

# MACSWAIN ASSOCIATES LLC

4401 Business Park Boulevard, Suite 22, Anchorage, Alaska 99503

## APPRAISAL REPORT

Market Value Estimate of "Homer 8" Property: 19.991± Acres

Government Lots 11, 12, 13, 18, 19, 20, 22, & 23

Section 14, T6S, R13W, SM, Homer, AK



Date of Value: May 12, 2022

File No. 22-3679

### Submitted To:

Janette Keiser  
Public Works Director  
Homer Public Works Department  
3575 Heath Street  
Homer, AK 99603

**MacSwain Associates LLC**

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July 18, 2022

Janette Keiser  
Public Works Director  
Homer Public Works Department  
3575 Heath Street  
Homer, AK 99603

Re: "Homer 8": Eight Lots Totaling 19.991± Acres  
Government Lots 11, 12, 13, 18, 19, 20, 22, & 23  
Section 14, Township 6 South, Range 13 West, SM

Dear Ms. Keiser:

We have prepared an *Appraisal Report* of the above-referenced land located west of Kachemak Bay and Kachemak Drive, and south of East End Road Mile 3. Owned by the Kenai Peninsula Borough, the appraised property is known as the "Homer 8" property. The property consists of eight (8) lots totaling 19.991± acres, comprised primarily of wetlands. The purpose of the assignment is to assist the client with a potential acquisition of the subject land. The type of value estimated is *market value*. The property rights appraised is the *fee simple estate*. The report is prepared in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

Based on the data, reasoning, and analysis that follows, the market value of the appraised property, as of May 12, 2022, is estimated as follows.

**TWO HUNDRED FIFTY THOUSAND DOLLARS**

**\$250,000**

We direct your attention to the Scope of Work, Certificate of Appraisal, and Assumptions and Limiting Conditions for an explanation of restrictions and limitations of this report. If you have any questions, please contact our office.

Respectfully submitted,



Steve MacSwain, MAI  
State of Alaska Certificate No. 42



Alex Kleinke  
State of Alaska Certificate No. 148873

The undersigned certifies that to the best of their 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ➔ We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ➔ We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ➔ We have not performed any services as an appraiser or in any other capacity, regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment.
- ➔ Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ➔ Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ➔ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- ➔ The reported analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ➔ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ➔ Alex Kleinke of MacSwain Associates, LLC inspected the property on May 12, 2022. Steve MacSwain, MAI is familiar with the property from other appraisal assignments in Homer.
- ➔ No one provided significant real property appraisal assistance to the persons signing this certification.
- ➔ As of the date of this report, Alex Kleinke and Steve MacSwain, MAI are certified General Real Estate Appraisers in the State of Alaska and have completed the education requirements through June 2023.

***MacSwain Associates LLC***

- ➔ As of the date of this report, Steve MacSwain, MAI has completed the Standards and Ethics Education Requirements for Designated Members of the Appraisal Institute.
- ➔ As of the date of this report, Alex Kleinke has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- ➔ As of the date of this report, Steve MacSwain, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- ➔ As of the date of this report, Alex Kleinke has completed the continuing education program for Practicing Affiliates of the Appraisal Institute.



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Steve MacSwain, MAI  
State of Alaska Certificate No. 42



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Alex Kleinke  
State of Alaska Certificate No. 148873

7/18/22

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Date

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**Appraisal Summary**

<b>Value Type:</b>	Market value
<b>Property Name:</b>	Homer 8
<b>Property Type:</b>	Vacant land with wetland inundation
<b>Property Rights Appraised:</b>	Fee simple estate
<b>Location:</b>	West of Kachemak Bay and Kachemak Drive, just south of Little Fireweed Lane, south of East End Road Mile 3, northeast of Homer Airport in Homer, Alaska
<b>Legal Description:</b>	Government Lots 11, 12, 13, 18, 19, 20, 22, & 23, Section 16, Township 6 South, Range 13 West, Homer Recording District, Seward Meridian, Alaska.
<b>Tax Parcel Nos:</b>	179-080-10, 11, 12, 16, 17, 18, 23, & 24
<b>Property Owner:</b>	Kenai Peninsula Borough (KPB) per Borough records
<b>Zoning:</b>	East End Mixed Use district per City of Homer
<b>Site Description:</b>	Irregular-shaped parcel comprised of eight (8) square-shaped lots, each approximating 2.5± acres; total land area per record of survey is 19.991± acres
<b>Topography:</b>	Gently sloping from west to east with descending contour
<b>Access:</b>	Legal access from Aksel Street along west boundary and Spruce Lane to southwest corner, no physical road access developed to property, Kilokak Avenue, a gravel road provides access to the immediate area but terminates 310± feet north of Lot 22
<b>Frontage:</b>	None
<b>Utility Service:</b>	Public electricity, natural gas, water, and sewer in area, but not on site
<b>Soil and Subsurface Conditions:</b>	Primarily Beluga silt loam, very poorly-drained plant material over silt loam and silty clay loam, small portion mapped as Salamatof peat, very-poorly drained mossy organic material (woody peat)
<b>Hazardous Substances:</b>	None observed or known

**MacSwain Associates LLC**

<b>Wetland Designation:</b>	Per City of Homer Wetland Mapping, primarily “High Rank” wetlands; per KPB Wetlands Mapper, KWF Wetland Assessment identifies the property as Discharge Slope Wetlands and Drainageway Wetlands
<b>Flood Hazard Restrictions:</b>	Zone D, an area in which flood hazards are undetermined, but possible
<b>Easements and Restrictions:</b>	None noted on record of survey or Borough mapping
<b>Sale History:</b>	No known sales of appraised land in past three years
<b>Highest and Best Use:</b>	Industrial development
<b>Extraordinary Assumptions:</b>	None
<b>Hypothetical Conditions:</b>	None
<b>Date of Property Inspection:</b>	May 12, 2022
<b>Effective Appraisal Date:</b>	May 12, 2022
<b>Date of Report:</b>	July 18, 2022

<b>Market Value Estimate:</b>	<b>\$250,000 (\$12,506/Acre)</b>
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**Subject Property Photographs**

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Date: May 12, 2022

Taken By: Alex Kleinke



East view of property taken near northwest corner



South view along west property boundary

**Subject Property Photographs**

Date: May 12, 2022

Taken By: Alex Kleinke



North view towards nearby development to the north



East view taken at northwest corner

## **Chapter 1: Definition of the Appraisal Problem**

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<b>Overview</b>	We prepare an <i>Appraisal Report</i> that analyzes a 19.991± acre vacant parcel comprised of eight (8) lots. The land sets just west of Kachemak Drive and Kachemak Bay, northeast of Homer Airport. The land has legal access but lacks improved road access, and is inundated with wetlands. The intent of the appraisal is to estimate market value of the <i>fee simple estate</i> of the property, in order to assist the client with a potential purchase. The report is intended to comply with the <i>Uniform Standards of Professional Appraisal Practice</i> (USPAP).
<b>Value Type</b>	Market value
<b>Client</b>	City of Homer
<b>Intended Use of Appraisal Report</b>	The intended use of this appraisal report is to assist the client with a potential acquisition of the subject property.
<b>Intended Users of Appraisal Report</b>	City of Homer, Kachemak Moose Habitat, Inc., and Kachemak Heritage Land Trust (KHLT)
<b>Property Inspection Date</b>	May 12, 2022
<b>Effective Appraisal Date</b>	May 12, 2022
<b>Date of Report</b>	July 18, 2022
<b>Identification of Real Estate Appraised</b>	The appraised property is vacant land, which is inundated with wetlands. The appraised parcel consists of eight (8) lots, each containing 2.5± acres. Total land area is 19.991± acres per record of

survey filed under Plat No. 2021-15. The property sets just west of Kachemak Bay and Kachemak Drive, northeast of the Homer Airport. The Kenai Peninsula Borough identifies the lots as Tax Parcel Nos. 179-080-10, 11, 12, 16, 17, 18, 23, & 24.

**Definition of  
Market Value**

The type of value estimated is market value. Market value is defined as follows.

