

**APPRAISAL REPORT  
REAL ESTATE APPRAISAL**

**Of  
Armory Building**



101 Second Ave, Wrangell  
AK, 99923

**As of**  
April 28, 2021

**Prepared For**  
Ms. Carol Rushmore  
City and Borough of Wrangell  
PO Box 531  
Wrangell, AK, 99929

**Prepared by**  
RAMSEY APPRAISAL RESOURCE  
Roger Ramsey, Alaska-AA 570

**File Name:**  
RAR File# 21-016-P2

## RAMSEY APPRAISAL RESOURCE

---

10615 Horizon Drive  
Juneau,  
AK, 99801

907-723-2936  
Fax: 866-404-7117  
rogerramsey@mac.com

--

May 21, 2021

Ms. Carol Rushmore  
City and Borough of Wrangell  
PO Box 531  
Wrangell, AK 99929

Re: Appraisal Report, Real Estate Appraisal  
Armory Building  
101 Second Ave,  
Wrangell, AK, 99923

File Name: RAR File# 21-016-P2

Dear Ms. Rushmore:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject is improved with a 30X40 building that was historically used as a National Guard Armory. More recently it was used as borough office

Please reference page 9 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any services regarding the subject within the three-year period immediately preceding acceptance of this assignment.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 7). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

**Current As Is Market Value:**

The “As Is” market value of the Fee Simple estate of the property, as of April 28, 2021, is

**One Hundred Ten Thousand Dollars (\$110,000)**

The market exposure time preceding April 28, 2021 would have been 6 months and the estimated marketing period as of April 28, 2021 is 3 months.

Respectfully submitted,  
Ramsey Appraisal Resource



Roger Ramsey  
Alaska-AA 570

## TABLE OF CONTENTS

Summary of Important Facts and Conclusions .....	5
Limiting Conditions and Assumptions .....	7
Scope of Work .....	9
Market Area Analysis .....	11
Location Map .....	15
Property Description .....	17
Site Plan .....	19
Improvements Plan .....	24
Subject Photographs.....	25
Assessment and Taxes .....	28
Assessment Analysis.....	28
Zoning .....	29
Highest and Best Use .....	30
Valuation Methodology .....	31
Analyses Applied.....	31
Cost Approach .....	32
Land Value.....	32
Sales Comparison Approach – Land Valuation.....	32
Land Comparables .....	33
Comparables Map .....	37
Analysis Grid .....	37
Comparable Land Sale Adjustments.....	39
Sales Comparison Approach Conclusion – Land Valuation.....	40
Cost Analysis .....	40
Depreciation Analysis.....	40
Cost Approach Conclusion .....	41
CoreLogic - SwiftEstimator Commercial Estimator - Detailed Report .....	42
General Information.....	42
Section 1.....	42
Occupancy Details .....	42
System : Manufactured Housing .....	42
Sales Comparison Approach.....	44
Sales Comparison Approach Conclusion.....	44
Final Reconciliation .....	45
Value Indications .....	45
Value Conclusion.....	45
Addenda .....	47
Glossary .....	55

## Summary of Important Facts and Conclusions

### GENERAL

<b>Subject:</b>	Armory Building 101 Second Ave, Wrangell, AK, 99923
	The subject is improved with a 30X40 building that was historically used as a National Guard Armory. More recently it was used as borough office
<b>Owner:</b>	Wrangell Borough
<b>Legal Description:</b>	Lot 5, Block 59A, Industrial Subdivision (Amended Plat) Plat 85-8, Wrangell Recording District
<b>Date of Report:</b>	May 21, 2021
<b>Intended Use:</b>	The intended use is for portfolio management and negotiation of potential sales.
<b>Intended User(s):</b>	The client, property owner and potential purchasers..

### Assessment:

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total Assessment	City Rate	County Rate	Other Rate	Tax Rate	Taxes
02-030-474	\$13,700	\$0	\$0	\$13,700	\$0.00	\$0.00	\$12.75	\$12.75	\$175

Notes:

<b>Sale History:</b>	The subject has not sold in the last three years, according to public records.
<b>Current Listing/Contract(s):</b>	The subject is not currently listed for sale, or under contract.

**Land:**

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
02-030-474	0.21	9,148	0.21	9,148	areas of wetlands.	site is rectangular.

Notes:

**Improvements:**

Building Summary							
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area	Number of Units	Building Name/ID
National Guard	1982	Fair	1.0	1,200			il Guard Armory

Notes:

**Zoning:** Industrial

**Highest and Best Use of the Site:** industrial/commercial

**Highest and Best Use as Improved:** The subject is improved with a building supported on grade beams and has no permanent foundation. It appears to be functioning fine in its capacity. It would make a decent office for a business.

**Type of Value:** Market Value

VALUE INDICATIONS	
<b>Land Value:</b>	\$50,000
<b>Cost Approach:</b>	\$110,000
<b>Sales Comparison Approach:</b>	\$105,000

<b>Reconciled Value(s):</b>	<b>As Is</b>
Value Conclusion(s)	\$110,000
Effective Date (s)	April 28, 2021
Property Rights	Fee Simple

## Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Ramsey Appraisal Resource. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Ramsey Appraisal Resource's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

#### **Americans with Disabilities Act (ADA) of 1990**

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Ramsey Appraisal Resource has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**



## Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Ms. Carol Rushmore, -- City and Borough of Wrangell. The problem to be solved is to estimate the current 'As Is' market value . The intended use is for portfolio management and negotiation of potential sales. This appraisal is intended for the use of client, property owner and potential purchasers..

### SCOPE OF WORK

Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	The appraiser inspected the subject property on 4/28/2021. I was able to view the inside and exterior and take photos.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Market Value

Valuation Analyses

- Cost Approach: A cost approach was not applied as the age of the improvements makes the depreciation difficult to accurately measure.
- Sales Comparison Approach: A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
- Income Approach: An income approach was not applied as while the subject could generate an income stream, the most probable buyer is an owner-occupant.
- Hypothetical Conditions:
- There are no hypothetical conditions for this appraisal.
- Extraordinary Assumptions:
- There are no Extraordinary Assumptions for this appraisal.

**Comments**

In the process of completing this valuation I interview neighbors to the property who had recently purchased property or had been there for a long time. It was the general consensus that the subject underlying soil is more than likely mud and considered to be a bit of a hole.

While I did talk with contractors to get an idea of what fill costs are, my negative adjustment in comparison to the comparables does not add up to what it would cost to fill the site to grade, as I feel there are many in the market who would be fine using it as is as the ditches are ample.

I also read the environmental report to make a determination of how the market would react to the findings. The asbestos found was contained exclusively in the tile and the mastic holding it and at percentages barely over the limit. I considered how the market would perceive this and from my perspective they would not remove any of this asbestos flooring but instead cover it with new flooring. There is a slight risk they may have to remove some which would trigger jumping through the regulatory hoops, for this reason I felt a small adjustment was necessary.

## Market Area Analysis

The following are excerpts from <http://www.seconference.org/wrangell>, appraiser analysis follows this.

### Wrangell City and Borough\*

Wrangell is one of the oldest non-Native settlements in Alaska. In 1811 the Russians began fur trading with area Tlingits and built a stockade named Redoubt St. Dionysius in 1834. The island was named for Ferdinand Von Wrangel, manager of the Russian-American Co. around 1830. The British Hudson Bay Co. leased the fort in 1840 and named the stockade Fort Stikine. A large Stikine Indian village, known as Kotzlitna, was located 13 miles south of the fort. The Tlingits claimed their own ancient trade rights to the Stikine River and protested when the Hudson Bay Co. began to use their trade routes, but two epidemics of smallpox, in 1836 and 1840, reduced the Tlingit population by half. The fort was abandoned in 1849 when furs were depleted. The fort remained under the British flag until Alaska's purchase by the U.S. in 1867. In 1868 a U.S. military post called Fort Wrangell was established and named for the island. The community continued to grow as an outfitter for gold prospectors, especially in 1861, 1874-77, and 1897. Riotous activity filled gambling halls, dance halls, and the streets. Thousands of miners traveled up the Stikine River into the Cassiar District of British Columbia during 1874 and to the Klondike in 1897. Glacier Packing Co. began operating in Wrangell in 1889. The Wilson & Sylvester Sawmill provided packing boxes for canneries and lumber for construction. The city was incorporated in 1903. By 1916, fishing and forest products had become the primary industries -- four canneries and a cold storage plant were constructed by the late 1920s. In the 1930s, cold packing of crab and shrimp was occurring. Abundant spruce and hemlock resources have helped to expand the lumber and wood products industry. The Alaska Pulp sawmill, Wrangell's largest employer, closed in late 1994 but was reopened on a smaller scale in 1998 by Silver Bay Logging. The city was dissolved and reincorporated as the City and Borough of Wrangell on May 1, 2008.

### Location & Climate

The City and Borough of Wrangell is located on the northwest tip of Wrangell Island, 155 miles south of Juneau and 89 miles northwest of Ketchikan. It is near the mouth of the Stikine River, a historic trade route to the Canadian Interior. It lies at approximately 56.470830 North Latitude and -132.376670 West Longitude. (Sec. 25, T062S, R083E, Copper River Meridian.) Wrangell is located in the Wrangell Recording District. The area encompasses 2,582.0 sq. miles of land and 883.0 sq. miles of water. Wrangell is in the maritime climatic zone and experiences cool summers, mild winters, and year-round rainfall. Summer temperatures typically range from 42 to 64 °F; winter temperatures range from 21 to 44 °F. Average annual precipitation is 82 inches, with 64 inches of snowfall. Fog is common from September through December. \*State of AK, DOT AMHS.

