

MARKET VALUE APPRAISAL
of
Two (2) parcels within
Willow Creek Woodlands



Willow Creek Woodlands, photo by Michael Dooley

APPRAISAL REPORT No. 4657-0

STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water
550 West Seventh Avenue Suite 650
Anchorage, AK 99501-3576



A. SUMMARY OF APPRAISAL NO. 4657-0

1. ADL NO(S): See table below
2. SIZE: See table below
3. APPLICANT: N/A
4. LOCATION: Approximately six miles east of Willow, AK and south of Willow -Fishhook Road
5. LEGAL DESCRIPTION(S): See table below
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Johnthomas Williamson
9. DATE of REPORT: February 14, 2024
10. DATE of VALUE(S): July 26, 2023
11. APPRAISED VALUE(S):

ADL	Subdivision	Legal	Survey	Acres	Date	Value (rnd)
233344	Willow Creek Woodlands	GLO 2	EPF 2016-68	40.07	7-26-23	\$42,100
233351	Willow Creek Woodlands	Parcel 4	EPF 2016-68	40.00	7-26-23	\$37,800

B. SUMMARY OF REVIEW

1. DATE of REVIEW: February 16, 2024
2. REVIEWER'S CLIENT: DNR Other: _____
3. INTENDED USERS of the REVIEW: DNR General Public Other: _____
4. INTENDED USE of the REVIEW: Establish minimum bid price for sealed bid auction
5. PURPOSE of REVIEW: Evaluate for Technical Compliance with DNR Instructions & USPAP
 Evaluate for Technical Compliance with UASFLA Develop Independent Estimate of Value
 Other: _____
6. SCOPE OF REVIEW: I Inspected the Subject on _____ I Did Not Inspect the Subject
 I Inspected the Comparable Sales on _____ I Did Not Inspect the Comparable Sales
 I Independently Verified the Comparable Sales in the Report Yes No
 Data and Information Considered in Addition to that Contained in the Report: None See Sections C thru F
 Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:
 None See Section G Related appraisals reviewed: _____
 Proofread DNR data entry: Yes No
7. RESULTS OF REVIEW: Not Approved Approved Approved Value: As noted in previous table



8.

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

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

E. APPROPRIATENESS OF APPRAISAL METHODS and TECHNIQUES: Adequate.

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

G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS

1. This review is based on data and information contained in the appraisal report as well as any additional data from other sources that is identified in this review.
2. The reviewer assumes that the data and information in the appraisal are factual and accurate.
3. The reviewer reserves the right to consider any additional data or information that may subsequently become available, and to revise an opinion or conclusion, if such data and information warrant a revision.
4. All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated.
5. A title report has not been provided to the appraiser and the reviewer. Unless specifically noted in the report or this review, it is assumed that the only easements and restrictions that affect the property are those shown on the plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.

REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 4657-0

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

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

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 2/16/24

cc: Justin Wholey

MEMORANDUM

State of Alaska

Department of Natural Resources
Tel (907) 269-8539
Fax (907) 269-8914

Division of Mining, Land & Water
550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: February 14, 2024

TO: Kevin Hindmarch
Review Appraiser

FROM Johnthomas Williamson
Appraiser

SUBJECT: Appraisal of two parcels within Willow Creek Woodlands Subdivision.

As requested, I have completed an appraisal of the above referenced parcels and understand that this appraisal will be used to determine a minimum purchase price for a sealed bid auction. 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. This appraisal report is based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I did not inspect the subjects, nor the comparables sales used in this report. Instead, the subjects were inspected by DNR Staff Appraiser Michael Dooley on July 26, 2023. DNR staff appraiser Michael Dooley provided significant assistance with this report and is included in the Certification.