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and 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:*

- a. buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and*
- e. 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.<sup>1</sup>*

**Property Rights  
Appraised**

We estimate the market value of the fee simple estate, which is defined as follows.

*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.<sup>2</sup>*

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<sup>1</sup> *Appraisal of Real Estate*, Fifteenth Edition (2020), by the Appraisal Institute, p. 49.

<sup>2</sup> *Appraisal of Real Estate*, Fifteenth Edition (2020), by the Appraisal Institute, p. 60.

**MacSwain Associates LLC**

**Legal Description** Public records indicate the appraised property is legally defined as follows:

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*Government Lots 11, 12, 13, 18, 19, 20, 22, & 23, Section 16, Township 6 South, Range 13 West, Homer Recording District, Seward Meridian, Alaska.*

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**Property Owner** Public Records indicate the owner of the appraised property is as follows.

➔ Kenai Peninsula Borough  
144 N. Binkley Street  
Soldotna, AK 99669

**Assessed Value** Kenai Peninsula Borough assessment information for tax year 2022 follows.

Tax Parcel	Land	Improvements	Total	Mill Rate	RE Taxes
179-080-10	\$27,100	\$0	\$27,100	11.24	\$304.60
179-080-11	\$27,100	\$0	\$27,100	11.24	\$304.60
179-080-12	\$27,100	\$0	\$27,100	11.24	\$304.60
179-080-16	\$27,000	\$0	\$27,000	11.24	\$304.60
179-080-17	\$27,100	\$0	\$27,100	11.24	\$304.60
179-080-18	\$27,100	\$0	\$27,100	11.24	\$304.60
179-080-23	\$27,100	\$0	\$27,100	11.24	\$304.60
179-080-24	\$27,100	\$0	\$27,100	11.24	\$304.60
Total	\$216,700	\$0	\$216,700	11.24	\$2,436.80

We note, as the lots are owned by the Borough, they are exempt from property tax. Utilizing the current mill rate of 11.24 and assessed value of \$216,700, 2022 real estate taxes would be \$2,436.80 if the land was held in private ownership.

**Three Year Sale History** There have been no known sales of the appraised property in the past three years.

**Report Type and Methodology**

This *Appraisal Report* develops the sales comparison approach to estimate market value. Neither the cost nor the income capitalization approach reflects market behavior for vacant land. Qualitative techniques are used to measure differences between the comparable sales and the subject. The appraisal report is a summary of the appraisers' data, analyses, and conclusions with supporting documentation retained on file.

**Scope of Appraisal**

Alex Kleinke of MacSwain Associates, LLC performed the inspection of the appraised property and assisted Steve MacSwain, MAI with data collection and analysis. In addition, Steve MacSwain, MAI administered the appraisal process, reviewed draft appraisals, and concurred with an opinion of value. Preparation of this report encompassed the following scope of work that concluded with an opinion of market value.

- ➔ Inspected the appraised property on May 12, 2022;
- ➔ Discussed the property with City of Homer and Kachemak Moose Habitat, Inc. representatives;
- ➔ Reviewed State of Alaska Patent No. 17501;
- ➔ Reviewed KPB assessor map 179-080 and the Record of Survey filed under Plat No. 2021-15;
- ➔ Reviewed aerial and wetland mapping from Kenai Peninsula Borough;
- ➔ Reviewed wetland, zoning, and utility mapping from City of Homer;
- ➔ Gathered data from the KPB Assessor's office and State of Alaska Recorder's office regarding ownership, assessments, and general property information;
- ➔ Reviewed Kenai Peninsula 2021-2026 Comprehensive Economic Development Strategy prepared by KPEDD in June 2021;
- ➔ Reviewed Homer Comprehensive Plan prepared by City of Homer in 2018;
- ➔ Interviewed Kenai Peninsula real estate brokers, agents, and property owners regarding land sales;
- ➔ Interviewed Kenai Peninsula market participants regarding current market conditions, trends, and expectations;
- ➔ Gathered and confirmed information on comparable land sales;

- ➔ Inspected the primary comparable sales we relied upon in our comparative analysis; and
- ➔ Applied the sales comparison approach to arrive at a market value indication.

**Statement of Competency**

MacSwain Associates, LLC has completed numerous appraisals of land on the Kenai Peninsula and City of Homer. A summary of the appraisers' experience and professional qualifications are located in the addendum. We have the knowledge and experience required by the competency provision of USPAP to complete this assignment credibly.

**Exposure Time**

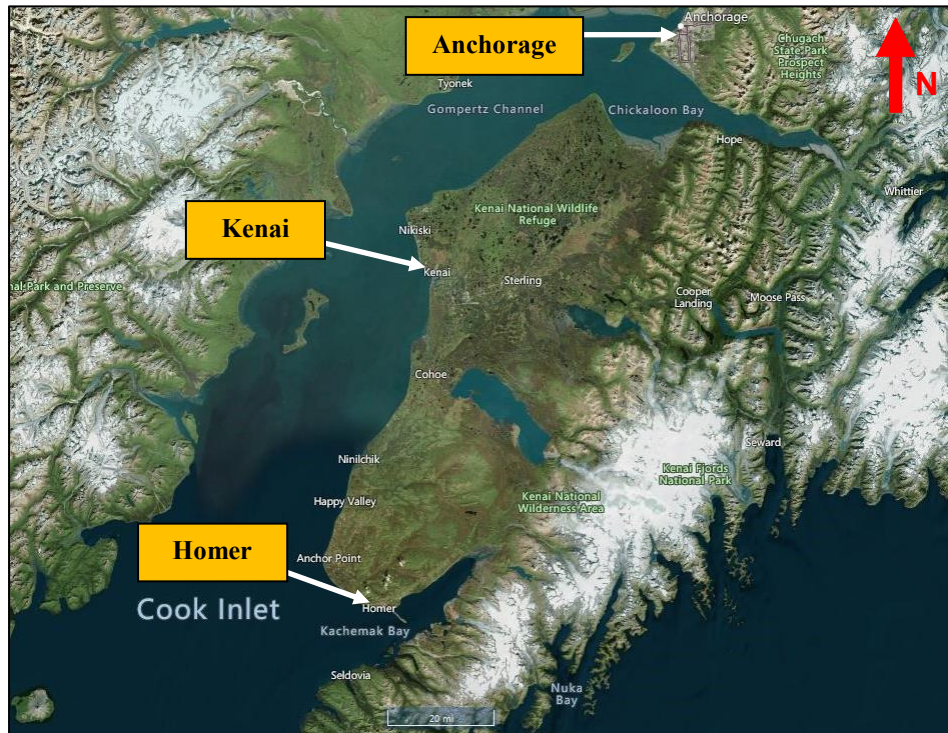
We have collected and analyzed market and economic data that projects real estate trends and activity for similar vacant parcels. Discussions with brokers and analysis of similar property sales indicate that a period of approximately one year prior to our effective date of value is a reasonable exposure period.

## **Chapter 2: Homer Area and Neighborhood Summary**

### **Overview**

The appraised property is within the City of Homer, Alaska, situated at the south end of the Kenai Peninsula. We present a summary socioeconomic analysis of Homer and the immediate neighborhood. The reader is referred to the maps below and on the following pages that illustrate the location and assist in the description and analysis of the factors that affect the real estate market.

### **Location Map**



### **Homer Summary**

The City of Homer is a First Class City, located on the north shore of Kachemak Bay on the southwestern portion of the Kenai Peninsula. Homer’s population has seen a 10% increase over the past ten years, with a 2020 Census Population of 5,522. It is one of the four largest communities on the Kenai Peninsula, along with Kenai, Soldotna, and Seward. Homer is approximately 227 road miles south of Anchorage, the southernmost point of the Sterling Highway. Information for this analysis was obtained from various sources, including the Homer Chamber of Commerce, Kenai Peninsula Economic Development District, and the Alaska Department of Community and Regional Affairs (DRCA).

