

MARKET VALUE APPRAISAL

**of
Twenty-Eight Parcels of Vacant Land on the Kupreanof
Peninsula on Kodiak Island**

Appraisal Report No. 4687-0



STATE OF ALASKA

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

MEMORANDUM

State of Alaska

Department of Natural Resources

Tel (907) 269-8514

michael.dooley@alaska.gov

Division of Mining, Land and Water

550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: February 17, 2024

TO: Kevin Hindmarch
Review Appraiser

FROM: Mike Dooley 

SUBJECT: Appraisal of twenty-eight parcels of land located on the Kupreanof Peninsula on Kodiak Island. The parcels are being appraised to establish the 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 7) stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

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

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APPRAISAL SUMMARY

Subdivision Name	Location	Lot Size (acres)
Kupreanof Shores	There are twenty-seven subject parcels in the Kupreanof Shores Subdivision. The parcels are located approximately 34-37 air miles northwest of the city of Kodiak.	9.19 to 21.45
Kupreanof of Peninsula Homestead	There is one Kupreanof Peninsula Homestead parcel. The parcel is located approximately 30.0 miles northwest of the city of Kodiak.	19.83

Value Summary

ADL	Subdivision	Lot/Tract	Plat	Size (acres)	Value (RND)
n/a	Kupreanof Shores	1	2019-19	9.82	\$34,200
n/a	Kupreanof Shores	2	2019-19	9.31	\$33,100
n/a	Kupreanof Shores	3	2019-19	9.25	\$32,900
n/a	Kupreanof Shores	4	2019-19	9.29	\$33,100
n/a	Kupreanof Shores	5	2019-19	9.32	\$31,300
n/a	Kupreanof Shores	6	2019-19	9.30	\$33,100
n/a	Kupreanof Shores	7	2019-19	9.19	\$30,900
n/a	Kupreanof Shores	8	2019-19	10.51	\$35,700
n/a	Kupreanof Shores	10	2019-19	10.47	\$44,400
n/a	Kupreanof Shores	11	2019-19	9.25	\$41,100
n/a	Kupreanof Shores	12	2019-19	9.23	\$43,200
n/a	Kupreanof Shores	13	2019-19	9.22	\$36,900
n/a	Kupreanof Shores	14	2019-19	9.33	\$37,300
n/a	Kupreanof Shores	15	2019-19	9.33	\$39,600
n/a	Kupreanof Shores	16	2019-19	9.34	\$39,600
n/a	Kupreanof Shores	17	2019-19	9.30	\$39,400
n/a	Kupreanof Shores	18	2019-19	12.37	\$49,500
n/a	Kupreanof Shores	19	2019-19	10.79	\$35,800
n/a	Kupreanof Shores	20	2019-19	11.50	\$37,700
n/a	Kupreanof Shores	21	2019-19	9.76	\$42,900
n/a	Kupreanof Shores	22	2019-19	9.30	\$35,600
n/a	Kupreanof Shores	23	2019-19	16.22	\$64,900
n/a	Kupreanof Shores	24	2019-19	19.02	\$69,200
n/a	Kupreanof Shores	25	2019-19	10.38	\$48,600
n/a	Kupreanof Shores	26	2019-19	9.86	\$47,300
n/a	Kupreanof Shores	27	2019-19	21.45	\$78,900
n/a	Kupreanof Shores	28	2019-19	13.93	\$59,100
224839	Kupreanof Homestead	C	91-133	19.83	\$69,800

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

August 20, 2024, for Lot 1 through Lot 22 of Kupreanof Shores Subdivision.

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

August 21, for Lot 23 through Lot 28 of Kupreanof Shores and Tract C of Kupreanof Homestead.

Date of Report

February 17, 2025

Exposure Time

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

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. An exposure time of up to one year is typical for road accessible parcels, and up to three years for remote parcels.

Sale History

The State of Alaska Department of Natural Resources is the current owner of all of the subject parcels. There are no known sales or deed transfers for any of the subject parcels within the past three years.

Prior Appraisal History

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

SCOPE OF WORK

Property and Comparable Sales Inspection

All of the subject parcels were inspected from the air by helicopter. Some of the parcels were inspected on the ground where terrain and vegetation allowed.

