Folsom City Council
Staff Report

MEETING DATE:	6/23/2026
AGENDA SECTION:	New Business
ITEM TITLE:	Resolution No 11659 – A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Brian Martell and Moe Hirani in the Amount of $1.55 Million for the Purchase of Assessor's Parcel Numbers 070-0046-026 and 070-0042-002 and Appropriation of Funds (Folsom Housing Fund 238)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff respectfully recommends that the City Council approve Resolution No 11659 – A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Brian Martell and Moe Hirani in the Amount of $1.55 Million for the Purchase of Assessor's Parcel Numbers 070-0046-026 and 070-0042-002 and Appropriation of Funds (Folsom Housing Fund 238).

BACKGROUND / ISSUE

The two subject properties (Assessors Parcel Numbers 070-0046-026 and 070-042-002) are undeveloped sites located in the Historic District between The Preserve neighborhood and the City's Corporation Yard along the future extension of Leidesdorff Street as shown below.

Table 1 below lists the parcel data in terms of parcel size and the General Plan and Zoning designations. Both parcels are located within the Historic Folsom Mixed Use district, which provides for a mixture of commercial and residential uses, including stand-alone residential uses, designed to preserve and enhance the historic character of Folsom's old town center. Residential development in this zone must include a minimum density of 20 units/acre. Additionally, the parcels are designated in the Housing Element as one of many sites available to meet the City's lower income housing needs as part of the Regional Housing Needs Allocation (RHNA) with a specific assumption regarding the number of multifamily units that could be accommodated on the sites.

Assessor's Parcel Number	Parcel Size	General Plan Designation	Zoning Designation	Minimum Density Allowed	Housing Element RHNA Site
070-0046-026	1.29 acres	HF*	HD (PD)**	20 du/ac	35 units
070-0042-002	0.65 acres	HF*	HD (PD)**	20 du/ac	17 units
*HF = Historic Folsom Mixed Use **HD(PD) = Historic District (Planned Development)					

Housing Element Program H-6 (Study the Purchase of Land for Affordable Housing) states that the City shall explore the feasibility of using housing trust fund money to purchase land to support the development of affordable housing. The purchase of this site would represent the second time the City purchased land for the development of affordable housing. The first such purchase was 300 Persifer Street which was purchased in the 1960s and used for a variety of City purposes over several decades. The site was recently sold and transferred to Habitat for Humanity using the housing trust fund for the development of ten for-sale homes affordable to lower income families.

Purchase of this site by the City for future housing using Housing Funds implements several housing element goals, policies, and programs. The purchase of these two parcels also allows the City to find the right partner for future development of the site in a manner that is compatible with the Historic District, the surrounding neighborhood, and the future redevelopment of the City's Corporation Yard. The City completed an appraisal of the two parcels and the negotiated purchase price of $1.55 million is a qualifying expense well within the unencumbered Folsom Housing Fund balance.

POLICY / RULE

In 2013, Folsom introduced an inclusionary housing in-lieu fee to support affordable housing (Folsom Housing Fund 238). As originally established, the in-lie fee was equivalent to 1% of the lowest-priced unit's sale price in a subdivision, multiplied by the total number of units. In 2025, the City completed a nexus study for this in-lieu fee and City Council amended the fee methodology to a flat fee based on square footage, with a generally comparable fee amount. Per a legal agreement with the Sacramento Housing Alliance, at least 50 percent of the collected fees must fund the construction or major rehabilitation of multi-family rentals affordable to low and very low-income households. Purchase and/or sale of property for development of affordable housing is a qualifying expense for Folsom Housing Fund 238.

ANALYSIS

State Housing Element Law (Government Code Section 65580) mandates that local governments must adequately plan to meet the existing and projected housing needs of all economic segments of the community. The City of Folsom Housing Element, which was adopted in August 2021, assesses the city's future housing needs based on the regional "fair share" allocation in the Regional Housing Needs Allocation (RHNA) prepared by the Sacramento County Council of Governments (SACOG). SACOG, in its RHNA, allocated the City of Folsom a total of 6,363 housing units (2,226 very low-income units and 1,341 low-income units) for the eight-year period from 2021 to 2029. The Housing Element assumes that most affordable housing opportunities in Folsom will be multifamily rental units.

In August 2025, staff presented to City Council a mid-term report on the implementation of the City's Housing Element. As part of that update, staff reported on the City's progress in meeting its RHNA and outlined approved and qualifying expenditures for the various housing funds. Table 1 below shows the City's current RHNA compliance progress at Very Low, Low, Moderate, and Above Moderate Levels.

Income Level	RHNA Allocation	Progress to Date	Remaining RHNA
Very Low (0 - 50% AMI)	2,226	225	2,001
Low (51 - 80% AMI)	1,341	347	994
Moderate (81 – 120% AMI)	829	817	12
Above Moderate (> 120% AMI)	1,967	3,473	--
Total	**6,363**	**4,862**	**3,007**

Since 2019, the City Council has approved $13.7M in long-term low-interest loans to help with gap financing for over 550 deed restricted affordable units in six multifamily affordable housing projects in the City of Folsom. In addition to affordable housing loans, Housing Fund 238 can be used for programs, policy implementation, and the purchase and/or sale of land for affordable housing purposes. At the August 2025 meeting, the City Council stated their interest in utilizing the Folsom Housing Fund (Fund 238) for the purchase of multifamily zoned land and/or to partner with affordable housing builders on existing City-owned land.

Purchase of these two parcels by the City for future housing using Folsom Housing Fund 238 implements several housing element goals, policies, and programs. Specifically, the purchase of these multifamily parcels ensures that this site designated for adequate supply of housing is developed with lower income housing in the future (Goal H-1) and that the housing is located near transit stops, commercial services, employment centers, and schools (Policy H-1.2). Housing Element Programs H-17 and H-16 call for the use of housing trust fund to purchase land for development of affordable housing dispersed throughout the City and to facilitate affordable housing development on City-owned land. Any future housing development of the site will be subject to public review and compliance with City policies, standards, entitlements, and environmental review.

The City hired a local appraiser to appraise the value of the two subject parcels. That appraisal can be found in Attachment 2. While the appraisal identifies an estimated value of $1 million for the two parcels, there's a recognition that the parcels are unique and not immediately directly accessible for development until the future extension of Leidesdorff Street is complete. There were a few other appraisals of the property completed in the recent past that included two additional parcels along Sutter Street under consideration for a multifamily apartment development opportunity ranging in value between $2 million and $5.38 million for all four parcels. See figure below showing the four parcels that were part of those alternative appraisals. The red dashed lines represent City right-of-way bifurcating the four parcels.

In addition to implementing Housing Element goals, policies, and programs, the purchase of the two subject parcels represents significant public benefit for the City to control the future housing solution in this prime location within the Historic District and adjacent to the City's Corporation Yard. With many new State housing laws limiting local control over higher density housing near transit without regard to Historic District designations, the purchase of this site allows the City to be thoughtful about future housing development in the Historic District in general but in this location in particular. The City has taken initial steps for planning/design of the new Corporation Yard and City Council has adopted a vision for redevelopment of the existing Corporation Yard as part of the River District Vision Plan. Purchase of these two parcels allows for consideration and coordination of those future plans relative to future housing development.

Staff recommend City Council authorize the City Manager to execute a Purchase and Sale Agreement at the negotiated purchase price of $1.55 million for future use as an affordable housing project.

FINANCIAL IMPACT

The purchase of the Property for $1.55 million would be funded by the Folsom Housing Fund (Fund 238), which has sufficient funds available to cover the cost of the purchase. Land purchase for affordable housing development purposes is a qualifying expense of the Folsom Housing Fund and implements Housing Element Program H-17.

ENVIRONMENTAL REVIEW

Staff has reviewed the Property purchase to determine the required level of review under the California Environmental Quality Act (CEQA). The proposed activity is exempt from CEQA under CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption). Section 15061(b)(3) states that an activity is covered by the common sense exemption where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

There is no possibility that the proposed property acquisition will result in a physical change in the environment. The Property consists of vacant land within the Historic District designated for future housing at a minimum density of 20 units per acre. The acquisition of the Property does not approve any development project, nor does it disturb the physical environment. The proposed action now is simply a transfer of property ownership. Any future development of the site would be subject to review under FMC Title 17 (Zoning) and CEQA. No change in zoning or allowed use is proposed. The sites are listed in the Housing Element as available to meet the City's lower income RHNA and none of those designations or the associated underlying assumptions will change as a part of this agreement. Therefore, the proposed purchase is exempt from CEQA review.

ATTACHMENTS

1. Resolution No 11659 – A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Brian Martell and Moe Hirani in the Amount of $1.55 Million for the Purchase of Assessor's Parcel Numbers 070-0046-026 and 070-0042-002 and Appropriation of Funds (Folsom Housing Fund 238)
2. Appraisal

Submitted,

Pam Johns
Community Development Director

ATTACHMENT 1

A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Brian Martell and Moe Hirani in the Amount of $1.55 Million for the Purchase of Assessor's Parcel Numbers 070-0046-026 and 070-0042-002 and Appropriation of Funds (Folsom Housing Fund 238)

RESOLUTION NO. 11659

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT WITH BRIAN MARTELL AND MOE HIRANI IN THE AMOUNT OF $1.55 MILLION FOR THE PURCHASE OF ASSESSOR'S PARCEL NUMBERS 070-0046-026 AND 070-0042-002 AND APPROPRIATION OF FUNDS (FOLSOM HOUSING FUND 238)

WHEREAS, Brian Martell and Moe Hirani are the current owners of real property offered for purchase including Assessor's Parcel Numbers 070-0046-026 and 070-0042-002 (Property) totaling 1.94 acres; and

WHEREAS, the Property is located in the Historic District between The Preserve neighborhood and the City's Corporation Yard along the future extension of Leidesdorff Street; and

WHEREAS, the City of Folsom has identified the Property in its Housing Element as an available site to meet the lower-income Regional Housing Needs Allocation consistent with Housing Element Goal H-1 (Adequate Land Supply for Housing) and Policy H-1.2 (Location of Higher-Density Housing Sites); and

WHEREAS, Housing Element Program H-17 (Study the Purchase of Land for Affordable Housing) states that the City shall explore the feasibility and appropriateness to establish a program to use housing trust fund money or other sources to purchase land to support the development of affordable housing dispersed throughout the city; and

WHEREAS, Staff considers the Property a prime location for future, but unspecified, development of an innovative affordable housing development project; and

WHEREAS, in light of new State housing laws such as SB79 that allow increased housing densities with limited local control near transit without consideration of impacts to Historic Districts, acquisition of this Property allows the City to be thoughtful about future housing development in this key location with the existing neighborhood and future redevelopment of the City's Corporation Yard; and

WHEREAS, the purchase of the Property would be funded by the City's Housing Trust Fund 238, which has sufficient funds available to cover the cost of the purchase; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom finds that the acquisition of the Property is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption).

