

**APPRAISAL REPORT**

Two Properties Involved in the  
City Hall Park Land Swap  
Sweet Home, Oregon

**VALUATION DATE**

March 6, 2020

**PREPARED FOR**

Blair Larsen  
Community & Economic Development Director  
City of Sweet Home

**PREPARED BY**

William E. Adams, MAI  
1809 Sunburst Terrace NW  
Salem, Oregon 97304

File No.: 191103b

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
1809 Sunburst Terrace NW  
Salem, OR 97304  
Office: (503) 585-6656  
Mobile: (503) 510-1104  
Email: [1billadams@comcast.net](mailto:1billadams@comcast.net)

March 18, 2020

Blair Larsen, JD/MPA  
Community & Economic Development Director  
City of Sweet Home  
3225 Main Street  
Sweet Home, OR 97386

RE: Appraisal Assignment --- City Hall Park Land Swap in Sweet Home, Oregon

Dear Mr. Larsen:

At your request, I have prepared the following appraisal report regarding two properties located in Sweet Home, Oregon. The properties are to be involved in a land swap. **Property 1** involves a 1,892 SF portion of a 21,780 SF commercial-zoned parcel located along the south side of Main Street (Highway 20). This parcel is one of multiple adjacent tax lots owned by the City and improved with a city park and the city hall facility. Immediately east of this City parcel is a 21,780 SF parcel owned by Daniel Smith. This property is developed with a single family dwelling and supporting site improvements. **Property 2** consists of a 1,892 SF portion of Mr. Smith's parcel (tax lot 500). The driveway and segments of fencing & landscaping serving Mr. Smith's dwelling actually encroach within the City's adjacent tax lot. These encroaching improvements are specifically situated in the northeast corner of the City parcel (tax lot 400). The City and Mr. Smith have agreed to a land swap which involves the City conveying 1,892 SF of land that currently includes the encroaching driveway & site improvements (Property 1) to Mr. Smith in exchange for 1,892 SF of land along the south boundary of Mr. Smith's parcel (Property 2). The area within Property 2 is currently improved with fencing and grass.

The valuation date for this assignment is March 6, 2020, coinciding with the appraiser's property inspection date. For this assignment, the market value of the simple interest is appraised for each property. The intended use of this appraisal is for documentation of land values relating to the proposed land swap. The intended user of this appraisal report is solely the client (city of Sweet Home).

This report is prepared in compliance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by The Appraisal Foundation; and the Standards of Professional Appraisal Practice and the Code of Professional Ethics of the Appraisal Institute.

Blair Larsen  
RE: City Hall Park Land Swap  
March 18, 2020  
Page Two

The appraisal is prepared in accordance with USPAP Standards Rule 2-2(a). For this assignment, the Sales Comparison Approach is used to value each subject property. Given each subject's attributes and the intended use of this appraisal, the Cost and Income approaches are not appropriate. The scope of work utilized for this assignment is considered typical for each subject's property type and this report's intended use.

The appraiser has sufficient education and experience in valuing similar properties to satisfy the competency rule of the Uniform Standards. The reported values were not based on requested values and the appraiser was acting independently of the client during the course of this assignment.

Reference to the Assumptions and Limiting Conditions section of the attached report is recommended for a complete understanding of the basis on which the values of the subject properties are predicated.

*By mutual agreement with the client, certain extraordinary assumptions (as defined by USPAP) are utilized. The 1,892 SF portions of the City and Mr. Smith tax lots (identified as Properties 1 and 2) are too small to be partitioned into their own tax lots. As such, the tax lots containing Properties 1 and 2 are first valued based on their total parcel sizes, then the resulting unit value is applied to the 1,892 SF segment proposed for land swap. The client indicates that any site improvements situated within Properties 1 or 2 are not to be valued; only land value is to be estimated.*

*Currently, Mr. Smith's tax lot is zoned R-1 but the comprehensive plan designation for the property and other lands along the Highway 20 corridor is Central Commercial. The City recognizes that the zoning and comprehensive plan designations are not in conformance. It is the City's desire for continued commercial development to occur along the Highway 20 corridor in the future. As such, the City indicates that the comprehensive plan designation (Central Commercial) would take priority in any development approval decisions regarding Mr. Smith's land. This appraisal is predicated on the extraordinary assumption that the comprehensive plan designation would take precedence in the development approval process. To that end, Mr. Smith's parcel is valued based on its potential for commercial development rather than residential development under the existing R-1 zoning criteria.*

This appraisal assignment is not to be used for condemnation purposes as the scope of work and directions provided by the City do not meet current law for an eminent domain action. The client is aware of the process the appraiser must follow for condemnation and cites that the specific scope of work and intended use of the appraisal do not warrant compliance with eminent domain requirements.

Blair Larsen  
RE: City Hall Park Land Swap  
March 18, 2020  
Page Three

After considering all of the data assembled for this appraisal assignment, the Market Value of each subject's fee simple estate as of the March 6, 2020 valuation date is estimated to be:

<b>Property 1 – 1,892 SF owned by city of Sweet Home</b>	<b>\$5,700</b>
<b>Property 2 – 1,892 SF owned by Daniel Smith</b>	<b>\$5,700</b>

The reasoning and analysis leading to these conclusions are discussed in the following appraisal report.

Sincerely,



William E. Adams, MAI

# TABLE OF CONTENTS

## INTRODUCTION

Scope Of The Appraisal.....	1
Definitions .....	2
Assumptions And Limiting Conditions .....	3
Appraiser's Certification.....	6

## AREA AND PROPERTY DESCRIPTIONS

Area And Neighborhood Analysis .....	7
Area Map.....	7
Location Map.....	8
Subject Photographs.....	11
Property Exhibits .....	14
Plat Map.....	14
Zoning Map .....	15
Comprehensive Plan Map.....	15
Land Swap Exhibit .....	16
Property Descriptions .....	17

## ANALYSES AND CONCLUSIONS

Highest And Best Use Analysis .....	21
Valuation Analysis .....	22
Land Sales Map.....	24
Land Value Estimates .....	27

## ADDENDA

Professional Qualifications

## SCOPE OF THE APPRAISAL

---

The city of Sweet Home owns multiple tax lots along the south side of Main Street (State Highway 20) that are currently utilized for the city hall facility and a public park. In the northeast corner of the City's easterly tax lot are driveway and site improvements serving the dwelling situated on the adjacent tax lot owned by Daniel Smith. The City has proposed a land swap with Mr. Smith consisting of conveying 1,892 SF of land containing the encroaching improvements (Property 1) to Mr. Smith in exchange for 1,892 SF of land in the south portion of Mr. Smith's tax lot (Property 2) which will be conveyed to the city of Sweet Home. This land swap is being performed by willing sellers and not under the process of eminent domain. At the client's direction, only the land value associated with Properties 1 and 2 are estimated in this appraisal report. This appraisal assignment involved the following scope of work.

- A physical inspection of each subject property was performed by William E. Adams, MAI on March 6, 2020. During the course of this appraisal assignment, the appraiser interviewed Blair Larsen of the City of Sweet Home. Given the intended use of the appraisal, no interviews were conducted with Mr. Smith.
- A search of all available resources was made to identify market trends, comparable sales data, and other significant factors affecting each subject's value.
- Market data were verified, photographed, and physically inspected. Market data was confirmed by a party to the transaction and supplemented by information obtained from the local multiple listing service (MLS), deeds, county records, or other informed parties.
- Each subject's highest and best use was determined as if vacant.
- The Sales Comparison Approach is used to estimate each subject's market value. This appraisal report is prepared in accordance with USPAP Standard Rule 2-2(a). Certain extraordinary assumptions (as defined by USPAP) are employed for this assignment and the reader of this report is encouraged to review these assumptions as they influence each property's value.
- Interviews were conducted with persons considered informed regarding the subject property and similar properties, including real estate professionals, property owners, and various departments of the city of Sweet Home and Linn County.

