dooley

SUBJECT: Appraisal of twelve 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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ADDENDA

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

APPRAISAL SUMMARY

Subdivision Name	Location	Lot Size (acres)
Bartlett Hills	There are four subject parcels in the Bartlett Hills Subdivision. The parcels are located Approximately 13.75 air miles southeast of Talkeetna, Alaska.	5.00 per lot
Disappointment Creek	There is one subject parcel in the Disappointment Creek RRCS area. The parcel is located approximately 16.0 miles northeast of Talkeetna, Alaska.	10.40
High Mountain Lakes	There is one subject parcel in the High Mountain Lakes Subdivision. The parcel is located approximately 6.5 miles north of Beluga Lake, and 7.3 miles southwest of Trinity Lakes.	4.57
Kahiltna II Remote	There is one subject parcel located in the Kahiltna Remote Subdivision. The parcel is located approximately between 19 miles and 21 miles northeast of Skwentna, Alaska.	12.49
Onestone Lake	There is one subject parcel located in the Onestone Lake Subdivision. The parcel is located approximately 12.5 miles southwest of the confluence of the Yentna River and the Skwentna River, and southwest of Onestone Lake.	15.0
South Bald Mountain	There is one subject parcel in the South Bald Mountain Subdivision. The parcel is located approximately 10.5 miles southeast of Talkeetna, Alaska.	10.20
Talachulitna West RRCS	There is one subject parcel in the Talachulitna West RRCS. The parcel is located approximately 19 miles southwest of Skwentna, 3.5 miles west of Hiline Lake, and 1.3 miles west of the Talachulitna River.	19.09
Yentna River Remote	There is one subject parcel in the Yentna River Remote Subdivision. The parcel is located approximately 13 miles south of the mouth of the of Skwentna River, and 2.0 miles north of the Kahiltna River.	4.97
Yentna Uplands Non-Ag Homestead	There is one Yentna Uplands Non-Ag Homestead parcel. The parcel is located approximately 2.25 miles west of the big bend of the Yentna river on the western shore of Ladyslipper Lake.	39.95

Value Summary

ADL	Subdivision	Lot	Block/ Tract	Plat	Size (acres)	Value (RND)
231883	Bartlett Hills	16	8	79-143D	5.00	\$12,500
231884	Bartlett Hills	17	8	79-143D	5.00	\$12,500
231885	Bartlett Hills	18	8	79-143D	5.00	\$12,500
231886	Bartlett Hills	19	8	79-143D	5.00	\$12,500
230435	Disappointment Creek	-	A	2009-4	10.40	\$11,000
210685	High Mountain Lakes	5	28	80-154	4.57	\$9,800
218909	Kahiltna Remote	-	A	85-44	12.49	\$11,200
215772	Onestone Lake	1	12	81-110	15.00	\$12,600
216045	S. Bald Mountain	8	1	82-1	10.20	\$9,800
229564	Talachulitna West RRCS	-	P	2006-24	19.09	\$22,900
209570	Yentna River Remote	-	B	82-175	4.97	\$21,900
221613	Yentna Uplands Non-Ag Homestead	-	B	87-214	39.95	\$32,900

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

July 26, 2023

Date of Report

February 21, 2024

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

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 1/20/2024.

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

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 the Bartlett Hills parcel, ADL #231883, recorded in 2019. The contract was terminated with an effective date of 04/29/2022, and the parcel was placed into potential reoffer status.

Contracts to purchase the Bartlett Hills parcels, ADL #231884, ADL #231885, and ADL #231886 recorded in 2020. The contracts were terminated with an effective date of 04/29/2022, and the parcels were placed into potential reoffer status.

A contract to purchase the High Mountain Lakes parcel, ADL #210685, recorded in 2014. The contract was terminated with an effective date of 09/02/2022, and the parcel was placed into potential reoffer status.

A contract to purchase the Kahiltna Remote parcel, ADL #218909, recorded in 2018. The contract was terminated with an effective date of 04/29/2022, and the parcel was placed into potential reoffer status.

A contract to purchase the Yentna River Remote parcel, ADL #209570, recorded in 2009. The contract was terminated with an effective date of 09/02/2022, and the parcel was placed into potential reoffer status.

A contract to purchase Yentna Uplands Non-Ag Homestead parcel, ADL #221613, recorded in 2015. The contract was terminated with an effective date of 09/02/2022, and the parcel was placed into potential reoffer status.

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

Prior Appraisal History

I appraised the Onestone Lake Parcel, ADL #215772, the south Bald Mountain Parcel, ADL #216045, and the Talachulitna West RRCS Parcel on 02/24/2021. I have not previously appraised any of the subject parcels in the preceding three years.