<u>Finding</u>. The acquisition of the Property is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

Evidence. There is no possibility that the acquisition of the Property will result in a physical change in the environment. The Property consists of vacant land within the Historic District designated for future housing at a minimum density of 20 units per acre. The acquisition of the Property does not approve any development project, nor does it disturb the physical environment. The proposed action now is simply a transfer of property ownership. Any future development of the site would be subject to review under FMC Title 17 (Zoning) and CEQA. No change in zoning or allowed use is proposed. The sites are listed in the Housing Element as available to meet the City's lower income RHNA and none of those designations or the associated underlying assumptions will change as a part of this agreement. Therefore, the proposed purchase is exempt from CEQA review.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a Purchase and Sale Agreement with Brian Martell and Moe Hirani in the amount of $1.55 Million for the purchase of Assessor's Parcel Numbers 070-0046-026 and 070-0042-002 with funds allocated from the Folsom Housing Fund 238.

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate $1.55 million for this agreement. The appropriation will be made in the Folsom Housing Fund (Fund 238).

PASSED AND ADOPTED this 23rd day of June, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

____
Justin Raithel, MAYOR

ATTEST:

____
Christa Freemantle, CITY CLERK

ATTACHMENT 2

Appraisal Report

Appraisal Report

River District / Historic District Land
APNs 070-0046-026 and 070-0046-002
Folsom, California 95630

Appraisal File #14786

Date of Report: February 27, 2026

Prepared for:

Pam Johns, Director
Community Development Department
City of Folsom
50 Natoma St
Folsom, CA 95630

Prepared by:

John T. Ashworth, MAI, SRA

Ashworth Appraisal Services
705 E Bidwell St, Suite 2-412
Folsom CA 95630
(530) 888-9803
www.realestatevalue.com

February 27, 2026

Pam Johns, Director
Community Development Department
City of Folsom
50 Natoma St
Folsom, CA 95630

RE: River District / Historic District Land
APNs 070-0046-026 and 070-0046-002
Folsom, California 95630

Dear Ms. Johns:

At your request, Ashworth Appraisal Services has prepared an Appraisal Report to estimate the value of the fee simple interest in the above property. This report is written in conformance with the requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject represents two adjacent unimproved parcels of real property in the incorporated city of Folsom, California, within an area planned for redevelopment over the next few years. More details regarding characteristics of the property are contained within the report.

As a result of my analyses, it is my opinion the as-is market value of the fee simple interest in the subject property as of January 20, 2026, in accordance with the assumptions and limiting conditions set forth on pages 10 through 12 of this report, is:

ONE MILLION DOLLARS

$1,000,000.

The estimate of market value assumes a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with both buyer and seller acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress.

This letter must remain attached to the report, which contains 41 pages, in order for the value opinion contained in the report to be considered valid.

Ashworth Appraisal Services

I hereby certify the property has been inspected and I have impartially considered all data collected in the investigation. Further, I have no past, present or anticipated future interest in the property.

The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation, a direction in value, or the approval of a loan or other future event.

This appraisal has been performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Sincerely,

John T. Ashworth

John T. Ashworth, MAI, SRA
State Certification #AG001835
Expiration Date: August 18, 2026

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Appraised Property:	Unimproved Land
Street Address:	Leidesdorff St [no number assigned] for parcel -026 1118 Sutter St for parcel -002 Folsom, California 95630
Census Tract Number:	84.04
Assessor's Parcel Number:	070-0046-026 and 070-0046-002
Owner of Record:	Brian E. Martell
Zoning:	HD-PD Historic District – Planned Development R-4 Multifamily Residential MU Historic Folsom Mixed-Use
Site Area:	56,192 SF 070-0046-026 27,443 SF 070-0046-002 9,240 SF abandoned roadway between the two[1] 92,875 SF Total site area of subject
Highest and Best Use As-Is:	Redevelopment in Folsom's Corporation Yard area
Highest and Best Use If Vacant:	Redevelopment in Folsom's Corporation Yard area
Exposure Time:	6-18 months
Date of Last Inspection:	January 20, 2026
Effective Date of Value:	January 20, 2026
Date of Report:	February 27, 2026
Property Rights Appraised:	Fee Simple Interest
Conclusion of Market Value:	$1,000,000

The conclusion of value is subject to the *General and Extraordinary Assumptions, Limiting Conditions and Hypothetical Conditions* referenced on pages 9 through 11 of this report.

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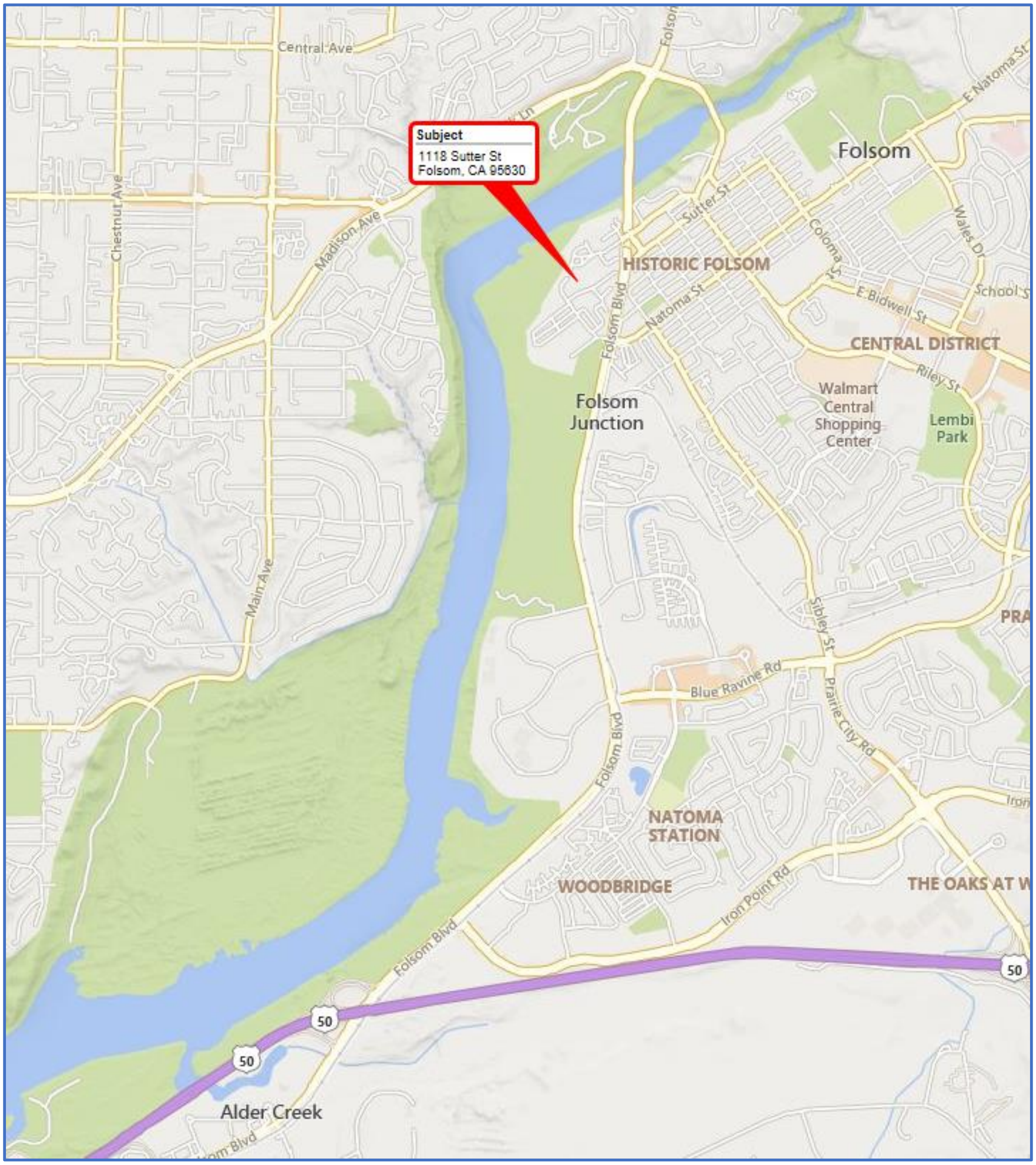
1 See hypothetical condition on page 9 and the *Descriptions of Subject Property* section.



AREA MAP SHOWING LOCATION OF SUBJECT

Property Overview and History

Within the city's Historic District, the subject property, consisting of two parcels, has never been developed. Location is on the west side of the Folsom Blvd corridor near Lake Natoma (American River). The immediate area and the region have an active history dating back to the mid-1800s when heavy exploration of the American River began at the start of the California Gold Rush.

According to public records and Costar commercial real estate database, the subject, consisting of two parcels of real property, was a portion of a four-parcel sale in December of 2025, approximately one month prior to the effective date of this appraisal, for a price of $2,000,000. It had been listed for sale for sale for almost three years, with an initial asking price of $3,250,000. The same four-parcel grouping sold previously for $650,000 in 2014, and for $750,000 in 2003. Following the recent sale at the end of 2025, the four contiguous parcels are owned by Brian E. Martell, who subsequently has offered to sell the subject (two of those parcels) to the City of Folsom.

Currently, the primary portion of the property—its lower level and primary street frontage in the proposed redevelopment—is not currently accessible because that future roadway is within the city's gated Corporation Yard. It is accessible from above via the adjacent parcels under the same ownership, but it is a steep drop down from those parcels above to the subject below. Public utilities are in place at the Corporation Yard but no utility connections are in place to the subject site.

Type and Definition of Value

The purpose of this appraisal is to estimate the as-is market value of the subject property as of the effective date.

> **market value**. 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 seller, each acting prudently, 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 own best interest;
> - 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.[2]

Client, Intended User and Intended Use of the Appraisal

The client in this appraisal assignment is the City of Folsom. The intended use of the appraisal is to assist the client in decisions regarding a potential purchase of the subject. There were no other intended users identified by the client. This report is intended only for use by the client and

[2] Federal Register, vol. 55, no. 163, August 22, 1990, 34228 and 34229.

identified intended user(s), if any; it is not valid, or to be relied upon, for any other intended use, user or purpose.

Property Rights Appraised

The property rights being discussed in this report are defined as follows:

> **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.[3]

In this appraisal, the rights valued are based on the *fee simple interest*, which accurately reflects the "as is" value of vacant land. The valuation of the property rights appraised are subject to the *Extraordinary Assumptions, Hypothetical Conditions, General Assumptions and Limiting Conditions* contained in this report, as well as any exceptions, encroachments, easements and rights-of-way recorded.

Appraisal Report Format

This report documents an Appraisal Report, intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP).

Dates of Inspection, Value and Report

An inspection of the subject property was completed on January 20, 2026, which is also the effective date, or date of value, of the report. This appraisal report was completed on February 27, 2026.

Scope of Work

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an "appraisal assignment," as defined by USPAP; the intention is that the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

The only individual involved in the preparation of this appraisal was John T. Ashworth, MAI, SRA. Legal and physical aspects of the property were researched and documented. A physical inspection of the property was completed on January 20, 2026. The inspection serves as the basis for the property descriptions contained in this report. Ms. Pam Johns, Director of the Community Development Department for the City of Folsom, provided access to the property, and information about the property, its location in the Historic District and River District, and details of the planned redevelopment of the area. I gathered and documented additional property characteristics via the City of Folsom's website.