## DEFINITIONS

---

**Market Value** is 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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (a) *both the buyer and seller are typically motivated;*
- (b) *both parties are well informed or well advised, and acting in what they consider their best interests;*
- (c) *a reasonable time is allowed for exposure in the open market;*
- (d) *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- (e) *the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>*

**Fee Simple Estate** is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Leased Fee Estate** is an ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>3</sup>

**Leasehold Estate** is the right held by the lessee (tenant) to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>4</sup>

**As Is Market Value** is the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>5</sup>

**Extraordinary Assumption** is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in the analysis.<sup>6</sup>

**Hypothetical Condition** is a condition that is presumed to be true when it is known to be false. 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 the analysis.<sup>7</sup>

---

1 Rules and Regulations, Federal Register, Vol. 55, #165, p. 34696

2 The Dictionary of Real Estate Appraisal, Sixth Edition, 2015, the Appraisal Institute, p 90.

3 *Ibid.*, p. 128

4 *Ibid.*, p. 128

5 *Ibid.*, p. 13

6 *Ibid.*, p. 73

7 *Ibid.*, p. 113

## DEFINITIONS (Cont.)

---

**Highest and Best Use** is defined as “the reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financially feasible, and maximally productive”.<sup>8</sup>

**Marketing Time** is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing period differs from **exposure time**, which is always presumed to precede the effective date of an appraisal.<sup>9</sup>

Based on the market conditions, market data and each subject’s attributes discussed in this appraisal report, a marketing time between 3 months and one year from this report’s valuation date is considered reasonable. Given market conditions evident prior to the report’s valuation date, each subject’s exposure period is estimated to be similar to each property’s marketing period. These time estimates presume that each subject property is aggressively marketed at the appraised value through normal marketing channels appropriate for the property type.

## ASSUMPTIONS AND LIMITING CONDITIONS

---

### *General Assumptions and Limiting Conditions*

1. The report and all matters contained within are prepared on behalf of the addressee only. No responsibility is assumed for its possession, use or reliance on either factual data or conclusions by anyone other than the addressee. It is intended for use only for the purpose stated herein, and only in its entirety.
2. No opinion as to title is rendered. The estimated value(s) is based on the assumption that the property(s) is free of liens such as mortgages, deeds of trust, and judgments, and is not burdened by any other encumbrances including easement restrictions, special assessments, bonds, leases or other similar matters, except those specifically noted in the report.
3. The sketches and maps in the report are prepared to aid the reader in visualizing the property(s), and are based on field investigations conducted for this assignment. Dimensions and descriptions are based on public records, the property inspection, and information furnished by others, and are not meant to be used as references in matters of survey.
4. Information supplied by others and considered in the valuation is believed to be reliable, but no further responsibility is assumed for its accuracy.
5. No responsibility is assumed for matters which are legal in nature, including the validity or accuracy of each property's legal description.

---

<sup>8</sup> Ibid., p. 109

<sup>9</sup> Ibid., p. 140

## **ASSUMPTIONS AND LIMITING CONDITIONS (Cont.)**

---

6. The value of oil, gas and mineral rights, if any, was not considered in the value(s) estimated in this appraisal assignment. Furthermore, this report does not value any furnishings, fixtures or equipment located within the subject property(s), except those items typically sold as part of a real property transaction for the subject's property type(s).
7. The appraisal report is prepared in accordance with USPAP Standard Rule 2-2(a). Retained in the appraiser's bulk file are interview notes, maps and illustrations not included in the appraisal report, as well as third-party reports, area data and duplicative property, market and cost data that may or may not have been used for the development of the value conclusion(s).
8. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and resulting comments presented in this report are the results of routine observations made during the appraisal process. The appraiser is not qualified to make any type of environmental judgment regarding the subject property(s). The value(s) estimated in this report is predicated on the assumption that there are no such materials in, on, or near the property(s) that would cause a loss in value.
9. The estimates contained in this report are the opinions of the appraiser, based upon his independent interpretation of the data provided to or accumulated by him, and are not intended in any way to constitute a guarantee of value.
10. No encroachment of real property improvements is assumed to exist.
11. The appraiser disclaims responsibility for the ability or inability of the present owner, or any future purchaser or lessee, to obtain the permits, licenses, environmental impact studies, or other approvals necessary for the successful operation of the property(s) for its highest and best use, or to the use contemplated by any owner, purchaser or lessee. The appraiser disclaims responsibility for, and renders no opinion on, conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, which conformity cannot be assumed without provision of specific professional or governmental inspection.
12. Those who use this report are cautioned that any forecasts shown herein are intended to illustrate the attitudes and projections of those persons and entities comprising the real estate market at the date of valuation. Such attitudes and projections change from time to time consistent with changes in the real estate market, supply and demand, investor attitudes, and general economic conditions. However, the projections shown are thought to approximate investor attitudes and current trends and conditions at the date of valuation. Inasmuch, however, as the projections are based upon assumptions and estimates of future events, no opinion is offered or expressed on the achievability of the projections and estimates.
13. Testimony or participation in any litigation or arbitration by reason of this appraisal shall not be required unless arrangements have previously been made.

## **ASSUMPTIONS AND LIMITING CONDITIONS (Cont.)**

---

14. The Americans with Disabilities Act (ADA) became effective February 26, 1992. The appraiser has not made a specific survey or analysis of the subject property to determine whether or not the physical aspects of the improvements (if any) meet the ADA accessibility guidelines.

15. This appraisal assumes competent management and/or ownership of the subject property(s).

### ***Hypothetical Conditions and Extraordinary Assumptions***

*By mutual agreement with the client, certain extraordinary assumptions (as defined by USPAP) are utilized. The 1,892 SF portions of the City and Mr. Smith tax lots (identified as Properties 1 and 2) are too small to be partitioned into their own tax lots. As such, the tax lots containing Properties 1 and 2 are first valued based on their total parcel sizes, then the resulting unit value is applied to the 1,892 SF segment proposed for land swap. The client indicates that any site improvements situated within Properties 1 or 2 are not to be valued; only land value is to be estimated.*

*Currently, Mr. Smith's tax lot is zoned R-1 but the comprehensive plan designation for the property and other lands along the Highway 20 corridor is Central Commercial. The City recognizes that the zoning and comprehensive plan designations are not in conformance. It is the City's desire for continued commercial development to occur along the Highway 20 corridor in the future. As such, the City indicates that the comprehensive plan designation (Central Commercial) would take priority in any development approval decisions regarding Mr. Smith's land. This appraisal is predicated on the extraordinary assumption that the comprehensive plan designation would take precedence in the development approval process. To that end, Mr. Smith's parcel is valued based on its potential for commercial development rather than residential development under the existing R-1 zoning criteria.*

## APPRAISER'S CERTIFICATION

---

I do hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. I have no present or prospective interest with respect to the parties involved.
4. I have no bias with respect to the property(s) that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results. Future employment is not dependent upon reporting a specified value(s). Neither employment nor compensation are dependent upon the approval of a loan application.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value(s) 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and the Standards of Professional Practice; and the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice ("USPAP").
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
10. I made a personal exterior inspection of the property(s) that is the subject of this report as well as exterior inspections of the market data utilized in the analysis. Given the scope of work for this appraisal assignment, interior inspections of the properties being appraised were not necessary.
11. No one other than the undersigned provided assistance in preparing this appraisal report.
12. I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without prior written consent of William E. Adams, MAI.
13. I have acquired through study and practice the necessary knowledge and experience to complete this assignment competently.
14. I have not performed a prior appraisal or other service involving this property(s) during the past three years.

