# APPRAISAL REPORT

Two Properties Involved in the
$24^{th}$ Avenue 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.: 191103a

♦ **William E. Adams, MAI** ♦
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March 16, 2020

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

RE: Appraisal Assignment --- 24th Avenue 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 13,977 SF industrial-zoned parcel located along the west side of 24th Avenue within the City's 4.48-acre corporation yard. This 13,977 SF parcel will be partitioned from the larger City property and placed into two adjacent tax lots. At the City's direction, these two newly-partitioned tax lots will be valued as a single property. **Property 2** involves a 4,152 SF commercial-zoned segment of a 16,989 SF property under two separate but related ownerships located at the northwest corner of 24th Avenue and Main Street (State Highway 20). These two parcels are specifically under the ownership of the Hutchins Trust (tax lot 1301) and Reliable Welding Inc. (tax lot 1400). The City intends to obtain the 4,152 SF segment in order to integrate the land into the 24th Avenue right of way. In exchange, the City will give the 13,977 SF City parcel to the owners of the Hutchins Trust and Reliable Welding properties. For the purpose of this appraisal assignment, Property 2 is also referenced as the Hutchins/Reliable property.

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.

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 report's intended use, 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 and hypothetical conditions (as defined by USPAP) are utilized. Please note that the 4,152 SF segment (Property 2) within the Hutchins/Reliable property is estimated by first valuing the 16,989 SF land within the two tax lots (parent parcel) and the resulting unit value is applied to the 4,152 SF segment. The client indicates that any site improvements situated within the 4,152 SF area are not to be valued. Only land value is to be estimated. Similarly, the appraiser is to disregard any existing site improvements situated on the 16,989 SF city-owned parcel and only estimate its land value.*

*The 13,977 SF city-owned parcel (Property 1) proposed for land swap is currently a portion of a 4.48-acre tax lot. The client indicates that the city-owned land proposed for this land swap will be severed from the larger city property (parent parcel) and partitioned into two adjacent tax lots. At the client's direction, this appraisal is predicated on the hypothetical condition that the 13,977 SF land area proposed for land swap is already partitioned and suitable for separate sale or exchange. This property is to be valued as having legal access to 24th Avenue, available municipal utilities within the 24th Avenue right of way, and have conforming zoning & comprehensive plan designations.*

*Property 2 currently consists of two related but separate ownership vestings and tax lots. The client has instructed the appraiser to value the two adjoining tax lots as one parcel given the related ownerships. The appraiser is valuing Property 2 under this premise as an extraordinary assumption, with no consideration to any site improvements situated on the property or any potential damages to the balance of the property resulting from the loss of the 4,152 SF portion to be granted to the City for road widening purposes.*

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.

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:

| | |
|---|---|
| **Property 1 – 13,977 SF owned by city of Sweet Home** | **$24,500** |
| **Property 2 – 4,152 SF owned by Hutchins Trust and Reliable Welding Inc.** | **$24,000** |

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

Sincerely,

William E. Adams, MAI

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## INTRODUCTION



## AREA AND PROPERTY DESCRIPTIONS



## ANALYSES AND CONCLUSIONS



## ADDENDA

# SCOPE OF THE APPRAISAL

The city of Sweet Home intends to widen 24th Avenue north of Main Street (State Highway 20) in Sweet Home. The City's corporation yard includes extensive frontage along the west side of 24th Avenue. This city-owned parcel totals 4.48 acres and is zoned Industrial (M) by the City. Directly south of the corporation yard are two adjoining tax lots fronting Main Street and having separate but related ownerships. The westerly tax lot is owned by the Hutchins Trust and the easterly parcel (also containing frontage on 24th Avenue) is owned by Reliable Welding Inc. These two tax lots total 16,989 SF and are similarly zoned C-2 (Highway Commercial) by the City. The city wishes to obtain the easterly 4,152 SF portion of this commercial property and has offered to compensate the property owners by giving them 13,977 SF of adjacent land from the City's corporation yard property. This land swap is being performed by willing sellers and not under the process of eminent domain. Specifically, the land swap includes the 13,977 SF (Property 1) owned by the City in exchange for the 4,152 SF (Property 2) owned by the Hutchins Trust and Reliable Welding Inc. 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 representatives of either the Hutchins Trust or Reliable Welding Inc.

- 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 and hypothetical conditions (as defined by USPAP) are employed for this assignment and the reader of this report is encouraged to review these conditions & 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.

**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.*[1]

**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.[2]

**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.[3]

**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.[4]

**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.[5]

**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.[6]

**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.[7]

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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

**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".[8]

**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.[9]

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.

8 Ibid., p. 109

9 Ibid., p. 140

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.

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 and hypothetical conditions (as defined by USPAP) are utilized. Please note that the 4,152 SF segment (Property 2) within the Hutchins/Reliable property is estimated by first valuing the 16,989 SF land within the two tax lots (parent parcel) and the resulting unit value is applied to the 4,152 SF segment. The client indicates that any site improvements situated within the 4,152 SF area is not to be valued. Only land value is to be estimated. Similarly, the appraiser is to disregard any existing site improvements situated on the 16,989 SF city-owned parcel and only estimate its land value.*

*The 13,977 SF city-owned parcel (Property 1) proposed for land swap is currently a portion of a 4.48-acre tax lot. The client indicates that the city-owned land proposed for this land swap will be severed from the larger city property (parent parcel) and partitioned into two adjacent tax lots. At the client's direction, this appraisal is predicated on the hypothetical condition that the 13,977 SF land area proposed for land swap is already partitioned and suitable for separate sale or exchange. This property is to be valued as having legal access to 24$^{th}$ Avenue, available municipal utilities within the 24$^{th}$ Avenue right of way, and have conforming zoning & comprehensive plan designations.*

*Property 2 currently consists of two related but separate ownership vestings and tax lots. The client has instructed the appraiser to value the two adjoining tax lots as one parcel given the related ownerships. The appraiser is valuing Property 2 under this premise as an extraordinary assumption, with no consideration to any site improvements situated on the property or any potential damages to the balance of the property resulting from the loss of the 4,152 SF portion to be granted to the City for road widening purposes.*

