

**MARKET VALUE APPRAISAL**  
of

**Twelve (12) Parcels within  
Tatalina Subdivision ASLS 2003-14**



Tatalina Subdivision ROW

**APPRAISAL REPORT No. 4285-0**

**STATE OF ALASKA  
Department of Natural Resources  
Division of Mining, Land & Water  
550 West Seventh Avenue Suite 650  
Anchorage, AK 99501-3576**

# MEMORANDUM

# State of Alaska

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**Department of Natural Resources**  
Tel (907) 269-8539  
Fax (907) 269-8914

**Division of Mining, Land & Water**  
550 West 7<sup>th</sup> Avenue, Suite 650  
Anchorage AK 99501-3576

**DATE:** December 1, 2015

**TO:** Kevin Hindmarch  
Review Appraiser

**FROM:** Johnthomas Williamson  
Appraiser

**SUBJECT:** Appraisal of twelve (12) parcels near Livengood within Tatalina Subdivision, ASLS 2003-14.

As requested, I have completed an appraisal of the above referenced parcels, and understand that this appraisal will be used to determine a minimum purchase price for a sealed bid auction. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR. This appraisal report is based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected all of the subject parcels and all of the comparable sales used in this report. Physical descriptions of the subject parcels were based on inspections, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on these observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

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## APPRAISAL SUMMARY

### Location and Legal Description

**Tatalina** is located approximately 25 miles southeast of Livengood on the both sides of the Elliott Highway and is bisected by the Tatalina River. The subdivision lies within Sections 29, 30, 31 & 32 of Township 6 North, Range 3 West, Fairbanks Meridian.

### SUMMARY OF VALUES

ADL	Subdivision	Lot	Block	ASLS	Acres	Value (Rnd)	Date of Value
418302	Tatalina	1	1	2003-14	6.68	\$16,700	8/19/2015
418303	Tatalina	2	1	2003-14	6.19	\$15,500	8/19/2015
418304	Tatalina	3	1	2003-14	7.21	\$16,900	8/19/2015
418320	Tatalina	1	2	2003-14	7.89	\$17,800	8/19/2015
418321	Tatalina	2	2	2003-14	6.87	\$17,200	8/19/2015
418322	Tatalina	3	2	2003-14	11.69	\$22,200	8/19/2015
418325	Tatalina	6	2	2003-14	5.99	\$15,000	8/19/2015
418327	Tatalina	8	2	2003-14	5.07	\$13,900	8/19/2015
418329	Tatalina	2	3	2003-14	5.25	\$13,100	8/19/2015
418330	Tatalina	3	3	2003-14	5.67	\$14,200	8/19/2015
418333	Tatalina	6	3	2003-14	6.01	\$15,000	8/19/2015
418335	Tatalina	8	3	2003-14	7.43	\$17,100	8/19/2015

## **PREMISES OF THE APPRAISAL**

### **Type of Appraisal and Report**

This appraisal report is prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice** (USPAP) and DNR's Special Appraisal Instructions.

### **Purpose of Appraisal**

The purpose of this appraisal is to estimate current market value of the properties described in this report.

### **Intended Use of Appraisal**

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired through the auction sale program under **AS 38.05.055**.

### **User and Client Identity**

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

### **Property Rights Appraised**

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.

Fee simple estate is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."<sup>1</sup>

### **AS 38.05.125(a) states:**

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."<sup>2</sup>

### **Definition of Market Value**

"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."<sup>3</sup>

### **Effective Date of Value Estimate**

August 19, 2015.

### **Date of Report**

December 1, 2015.

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<sup>1</sup> The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.78

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2014, pp. 653

<sup>3</sup> The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, p.122

**Exposure Time**

Exposure time is defined as the "...estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."<sup>4</sup>

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. Currently, there are limited parcels available throughout the area offered through various government and private programs. Considering the limited availability of parcels on the market, an exposure time of six months to a year is reasonable.

**Property History**

One of the parcels has been offered in the past under the DNR Subdivision Auction. Lot 3 in Block 3 was offered in 2013 with a minimum bid of \$9,400. The parcel received a high bid of \$10,505. The applicant submitted the required 5% down payment; however, the applicant never entered into a land sale contract. As of the date of this report, the application is in the process of being terminated by DNR. The remaining parcels have not been offered. The Department of Natural Resources is the current owner of record for all subjects.