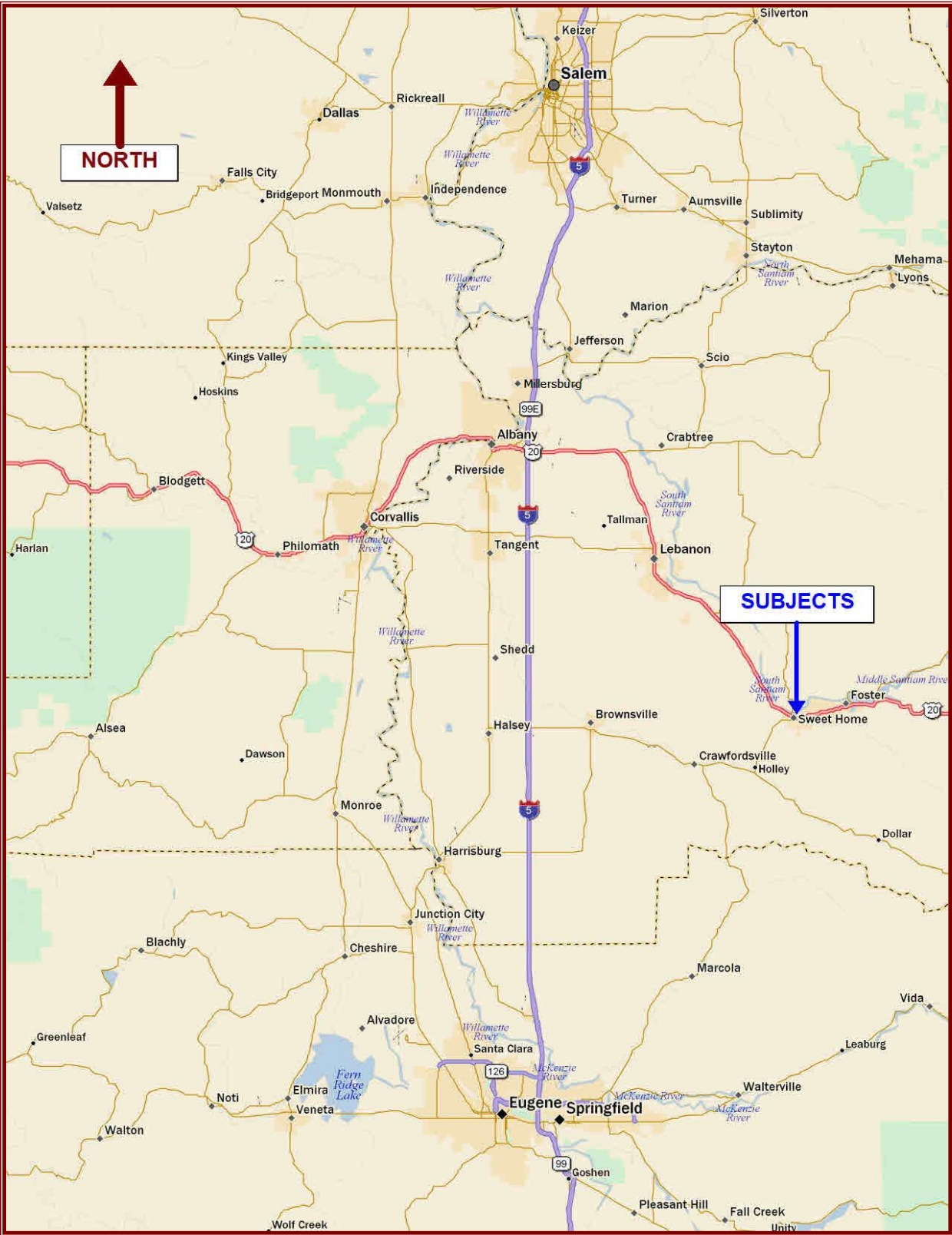


William E. Adams, MAI

Oregon General Appraisal Certificate C00495

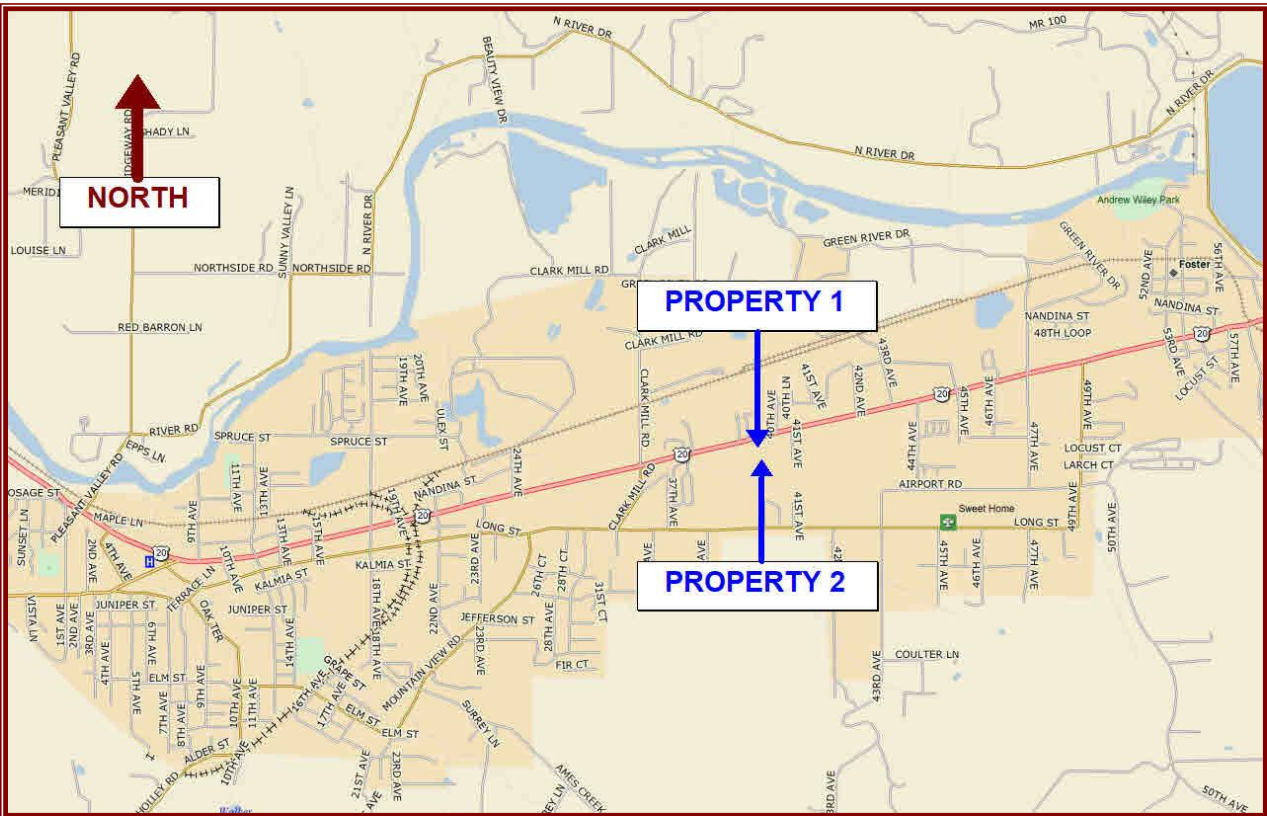
Expires 11-30-2020

# AREA AND NEIGHBORHOOD ANALYSIS



**AREA MAP**

## AREA AND NEIGHBORHOOD ANALYSIS (Cont.)



### LOCATION MAP

#### *Area Analysis*

The subject properties are situated in the rural community of Sweet Home within Linn County. Sweet Home is situated approximately 12 miles southeast of Lebanon and 25 miles southeast of Albany (county seat). The Portland Metropolitan Area is approximately 88 miles to the north via Interstate 5 which travels through Albany.