## 2019 Population

2,479 (1990 Census)  
 2,659 (Alaska Department of Community and Regional Affairs, as of August 1994)  
 2,758 (Alaska DCRA, as of August 1995)  
 2,595 (Alaska DCRA, as of August 1996)  
 2,543 (Alaska DCRA, as of August 1997)  
 2,589 (Alaska DCRA, as of August 1998)  
 2,549 (Alaska Department of Community and Economic Development, as of August 1999)  
 2,569 (Alaska DCED, as of August 2000)  
 2,308 (2000 Census)  
 2,308 (Alaska DCED, Jan 2002)  
 2,144 (Alaska DCED, Jan 2003)  
 2,113 (Alaska DCED, Jan 2004)  
 2,023 (Alaska DCED, Jan 2005)  
 1,974 (Alaska DCCED, Jan 2006)  
 1,911 (Alaska DCCED, Jan 2007)  
 1,947 (Alaska DCCED, Jan 2008)  
 2,072 (Alaska DCCED, Jan 2009) Borough population  
 2,112 (Alaska DCCED, Mar 2009 revised 2008 Borough population)  
 2,058 (Alaska DCCED, Jan 2010) Borough population

Above information is found on the Wrangell Borough Website. Current DCCED population estimates are 2426 in 2019.

Following are some of the key industries, and the utility services as identified on the wrangell.com website

**Marine Industry:** The Marine Service Center is a thriving boat works facility for commercial and recreational vessels. Two lifts, 150-ton and 300-ton, and a 40 ton trailer provide haul out capabilities and local vendors provide the necessary services.

**Timber:** Wrangell has a long history in timber harvesting and processing. Once the primary economic driver for Wrangell, it is now a small contributor. While the industry is changing from an old growth harvesting model to a young growth harvesting program, there are still a few local businesses that provide a variety of timber products. The Economic Development Committee, with approval by the Assembly, developed a local Timber Products Plan to help guide community participation in State and Federal timber programs to provide incentive for industry investment.

**Tourism:** Visitor opportunities abound in Wrangell with the scenery and activities rivaling larger destinations! But we don't have the numbers of daily visitors which

mean you can fish alone on a stream, hikes can be quietly enjoyed by you and your friends, and scenic vistas are just that.. nothing but spectacular scenes.

Wrangell receives a few small cruiseships throughout the summer, but most visitors come via the Alaska Marine Highway and Alaska Airlines. Front Street hosts a variety of locally owned retail stores from gifts to hardware! The Wrangell Convention and Visitor Bureau recently did a [baseline analysis of the industry](#) and the draft report is available below. A list of the Cruise Calendar is also available.

[Seafood Processing](#): There are three commercial processors in Wrangell: Trident Seafoods, Sealevel Seafoods, and Alaska Seafoods, processing salmon, crab, shrimp, halibut and bottom fish.

## Utilities and Services

The City and Borough of Wrangell provides drinking water, solid waste, waste water treatment and road maintenance for residents within the town proper, although public sewer and water service stops at 6 Mile Zimovia Highway . All municipal services have recently had new state of the art facilities constructed to address new environmental regulations meet community needs. Alaska State Department of Transportation administers the Wrangell Airport and provides road maintenance for Zimovia State Highway.

### Electrical

Wrangell Municipal Light and Power supplies power to residents and businesses. In today's power market, Wrangell has very inexpensive power. The primary wholesale power source is Lake Tyee Hydro Electric Project. Tyee can provide 21 megawatts of power and serves Wrangell and Petersburg. Tyee is connected to Swan Lake Hydro in Ketchikan. Wrangell also has an 8+ megawatt diesel generating facility as a secondary backup source of power. Heavy industrial power users may be able to obtain a lower interruptible power rate through the Southeast Alaska Power Agency whom oversees the Tyee-Swan Lake hydro power projects.

### RATES:

Residential: Base monthly rate \$8.00  
0-300 KWH \$.126 per KWH  
300 -1200 KWH \$.102 per KWH  
>1200 KWH \$.08 per KWH

Small Commercial: Base monthly rate \$9.00  
all KWH \$.116 per KWH

Large Commercial: Base monthly rate \$13.50  
0-70,000 KWH \$.107 per KWH  
> 70,000 \$.103 per KWH

Industrial: negotiated per KWH

### **Drinking Water**

Drinking water is filtered through a state of the art sand filtration and ozonation plant. The community's current average daily water consumption is approximately 600,000 gallons per day. The water is not metered, thus residential and commercial uses pay different monthly base fees. Residential rate is \$32.28 and the commercial rate is defined by the Municipal Code based on type of business. Please contact the Utility Clerk for the most current commercial rates. That information can also be found on this website in our Ordinance in Chapter 15.08.

### **Solid Waste and Recycling**

City and Borough of Wrangell provides weekly curbside garbage service. Solid waste is processed in a material recovery handling facility and currently shipped south to an approved landfill in eastern Washington. A volunteer recycling program is available for aluminum cans. The Wrangell Lion's Club promotes the "Cans for Kids" program, reinvesting proceeds from recycling the cans back into youth programs in the community. Residential rate is based on the garbage can size. Please contact the Utility Clerk for the most current commercial rates. That information can also be found on this website in our Ordinance in Chapter 9.04

#### **Residential Rates**

48 gallon can is \$24/mo

64 gallon can is \$39.90/mo

96 gallon can is \$43.98/mo

Commercial Rate: based on commercial can size and number of weekly pick-ups.

### **Waste Water Treatment**

The City's new state of the art waste water treatment plant provides primary treatment to almost 85% of households. The remainder households use a state approved on-site treatment facility. Rates for residential customers is \$27.04 a month. Commercial rate is defined by the City Code base on type of business. Please contact the City's Utility Clerk for the most current commercial rates. That information can also be found on this website in our Ordinance in Chapter 15.08

### **Communications**

Wrangell has excellent telecommunications for your business. Telecommunications is based on microwave and earth station links to a fiber optic network provided by GCI. Our local telecommunication providers offer a total package for your business requirements. Alaska Power and Telephone provides local phone service, and broadband internet/data services including wireless, DSL or 56K dial up connections. Long Distance service is provided by AP&T Long Distance, GCI Communication Inc., and AT&T. Local cellular service is provided by GCI Communication Inc.

GCI also provides cable television service.

Wrangell Sentinel publishes a weekly newspaper. The Sentinel is the oldest continually published newspaper in Alaska. Wrangell's local Public Radio Station KSTK 101.7FM provides music, news and community service announcements.

The Borough has been good about maintaining their infrastructure. Following are projects in the hopper approved by the assembly this year.

<u>Priority</u>	<u>Project Name</u>
1.	Public Safety Building Renovation
2.	High School and Middle School Life and Health Safety Upgrades <ul style="list-style-type: none"> <li>• Fire Alarm System Upgrades</li> <li>• Elevator Replacement</li> </ul>
3.	Upper Reservoir Bypass (Connection to Treatment Plant)
4.	Solid Waste Transfer Station Upgrades
5.	Diesel Generation Power Plant Replacement
6.	Ash Street Water Main Replacement
7.	Nolan Center Standby Generator Upgrades
8.	Inner Harbor Replacement
9.	Water Main Replacement Phase II, Zimovia Highway
10.	Drinking Water Dams Stabilization and Improvements
11.	Cemetery Expansion Development

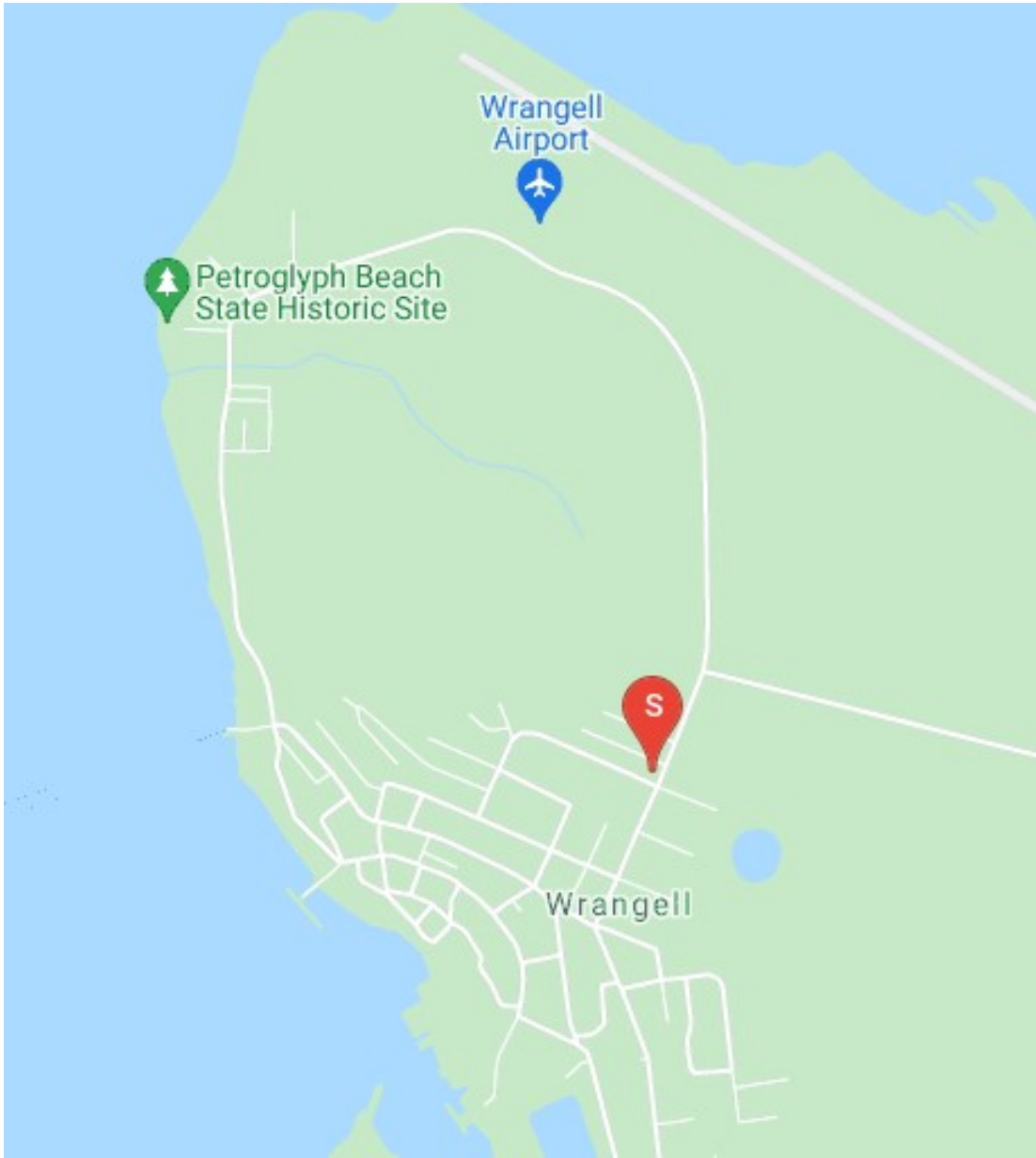
#### **Appraiser's Analysis:**

Wrangell is a community that has been on the rise. They have many significant projects in the hopper and have seen explosive growth in their ship haul out facility. While their population shows a decline from the timber days it now appears to be growing slightly. Based on what I saw in the community, and the general attitude of market participants, I think Wrangell is generally a stable community with potential for moderate growth into the future. The new hospital which was recently completed, will be a boost for the economy, adding a good resource to the community that allows for broader health care and makes it possible for a wider range of people to reside in Wrangell.