# APPRAISER'S CERTIFICATION

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

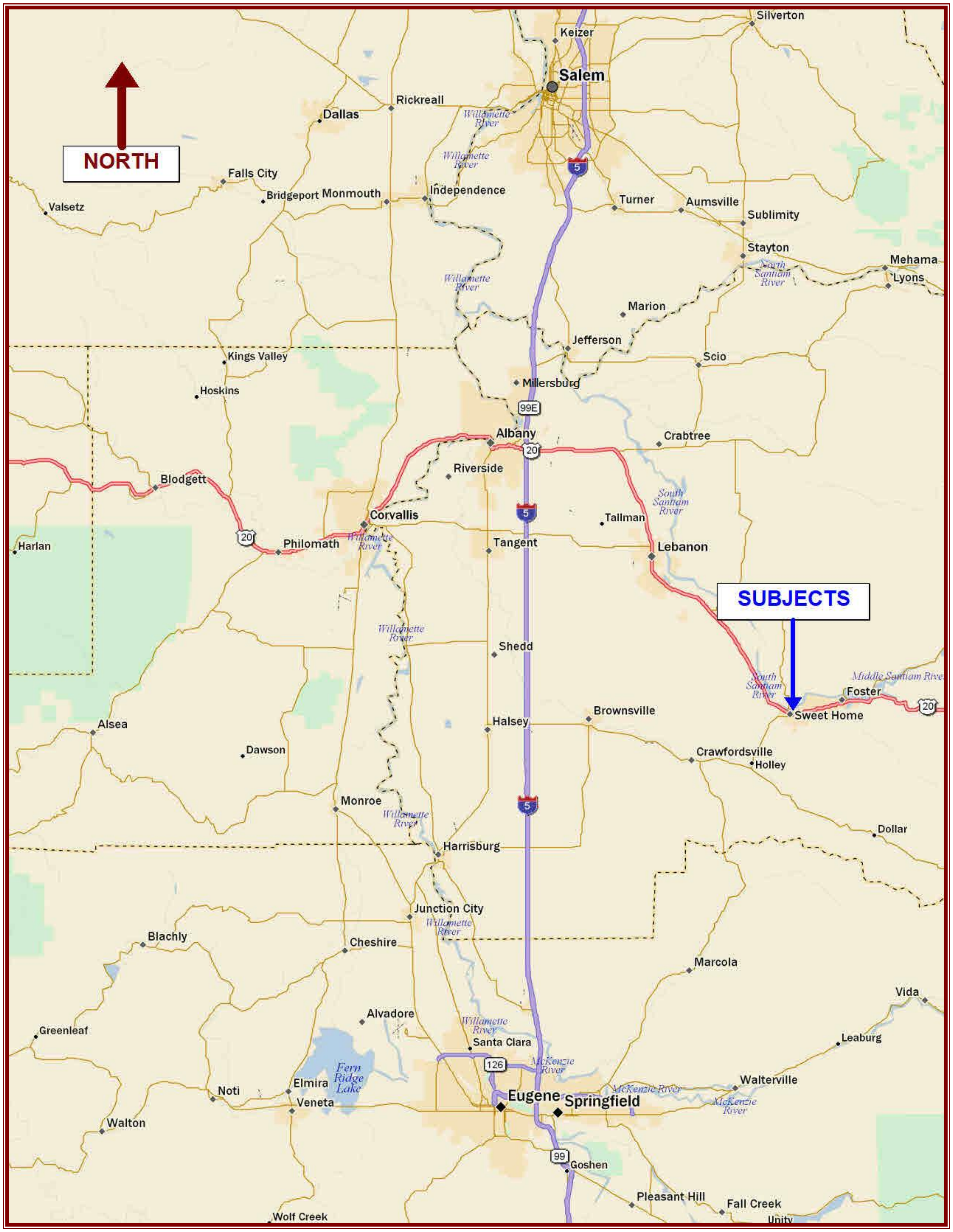
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no 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

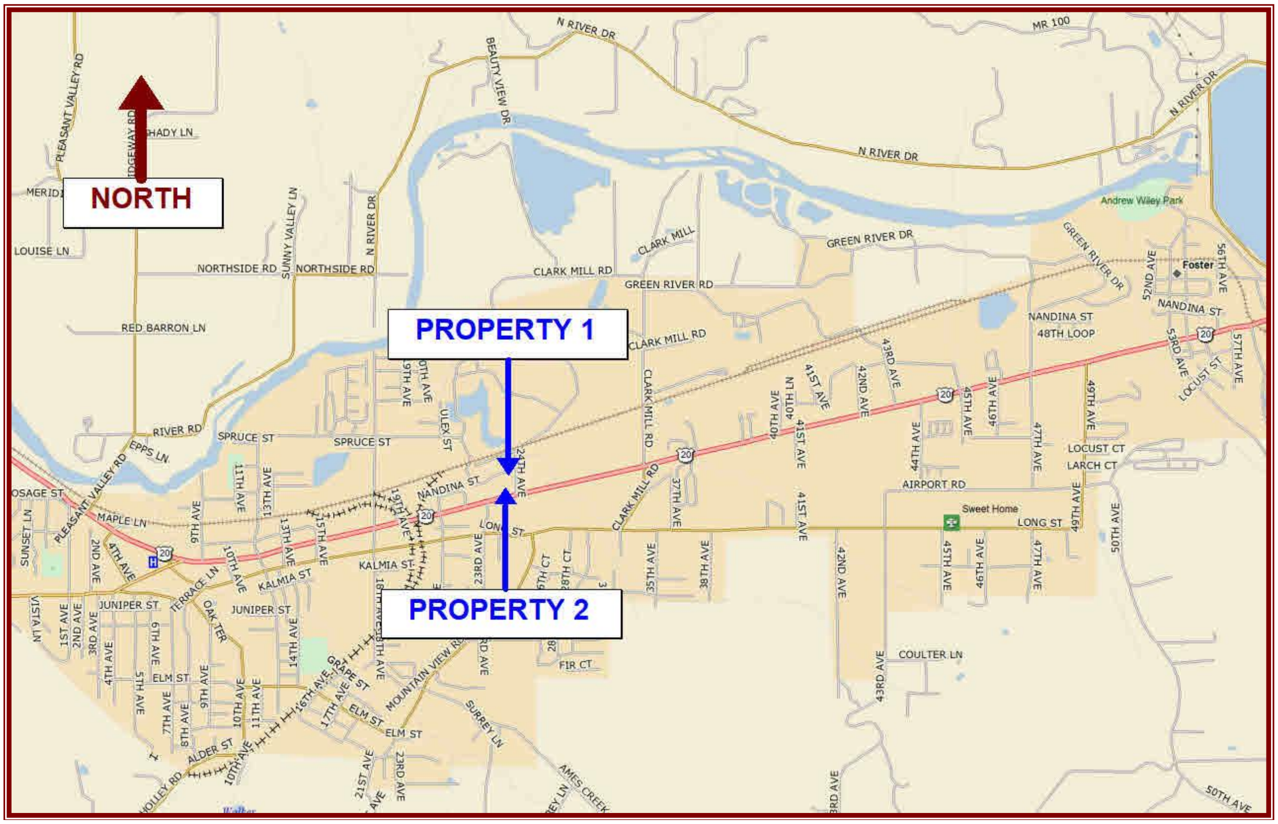
William E. Adams, MAI

*Oregon General Appraisal Certificate C00495*

*Expires 11-30-2020*


NORTH
SUBJECTS
Salem
Keizer
Silverton
Dallas
Rickreall
Falls City
Bridgeport
Monmouth
Independence
Valsetz
Turner
Aumsville
Sublimity
Stayton
Mehama
Lyons
Marion
Jefferson
Kings Valley
Hoskins
Millersburg
Scio
Albany
Crabtree
Riverside
Blodgett
Corvallis
Philomath
Tallman
Harlan
Tangent
Lebanon
Shedd
Foster
Sweet Home
Brownsville
Halsey
Alsea
Dawson
Crawfordsville
Holley
Monroe
Harrisburg
Dollar
Junction City
Blachly
Cheshire
Marcola
Vida
Alvadore
Greenleaf
Leaburg
Santa Clara
Fern Ridge Lake
Noti
Elmira
Veneta
Walterville
Eugene
Springfield
Walton
Goshen
Pleasant Hill
Fall Creek
Wolf Creek
Willamette River
South Santiam River
North Santiam River
Middle Santiam River
McKenzie River

## AREA MAP




# 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.

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 with Property 1 specifically situated one parcel north of Highway 20 along 24th Avenue and Property 2 situated at the northwest corner of 24th Avenue and Highway 20. Along the Main Street/Highway 20 commercial corridor are a variety of commercial uses with structures ranging from below-average to average quality & condition. A few rural residences are also present along the highway in this vicinity as well as municipal uses. A new Dollar Tree store was recently constructed on the east side of 24th Avenue, directly east of the subject properties.

24th Avenue extends north of Highway 20 to the railroad tracks within ¼ mile to the north. Along 24th Avenue are some industrial service uses, undeveloped land, and the City's corporation yard. The road currently terminates at the railroad tracks, with a former mill site located north of the railroad tracks.

According to the City, the former mill site and adjoining land north of the railroad tracks are targeted as a new location for the annual Oregon Jamboree. The widening project of 24th Avenue is intended to provide improved access to this event facility. The City's Comprehensive Plan designation for the land along 24th Avenue and the former mill site is Recreation Commercial, which is intended to support the event property and adjoining lands anticipated to transition to uses supporting the facility.