Research and Analysis Conducted

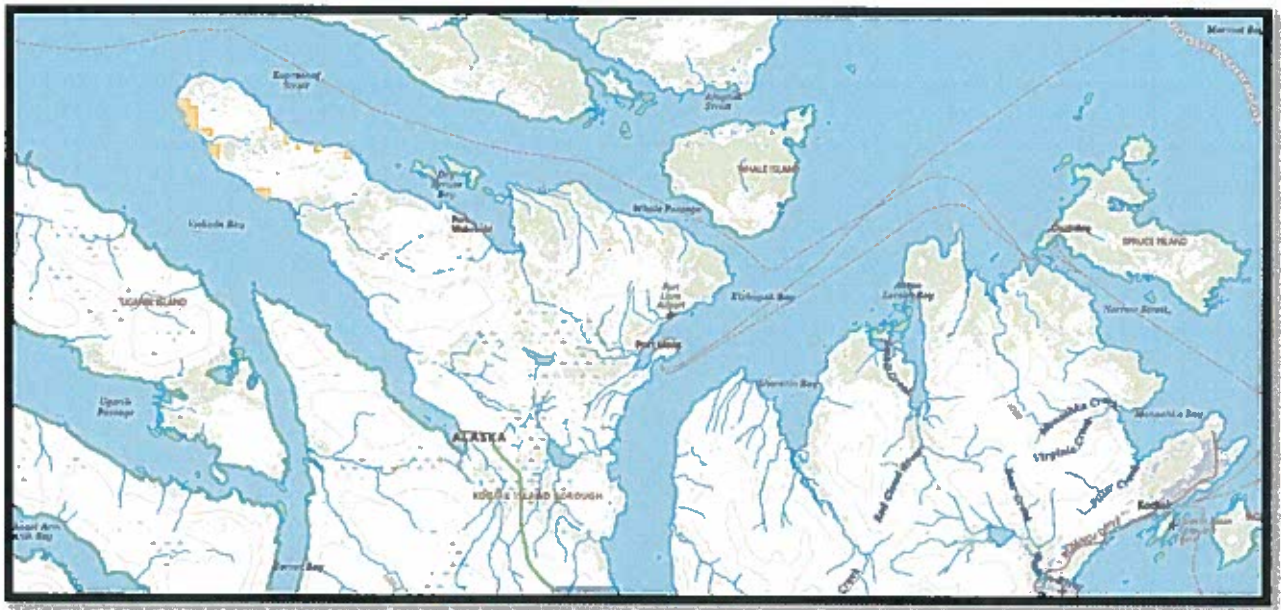
Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales and information about parcels currently available. Current listings were also searched. The recorder's office was searched to identify any recent sales. Sellers and buyers or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details. After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

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

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable, but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
8. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

PRESENTATION OF DATA



Market Area⁵

All of the subject parcels are all located in the Kodiak Island Borough. All of the parcels are located on the Kupreanof Peninsula, 30 to 37 miles northwest of the city of Kodiak.

Location:

Kodiak Island is located on the western side of the Gulf of Alaska. It lies 252 air miles south of Anchorage. Kodiak Island Borough falls within the gulf coast maritime climate zone, characterized by a rainy atmosphere, long, cold winters, and mild summers. This zone lacks prolonged periods of freezing weather at low altitudes and is characterized by cloudiness and frequent fog. The combination of heavy precipitation and low temperatures at high altitudes in the coastal mountains of southern Alaska accounts for the numerous mountain glaciers. There is little to no freezing weather, moderate precipitation, occasional high winds, and frequent cloud cover and fog. Severe storms are common from December through February.

Local Government:

The Kodiak Island Borough is a second-class borough with an elected Mayor and Assembly. The Borough's area-wide powers may 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.

Demographics:

The 2023 population estimate was 12,721.

Economy:

The Kodiak Island Borough encompasses 6,559 square miles of land. The island is the largest in Alaska. Seafood processing is the largest private sector employer in the borough. One of the

⁵ <https://dcced.maps.arcgis.com/apps/MapJournal/index.html?appid=5f7fad81c51a4788b8668e2636f782b2>

largest U.S. Coast Guard bases in the nation is located near Kodiak. Between 2019 and 2023 the median household income was \$83,716, with 966 people living below the poverty level.

Facilities:

Refuse Collection, Landfill, Hospital, Schools, Fire, Fisheries Research Center, Transit, Tourism Development, Community & Economic Development, Child Care Assistance, Building Safety, Roads, Arts Council, and First Responder/EMS.

Transportation:

Kodiak is accessible by air and sea. The state-owned Kodiak airport has three asphalt runways. Kodiak Municipal Airport offers another shorter, paved runway for small aircraft. Two passenger airlines serve Kodiak with several daily flights to and from Anchorage, and a number of air taxi services provide flights to five remote villages only accessible by boat or aircraft. City-owned seaplane bases at Trident Basin and Lilly Lake accommodate floatplane traffic. The Alaska Marine Highway System operates a ferry service between Kodiak and Homer, as well as other ports as far west as Dutch Harbor. The Port of Kodiak includes 2 boat harbors with 600 boat slips up to 160 feet in length. Three deep-draft piers accommodate ferries, cruise ships, container ships, military vessels and a variety of large commercial fishing vessels. Boat launch ramps and 150-ton vessel lift are also available. The City of Kodiak opened a shipyard in 2010. Vessels up to 42 feet by 180 feet and 660 tons can be lifted for maintenance and build.

