

**Stephen G. White, MAI**



*Real Estate Appraiser*

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(714) 738-1595 · FAX (714) 738-4371

April 25, 2017

City of Anaheim  
Community & Economic Development  
201 S. Anaheim Blvd., Suite 1003  
Anaheim, CA 92805

Re: 1370 S. Sanderson Ave., Anaheim  
(Rancho Del Rio Stables Property)

Attn: Christine M. Long

Dear Ms. Long:

In accordance with your request, I have completed an appraisal of the above-referenced property. This City-owned property consists of 6.42 acres of land in an irregular shape, of which ±5.82 acres is encumbered by an easement to Southern California Edison for the overhead electric lines, and ±.6 acre in a triangular shape is outside of the easement. You have estimated that ±.90 acre of the ±5.82 acres is unusable due to being under or immediately around the steel support towers at the east and west ends of the site. The only current legal access to this property is from Sanderson Ave. and through the parking lot of the adjacent Phoenix Club property. Lastly, it is noted that the property is currently occupied by the Rancho Del Rio Stables/Anaheim Equestrian Center.

The purpose of this appraisal is to estimate the range of market value of the fee simple interest in the land only, assuming no lease for the equestrian center, but reflecting the encumbrance by the SCE easement and as limited by the existing access through the Phoenix Club property. Per your direction, it has been assumed that permitted uses in the SCE easement area would include parking and open storage but no permanent structures. You have also indicated that the legal access through the Phoenix Club property has no limitation on the amount or type of vehicular traffic.

As a result of the inspections of the property and analysis of matters pertinent to value, the following conclusion of market value has been arrived at, subject to the Assumptions and Limiting Conditions, and as of April 21, 2017:

**\$3,500,000 to \$4,200,000**

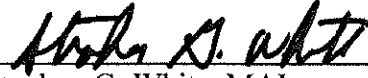
**(THREE MILLION FIVE HUNDRED THOUSAND TO  
FOUR MILLION TWO HUNDRED THOUSAND DOLLARS)**

(Note: This value is based on an estimated 5.52 acres of usable land, deducting .90 acre under and near the steel support towers, which is subject to refinement if more precise calculations were to be provided to the appraiser; per client direction the value assumes parking and open storage would be permitted in the SCE easement area; and per client direction the value assumes that the access through the Phoenix Club property has no limitation on the amount or type of vehicular traffic.)

MS. CHRISTINE M. LONG  
APRIL 25, 2017  
PAGE 2

The following is the balance of this 20-page Appraisal Report, which includes the Certification, Assumptions and Limiting Conditions, definitions, Assessor Map, and a summary of the pertinent data and analysis.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen G. White", written over a horizontal line.

Stephen G. White, MAI  
(State Certified General Real Estate  
Appraiser No. AG013311)

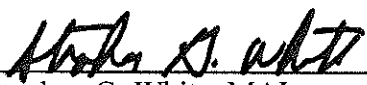
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## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- I have made a general inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this Certification, except for data research by my associate, Kirsten Patterson.
- I have performed consulting services regarding the subject property within the three-year period prior to accepting this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

  
\_\_\_\_\_  
Stephen G. White, MAI  
(State Certified General Real Estate  
Appraiser No. AG013311)

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal has been based upon the following assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies, if applicable, are assumed to be correct. Any plot plans or other illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in the report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of such substances may affect the value of the property, but the value estimated in this

**ASSUMPTIONS AND LIMITING CONDITIONS,** Continuing

appraisal is based on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field, if desired.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication.
13. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have previously been made.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or firm with which the appraiser is connected) shall be disseminated to the media without the prior written consent and approval of the appraiser.
15. The value is based on an estimated 5.52 acres of usable land, deducting .90 acre under and near the steel support towers, which is subject to refinement if more precise calculations were to be provided to the appraiser; per client direction, the value assumes parking and open storage would be permitted in the SCE (Edison) easement area; and per client direction the value assumes that the access through the Phoenix Club property has no limitation on the amount or type of vehicular traffic.

## **PURPOSE AND INTENDED USE/USER OF THE APPRAISAL**

The purpose of this appraisal is to estimate the range of market value of the assumed fee simple interest in the subject property, giving no consideration to the existing lease for the Rancho Del Rio Stables, but considering the effects of the easement to Southern California Edison for the overhead electric lines and the limited access by the easement from Sanderson Ave. through the Phoenix Club property. This Appraisal Report is intended to be used by the client, consisting of the Anaheim Community & Economic Development Department and other pertinent City representatives, in the consideration of a possible sale of the property.

## **SCOPE OF THE APPRAISAL**

It is the intent of this appraisal that all appropriate data considered pertinent in the valuation of the subject property be collected, confirmed and reported in an Appraisal Report, in conformance with the Uniform Standards of Professional Appraisal Practice. This has included a general inspection of the subject property and the surroundings; obtaining of pertinent property data from various sources; obtaining of pertinent sales data of comparable properties from a variety of sources; analysis of the data to the conclusion of a range of market value; and preparation of the appraisal report.

## **DATE OF VALUE**

The date of value for this appraisal is April 21, 2017.

## **PROPERTY RIGHTS APPRAISED**

This appraisal is of the assumed fee simple interest in the subject property, giving no consideration to the existing lease.