As of the date of this valuation, there is a Novel Coronavirus that has been spreading through the world for the last year+. Most people in SE AK have had the opportunity to be vaccinated, which should go a long way towards stabilizing the economy. At the time and date of this valuation it is uncertain how this will affect values of real estate in Wrangell off into the future. No price drops were noted as of the date of value and demand seems to be strong in the market for residential real estate.

In talking with market participants involved in tours, they are expecting to have another down year, but better than 2020 in this coming 2021 season and expecting to be back to normal by the season of 2022.

**Location Map**





## Property Description

The subject is improved with a 30X40 building that was historically used as a National Guard Armory. More recently it was used as borough office

SITE	
Location:	Corner of Second Ave and Bennet street
Current Use of the Property:	Armory
Site Size:	Total: 0.21 acres; 9,148 square feet
	Usable: 0.21 acres; 9,148 square feet
	The subject is all usable and unencumbered. There is a green belt easement area to the south west that is not part of the subject but it appears parking for the subject maybe happening there. The usable land is partially capped with good draining soil. The subject is below the grade of the road and below the grade of the surrounding lots.
Shape:	Rectangular
Frontage/Access:	The subject property has average access with frontage as follows: <ul style="list-style-type: none"> <li>• Airport Road (Bennett St): 95 feet</li> <li>• Howell Avenue: 96 feet</li> </ul> The site has an average depth of 96 feet. It is a corner lot.
Visibility:	Good
Topography:	The subject is below the grade of the road and fairly flat
Soil Conditions:	The subject has had a portion filled to a degree to make it usable for driving on. The appraiser is unsure of the sub straight below this fill. I am guessing it is native soils, based on my conversations with local dirt contractors. The back of the lot is unfilled, and is strewn with old tires and junk.in areas.
Utilities:	Electricity: The site is served by public electricity. Sewer: City sewer Water: City water Adequacy: The subject's utilities are typical and adequate for the market area. <ul style="list-style-type: none"> <li>• The subject has a gravel parking area estimated at around</li> </ul>

Site Improvements: 4000 SF.

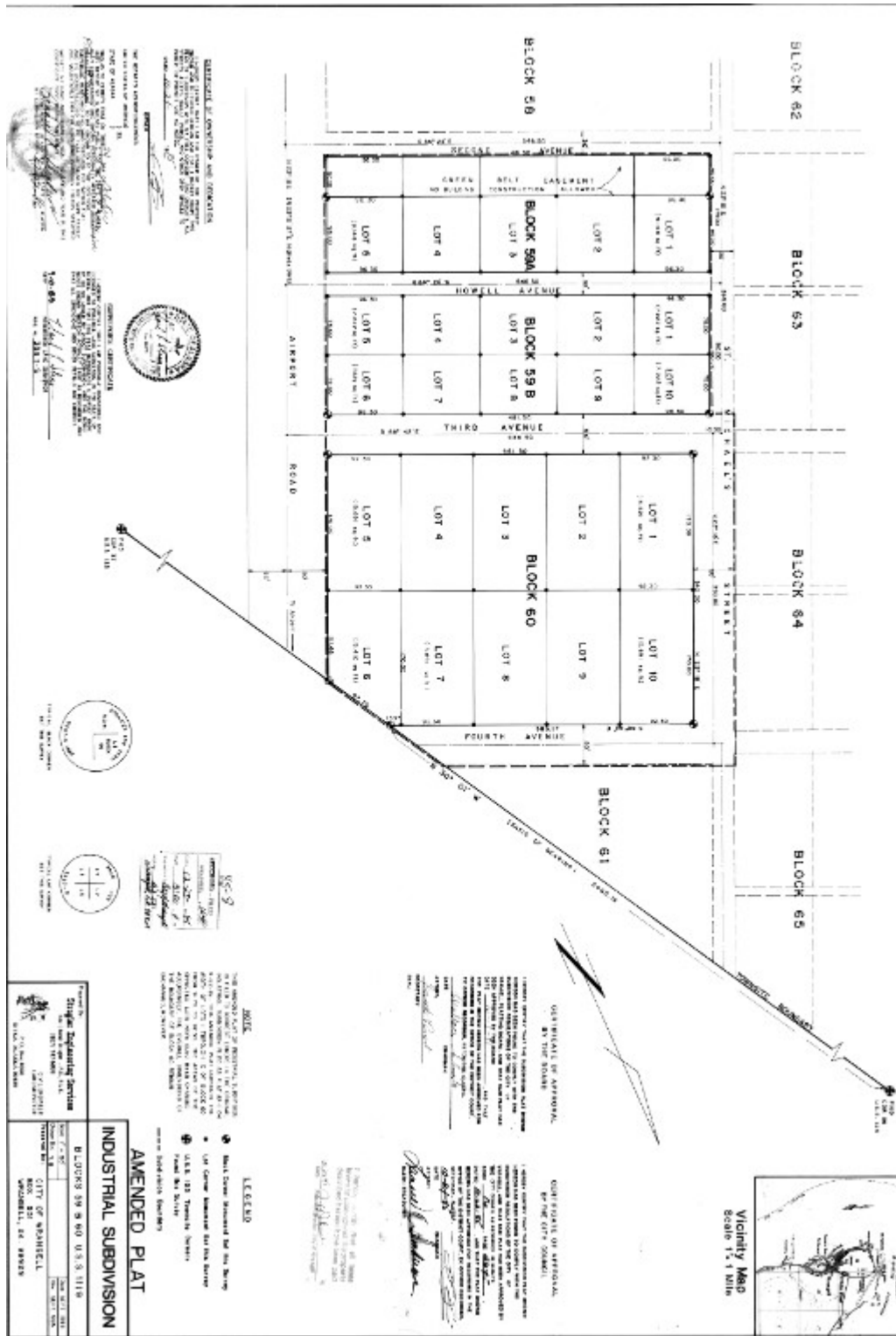
Wetlands/Watershed: The appraiser did not note significant indicators of wetlands

Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

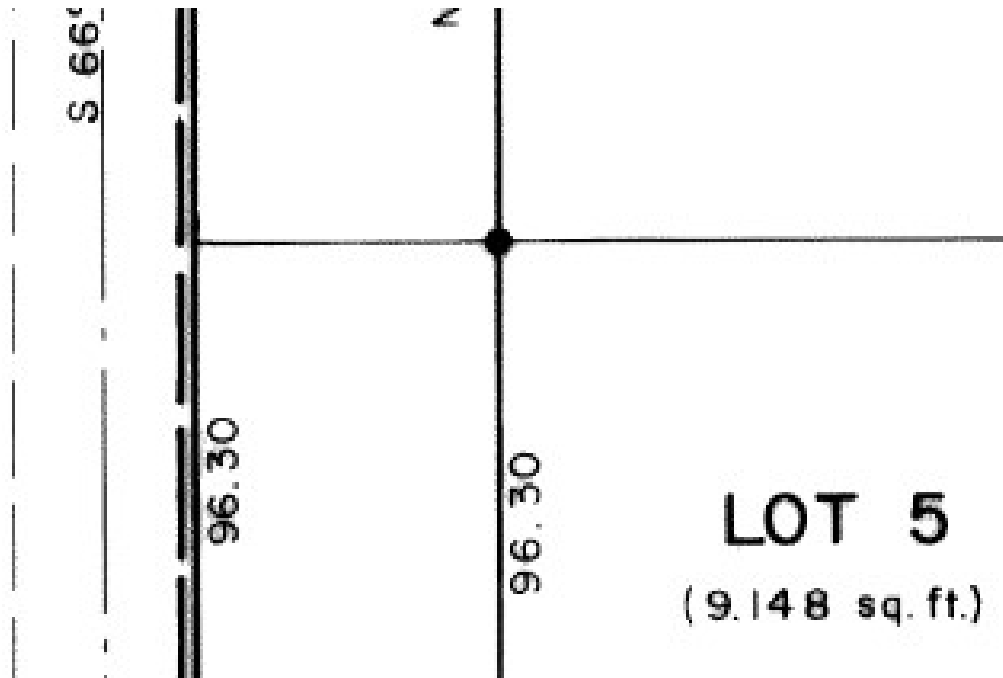
Encumbrance / Easements: There no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Site Comments: The subject site can and has been used as is, though it is below the grade of the road and below the grade of all surrounding lots. That said there are large ditches that collect water on the sites edges. I am unsure about the sub soils but the local dirt contractors think its mud and any construction would require using piles or excavating and bringing in good soil.