Weather, Kodiak Island

At Kodiak, the winds, usually northwest in late fall, winter and spring, shift to the northeast in early summer and then to southeast until the end of September. The average wind speed is nine knots at Kodiak, and the area is subject to violent williwaws. Annual precipitation averages 65 inches (1651 mm) on Kodiak Island. Annual snowfall averages 75 inches (1905 mm) at Kodiak, and measurable snow has been recorded in every month of the year except July and August. (14) Mean annual temperature is 41 °F (5 °C) at Kodiak. Extreme temperatures noted were 86 °F (30 °C) in June (1953) and -16 °F (-26.7 °C) in January (1989). Water temperatures are about 1 °F (17.2 °C) lower than air temperatures in summer, and 1 ° and 2 °F (17.2 ° and 16.7 °C) higher in late fall, winter and early spring. Fogs are common over the area and are most frequent at Kodiak in June and July. Cloudiness is considerable.⁶

⁶ https://nauticalcharts.noaa.gov/publications/coast-pilot/files/cp9/CPB9_C05_WEB.pdf

General Subdivision Description for the Kupreanof Shores Subdivision

Location

There are twenty-seven subject parcels in the Kupreanof Shores Subdivision. The parcels are located approximately 34 to 37 miles northwest of the city of Kodiak, on the Kupreanof Peninsula.

Access

Primary summer access to these parcels is via boat, float plane, or helicopter. Some of the subject parcels have steeper oceanfront access than others. Access ranges from gently sloping shoreline to bluff/cliff.

Size & Shape

The subject parcels range from 9.19 to 21.45-acres in size and are irregular in shape.

Topography

The subdivision topography is characterized by a sloping to undulating topography. The parcels are located approximately 300 feet above sea level.

Soils/Vegetation

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

Utilities, Water & Sewer

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

Easements & Zoning Regulations.

Unless vacated, all section lines are subject to a 50' easement on each side of the section line. Also, the subject parcels are subject to a public access easement between the seaward lot lines and the mean highwater line. The subject parcels are zoned C-conservation district.

The description and intent of C-conservation district is as follows:

The C conservation zoning district is established for the purpose of maintaining open space areas while providing for single-family residential and limited commercial land uses. For the conservation district, in promoting the general purposes of this title, the specific intentions of this chapter are:

- A. To encourage the use of land for single-family residential and limited commercial purposes;
- B. To encourage the continued use of land for open space areas; and

C. To encourage the discontinuance of existing uses that are not permitted under the provisions of this chapter. [Ord. FY2016-03 §2, 2015; Ord. 93-66 §2, 1993; Ord. 84-57-O §1, 1984; Ord. 82-46-O §2, 1982. Formerly §17.13.010].⁷

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Tax Assessments

The subject parcels are located within the taxing authority of the Kodiak Island 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 2024 mill rate for the subject subdivision was 9.25.

Ownership History

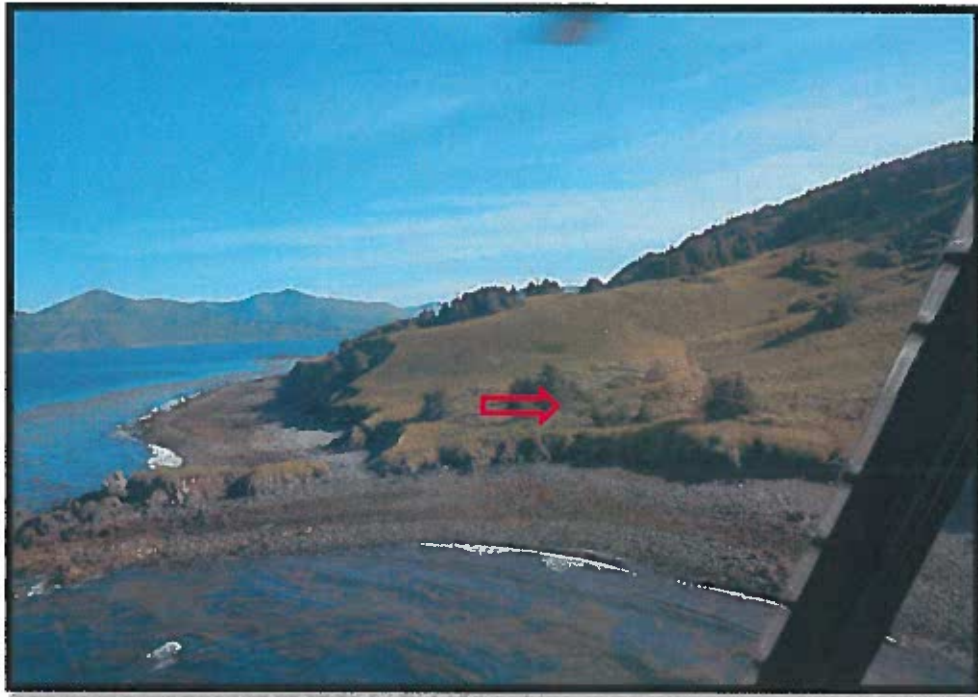
The Department of Natural Resources is the current owner of record for all of the subject parcels. There are no other known sales or deed transfers of the subject property within the past three years.