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[3] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

Property tax information for the current tax year was obtained from the Sacramento County Tax Collector's Office. No preliminary title report was made available.

The appraiser analyzed and documented data relating to the subject's neighborhood and surrounding market area. This information was obtained through personal inspections of the neighborhood and market area and analyzing market data and trends; additional general market research which included online articles and reports; business and real estate publications; real estate conferences; and interviews with various market participants, including some or all of the following: owners, sellers, property managers, brokers, developers and local government agencies.

The *highest and best use* of the subject property as though vacant and as improved, based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity) was determined. In addition, a reasonable exposure time associated with the market value was estimated.

The valuation employed one of the three traditional approaches to value – the sales comparison approach – to estimate the market value of the property. The other two approaches, the cost approach and the income approach, were excluded because they are typically not applicable to the valuation of unimproved land.

With respect to the physical inspection of the subject property, the scope of work involved a walking observation of much of the site from the hilltop / bluff above, and the lower portion from within the city's adjacent Corporation Yard.

The appraiser has not checked the land records for recorded easements, and has reported only readily apparent easements, encroachments and other apparent adverse conditions. The client should review a title report prepared by a title company for recorded easements and the most up to date items affecting title. The appraiser has not researched any public or private databases regarding registered sexual offenders reported to be living in the area. The appraiser has not performed any research regarding other criminal offenders or general crime statistics or reports in the area. The appraiser has not researched known or registered contaminated sites or hazardous waste facilities proximate to the subject. These specialized data are beyond the scope of this appraisal assignment, and the client is urged to obtain appropriate research and reports if there is concern in any of these areas, or if this level of market area analysis is desired.

The reader should be advised that appraisals are the result of an inexact science and that estimated market value is as of a specified point in time, but is dependent upon conditions and perceptions of market value that are likely to change over time. This valuation represents an opinion estimate only and is not intended to be a guarantee or assurance of resale value.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is noted the use of an extraordinary assumption or hypothetical condition can affect the results of an appraisal.

Extraordinary Assumptions[4]

There is steeply sloping land to the rear of the subject. Though it could not be confirmed with available topographical maps, it appears that the steep downslope area is located on the parcels to the rear (south) of the subject. It is assumed the subject is all, or nearly all, level and that the site area could be fully utilized for development. A survey would be needed to confirm the location of property lines and the location of the steeply sloping area.

Hypothetical Conditions[5]

There is a recorded public right-of-way (road) easement between the two parcels as part of the original mapping of the area in the 1800s. The road is denoted as Burnett St on the plat map, however, this street was never built, nor will it be due to the changing usage of the area. This right-of-way area will be abandoned by the city so that the two parcels could be developed together. The area is 66' wide by 140' long, which equals 9,240 sf, which will be added to the areas of the two parcels which make up the subject. Accordingly, the subject is valued using a hypothetical condition that, as of the effective date, the public right-of-way area between the two parcels had been abandoned by the city, and assembled with the two subject parcels to create one large parcel for future redevelopment.

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4 *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 [or unknowable] 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. Uniform Standards of Professional Appraisal Practice (USPAP), 2016-2017 ed.).*

5 *A condition, directly related to a specific assignment, which is contrary to what is known to the appraiser to exist on the effective date of the assignment results, but is supposed for the purpose of analysis. Comment: Hypothetical conditions are 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 (USPAP 2016-2017 ed.).*

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. 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 good and marketable unless otherwise stated.

2. No responsibility is assumed for matters of law or legal interpretation.

3. Although the property may be encumbered with typical trust deeds, it is appraised free and clear of any or all liens or encumbrances, in fee simple ownership.

4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.

5. It is assumed 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.

6. 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.

7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.

8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.

10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real

estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.

13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Ashworth Appraisal Services.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Ashworth Appraisal Services.

15. The liability of Ashworth Appraisal Services for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.

16. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.

17. The exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.

18. This appraisal report is prepared for the exclusive use of the appraiser's client and the identified intended users. No third parties are authorized to rely upon this report without the express consent of the appraiser.

19. The appraiser is not qualified to determine the existence of mold, the cause of mold, the type of mold or whether mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

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 interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- I have performed no services, as an appraiser or in any other capacity, regarding the subject property within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- I have made a personal inspection of the property that is the subject of this report;
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
- No one provided significant real property assistance to the person signing this certification;
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute;
- I certify that my State of California real estate appraiser license has never been revoked, suspended, canceled or restricted;
- I have the knowledge and experience to complete this appraisal assignment and have appraised similar properties in the past. Please see the Qualifications of Appraiser portion of the Addenda to this report for additional information.

John T. Ashworth

JOHN T. ASHWORTH, MAI, SRA DATE: February 27, 2026
State Certification No.: AG001835 (Expires: August 18, 2026)

OVERVIEW OF FOLSOM MARKET AREA

Folsom is an incorporated city in extreme easterly Sacramento County, bordering on the El Dorado County line to the east. It is within the greater Sacramento region Metropolitan Statistical Area (MSA), and is generally recognized as having a distinct identity due to the high-quality management of the city, and its interesting history (part of the California Gold Rush in the mid-1800s and a stop on the famous but short-lived Pony Express). Despite being home to well-known Folsom Prison, it is ranked as one of the safest cities in California, and is among the top-ranked public-school systems in the state. Location is along the Highway 50 corridor approximately 15 miles east of downtown Sacramento, the California state capitol. East of Folsom the terrain becomes increasingly mountainous, leading quickly to the Sierra Mountains and Lake Tahoe region, with elevations approaching 10,000 feet above sea level.

The city consists of an historic downtown area, surrounded by some original and older neighborhoods, with extensive modern suburban development expanding city limits greatly over the last 40 to 50 years. Folsom grew steadily starting in the late 1970s, followed by particularly rapid expansion in the last 20 years. Most of the residential development outside of the core downtown area consists of production (tract) housing, much of it of high quality, especially in the last 10 to 15 years. In terms of commercial development, Folsom has become a technology hub, most notably being corporate headquarters for Intel corporation, one of its largest private employers. It has also an increasing medical services sector, fueled by population increases. Pricing for commercial and residential real estate is among the highest in Sacramento County.

According to the US Census and California Department of Finance, Folsom’s 2020 population was 80,454, and by 2025 it had grown to 92,577, an increase of just over 15%. This growth level ranks it the second-highest in California for cities with a population under 300,000, and the fourth-highest for cities with a population over 30,000. Median household income in 2023 was $139,263, up 73% from 2020, and almost 45% greater than the 2023 California statewide figure of $96,364. Due to its rapid growth, especially within the technology sector, household income has increased at an extraordinary rate over the last several years, resulting in rapid growth and increasing demand for residential and general commercial real estate.

The subject property is located in a secondary portion of the city’s Historic District, an area along the American River slated for complete redevelopment in the next few years. The Folsom residential and commercial and markets will be briefly analyzed in the next section, followed by descriptions of the subject’s attributes and its potential uses.

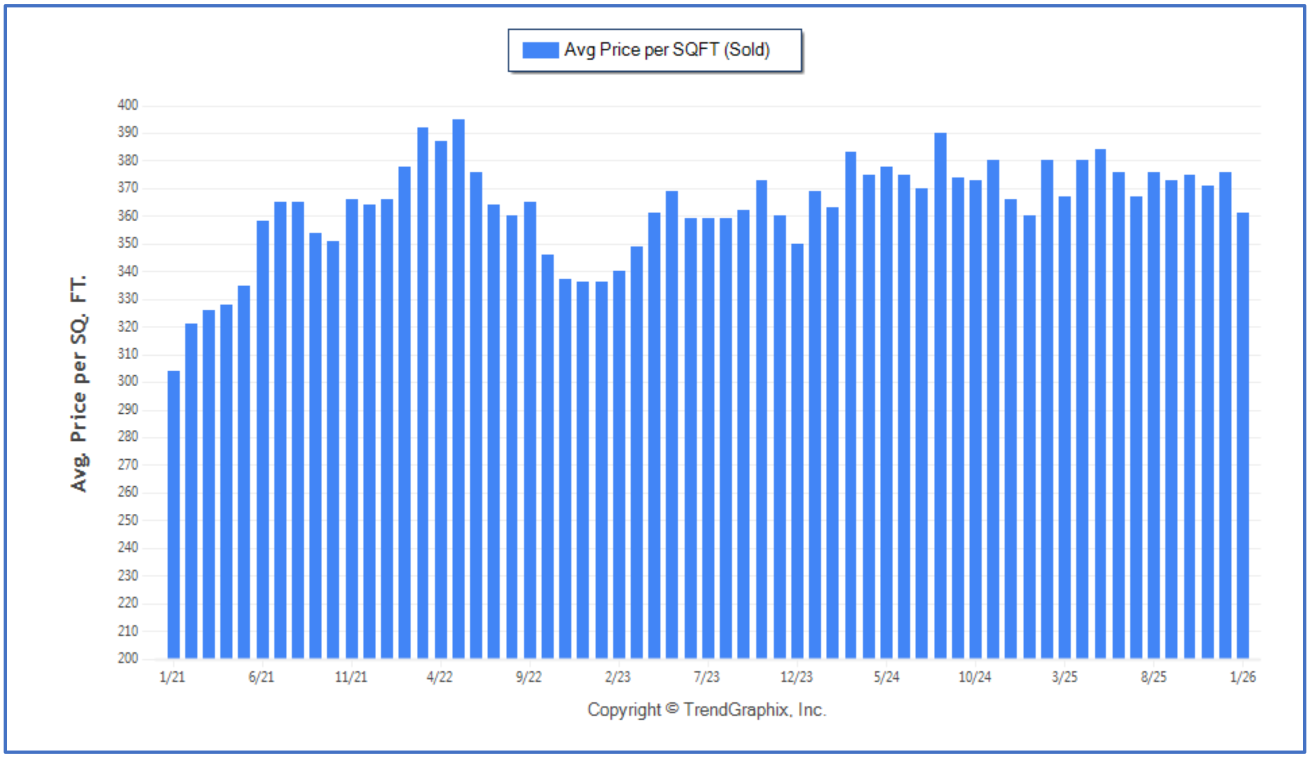
MARKET OVERVIEW

Because the subject property is speculative land in an area slated for redevelopment which will not be actively entering its construction phase for several years, the market overview will encompass a brief summary of current market conditions. These will cover single-family residential, multifamily residential and retail uses, the property types most likely to be developed in the future at the subject.