Property 1 is the 13,977 SF south portion of the City corporation yard property. Uses adjoining Property 1 include the balance of the corporation yard to the north, commercial and service uses to the south (fronting Highway 20), the new Dollar Tree store on the east side of 24th Avenue, and a light industrial use to the west (also fronting Highway 20).

Property 2 consists of the two adjoining commercial-zoned parcels fronting Highway 20 and under the Hutchins Trust & Reliable Welding ownerships. Uses adjoining these two properties consist of a hair salon to the west, the City's corporation yard to the north, the new Dollar Tree store on the east side of 24th Avenue, and both a retail store & old dwelling on the south side of Highway 20.

Land along the highway corridor in the subject's vicinity is zoned C-2 (Commercial Highway) while land north of this corridor is primarily zoned M (Industrial). 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.

Northerly view of Property 1's 24th Avenue frontage. (A12-498)

Southerly view of Property 1's 24th Avenue frontage. (A12-499)

View of Property 1 from road frontage. (A12-500)

Easterly view of Property 1 taken near west boundary. (A12-501)


View of Hutchins Trust/Reliable Welding Property taken from
24th Avenue & Main Street intersection. (A12-491)

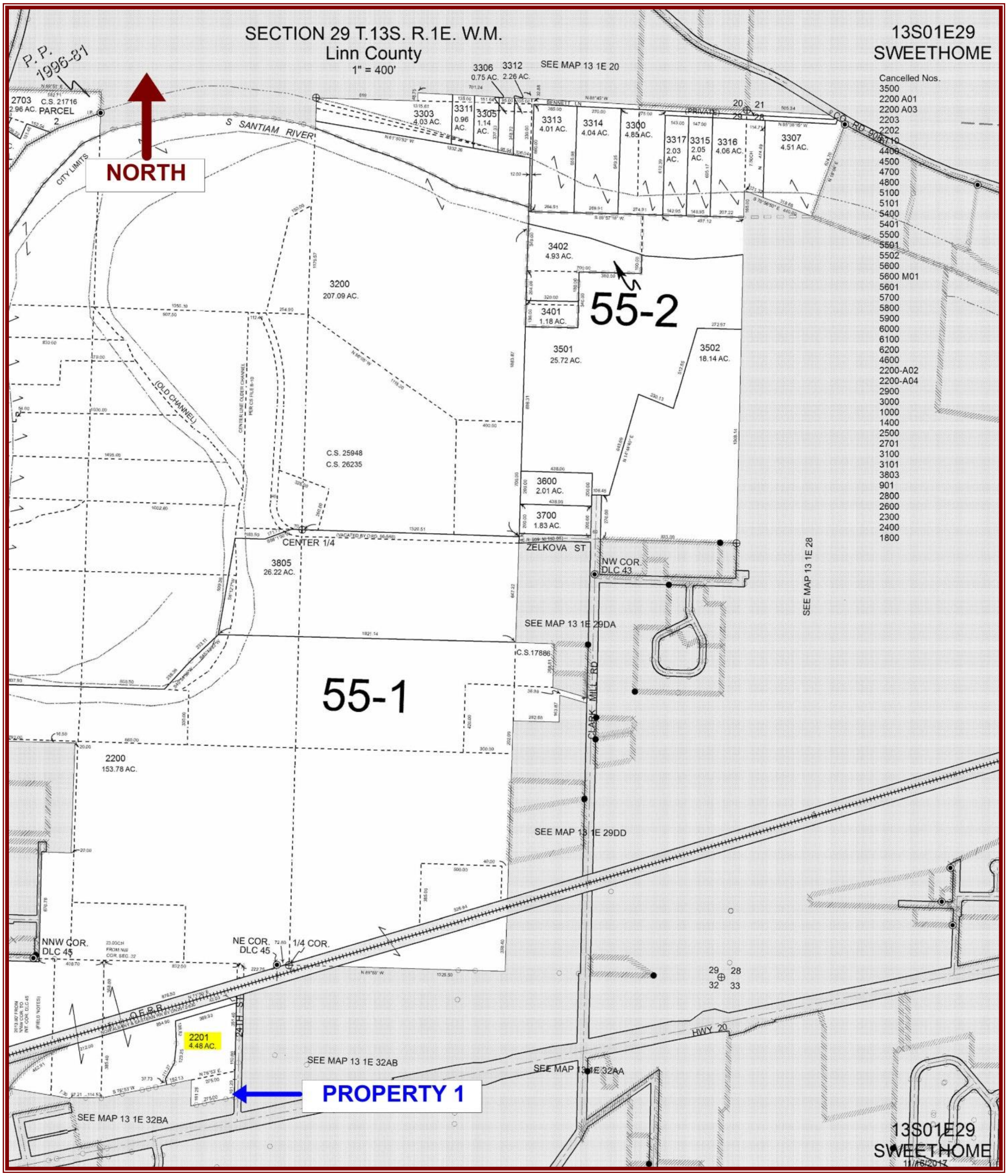
Easterly view of property's Main Street frontage. (A12-487)

View of Hutchins/Reliable property from 24th Avenue frontage. (A12-494)

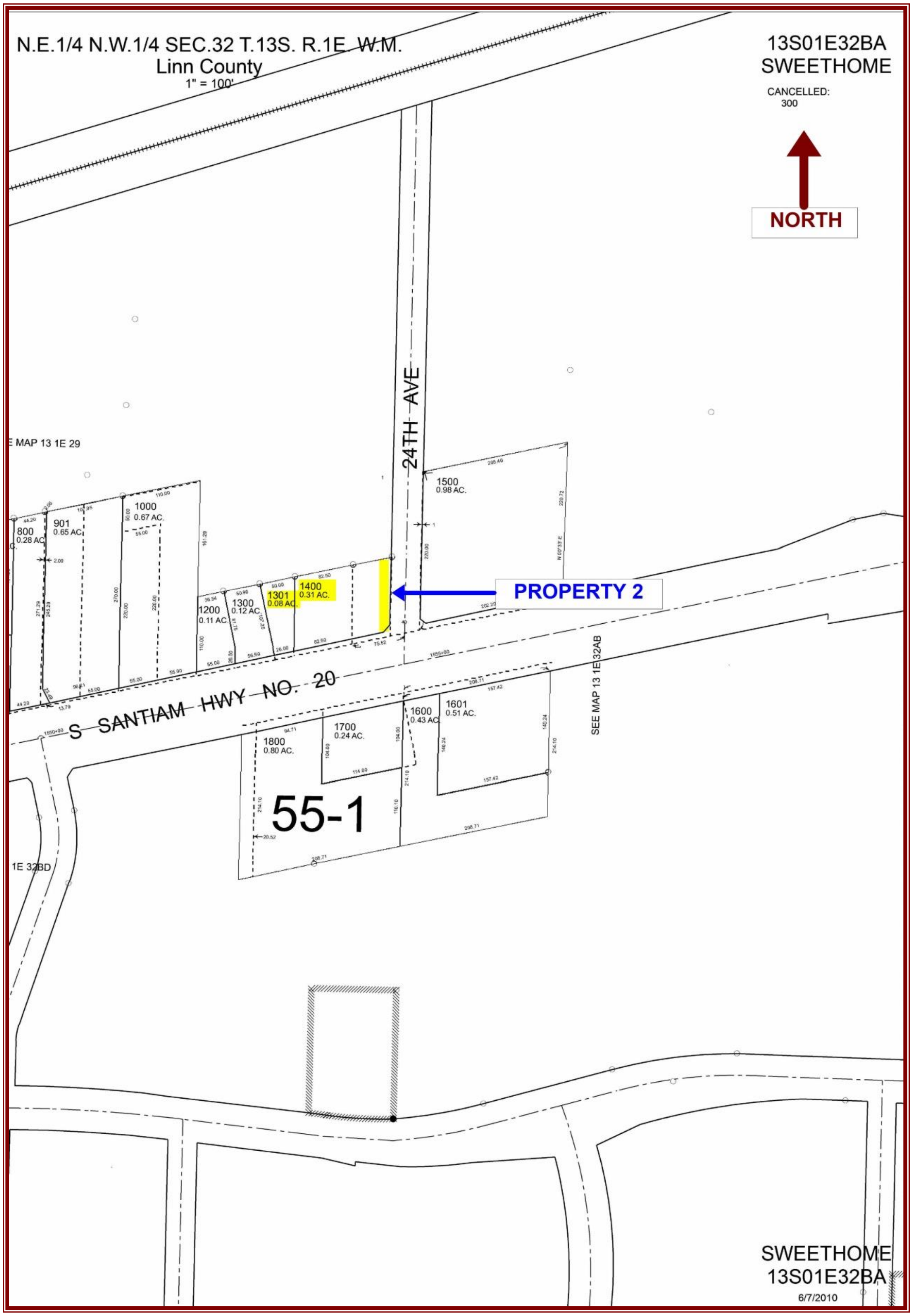
Northerly view of subject's 24th Avenue frontage. (A12-492)