Personal Property

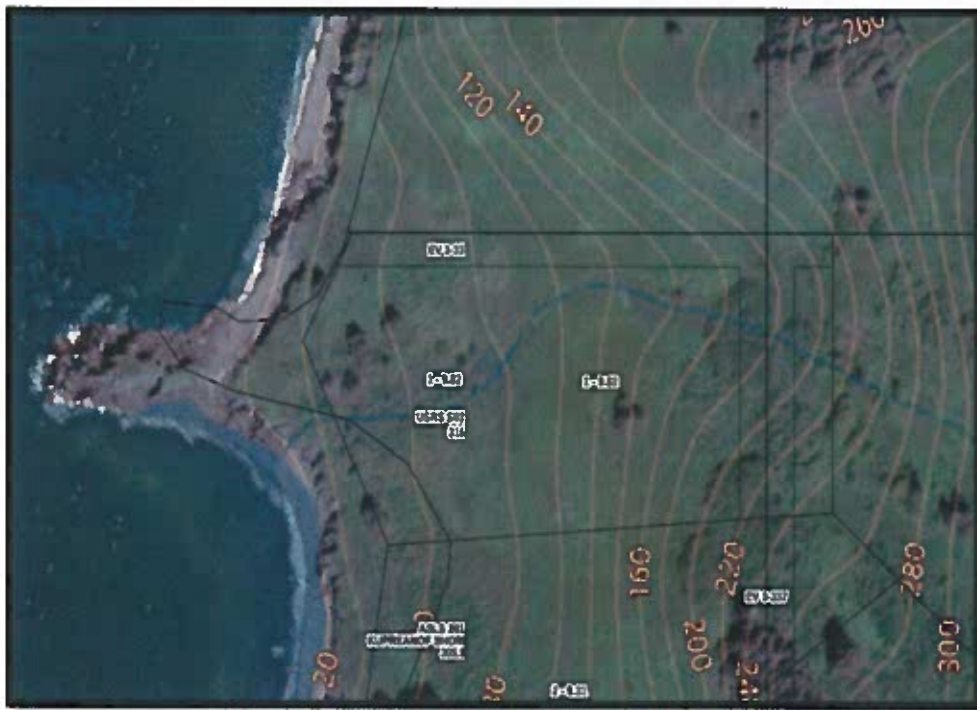
There is no personal property involved with the appraisal of this property.