Sweet Home's 2019 population (as of July 1) totaled 9,340 residents, up 1.2 percent from the previous year. Linn County's 2019 population totaled 126,550 residents, up 0.8 percent from 2018.

Sweet Home was historically a timber town with multiple mills and good proximity to large tracts of timberland. The town's presence along State Highway 20 provides good access to timberlands further east in the Cascade range & its foothills, as well as direct access to Interstate 5 and other sawmills in Linn County. During the past few decades, the timber industry has continued to decline in Oregon and this region, with the closure of numerous sawmills and related plants. Today, Sweet Home is a rural community with an increased diversity of land uses. While many residences still commute to jobs in Lebanon & Albany, Sweet Home has a variety of employment opportunities due to the growth of its commercial base during the past decade.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

---

Sweet Home is situated near a number of recreation opportunities. Recreation and tourism has increased in recent years in the region and traffic flow through Sweet Home has benefited a number of commercial businesses along the highway.

Weyerhaeuser still maintains a mill in this community and is the largest manufacturing employer. Other large employers serving Sweet Home include the local school district and city government.

Sweet Home has witnessed some growth in its commercial and industrial sectors in recent years, with increases in commercial development primarily occurring along the Highway 20 commercial corridor. This corridor provides an array of commercial retail, office, and service uses catering to both area residents and the highway traveler. Large retailers in the community include Safeway, Thriftway, and Bi-Mart. Both Dollar Tree and Dollar General opened stores in this community within the past few years. New commercial activity has involved retail buildings and a number of remodeling projects. Some commercial-zoned parcels with old structures have witnessed building demolitions in order to better utilize the underlying land for a new commercial use. The inventory of vacant commercial land being marketed for sale is not excessive, nor is the inventory of existing commercial buildings being marketed for sale or lease. Some industrial-building vacancy is evident, but the inventory is not excessive. Sweet Home's industrial land base is primarily situated north of the Highway 20 commercial corridor. Available industrial land is primarily large acreage parcels rather than small industrial sites suitable for service and light industrial uses.

With regard to residential growth, Sweet Home is witnessing increased development activity during the past few years, but still not achieving pre-recession levels. Speculative residential development is not as prevalent in Sweet Home as in other larger Linn County communities.

Overall, Sweet Home is recognized as a stable rural community. Growth is expected to occur at modest rates in the near future. The City provides municipal water, sanitary sewer, and storm drainage services to property located within the city limits. The City indicates that adequate utility capacity is present to accommodate additional growth in the foreseeable future.

### ***Neighborhood Analysis***

The two subject properties are located along the Highway 20 (Main Street) corridor in Sweet Home. Uses fronting Highway 20 in this vicinity include the City Hall, a city park, single family dwellings, a mobile home park, commercial uses, and some light industrial uses. Existing structures have quality & condition ratings between below-average and good. A relatively new mini-storage facility was constructed in this vicinity east of the two subject properties. Furthermore, there are undeveloped parcels currently being marketed for sale.

South of this highway corridor is a mixed-density residential neighborhood containing mixed-age dwellings including some relatively-new homes. North of the corridor are a mixture of uses extending to the Santiam River.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

---

Property 1 is located within one of four adjacent tax lots owned by the city of Sweet Home. As previously stated, Property 1 is specifically situated at the northeast corner of tax lot 400. Uses adjacent to this parcel include a city park and the city hall facility to the west and south, a single family dwelling (owned by Daniel Smith) to the east, and a trailer park on the north side of Highway 20.

Property 2 is located in the south portion of tax lot 500 owned by Daniel Smith. Uses adjacent to this property includes city-owned land to the west, residential uses to the south, a commercial building to the east, and a trailer park on the north side of Highway 20.

Land along the highway corridor in the subject's vicinity is primarily zoned C-2 (Commercial Highway) with the city hall and the Smith property zoned R-1 (Low Density Residential). A few other R-1 zoned parcels are also present along the highway corridor in this area. A few undeveloped commercial parcels are present along the commercial corridor, but the inventory of parcels being marketed for sale is limited. Development in this vicinity has occurred consistent with existing zoning. The neighborhood has a relatively level terrain, good visibility & access, no amenity features, and no adverse land uses or businesses that negatively impact marketability, value, or development potential.

The City's Comprehensive Plan designation for property fronting the highway in this vicinity is Central Commercial. The R-1 zoned parcels are not in conformance with the comprehensive plan designation. According to the City, the City desires continued commercial development along this segment of the highway and would give preference to the commercial comprehensive plan designation for new development applications. As such, the comprehensive plan designation takes priority over the R-1 zoning designation.

**SUBJECT PHOTOGRAPHS (Taken March 6, 2020)**

---



Easterly view of Property 1's Highway 20 frontage. (A12-476)



Southerly view of City parcel and Property 1 from Highway 20. (A12-477)

**SUBJECT PHOTOGRAPHS (Cont.)**

---



Westerly view of Smith parcel's highway frontage. (A12-479)



Southerly view of Smith parcel from Highway 20. (A12-478)

**SUBJECT PHOTOGRAPHS (Cont.)**

---



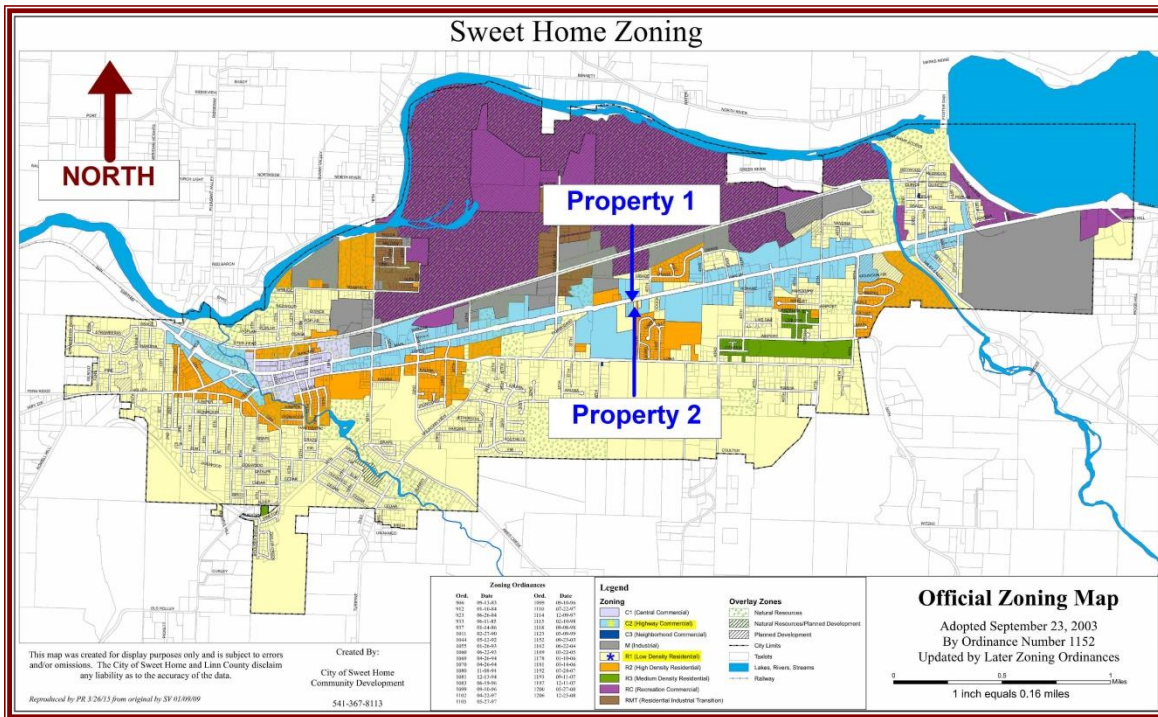
Southerly view of Property 1. (A12-482)