Northerly view of Property 2 proposed for land swap. (A12-493)

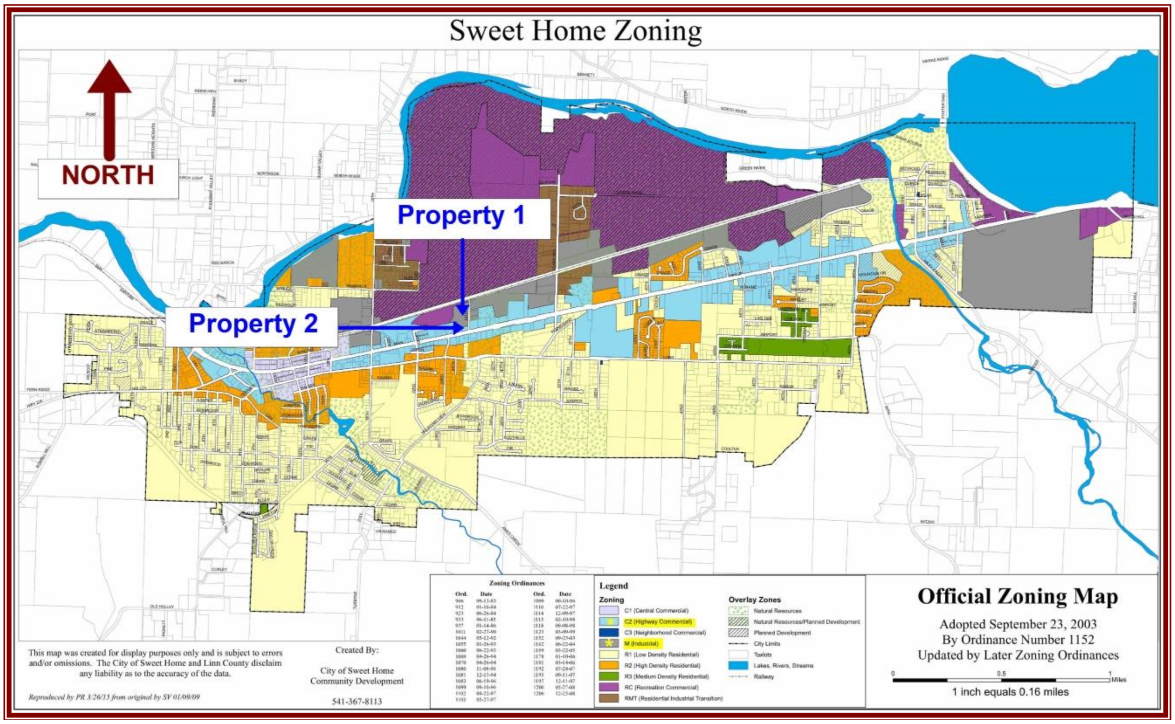

Southerly view of Property 2. (A12-497)