⁷ <https://kodiakisland.borough.codes/KIBC/17.50.010>; accessed 02/05/2025

Kupreanof Shores Subject Photos Lot 1



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



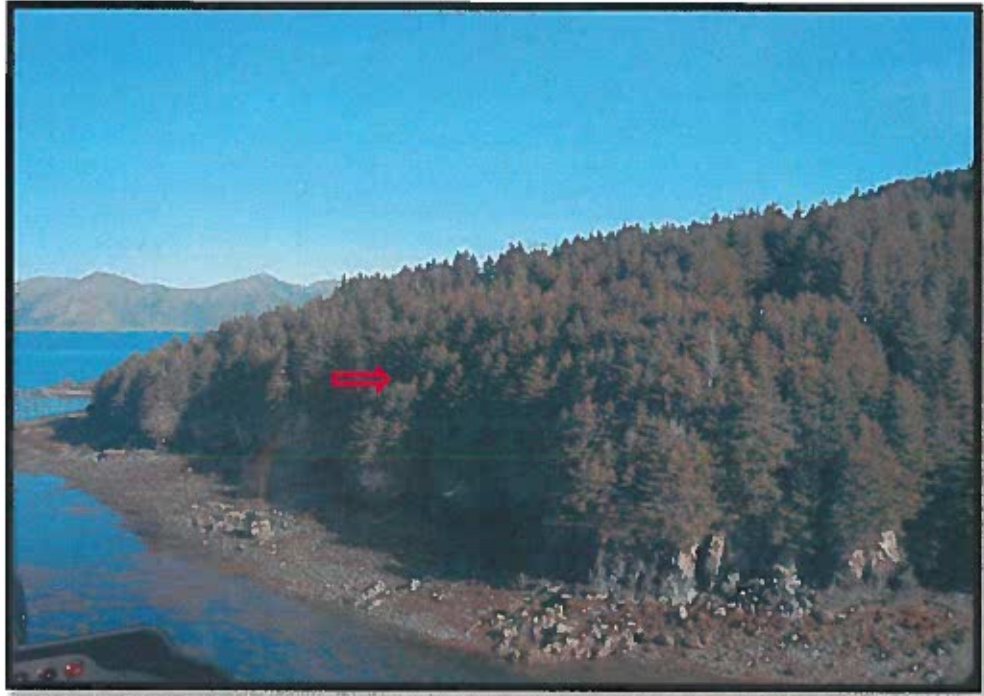
Lot 2



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



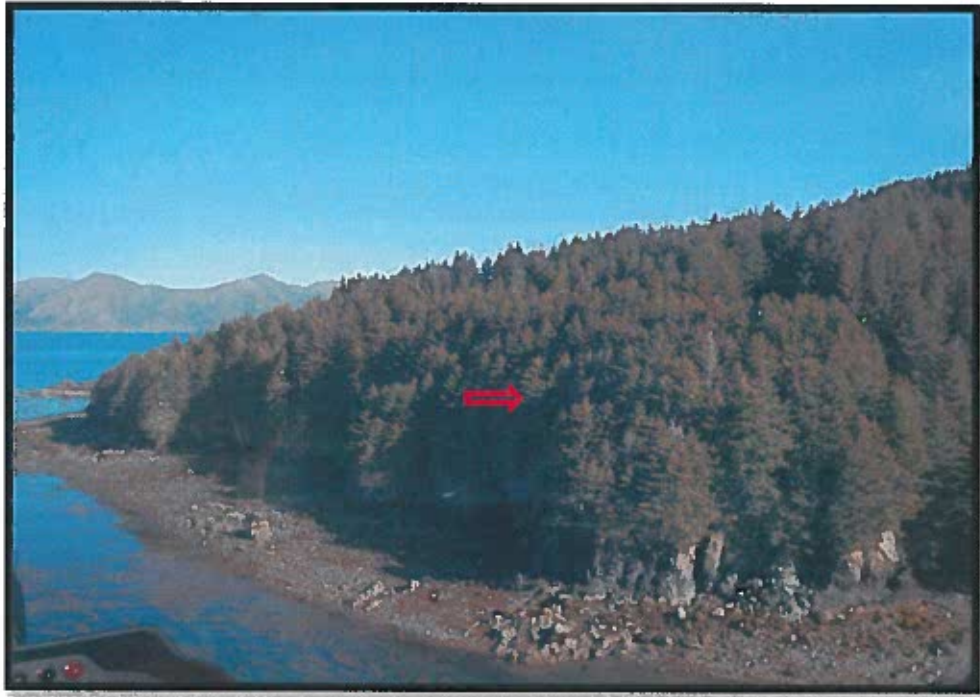
Lots 3 & 4



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lots 4



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lots 5-7

From left to right



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 8



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 10 & 11

From left to right.



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 12

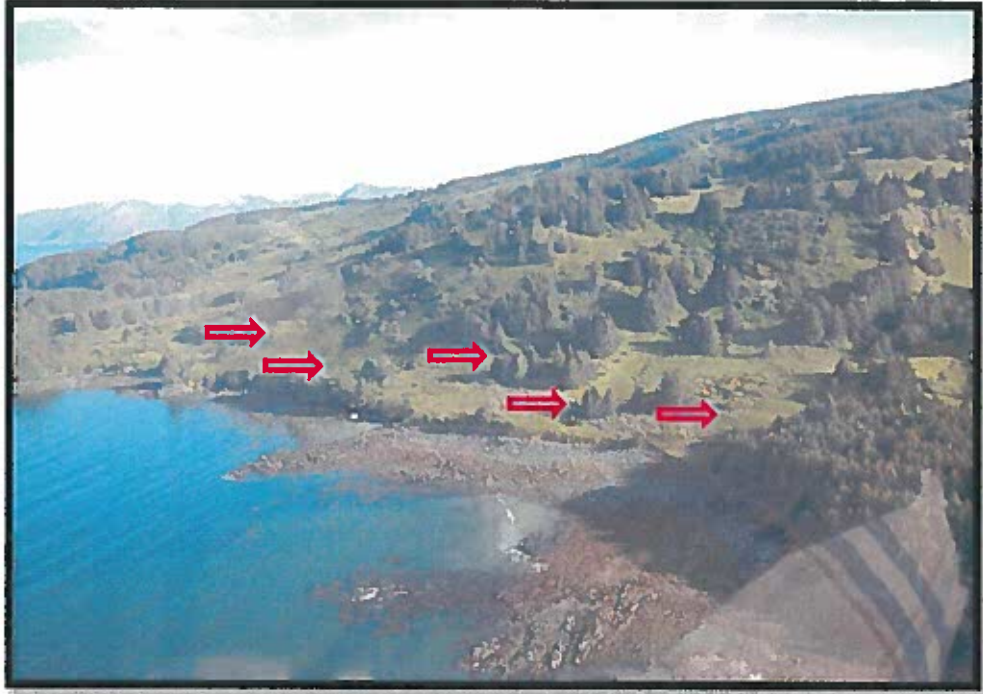


Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.