### **Economy**

Homer's economy is primarily supported by the tourism and fisheries industries. Unlike other regions of Alaska, the economy of Homer is not directly related to the success of the oil industry. Homer acts as a regional hub for other smaller communities such as Anchor Point, Ninilchik, and Seldovia. Over the past several years, Homer has transitioned more towards the tourism industry, as it is estimated to be a \$100± million per year industry on the Kenai Peninsula. Homer is a popular destination for both resident and non-resident tourists. Most of the tourism business occurs between June and August, when sport fishing is at its peak. In addition, the Alaska Islands and Ocean Visitor Center contributes to the local economy. A relatively new 72-room Aspen Hotel located on the Sterling Highway next to the visitor center has added approximately 15 full time jobs. In 2021, Grace Ridge Brewing constructed a new 2,400± square foot facility on the corner of Smoky Bay Way and Ben Walters Lane north of Beluga Lake.

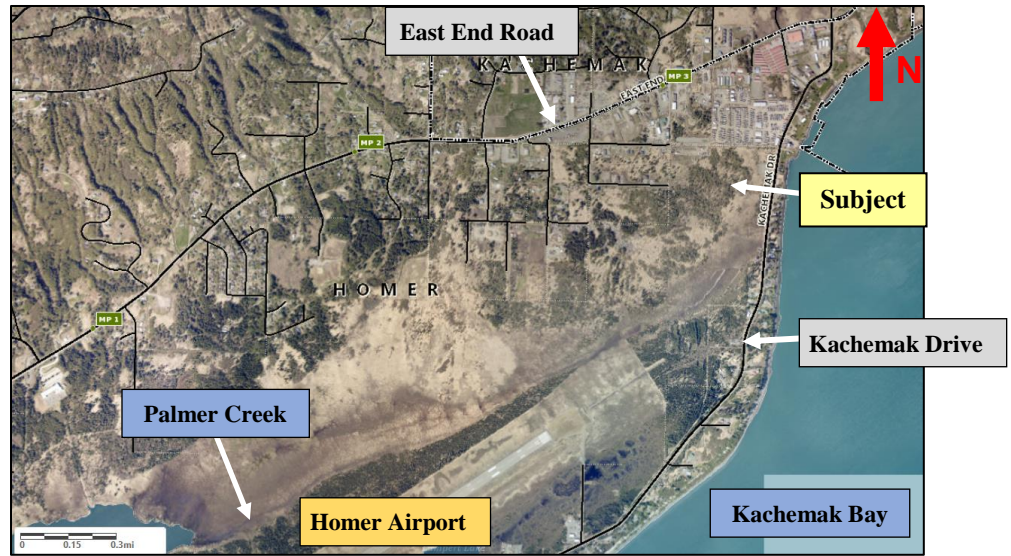
### **Transportation**

The primary road system to Homer is the Sterling Highway, which connects to the Seward Highway leading to Anchorage and other road systems with linkage to Fairbanks, Canada, and the Lower 48. The State owns and operates the Homer Airport, with a 6,700-foot asphalt runway and floatplane basin. There is also a seaplane base at Beluga Lake. The City is served by several scheduled and chartered flight services with Ravn Alaska service to Anchorage with multiple flights per day. There are also four other private landing strips in the vicinity. The Alaska Marine Highway and local ferry services provide marine transportation to other communities in Kachemak Bay and Kodiak.

### **Public Utilities, Schools, and Health Care**

Approximately 90% of Homer is served by public water, while the remaining residents have on-site well systems or have water delivered. There is a City sewer treatment center designed to treat 880,000 gallons per day, but with the capability of treating 1,400,000 gallons per day peak flow. Electricity is provided by Homer Electric Association, and refuse is collected by a private firm and hauled to the Borough landfill. There are eight schools located in the community attended by approximately 1,120 students. Local health care facilities include South Peninsula Hospital and auxiliary health care is provided by the Homer Volunteer Fire Department/EMS, as well as private practitioners.

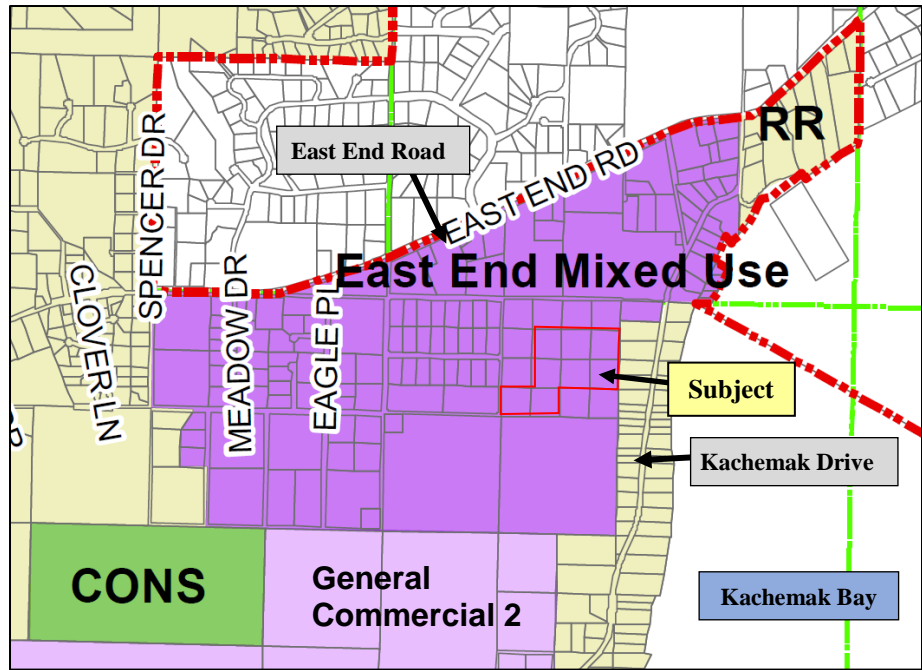
**Neighborhood Map**



**Immediate  
Neighborhood  
Summary**

The subject is located within a neighborhood known as East End, located approximately three miles northeast of the primary commercial area of Homer. Bound by East End Road to the north, Kachemak Bay to the east, and Homer Airport boundaries to the south and west, development is primarily industrial, with residential and commercial uses interspersed. Local businesses include boat storage and repair, ministorage, welding, and automotive. Public utilities available in the immediate neighborhood include water, sewer, natural gas, and electricity. Access to the neighborhood is afforded by East End Road and Kachemak Drive, State-maintained roads. Little Fireweed Lane, Ternview Place, and Kilokak Lane are maintained by the City of Homer. Neighborhood zoning includes East End Mixed Use south of East End Road and west of Kachemak Drive. Rural Residential zoning is evident fronting Kachemak Drive and Kachemak Bay. Conservation and General Commercial zoning districts are also within the immediate neighborhood.