SCOPE OF WORK

Property and Comparable Sales Inspection

The subject parcels were inspected by airplane on July 26, 2023.

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

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

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

All of the subject parcels are all located in 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 2020 Census, the population was 107,081. Its population was 6.21 percent American Indian or Alaska Native; 79.2 percent white; 1.28 percent black; 1.8 percent Asian; 0.43 percent Pacific Islander; 9.76 percent of the local residents had multi-racial backgrounds. Additionally, 1.3 percent of the population was of another race.

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.

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

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

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.

Skwentna Neighborhood⁶

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 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 2020 Census, there are approximately 37 full time residents.

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.

Talkeetna Neighborhood⁷

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 -

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>

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 2020, there population is 1,055 were occupied.

Facilities, Utilities, Schools, and Health Care

The majority of residents have individual wells, septic tanks, and complete plumbing. A piped water and sewer system is maintained by the Mat-Su Borough. The high school operates its own water system. A borough-operated refuse transfer station is located at mile 11.5 Talkeetna Spur Road. A sludge disposal site is available locally. Electricity is provided by Matanuska Electric Association, Incorporated. There is one school located in the community, attended by 96 students. Local hospitals or health clinics include Sunshine Community Health Center Mat-su Regional Hospital between Palmer and Wasilla on the Parks Hwy. The clinic is a qualified Emergency Care Center. Emergency Services have highway air and helicopter access. Emergency service is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Talkeetna Ambulance Service (907-373-8800/907-745-4811) Valley Hospital in Palmer.

Economy and Transportation

As the take-off point for fishing and flight seeing trips and a staging area for Denali climbing expeditions, Talkeetna provides air taxis, helicopters, outfitters, and related services. Numerous air taxis provide transport to Kahiltna Glacier Base Camp. All climbers must register for Mount McKinley and Mount Foraker. In 2010, 9 area residents held commercial fishing permits.

General Property Description for Bartlett Hills Subdivision

ADL	Lot/Tract	Block	ASLS	Site Size	MTRS
231883	16	8	79-143D	5.00	S024N004W25
231884	17	8	79-143D	5.00	S024N004W25
231885	18	8	79-143D	5.00	S024N004W25
231886	19	8	79-143D	5.00	S024N004W25

Location

Bartlett Hills Subdivision is a multi-phase subdivision that encompasses a very large area. The subject parcels are located approximately 13.75 miles southeast of Talkeetna, and approximately four miles east of the Parks Highway and Talkeetna Spur Road interchange.



Access

The subject parcels within ASLS 79-143D can be accessed from the north via Yoder Road, or from the south via East Montana Creek Road. Not all of the platted road and rights-of-way within the subdivision have been improved. All road service in the subdivision extends from the north. Road service on South Malaspina Road starts from, and includes East Kustaka Road, and it ends at approximately Lot 32/Block 9. Road service on South Southfork Road (identified as East Montana Creek Road on Plat) begins at Yoder Road and ends at approximately Lot 27/Block 5.

Size & Shape

All of the parcels are 5.00 acres in size and are irregular in shape.

Topography

The subdivision is characterized by a generally level to rolling topography with minimal variation in elevation. The subject parcels lay approximately 500 to 700 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. The subjects back up to a creek on tract D4.

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.

Amenities

The subject parcels back up to a creek on tract D4.

Easements & Zoning Regulations

The subjects are located within an unregulated area of the Mat-Su Borough and have no zoning. There is a 15' utility easement on each side of common interior lot lines, and inside any lot lines fronting a right-of-way. Structures may not be constructed within 25' of a road right of way, 10' from a side lot boundary, and 75' from the normal high-water mark of water body. 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.

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 2023 mill rate for the subject subdivision is 11.824.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcels within the Bartlett Hills Subdivision.

A contract to purchase the Bartlett Hills parcel, ADL #231883, recorded in 2019. The contract was terminated with an effective date of 04/29/2022, and the parcel was placed into potential reoffer status.

Contracts to purchase the Bartlett Hills parcels, ADL #231884, ADL #231885, and ADL #231886 recorded in 2020. The contracts were terminated with an effective date of 04/29/2022, and the parcels were placed into potential reoffer status.

There are no other known deed transfers or contracts to purchase the subject property within the past three years.

Personal Property

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

⁸ <http://www.matsugov.us/realpropertyquery/detail> accessed 2-12-2024.

Subject Photos



ADL #'s 231883 thru 231886, looking north.



ADL's 231883 thru 231886, looking north.

Yellow outlines are the general location of the subject parcels and should not be relied upon for locating the lot lines.