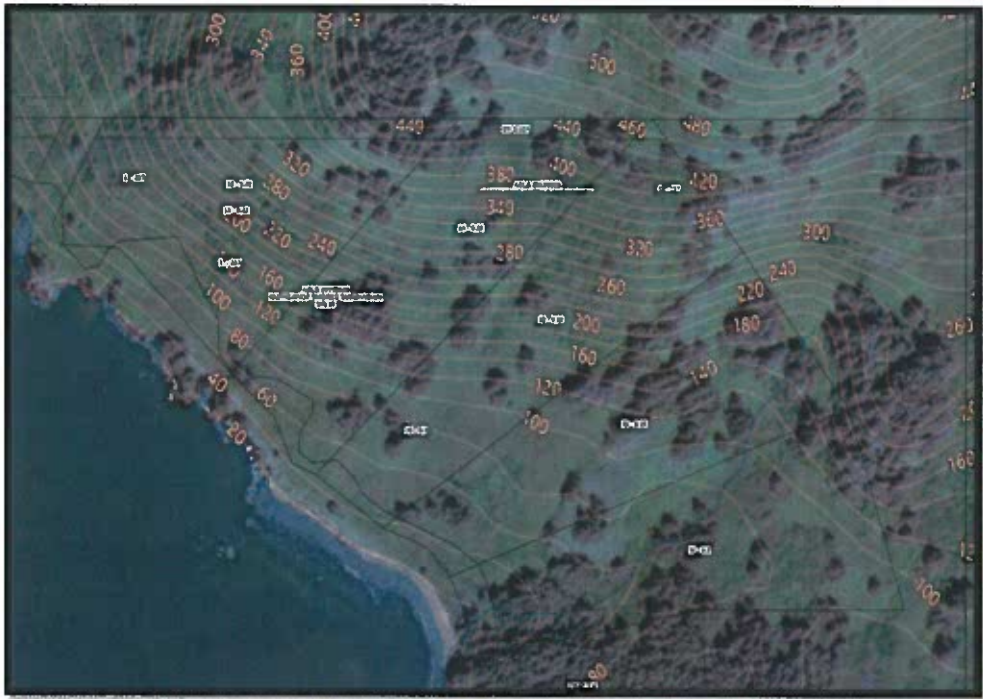


Lot 13-17

From Left to right.



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



A photograph of a wide river valley. The foreground shows a rocky, gravelly riverbed with some water flowing on the left. The opposite bank is covered in dense, dark green forest. A red arrow is superimposed on the image, pointing towards a specific spot on the forested bank. The sky is blue with scattered white clouds.

Lot 19



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 20-22

From left to right.



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 23



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 24



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 25



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 26



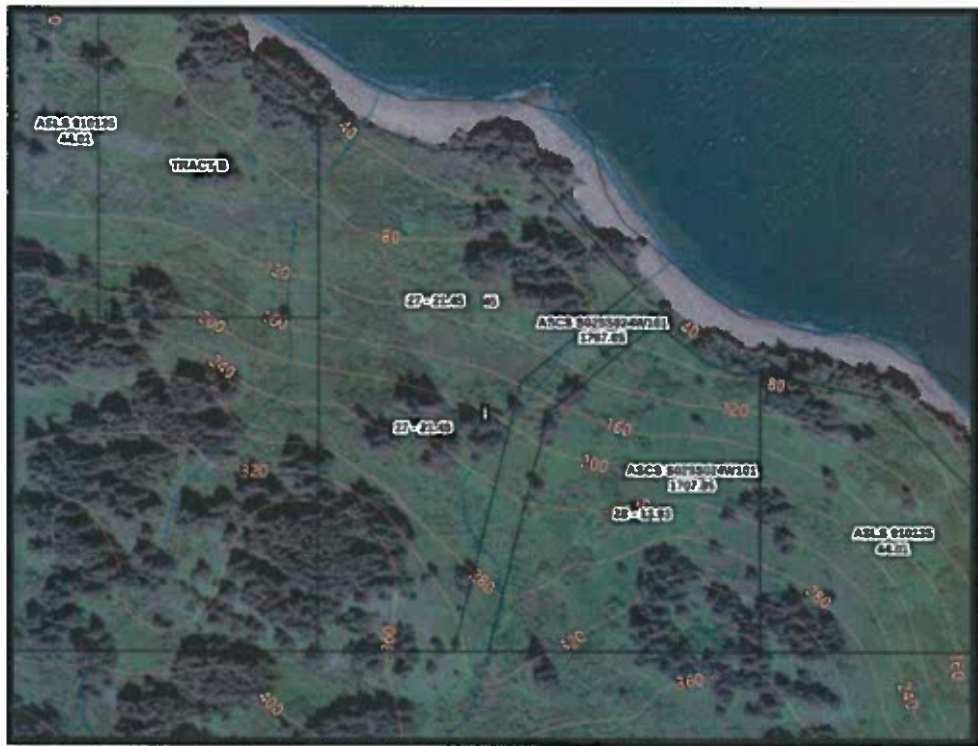
Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