**Zoning Map**



**Summary**

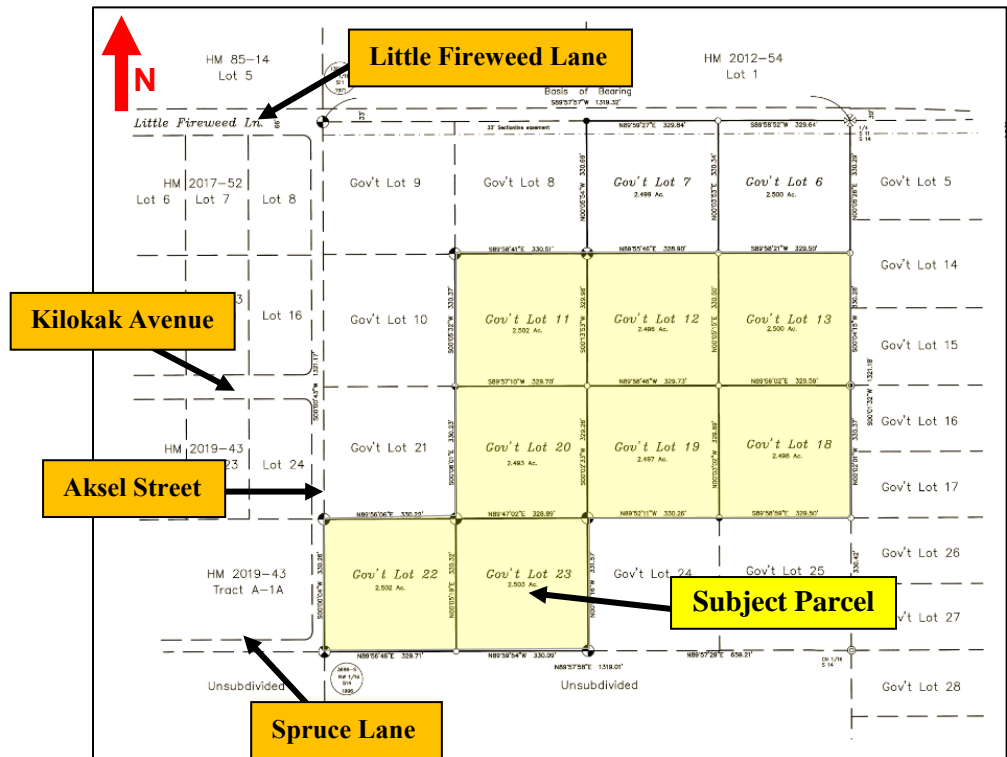
To summarize, the immediate neighborhood is situated northeast of the airport, three miles northeast of the primary commercial area of Homer. This is a mixed-use neighborhood comprised of industrial and residential use, with large swathes of vacant wetlands. We anticipate continued slow to moderate growth for the neighborhood.

**Chapter 3: Parcel Description and Analysis**

**Overview**

Analysis of land describes the characteristics that enhance or detract from its utility or marketability. The parcel description and analysis is based on our property inspection and review of aerial and Borough mapping. The record of survey below, aerial on the following page, and subsequent Borough tax parcel map assist in the description and analysis of the parcel that follows.

**Record of Survey No. 2021-15**



**Parcel Description**

**Location:**

West of Kachemak Bay and Kachemak Drive, just south of Little Fireweed Lane, south of East End Road Mile 3, northeast of Homer Airport in Homer, Alaska

**Shape and Land Area:**

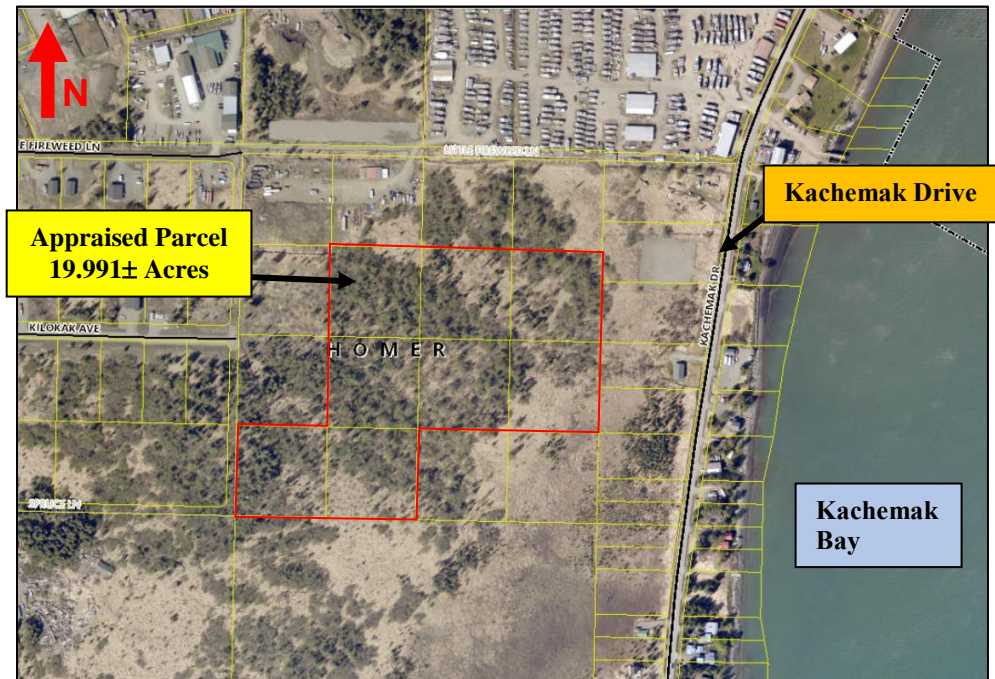
Eight (8) 2.5-acre square-shaped lots totaling 19.991± acres or 870,808± square feet

**Access:**

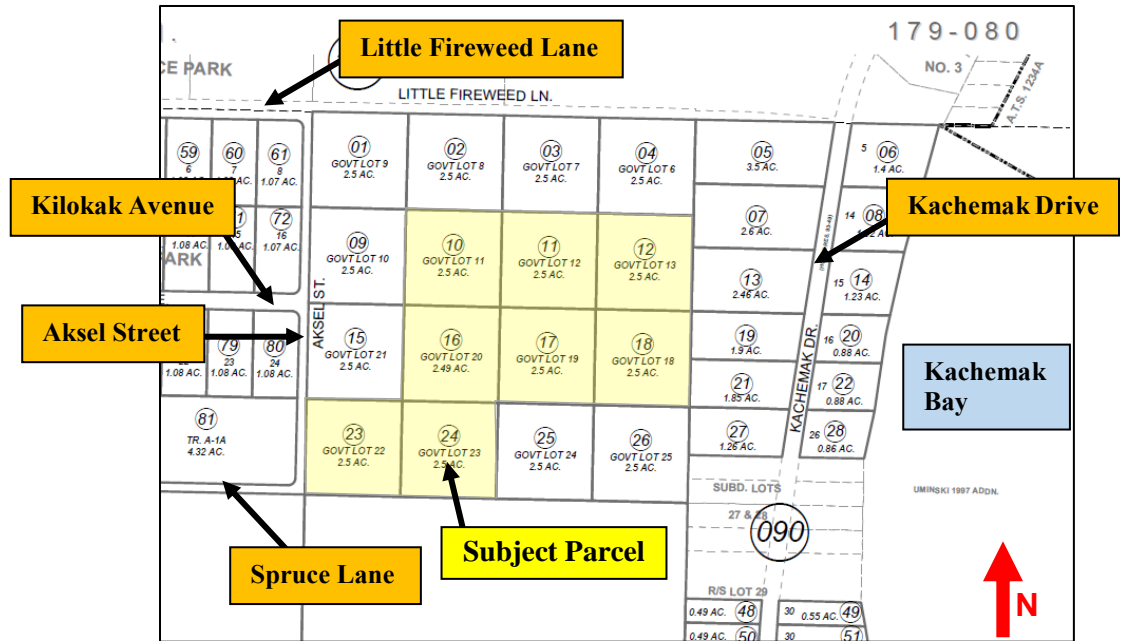
Legal access from Spruce Lane and Aksel Street at southwest corner, Kilokak Avenue (gravel) terminates 310± feet north of Lot 22

<b>Zoning:</b>	EEMU - East End Mixed Use district, primarily intended to provide sites for businesses that require direct motor vehicle access and may require larger land area
<b>Frontage and Exposure:</b>	No improved road frontage or exposure
<b>Easements and Restrictions:</b>	None noted on record of survey or tax parcel map
<b>Public Utilities:</b>	Public electricity, natural gas, water, and sewer in area, but not on site; public water and sewer is situated in Kilokak Avenue per City of Homer utility mapping
<b>Topography:</b>	Gently sloping from west to east with descending contour, elevation change approximately 30 feet
<b>Vegetation:</b>	Vegetated with birch, spruce, alder, and willow, as well as low lying shrubs and grasses
<b>Soil Conditions:</b>	Soils mapping indicates the property is comprised of Beluga silt loam, very poorly-drained plant material over silt loam and silty clay loam, small portion mapped as Salamatof peat, very poorly-drained mossy organic material (woody peat)