Disappointment Creek

ADL	Lot/Tract	Block	ASLS	Site Size	MTRS
230435	A	-	2009-4	10.40	S028N002W19

Location

The Disappointment Creek parcel is located approximately 16 miles northeast of Talkeetna, Alaska.

Access

Summer access to the parcel is via floatplane to area lakes and then overland to parcel. Winter access to the parcel may be possible by ski-plane or snowmobile.

Size & Shape

The subject parcel is 10.40 acres in size and is rectangular in shape.

Topography

The parcel topography is characterized by a level to sloping topography with minimal variation in elevation. The parcel lies approximately 1,950 feet to 2,000 feet above sea level.

Soils/Vegetation

The parcel vegetation is predominately alders with sporadic spruce trees. 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 parcel is subject to a 30' public access and utility easement. 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 2023 mill rate for the subject subdivision was 8.783.

Ownership History

The Department of Natural Resources is the current owner of record for the Disappointment Creek RRCS parcel. 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.

The Disappointment Creek RRCS Aerial Photograph



ADL #230484. The red arrow is the approximate center of the subject parcel.



Yellow outline is the general location of the subject parcel and should not be relied upon for locating the lot lines.

High Mountain Lakes

ADL	Lot/Tract	Block	ASLS	Site Size	MTRS
210685	5	28	80-154	4.57	S0147N013W28 & 33

Location

The High Mountain Lakes parcel is located approximately 6.5 miles north of Beluga Lake, and 7.3 miles southwest of Trinity Lakes.

Access

Summer access to the parcel is via floatplane to the subject lake. Winter access to the parcel may be possible by ski-plane or snowmobile.

Size & Shape

The subject parcel is 4.57 acres in size and is irregular in shape.

Topography

The parcel topography is characterized by a level to sloping topography with minimal variation in elevation. The parcel lies approximately 1,200 feet above sea level.

Soils/Vegetation

The parcel vegetation is predominately alders. 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 parcel is subject to a 10' utility easement along common interior lot lines, and a 75' building setback from the ordinary high-water mark of any water body.

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 2023 mill rate for the subject subdivision was 8.783.

Ownership History

The Department of Natural Resources is the current owner of record for the High Mountain Lakes parcel. 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.

The High Mountain Lakes Aerial Photograph



ADL #210685



Yellow outline is the general location of the subject parcel and should not be relied upon for locating the lot lines.

Kahiltna II Remote

ADL	Lot/Tract	Block	ASLS	Site Size	MTRS
218909	A	-	85-44	12.49	S024N008W26

Location

The Kahiltna Remote parcel is located approximately 19.0 miles northeast of Skwentna, Alaska, and 5.0 miles west of Oilwell Road.

Access

Summer access to this parcel 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.

Size & Shape

The subject parcel is 12.49 acres in size and is irregular in shape.

Topography

The parcel topography is characterized by a level topography. The parcel lies at approximately 700' feet above sea level.

Soils/Vegetation

The vegetation is predominately heavily treed with a mix of spruce and birch trees with low lying areas of wetlands throughout the area. 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 parcel is subject to a 25' public access easement along all property lines. ADL#218909 also is subject to a 50' a public access easement along either side of the creek the bisects the northeast corner of the parcel. 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 parcel 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 properties are sold into private ownership. The 2023 mill rate for the subject subdivision was 13.084.

Ownership History

The Department of Natural Resources is the current owner of record for the Kahiltna II Remote 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.

Kahiltna II Remote Aerial Photograph



ADL #21809



Yellow outline is the general location of the subject parcel and should not be relied upon for locating the lot lines.

Onestone Lake

ADL	Lot/Tract	Block	ASLS	Site Size	MTRS
215772	1	12	81-110	15.00	S024N008W26

Location

The Onestone Lake parcel is located approximately .80 miles southeast of Onestone Lake, and 12 miles southwest of Skwentna, Alaska.

Access

Summer access to this parcel is to area lakes, then overland to the parcel. Winter access is by ski-plane or snowmachine.

Size & Shape

The subject parcel is 15.00 acres in size and is rectangular in shape.

Topography

The parcel topography is characterized by a level topography. The parcel lies approximately 400' feet above sea level.

Soils/Vegetation

The vegetation is predominately heavily treed with a mix of spruce and alders. 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 parcel is subject to a 10' utility easement along each side of common interior lot lines. There is a 20' utility easement along adjacent right-of-way lot lines. 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 parcel 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 properties are sold into private ownership. The 2023 mill rate for the subject subdivision was 8.783.

Ownership History

The Department of Natural Resources is the current owner of record for the Onestone Lake parcel. 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.