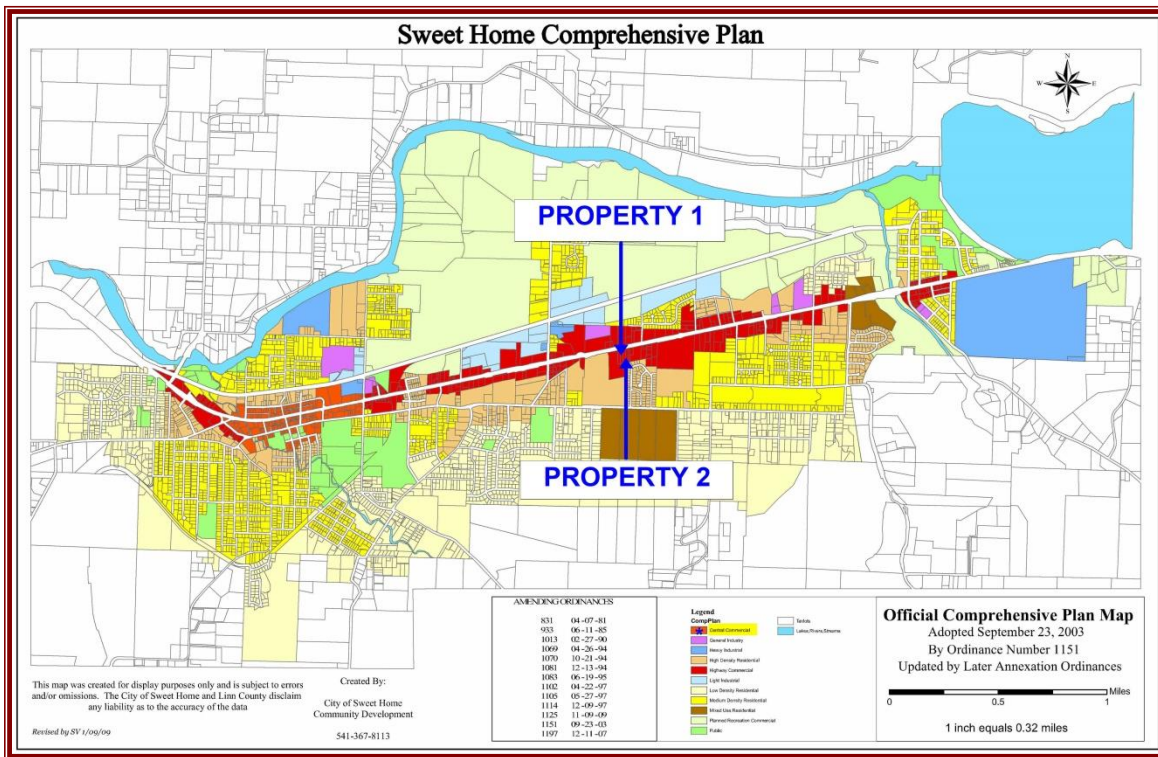
Easterly view of Property 2. (A12-486)



# PROPERTY EXHIBITS (Cont.)



## ZONING MAP



## COMPREHENSIVE PLAN MAP



## PROPERTY DESCRIPTIONS



### ***Ownership and Property History***

The city of Sweet Home owns the 21,780 SF tax lot (TL 400) from which Property 1 is a portion. Daniel Smith owns the 21,780 SF tax lot (TL 500) from which Property 2 is a portion. No ownership transfers involving either property have occurred during the past three years, nor is either property currently being marketed for sale. According to County records, Mr. Smith purchased his property in October 2011 for \$90,000. The city of Sweet Home acquired the subject tax lot and three adjacent tax lots from Sweet Home Forestry in July 2016 for \$750,000.

The appraiser obtained property information from Blair Larson of the city of Sweet Home during the course of this appraisal assignment. Given the scope and intended use of this appraisal assignment, no contact was made with Mr. Smith

### ***Subject Location and Access***

**Property 1** is the northeasterly 1,892 SF of tax lot 400 owned by the City. This city-owned parcel has not been assigned a street address, but is located east of the city hall facility whose address is 3225 Main Street. This tax lot has one access drive from Highway 20 used for shared access to the city park and city hall facility. The east portion of this tax lot (within the boundaries of Property 1) contains a driveway access serving the adjacent property owned by Daniel Smith. If undeveloped, this city-owned parcel is considered to have adequate access to the highway.

## **PROPERTY DESCRIPTION (Cont.)**

---

**Property 2** is the southerly 1,892 SF of tax lot 500 owned by Daniel Smith. The address of this tax lot is 3235 Main Street. If vacant, this lot has adequate access to the highway; however as previously stated, existing access is via a driveway which encroaches into the adjoining city-owned parcel to the west. Access to this parcel (if vacant) is adequate.

### ***Present Use***

Currently, the city-owned tax lot 400 containing Property 1 is primarily used as part of the City Hall Park. This is a low-impact park containing a paved driveway, grass, and some mature trees. The northeast portion of this tax lot contains the encroaching driveway, fencing, and landscaping supporting the adjacent Smith property. This encroaching area totals 1,892 SF and is identified as Property 1 for the proposed land swap.

The Smith-owned tax lot 500 is developed with a single family dwelling and supporting residential site improvements. A large rear yard is present, with the south portion of this yard identified as the 1,892 SF Property 2 for purposes of the land swap. Property 2 contains some perimeter fencing and grass.

### ***Legal Description***

No legal description or title report covering the two subject properties were provided by the client. The appraiser received an Aerial Exhibit which depicts the shape and boundaries of the two properties proposed for the land swap. These two subject properties are briefly described as being within the Northwest ¼ of Section 33 in Township 13 South, Range 1 East, Willamette Meridian, in Linn County, Oregon. Property 1 is currently a portion of Tax Lot 400 within Linn County Assessor's Plat 13S-01E-33B while Property 2 is currently a portion of Tax Lot 500 within the same assessor's plat.

### ***Assessed Values and Taxes***

Properties 1 and 2 are portions of two separate tax lots. As such, Linn County has not provided tax or assessment information particular to these two properties proposed for exchange. The following information covers tax and assessment information for the tax lots from which Properties 1 and 2 are a portion. The land, improvements, and total values reflect the assessor's estimate of the real market value of each tax lot. The assessed value is used for the calculation of taxes and was estimated by Linn County in accordance with Measures 47 and 50. According to the County Tax Collector's office, none of the tax lots have any delinquent taxes.