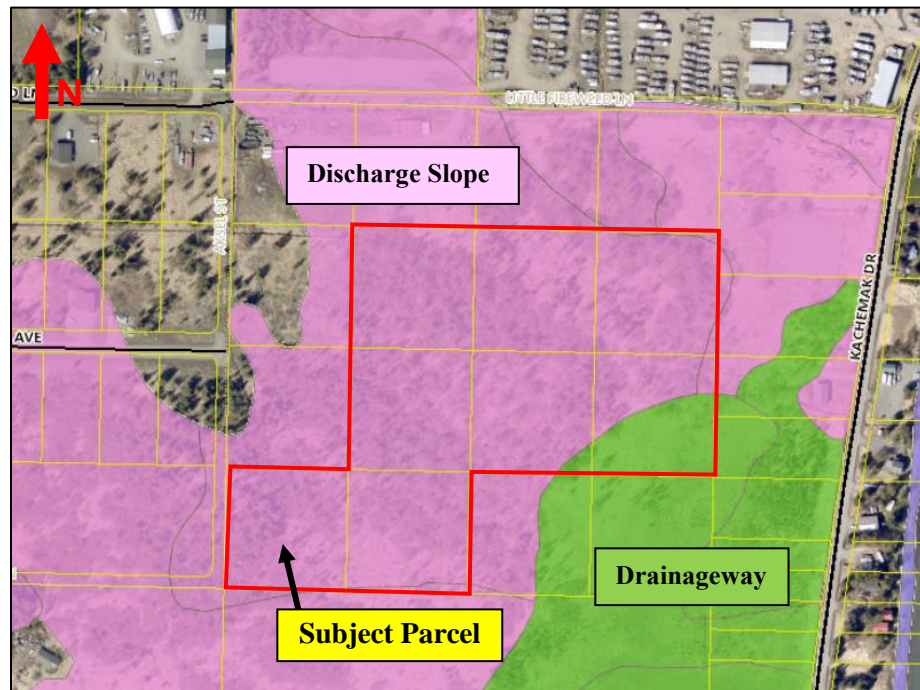
**Kenai Peninsula Borough Aerial Mapping**



KPB Tax Parcel Map 179-080



KWF Wetland Assessment



**Wetland Designation:**

Per City of Homer Wetland Mapping, primarily “High Rank” wetlands; KWF Wetland Assessment identifies the property as Discharge Slope Wetlands and Drainageway Wetlands

<b>Flood Hazard:</b>	Zone D, an area in which flood hazards are undetermined, but possible, but possible per FEMA Panel 02122C2115E (October 20, 2016)
<b>Environmental Conditions:</b>	The existence of any hazardous material or other type of environmental contamination, which may or may not be present on the property, was not observed by the appraisers nor do the appraisers have any knowledge of the existence of such substances. Our value conclusion assumes that the property is free of environmental and hazardous contaminants.
<b>Parcel Utility:</b>	Parcel suitable for recreational use in its current state; industrial, commercial, or residential uses possible with development including road/utility extension and gravel fill

## **Chapter 4: Highest and Best Use Analysis**

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### **Overview**

Highest and best use is a market-driven concept rather than a subjective conclusion based on the experience of the appraiser or property owner's needs. The *Dictionary of Real Estate Appraisal* (Sixth Edition) defines *highest and best use* as follows.

*The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

### **Highest and Best Use as Though Vacant**

The parcel is located within the City of Homer boundaries, subject to zoning regulations. Zoning is EEMU, East End Mixed Use district. According to the City of Homer Zoning Code, this designation is:

*Primarily intended to provide sites for businesses that require direct motor vehicle access and may require larger land area. The district is meant to accommodate a mixture of existing and accessory residential with nonresidential uses. When a conflict exists between residential and nonresidential uses conflicts shall be resolved in favor of nonresidential uses.*

A variety of uses are allowable within this zoning designation, including industrial, commercial, institutional, and residential development. Other legal constraints pertain to City/Borough permitting, and obtaining a permit from the Corps of Engineers due to the presence of wetlands. The appraised parcel is comprised of eight (8) government lots, totaling 19.991± acres. Currently, vehicular access is not improved to the parcel. Legal access is afforded by Aksel Street, which connects to Kilokak Avenue 310± feet to the north of Lot 22. Legal access from Kachemak Drive may be possible through access easements through adjacent properties. In addition to extending utilities and improving road access, gravel fill is necessary to facilitate development.

Surrounding development is comprised primarily of light industrial uses, including the boatyard to the north, storage uses, and automotive repair. Residential use is evident to the east along Kachemak Drive and Kachemak Bay, and to the west along Kilokak Avenue and the south side of Little Fireweed Lane. Based on surrounding development, the subject's size, and location, the most probable use is for industrial development. Although recreational use is possible in the subject's current state, industrial development provides a greater return to the land, despite the necessary development costs.

**Highest and Best Use  
Conclusion**

Based on the foregoing, we conclude the highest and best use of the appraised property, as vacant land, is industrial development.

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**Highest and Best Use As Vacant**

**Industrial Development**

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**Chapter 5: Land Valuation - Sales Comparison Approach**

**Overview** The sales comparison approach is a systematic procedure of estimating the subject’s market value by comparing it directly to property sales afforded similar physical and economic character. The approach is founded on the principle of substitution, theorizing value is a function of a knowledgeable investor’s (buyer) intent to pay no more for a specific property than the cost of acquiring an alternative property offering similar utility (economic satisfaction). The sales comparison approach is the best approach for valuing vacant land.

**Comparative Market Analysis** Our sales search focused on vacant land with similar physical and economic character to the subject, located in East End Mixed Use zoning district south of east end road, and west of Kachemak Drive. These criteria produced adequate sale data to perform a comparative analysis. While one sale is recent, the remaining sales transpired from 2010 to 2016 and require upward adjustments for market conditions, attributed to growth and expansion into the East End Road neighborhood. Additionally, we summarize other market activity in the neighborhood related to the primary sales. The sales we relied upon are listed in the table below.