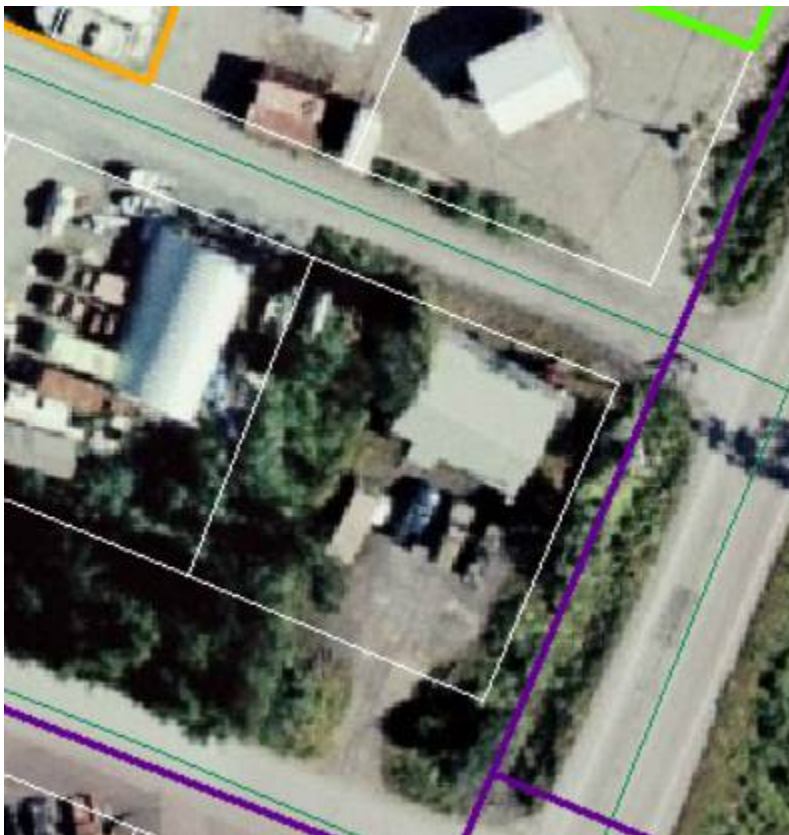
# Site Plan



The subject is lot 5, Block 59A above



An excerpt from the plat showing the subject lot



An older aerial of the subject site. As can be seen, the driveway is constructed through the area which is designated as green space.

IMPROVEMENTS DESCRIPTION	
--------------------------	--

Development/Property Name:	Armory Building
Property Type:	Flex Space
Overview:	The subject is improved with a 30X40 building that was historically used as a National Guard Armory. More recently it was used as borough office

GENERAL - NATIONAL GUARD ARMORY	
---------------------------------	--

Building Identification:	National Guard Armory
Building Description:	The subject is a metal roofed and sided building with a wood grade beam foundation.
Construction:	Wood frame
Construction Quality:	Average
Year Built:	1982
Renovations:	N/A
Effective Age:	30 years
Remaining Useful Life:	20
Condition:	Fair, the subject has rusting exterior doors, stained exterior siding, rusting porches and ramps. The interior walls need paint and the paneled portions have faded areas, the flooring is worn and needs to be covered. There is an old fireplace hearth that is not in use and falling apart.
Appeal/Appearance:	Fair
Areas, Ratios & Numbers:	Number of Stories: 1.00 Gross Building Area: 1,200

FOUNDATION, FRAME & EXTERIOR - NATIONAL GUARD ARMORY	
--	--

Foundation:	wood grade beams
Structural Frame:	Wooden Frame

Exterior:	Sheet metal
Windows:	Fixed Casement
Roof/Cover:	Gable / Metal

#### **INTERIOR - NATIONAL GUARD ARMORY**

Interior Layout:	The interior layout is set up as an assembly hall with an office a couple storage rooms and a bathroom. it has good potential to be converted with its trusses that span the building
Floor Cover:	Vinyl Tile
Walls:	Gypsum board and wood veneer
Ceilings & Ceiling Height:	Gypsum board with exposed trusses / --
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	sink and toilet
Other:	

#### **MECHANICAL SYSTEMS - NATIONAL GUARD ARMORY**

Heating:	Laser forced air stove with electric based board
Cooling:	None
Electrical:	Average
Plumbing Condition:	Average
Comments, National Guard Armory:	The building is on grade beams on creosote timbers. This is most likely due to poor soil sub straight. However, it appears to be generally level. It offers decent general functionality.

#### **PARKING**

Parking Type and	Type: open gravel parking
------------------	---------------------------

#### **PROPERTY ANALYSIS**

Design & Functional Utility:	The subject building is very basic. It has lower quality dated interior and exterior finishes it would appeal to and have good utility as a construction or tradesman company headquarters or the like.
Deferred Maintenance:	The subject is dated and worn. A lot could be done to bring the building up to date though it is still functional. The exterior door on the SE side showed signs of rust. But the heating system was updated and functional.
Comments:	This improvement is very utilitarian in its design. It appears to be without leaks and is generally level on its grade beam foundation. An environmental analysis was done to check for lead, asbestos and other hazardous material. I have included portions of this report in the addendum. The basic conclusion was that there was a small amount of asbestos in the Vinyl tiles and in the mastic which held them in place. And if they are removed that must be done in a way that complies with OSHA and contains the asbestos material.

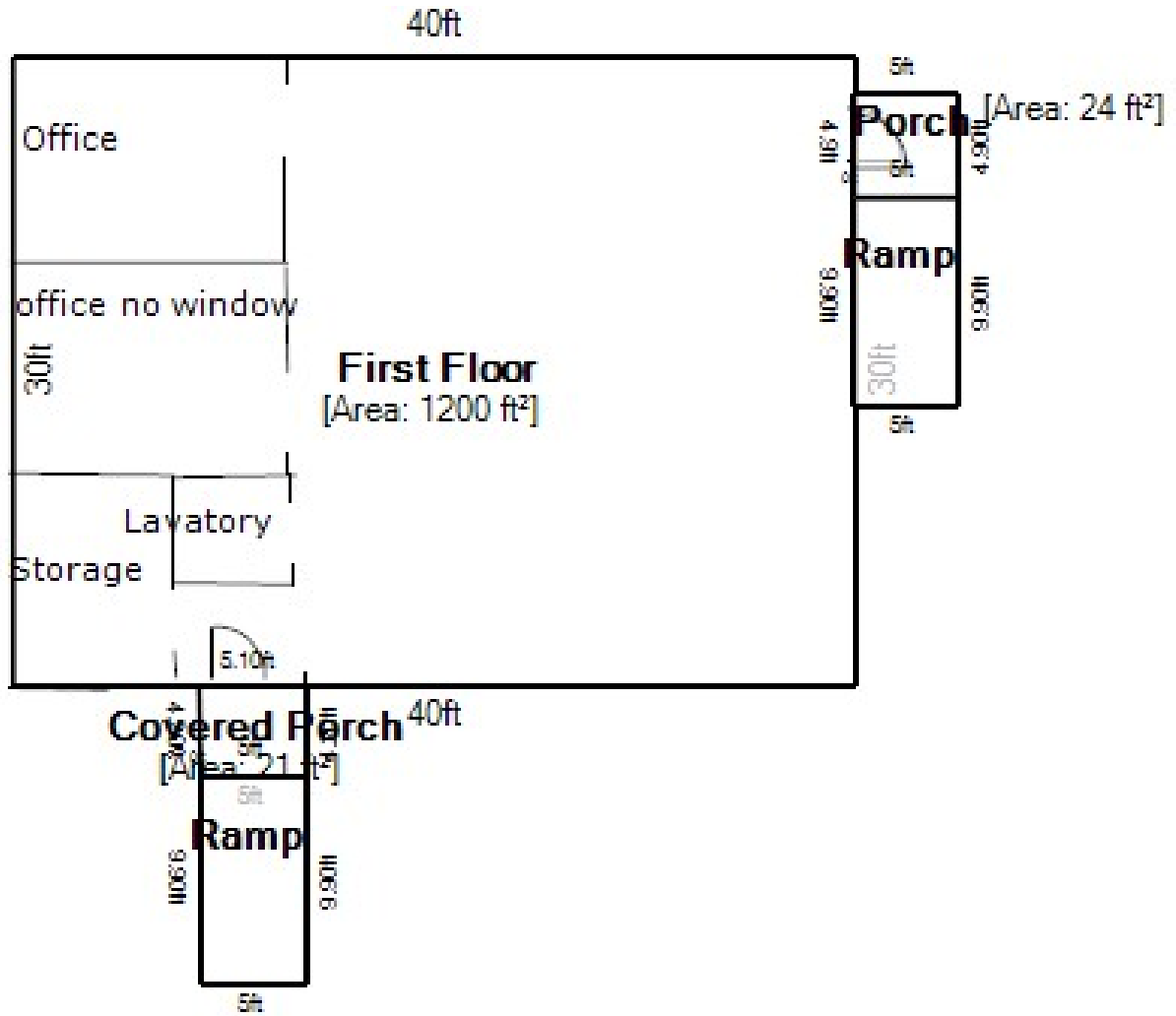
### **Americans With Disabilities Act**

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

### **Hazardous Substances**

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

**Improvements Plan**





***Subject Photographs***



Pictured above is the front of the subject property as viewed from the corner of Second Ave and Airport Road.



Above is a view of the rear of the subject building as viewed from Third Ave and Airport Rd



Pictured above left is the easement area reserved as a green belt easement in the plat. Pictured right is the NW corner of the subject site which has significant junk stored there.



Above left is the underside of the building and as can be seen the subject is sitting on wood grade beams. Above right is a view of the interior looking at the NE corner. The oil fired Toyo heater is viewers right.



Pictured above left is the main hall which can be used for larger gatherings. Pictured right is an office with an outside window.



Pictured left above is a interior room with no windows. Pictured right above is the bathroom.

## Assessment and Taxes

**Taxing Authority** City and Borough of Wrangell

**Assessment Year** 2021

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total Assessment	City Rate	County Rate	Other Rate	Tax Rate	Taxes
02-030-474	\$13,700	\$0	\$0	\$13,700	\$0.00	\$0.00	\$12.75	\$12.75	\$175

Notes:

Real Estate Assessment Analysis					
Tax ID	Per SF GBA	Per Acre	Total Assessment	Equalization Ratio	Implied Value
02-030-474	\$11.42	\$65,235	\$13,700	100.0%	\$13,700

Notes:

## Assessment Analysis

We have analyzed the assessment and corresponding taxation of competitive properties in the marketplace as a test of reasonableness compared to the subject’s current assessment and taxation.