Physical descriptions of the subject parcels were based on previous inspections on file, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on these observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	ii

PREMISES OF THE APPRAISAL

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	5
Effective Date of Value Estimate	5
Exposure Time	6
Property History	6
Scope of the Appraisal	6
Assumptions and Limiting Conditions	7

PRESENTATION OF DATA

Area Analysis	8
Parcel Descriptions	9

DATA ANALYSIS AND CONCLUSION

Approaches to Value	14
Valuation of Willow Creek Woodlands	15
Application of Key Lot Value	20
Certification of Value	22

ADDENDA

Subject Surveys	
Comparable Sale Forms	
Appraisal Instructions	
Qualifications	

APPRAISAL SUMMARY

Subdivision Names	Location	Survey
Willow Creek Woodlands	Approximately six miles east of Willow, south of Willow – Fishhook Road, within T19N, R3W, SM.	See Below

SUMMARY OF VALUES

ADL	Subdivision	Legal	Survey	Acres	Date	Value (rnd)
233344	Willow Creek Woodlands	GLO 2	EPF 2016-68	40.07	7-26-23	\$42,100
233351	Willow Creek Woodlands	Parcel 4	EPF 2016-68	40.00	7-26-23	\$37,800

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal report is prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice** (USPAP) and DNR's Special Appraisal Instructions.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value of the properties described in this report.

Intended Use of Appraisal

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired through the auction sale program under **AS 38.05.055**.

User and Client Identity

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

Property Rights Appraised

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

Fee simple estate is defined as:

“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.”¹

AS 38.05.125(a) states:

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.”²

Definition of Market Value

“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.”³

Effective Date of Value Estimate

The effective date of valuation is July 26, 2023.

Date of Report

The date of report is February 14, 2024.

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

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2024, www.legis.state.ak.us/basis/folio.asp

³ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.141

Exposure Time

Exposure time is defined as the "...estimated length of time that 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."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. Currently, there are multiple parcels available throughout the area that are offered through various government and private programs. Considering the availability of parcels on the market, a longer exposure time of up to a year is reasonable for parcels in remote locations.

Property History

Both subjects have been previously offered through the DNR Subdivision Auction. ADL 233344 was previously sold through the DNR Subdivision Auction, and the high bidder entered into a land sale contract. The contract was subsequently terminated due to non-payment. ADL 233351 was also offered through the same auction and received a high bid. However, the applicant relinquished the bid prior to contract. Specific property histories are outlined within the Parcel Description section of this report. DNR is the owner of record for all subjects.

Scope of the Appraisal**Property and Comparable Sales Inspection**

I have not inspected the subject properties of this report. I am relying on the previous inspections made by another DNR staff appraiser in 2023. The staff appraiser has made significant contributions to this report and is named in the certification. Physical features and access were identified by use of site inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

Research and Analysis conducted

Interviews were conducted with real estate agents, appraisers, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Records Office databases were searched for recent comparable sales. Private real estate agent websites were searched for recent listings. Sellers, buyers, and agents were contacted to verify recent sale prices and other transaction details.

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

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

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 Area⁵

Matanuska-Susitna Borough

The Matanuska-Susitna 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 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.

Low housing costs, the rural lifestyle, and a reasonable commute to Anchorage for employment and services has made the Mat-Su Borough one of the fastest growing areas of Alaska in recent years. According to the 2010 Census, the population was 88,995. There were 41,329 housing units in the community and 31,824 were occupied.

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.

There are three incorporated cities within the Borough: Houston, Palmer, and Wasilla. Additionally, there are several unincorporated communities and twenty-five Borough recognized community councils. The majority of the Borough population resides in the core area surrounding the cities of Palmer and Wasilla, and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites.

Willow Neighborhood.

Willow is a smaller community located north of Huston and south of the Kashwitna River, centered on Willow Creek. This creek drains from the Hatcher Pass area, to the east, and is connected to the historic gold mining area via Willow Fishhook Road. The community has a population of approximately 2,000 people and is supported by several small, local businesses including guide services, a market, gas station, and community health clinic. There is also a fire station and post office. There are two public airstrips: one is a state-owned 4,400' long by 75' wide gravel airstrip at mile 69.7 Parks Highway and the other is at Deshka Landing and owned by the Alaska Department of Natural Resources. There are five additional private strips and a seaplane base at Kashwitna Lake. The local economy is centered around tourism and outdoor recreation.

