

MARKET VALUE APPRAISAL
of
Fourteen (14) parcels within
North Fork Micro Ag Subdivision – ASLS 2021-37



North Fork Micro Ag along North Fork Road.

APPRAISAL REPORT No. 4639-0
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. 4639-0

1. ADL NO(S): See table below
2. SIZE: See table below
3. APPLICANT: N/A
4. LOCATION: Subdivided lots located twenty miles north of Homer, AK
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: January 25, 2024
10. DATE of VALUE(S): September 21, 2023
11. APPRAISED VALUE(S):

ADL	Subdivision	Lot	Blk.	ASLS	Acres	Date	Value (rnd)
TBA	North Fork Micro Ag	1	1	2021-37	4.13	9-21-23	\$37,200
TBA	North Fork Micro Ag	2	1	2021-37	4.55	9-21-23	\$40,100
TBA	North Fork Micro Ag	3	1	2021-37	4.63	9-21-23	\$41,700
TBA	North Fork Micro Ag	1	2	2021-37	5.91	9-21-23	\$48,400
TBA	North Fork Micro Ag	2	2	2021-37	6.09	9-21-23	\$49,400
TBA	North Fork Micro Ag	3	2	2021-37	5.56	9-21-23	\$47,000
TBA	North Fork Micro Ag	4	2	2021-37	4.61	9-21-23	\$33,800
TBA	North Fork Micro Ag	1	3	2021-37	4.68	9-21-23	\$34,900
TBA	North Fork Micro Ag	2	3	2021-37	5.05	9-21-23	\$33,700
TBA	North Fork Micro Ag	3	3	2021-37	6.11	9-21-23	\$40,100
TBA	North Fork Micro Ag	1	4	2021-37	6.14	9-21-23	\$49,800
TBA	North Fork Micro Ag	2	4	2021-37	6.26	9-21-23	\$51,300
TBA	North Fork Micro Ag	3	4	2021-37	6.09	9-21-23	\$49,900
TBA	North Fork Micro Ag	1	5	2021-37	13.87	9-21-23	\$66,900

**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

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. 4639-0

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: January 25, 2024

TO: Kevin Hindmarch
Review Appraiser

FROM Johnthomas Williamson
Appraiser

SUBJECT: Appraisal of fourteen parcels within North Fork Micro Ag Subdivision.

As requested, I have completed an appraisal of the above referenced parcels and understand that this appraisal will be used to determine minimum purchase prices for most of the subjects within a sealed bid auction.

As of the date of this report, the survey plat for North Fork Micro Ag has not been recorded. A plat has been submitted to the Kenai Peninsula Borough for recordation. It is a hypothetical condition that the final plat will be recorded as submitted. See Page 7.

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 have inspected all the subject parcels and select comparable sales used in this report. Physical descriptions of the subject parcels were based on inspections, 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.

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APPRAISAL SUMMARY

Subdivision Names	Location	Survey
North Fork Micro Ag	20 miles north of Homer, 10 miles east of Anchor Point, two miles south of Nikolaevsk.	ASLS 2021-37

SUMMARY OF VALUES

ADL	Subdivision	Lot	Blk.	ASLS	Acres	Date	Value (rnd)
TBA	North Fork Micro Ag	1	1	2021-37	4.13	9-21-23	\$37,200
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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 September 21, 2023.

Date of Report

The date of report is January 25, 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, 2020, 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, an exposure time of up to a year is reasonable.

Property History

Subjects within North Fork Micro Ag Subdivision have not been previously offered to the public. DNR is the owner of record for all subjects.

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

I inspected the subject properties and select comparable sales on September 21, 2023. Physical features of the subject 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

Interviews were conducted with real estate agents, appraisers, 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.

Hypothetical Condition

As of the date of this report, the survey plat for North Fork Micro Ag has not been recorded. A final plat has been submitted to the Kenai Peninsula Borough for recordation. It is a hypothetical condition that the recorded plat for the subdivision will not substantively change the individual subject parcel's location, size, easement's, or any other determining attribute used in the valuation of these parcels. It is a hypothetical condition that the plat will be recorded as submitted.

PRESENTATION OF DATA

Market Area – The Kenai Peninsula Borough⁵

The Kenai Peninsula Borough lies directly south of Anchorage, the State's principal population center. The waters of the Gulf of Alaska and Prince William Sound border the borough on the south and east with the dramatic Chigmit Mountains of the Alaska Range rimming the borough to the west. The Cook Inlet divides the borough into two land masses. The peninsula itself encompasses 99 percent of the borough's population and most of the development. The Kenai Mountains run north and south through the peninsula, contrasting to the lowlands lying to their west. The west side of the Inlet is sparsely inhabited, with the village of Tyonek being the largest populated settlement.