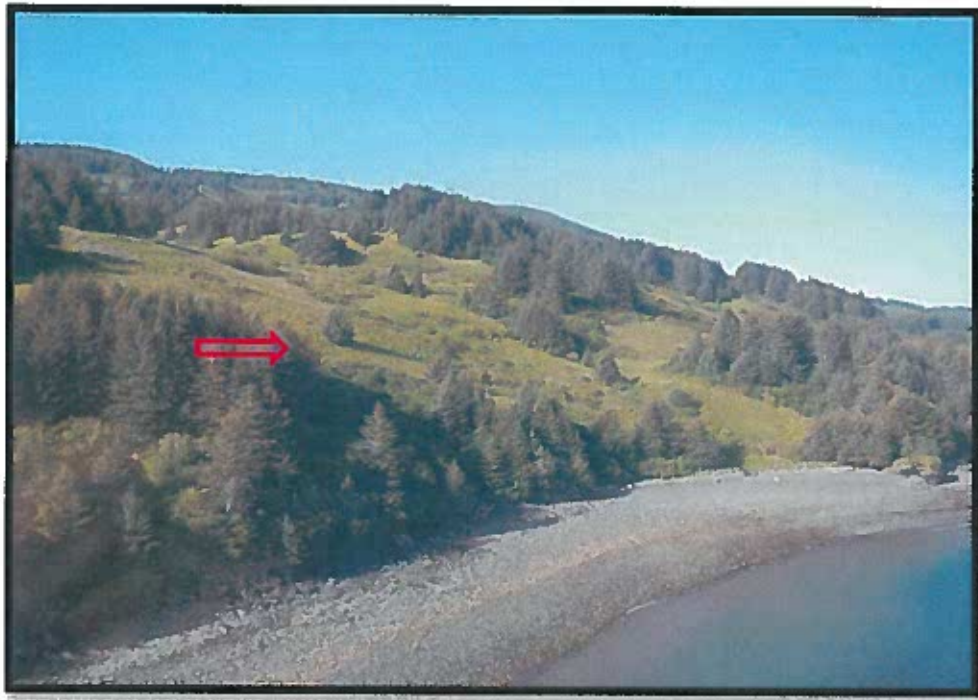
Lot 27



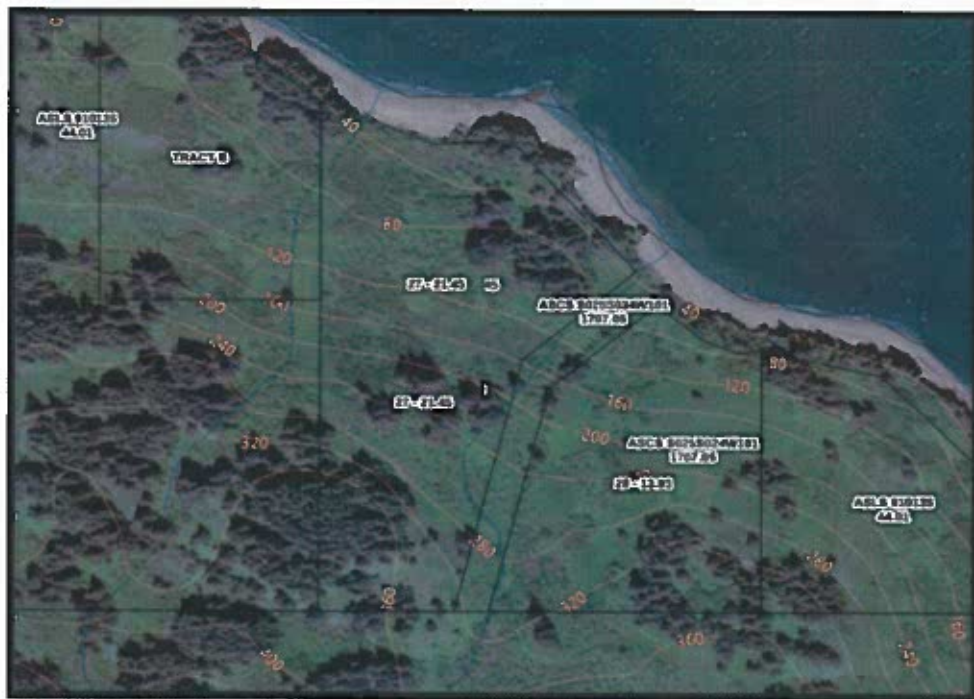
• Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Lot 28



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



Description for the Kupreanof Homestead Parcel

Location

There is one Kupreanof Peninsula Homestead parcel. The parcel is located approximately 31 miles northwest of the city of Kodiak, on the northeast side of the Kupreanof Peninsula.

Access

Primary summer access to this parcel is via boat, float plane, or helicopter. The parcel has good access with a low to moderate bluff.

Size & Shape

The subject parcel is 19.83-acres in size and is irregular in shape.

Topography

The topography is characterized by a gently sloping topography, which rises to approximately 200' above sea level near the rear lot line.

Soils/Vegetation

The parcel is sparsely treed with a mix of spruce and alder trees. The soils are typical of the area.