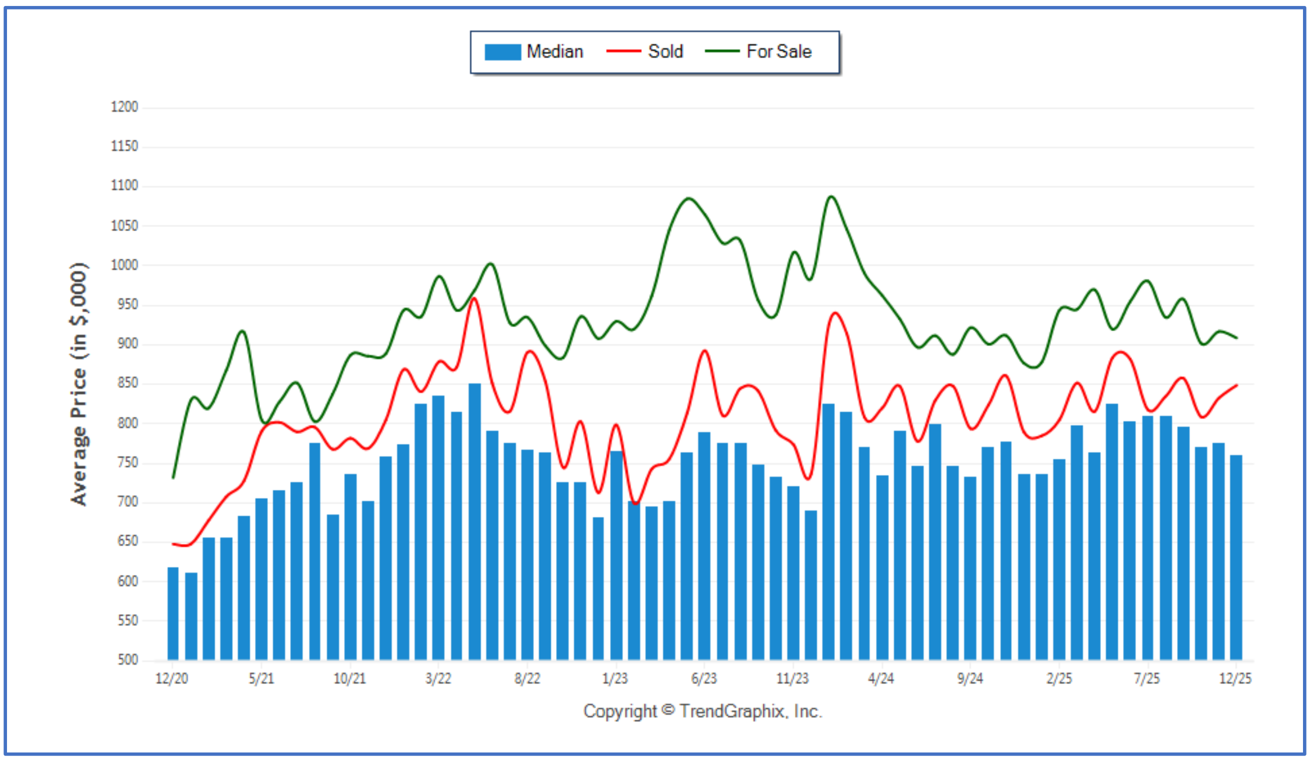
Single-Family Residential

The market has experienced many changes since the onset of the pandemic in 2020, when values began increasing rapidly. Values then declined in the second half of 2022, rebounded in much of 2023, though still not having achieved the post-pandemic highs from early 2022. The two graphs on the following page show sale pricing over the last five years in Folsom. The first graph exhibits that price per square foot ($/SF) has stayed fairly level over the last two years. The second graph shows that median sales prices have been declining for the last six months. However, the *average* pricing has been more stable, though it too began to ease, slightly, in the last few months.

It is concluded that values have been generally stable but are currently experiencing some downward pressure. With respect to valuing the subject, the takeaway is that the single-family residential market, though slightly soft in the present, has been generally stable to strong for several years. Marketing times remain very short for properly priced properties. An investor considering purchasing the subject would likely not assume or factor in declining values for single-family residential properties over the mid- to long-term horizon of this investment.



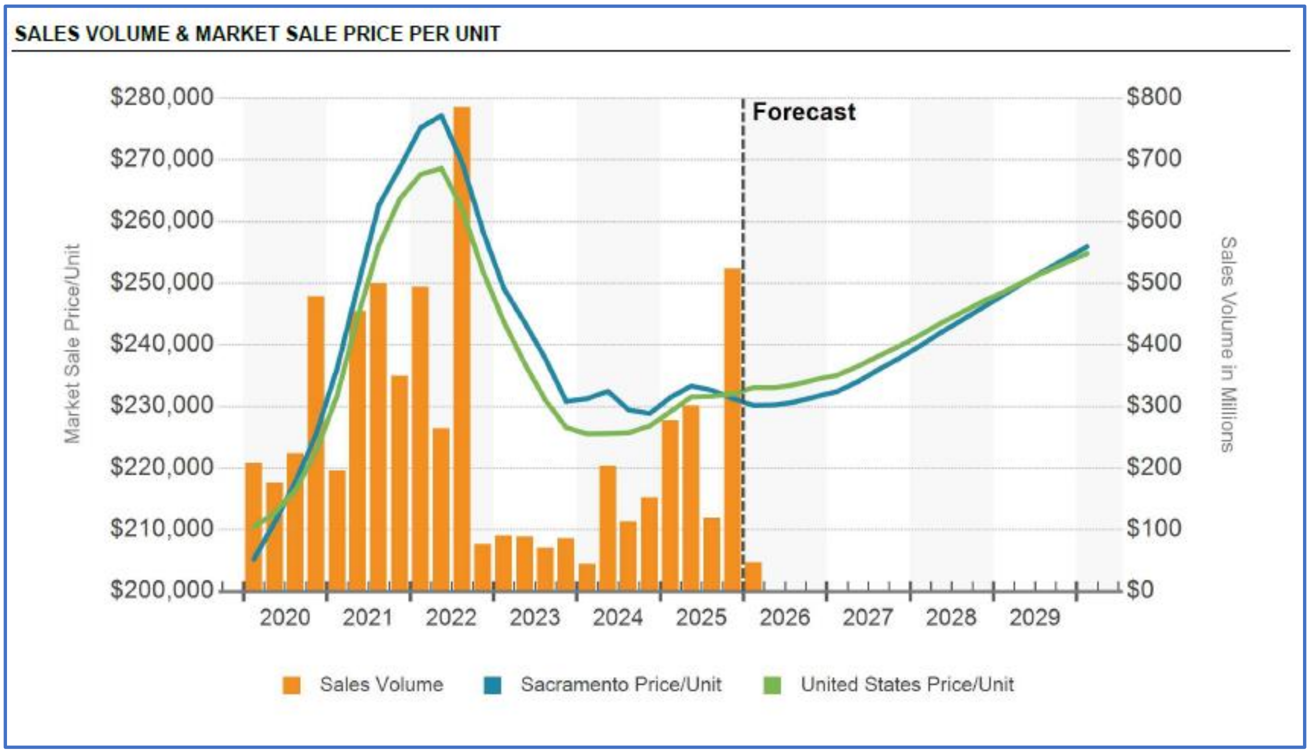
SINGLE-FAMILY RESIDENCES PRICE PER SF TRENDS: FOLSOM



SINGLE-FAMILY RESIDENCES SALE PRICE TRENDS: FOLSOM

Multifamily Residential

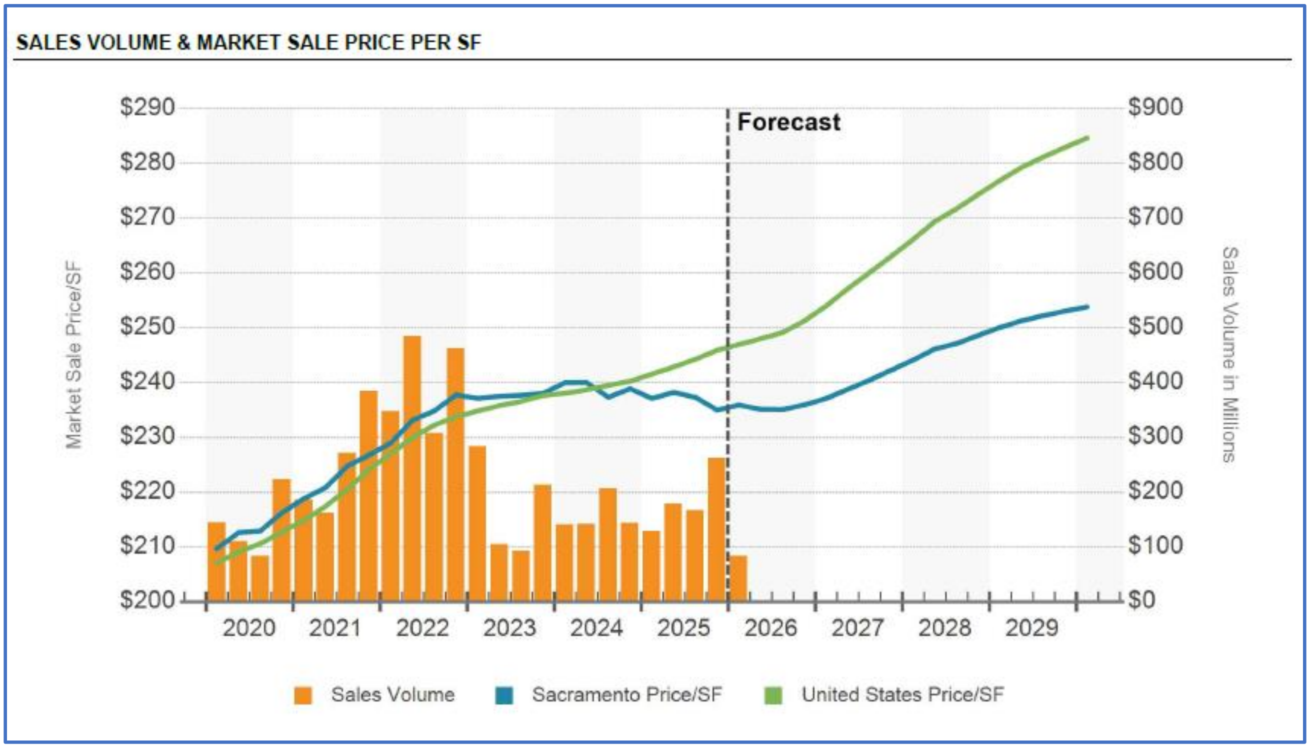
The multifamily market refers to the market for apartment projects, typically five or more units. This property type is typically valued on a price per unit basis. For example, if it was concluded that the market value of a certain multifamily property is $250,000 per unit, then the value of a 20-unit building would be $5M (20 units x $250,000). The graph below, sourced from Costar Analytics, shows the sharp decline in values experienced a year or so after the pandemic began, but recovery and stability since 2024. Continued stability is forecast through 2027, followed by slow but steady growth in the following three or more years. This is important data for a potential buyer/investor of the subject, as there is a strong likelihood that the ultimate development of the property could include a multifamily (apartment) component. More than one multifamily development project has been explored in and around the subject property in recent years.



MULTIFAMILY SALE PRICE PER APARTMENT TRENDS: SACRAMENTO REGION

Retail

Retail market activity has been low in the Sacramento region since 2023. Values, as shown below on a sale price per square foot ($/SF) basis, declined very slightly in 2024 and 2025. They are projected to be flat (stable) through 2026, then to begin gradually improving. With respect to valuing the subject, and the thought process of a potential investor of the property, the retail market would likely be viewed as stable going forward. Retail uses likely to be developed at the subject would be specialty sales and services geared toward a recreational, visitor-friendly destination. These future uses would be part of a new development and extension of Folsom's historic district, with architecture and theme reflecting the city's history and heritage located adjacent to state park lands and the American River. An investor's concern would be less likely focused on the broader retail market (which often reflects major chains and big box stores), and more so on the general economy.