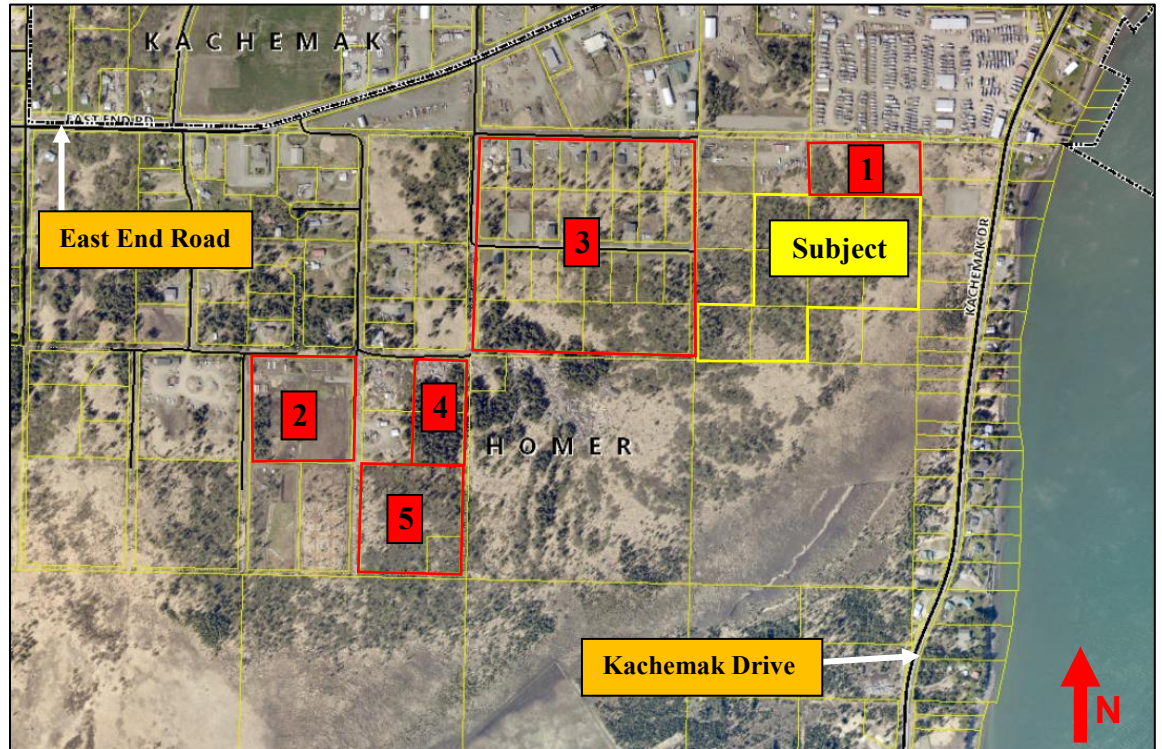
**Comparable Land Sale Summary**

No.	Location	Sale Date	Zone	Sale Price	Size (Acres)	\$/Acre
1	South side of Little Fireweed Ln. (unimproved) adjacent to subject north boundary	11/21	EEMU	\$327,000	4.999	\$65,413
2	SWC of Spruce Lane and Eagle Place	11/16	EEMU	\$155,000	8.680	\$17,857
3	SEC of Little Fireweed Lane and Ternview Place	10/15	EEMU	\$269,000	40.000	\$6,725
4	SWC of Spruce Lane and Ternview Place (unimproved)	9/15	EEMU	\$70,000	4.317	\$16,203
5	NEC of Eagle Place (unimproved) and Bottom Lane (unimproved)	4/10	EEMU	\$29,000	7.680	\$3,776
--	<b>West of Kachemak Bay and Kachemak Drive, northeast of Homer Airport (Subject)</b>	<b>5/22</b> <i>(Date of Value)</i>	<b>EEMU</b>	<b>-- --</b>	<b>19.991</b>	<b>-- --</b>

**Elements of Comparison**

The elements of comparison that have the greatest influence on market behavior and the price paid for vacant land is location, physical character, market conditions, and conditions of sale. We use a qualitative comparison technique that rate elements of comparison as superior, inferior, or similar.

**Comparable Land Sales Map**



**Land Sale 1**

Land Sale 1 is the November 2021 sale located adjacent to the Homer 8 property on the north side. The property consists of two (2) 2.5± acre lots totaling nearly five acres. The lots are in a raw state, mapped as discharge slope wetlands per KWF Wetlands Assessment. Legal access is from Little Fireweed Road to the north, but the lots will likely be accessed from the adjoining land, owned by the buyer. Electricity is available on the north boundary, while water and sewer terminate 700± feet to the west. The lots were purchased through a Kenai Peninsula Borough surplus land auction. The buyer owns the adjoining land to the north and west for operation of a boatyard. From the buyer’s perspective, securing these lots was critical for the boatyard business as no alternative sites remain for expansion. Competing bids at the auction caused the buyer to pay a premium for the land. The Borough reported

the sale price to be \$327,000 for both lots, equating to \$65,413 per acre. The buyer paid a 10% down payment, with the seller financing the balance at 5.25% over ten years.

Comparatively, a substantial downward adjustment is necessary for conditions of sale. Moreover, additional downward adjustments are necessary for size, utility, and access superiorities. Thus, this land sale indicates a unit value significantly less than \$65,413 per acre for the Homer 8 property.

### **Land Sale 2**

Land Sale 2 is the November 2016 sale located southwest of the subject on the southwest corner of Spruce Lane and Eagle Place. According to Borough records, the property contains 8.680± acres. The majority of the property is mapped as discharge slope wetlands per KWF Wetlands Assessment. Access is provided by Spruce Lane on the north boundary and Eagle Place on the east boundary. The broker indicates the property was partially cleared at the time of sale. Electricity is available to the property, but water and sewer is not in the immediate area. The property was exposed to the market for over 700 days, originally listed for \$175,000. The sale price of \$155,000 indicates a unit price of \$17,857 per acre. It had previously been listed for several years with no sale culminating. A recorded deed of trust indicates a \$20,000 cash down payment with the balance financed by the seller at undisclosed terms. The buyer previously purchased the adjacent 4.34-acre Tract O-1 on the south/west in 2010. In 2021, the same buyer purchased the adjacent 4.34-acre Tract O-2 on the south/east boundary. Previously, the buyer had leased Tract O-2 from the prior owner for \$1,500 per year. The purchase clause capped the sale price at 200% of the average assessed value for the preceding three years, or \$32,933 (\$7,590 per acre).

By comparison, the land sale compared to the subject requires an upward adjustment for market conditions. Overriding downward adjustments are required for superior access, utilities, size differential, and clearing. The net adjustment is downwards indicating a unit value less than \$17,857 per acre for the Homer 8 property.

### **Land Sale 3**

Land Sale 3 is the October 2015 sale located adjacent to the subject's west boundary. Approximately 50% of the property is mapped as discharge slope wetlands, mostly confined to the south half. According to the broker, at the time of sale the property benefited from three access points. Review of historic aerial imagery and public records indicates access was not fully constructed at the time of sale. Further, the broker

reported electricity and natural gas were adjacent to the site. Subsequent to the sale, Ternview Place was constructed, linking Little Fireweed Lane to East End Road. The property was exposed to the market for 187 days, originally listed for \$329,000, however it had been listed in prior years for \$345,000. The sale price of \$269,000 indicates a unit price of \$6,725 per acre.

Subsequent to the sale, the buyer subdivided the parcel into 24 one-acre lots and two four-acre lots reserved for future development. In the platting process, Kilokak Avenue and Little Fireweed Lane were improved and became City-maintained roads with water and sewer. The one-acre lots have nearly all been sold off with the majority now developed. One of the lots is currently listed for \$155,000.

By comparison, upward adjustments are necessary for market conditions and size differential. Conversely, access and utility infrastructure is rated superior, necessitating downward adjustments. An additional downward qualitative adjustment is required for a lower ratio of wetland inundation. After analysis, the net adjustment is upward, indicating a unit value greater than \$6,725 per acre for the Homer 8 property.

#### **Land Sale 4**

Land Sale 4 is the September 2015 sale located southwest of the subject on the south side of Spruce Lane, just east of Eagle Place. The property consists of two lots totaling 4.32± acres. The majority of the property is mapped as discharge slope wetlands per KWF Wetlands Assessment. Access is provided by Spruce Lane on the north boundary. Ternview Place on the east boundary is not improved. At the time of sale, the broker reported electricity and natural gas were adjacent to the site. Public water and sewer are located 660± feet to the north. The buyer had owned the adjacent 2.16± acre lot to the west since the mid 1990's, and then purchased the 39±-acre parcel to the east in September 2014. This purchase of the 4.32± acres analyzed in this transaction effectively connected the properties for a salvage yard.

The property was exposed to the market for four days, listed for \$75,000. The exact sale price was not disclosed by the broker. The buyer could not recall the exact sale price but indicated it was close to the list price. We consider \$70,000 a reasonable expectation of the sale price, which equates to \$16,203 per acre. By comparison, an upward adjustment is necessary for market conditions. Overriding downward adjustments are required for size differential, access, utilities, and a lower ratio of wetland inundation. Thus, this sale indicates a unit value less than \$16,203 per acre for the Homer 8 property.

**Land Sale 5**

Land Sale 5 is an older 2010 sale located southwest of the subject on the east side of Eagle Lane, which is not improved to the parcel. The property consists of two lots totaling 4.32± acres, comprised entirely of discharge slope wetlands per KWF Wetlands Assessment. The property was purchased from AHTNA, Inc. on behalf of Kachemak Moose Habitat, Inc., and conveyed to that entity a month after the purchase. The purchase motivation was for conservation purposes. The one-acre parcel on the southeast corner was previously purchased in 2005 and conveyed to the same buyer in 2009. The 7.68± acre property was listed in 2008 for \$48,000 and subsequently reduced to \$33,900. After nearly 1.5 years of market exposure, the property sold for \$29,000 or \$3,776 per acre.