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

I inspected the subject properties and all of the comparable sales on August 19<sup>th</sup>, 2015. Physical features and access were identified by use of site inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

**Research and Analysis conducted**

Interviews were conducted with real estate agents, appraisers, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Recorders Office databases were searched for recent comparable sales. Private real estate agent websites were searched for recent listings. Sellers, buyers, and agents were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

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<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, p.U-2 [www.uspap.org/#/19/](http://www.uspap.org/#/19/)

## **Assumptions and Limiting Conditions**

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

## PRESENTATION OF DATA

### Market Area<sup>5</sup>

To the south of the subdivision is the Fairbanks North Star Borough, located in the heart of Interior Alaska. It is the second-largest population center in the state with a population of approximately 98,000 as of 2014. Of which, about half live in and around Fairbanks. The area encompasses 7,361.0 sq. miles of land and 77.8 sq. miles of water. Interior Alaska experiences seasonal temperature extremes. January temperatures range from -66 to 50 degrees Fahrenheit. July temperatures range from 30 to 99 degrees Fahrenheit. Fairbanks is known for its lingering summer days. When the solstice arrives, there is more than 22 hours of daylight. Major communities include: College, Eielson Air Force Base, Ester, Fairbanks, Fox, Harding Lake, Moose Creek, North Pole, Pleasant Valley, Salcha, and Two Rivers. There are 35 schools located in the borough.

City, borough, state, and federal government agencies, including the military, provide over one-third of the employment in the borough. The borough school district and the University of Alaska Fairbanks are the primary public employers. In 2014, nearly 8,400 soldiers were stationed in the borough on Fort Wainwright or the Eielson Air Force Base. Retail services, gold mining, tourism, transportation, medical, and other services are the primary private sector activities. The Fort Knox hard rock gold mine is located in the borough.

The Richardson Highway, the Parks Highway, the Steese Highway and the Elliott Highway connect the Interior to Anchorage, Canada and the lower 48. Truck, rail and air services provide transportation of cargo. Scheduled jet services are available at Fairbanks International airport. An 11,800' asphalt runway, heliport and seaplane landing strip are available. A public seaplane base is located on the Chena River. Eielson Air Force Base and Fort Wainwright also conduct flight operations in the area.

### Livengood Neighborhood

#### Location

Livengood lies 50 miles northwest of Fairbanks on the Dalton Highway, at its junction with the Elliott Highway within Section 15, T8N, R5W, Fairbanks Meridian. Livengood is located within the Manley Hot Springs Recording District.

#### History & Demographics

Gold was discovered on July 24, 1914, on Livengood Creek by N.R. Hudson and Jay Livengood. A village was founded near their claim as a mining camp during the winter of 1914-15, when hundreds of people came into the district. A post office was established in 1915 and was discontinued in 1957. Most homes in Livengood are seasonally-occupied. According to Census 2010, there were 34 housing units in the community and 7 were occupied.

#### Facilities

About two-thirds of homes are completely plumbed, with individual wells and septic tanks. The Livengood landfill at mile 73 Steese Highway is closed. Electricity is provided by individual generators. Most of the residents are seasonal. There are limited facilities.

#### Economy & Transportation

The local economy is limited to seasonal mining and Department of Transportation maintenance positions. Year-round employment is limited. Some residents are retired. The highway provides some roadside service opportunities.

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

### Property Description

ADL	Subdivision	MTRS	Lot	Block	Access	ASLS	Acres	Plat	Recording District
418302	Tatalina	F6N3W29	1	1	ATV Trail	2003-14	6.68	2005-52	Fairbanks
418303	Tatalina	F6N3W29	2	1	ATV Trail	2003-14	6.19	2005-52	Fairbanks
418304	Tatalina	F6N3W29	3	1	ATV Trail	2003-14	7.21	2005-52	Fairbanks
418320	Tatalina	F6N3W29	1	2	ATV Trail	2003-14	7.89	2005-52	Fairbanks
418321	Tatalina	F6N3W29	2	2	ATV Trail	2003-14	6.87	2005-52	Fairbanks
418322	Tatalina	F6N3W29	3	2	4x4 Trail	2003-14	11.69	2005-52	Fairbanks
418325	Tatalina	F6N3W29	6	2	4x4 Trail	2003-14	5.99	2005-52	Fairbanks
418327	Tatalina	F6N3W29	8	2	4x4 Trail	2003-14	5.07	2005-52	Fairbanks
418329	Tatalina	F6N3W29	2	3	4x4 Trail	2003-14	5.25	2005-52	Fairbanks
418330	Tatalina	F6N3W29	3	3	4x4 Trail	2003-14	5.67	2005-52	Fairbanks
418333	Tatalina	F6N3W29	6	3	4x4 Trail	2003-14	6.01	2005-52	Fairbanks
418335	Tatalina	F6N3W29	8	3	4x4 Trail	2003-14	7.43	2005-52	Fairbanks

**Location** - Tatalina Subdivision is located approximately 25 miles southeast of Livengood on both sides of the Elliott Highway and is bisected by the Tatalina River. The subdivision lies within Sections 29, 30, 31 and 32 of Township 6 North, Range 3 West, Fairbanks Meridian.