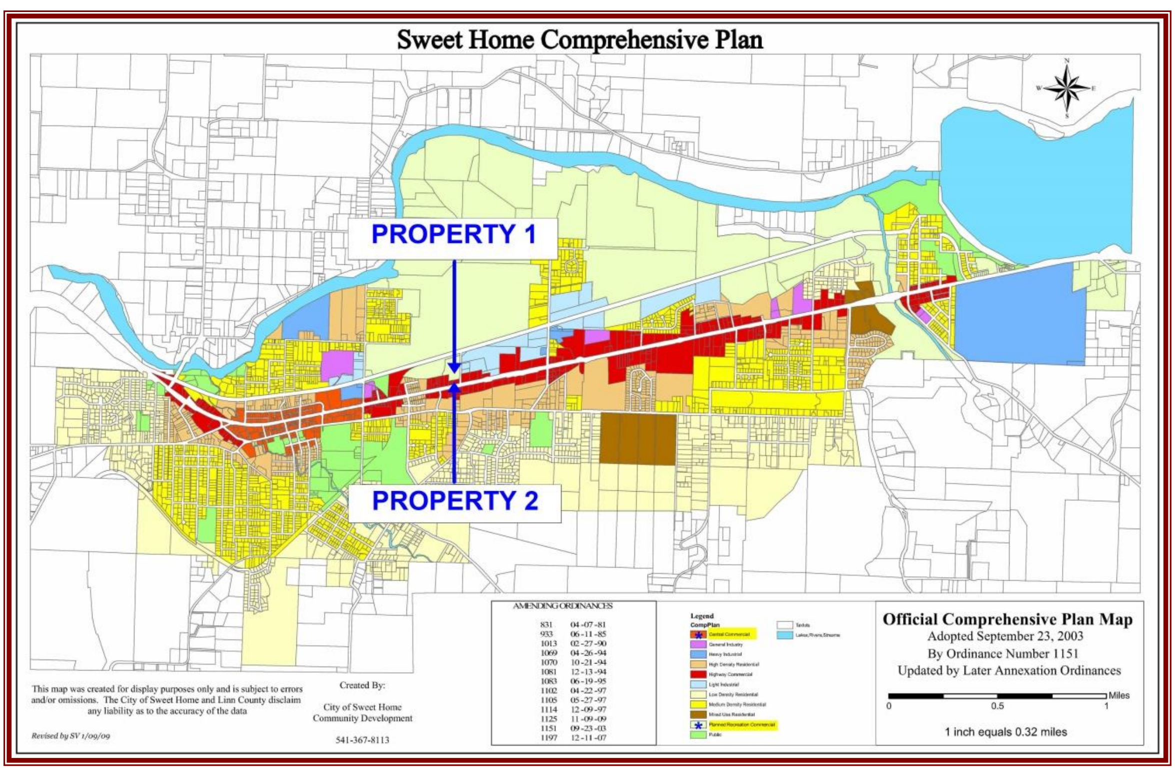

## PLAT MAP – Property 1



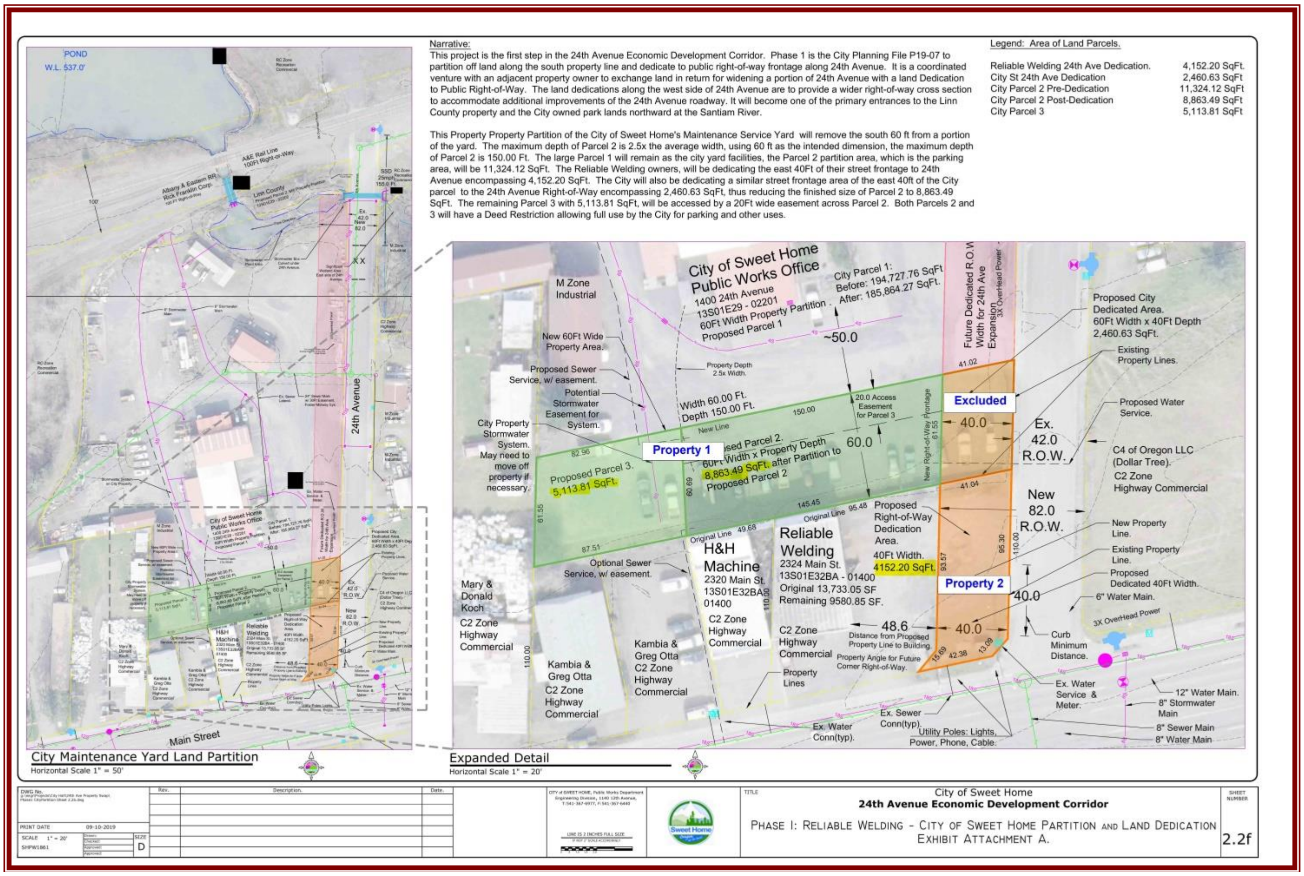

## PLAT MAP – Property 2




## ZONING MAP




## COMPREHENSIVE PLAN MAP




# LAND SWAP EXHIBIT


### *Ownership and Property History*

The city of Sweet Home owns the 4.48-acre tax lot from which Property 1 is located. Two adjacent tax lots fronting Highway 20 are owned by the Hutchins Trust (tax lot 1301) and Reliable Welding Inc. (tax lot 1400). Property 2 is located on the east side of tax lot 1400 and the client has instructed the appraiser to value Property 2 as part of the combined tax lots 1301 and 1400 given that their ownerships are related. Given the scope and intended use of this appraisal assignment, no contact was made with the owners of tax lots 1301 and 1400 as part of this appraisal assignment.

A review of County records reveals no ownership transfers involving these properties during the past three years. In 2003, an interparty transaction occurred involving tax lot 1400 which conveyed ownership from Hutchins to Reliable Welding Incorporated. A review of the local multiple listing service reveals no active listings involving these three properties.

### *Subject Location and Access*

**Property 1** is the southerly 13,977 SF of a 4.48-acre parcel owned by the city of Sweet Home. Property 1 and its parent parcel (owned by the City) contain frontage and access along the west side of 24$^{th}$ Avenue. This property is located one property north of the Highway 20 (Main Street) intersection. Specifically, Property 1 contains 61.5 feet of frontage along the widened 24$^{th}$ Avenue right of way after the City dedicates another portion for road widening purposes. Overall, access to Property 1 is considered average.

**Property 2** is part of two adjacent tax lots located at the northwest corner of 24th Avenue and Main Street. These two tax lots specifically contain approximately 110 feet of Main Street frontage and approximately 100 feet of frontage along 24th Avenue. Property 2 involves 4,152 SF of land along the east end of this combined property, with Property 2 having approximately 50 feet of frontage along Main Street and approximately 100 feet of 24th Avenue frontage. The two tax lots have multiple access drives from Main Street and one large access drive along 24th Avenue. Overall, access to these two tax lots is considered average.

### *Present Use*

Currently, the 4.48-acre City parcel is utilized as a corporation yard containing shops, storage buildings, offices, and significant outside storage. Parking is also provided. Buildings vary in construction components and quality/condition ratings. The City's land swap parcel (Property 1) consists of gravel surface, perimeter chain link fencing along the south and west boundaries, and wood-post light standards.

The two tax lots within the Hutchins/Reliable ownerships are improved with older light industrial buildings utilized for service uses. The west tax lot (1301) is utilized for H & H Machine while the east tax lot (1400) is utilized for Reliable Welding. These two tax lots contain both asphalt paved and gravel surfaces as well as display signs. The westerly building used by H & H Machine is a concrete block building with rollup doors and a partial upper floor. Based on a cursory exterior inspection, this building is rated below-average in quality & condition. The easterly building used by Reliable Welding is a concrete block shop building with 4 bays and rated below-average in quality & condition.

The east portion of tax lot 1400 is proposed for the land swap with the City and is identified as Property 2. Property 2 is currently improved with gravel surface, a display sign, and some metal materials being stored by the owner.

### *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 follows.

Property 1 is briefly described as being within the north ½ of Section 32 in Township 13 South, Range 1 East, Willamette Meridian, in Linn County, Oregon. Property 1 is currently a portion of Tax Lot 2201 within Linn County Assessor's Plat 13S-01E-29.

Property 2 is briefly described as being within the Northeast ¼ of the Northwest ¼ of Section 32 in Township 13 South, Range 1 East, Willamette Meridian, in Linn County, Oregon. Property 2 is a portion of Tax Lots 1301 and 1400 within Linn County Assessor's Plat 13S-01E-32BA.

### *Assessed Values and Taxes*

Properties 1 and 2 are portions of three 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-29: 2201 |
| | 13S-1E-32BA: 1301, 1400 |

| | | ---- Real Market Value ---- | | Assessed | |
|---|---|---|---|---|---|
| **Account** | **Land** | **Improvements** | **Total** | **Value** | **Taxes** |
| ***Property 1:*** | | | | | |
| 0878950 (2201) | $326,740 | $295,490 | $622,230 | $622,230 | Exempt |
| ***Property 2:*** | | | | | |
| 0258190 (1301) | $22,660 | $71,530 | $94,190 | $93,190 | $1,604.52 |
| 0258208 (1400) | $58,540 | $33,350 | $91,890 | $48,870 | $1,205.61 |

### *Site Description*

**Property 1:**

Property 1 is the southerly 13,977 SF of the 4.48-acre tax lot owned by the City. Property 1 is identified on the Land Swap Map as Proposed Parcels 2 and 3 (shown in green). As cited on the exhibit, the City will be also dedicating the northerly portion of the orange area for the purpose of widening 24th Avenue. This will result in Property 1 having direct frontage along the widened 24th Avenue right of way. According to the client, Property 1 will have direct access to 24th Avenue, with all municipal utilities available. This property is essentially shaped as a parallelogram, with its width being 60 feet and its north & south boundaries measuring approximately 232 feet. This parcel has a level terrain, at grade to the roadway and adjoining properties, with an open interior currently used for parking associated with the City's corporation yard. Property 1 has no undevelopable area or view/amenity features. 24th Avenue has full offsite improvements (curb, gutter, and sidewalk) along the road frontage. The appraiser's inspection of the subject and surrounding neighborhood indicates no obvious signs of soil instability, drainage, or erosion problems.