RETAIL SALE PRICE PER SQUARE FOOT TRENDS: SACRAMENTO REGION

Summary

The preceding market analyses reflect markets—residential, apartment, and retail—that appear generally stable and forecasted to continue in a positive direction in the next few years. However, market projections are very limited in their reliability, particularly beyond the short-term (one year). Five or more years—the waiting period for development and, hopefully, return on investment, is a very long horizon, and this may be the largest area of concern for the typical investor of a property such as the subject (risks inherent in a purchase of the subject are discussed in some detail in the valuation section of the report). Based on current and recent market data and metrics, there is little or no observable concerns indicated for the uses that would likely be developed at the subject site. Again, however, projections for any real estate market beyond the near-terms is very limited in its reliability.

PROPERTY IDENTIFICATION AND LEGAL DATA

Location

Folsom is an incorporated city in extreme easterly Sacramento County, and has complete shopping and services. Sacramento, the state capitol, is less than half an hour away. The subject property is located in an area just east (and across Folsom Blvd) of the core historic downtown area. It is currently used as the city's Corporation Yard (fleet maintenance and storage, an industrial use). An established residential neighborhood, and other pockets of residential uses are located to the south and east of the Corporation Yard. The Corporation Yard will be relocated, slated to begin in the next one to two years, with four to five years for completion of the move. The city's plan is to redevelop the Corporation Yard and some surrounding parcels (such as the privately-owned subject) into a visitor-friendly commercial and recreational destination along the state park lands at the riverfront, with a pedestrian-linked access to the existing historic district a few blocks away.

AERIAL PHOTOGRAPH

subject indicated by arrow; to the north and west is the current Corporation Yard, which is scheduled to be moved in the next two years, allowing for complete redevelopment of the area surrounding the subject; Folsom Auburn Blvd is the large north-south traffic corridor through the west side of Folsom; on its eastern side is the existing core Historic District, currently connected by roadway; ultimately, pedestrian linkage between the two historic district areas is planned

Street Address

Leidesdorff St [no number assigned] for parcel 070-0046-026
1118 Sutter St for parcel 070-0046-002
Folsom, California 95630

Census Tract Number

84.04

Assessor's Parcel Numbers

070-0046-026
070-0046-002

Owner(s) of Record

Brian E. Martell

Legal Description

LOT 1 TO 8 INCL. BLOCK 18 FOLSOM (APN 070-0046-026)

LOTS 1 TO 4 INCL BLK 17 FOLSOM (APN 070-0046-002)

A title report should be obtained if a current and complete legal description is needed. The legal description would ultimately include a portion of public right-of-way between the two parcels, and is appraised as such, using the *Hypothetical Condition* detailed on page 9.

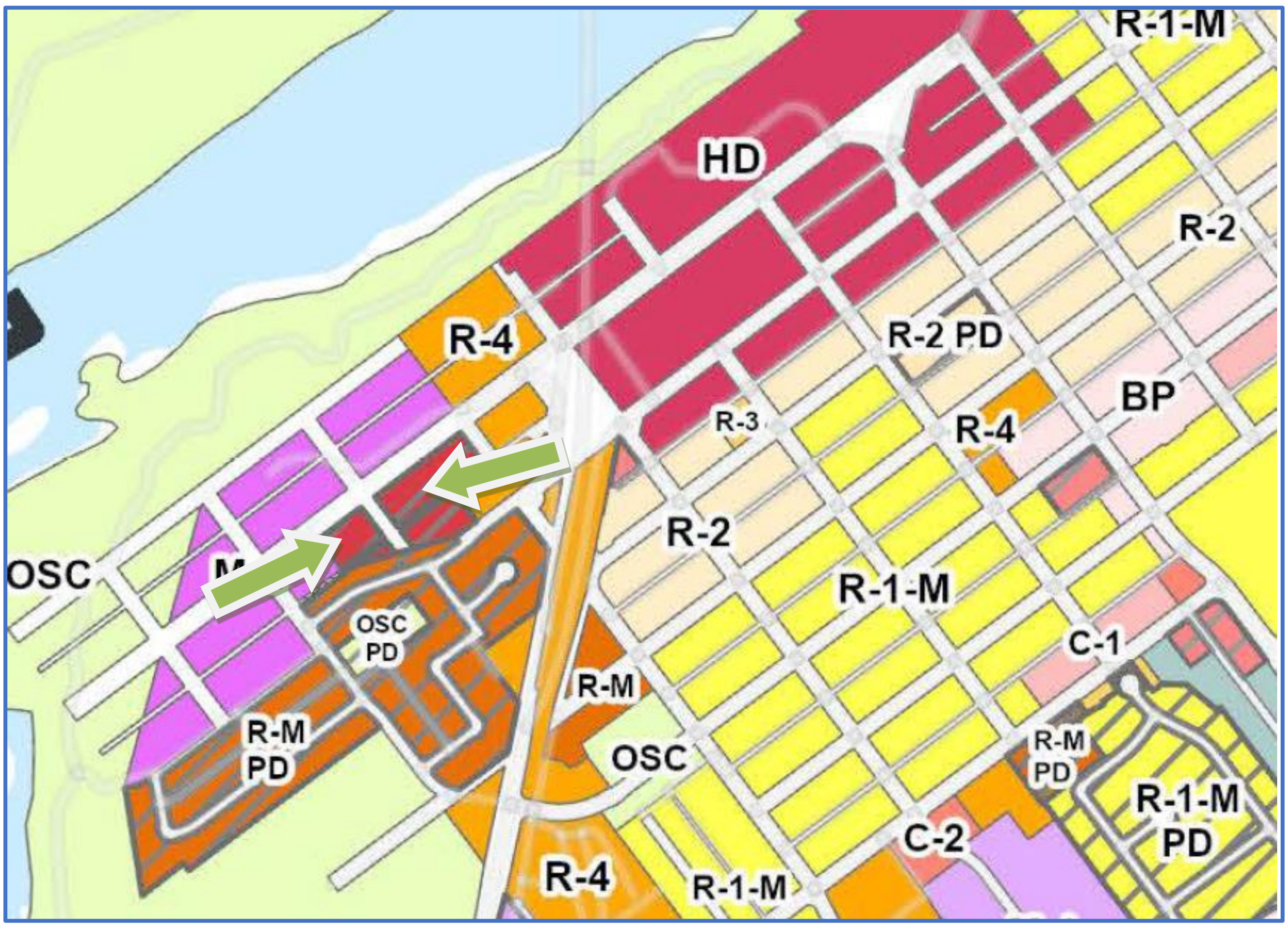
Property Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year. Taxes totaled $4,943 for tax year 2025-2026, however, for appraisal purposes they will be appropriately re-calculated based on the estimated market value.

The subject is located in tax rate area 04018. The 2025-2026 tax rate in this area is 1.0907% of assessed value. There are no other taxes or direct assessments. The recent purchase of the property, as part of a four-parcel purchase in December of 2025, has resulted in a much higher current assessment (and annual taxes). Importantly, from a valuation perspective, property is re-assessed upon a sale based on the sale price (and the assumption that it reflects market value). Therefore, in valuing the subject the tax burden is calculated based on the appraised market value, which would become the new assessed value if sold at market value. **The formula to be applied to calculate the tax amount for appraisal purposes is appraised value times 1.0907%.** The resulting figure would reflect the annual tax burden to a new owner having purchased the subject at market value.

Zoning

The subject is zoned *HD-PD-HF* in the City of Folsom. Denoted *Historic District* (and also within the *Planned Development* and *Historic Folsom* overlay districts). It is also denoted *MLD—Multifamily Low Density*—if Folsom's General Plan. These zoning and general plan designations allow for a wide variety of commercial and residential uses, though the *HF* overlay district allows for mixed-use (residential and non-residential on the same site), with permitted density up to 30 residential units per acre.



PORTION OF FOLSOM ZONING MAP

two arrows denote the two parcels that make up the subject; the right-of-way easement between the two parcels (in white) will be abandoned and included in the combined area of subject as assembled

More important than the zoning is the subject's location in the River District Vision Plan, and, in particular, the Corporation Yard, one of five key redevelopment sites within the broader plan. The current envisioning of the area leans toward extensive, all-new commercial and recreational uses, with some residential and possibly some mixed-use projects. Notably, the subject is directly across the street from the prime area of the shopping and restaurants, apparently the "main drag" of the new district. Given the very flexible nature of the zoning designations in the area, coupled with the city's general plan, and the unfolding plan for the Corporation Yard redevelopment, it is probable that any desired use or combination of uses of retail, recreational or residential would ultimately be approved if appropriate for the proposed character and quality desired within the plan.

Conditions of Title

No preliminary title report was made available for the subject property for this appraisal report. The appraiser assumes no negative title restrictions impact the subject property. The appraiser accepts no responsibility for matters pertaining to title or vesting. If information becomes available at some future point regarding item(s) of title that may specifically impact the value or marketability of the subject, the appraiser reserves the right to update the report and amend the opinion(s) of value if necessary.

Easements

It appears the subject contains easements for roadways and public utilities; however, these easements are typical for the area and are not considered to adversely affect the value or marketability of the subject property. The appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed any easements do not have an impact on the opinion(s) of value set forth in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein. Note: see the hypothetical condition on page 9 regarding the adjacent right-of-way easement being abandoned.

Flood Zone

The property is located in a non-flood zone, Zone X, on FEMA Map Panel 06067C0116J dated February 22, 2024. It is recommended that the client obtain a flood zone certificate and undertake additional research if there is further concern regarding the proximity to FEMA-identified flood zones.