⁵ All information regarding Market Area information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

Property Description – Willow Creek Woodlands

ADL	Subdivision	Legal	Survey	Acres	Plat	Rec. District	Borough ID
233344	Willow Creek Woodlands	GLO 2	EPF 2016-68	40.07	2018-12	Palmer	508268
233351	Willow Creek Woodlands	Parcel 4	EPF 2016-68	40.00	2018-12	Palmer	528844

Location

Willow Creek Woodlands is located approximately six-miles east of Willow, and south of the Willow – Fishhook Road. The parcels are within Section 6 of Township 19 North, Range 3 West, Seward Meridian.

Access

Access to the general area is along Willow – Fishhook Road, a paved road. However, neither subject has constructed access. Access to both parcels is overland along platted section line easements. ADL 233344 is a quarter mile from the road. However, legal access to ADL 233344 is approximately one-half mile from the road, along an unimproved section line easement. Legal access to ADL 233351 is approximately one mile from Willow – Fishhook Road along an unimproved section line easement.

Topography & Soils

The topography is generally level to rolling, and both sites are approximately 400' to 500' above sea level. Vegetation on ADL 233344 is indicative of adequately drained soils. Vegetation within the western half of ADL 233351 is indicative of poorly drained soils.

Size & Shape

Subject parcels range in size from 40-acres to 40.07-acres and are rectangular in shape.

Easements & Zoning Regulations

There are typical access and utility easements throughout the subdivision. Willow Creek Woodlands is within an unregulated area of the Matanuska – Susitna Borough and not subject to zoning. A separate record of survey was created and delineates the subdivision easements, see EPF 2018-37 recorded as Plat 2018-113.

Environmental Hazards, Hazardous Waste & Toxic Materials

The author of this report did not physically inspect the subjects. Subjects were inspected by a separate staff appraiser on July 26, 2023. No toxic materials, waste, or hazards were observed during the field inspection.

Property History

Both parcels have been previously offered through the DNR Subdivision Auction. ADL 233344 received a high bid and the applicant entered into a land sale contract, see Recorded Document 2019-022646-0. The contract was subsequently terminated due to non-payment, see Recorded Document 2022-020594-0. ADL 233351 received a high bid. However, the bidder relinquished the application and the parcel remained in State ownership. DNR is the owner of record for both subjects.

Tax Assessments & Personal Property

There is no personal property or improvements involved with the appraisal of these sites. 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. Tax assessments to private parties will become active when property is sold into private ownership. The 2023 mill rate for the area was 14.79.

Utilities, Water & Sewer

There are no utilities extended to either site. There is overhead power along Willow – Fishhook Road, approximately a quarter mile to the north. However, it is unknown if there is a legal utility easement along the lot lines of Plat 2001-113, north of the subject. Instead, the legal utility easements follow the northern section line easement. ADL 233344 is approximately one-half mile from electrical service while ADL 233351 is approximately one and a quarter mile from overhead electrical service.

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



ADL 233344 Imagery. Boundary is approximate.



ADL 233344. Willow – Fishhook Road in background approximately one quarter mile away. Photo by Michael Dooley



ADL 233344 Willow – Fishhook Road in background approximately one quarter mile away. Photo by Michael Dooley



ADL 233351 Imagery. Boundary is approximate



ADL 233351 in foreground looking east. Photo by Michael Dooley



ADL 233351 looking west. Photo by Michael Dooley



ADL 233351 looking north. Wetlands on the western portion of site. Photo by Michael Dooley

DATA ANALYSIS AND CONCLUSION

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. Since all the parcels are vacant, 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

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This methodology replicates typical developer thinking, and will be utilized. The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment.

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 and 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 indicate 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 indicate the value of the key parcel. An adjustment of 1.00 (or $=$) means the sale feature is similar to the key parcel, 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. Qualitative adjustments are noted as superior ($-$), inferior ($+$), or equal/similar ($=$). The overall comparability of each sale is analyzed to bracket a probable value for the subject. In many cases, combinations of both quantitative and qualitative adjustments are used.

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.