Real Estate Assessment Analysis							
Name	Property Type	Assessment			Taxes/SF GBA	Taxes/Unit	Overall Comparison
		Tax ID	Year	Taxes			
Armory Building	Flex Space						

Notes:

The assessment for the subject lacks any reality as the property owner is exempt and the assessment is not up to date, value wise.

## Zoning

<b>LAND USE CONTROLS</b>	
Zoning Code	Industrial
Zoning Description	<p>The purpose of the industrial district is to provide areas for a broad range of non-water-dependent or related uses. Development requirements are intended to provide for a safe and sightly environment, to minimize potential conflicts with adjoining uses, and to allow space for parking, storage and expansion. [Ord. 867 § 1, 2013; Ord. 462 § 6, 1984.]</p> <p>The following are principal permitted uses in this district:</p> <ul style="list-style-type: none"> <li>A. Transportation and transshipment facilities;</li> <li>B. Warehouses and outside storage areas;</li> <li>C. Lumber mills and log storage;</li> <li>D. Manufacturing, fabricating and assembling;</li> <li>E. Automobile repair shops;</li> <li>F. Quarters for caretaker, guard or owner-operators whose presence on the property is required for operational or protective safety, and includes manufactured homes, trailers or quarters in a part of any industrial building, each limited to 600 square feet;</li> <li>G. Sand, gravel and rock extraction and processing; and</li> <li>H. Public utility uses. [Ord. 867 § 1, 2013; Ord. 632 § 4, 1997; Ord. 462 § 6, 1984.]</li> </ul>

## Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

## Highest and Best Use of the Site

The highest and best use of the site, as vacant, is for industrial/commercial.

The subject is in an industrial zone and fronts to Airport Rd (Bennet St), which is a fairly busy thoroughfare. The property to the north east was used as a car wash and is currently used as a drive through coffee, drinks and snack shop. The subject would be a good location for a contractor that wanted a shop, office and yard that has good exposure.

## Highest and Best Use as Improved

The highest and best use of the subject as improved The subject is improved with a building supported on grade beams and has no permanent foundation. It appears to be functioning fine in its capacity. It would make a decent office for a business..

## Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

### Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

### Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

### Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

### Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

### *Analyses Applied*

A **cost analysis** was considered and was not developed because the age of the improvements makes the depreciation difficult to accurately measure.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because while the subject could generate an income stream, the most probable buyer is an owner-occupant.

## Cost Approach

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. I have used the Sales Comparison Approach; the process is as follows:
  - Comparable sales, contracts for sale and current offerings are researched and documented.
  - Each comparable is analyzed and adjusted to equate with the subject property.
  - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

## Land Value

The subject's land value has been developed via the sales comparison approach.

## Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.

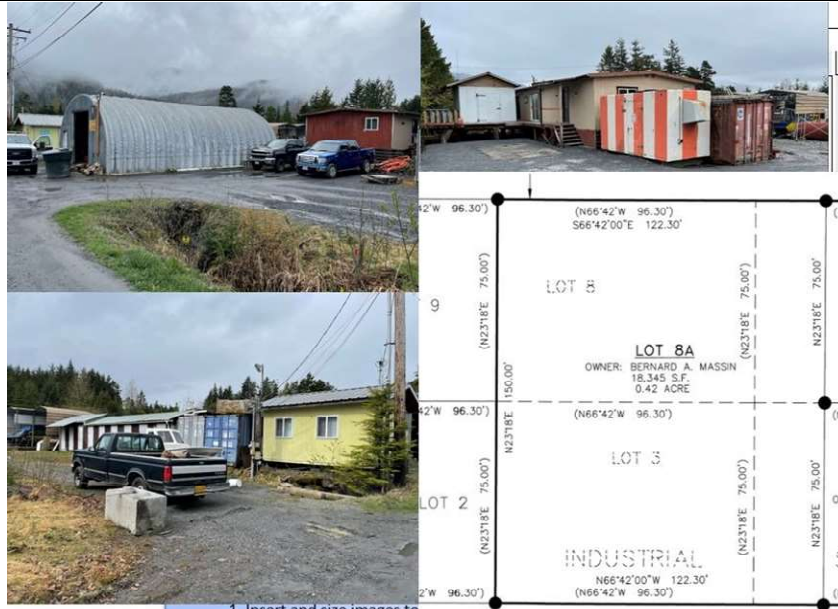


- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

### ***Land Comparables***

I have researched three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

**Land Comparable 1**



**Transaction**

<b>ID</b>	1224	<b>Date</b>	4/12/2021
<b>Address</b>	Howell Ave and Third	<b>Price</b>	\$195,000
<b>City</b>	Wrangell	<b>Price Per SF</b>	\$10.65
<b>State</b>	AK	<b>Financing</b>	Cash to seller
<b>Tax ID</b>	--	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Massin, Bernard	<b>Days on Market</b>	
<b>Grantee</b>	Yeager, John and Brenda	<b>Verification</b>	Massin, Yeager
<b>Legal Description</b>	Lot 8A, Block 59-B,		

**Site**

<b>Land Value</b>	100000	<b>Topography</b>	Level
<b>Land SF</b>	18,345	<b>Zoning</b>	Industrial
<b>Road Frontage</b>	244	<b>Flood Zone</b>	no
<b>Shape</b>	rectangular	<b>Encumbrance or</b>	None
<b>Utilities</b>	City water & sewer	<b>Environmental Issues</b>	None Known

**Comments**

According to Bernard the quonsit hut rented for \$700, the modular rented for \$450 and the Storage units and outside covered storage brought in \$400 per month, for gross income per month at \$1550 and \$18600 anually. this gives us a gross income multiplier of 10.48 According to Brenda, the buyer, she felt half the value was in the land and the other half was in the buildings. She thought that roughly half the building value was in the modular and half was in the quonsit hut. Though she did say she thought the land was worth about \$100,000. That would mean the buildings were worth \$95K and half of that value would be for the modular at \$47,500. The modular was not on a permanent foundation and the bank was not keen on loaning any money on it.

**Land Comparable 2**



**Transaction**

<b>ID</b>	1225	<b>Date</b>	11/1/2018
<b>Address</b>	Bennet ST	<b>Price</b>	\$87,000
<b>City</b>	Wrangell	<b>Price Per SF</b>	\$6.96
<b>State</b>	AK	<b>Financing</b>	cash
<b>Tax ID</b>	--	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Massin, Bernard	<b>Days on Market</b>	--
<b>Grantee</b>	Alaska Power and	<b>Verification</b>	Massin
<b>Legal Description</b>	Lot 6A, Block 59-B		

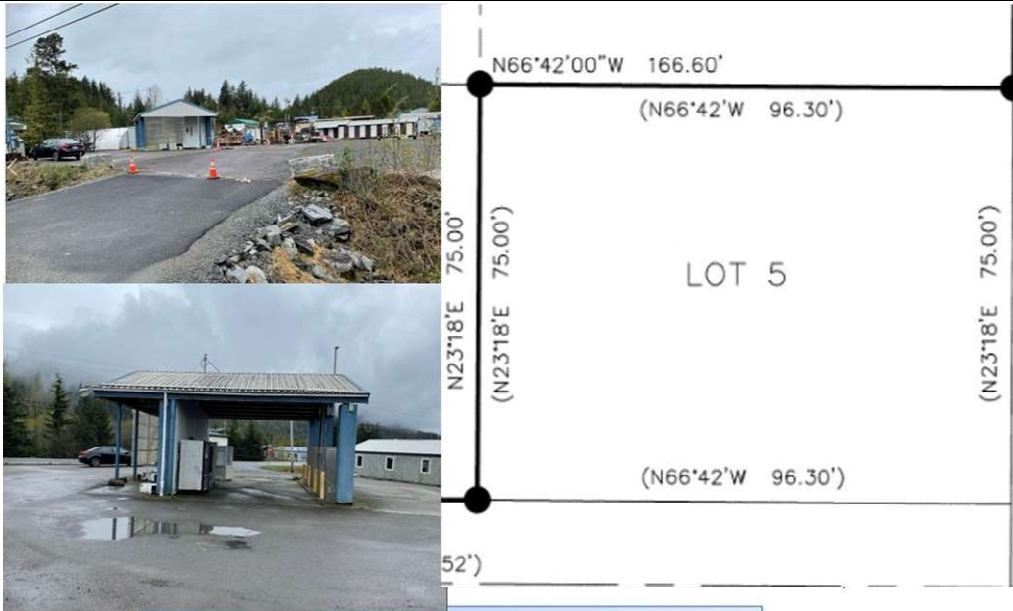
**Site**

<b>Land Value</b>	87000	<b>Topography</b>	Level
<b>Land SF</b>	12,495	<b>Zoning</b>	Industrial
<b>Road Frontage</b>	230	<b>Flood Zone</b>	no
<b>Shape</b>	rectangular	<b>Encumbrance or</b>	none
<b>Utilities</b>	City water & sewer	<b>Environmental Issues</b>	none known

**Comments**

This property was cleared and filled. The buyer purchased it and excavated a large section and refilled it, to make sure the substraight was sound for building. Brett Woodbury did the excavation and filling of the site for a cost of around \$40K, according to Brett there was a lot of mud excavated. According to the seller it was fine for building on though. The indicated value per SF was \$6.96.

**Land Comparable 3**



**Transaction**

<b>ID</b>	1226	<b>Date</b>	7/30/2020
<b>Address</b>	Bennet Street	<b>Price</b>	\$85,000
<b>City</b>	Wrangell	<b>Price Per SF</b>	--
<b>State</b>	AK	<b>Financing</b>	\$60,000 seller financed
<b>Tax ID</b>	02-029-208	<b>Property Rights</b>	--
<b>Grantor</b>	Massen, Bernard	<b>Days on Market</b>	--
<b>Grantee</b>	Gadd, Sara	<b>Verification</b>	
<b>Legal Description</b>	Lot 5, Block 59-B,		

**Site**

<b>Land Value</b>	55000.00	<b>Topography</b>	Level
<b>Land SF</b>	7,222	<b>Zoning</b>	Industrial
<b>Road Frontage</b>	171	<b>Flood Zone</b>	no
<b>Shape</b>	rectangular	<b>Encumbrance or</b>	none
<b>Utilities</b>	City water & sewer	<b>Environmental Issues</b>	none known

**Comments**

The car wash has 720 SF under its roof. Its functionality as a car wash was unknown by the buyer. she bought it thinking it could be converted to a coffee food drive through or brought back and used as a carwash and use a mobile unit for the coffee and food dispensing. The whole lot is pretty much paved or has concrete. estimating 7000 SF at \$2.5 per SF for the depreciated value indicates a allocated value for the paving at \$17,500. The carwash structure contributed an allocated value at \$12,500. This indicates a land value of \$55,000 or \$7.6 per SF for the land under the pavement.