SUBJECT PROPERTY AND THE CORPORATION YARD REDEVELOPMENT

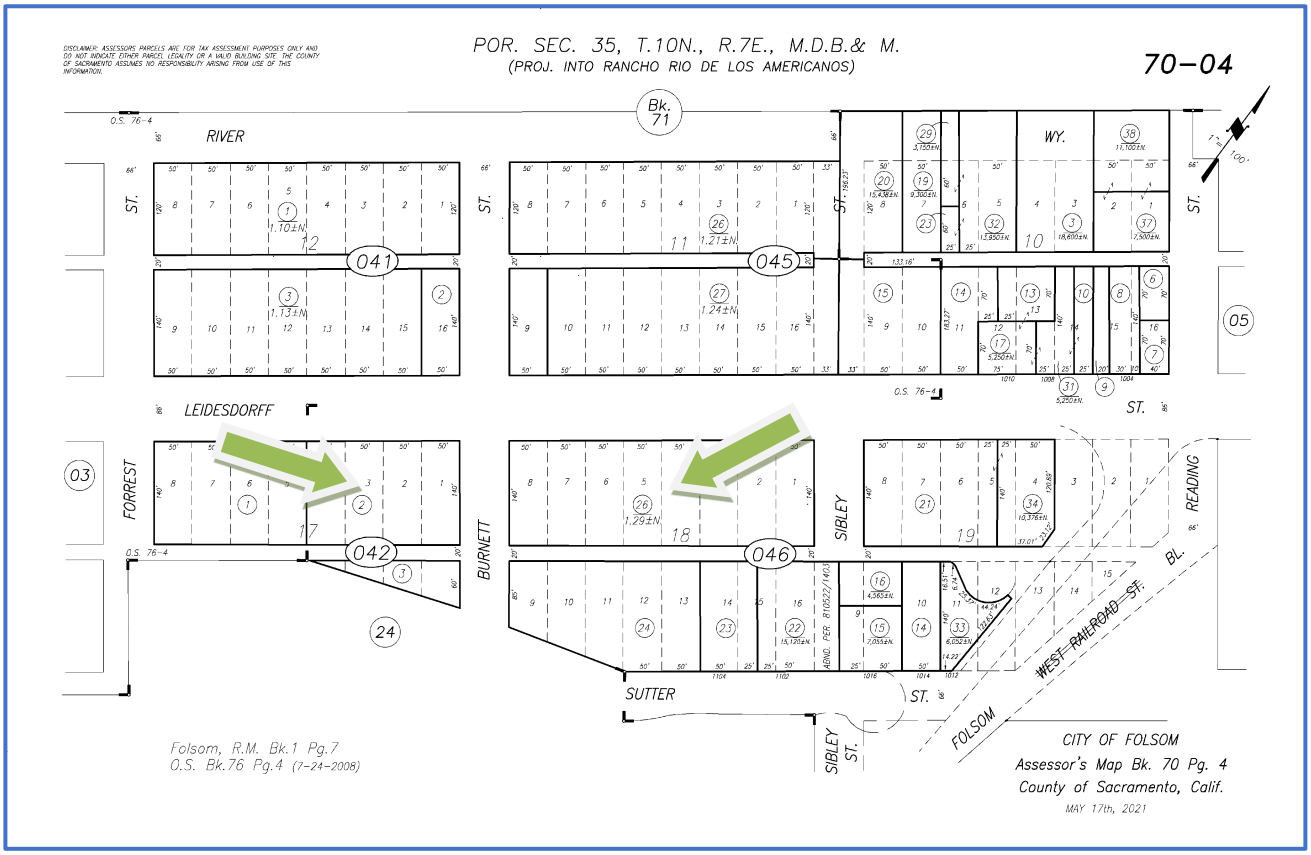
The property consists of two adjacent parcels of unimproved land assembled together as a single property, including an area of abandoned right-of-way between them, which increases slightly the size of the subject as appraised. It will have good visibility and exposure from a future Leidesdorff St when the redevelopment is underway in the next few years. Site attributes and features noted include the following.

- Rectangular-shaped site
- Approximately 666' of frontage along the future Leidesdorff St
- Site size 92,875 square feet (2.13 acres) including the abandoned right-of-way area
- Appears mostly or all level; steep rear upslope behind appears to be on adjacent parcels[6]
- Heavily treed, especially in the middle and the rear (upsloping) portions
- Public utilities not connected to site but are nearby and presumed available
- Future Leidesdorff St frontage area not accessible due to location in gated Corporation Yard
- Rear of site adjacent to unimproved single-family residential lots on Sutter St
- Site effectively landlocked if ownership is separated from Sutter St parcels
- No offsite improvements (i.e., curbs, sidewalks, lighting, etc.)

The location has very limited access, effectively none if ownership does not include the two other parcels on Sutter St (all four currently under the same ownership). But this access from above is poor due to the steep slope. However, it is somewhat immaterial given the time frame to development, and it is presumed that the City of Folsom would allow reasonable access to the lower portion from its Corporation Yard, as the city will be partnering with all stakeholders in the redevelopment process.

The property effectively has little or no current utility or value; its value is in its potential use(s) in the future redevelopment of the Corporation Yard. As privately-owned property the subject is extremely well-located with respect to the envisioned vibrant and visitor-friendly shopping and recreation destination adjacent to state park land and the riverfront, and an extension of the current historic district. It would be directly across the street from the planned "main drag" of that future redevelopment. On the following page is a plat map showing the subject, followed by a brief overview of the Corporation Yard redevelopment.

[6] Topographical maps did not identify parcel boundary lines but it appears that the steep slope is located on the adjacent parcels; it is assumed the subject is level or nearly so and that its area is fully developable. See *Extraordinary Assumptions* on page 9.



PLAT MAP

Most streets and individual lots shown on the above map do not exist, as the area was never developed into residential neighborhoods as envisioned in this mapping from the 1800s

Corporation Yard Redevelopment

Describing the motivation of the City of Folsom to undertake the broad River District Vision Plan, the plan's introduction states that "…its primary project goal is to activate the City's expansive waterfront for recreation and economic development through strategic partnerships and land use opportunities, as well as inspired urban and community design ideas and solutions." Improved access to Lake Natoma (American River) is highly desired at the Corporation Yard redevelopment, one of five key sites in the plan. New development will have to maintain much of the character, heritage and design elements of Folsom's first one hundred years (1850-1950). The city's vision is that it will become a premiere recreational destination developed with high-quality designs and improvements. Additional guidelines and restrictions may be informed by the California Department of State Parks and Recreation, which manages the adjacent riverfront and trails. Most of the desired usages currently expressed focuses on recreational and commercial development and selected, perimeter residential development. This may ultimately lean somewhat more residential, as the need for housing (and affordable housing) is in demand and may become more of a consideration. It is quite possible that the subject may ultimately be all or mostly developed with some form or residential uses. The current envisioning of the redevelopment of the Corporation Yard area is shown in the rendering below. The timeframe to redevelopment is lengthy. The Corporation Yard is slated to begin moving within the next year or two but may take four to five years to complete. It is possible that some construction could begin prior to final completion. The city expects that within the next year or so decisions on specific development plans will start becoming finalized. Following that some stakeholders may be able to being working on vetting and entitlements of their plans. It is probably at least five to six years before significant economic returns could be expected by owner/investors.

CORPORATION YARD CONCEPTUAL PLAN (2024)

two parcels that make up the subject identified by arrows; location is directly across from the proposed commercial, restaurant, service corridor in the current envisioning of the redevelopment

SUBJECT PHOTOGRAPHS

Sutter Street to South of Subject

Bluff Above Subject at Adjacent Parcels

Portion of Subject Below Seen from Bluff

Portion of Subject Below Seen from Bluff

HIGHEST AND BEST USE ANALYSIS

The term "highest and best use," as used in this report, is defined 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 legal permissibility, physically possibility, financial feasibility and maximum productivity.[7]

Possible Legal Uses

The property's current general plan and zoning designations, include *Historic District, Planned Development, Historic Folsom Mixed-Use and Multifamily Residential*. Among these a wide variety of residential, multifamily, commercial and recreational uses are allowed.

Physically Possible Uses

The site is essentially level at its frontage along the future Leidesdorff St. There is a steep upslope behind the subject, but the sloped area appears to be on the adjacent parcels, not the subject (see important *Extraordinary Assumption* on page 9 and the assumption that the subject is essentially fully usable. All the legal uses noted above would be physical possible, and there should be no substantial limitations on physical use or development of any legal use which would be appropriate for the size of the site.

Feasible Uses and Maximally Productive Use

The unfolding vision and the gathering of strategic partners toward the Corporation Yard redevelopment over the next few years will begin to drive and determine the specific future use of the subject. As planning and implementation progresses an experienced investor will hone in on the most productive (i.e., valuable) use of the subject. Incentives from the city and and/or collaborations with other partners/developers may also guide some of that decision-making. **The highest and best use of the subject is speculative, holding to participate in the planned redevelopment of the Corporation Yard, or selling to a developer or partner as redevelopment plans and entitlements are becoming finalized. The most probable buyer would be an experienced local or regional investor or stakeholder who is flexible with respect to the specific future use, and willing to undertake a likely time frame of five-to-six-years or more before achieving an anticipated return.**

[7] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 109.

VALUATION METHODOLOGY

The valuation process is a systematic procedure employed to provide the answer to a client's question about the value of real property. This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison, and income approaches. Each approach to value is briefly discussed and defined as follows:

Cost Approach

The cost approach is based on the premise that a prudent buyer would pay no more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market.

> **cost approach.** A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple value in the subject property to reflect the value of the property interest being appraised.[8]

Sales Comparison Approach

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison approach is pertinent for almost all property types, the primary exception being special purpose properties (such as churches, museums, public buildings, etc.) for which the market lacks sale data.

[8] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 54.

sales comparison approach. The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or units prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be use to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.[9]

Income Approach

The income approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits. The validity of the income approach hinges upon the accuracy of which the income expectancy of a property can be measured. This approach is only used in the valuation of income producing properties.

Summary – Appraisal Methodology

The sales comparison approach is the only reliable approach in valuing the subject. Although the buyer of the subject would be an investor seeking a future return, it is still a speculative purchase. It is too early and there are too many unknowns with respect to future development to attempt use an income approach to “back into” a present land value; any inputs regarding future returns would be too wide and uncertain to be reliable. Most speculative investors would view a purchase of the subject as land value discounted for the time frame, and for the risks that the redevelopment project does not take place as generally planned (or takes much longer). An income approach would not be reliable. The cost approach is not applicable to the valuation of unimproved land bought for speculation, as it is far too early for specific development plans.

In this appraisal, the value of the fee simple interest is being estimated. The fee simple interest reflects the value of a property with all typical rights of ownership, unencumbered, with no tenancies, and fully available for owner use or development.

[9] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 207.

SALES COMPARISON APPROACH TO VALUE

In the sales comparison approach, the market value of the subject property is estimated by a comparison to similar properties that have recently sold, are listed for sale, or are under contract. The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), "*According to the principle of substitution, a buyer will pay not pay more for one property than for another that is equally desirable*."

The proper application of this approach requires obtaining market sale data for comparison with the subject. The search criteria for comparable sales in order of importance were: use (redevelopment as the likely motivation for purchase); zoning (land zoned for residential, multifamily and/or commercial/retail use), general location (Folsom and the broader greater Sacramento area), specific location (within an area undergoing redevelopment); and, importantly, generally similar in appeal to the same potential or typical buyer of the subject (redevelopment potential or speculative). In order to assemble the comparable sales, public records and other private data sources were searched for leads, then the data confirmed as needed with parties familiar with the transactions. The most useful and appropriate comparable data were then analyzed to arrive at indicators of value for the subject.

The properties will be analyzed on a price per square foot ($/SF) basis, as this is the most useful and relied upon indicator of value for smaller, urban and suburban parcels of unimproved land. Almost all buyers and sellers look to a price per square foot indicator when considering substitute or potentially competing properties.

Several sales were located which are, individually and in the aggregate, reliable indicators of value. The sales selected for analysis have been divided into three sets of data: sales in Folsom, sales in Sacramento or West Sacramento in or near their riverfront districts, and other sales in the region. All were sales of land, or improved sales bought for land value; all reflect redevelopment opportunities. The comparable sale data will be analyzed qualitatively. All reflect sales of the fee simple interest. The following arrays identify and summarize the data. Each data set array is presented in order of sale price per square foot ($/SF), starting with the lowest. Following the array are qualitative analyses of the data and a conclusion of value for the subject based on the sales comparison approach, and maps of the subject and comparable sales.