**Assessed Valuation Date:** July 1, 2019  
**Tax Lot No(s):** 13S-1E-33B: 400 and 500

<b>Account</b>	<b>Land</b>	<b>---- Real Market Value ---- Improvements</b>	<b>---- Total</b>	<b>Assessed Value</b>	<b>Taxes</b>
<b>Property 1:</b>					
262598 (400)	\$48,270	\$3,900	\$52,170	\$46,150	Exempt
<b>Property 2:</b>					
262606 (500)	\$57,800	\$79,530	\$137,330	\$77,470	\$1,911.14

## **PROPERTY DESCRIPTION (Cont.)**

---

### ***Site Description***

#### **Property 1:**

Property 1 is the northeasterly 1,892 SF of the 21,780 SF tax lot owned by the City. This 21,780 SF tax lot has a relatively level terrain with both open and treed areas. Full offsites (curb, gutter, and sidewalk) are present along its road frontage. The parcel has a long & narrow shape, available municipal utilities, no undevelopable area, and no view or other amenity features. The appraiser's inspection of the subject and surrounding neighborhood indicates no obvious signs of soil instability, drainage, or erosion problems.

#### **Property 2:**

Property 2 is the southern 1,892 SF of the 21,780 SF tax lot owned by Daniel Smith. This parcel has the same configuration, size, and attributes as the previously-described City parcel.

#### **Both Properties:**

The city of Sweet Home offers municipal water, sanitary sewer, and storm drainage services to both properties. Aside from these services, properties in this area are also served by Northwest Natural (natural gas), Pacific Power (electricity), and CenturyLink (local telephone).

No title report was provided by the client and no specific investigation into title matters was conducted by the appraiser. A review of the Assessor's Plat reveals no easements within either property. Overall, there does not appear to be any easements or encumbrances present that would adversely impact the value, marketability, or development potential of either property being appraised.

As shown on the Zoning Map, Property 1 and its parent parcel (tax lot 400) owned by the City are zoned C-2 (Highway Commercial) by the City. The City's Comprehensive Plan designation for this property is Central Commercial. These zoning and comprehensive plan designations are in conformance. The C-2 zone allows a wide array of commercial uses suitable for primary and secondary commercial locations. In addition, residential uses are allowed under certain conditions.

With regard to Property 2, its zoning designation is R-1 (Low Density Residential) and its comprehensive plan designation is Central Commercial. According to Blair Larsen (City Community and Economic Development Director), the comprehensive plan designation is consistent with the City's desire to have commercial uses along the highway corridor in the subject's vicinity. The R-1 zone reflects the existing residential use; however, the Central Commercial comprehensive plan designation would be utilized if the parcel were vacant and proposed for a new use. Presently, the zoning and comprehensive plan designations do not conform and the comprehensive plan designation takes priority.

There are no overlay zones affecting either property.

## **PROPERTY DESCRIPTION (Cont.)**

---

The City has not recently approved or is currently evaluating any applications for partitioning, land use, Measure 37/49, rezone, or development involving either property.

According to the Federal Emergency Management Agency (FEMA), the subject properties are situated within FEMA's un-shaded Flood Zone X. This zone is situated outside the 100-year flood plain. FEMA map reference is Community Panel 41043C-0914-G, dated September 29, 2010. No LOMA's or LOMR's have been filed in this vicinity.

Western Oregon is categorized as seismic zone 3, and the current probability of a major seismic event has been calculated as moderate. According to the City, the subject parcels are not impacted by any known mudslide or landslide hazard zones, any wildlife or riparian protection zones, nor impacted by any jurisdictional wetlands.

No information regarding hazardous materials on either subject or adjacent property was provided for this assignment. For this analysis, it is assumed that there are no adverse environmental conditions on, in, or near either subject that would impact marketability or value.

### ***Building and Site Improvements***

At the client's direction, only the land values of the two subject properties are being estimated in this appraisal assignment. As such, it is not necessary to describe the improvements situated within the land proposed for land swap or their parent parcels.

## HIGHEST AND BEST USE ANALYSIS

---

### *Highest and Best Use as if Vacant:*

#### **Property 1:**

Property 1 is zoned C-2 (Highway Commercial) and has a conforming Central Commercial comprehensive plan designation. This zone allows a wide array of commercial uses typically found along a highway or commercial corridor. There are no overlay zones impacting this property, nor are there any known easements encumbering the property. Municipal utility lines are available and the property is not within the 100-year flood plain, a geo-hazard zone, a habitat protection zone, or impacted by wetlands.

The City-owned property from which Property 1 is a portion has a long & narrow shape, totals 21,780 SF, and has no unusable land present. These attributes are generally suitable for a variety of uses allowed in the C-2 zone; however the long & narrow shape poses some issues for building size & configuration.

The community of Sweet Home has witnessed growth in its commercial sector in recent years, with both remodeling and new construction evident along the Highway 20 commercial corridor. According to the City, additional commercial development is being proposed along the highway. The current inventory of commercial land in Sweet Home is not excessive, nor is the inventory of available commercial space being offered for sale or lease.

If marketed for sale as a vacant property, the City-owned property is expected to generate strong interest. After reviewing the attributes of this property, the highest and best use of this property is for an allowed commercial use in accordance with the C-2 zoning criteria.

#### **Property 2:**

Property 2 is zoned R-1 (Low Density Residential) but its comprehensive plan designation is Central Commercial. As previously stated, the City indicates that the comprehensive plan designation would take priority over the zoning designation for new development applications. As such, the property is suitable for commercial use, with allowed uses similar to those available for the C-2 zone. There are no overlay zones impacting this property, nor are there any known easements encumbering the property. Municipal utility lines are available and the property is not within the 100-year flood plain, a geo-hazard zone, a habitat protection zone, or impacted by wetlands.

As with the adjacent City parcel, the Smith parcel from which Property 2 is a portion has a long & narrow shape, totals 21,780 SF, has no undevelopable land area, and lacks any view or amenity features. The shape does pose some development issues, but there are a number of commercial uses that could utilize this property.

If marketed for sale as a vacant property, the Smith property is expected to generate strong interest. After reviewing the attributes of this property and current market conditions, the highest and best use of this property is for an allowed commercial use.

## HIGHEST AND BEST USE ANALYSIS (Cont.)

---

### ***Highest and Best Use as Improved:***

As previously stated, this appraisal assignment only estimates the land value of the two properties proposed for the land swap. As such, there is no need to perform a highest and best use analysis of either property (or their parent property) as improved.

## VALUATION ANALYSIS

---

The following analysis estimates the value of Properties 1 and 2. As cited in the preceding highest and best use analysis, both properties are portions of tax lots with similar attributes and both conducive to commercial development. Both parcels front the highway and enjoy good visibility & access.

In order to estimate the land values of Properties 1 and 2, the parent parcels owned by the City and Mr. Smith are valued, then the resulting unit values (\$/SF) are applied to the land area with Properties 1 and 2. As previously stated, the client only wishes to obtain the land values for exchange purposes. As such, this assignment does not estimate any contributory value for the existing site or landscaping improvements situated within either property.

Both parent parcels are suitable for commercial use and share similar attributes. Specifically, both parcels total 21,780 SF, have a long & narrow shape, full offsite improvements (curb, gutter, & sidewalk) along the road frontage, a level terrain, available utilities, and no undevelopable land area or amenity features.

A search for suitable market data resulted in five comparables to be used for analysis purposes. These comparables specifically consist of one current listing and four sales that occurred between April 2017 and February 2020. These comparables range in size from 11,762 to 50,830 SF and indicate unit prices between \$2.69 and \$5.57/SF. All of these parcels are zoned C-2 and located along Highway 20 (Main Street) in Sweet Home.

For this analysis, the appropriate unit of comparison is the price per SF. The appraiser is aware of other comparables in the market area, but the selected data-set is considered to be the best available data for appraisal purposes.