### **Comparables Map**



### **Analysis Grid**

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	Bennet Street	Howell Ave and Third		Bennet ST		Bennet Street	
City	Wrangell	Wrangell		Wrangell		Wrangell	
State	AK	AK		AK		AK	
Date	1/21/2015	4/12/2021		11/1/2018		7/30/2020	
Price	--	\$195,000		\$87,000		\$85,000	
Price Adjustment	\$0	-\$95,000		\$0		-\$30,000	
Adjusted Price	#VALUE!	\$100,000		\$87,000		\$55,000	
		-48.7%		0.0%		-35.3%	
Land SF	9,148	18,345		12,495		7,222	
Land SF Unit Price	\$0.00	\$5.45		\$6.96		\$7.62	
<b>Transaction Adjustments</b>							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	0	0.0%
Financing	Conventional	Cash to seller	0.0%	cash	0.0%	\$60,000 seller financed	0.0%
Conditions of Sale	Cash	Normal	0.0%	Normal	0.0%	Normal	0.0%
<b>Adjusted Land SF Unit Price</b>		<b>\$5.45</b>		<b>\$6.96</b>		<b>\$7.62</b>	
Market Trends Through	1/21/2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Adjusted Land SF Unit Price</b>		<b>\$5.45</b>		<b>\$6.96</b>		<b>\$7.62</b>	
Location		Similar		Similar		Similar	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00	
Land SF	9148	18345		12495		7222	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00	
Topography	level below grade	Level at grade		Level at grade		Level at grade	
% Adjustment		-10%		-10%		-19%	
\$ Adjustment		-\$0.55		-\$0.70		-\$1.45	
Access	0	Similar		Similar		Superior	
% Adjustment		0%		0%		-10%	
\$ Adjustment		\$0.00		\$0.00		-\$0.76	
Utilities	The site is served by	City water & sewer		City water & sewer		City water & sewer	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00	
Exposure	Good	Inferior		Similar		Similar	
% Adjustment		10%		0%		0%	
\$ Adjustment		\$0.55		\$0.00		\$0.00	
<b>Adjusted Land SF Unit Price</b>		<b>\$5.45</b>		<b>\$6.27</b>		<b>\$5.41</b>	
Net Adjustments		0.0%		-10.0%		-29.0%	
Gross Adjustments		20.0%		10.0%		29.0%	

## **Comparable Land Sale Adjustments**

My first adjustment was to allocate value to any improvements beyond the raw site. So for sale one this was a modular building, quonset hut and other out buildings this allocation was made based on interviews with the buyer. Sale 3 had a carwash that was not in use and was all paved. Allocations for these aspects were estimated based on interviews with the buyer and the appraisers estimates of these items values.

## **Property Rights**

All were purchased for their fee simple rights

## **Financing**

Sales 1 and 2 were purchased with cash. Sale three was seller financed. No significant adjustment appears to be required for this aspect

## **Conditions of Sale**

No duress was noted in any of the sales

## **Economic Trends**

All the sales are recent enough to reflect the current market with two of them transpiring after Covid was in full swing.

## **Location**

All the sales are with in one block of the subject and have a similar amenity for locations

## **Land SF**

The range of sizes of the comparables is considered similar enough that no adjustment was required for this aspect, when considered on a SF basis.

## **Topography**

The subject is inferior as it is below the grade of the road and pretty much everyone I spoke with about it call it a hole. The comparable sales are all at least level with the grade of the road and in some cases above the grade of the road.

## **Access**

Access is considered similar in all but comparable 3 which has a way to loop through the property

## **Utilities**

All are considered similar

### ***Sales Comparison Approach Conclusion – Land Valuation***

Following adjustments, the comparables indicated prices per land sf of \$5.41 to \$6.27, with a median value of \$5.45.

All of the value indications have been considered, and in the final analysis, comparables 1 and 3, the most recent sales, have been given most weight in arriving at my final reconciled per land sf value of \$5.50.

<b>Land Value Ranges &amp; Reconciled Value</b>				
<b>Number of Comparables:</b>	<b>3</b>	<b>Unadjusted</b>	<b>Adjusted</b>	<b>% Δ</b>
	<b>Low:</b>	\$5.45	\$5.41	-1%
	<b>High:</b>	\$7.62	\$6.27	-18%
	<b>Average:</b>	\$6.68	\$5.71	-15%
	<b>Median:</b>	\$6.96	\$5.45	-22%
<b>Reconciled Value/Unit Value:</b>			\$5.50	land sf
<b>Subject Size:</b>			9,147.99	
<b>Indicated Value:</b>			\$50,314	
<b>Reconciled Final Value:</b>			<b>\$50,000</b>	
<b>Fifty Thousand Dollars</b>				

### ***Cost Analysis***

The next step in the Cost Approach is to estimate the replacement cost of the buildings and site improvements. The replacement cost of the subject site and building improvements are based on Marshall Valuation Service, a nationally recognized cost service.

### ***Depreciation Analysis***

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

#### **Physical Deterioration**

This results from deterioration from aging and use. This type of depreciation may be curable or incurable.

#### **Functional Obsolescence**

This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable.



**External Obsolescence**

This is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable.

**Depreciation Accrued to the Subject****Analysis**

The subject is 40 years old. There has been some updating with a new Toyo laser fired heater, but otherwise the finishes are pretty much original. The few items of updating bring down the effective age to a appraiser estimate of 30 years. Functionally the building is fine and could be converted to a number of uses. The lack of a concrete foundation, may present a financing issue and is the reason I have given it a functional reduction in value of 10%. The subject has vinyl flooring laid down with mastic both of which contain small amounts of Asbestos. This is a very thin flooring and its removal would make no sense in a remodel situation. It would be much more likely that the remodeler would cover over the flooring with new flooring, making the fact that there is asbestos in the flooring a non-issue. That said, the fact that it is there is concerning as there may need to be floor penetrations and the like and any buyer would want some reduction for the risk associated. For this reason, I have added an additional 5% to the functional depreciation, for a total of 15%

**Cost Approach Conclusion**

Based on the analysis detailed on the following page, as of April 28, 2021 I have reconciled to a cost approach value of:

**\$110,000**

**One Hundred Ten Thousand Dollars**

## **CoreLogic - SwiftEstimator Commercial Estimator - Detailed Report**

### **General Information**

<b>Estimate ID:</b>	Wrangell Armory	<b>Date Created:</b>	5-12-2021
<b>Property Owner:</b>		<b>Date Updated:</b>	
<b>Property Address:</b>	99923	<b>Date Calculated:</b>	05-12-2021
<b>Local Multiplier:</b>	1.31	<b>Cost Data As Of:</b>	05-2021
<b>Architects Fee:</b>		<b>Report Date:</b>	using default

### **Section 1**

<b>Area</b>	1200	<b>Overall Depreciation %</b>	67
<b>Stories in Section</b>	1	<b>Physical Depreciation %</b>	
<b>Stories in Building</b>		<b>Functional Depreciation %</b>	
<b>Shape</b>	rectangular	<b>External Depreciation %</b>	
<b>Perimeter</b>	(auto-calc)		
<b>Effective Age</b>	30		

### **Occupancy Details**

Occupancy	%	Class	Height	Quality
301 Armory	100	D	8	1.5
<b>Occupancy Total Percentage</b>	100			

#### **System : Manufactured Housing**

	%/Units	Quality	Depr %	Other
2905 Manufactured Housing : Foundation, Treated Wood	140	Occ.		12

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
<b>Basic Structure</b>					
Base Cost	1,200	\$125.95	\$151,140	\$101,264	\$49,876
Exterior Walls	1,200	\$17.22	\$20,664	\$13,845	\$6,819
Heating & Cooling	1,200	\$6.74	\$8,088	\$5,419	\$2,669
Manufactured Housing	1	\$2,250.00	\$2,250	\$1,508	\$742
<b>Basic Structure Cost</b>	<b>1,200</b>	<b>\$151.78</b>	<b>\$182,142</b>	<b>\$122,036</b>	<b>\$60,106</b>

**Less Depreciation**

Physical & Functional	67.0%		\$122,036	\$60,106
<b>Depreciated Cost</b>	<b>1,200</b>	<b>\$50.09</b>	<b>\$122,036</b>	<b>\$60,106</b>

## Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

There was only one comparable that I found which would be applicable for indicating value to the subject and that is Comparable 1, which was used in the land valuation above. This sale included a similar sized double wide modular that is used as both an office and a care taker unit. It also does not have a concrete foundation. The buyer noted that it was hard to get financing for this building. I interviewed Amber at First Bank who was the loan officer involved and she said interest rates were not increased due to this aspect but more steps were taken to make sure the foundation was up to par. Based on discussions with the buyer this building contributed \$47,500 to the purchase price of the property.

The care taker unit has a full bath and there is a kitchen which is superior to the subject. The rest of the building is inferior however, with narrow doorways, lower ceilings with inferior construction. With an estimate of 5% reduction due to the subject lack of kitchen and full bath and a 20% increase in value due to the subject's higher ceilings with exposed trusses that span the whole width of the building offering significantly greater utility, the resulting adjustment would be 15% above the \$47,500 which the comparable building contributed. Making this adjustment would indicate a value for the subject at \$54,625, which could reasonably be rounded to \$55,000. Adding the land value to this figure gives us a market value of \$105,000, indicated by the Sales Comparison Approach.