**Property 2:**

Unlike Property 1, Property 2 is valued at its contributory value to the Hutchins Trust/Reliable property. This combined ownership totals 16,989 SF, has a utilitarian shape with available utilities, average access along both road frontages, a level terrain at grade to both road frontages, and no view or amenity features. Full offsite improvements are present along both road frontages.

Property 2 totals 4,152 SF and is situated along the east side of the Hutchins Trust/Reliable property. Property 2 is located along the west side of 24th Avenue and as well as the north side of Main Street. The parcel has an irregular shape and its small size is not conducive to independent development. As such, it is being valued as part of the entire Hutchins Trust/Reliable property.

**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 owned by the City are zoned M (Industrial) by the City. The City's Comprehensive Plan designation for this property is Planned Recreation Commercial. According to Blair Larsen (City Community and Economic Development Director), the comprehensive plan designation is intended to conform with the City's desire to locate the Oregon Jamboree event facility on nearby land and have land along 24th Avenue be available to provide uses supporting the event facility. The current language within the comprehensive plan designation is not desirable and it is likely that the designation will be revised or replaced. The current industrial zoning designation allows a variety of industrial uses as well as some supporting commercial service uses appropriate for a secondary commercial site lacking thoroughfare visibility and access. Mr. Larsen indicates that the zoning designation would likely take priority over the comprehensive plan designation for Property 1 given the previously-cited reasons pertaining to the comprehensive plan.

With regard to Property 2, this property is within two existing tax lots zoned C-2 (Commercial Highway) by the City. The City's comprehensive plan designation for these two parcels 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.

There are no overlay zones affecting either property.

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, nor any wildlife or riparian protection zones. It is noted that a small area of wetlands is identified at the northeast corner of the City's 4.48-acre parcel; however, no wetlands are noted in proximity to the properties proposed for the land swap.

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 as if Vacant:***

**Property 1:**

As cited in the zoning discussion, Property 1 is zoned Industrial but has a Planned Recreation Commercial comprehensive plan designation. The zoning and comprehensive plans do not conform. According to the client, the zoning designation would take priority in any new development applications. As such, the parcel is suitable for an array of light industrial uses as well as many supporting commercial uses cited in the Industrial zoning criteria. There are no overlay zones affecting 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.

Property 1 contains 13,977 SF of land area with a utilitarian shape and no unusable land area. These attributes are sufficient for a number of allowed uses within the M zone.

The property is located just north of the Highway 20 (Main Street) corridor. In this vicinity are a variety of commercial uses, with industrial uses situated on land north of the corridor. There are no adverse land uses or businesses present that negatively impact this property. The inventory of vacant industrial land in this market area is relatively low. Sweet Home's industrial sector is primarily situated north of the Highway 20 corridor and consists of large parcels. There is a limited inventory of small industrial parcels (less than 1 acre) in this community. Furthermore, there is not an excess supply of improved industrial space available for sale or lease in this community.

There has been a lack of transactions involving small industrial-zoned parcels in Sweet Home in recent years. This is primarily attributed to the low inventory of small industrial-zoned parcels in the community. Some transactions involving commercial-zoned sites with secondary commercial locations have occurred, and these properties offer similar potential to the allowed commercial uses in the subject's Industrial zone. In nearby communities in Linn County, sales of small industrial parcels have occurred.

If marketed for sale, market conditions suggest that demand would be good for Property 1. After reviewing Property 1's attributes and current market conditions affecting this property type, the highest and best use of Property 1 as though vacant is for a light industrial or commercial-service use in accordance with the City's M zoning criteria.

**Property 2:**

Property 2 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 Hutchins/Reliable property from which Property 2 is a portion has a utilitarian shape, totals 16,989 SF, and has no unusable land present. These attributes are suitable for a variety of uses allowed in the C-2 zone.

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. Just east of the subject along the east side of 24th Avenue is a new Dollar Tree store. A new Dollar General store is also situated in this vicinity. 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 Hutchins/Reliable 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.

***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.

The following analysis estimates the value of Properties 1 and 2. As cited in the preceding highest and best use analysis, Property 1 is suited to a light industrial or commercial service use. Its location is not recognized as a primary commercial location due to the lack of arterial frontage and visibility. Property 2 is best suited to a commercial use benefiting from its commercial corridor frontage and visibility. Given the differing property attributes, two sets of market data are analyzed. Certain commercial comparables with secondary commercial locations are used in the analysis of both properties, while certain industrial-zoned market data are only used for the valuation of Property 1.

Comparables 1 through 5 are commercial-zoned parcels located in Sweet Home. 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).

Comparables 6 through 9 represent four sales occurring between April 2018 and November 2019, range in size from 0.54 to 1.93 acres, and indicate unit prices between $1.48 and $2.52/SF. Three of these sales are zoned industrial while one has a commercial zoning, but a secondary commercial location.

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. With regard to financing, the sales were primarily cash transactions. Sale 4 involved a land sale contract, but the terms were 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. However, the market has not shown a similar appreciation for the industrial land market segment.

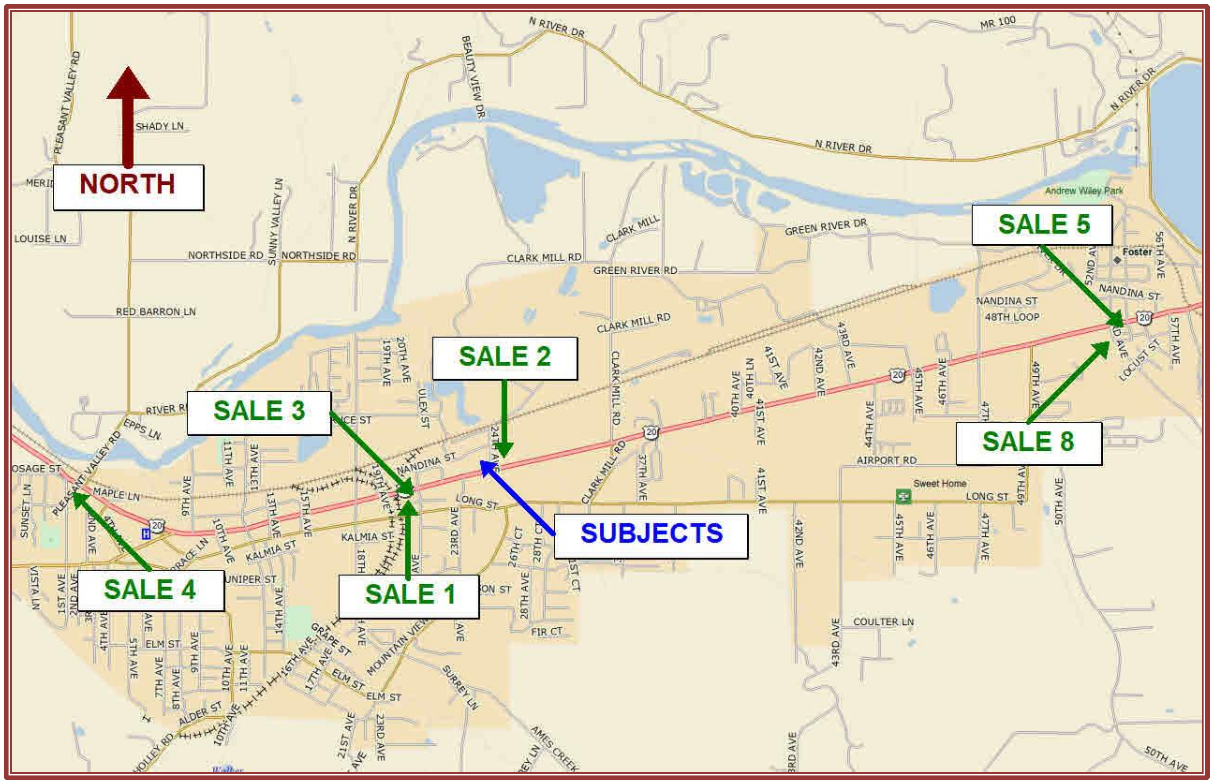
With regard to the active listing of Item 5, a downward adjustment for listing status is appropriate due to the likelihood that a negotiated sale price will be lower than the listing price.