<u>Subject Overview</u>

Address	Month Sold @ $	Land SF	$/SF
Leidesdorff St / Sutter St, Folsom	N/A	92,875	N/A

The subject is just over two acres in size and is in an area slated for redevelopment. However, as discussed in detail, this redevelopment project is in the planning stages. The planning of specific projects on specific sites cannot likely begin for at least a year, when the specifics of the land use within the Corporation Yard site are finalized. Around then or shortly after the existing actual Corporation Yard in use will begin relocating, a project that is not likely to be completed for four to five years from the present, according to the client. Actual construction, particularly vertical construction likely could not begin until the Corporation Yard is moved, or nearly so. As such, an investor/owner is looking at a period of at least five years to begin to see any revenues or returns on investments.

Speculative Use and Risks

As of the effective date, the value of the subject is based on a speculative use: that the planned redevelopment of the Corporation Yard site will take place largely as planned and roughly on the timeline envisioned. There are many risks associated with this speculation.

- **Timeline** may become extended or scope of the project could be reduced
  - Community resistance
  - Lower than anticipated funding revenue or fewer partnerships
  - Previously undiscovered historical/archaeological resources
  - Soil contamination or environmental concerns (current use is undustrial)
- **Change** in market conditions
  - Recession
  - Higher interest rates
  - Other local or broader macroeconomic headwinds

A purchase for redevelopment in a proposed plan or project is riskier than a purchase for a property that is ready for redevelopment at the time of the sale. In the latter case the investor can immediately start executing plans and move toward securing entitlements. In fact, some redevelopment opportunities already come with some plans and even approvals in place. The subject redevelopment opportunity has a much longer timeline than typical—at least five to six years before returns on investment. Issues can arise, the market and the economy can change, and the vision can morph, especially over several years. While there is only a slight risk that this project simply would not happen, there is a real chance that there could be delays or simply take longer than anticipated, or that it could be reduced or altered in scope; possible factors that could contribute are shown in the subheadings under *timeline*. In addition, there could be external factors that change the attractiveness or feasibility of investing in the project. As noted above the *changes* could include broad economic trends or challenges, so socio-economic shifts.

Any issue that reduces the attractiveness or return on investment, or that delays or reduces the scope of the development, add to the risk of the investment, and therefore the demand for a higher return by a potential buyer. The higher the required or desired return is, the lower the present value—the price willing to be paid today—will be. Notably, all of the data analyzed below reflect purchases of properties that were largely ready for redevelopment; several already had some of the initial planning completed and a few had progressed in the approval process. There were no sales available of properties in an area planned for slated for redevelopment for which returns could not be achieved for several years.[10] Following analyses of the data and conclusions of value, discounting will be applied for the timeframe and other associated risks.

Sales in Folsom

Address	Month Sold @ $	Land SF	$/SF
102 E Natoma St, Folsom	10/21 @ $2,900,000	211,702	$13.70
Zoned Bus/Prof Planned Dev; approved for senior living facility; proximate to subject			
751-792 Harrington Way, Folsom	07/25 @ $1,400,000	84,942	$16.48
Zoned Bus/Prof Pl. Dev; buyer develops affordable housing; approved for senior housing			
925 Riley St, Folsom	11/24 @ $2,040,000	121,968	$16.73
Zoned mixed-use; purchased by a multifamily developer; location in prime comm. corridor			
3197 Roslyn Ct + others, Folsom	mid-2023 @ various	(1 to 5 ac)	$19.53- $23.94
various parcels purchased by Lennar Homes for SFR production homes in Folsom Ranch			

These data indicate that, within the Folsom market area, land available for immediate residential or commercial development, has a value in the range of roughly $14 to $24 per square foot.

[10] Speculative land purchases are usually longer term, 5-10 years or more before movement in the process begins. The common example is the purchase of outlying land or farm land in the path of suburban expansion where future development appears certain but still some years away. The value has begun to exceed rural/farm land but is still well below transitional land where development is more imminent. With the subject land the opportunity appears imminent and specific but the countdown is quite long.

Sales in Sacramento (Railyards Redevelopment near river) or West Sacramento River District

Address	Month Sold @ $	Land SF	$/SF
840-850 Delta Ln, W Sacramento	04/25 @ $3,000,000	165,092	$18.17
In Bridge District near Raley Field and riverfront; purchased by multifamily developer			
1610-1616 N C Street, Sacramento	05/21 @ $ 943,112	48,000	$19.65
In new Railyards development; old industrial buildings; likely planned major redevelopment			
701 Dos Rios Blvd, Sacramento	06/23 @ $3,701,000	181,645	$20.37
Very high-density commercial land near Railyards; potential for up to 200 res. units			

These three sales indicate that land for redevelopment in the large Railyards project near the river in downtown Sacramento, or in the riverfront district in West Sacramento, had values on the order of $20 per square foot. Values on the riverfront in an extension of Folsom's historic district should be similar or higher than the above properties, all else being equal.

Other Sales in the Sacramento Region

Address	Month Sold @ $	Land SF	$/SF
459 Upland Dr, Roseville	10/25 @ $2,000,000	312,325	$ 6.40
Approved for development of 192-unit low-income multifamily property			
8740 Bruceville Rd, Elk Grove	12/24 @ $1,150,000	165,528	$ 6.95
Approved for development of 125 multifamily units			
Bridgecross & Honor Pkwy, Sacramento (Natomas)	04/23 @ $1,090,000	150,282	$ 7.25
Infill lot in N Natomas; likely streamlined approval process for residential development			
5691 Lonetree Blvd, Rocklin	10/25 @ $3,725,000	296,208	$12.58
Approved for 165-unit multifamily project with construction set to start this year			
8480 Elk Grove Florin Rd, Elk Grove	02/23 @ $1,250,000	95,832	$13.04
In commercial corridor; zoned for multifamily (25 units/ac); commercial rezone possible			
960 Wildcat Blvd, Rocklin	05/24 @ $6,020,000	270,072	$22.29
Purchased by regional builder JMC; to be developed with 43 SFRs; welcome center built			
826 Drummond Ave, Davis	12/25 @ $1,000,000	44,200	$22.62
Zoned for 3-6 SFRs; rezone for 16 potential res. units; Davis is a very high-end market			
8877 Stratham Way, Elk Grove	04/23 @ $5,132,500	217,800	$23.57
Part of a large master planned community; 95 SFRs approved for subject site			

The properties in the last data set above are quite varied, but all are located in the Sacramento region. The first three, at under $10 per square foot, are notably inferior for various reasons. The nature of the transaction for the sale at 459 Upland Dr is not fully known; the seller was a church. The following two in Elk Grove and Natomas are inferior areas (i.e., notably lower price values across all property types). The last three sales, in Rocklin, Davis and the new master planned community in Elk Grove, reflect higher-end areas with strong price points within the region for the finished residential developments, likely generally similar to Folsom.

Reconciliation and Conclusion of Value

The data analyzed from Folsom, and from the better select market in the Sacramento region, indicate values of $14 to $24 per square foot for land suited for redevelopment. Again, these and the other data analyzed are properties for which redevelopment plans can begin right away.

Folsom's historic district, and an extension of it in the planned Corporation Yard redevelopment along the American River and state park lands, would, in the view of most potential investors, likely be at or near the upper end of market within greater Sacramento. The project has good potential to become a desirable and popular destination. Value for housing in Folsom are close to the upper end in greater Sacramento. Accordingly, **it is concluded that the value applicable to the subject property, were it ready for immediate redevelopment as part of the envisioned Corporation Yard project, and also mostly level with the ability to achieve maximum site utility, would have a value of $25 per square foot.**

Adjustments to Value

The following two adjustments are necessary to arrive at an appropriate as-is value of the subject as of January 20, 2026.

For the extended timeframe of at least five years (to being construction in earnest) due to the nature of the redevelopment opportunity, a 22% deduction will be applied. This reflects the deduction needed to calculate present value for a 5% annual return compounded over five years. The 5% return reflects a base level of passive income for the opportunity cost of the initial investment for a holding period of five years.

For the risk that the subject project changes significantly to the downside and/or faces significant delays, a 35% deduction will be applied. This is appropriate given the lengthy time frame, and likely reflects the thought process of a typical investor who understands the opportunity but would naturally have significant concerns about how and when the project may ultimately unfold.

Conclusion of Value by Sales Comparison Approach

Absent the risk factors for the lengthy timeline of the development plus the risks of further delays and/or issues that could negatively impact the anticipated project, the subject would have a value estimated at $25 per square foot. As discussed above, discounting estimates necessary for these factors were 22% for the minimum timeline of five years before a return could be anticipated plus 35% for factor(s) which could ultimately alter or negate the development and/or further lengthen that timeline. These risk factor estimates total 57%, which results in the final calculation of the current as-is value of the subject on a price per square foot basis.

Value estimate without the additional risks	$25.00/SF
Less total risk factor estimates of 57%	- 14.25/SF
Current As-Is Value of Subject	$10.75/SF