### ***Sales Comparison Approach Conclusion***

---

<b>Reconciled Final Value:</b>	<b>\$105,000</b>
--------------------------------	------------------

**One Hundred Five Thousand Dollars**

---

## Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

### Value Indications

<b>Land Value:</b>	\$50,000
<b>Cost Approach:</b>	\$110,000
<b>Sales Comparison Approach:</b>	\$105,000

### Cost Approach

In this time of rapidly rising material costs, an accurate cost approach using a national calculator that has current material costs considered is key. Using Swiftestimator give us that piece to the puzzle. The tricky thing with the subject is to determine depreciation, which has both physical due to its age and functional due to its non concrete foundation and minor amounts of Asbestos. In the end I feel the adjustments made are reasonable and would reflect the markets thinking on these aspects.

### Sales Comparison Approach

The subject is unique, with an improvement different than any other improvement in Wrangell. The modular improvement used in a very recent and proximate sale is the best market data available. The adjustments to this sale are rough, as there is not enough market data to be pinpoint accurate, but thought to be reasonable and give good direction to value.

### Value Conclusion

In the end I have given the most weight in this valuation to the cost approach, which I believe reflects the current cost to construct the best, as this is forefront on the minds of current market participants. Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of April 28, 2021, subject to the Limiting Conditions and Assumptions of this appraisal.

**Reconciled Value(s):** Premise: As Is  
Interest: Fee Simple  
Value Conclusion: \$110,000  
One Hundred Ten Thousand Dollars

## Certification Statement

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 future interest in the property that is the subject of this report, and have 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 estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has not performed any services regarding the subject within the three-year period immediately preceding acceptance of this assignment.
- Roger Ramsey made an inspection of the subject property.



Roger Ramsey  
Alaska-AA 570

## **Addenda**

### Qualification of Roger Ramsey

Since starting Ramsey Appraisal Resource in 2006, I have had the pleasure of providing high quality appraisal services to a diverse client base, on many complex appraisal assignments throughout S.E. Alaska.

A partial client list includes; AKDOT&PF, for which I have performed numerous valuations of partial and whole acquisitions, for eminent domain actions. Other State agencies which have used my services are AKDNR and Alaska Mental Health Trust Land Office. I have performed appraisals for the Cities and or Boroughs of Haines, Juneau, Petersburg, Ketchikan and Klawock. I am on the approved appraiser list of numerous lenders operating in SE Alaska and enjoy good working relationships with their review appraisers. I have been hired by attorneys and private parties for estate valuations and divorce proceedings. I have valued properties for conservation groups who are negotiating with property owners.

I am proud of my appraisal accomplishments and credit my success to good education, good mentors, helpful reviewers, persistence and hard work.

Professional Experience	Dates	Contact
Ramsey Appraisal Resource	2006-Present	Roger Ramsey
Horan and Company	4 months 2006	Charles Horan, 907-747-6666
AKDOT&PF	24 months 2004-2005	Ray Preston, 907-465-4519
Henricksen Appraisal	24 months 2002-2003	Bob Henricksen 907-723-3590
AKDOT&PF	8 months 2000-2001	Rob Murphy 907-465-4541

**Education** University of Alaska, BBA, 2001

**Appraisal Education** - Associate member of the Appraisal Institute # 401410

2019	USPAP update, HP-12C, Appraisal Statistics and financing Appraisal Institute, Seattle
2017	Income Capitalization, Appraisal Institute – San Diego and USPAP update online
2015	Appraisal of Conservation Easements and other Partial interest – Sacramento CA
2013	USPAP update, -/- Uniform Appraisal Standards for Federal Land Acquisitions, -/- Business Practices and Ethics, Anchorage, AK
2011	USPAP update, Tigard OR, -/- Real Estate Industry Perspectives on Lease Accounting, online, -/- Basic building science, Air Sealing, ventilation & Ice Dam, Juneau, AK
2010	Advance Sales Comparison and Cost Approach, Seattle WA
2009	Advanced income Approach, Tigard OR, -/- Commercial Appraisal Engagement and Review, Tigard OR, -/- 15-Hour USPAP, Tigard OR
2008	Sustainable Mixed use, Seattle, WA
2007	General Demonstration Appraisal Report Writing, Tigard, OR, -/- USPAP update Tualatin, -/- Appraisal & Appraisal Review for Federal-Aid Highway Programs, Anchorage, AK --
2006	General Applications, Online, -/- Apartment Appraisal, Concepts and Applications, Long Beach, CA
2005	Basic Income Capitalization, Tualatin, OR, -/- USPAP update Juneau, AK, -/- Best practices for Residential Report Writing, Juneau, AK
2004	Appraising Special Purpose properties, -/- Appraisal of Nonconforming Uses, -/- Partial Interest Valuation/Divided, -/- Subdivision Analysis, Anchorage, AK
2003	(USPAP) Standards of Professional Practice, Lake Oswego, OR, -/- Residential Case Study, Dublin, CA,
2002	Appraisal Procedures, Appraisal Institute, Diamond Bar, CA
1998	Appraisal Principles, Appraisal Institute, Chicago, IL

### Types of Property Appraised

**Commercial**– I have appraised office buildings, apartments, marine facilities, restaurants, mixed use, convenience stores with gas, industrial and commercial shops. I have valued partial interest of remote recreational, industrial, commercial and residential properties for eminent domain. I have valued industrial, commercial, and residential tidelands. I have appraised large tracts of land with timber value, “special use properties (churches, armory, and funeral homes)”, and remote commercial properties (lodges).

**Residential** – I have appraised single family residences, duplexes, triplexes, four-plex’s, remote improved and vacant residential properties throughout SE AK.

### Markets Appraised:

I have appraised both Town and remote locations in all of the following areas: Haines, Skagway, Gustavus, Hoonah, Tenakee springs, Juneau, Sitka, Petersburg, Wrangell, Ketchikan, Prince of Whales and Hyder



**Excerpts from the environmental study**

HAZARDOUS MATERIALS ASSESSMENT

**HAZARDOUS MATERIALS  
ASSESSMENT**

**WRANGELL CAPITAL FACILITIES BUILDING**

**WRANGELL, ALASKA**

**Surveyed  
September 17, 2020**

**Report Date  
December 23, 2020**

**EHS-ALASKA, INC.**  
ENGINEERING, HEALTH & SAFETY CONSULTANTS  
11901 BUSINESS BLVD., SUITE 208  
EAGLE RIVER, ALASKA 99577-7701

## HAZARDOUS MATERIALS ASSESSMENT WRANGELL CAPITAL FACILITIES BUILDING

### WRANGELL, ALASKA

#### OVERVIEW

Wrangell Capital Facilities Building, located in Wrangell, Alaska, was surveyed for the presence of asbestos-containing materials (ACM), and other potentially hazardous materials as requested by Wrangell Capital Facilities for the city of Wrangell, Alaska. There is no current proposed work for the building, but it may be scheduled for relocation, sale or transfer. Mr. Brandon W. Hill, and Mr. Robert A. French, P.E. of EHS-Alaska, Inc. (EHS-Alaska) conducted the September 2020. During maintenance, sale, disturbance, removal or renovation, it will be the contractor's responsibility to take this baseline data, and to conduct hazardous materials removal in compliance with all regulatory requirements.

#### A. GENERALIZED REQUIREMENTS FOR HAZARDOUS MATERIALS

Potentially hazardous materials have been identified in the Wrangell Capital Facilities Building that may be affected by future activities. Those materials include asbestos, lead, polychlorinated bi-phenyls (PCBs), mercury, and radioactive materials. Not all materials were tested for potentially hazardous components, other potentially hazardous materials, including those exterior to the building, such as contamination from underground fuel tanks may be present, but are not part of this report.

Buildings or portions of buildings that were constructed prior to 1978 which are residences, or contain day care facilities, kindergarten classes or other activities frequently visited by children under 6 years of age are classified as *child occupied facilities*. All work classified as "renovations" or disturbing more than 6 square feet of lead-based painted surfaces per room for interior activities or more than 20 square feet for exterior activities in child occupied facilities must comply with the requirements of 40 CFR 745. This building is not classified as a *child occupied facility* and therefore the requirements of 40 CFR 745 are not applicable.

There are no federal or state requirements to remove potentially hazardous building materials once found. There are federal and state requirements that govern the removal or disturbance of hazardous materials that must be followed. The removal and disposal of potentially hazardous materials are highly regulated, and it is anticipated that removal and disposal of asbestos, lead and chemical hazards will be conducted by a subcontractor to the general contractor who is qualified for such removal. It is anticipated that the general contractor and other trades will be able to conduct their work using engineering controls and work practices to control worker exposure and to keep airborne contaminants out of occupied areas of the building.

Settled and concealed dusts in areas not subject to routine cleaning are present throughout the building, including the roof, and inside and on top of architectural, mechanical, electrical, and structural elements, and those dusts are assumed to contain regulated air contaminants. This should not be read to imply that there is an existing hazard to building occupants (normal occupants of the building as opposed to construction workers working in the affected areas). However, depending on the specific work items involved and on the means and methods employed when working in the affected areas, construction workers could be exposed to regulated air contaminants from those dusts in excess of the OSHA Permissible Exposure Limits (PELs).

The settled and concealed dusts were examined by an EPA Certified Building Inspector but were not sampled. The inspector determined that the dusts are not "asbestos debris" from an asbestos-containing building material (ACBM). Based on similar sampling from similar buildings, the inspector also determined that the dusts are unlikely to contain more than one percent (1%) asbestos by weight, and therefore are not an asbestos-containing material (ACM). Reference 40 CFR 763.83.

## HAZARDOUS MATERIAL

“Awareness training” (typically 2 hours) and possibly respiratory protection will be provided to Contractor Personnel who will be disturbing the dusts. The extent of the training and protection will depend upon the airborne concentrations measured during air monitoring of the work force, which depends on the means and methods employed to control the dusts. The training will be discontinued following a “negative exposure assessment” showing that worker exposures are below the OSHA permissible exposure limits for the type of work and means and methods employed. Air monitoring from similar jobs with similar conditions may be used as historical data for a “negative exposure assessment”.

**B. BUILDING DESCRIPTION**

Wrangell Capital Facilities Building was previously used by the military as the National Guard Armory. It is unknown when the original construction occurred. Judging by the building foundation, it looks like it was prefabricated and moved to this location. Judging from the foundation, it is likely that the building was constructed in the early to mid 1980's.