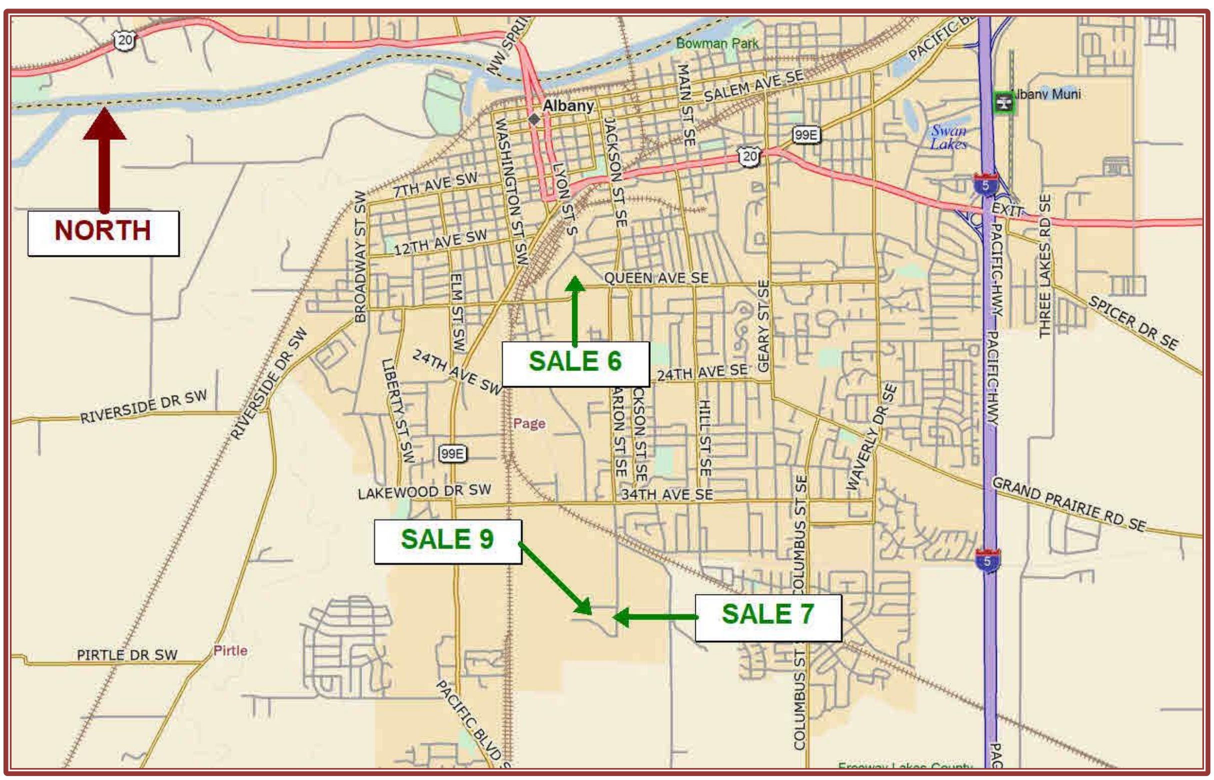
Below and on the following pages are tables summarizing the land comparables as well as a Land Sales Map and photographs of each comparable.

| SALE | LOCATION | PRICE/ SALE DATE | SIZE/ ZONING | UNIT PRICE | COMMENTS |
|---|---|---|---|---|---|
| ***Primary Commercial Market Data:*** | | | | | |
| 1 | **S/S Highway 20**<br>**Sweet Home**<br>13S-1E-32BC: 1100 and 7200<br>Doc. No.: 2017-7010 | $174,000<br>Cash to Seller<br>(4/17) | 50,830 SF<br>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. |
| 2 | **NEC Highway 20 & 24th Avenue**<br>**Sweet Home**<br>13S-1E-32BA: 1500<br>Doc. No.: 2018-8021 | $115,000<br>Cash<br>(5/18) | 42,689 SF<br>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. |
| 3 | **S/S Highway 20, west of 22nd Ave.**<br>**Sweet Home**<br>13S-01E-32BC: 1201 and 1300<br>Doc. No.: 2018-17035 | $50,000<br>Cash<br>(9/18) | 11,762 SF<br>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. |
| 4 | **S/S Highway 20, east of 1st Avenue**<br>**Sweet Home**<br>13S-01E-31BC: 500<br>Doc. No.: 2020-3046 | $87,500<br>Cash Eq.<br>(2/20) | 16,117 SF<br>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. |

# VALUATION ANALYSIS (Cont.)

| SALE | LOCATION | PRICE/ SALE DATE | SIZE/ ZONING | UNIT PRICE | COMMENTS |
|---|---|---|---|---|---|
| **5** | **SWC Highway 20 & 55th Avenue Sweet Home** 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. 55th 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. |
| ***Industrial and Secondary Commercial Market Data:*** | | | | | |
| **6** | **N/S Queen Avenue Albany** 11S-3W-7CA: 8300 11S-3W-7CD: 1104 Doc. No.: 2018-7294 | $175,500 Cash (4/18) | 1.60 Ac. LI | $2.52/SF | Located along arterial, mixed commercial and industrial area. Parcel has good access & visibility, level terrain, open interior with a few trees, full offsites, available utilities, irregular but utilitarian shape, no undevelopable land or amenity features. |
| **7** | **W/S Marion Street, North of 41st Ave. Albany** 11S-3W-19A: 600 Doc. No.: 2018-20155 | $200,000 Cash (11/18) | 1.93 Ac. LI | $2.38/SF | Located in industrial area with new growth evident. Site has good access but no thoroughfare visibility, level terrain, open interior, no offsites, utilitarian shape, and available utilities. BPA transmission line easement along north portion of parcel only suitable for site imps. |
| **8** | **W/S Wiley Creek Drive, just south of Highway 20 Sweet Home** 13S-01E-27C: 101 Doc. No.: 2019-1253 | $35,000 Cash (1/19) | 23,522 SF C-2 | $1.48/SF | Located on collector street just south of Highway 20 but no highway visibility. Mixed-use neighborhood. Parcel has irregular shape with creek bordering west boundary. Site has both open and treed areas, available utilities, no offsites, old structure present requiring removal for new use. Parcel has a secondary commercial location. |
| **9** | **N/S 41st Avenue, West of Marion St. Albany** 11S-3W-19A: 1000 and 1100 Doc. No.: 2019-20672 | $145,000 Cash (11/19) | 1.78 Ac. LI | $1.87/SF | Located in industrial area with good access but no thoroughfare visibility. Parcel has level terrain, open interior, utilitarian shape, available utilities, partial offsites, and no amenity features. Bisecting easements pose issues for placement of building. |




# LAND SALES MAPS

The following paragraphs discuss each comparable and factors warranting adjustment for comparison with the two subject properties.