The Kenai Peninsula Borough was incorporated in 1964 as a second-class borough under the authority of the State of Alaska Borough Act of 1961. The Borough's governmental responsibilities are comparable to those of a county. According to the 2020 Census, the population was 59,767. There were 32,733 housing units in the community and 76.5% were occupied. Its population was 8.1 percent American Indian or Alaska Native; 82.7 percent white; 0.9 percent black; 1.9 percent Asian; 0.3 percent Pacific Islander; 6.1 percent of the local residents had multi-racial backgrounds. Additionally, 4.6 percent of the population was of Hispanic decent.

The economy is diverse, and residents are employed in a variety of retail, professional services, city, borough, state and federal occupations. The five first-class and home-rule cities in the borough are Kenai, Soldotna, Homer, Seldovia, and Seward. Other locally governed communities include Kachemak City and the native villages of Tyonek, Port Graham, and Nanwalek.

The area accesses both the Seward and Sterling Highways. Small commercial airlines serve Kenai Airport, but local municipal airport supports private and chartered services. The Alaska Railroad provides for delivery of ocean freight.

Anchor Point Neighborhood⁶

Anchor Point is located on the Kenai Peninsula at the junction of the Anchor River and its north fork, 14 miles northwest of Homer. It lies at mile 156 of the Sterling Highway.

In the summer of 1778, Captain James Cook and crews of the Resolution and Discovery sailed into the Inlet looking for a Northwest Passage and gave Anchor Point its name after losing a kedge anchor to the awesome tidal currents. A post office was established in 1949. Anchor Point, North America's Most Westerly Highway Point, is a destination choice of visitors from around the world. Year around recreational opportunities abound from river and saltwater fishing, camping, and hiking opportunities in the summer to snow machining, cross country skiing, and nearby ice fishing in winter contributing to its nickname of the fun capital of the Kenai. According to Census 2020, the population was 2,105.

The facilities include a post office and a public library. The majority of residents have individual wells, septic tanks, and complete plumbing. There is the Anchor Point Water treatment facility that services 348 residents. There is one school located in the community. Local hospitals or health clinics include Anchor Point Public Health Center, and Seldovia Village Tribe Health and Wellness-Anchor Point Clinic.

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

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

Nikolaevsk Neighborhood⁷

Nikolaevsk is a Russian Old Believer village located approximately ten miles east of Anchor Point and 20 miles north of Homer. It was named to honor St. Nicholas, the patron saint of the town's church.

Nikolaevsk is the location of a settlement of "Russian Old Believers," whose ancestors settled in Woodburn, Oregon, after the Bolshevik Revolution of 1917 forced them out of Russia. The first Old Believer settlers on the Kenai Peninsula received a grant from the Tolstoy Foundation in New York and purchased land there in 1967. The first school opened in an 8-by-20-foot trailer in 1972. Until 1980, students attended classes through the ninth grade, then began their adult lives; many students now go on to complete their education. As growth occurred during the 1980s and 1990s, additional settlements developed in the area.

Nikolaevsk includes Russian Orthodox, Russian Old Believers (Old Right Believers), and some non-Russians, living in three distinct settlements. The Old Believers in this area generally lead a family-oriented, semi self-sufficient lifestyle and use modern utilities and food sources from gardening, small livestock, fishing, and hunting. Residents typically embrace local Russian Old Believer traditions and lifestyles.

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

Property Description – North Fork Micro Ag

Subdivision	MTRS	Lot	Block	ASLS	Acres	Plat	Recording District
North Fork Micro Ag	S4S14W36	1	1	2021-37	4.13	TBA	Homer
North Fork Micro Ag	S4S14W36	2	1	2021-37	4.55	TBA	Homer
North Fork Micro Ag	S4S14W36	3	1	2021-37	4.63	TBA	Homer
North Fork Micro Ag	S4S14W36	1	2	2021-37	5.91	TBA	Homer
North Fork Micro Ag	S4S14W36	2	2	2021-37	6.09	TBA	Homer
North Fork Micro Ag	S4S14W36	3	2	2021-37	5.56	TBA	Homer
North Fork Micro Ag	S4S14W36	4	2	2021-37	4.61	TBA	Homer
North Fork Micro Ag	S4S14W36	1	3	2021-37	4.68	TBA	Homer
North Fork Micro Ag	S4S14W36	2	3	2021-37	5.05	TBA	Homer
North Fork Micro Ag	S4S14W36	3	3	2021-37	6.11	TBA	Homer
North Fork Micro Ag	S4S14W36	1	4	2021-37	6.14	TBA	Homer
North Fork Micro Ag	S4S14W36	2	4	2021-37	6.26	TBA	Homer
North Fork Micro Ag	S4S14W36	3	4	2021-37	6.09	TBA	Homer
North Fork Micro Ag	S4S14W36	1	5	2021-37	13.87	TBA	Homer

Location

North Fork Micro Ag is approximately twenty miles north of Homer, ten miles east of Anchor Point and two miles south of Nikolaevsk within Section 36 of Township 4 South, Range 14 West, Seward Meridian.