By comparison, upward adjustments are necessary for market conditions, inferior access, and utility infrastructure. A partially-offsetting downward adjustment is recognized for size differential. The net adjustment is upward, indicating a unit value greater than \$3,776 per acre for the Homer 8 property.

**Reconciliation of Comparative Market Analysis**

Presented below is a rating grid and analysis of the primarily land sales used in comparative analysis.

<b>Land Sale</b>	<b>\$/Acre</b>	<b>Rank</b>	<b>Net Adjustment</b>
<b>1</b>	\$65,413	Superior	↓
<b>2</b>	\$17,816	Superior	↓
<b>4</b>	\$16,203	Superior	↓
<b>Subject</b>	-- --	-- --	-- --
<b>3</b>	\$6,725	Inferior	↑
<b>5</b>	\$3,776	Inferior	↑

The comparable land sales indicate a wide unit value range from \$3,776 to \$65,413 per acre. Land Sales 1, 2, and 4 are rated superior indicating a unit value less than \$16,203 per acre. Conversely, Land Sales 3 and 5 are rated inferior indicating a unit value greater than \$6,725 per acre. After comparative analysis and making the necessary adjustments, we estimate a market value range of \$12,000 to \$13,000 per acre, which develops the following indicators.

<b>19.991 Acres × \$12,000/Acre =</b>	<b>\$239,892</b>
<b>19.991 Acres × \$13,000/Acre =</b>	<b>\$259,883</b>

Based on the preceding analysis, the market value of the Homer 8 property as of May 12, 2022, is estimated as follows.

<b>Market Value Estimate</b>	<b>\$250,000</b>
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# *Addendum*

## **Assumptions and Limiting Conditions**

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This appraisal is subject to the following **assumptions and limiting conditions**.

- ➔ No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be marketable unless otherwise stated.
- ➔ The property is appraised free and clear of all liens or encumbrances unless otherwise stated.
- ➔ The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- ➔ All maps, plot plans, and other illustrative material are believed to be accurate, but are included only to help the reader visualize the property.
- ➔ It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- ➔ It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- ➔ It is assumed the property conforms to all applicable zoning, land use regulations, and platting restrictions unless the nonconformity is identified, described, and considered in the appraisal report.
- ➔ Possession of this report, or a copy thereof, does not carry with it the right of publication.
- ➔ The appraisers, by reason of this appraisal, are not required to give consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
- ➔ Neither all nor any part of the contents of this report shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
- ➔ The existence of any hazardous material or other type of environmental contamination, which may or may not be present on the property, was not observed by the appraisers nor do the appraisers have any knowledge of the existence of such substances. However, the presence of these substances may affect the value of the property. Therefore, the client is urged to retain an environmental assessment for discovery and evaluation.

**TASK ORDER #01  
Homer 8**

This Task Order pertains to an Agreement by and between the City of Homer, ("OWNER"), and MacSwain Associates LLC, ("CONSULTANT"), dated March 24<sup>th</sup>, 2022, ("the AGREEMENT"). Consultant agrees to perform the services described below. This Task Order shall not be binding until it has been properly signed by both parties. Upon execution, this Task Order shall supplement the Agreement as it pertains to the subject project.

**PART 1.0 PROJECT DESCRIPTION.** Appraisal Report for "Homer 8" property

**PART 2.0 SCOPE OF SERVICES TO BE PERFORMED BY CONSULTANT.**

Provide Appraisal Report for 20 acres of property currently owned by the Kenai Peninsula Borough, known collectively as the "Homer 8", in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). A "Yellow Book" appraisal is not being requested at this time, however an "in house" review shall be accomplished. In the event a "Yellow Book" appraisal is required, the City and Consultant shall negotiate a change order to this Task Order.

**PART 3.0 OWNER'S RESPONSIBILITIES.**

Provide access to property. Provide data and information as requested by the Consultant.

**PART 4.0 DELIVERABLES AND TIME PERIOD.**

Progress Reports to be submitted in accordance with the following schedule:

- |                   |  |                   |
|-------------------|--|-------------------|
| a. Deliverable #1 | Letter Report identifying challenges/opportunities | 30 days after NTP |
| b. Deliverable #2 | Letter Report identifying possible comps           | 60 days after NTP |
| c. Deliverable #3 | Appraisal Report                                   | 90 days after NTP |

**PART 5.0 PAYMENTS TO CONSULTANT.**

Consultant shall be paid a fixed fee of \$4,800 on the basis of the following schedule:

- |                   |               |
|-------------------|---------------|
| a. Deliverable #1 | 33% fixed fee |
| b. Deliverable #2 | 33% fixed fee |
| c. Deliverable #3 | 33% fixed fee |

**For City of Homer**

Signature:  24 MAR 22  
Robert Dumouchel, City Manager Date

**For Consultant**

Signature:  3/23/22  
Steve MacSwain, MAI Date

# MacSwain Associates LLC

4401 Business Park Boulevard, Suite 22, Anchorage, Alaska 99503

**Appraiser:** Alex Kleinke  
State of Alaska, Certified General Real Estate Appraiser – License #148873

**Education:** Bachelor of Business Administration, Finance, University of Alaska Anchorage (2009)  
Master of Business Administration (MBA), University of Alaska Anchorage (2012)

**Professional Experience:** 2009 to Present – MacSwain Associates LLC

Real estate appraiser of all property types throughout Alaska including commercial, industrial, land, rights-of-way, and special-purpose properties. Appraisals performed for financing, right-of-way acquisitions, conservation easements, leasing, insurance, taxation, estate planning, investment analysis, and buy-sell decisions.

**Appraisal Education:** The following is a list of recently completed appraisal courses and seminars.

2022 – *Fundamentals of UASFLA* by the Appraisal Institute, Online

2021 – *Cool Tools: New Technology for Real Estate Appraisers* by the Appraisal Institute, Online

2021 – *Analyzing Operating Expenses* by the Appraisal Institute, Online

2021 – *Business Practices and Ethics* by the Appraisal Institute, Online

2020 – *7-Hour National USPAP 2020-2021 Update Course* by the Appraisal Institute, Anchorage, AK

2017 – *Business Practices and Ethics* by the Appraisal Institute, Online

2017 – *7-Hour Equivalent USPAP Update Course* by the Appraisal Institute, Online

2016 – *Advanced Market Analysis and Highest and Best Use* by the Appraisal Institute, Chicago, IL

2016 – *General Sales Comparison Approach* by the Appraisal Institute, Chicago, IL

2015 – *Real Estate Finance, Statistics, and Valuation Modeling* by the Appraisal Institute, San Diego, CA

2015 – *General Report Writing and Case Studies* by the Appraisal Institute, Las Vegas, NV

2015 – *General Income Approach Parts I and II* by the Appraisal Institute, San Diego, CA

2013 – *The Discounted Cash Flow Model: Concepts, Issues, and Apps.* by the Appraisal Institute, San Diego, CA

2013 – *General Appraiser Site Valuation and Cost Approach* by the Appraisal Institute, Fort Lauderdale, FL

2012 – *General Market Analysis and Highest and Best Use* by the Appraisal Institute, San Diego, CA

2011 – *15-Hour National USPAP Course* by the Appraisal Institute, Anchorage, AK

2010 – *Basic Appraisal Procedures* by the Appraisal Institute, Anchorage, AK

2010 – *Basic Appraisal Principles* by the Appraisal Institute, Anchorage, AK

## **Sample of Significant and Project Assignments:**

2020-21 – Eight right-of-way appraisals for Knik-Goose Bay Road Reconstruction Project

2020 – 43 City of Seward Lease Parcels including commercial, industrial, and marine-type properties

2020 – 41 City of Kenai Lease Parcels including aviation, commercial, industrial, and marine-type properties

2019 – City of Kodiak Lease Parcels including aviation and communication sites, seaplane base, and shipyard

2018 – Fractional interest of land and sandwich leases for Anchorage hotel and fuel station properties

2017 – Pacific Spaceport Complex, market rent of launch complex facilities within PSCA on Kodiak Island