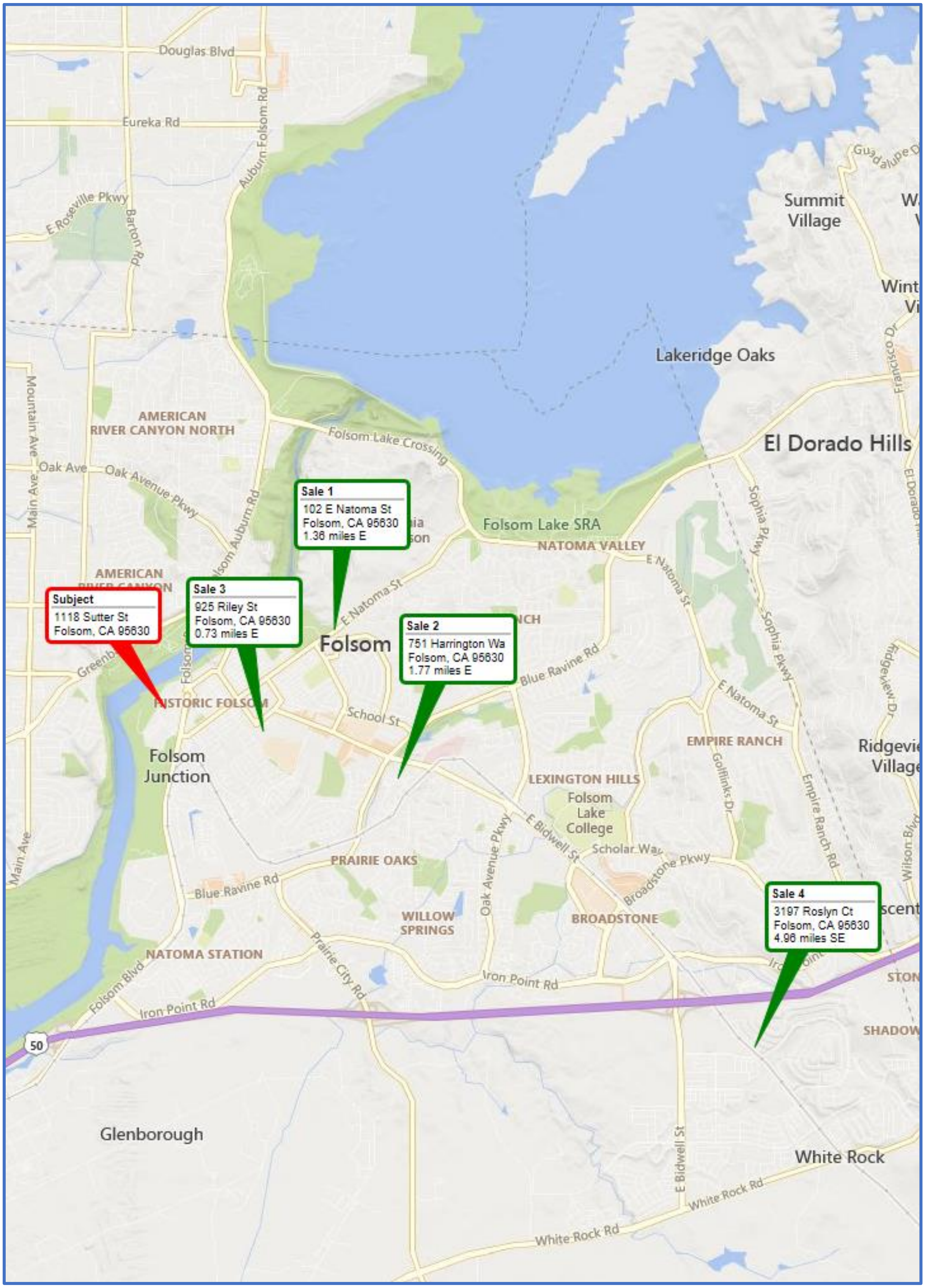
Considering all of the preceding analyses, **a conclusion of $10.75 per square foot** is reasonable and well-supported by the available market data. The value of the subject is calculated as follows.

92,875 SF RBA	x	$10.75/SF	=	$998,406

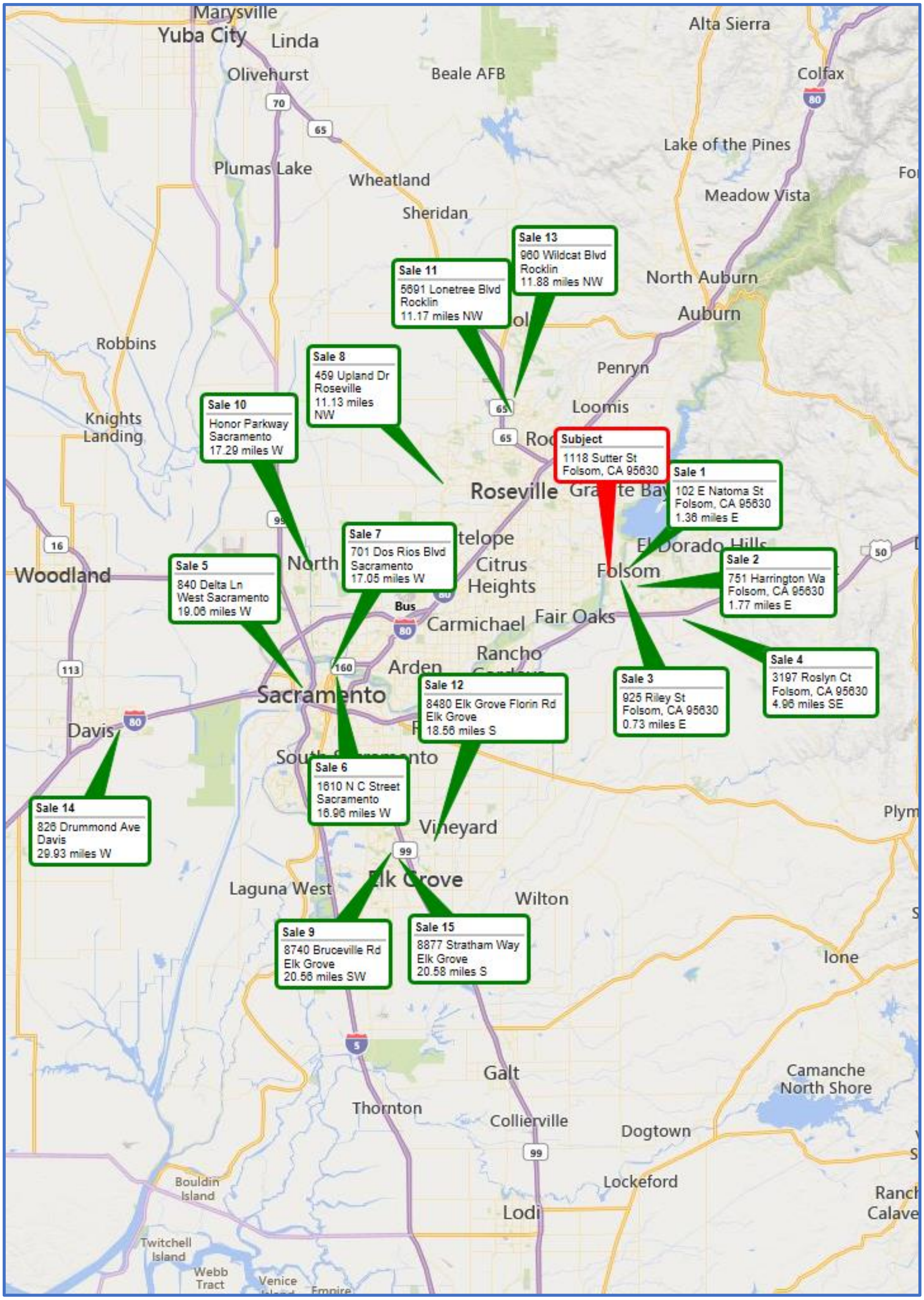
It is my opinion that the market value of the subject property utilizing the sales comparison approach to value, as of January 20, 2026, appropriately rounded, is $1,000,000.

Test of Reasonableness of the Value Conclusion Based on Recent Sale of Subject

As previously noted, the subject (two parcels) sold very recently, in December of 2025, for $2,000,000 as part of a four-parcel grouping. This appeared to be a market-based sale, with an informed buyer and seller, and the property was on the market for almost three years, with an initial asking price of $3,250,000. It is presumed that if the property was worth substantially more to a willing and able buyer that there was ample time to have achieved that. The subject's two parcels, including the area of the abandoned right-of-way between them, have a total site size of 2.13 acres or 92,875 SF. The other two parcels total 0.8 acres without the right-of-way areas, and it is assumed the similar right-of-way areas would have increased that size to roughly 0.9 acres, or 39,204 SF. Those upper areas are zoned for single-family residential use are accessible from Sutter Street in the neighborhood to the south (and not part of the Corporation Yard area), and appear ready for development in the near-term. Assuming a value of $25/SF, as concluded in the previous analyses of land ready for development in Folsom, those two parcels would have a total value of 39,204 SF x $25/SF, or $980,000, roughly half of the $2,000,000 purchase price. This supports the conclusion of $1,000,000 for the subject, also half of that total purchase price in December.



LOCATION MAP SHOWING SUBJECT AND LOCAL COMPARBLE SALES



LOCATION MAP SHOWING SUBJECT AND ALL COMPARBLE SALES

Ashworth Appraisal Services

RECONCILIATION AND CONCLUSION OF VALUE OF MARKET VALUE

The purpose of this appraisal was to estimate the current market value of the *fee simple interest* in the subject property. There was sufficient market data available to complete the sales comparison approach in a credible manner, and the conclusion of the value of the fee simple interest is believed to be accurate and reliable. The value conclusions derived via the approaches to value are summarized as follows.

Cost Approach	**$ N/A**
Income Approach	**$ N/A**
Sales Comparison Approach	**$ 1,000,000**
Indicated Value	**$ 1,000,000**

The income approach and the cost approach were not used, as they would not have been reliable or appropriate. Therefore, as a result of my analyses, and in accordance with the assumptions and limiting conditions contained on pages 9 through 11 of this report, it is my opinion the market value of the fee simple interest in the subject property, as of January 20, 2026, is:

ONE MILLION DOLLARS

$ 1,000,000.

EXPOSURE TIME

Exposure time is the period a property interest 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 (i.e., a sale at the estimated value on the effective date of the report). Based on the data accumulated and analyzed during the appraisal process, and considering the particularly long-term nature of the investment for a redevelopment property, is estimated that a range of **6 to 18 months is a reasonable exposure time for the subject**, as of the effective date.

ADDENDA

John T. Ashworth, MAI, SRA

LICENSED **CA Certified General Appraiser** #AG001835 since 1991
APPOINTED **California Probate Referee** for Sacramento Superior Court by State Controller in 2024

EXPERIENCE

Owner Ashworth Appraisal Services
Folsom, CA 95630
530-888-9803
john@realestatevalue.com
Commercial Appraisal: Multifamily, Industrial, Land, Retail, Office, Agricultural
Residential appraisal and appraisal review.
Greater Sacramento; North Shore Tahoe/Truckee; other areas.
Qualified as an Expert Witness.
1991 to present.

Appraiser Ashworth and Associates, Inc.
St. Thomas, United States Virgin Islands 00802
Residential appraisals; some commercial exposure
Construction draw inspections.
1990 - 1991

EDUCATION

Appraisal Institute Courses (partial list of most recent courses)
Standards of Professional Practice, Parts A and B
Real Estate Finance, Statistics and Valuation Modeling
Residential Highest and Best Use
General [Commercial] Highest and Best Use
General [Commercial] Sales Comparison Approach
General [Commercial] Cost Approach and Site Valuation
Income Capitalization Part I
Income Capitalization Part II

Appraisal Seminars Completed (partial list of most recent)
Rates and Ratios
The Appraiser as an Expert Witness
Appraising Green Residential Buildings (Certification)
Review Appraising
Appraising from Plans and Specifications
Residential Construction Basics
Technology and the Future of the Appraisal Industry
Appraising the Top Dollar SFR Market
Appraising After the Earthquake
Residential Appraisal Forum
Appraising Small Residential Income Properties
Environmental Screening in Real Estate Transactions

College Degree
B. A. in Economics, 1981, Wabash College, Crawfordsville, Indiana

PROFESSIONAL MEMBERSHIPS

Appraisal Institute, MAI and SRA Designations
Appraisal Institute, President, Sacramento-Sierra Chapter, 2015
Appraisal Institute, Vice-President, Sacramento-Sierra Chapter, 2014
Appraisal Institute, Sect.-Treasurer, Sacramento-Sierra Chapter, 2013
Appraisal Institute, Board of Directors, Sacramento-Sierra Chapter, 2008-2010
Appraisal Institute, Board of Directors, Central Coast Chapter, 2001
Appraisal Institute, Board of Directors, Ventura Chapter, 1998

WEB SITE See www.realestatevalue.com for more information