The building was of framed construction. The interior walls were of gypsum wallboard paneling. The floors were 12"x12" vinyl tile throughout. The ceilings in the large open area were a beam, high ceiling, with a plywood finish over the roof joists and insulation. The office and shop all had framed in flat ceilings of gypsum wallboard.

The exterior had siding of sheet metal panels, corrugated metal roof and corrugated metal floor level of the exterior. The structure was supported by large beams, sitting on treated large timbers similar to railroad ties.

The building had an oil-fired heater in the main open area, with electric heat in the office area. The ventilation system other than an exhaust fan in the bathroom.

**C. SAMPLING AND ANALYSIS****1. Asbestos-Containing Materials**

The survey included sampling of suspect ACM materials as no prior asbestos surveys had occurred. This hazardous materials assessment should be kept with the building records until the potentially hazardous materials have been completely removed.

The samples were analyzed for the presence of asbestos by polarized light micro method of analysis recommended by the U.S. Environmental Protection Agency (EPA). The composition of suspected asbestos-containing materials (EPA method 600/M4-82-02C) containing more than 1% total asbestos were classified as “asbestos-containing” based on Occupational Safety and Health Administration (OSHA) criteria. Samples that were analyzed and found to contain more than 10% asbestos were “point-counted” by the laboratory for more accuracy. Samples having a “Trace by Point Count” had asbestos fibers found in the material, but the fibers were not counted at the counting grids. Table 1 in Part D below contains a summary list of the asbestos analysis and the applicable results.

The Bulk Asbestos samples were analyzed for asbestos content by International Laboratories (IATL), Mt. Laurel, New Jersey, a National Voluntary Laboratory Accredited.

**D. SURVEY RESULTS****1. Asbestos-Containing Materials**

The following Table 1A lists the samples taken in September 2020, and the results analysis. Asbestos field survey data sheets and laboratory reports are included as Appendix C for sample locations.

**TABLE 1A**

<i>SAMPLE NUMBER</i>	<i>MATERIAL</i>	<i>LOCATION</i>	
WNG920-A01	Black tar paper	Exterior SE Corner, South side of building under metal siding. Photo R1638	No
WNG920-A02	Sticky black foam seal (1"	Exterior SE Corner, South side	No

## HAZARDOUS MATERIALS ASSESSMENT

<b>SAMPLE NUMBER</b>	<b>MATERIAL</b>	<b>LOCATION</b>	<b>ASBESTOS CONTENT</b>
WNG920-A03	Clear w gray weathering sealant at hole	Exterior SE Corner, East side of building, on metal siding. Photo R1641	None Detected both layers
WNG920-A04	Clear w gray weathering sealant at door trim	Exterior NE Corner, East side of building, at rotten wood door trim. Photo R1642	None Detected
WNG920-A05	Sticky black foam seal (1/4" wide)	At ridge of metal roofing. Appears to be factory supplied. Photo R1643	None Detected
WNG920-A06	Clear w gray weathering sealant at window trim	Exterior S side of building, at W side window. Photo B221	None Detected
WNG920-A07	Ice & Water Shield under metal roofing	Under metal roofing over plywood. Photo R1644	None Detected
WNG920-A08	White sealant between window frame and window trim	Exterior S side of building, at E side window. Photo B222	None Detected
WNG920-A09	Clear w gray weathering sealant at roof stack flashing	Roof at SE corner, at furnace stack. Photo R1645	None Detected
WNG920-A10	"Grout" at rock walls with GB paper	Fireplace/furnace alcove at SE corner of main room. Photo R1772	None Detected
WNG920-A11	"Grout" at rock walls with gypsum wall board	Fireplace/furnace alcove at SE corner of main room. Photo R1773	None Detected both layers
<b>WNG920-A12</b>	<b>FT-1. Tan 12 x 12 with brown &amp; light brown smears, black mastic</b>	<b>Floor at SE corner of main room. By E wall. Photo R1774</b>	<b>1.1% chrysotile in tile, 2.7% chrysotile mastic</b>
WNG920-A13	Dark Brown cove base mastic & black cove base	Floor at SE corner of main room. By E wall. Photo R1774	None Detected both layers
<b>WNG920-A14</b>	<b>FT-1. Tan 12 x 12 with brown &amp; light brown smears, black mastic</b>	<b>Floor in Bathroom, South side. Photo R1783</b>	<b>1.2% chrysotile in tile, 2.2% chrysotile mastic</b>
WNG920-A15	Dark Brown cove base mastic & black cove base	On Marlite in Bathroom, South side. Photo R1783	None Detected three layers
WNG920-A16	Marlite (no marlite mastic to GWB) and dark brown cove base mastic	On Marlite in Bathroom, South side. Photo R1784	None Detected both layers
WNG920-A17	Gypsum board, joint compound, tape & brown cove base mastic	Center office, at NE Corner, Photo R1786	None Detected both layers
WNG920-A18	Gypsum board, joint compound, tape	Director's office at NW side. Photo B225	None Detected three layers
WNG920-A19	Swirly texture on ceiling	Director's office, north side, E side of windows. Photo B226	None Detected
WNG920-A20	Swirly texture on ceiling	Director's office, north side, E side center, near door. Photo B227	None Detected

<b>SAMPLE NUMBER</b>	<b>MATERIAL</b>	<b>LOCATION</b>	<b>ASBESTOS CONTENT</b>
WNG920-A21	Swirly texture on ceiling	Director's office, north side, W side of windows. Photo B228	None Detected
The testing method used (polarized light microscopy [PLM]) is not consistently reliable in detecting asbestos in floor coverings and similar non-friable organically bound materials. Before this material can be considered or treated as non-asbestos containing, confirmation should be made by quantitative transmission electron microscopy (TEM).			

The following materials have been found to contain asbestos in this survey, or were assumed to contain asbestos.

1. Tan 12" x 12" Floor tile and black mastic (confirmed ACM).
2. Patching Tars at roof (assumed ACM).

The effects of the above asbestos-containing materials are discussed below.

#### **Floor Tile and Mastic**

The tan, 12" x 12" vinyl floor tiles and black flooring mastic throughout the building contain asbestos. The floor tiles and mastics were mostly in good condition with a few localized areas of damage. The tile and mastic was not friable, and if disturbed, is required to be removed and disposed of as an asbestos-containing material.

#### **Roofing Material**

Although not noted, roofing patch tars are one of the materials that commonly contain asbestos, even today. Because the entire roof was not accessed, it is assumed that there may be some roof patching tars present at the metal roof. These materials are not friable and would typically not be required to be removed, except during replacement of the roof.

## **E. REGULATORY CONSTRAINTS**

### **1. Asbestos-Containing Materials**

The Federal Occupational Safety and Health Administration (29 CFR 1926.1101) and the State of Alaska Department of Labor (8 AAC 61) have promulgated regulations requiring testing for airborne asbestos fibers; setting allowable exposure limits for workers potentially exposed to airborne asbestos fibers; establishing contamination controls, work practices, and medical surveillance; and setting worker certification and protection requirements. These regulations apply to all workplace activities involving asbestos-containing materials.

The EPA regulations, issued as Title 40 of the Code of Federal Regulations, Part 61 (40 CFR 61), Subpart M under the National Emission Standards for Hazardous Air Pollutants (NESHAP), established procedures for handling ACM during asbestos removal and waste disposal. These regulations required an owner (or the owner's contractor) to notify the EPA of asbestos removal operations and to establish responsibility for the removal, transportation, and disposal of asbestos. It is recommended that clearance sampling which complies with the EPA's Asbestos Hazard Emergency Response Act (AHERA) protocol be required following removal of asbestos-containing materials to document that the asbestos has been properly removed.

The EPA regulations require an owner (or the owner's contractor) to notify the EPA of asbestos removal operations and to establish responsibility for the removal, transportation, and disposal of asbestos-containing materials.

The disposal of asbestos waste is regulated by the EPA, the Alaska Department of Environmental Conservation, and the disposal site operator. Wastes being transported to the disposal site must be sealed in leak tight containers prior to disposal and must be accompanied by disposal permits and waste manifests.

The foregoing excerpts from the environmental study are thought to be the key parts relating to value for the subject. The City and Borough of Wrangell has the full report

## Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

### Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5th ed. 2010. Print.

### Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

### Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

### Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital

expenditures on tenant improvements or other improvements to the property.

- CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
- CAM can refer to all operating expenses.
- CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative

load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.

2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge

that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

**Debt Coverage Ratio (DCR)**

The ratio of net operating income to annual debt service ( $DCR = NOI/Im$ ), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

**Discount Rate**

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

**Effective Age**

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

**Effective Date**

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.

2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

**Exposure Time**

1. The time a property remains on the market.
2. 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 estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

**External Obsolescence**

An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

**Extraordinary Assumption**

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinion or conclusions. (USPAP, 2020-2021 ed.)

**Fee Simple Estate**



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. (Dictionary, 5th Edition)

**Functional Obsolescence**

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

**Functional Utility**

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

**Gross Building Area (GBA)**

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

**Gross Leasable Area (GLA)**

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

**Highest & Best Use**

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet

are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

**Highest and Best Use of Land or a Site as Though Vacant**

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

**Highest and Best Use of Property as Improved**

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

**Hypothetical Condition**

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

**Leased Fee Interest**

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

### **Market Area**

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

### **Market Rent**

The most probably rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 5th Edition)

### **Market Value**

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.
2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a

bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal. (USPAP, 2020-2021 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
  - Statement of the effective date of the value opinion.
  - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
  - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue

stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
  - Both parties are well informed or well advised, and acting in what they consider their best interests;
  - A reasonable time is allowed for exposure in the open market;
  - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
  - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)
  5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a

willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

### **Marketing Time**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

### **Net Operating Income (NOI)**

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

### **Obsolescence**

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

### **Parking Ratio**

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

**Rentable Area**

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations

**Scope of Work**

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

**Stabilized Occupancy**

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

**Tenant Improvements (TIs)**

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

**Vacancy and Collection Loss**

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and

of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 5th Edition)

**Replacement Cost**

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)

collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)