**Access** - Access to the subdivision is via the Elliott Highway. Right of ways throughout the subdivision are brushed and 4x4 / ATV accessible. Portions of Egan Drive close to the highway have been improved to pioneer road standards. There have been some access improvements around private lots in the area.

**Topography, Soils, Size & Shape** - Tatalina is generally sloping upwards from the highway towards the northeast. The lots are generally level to sloping. Sizes of the individual lots range from 5.07 acres to 11.69 acres. Lots are both rectangular and irregularly shaped. The subdivision contains primarily mature birch and spruce mix with some poplar. Vegetation is indicative of adequate drainage.

**Easements & Zoning Regulations** - There are typical access easements throughout the subdivision. All subjects are within the Unorganized Borough and are not subject to zoning regulations.

**Environmental Hazards, Hazardous Waste & Toxic Materials** - No toxic materials, waste, or hazards were observed during the field inspection.

**Ownership History** - ADL 418330, Lot 3 Block 3, was offered through the 2013 DNR Subdivision Auction with a minimum bid of \$9,400. The parcel received a high bid of \$10,505. The applicant submitted a 5% down payment. However, they did not enter into a land sale contract with the State, and the application is in the process of being terminated. The remaining parcels have not been offered for sale. DNR is the current owner of record.

**Tax Assessments & Personal Property** - The subdivision lies within the Unorganized Borough and is not currently subject to ad valorem taxation. There is no personal property involved with the appraisal of this property. There are no improvements on the property.

**Utilities, Water & Sewer** - There are no utilities available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.



Access to Subdivision



Access within brushed ROW along Leopold Loop



Along Egan Drive



Access along Leopold Loop, southern portion near Lot 8 Block 2



At corner of Lots 1 & 2, Block 1



Lot 2 Block 2



Lot 2 Block 3



Lot 3 Block 1



Lot 3 Block 2



Access to Lot 3 Block 2



Lot 3 Block 3



Lot 8 Block 2



Lot 6 Block 3



Lot 8 Block 3

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## DATA ANALYSIS AND CONCLUSION

### Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

### Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for a residential use; therefore, data that supports this approach is not available.

### Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. Since all the parcels are vacant, the cost approach will not be used.

### Sales Comparison Approach

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Of the three approaches to value, only the sales comparison approach is applicable.

### Key Parcel Method

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This methodology replicates typical developer thinking, and will be utilized. The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment.

### Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 (or <) means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 (or >) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 (or =) means the sale feature is similar to the key parcel, no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel. Qualitative adjustments are noted as superior (-), inferior (+), or equal/similar (=). The overall comparability of each sale is analyzed to bracket a probable value for the subject. In many cases, combinations of both quantitative and qualitative adjustments are used.

Due to the confidentiality of sales information in the State of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

**In Anchorage**

(in the Atwood Building)  
550 W. 7<sup>th</sup> Ave. Suite 1200, Anchorage AK, 99501  
Phone (907) 269-8400  
Fax (907) 269-8901  
TDD for hearing impaired (907) 269-8411  
e-mail: [dnr.pic@alaska.gov](mailto:dnr.pic@alaska.gov)  
Business hours 10:00 am to 5:00 pm M-F.

**In Fairbanks**

(Corner of University & Airport Way)  
3700 Airport Way, Fairbanks, AK 99709  
Phone (907) 451-2705  
Fax (907) 451-2706  
TDD for hearing impaired (907) 451-2770  
e-mail: [fbx-pic@alaska.gov](mailto:fbx-pic@alaska.gov)  
Business hours 10:00 am to 5:00 pm M-F.

**In Juneau**

(Southeast Div. of Land)  
400 Willoughby Ave., 4<sup>th</sup> Floor, Juneau AK 99801  
Phone (907) 465-3400  
Fax (907) 586-2954  
e-mail: [southeast\\_land@dnr.state.ak.us](mailto:southeast_land@dnr.state.ak.us)  
Business hours 10:00 am to 5:00 pm M-F.