2016-2017 – Provided insurable value project appraisals for properties in Utqiagvik, Dillingham, Iliamna, Kotzebue, Nome, Cordova, Naknek, Angoon, Haines, Hoonah, Juneau, Kake, Anchorage, Bethel, and Yakutat

2015 – 40 City of Seward Lease Parcels including commercial, industrial, and marine-type properties

2015 – 97 City of Kenai Lease Parcels including aviation, commercial, industrial, and marine-type properties

2015 – Assisted with cost estimate to acquire lands to develop proposed AKLNG from Pt. Thomson to Nikiski

2014-2020 – 50+ Right-of-way appraisals for Parks Highway MP 48.8 to 52.3 Reconstruction Project

- 2014 – Assisted with project management and appraisals of Nikiski properties for Alaska LNG acquisitions
- 2012 – Assisted in the income analysis portion of the Trans Alaska Pipeline System (TAPS)
- 2010-2022 – Alaska Railroad Corporation (ARRC) land lease appraisals in Anchorage, Seward, and Whittier

**Professional Affiliation:** Practicing Affiliate – Appraisal Institute

License #: 148873  
Effective: 5/23/2021  
Expires: 06/30/2023

**State of Alaska**  
Department of Commerce, Community, and Economic Development  
Division of Corporations, Business, and Professional Licensing

**Board of Certified Real Estate Appraisers**

Licensee: **ALEXANDER H KLEINKE**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Commissioner: Julie Anderson



# MacSwain Associates LLC

4401 Business Park Boulevard, Suite 22, Anchorage, Alaska 99503

**Appraiser:** Steve MacSwain, MAI

Member of Appraisal Institute - No. 5700

State of Alaska, Certified General Real Estate Appraiser - No. 42

**Professional Experience:** 1986 to Present - MacSwain Associates LLC

1976 to 1986 - Appraisal Company of Alaska - President

1970 to 1975 - Real Estate Services Corporation – Appraiser

1969 to 1970 - State of Alaska Department of Highways - Right of Way Agent

Real estate appraiser and consultant of all property types throughout Alaska including commercial, industrial, subdivisions and special-purpose properties. Appraisals have been performed for financing, leasing, insurance, condemnation, taxation, property damages, investment analysis, and buy-sell decisions. Appraisals include valuation of both real property and business enterprises. Professional experience totals 49 years. Life-long Alaskan resident of Alaskan Native descent.

**Education:** Bachelor of Business Administration, Finance (1969), University of Alaska Fairbanks

**Appraisal Education:** The following is a list of completed appraisal courses and seminars.

2021 – *Cool Tools: New Technology for Real Estate Appraisers* by the Appraisal Institute

2021 – *Desktop Appraisals (Bifurcated, Hybrid) and Evaluations* by the Appraisal Institute

2021 – *Hot Topics & Myths in Appraiser Liability* by LIA Administrators & Insurance Services

2020 – *Uniform Standards of Professional Appraisal Practice – Update* by the Appraisal Institute

2019 – *How Tenants Create or Destroy Value: Leasehold Valuation and its Impact on Value* –by the Appraisal Institute

2017 – *Appraising Environmentally Contaminated Properties* by the Appraisal Institute

2017 – *Residential & Commercial Valuation of Solar* by the Appraisal Institute

2017 – *Right of Way Acquisition for Pipeline Projects* by the International Right of Way Association

2015 – *Litigation Appraising: Specialized Topics and Applications* by the Appraisal Institute

2015 – *Business Practices and Ethics* by the Appraisal Institute

2013 – *Complex Litigation Appraisal Case Studies* by the Appraisal Institute

2013 – *Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)* by the Appraisal Institute

2012 – *Appraisal Curriculum Overview* by the Appraisal Institute

2010 – *Reviewing Appraisals in Eminent Domain* by the International Right of Way Association

2010 – *Commercial Appraisal Engagement and Review Seminar for Bankers and Appraisers* by the Appraisal Institute

2009 – *The Appraiser as an Expert Witness: Preparation and Testimony* by the Appraisal Institute

2009 – *Attacking and Defending an Appraisal in Litigation* by Whitmer Education

2008 – *Uniform Standards of Professional Appraisal Practice* by the Appraisal Institute

2007 – *Business Practices and Ethics* by the Appraisal Institute

2007 – *Eminent Domain Law for Right of Way Professionals* by the International Right of Way Association

2007 – *Appraisal Review for Federal Aid Programs* by the International Right of Way Association

2007 – *Analyzing Operating Expenses* by the Appraisal Institute

1969-2006: Numerous appraisal classes pertaining to principles, income capitalization, cost analysis, sale comparison approach, and highest and best use analysis by the Appraisal Institute, Society of Real Estate Appraisers, International Right-of-Way Association, International Association of Assessing Officers, and Marshall Valuation Service

**Membership and Organizations:** Member of Appraisal Institute – No. 5700, International Right of Way Association (IRWA), and Building Owners and Managers Association (BOMA)

**Public Service:** Past Chairman of the State Board of Certified Appraisers

Past Member of Board of Equalization, Municipality of Anchorage, National Experience Review Committee of the Appraisal Institute, and Regional Ethics and Counseling Panel of the Appraisal Institute

Past President of Alaska Chapter 57 of the Appraisal Institute

**Significant Assignments:**

- ➔ Appraised Pacific Spaceport Complex-Alaska (PSCA) land and facilities for Alaska Aerospace Corporation on Kodiak Island.
- ➔ Appraised proposed LNG Pipeline, a FERC-regulated 860-mile pipeline transporting liquefied natural gas.
- ➔ Appraised the Trans-Alaska Pipeline System, a FERC-regulated 800- pipeline that transports crude oil from Prudhoe Bay to Valdez, for TAPS ownership.
- ➔ Appraised remote lands (65,000± acres) owned by three Native corporations damaged by the *Selendang Ayu* grounding and subsequent oil spill.
- ➔ Appraised Calais Company, Inc., a real estate holding company consisting of 39 commercial parcels in Anchorage.
- ➔ Principal real estate consultant and expert witness for all lands affected by the *Exxon Valdez* oil spill. Project involved over 2,000,000 acres of remote land and nearly 2,000 private property owners.
- ➔ Appointed as a representative of a three-member panel that analyzed and valued over 1,000,000 acres and 8,000 parcels for the Mental Health Lands Settlement.
- ➔ Contract assessor for the North Slope Borough, Kodiak Island Borough, City of Nome, and the City of Valdez.
- ➔ Represented Seibu Alaska, Inc. (Alyeska Resort and Alyeska Prince Hotel) in preparing of their property tax appeal with the Municipality of Anchorage that resulted in a \$65 million reduction in assessed value.
- ➔ Appraised submerged tideland parcels and wetlands parcels located in Womens Bay on Kodiak Island for the purpose of an exchange between Koniag, Inc. and U.S. Fish and Wildlife Service.
- ➔ Appraised Common Carrier Pipeline right-of-ways leased and operated by BP Transportation Alaska and ConocoPhillips Alaska.
- ➔ Appraised 3,600 acres consisting of the former Adak Naval Air Station and Submarine Base conveyed to the City of Adak and the State of Alaska.

**Expert Witness Experience:** Steve MacSwain, MAI is qualified as an expert witness in both the United States Federal Court and the State of Alaska Superior Court. Steve has testified as an expert witness in State and Federal courts. In addition, Steve has testified as expert witness in numerous Alaskan municipal tax courts, public hearings, and depositions on matters related to real property.

**Arbitrator Experience:** Appointed a Master by the Superior Court of Alaska and Municipality of Anchorage to serve as an arbitrator in determining just compensation.

License #: APRG42 Effective: 6/8/2021 Expires: 06/30/2023	<b>State of Alaska</b> Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing  <b>Board of Certified Real Estate Appraisers</b>
Licensee: <b>STEVEN JAMES MACSWAIN</b>	
License Type: <b>Certified General Real Estate Appraiser</b>	
Status: <b>Active</b>	
	Commissioner: Julie Anderson