Onestone Lake Aerial Photograph



ADL #215772



Yellow outline is the general location of the subject parcel and should not be relied upon for locating the lot lines.

General Property Description for South Bald Mountain Subdivision

ADL	Lot	Block	ASLS	Site Size	MTRS
216045	8	1	82-1	10.20	S025N003W28

Location

The subject parcel within South Bald Mountain Subdivision is located approximately 10.5 miles southeast of Talkeetna, approximately 1.40 miles north of the North Fork of Montana Creek, and 8.0 miles east of the Parks Highway.

Access

Access to the subdivision is either by ATV or snowmachine via established trails and established rights-of-way.

Size & Shape

The subject parcel is 10.20-acres and is rectangular in shape.

Topography

The subdivision is characterized by a sloping topography. The subject parcel is approximately 1,200' 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 large portions of wetlands identified within the low-lying area of the subdivision.

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 subject is located within an unregulated area of the Mat-Su Borough. The subject parcel is subject to a 10' easement on each side of common interior lot lines, and structures may not be constructed within 25' from a road right-of-way and no closer than 10' from a side lot boundary. 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, unless a section line has been vacated, there is a 50-foot easement on each side of each section line within the subdivision.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic material, 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 2023 mill rate for the subject subdivision is 11.824.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Bald Mountain subdivision. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

Personal Property

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

South Bald Mountain Aerial Photographs



ADL #216045



Yellow outline is the general location of the subject parcel and should not be relied upon for locating the lot lines.

Talachulitna West RRCS

ADL	ASLS	Tract	MTRS	Size
229564	2006-24	P	S019N012W05	19.09

Location

There is one subject parcel in the Talachulitna West RRCS. The parcel is located approximately 19 miles southwest of Skwentna, 3.5 miles west of Hiline Lake, and 1.3 miles west of the Talachulitna River.

Access

The subject is a lake front parcel. The primary summer access to this parcel is via float plane. Winter access might be possible by ski-plane or snow machine.

Size & Shape

The subject parcel is 19.09-acres in size and is irregular in shape.

Topography

The topography of the subject is characterized as level to sloping. The parcel is located approximately 900 feet above sea level.

Soils/Vegetation

The subdivision is predominately alder trees with a sporadic distribution of spruce trees. There are lower lying tracts of wetlands throughout the subdivision.

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 subject is located within an unregulated area of the Mat-Su Borough. The parcel is subject to a 30' public access and utility easement on all interior lot lines, and a 50' public access easement from the ordinary highwater mark of the lake. In addition, there is a 100' building setback for the ordinary high-water mark of the lake.

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 2023 mill rate for the subject subdivision was 8.783.

Ownership History

The Department of Natural Resources is the current owner of record for the Talachulitna West RRCS parcel. 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 #229564



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.

Yentna River Remote

ADL	ASLS	Tract	MTRS	Size
209570	82-175	B	S021N008W30	4.97

Location

There is one subject parcel in the Yentna River Remote Subdivision. The parcel is located approximately 13 miles south of the mouth of the of Skwentna River, and 2.0 miles north of the Kahiltna River, on the left bank of the Yentna River.

Access

Primary summer access to this parcel is via boat or possibly float plane. Winter access might be possible by ski-plane or snow machine.

Size & Shape

The subject parcel is 4.97-acres in size and is irregular in shape.

Topography

The topography of the subject is characterized as level to sloping. The parcel is located approximately 100 feet above sea level.

Soils/Vegetation

The subdivision is a mix of willow, alder, and spruce trees. There are lower lying tracts of wetlands throughout the subdivision.

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 subject is located within an unregulated area of the Mat-Su Borough. The parcel is subject to a 25' public access easement on all lot lines, and a 50' public access easement from the ordinary highwater mark of the river.

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 2023 mill rate for the subject subdivision was 8.783.

Ownership History

The Department of Natural Resources is the current owner of record for the Yentna River Remote parcel. A contract to purchase the subject was initiated in 2009. The contract was terminated on 09/02/2022, 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.

Yentna River Remote Aerial Photographs



ADL #209570



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

General Property Description for Yentna Uplands Non-Ag Homestead

ADL	Tract	ASLS	Site Size	MTRS
221613	B	87-214	39.95	S019N007W16 & 17

Location

The parcel is located approximately 2.25 miles west of the big bend of the Yentna River on the western shore of Ladyslipper Lake.

Access

Primary access to this lakefront parcel area in the summer is by float plane to the subject Ladyslipper Lake. Winter access is via ski plane, or snowmachine along rivers and/or overland to the subject subdivision.