**Valuation of Property 2:**

Property 2 is a portion of a 16,989 SF C-2 zoned parcel at the northwest corner of Highway 20 and 24th Avenue. The parcel has a level terrain, utilitarian shape, available utilities, full offsite improvements, good visibility & access, and no undevelopable land or amenity features. The following valuation pertains to the 16,989 SF parcel, from which Property 2 is a portion.

**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 parcel, 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 locational attributes. Upward adjustments are warranted for Sale 1's time of sale as well as its inferior shape and the parcel size differential. With no factors warranting downward adjustment, Sale 1 suggests that the subject's land value is greater than $3.42/SF.

**Sale 2** is a 42,689 SF C-2 zoned parcel located at the northeast corner of Highway 20 and 24th Avenue directly east of the subject property. 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 parcel, Sale 2 is similar in property rights, locational attributes, utilities, zoning, offsite improvements, and the lack of an amenity feature. No adjustments are needed for financing, conditions of sale, shape, or terrain. Upward adjustments are necessary for Sale 2's time of sale and the parcel size differential. No downward adjustments are warranted. As such, Sale 2 suggests that the subject's land value is 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 22nd Avenue that sold in September 2018 for $50,000 or $4.25/SF. By comparison with the subject parcel, 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, locational attributes, or parcel size.

Upward adjustments are warranted for Sale 3's time of sale and inferior shape. With no factors warranting downward adjustments, Sale 3 suggests that the subject's land value is greater than $4.25/SF.

**Sale 4** involves a 16,117 SF C-2 zoned parcel located along the south side of Highway 20 east of 1st Avenue. This parcel sold in February 2020 for $87,500 or $5.43/SF. By comparison with the subject parcel, Sale 4 is similar in property rights, utilities, zoning, offsite improvements, parcel size, and the lack of amenity features. No adjustments are needed for financing, conditions of sale, time of sale, or terrain. An upward adjustment is necessary for Sale 4's inferior shape. Conversely, no downward adjustments are warranted. Overall, Sale 4 suggests that the subject's land value is slightly greater than $5.43/SF.

**Item 5** involves a 14,374 SF C-2 zoned parcel located at the southwest corner of Highway 20 and 55th 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 parcel, Item 5 is similar in property rights, utilities, zoning, and the lack of amenity features. No adjustments are needed for conditions of sale, shape, or parcel size. A downward adjustment is warranted for Item 5's listing status. Conversely, upward adjustments are necessary for Item 5's inferior locational attributes, 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 subject's land value is similar to slightly greater than $5.57/SF.

The land value of the 16,989 SF property containing Property 2 is estimated after considering the market data assembled for this analysis, the adjustments identified in the preceding discussion, the characteristics of the subject parcel, and current market conditions.

The market data indicates unadjusted unit prices between $2.69 and $5.57/SF. After considering differences between these comparables and the subject parcel, Sales 1 through 3 suggest a land value greater than $2.69 and $4.25/SF, Sale 4 suggests a value slightly greater than $5.43/SF, while Item 5 suggests a value similar to slightly greater than $5.57/SF.

Based on the preceding analysis, the parcel's attributes, and current market conditions, the land value of the 16,989 SF property containing Property 2 is estimated to be $5.75/SF.

Property 2 is the easterly 4,152 SF of the 16,989 SF parent parcel under the Hutchins Trust & Reliable Welding Inc. ownership. Applying the $5.75/SF land value to the 4,152 SF Property 2 results in a land value of $23,874, rounded to **$24,000**. This is the value of Property 2 proposed for land swap with the City's adjacent Property 1.

**Valuation of Property 1:**

Property 1 is 13,977 SF of industrial-zoned land within the southern portion of the City's 4.48-acre property immediately north of Property 2. This parcel will be partitioned into two new tax lots. At the client's direction, Property 1 is valued as a separate legal parcel. This parcel has a level terrain, access to 24th Avenue, a utilitarian shape, available utilities, full offsite improvements, and no undevelopable land or amenity features.

**Sale 6** involves a 1.60-acre LI-zoned parcel located on the north side of Queen Avenue in Albany that sold in April 2018 for $175,500 or $2.52/SF. By comparison with the subject parcel, Sale 6 is similar in property rights, terrain, utilities, offsite improvements, and the lack of amenities. No adjustments are needed for financing, conditions of sale, time of sale, zoning, or shape. While an upward adjustment is warranted for Sale 6's parcel size differential, this adjustment is outweighed by a downward adjustment for Sale 6's superior locational attributes. As a result, Sale 6 suggests that the subject's land value is less than $2.52/SF.

**Sale 7** is a 1.93-acre LI-zoned parcel located along the west side of Marion Street north of 41st Avenue in Albany. This parcel sold in November 2018 for $200,000 or $2.38/SF. By comparison with the subject parcel, Sale 7 is similar in property rights, terrain, utilities, and the lack of an amenity feature. No adjustments are needed for financing, conditions of sale, time of sale, zoning, or shape. Upward adjustments are necessary for Sale 7's inferior offsite improvements, the presence of a transmission line easement which poses development issues, and the parcel size differential. Conversely, a downward adjustment is warranted for Sale 7's superior locational attributes. After reviewing the adjustments, the downward adjustment outweighs the upward adjustments. As such, Sale 7 suggests that the subject's land value is less than $2.38/SF.

**Sale 8** is a 23,522 SF C-2 zoned parcel located on the west side of Wiley Creek Drive just south of Highway 20 in Sweet Home. This parcel sold in January 2019 for $35,000 or $1.48/SF. By comparison with the subject parcel, Sale 8 is similar in property rights and utilities. No adjustments are needed for financing, conditions of sale, time of sale, zoning, or parcel size. Upward adjustments are warranted for Sale 8's inferior locational attributes, shape, terrain, offsite improvements, and the cost to remove improvements in order to utilize the underlying land. Conversely, a downward adjustment is warranted for Sale 8's presence of creek frontage which can be an amenity for certain commercial uses (offices, restaurants, bars). After reviewing the adjustments, the upward adjustments outweigh the downward adjustment. As such, Sale 8 suggests that the subject's land value is greater than $1.48/SF.


**Sale 9** involves a 1.78-acre LI-zoned parcel located on the north side of 41st Avenue west of Marion Street in proximity to Sale 7. This parcel sold in November 2019 for $145,000 or $1.87/SF. By comparison with the subject parcel, Sale 9 is similar in property rights, terrain, utilities, and the lack of amenity features. No adjustments are needed for financing, conditions of sale, time of sale, zoning, or shape. Upward adjustments are necessary for Sale 9's inferior offsite improvements, the presence of transmission line easements that pose development issues, and the parcel size differential. Conversely, a downward adjustment is warranted for Sale 9's superior locational attributes. After reviewing the adjustments, Sale 9 suggests that the subject's land value is similar to slightly less than $1.87/SF.

Property 1's land value is estimated after considering the market data assembled for this analysis, the adjustments identified in the preceding discussion, the characteristics of the subject parcel, and current market conditions.

The market data indicates unadjusted unit prices between $1.48 and $2.52/SF. After considering differences between these comparables and the subject parcel, Sale 8 suggests a land value greater than $1.48/SF, Sale 9 suggests a value similar to slightly less than $1.87/SF, while Sales 6 and 7 suggest a value less than $2.38 and $2.52/SF.

Based on the preceding analysis, the parcel's attributes, and current market conditions, the land value of the 13,977 SF Property 1 is estimated to be $1.75/SF or $24,460 in total, rounded to **$24,500**.

### *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.

| | |
|---|---|
| **Property 1 – 13,977 SF owned by city of Sweet Home** | **$24,500** |
| **Property 2 – 4,152 SF owned by Hutchins Trust and Reliable Welding Inc.** | **$24,000** |

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

# QUALIFICATIONS

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## 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.