

DNR Fact Sheet

Title: Remote Recreational Cabin Sites Staking Program & Appraisal Process



Alaska Department of
**NATURAL
RESOURCES**

Division of Mining Land and Water
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How much will I have to pay for a Remote Recreational Cabin Site?

Because state land is a public asset, state law requires a fair return to Alaskan citizens. With few exceptions, state law says that land cannot be sold for less than its appraised market value. (AS 38.05.840.) The law requires market value appraisals for Remote Recreational Cabin Sites to ensure that this requirement is met.

What is an appraisal?

An appraisal is a formal written report setting out an appraiser's judgment about the most probable sale price that a property will bring on the open market. It is based on research and the study of factors that affect value, including:

- ownership rights and legal restrictions;
- market conditions on the date of appraisal;
- a detailed description of the appraised property; and
- the actual sale prices or rents of similar properties.

The report describes the research, facts found, and appraiser's reasoning. A well-written appraisal report will lead the reader to the appraiser's conclusion of value.

Does the department have specific appraisal standards?

Appraisals must comply with the "Uniform Standards of Professional Appraisal Practice" (USPAP). USPAP is a national standard for professional appraisers published by the Appraisal Foundation under the authority of the United States Congress.

How are Remote Recreational Cabin Sites Appraised?

The appraisal process requires two phases. In the first phase, because the state does not know what specific parcel of land you will stake and lease, a *Base Appraisal* report is completed for hypothetical *Key Parcel(s)* before the area is open to staking. The second phase

is the final appraisal of each actual surveyed parcel using the *Base Appraisal*.

What is a *Base Appraisal* report?

Applicants stake Remote Recreational Cabin Sites on unsurveyed land, but still want some idea of what the land will cost before deciding to stake. A *Base Appraisal* provides that generic parcel valuation. A *Base Appraisal* report estimates the value of one or more *Key Parcels*, or sample parcels, within a staking area. Several different types of *Key Parcels* may be required for a staking area, e.g. waterfront and interior *Key Parcels*. Each *Key Parcel* is as similar as possible to the basic type of parcel that will likely be staked. The *Base Appraisal* describes the following features for each *Key Parcel*: location, access, size, physical features, amenities, and easements/restrictions. The appraised value for each *Key Parcel* is based on sales of similar properties near the staking area, just as if the *Key Parcel* actually existed.

Why is the *Base Appraisal* Report used?

The *Base Appraisal* serves two purposes. First, it gives some idea of what a staked parcel will cost. Second, the values in the *Base Appraisal* will be used to establish the final appraised value for each surveyed parcel.

How can I use the *Base Appraisal* Report?

First, read the descriptions of the *Key Parcels*. Next, determine which *Key Parcel* is most similar to the parcel you will or have staked. Finally, look at the conclusion of value for the appropriate *Key Parcel* to determine a likely value for your parcel. If your parcel is better or less than the *Key Parcel(s)* then value adjustments will be made by the appraiser to determine the final value.

What if the *Key Parcel* value is more than I am willing to pay?

As a potential applicant, you are encouraged to apply for a parcel that will fit within your specific budget. Staking a parcel smaller than the *Key Parcel* will usually reduce the price. Another

option would be to stake a parcel that avoids or minimizes some of the more attractive attributes described in the *Key Parcel*. The *Key Parcel* values are estimates of market value based on actual market transactions near the staking area and will be used to determine the value of the parcel you stake.

How will the actual value of my parcel be determined?

After the surveys for all the parcels within a staking area have been approved, an appraiser will complete a final appraisal of all parcels in the staking area. The final appraisal includes an inspection of the staking area and each staked parcel. The appraiser will then compare your parcel to the *Key Parcel* and make price adjustments for differences between your parcel and the *Key Parcel*. The appraised value of your parcel may be different from the *Key Parcel* because of physical differences in attributes found during the inspection. It is also possible that market conditions and prices will change between the date of the *Base Appraisal* and the date of the final appraisal of your parcel. The date of appraisal for your parcel is fixed as of the date the lease application is approved.

Who prepares appraisals for the Remote Recreational Cabin Sites Staking Program?

DNR staff appraisers or appraisers hired from the private sector by DNR prepare appraisals. DNR generally assigns one appraiser for all parcels in the staking area in order to reduce costs, streamline the process, and ensure consistent treatment of all applicants.

How much does an appraisal cost?

The cost depends on assignment difficulty, time allowed to complete the appraisal, and any travel expenses to inspect the property. Remote property appraisals can be more expensive due to travel costs. Your appraisal cost will be based on the actual cost to prepare the *Base Appraisal* plus the actual cost for final appraisals of all surveyed parcels in the staking area. Your individual appraisal cost will be determined by dividing these total appraisal costs by the number of parcels included within the appraisal for the staking area. When you enter into a lease you will be required to make payments towards a deposit to cover the cost of your appraisal. In most cases, the individual

appraisal should not cost more than the appraisal deposit paid during the lease period.

Where can the *Base Appraisal* reports be viewed?

You can view the *Base Appraisal* reports at any DNR public information office.

DNR public information office locations:

Department of Natural Resources
Public Information Center
550 West 7th Ave., Suite 1260
Anchorage, AK 99501-3557
(907) 269-8400
TDD: (907) 269-8411
Fax: (907) 269-8901

Department of Natural Resources
Public Information Center
3700 Airport Way
Fairbanks, AK 99709-4699
(907) 451-2705
TDD: (907) 451-2770
Fax: (907) 451-2706

Department of Natural Resources
Land Information Office
P.O. Box 111020
400 Willoughby Avenue, 4th Floor
Juneau, AK 99801
(907) 465-3400
TDD: (907) 465-3888
Fax: (907) 586-2954

These reports can also be viewed at:

http://dnr.alaska.gov/mlw/landsale/remote_recsites.htm

Where can I get more information?

The appraisal unit is available to answer your questions before, during, and after the staking process.

For more information on appraisals, contact:

Department of Natural Resources
Division of Mining, Land, & Water
550 West 7th Ave., Suite 650
Anchorage, AK 99501-3576
(907) 269-8514
Fax: (907) 269-8914