Topography, Soils, Size & Shape

The parcels are generally rolling with multiple level building sites. The shape of the parcels are generally rectangular and irregular in shape. The subdivision is approximately 800' to 900' above sea level. Subjects contain primarily mature spruce and birch mixed with stands of poplar and aspen. All subjects have vegetation indicative of adequately drained soils.

Easements & Zoning Regulations

There are typical access and utility easements throughout the subdivision. The parcels are located within the Kenai Peninsula Borough. All borough lands are zoned unrestricted unless otherwise provided by ordinance. Hence, there are no zoning restrictions for these parcels. There is a utility easement with constructed overhead power lines that cross Lots 1,2,3 in Block 1, and Lot 1 in Block 4.

Tax Assessments

The subjects are located within the Kenai Peninsula Borough. Currently, the parcels are owned by the State of Alaska and not subject to property tax. However, once the parcels are sold, the individual owners will be responsible for the tax burned. The current mill rate for the adjacent subdivision is 10.77.

Personal Property, Environmental Hazards, Hazardous Waste & Toxic Materials

There is no personal property involved with the appraisal of the subjects. There are no improvements on the properties. No toxic materials, waste, or hazards were observed during the field inspection. However, the field inspection revealed abandoned vehicles on multiple parcels including the following: Lot 1 Block 2, Lot 2 Block 2, Lot 4 Block 2 and Lot 1 Block 4.

Access

All subjects have constructed access. Most subjects are located along and accessed directly from North Fork Road, a Borough maintained gravel road. Lot 1 in Block 2 is accessed along Louis Huber Ave, also a gravel road. Lot 1 in Block 5 is accessed from either the north along Coyote Run Road, or from the west on Wagon Road. Both Coyote Run Road and Wagon Road are inferior dirt roads and not maintained by the Borough. However, Lot 1 in Block 5 is accessible with a 4x4 highway vehicle.

Ownership History

The survey for North Fork Micro Ag is in the final stages of completion, see Hypothetical Condition on page 7. None of the subjects have been previously offered to the public. DNR is the current owner of record.

Utilities, Water & Sewer

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.

Most of the parcels have electric service either directly overhead, or within one span on the adjacent parcel. Bringing overhead Electricity to Lots 1,2,3 in Block 3 and Lot 4 in Block 2 would require extending service approximately 1,800' with the installation of approximately six poles, benefiting four lots.

Lot	Block	ASLS	Acres	Electric	Access
1	1	2021-37	4.13	Overhead	Gravel
2	1	2021-37	4.55	Overhead	Gravel
3	1	2021-37	4.63	Overhead	Gravel
1	2	2021-37	5.91	Adjacent	Gravel
2	2	2021-37	6.09	Overhead	Gravel
3	2	2021-37	5.56	Adjacent	Gravel
4	2	2021-37	4.61	870'	Gravel
1	3	2021-37	4.68	870'	Gravel
2	3	2021-37	5.05	1,027'	Gravel
3	3	2021-37	6.11	1,770' (583' from south)	Gravel
1	4	2021-37	6.14	Overhead	Gravel
2	4	2021-37	6.26	Adjacent	Gravel
3	4	2021-37	6.09	Adjacent	Gravel
1	5	2021-37	13.87	Adjacent	Dirt Rd.



Lot 1 Block 1 at Holly Lane



Overhead power on Lot 1 Block 1



North Fork Road, Block 1 on right.



Lot 1 Block 4. Overhead power lines near southern lot line.



Lot 2 Block 4



Lot 3 Block 1. Near southern lot line. Overhead power on site.



Looking north. Lot 2 Block 1. Overhead power near eastern lot line.



Lot 3 Block 4. Power across street.



Lot 2 Block 2 at Louis Huber Ave.



Abandoned vehicle on Lot 2 Block 2.



Typical monumentation in North Fork Micro Ag.



Lot 3 Block 1 on Louis Huber Ave.



Lot 1 Block 2 on Louis Huber Ave.



Abandoned vehicle Lot 1 Block 2.



Lot 3 Block 2



Lot 4 Block 2 along North Fork Road.



Overgrown driveway on Lot 4 Block 2.



Abandoned vehicle on Lot 4 Block 2



Clyde Thomas Ave corner of Lot 4 Block 2 and Lot 1 Block 3



Lot 1 Block 3.



Cor of Lots 1 and 2 in Block 3. Buried telephone cable along North Fork Road.



Lot 3 Block 3 along North Fork Road.



Lot 1 Block 4. Secondary access along Wagon Road.



Abandoned vehicle on Lot 1 Block 4.



Wagon Road diminishes in quality prior to Lot 1 Block 5.



Lot 1 Block 5. On Wagon Road.



Lot 1 Block 5 on left. Rangifer Road.



Skid trailer frame on Lot 1 Block 5.

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.