Utilities, Water & Sewer

Electricity is not available to the lot. 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 parcel has a 50' section line easement along the ease lot line. Also, the subject parcels are subject to a 25' public access and utility easement along all other lot lines. The parcel is zoned C-conservation district.

The description and intent of C-conservation district is as follows:

The C conservation zoning district is established for the purpose of maintaining open space areas while providing for single-family residential and limited commercial land uses. For the conservation district, in promoting the general purposes of this title, the specific intentions of this chapter are:

- A. To encourage the use of land for single-family residential and limited commercial purposes;
- B. To encourage the continued use of land for open space areas; and
- C. To encourage the discontinuance of existing uses that are not permitted under the provisions of this chapter. [Ord. FY2016-03 §2, 2015; Ord. 93-66 §2, 1993; Ord. 84-57-O §1, 1984; Ord. 82-46-O §2, 1982. Formerly §17.13.010].⁸

⁸ <https://kodiakisland.borough.codes/KIBC/17.50.010>; accessed 02/05/2025

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 Kodiak Island 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 2024 mill rate for the subject was 9.25.

Ownership History

The Department of Natural Resources is the current owner of record for the subject 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.

**Kupreanof Homestead Photos
ADL 224839**



Red arrow is the approximate location of parcel and should not be relied upon for locating parcel.



DATA ANALYSIS AND CONCLUSION

All of the subject parcels are oceanfront parcels located on the Kupreanof Peninsula. A key parcel will be identified from these lots and the Key Parcel method of analysis will be utilized.

ADL	Subdivision	Lot/Tract	Plat	Size (acres)	Frontage	Bluff Height
N/A	Kupreanof Shores	1	2019-19	9.82	551'	15'
N/A	Kupreanof Shores	2	2019-19	9.31	684'	20'
N/A	Kupreanof Shores	3	2019-19	9.25	459'	30'
N/A	Kupreanof Shores	4	2019-19	9.29	410'	30'
N/A	Kupreanof Shores	5	2019-19	9.32	375'	20'
N/A	Kupreanof Shores	6	2019-19	9.30	332'	15'
N/A	Kupreanof Shores	7	2019-19	9.19	240'	15'
N/A	Kupreanof Shores	8	2019-19	10.51	357'	15'
N/A	Kupreanof Shores	10	2019-19	10.47	330'	0'
N/A	Kupreanof Shores	11	2019-19	9.25	1,164'	0
N/A	Kupreanof Shores	12	2019-19	9.23	538'	0
N/A	Kupreanof Shores	13	2019-19	9.22	679'	0
N/A	Kupreanof Shores	14	2019-19	9.33	291'	0
N/A	Kupreanof Shores	15	2019-19	9.33	236'	0
N/A	Kupreanof Shores	16	2019-19	9.34	234'	0
N/A	Kupreanof Shores	17	2019-19	9.30	261'	0
N/A	Kupreanof Shores	18	2019-19	12.37	547'	0
N/A	Kupreanof Shores	19	2019-19	10.79	343'	30'
N/A	Kupreanof Shores	20	2019-19	11.50	437'	20
N/A	Kupreanof Shores	21	2019-19	9.76	376'	0
N/A	Kupreanof Shores	22	2019-19	9.30	401'	0
N/A	Kupreanof Shores	23	2019-19	16.22	786'	0
N/A	Kupreanof Shores	24	2019-19	19.02	808'	0
N/A	Kupreanof Shores	25	2019-19	10.38	778'	0
N/A	Kupreanof Shores	26	2019-19	9.86	636'	0
N/A	Kupreanof Shores	27	2019-19	21.45	1,155'	0
N/A	Kupreanof Shores	28	2019-19	13.93	358'	0
224839	Kupreanof Homestead	C	91-133	19.83	750'	15'

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.

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.

⁹ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2015, 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 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 Statue 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms

In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. 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 more proximate a parcel is to the road system and the city of Kodiak can make accessibility faster and easier. The Key Parcel and the comparable sales have varying distances from the city of Kodiak and the road system. As such, the comparable sales were adjusted for location when appropriate.

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 some of the comparable sales have different difficulties of access, depending on the height of the shoreline. Comp #3 received an upward adjustment for inferior access. Sale \$3 and Sale #5 received downward adjustments for superior access.

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

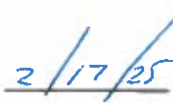
Possessing more shoreline is considered an amenity in the market. Additional shoreline can provide more mooring or landing options, but there can also be excess shoreline that does not contribute to value. The current market data does not provide a clear indicator of the added value of additional shoreline. The Key Parcel has 547' of shoreline. In this analysis, parcels that have 275' or less shoreline received a nominal downward adjustment of 5%, or .95. Parcels that have between 276' and 999' did not receive adjustments. Parcels that have more than 1,000' or more received an upward nominal adjustment of 5%, or 1.05.

CERTIFICATION OF VALUE

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest 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 for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 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.
- No one provided significant real property appraisal assistance to the person signing this certification.


Signature


Date

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.