In estimating the land values of the two subject properties, consideration is given to property rights conveyed, financing, conditions of sale, market conditions (time of sale), location, terrain, utility availability, the presence of offsite improvements, parcel size, configuration, zoning, the cost to remove/demolish necessary vegetation or structures, or the contributory value of any improvements with remaining economic life. Due to the lack of data to reliably quantify adjustments, adjustments are made on a qualitative basis in accordance with the market.

No adjustment for property rights is necessary. All of the comparables conveyed or are marketing a similar fee simple estate as each subject's interest being appraised.

## VALUATION ANALYSIS (Cont.)

With regard to financing, the sales are primarily cash transactions. Sale 4 involves a land sale contract, but the terms are considered cash equivalent. With regard to the listing of Item 5, the property owner seeks cash or cash-equivalent terms. Overall, no financing adjustment is required for these comparables.

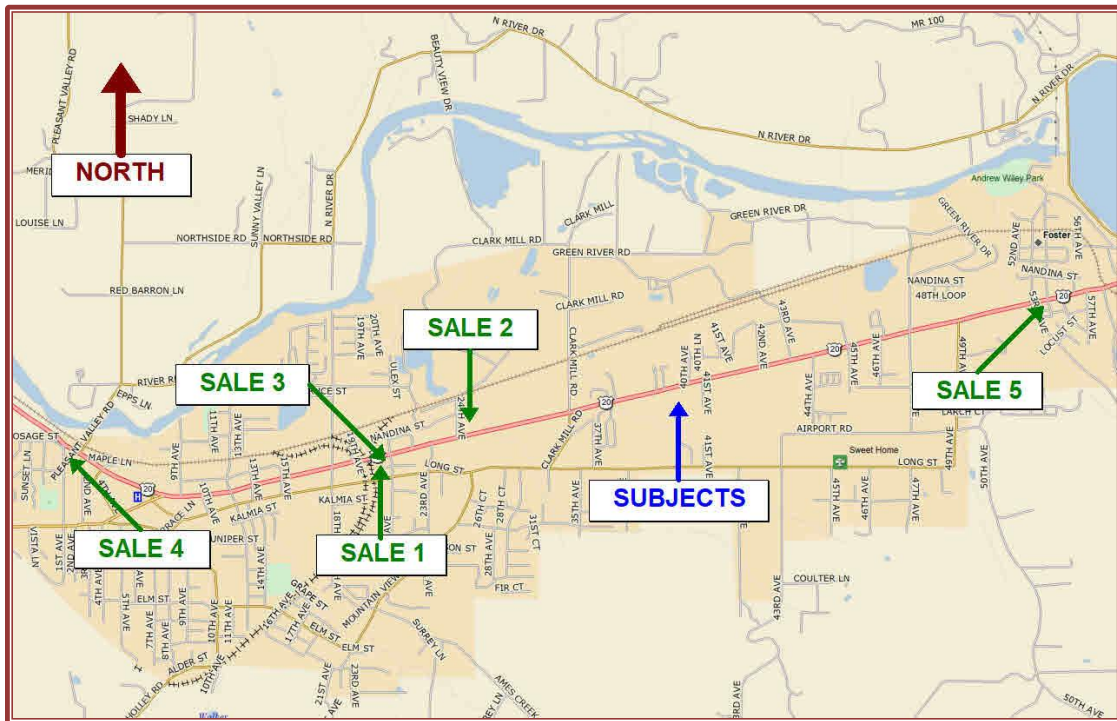
Regarding conditions of sale, the transactions are arm's length and do not appear to involve duress. Furthermore, the property owner marketing the listing is under no atypical motivation to sell his property. Overall, no conditions of sale adjustment is necessary for these comparables.

The sales occurred between April 2017 and February 2020. With regard to the commercial land transactions, Sweet Home has witnessed improved market conditions during the past few years and upward time adjustments are warranted for the three sales that occurred between April 2017 and September 2018. No time adjustment is necessary for Sale 4 occurring in February 2020. With regard to the active listing of Item 5, a downward adjustment for listing status is appropriate due to the likelihood that a negotiated sale price will be lower than the listing price.

<b>SALE</b>	<b>LOCATION</b>	<b>PRICE/ SALE DATE</b>	<b>SIZE/ ZONING</b>	<b>UNIT PRICE</b>	<b>COMMENTS</b>
<b>1</b>	<b>S/S Highway 20 Sweet Home</b>  13S-1E-32BC: 1100 and 7200  Doc. No.: 2017-7010	\$174,000 Cash to Seller (4/17)	50,830 SF C-2	\$3.42/SF	Located along highway and commercial corridor in growing commercial area across from Bi-Mart. Parcel has level terrain, irregular shape, full offsites, good visibility and access, and available utilities. Buyer erected Dollar General retail store on the parcel.
<b>2</b>	<b>NEC Highway 20 &amp; 24<sup>th</sup> Avenue Sweet Home</b>  13S-1E-32BA: 1500  Doc. No.: 2018-8021	\$115,000 Cash (5/18)	42,689 SF C-2	\$2.69/SF	Located along highway and commercial corridor with good visibility & access. Parcel is slightly above grade, has a gentle terrain, an open interior with a few trees, a utilitarian shape, available utilities, and full offsites along both frontages. No undevelopable land or amenity features present. Site developed with a Dollar Tree store.
<b>3</b>	<b>S/S Highway 20, west of 22<sup>nd</sup> Ave. Sweet Home</b>  13S-01E-32BC: 1201 and 1300  Doc. No.: 2018-17035	\$50,000 Cash (9/18)	11,762 SF C-2	\$4.25/SF	Located along highway and commercial corridor with good visibility and access. Rear of parcel fronts Larch Street. Parcel is level, at grade, irregular shape, available utilities, full offsites along highway, open interior with a few trees, and no unusable land area or amenities.

## VALUATION ANALYSIS (Cont.)

SALE	LOCATION	PRICE/ SALE DATE	SIZE/ ZONING	UNIT PRICE	COMMENTS
4	<b>S/S Highway 20, east of 1<sup>st</sup> Avenue Sweet Home</b>  13S-01E-31BC: 500 Doc. No.: 2020-3046	\$87,500 Cash Eq. (2/20)	16,117 SF C-2	\$5.43/SF	Located at west end of town and commercial corridor. Good visibility & access, with shared driveway to ODOT yard (to west). Parcel is 3-feet above road grade, has irregular shape, level to gentle terrain, mostly open interior with a few trees, available utilities, full offsites, and no amenity features.
5	<b>SWC Highway 20 &amp; 55<sup>th</sup> Avenue Sweet Home</b>  13S-01E-27DB: 2500 and 2600 Doc. No.: n/a	\$80,000 Listing (3/20)	14,374 SF C-2	\$5.57/SF	Located at east end of commercial corridor near commercial, industrial, and residential uses. 55 <sup>th</sup> Avenue is gravel road with no offsites, highway frontage has full offsites. Parcel has gentle terrain with two benches, east bench has foundation system requiring removal. Parcel has utilitarian shape, available utilities, good access & visibility, some trees present, and no amenity features or undevelopable area. Listing commenced in February 2018 with no price changes to date.



## LAND SALES MAP

## VALUATION ANALYSIS (Cont.)

---

The following paragraphs discuss each comparable and factors warranting adjustment for comparison with the two subject properties. As both the City and the Smith parcels have similar attributes, the adjustments and suggested values from each comparable apply to both subject properties.