Size & Shape

The subject parcel is 39.95 acres and is irregular in shape.

Topography

The area is characterized by a generally level topography with minimal variation in elevation. The area lies approximately 150 feet above sea level.

Soils/Vegetation

The area contains primarily mature birch and spruce mix with areas of wetlands throughout. 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

No zoning, the subject is located within an unregulated area of the Mat-Su Borough. The survey plat indicates that there is a 25' public access/utility easement along all lot lines. There is also a 50' public access easement along the ordinary high-water line of any water frontage. In addition, parcels are subject to a 100' building setback from the ordinary high-water line.

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 2023 mill rate for the subject subdivision was 8.783.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Yentna Uplands Non-Ag Homestead. There are no other known sales or deed transfers of the subject property within the last three years.

Personal Property

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

Yentna Uplands Non-Ag Homestead Aerial Photos



ADL #221613



Yellow outline is the approximate location of the subject and should not be relied upon for locating lot lines.

DATA ANALYSIS AND CONCLUSION

The subject parcels in this analysis have been grouped into to four groups based on market area and access: the Bartlett Hills parcels, Remote Lakefront parcels, The Remote Riverfront Parcel, and the Remote Interior Parcels. Most of the groups contain more than one parcel. A key parcel will be identified for these groups and the Key Parcel method of analysis will be utilized.

Bartlett Hills Parcels

Subdivision	ADL	Lot/Tract	Block	ASLS	Site Size
Bartlett Hills	231883	16	8	79-143D	5.00
	231884	17	8	79-143D	5.00
	231885	18	8	79-143D	5.00
	231886	19	8	79-143D	5.00

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 is 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.

⁹ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2015, p.333

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.

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 the subject parcels in this analysis.

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 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 all of the comparable sales are located in the same market area. No location adjustments were warranted.

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 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 the comparable sales have similar access and no adjustment was required.

Building Site Condition and Soil Quality Adjustments

The key parcel and all of the comparable sales have adequate soils and good building sites, no adjustments were warranted.

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. 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. The Key Parcel has a creek amenity. None of the sales have a creek amenity and required upward adjustments.

**Lakefront Parcel
Data Analysis and Conclusions**

ADL	Lot/Tract	Block	ASLS	Site Size
210685	5	28	80-154	4.57
221613	-	-	87-214	39.95
229564	P	-	2006-24	19.09

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.”¹⁰

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 is 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 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.

¹⁰ 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 in this analysis.

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 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. All of the sales used in this analysis do not offer quantifiable differences in price as a result of terms.

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 all of the comparable sales are located in the same market area. No location adjustments were warranted.

Size & Topography

Many of the comparable sales within this analysis required site size adjustments. Size adjustments are made by utilizing the DNR Site Size Adjustment found in the addendum. There are no major topographical deficiencies which would require an adjustment.

Access

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

Building Site Condition and Soil Quality Adjustments

The Key Parcel and all of the comparable sales have similar soils and good building sites. No adjustments are warranted.

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. All of the comparable sales have lake frontage. No amenity adjustments were warranted.

Riverfront Parcel Data Analysis and Conclusions

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.”¹¹

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 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 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 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.

¹¹ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

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 riverfront parcel. Therefore, this method will not be used in this analysis.

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 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 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. All of the sales used in this analysis do not offer quantifiable differences in price as a result of terms.

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 all of the comparable sales are located in the same market area. No location adjustments were warranted.

Size & Topography

Many of the comparable sales within this analysis required site size adjustments. Size adjustments are made by utilizing the DNR Site Size Adjustment found in the addendum. There are no major topographical deficiencies which would require an adjustment.

Access

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

Building Site Condition and Soil Quality Adjustments

The Subject Parcel and all of the comparable sales have similar soils and good building sites. No adjustments are warranted.

Utilities

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

Amenities

Exceptional features of a given parcel may increase value. Features such as the type of water frontage, proximity to bodies of water, exceptional views are examples of amenities that may warrant adjustments. All of the comparable sales have platted airstrip frontage. No amenity adjustments were warranted.

Remote Interior Parcels

ADL	Lot/Tract	Block	ASLS	Site Size
215772	1	12	81-110	15.00
216045	8	1	82-1	10.20
218909	A	-	85-44	12.49
230435	A	-	2009-4	10.40

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.”¹²

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 is 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 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 residential use therefore data that supports this approach is not available.

¹² 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 in this analysis.

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.

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Utilities

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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. INT-1 has a superior view compared to the subject and was adjusted downward qualitatively. INT-2 lacks a creek amenity and was adjusted upward. INT-5 is 800' from Fish Lake Creek and received a downward qualitative adjustment for superior access.

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.