**Sale 1** involves a 50,830 SF C-2 zoned parcel located on the south side of Highway 20 in Sweet Home that sold in April 2017 for \$174,000 or \$3.42/SF. The parcel was subsequently developed with a Dollar General store. By comparison with the subject parcels, Sale 1 is similar in property rights, terrain, utilities, zoning, offsite improvements, and the lack of amenities. No adjustments are needed for financing, conditions of sale, or shape. Upward adjustments are warranted for Sale 1's time of sale as well as the parcel size differential. Conversely, a downward adjustment is necessary for Sale 1's superior locational attributes. After reviewing the adjustments, the downward adjustment outweighs the upward adjustments. As such, Sale 1 suggests that the land value of each subject property is less than \$3.42/SF.



**Sale 2** is a 42,689 SF C-2 zoned parcel located at the northeast corner of Highway 20 and 24<sup>th</sup> Avenue. This parcel sold in May 2018 for \$115,000 or \$2.69/SF. This parcel was subsequently developed with a Dollar Tree store. By comparison with the subject parcels, Sale 2 is similar in property rights, utilities, zoning, offsite improvements, and the lack of an amenity feature. No adjustments are needed for financing, conditions of sale, or terrain. Upward adjustments are necessary for Sale 2's time of sale and the parcel size differential. Downward adjustments are warranted for Sale 2's superior locational attributes and shape. After reviewing the adjustments, Sale 2 suggests that the land value of each subject property is similar to slightly greater than \$2.69/SF.



**Sale 3** is an 11,762 SF C-2 zoned parcel located on the south side of Highway 20 west of 22<sup>nd</sup> Avenue that sold in September 2018 for \$50,000 or \$4.25/SF. By comparison with the subject parcels, Sale 3 is similar in property rights, terrain, utilities, zoning, offsites, and the lack of amenity features. No adjustments are needed for financing, conditions of sale, shape, or parcel size. An upward adjustment is warranted for Sale 3's time of sale. Conversely, a downward adjustment is necessary for Sale 3's superior locational attributes. After review, the downward adjustment outweighs the upward adjustment. Thus, Sale 3 suggests that the land value of each subject property is less than \$4.25/SF.



## VALUATION ANALYSIS (Cont.)

---

**Sale 4** involves a 16,117 SF C-2 zoned parcel located along the south side of Highway 20 east of 1<sup>st</sup> Avenue. This parcel sold in February 2020 for \$87,500 or \$5.43/SF. By comparison with the subject parcels, Sale 4 is similar in property rights, utilities, zoning, offsite improvements, and the lack of amenity features. No adjustments are needed for financing, conditions of sale, time of sale, shape, terrain, or parcel size. A downward adjustment is necessary for Sale 4's superior locational attributes. With no factors warranting upward adjustment, Sale 4 suggests that the land value of each subject property is less than \$5.43/SF.



**Item 5** involves a 14,374 SF C-2 zoned parcel located at the southwest corner of Highway 20 and 55<sup>th</sup> Avenue. This parcel is situated in a mixed-use neighborhood and not the primary Highway 20 commercial corridor further west. This parcel has been listed since February 2018 at an asking price of \$80,000 or \$5.57/SF. By comparison with the subject parcels, Item 5 is similar in property rights, utilities, zoning, and the lack of amenity features. No adjustments are needed for conditions of sale, locational attributes, or parcel size. Downward adjustments are warranted for Item 5's listing status as well as its superior shape. Conversely, upward adjustments are necessary for Item 5's inferior terrain, offsite improvements, and the cost to remove the existing foundation system. It is noted that this listing exceeds prices of other better-situated sale properties in Sweet Home. Coupled with the fact that this listing has been offered for sale at an extended marketing time with no price changes, the listing price is considered excessive and out of line with market parameters. After review, Item 5 suggests that the land value of each subject property is less than \$5.57/SF.



The land values of the two parcels owned by the City and Daniel Smith are estimated after considering the market data assembled for this analysis, the adjustments identified in the preceding discussion, the characteristics of each subject parcel, and current market conditions.

The market data indicates unadjusted unit prices between \$2.69 and \$5.57/SF. As previously stated, both the City parcel and the Smith parcel share similar attributes and the adjustment process equally applies to both properties. After considering differences between these comparables and the two subject parcels, Sale 2 suggests a land value similar to slightly greater than \$2.69/SF while the remaining comparables suggest a land value less than \$3.42 to \$5.57/SF.

Based on the preceding analysis, each parcel's attributes, and current market conditions, the land value of the 21,780 SF parcels owned by the City and Daniel Smith is estimated to be \$3.00/SF.

## VALUATION ANALYSIS (Cont.)

---

Property 1 is the northeasterly 1,892 SF of the 21,780 SF parent parcel under the City's ownership. Applying the \$3.00/SF land value to the 1,892 SF Property 1 results in a land value of \$5,676, rounded to **\$5,700**. This is the value of Property 1 proposed for land swap with Mr. Smith's adjacent Property 2.

Property 2 is the southerly 1,892 SF of the 21,780 SF parent parcel under the ownership of Daniel Smith. Applying the \$3.00/SF land value to the 1,892 SF Property 2 results in a land value of \$5,676, rounded to **\$5,700**. This is the value of Property 2 proposed for land swap with the City's adjacent Property 1.

### ***Land Value Estimates***

For this assignment, the land values of Properties 1 and 2 are estimated. These two properties are proposed for a land swap. The following values for each property are estimated using the Sales Comparison Approach.

<b>Property 1 – 1,892 SF owned by city of Sweet Home</b>	<b>\$5,700</b>
<b>Property 2 – 1,892 SF owned by Daniel Smith</b>	<b>\$5,700</b>

Please note that these values are dependent upon any extraordinary assumptions or hypothetical conditions cited earlier in this appraisal report.

# QUALIFICATIONS

---

**William E. Adams, MAI**  
1809 Sunburst Terrace NW  
Salem, OR 97304  
Office: (503) 585-6656  
Mobile: (503) 510-1104  
Email: [1billadams@comcast.net](mailto:1billadams@comcast.net)

## **ASSOCIATION**

Appraisal career commenced in 1984. The appraisal offices of William E. Adams, MAI opened in Salem, Oregon in August 1999. Between May 1995 and August 1999, William E. Adams, MAI was associated with the commercial real estate appraisal firm of Herrmann & Company in Salem, Oregon. Prior to May 1995, William E. Adams, MAI was a partner with the appraisal firm of Adams, Bambas & Willmette in Stockton, California.

## **PROFESSIONAL AFFILIATIONS**

Member of the Appraisal Institute - Designated MAI (No. 9396)  
Member of the Oregon Society of Farm Managers and Rural Appraisers  
State of Oregon - Certified General Appraiser No. C000495

## **EDUCATION**

Willamette University, Salem, Oregon; Bachelor's Degree majoring in Economics and Psychology, 1983.

Appraisal Institute: All required courses for MAI designation, and continuing education requirements have been met.

## **EXPERIENCE**

Clients include many individual property owners and corporations; various agencies of the United States of America; the State of Oregon; the State of California; several counties and cities in Oregon and central California; public utilities; banks and other lending institutions; insurance companies; attorneys and accountants; school districts; and assessment districts.

Assignments were for private purchases and sales; loan and public financing; damage loss; trades; ad valorem and inheritance taxation matters; bankruptcy proceedings; and public acquisitions through condemnation.

Aside from typical commercial, industrial and residential properties, assignments include residential subdivisions and PUDs; master planned communities; mortuaries; auto dealerships; athletic clubs; general and factory outlet retail centers; professional and medical offices; marinas; urban transition property; agricultural and rural property; proposed industrial and business parks; bond districts; school and park sites; surface mines; sanitary landfills (Class II and III); property slated for right of way acquisition; contaminated lands; environmentally sensitive lands; industrial manufacturing and warehousing facilities; forest and governmental land; and other issue or special use property.