## **DEFINITION OF MARKET VALUE**

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. (The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition)

## **DEFINITION OF FEE SIMPLE INTEREST**

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. (The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition)

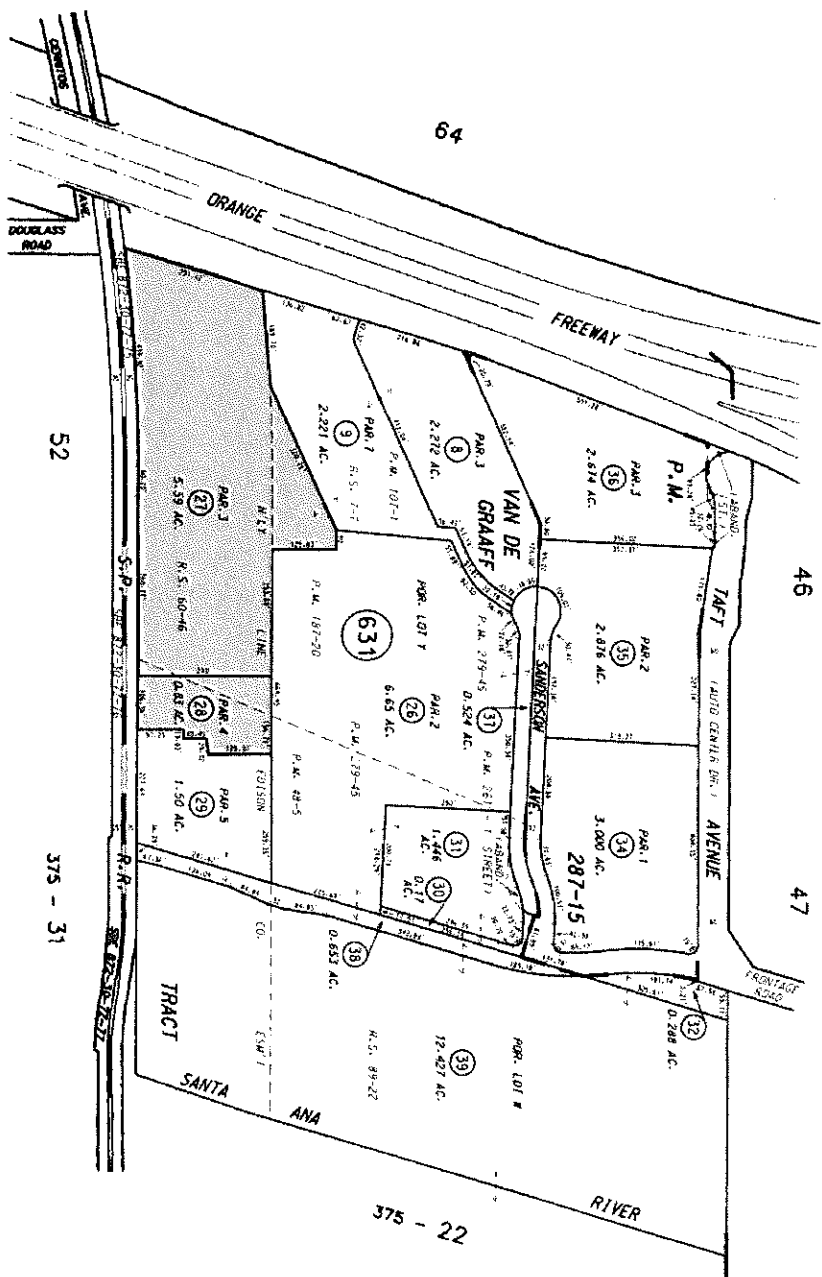
### **OWNERSHIP/SALES HISTORY**

The current owner of the subject property is the City of Anaheim. The City has owned the land for many years, thus there have been no recent sales of the property.

### **EXPOSURE TIME**

This is the amount of time that the property interest being appraised would have been offered on the market prior to a consummation of a sale at market value on the effective date of the appraisal. Assuming a reasonable marketing effort and with a listing price of at or reasonably near market value, I have concluded that the exposure time for the subject property would have been within 4 months for a sale to be negotiated, and within several more months for the sale to close.

# ASSESSOR MAP



MARCH 1983 VAN DE GRAAFF TRACT  
 PARCEL MAP P.M. 187-20, 216-1, 279-45  
 PARCEL MAP P.M. 287-15

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES  
 ASSESSOR'S MAP BOOK 253 PAGE 63  
 COUNTY OF ORANGE



253-63



## PROPERTY DATA

### LOCATION

The subject property is located  $\pm 400'$  to the south of Sanderson Ave. and  $\pm 250'$  west of Phoenix Club Dr., extending west to the 57 Freeway, with an address of 1370 S. Sanderson Ave., in the City of Anaheim.

### SURROUNDINGS

The subject property is located in a business park/auto center that is along the east side of the 57 Freeway and in close proximity to Honda Center. To the north of the west part of the subject is Church of Southland property comprising two large two-story buildings on a 4.5-acre site. To the north of the east part of the subject is the Phoenix Club property on a 6.7-acre site (not including the land leased from the City), and this wraps around the El Bekal Temple property consisting of a 1.4-acre site at the southwest corner of Sanderson Ave. and Phoenix Club Dr. Farther to the north is the Anaheim Auto Center which extends north to Ball Rd. and includes Mitsubishi, Honda, Hyundai, Buick-GMC, and Dodge new-car dealerships, a pre-owned dealership, large storage lot and Fix Auto facility.

To the east of the subject, extending to Phoenix Club Dr., is a 1.5-acre City-owned parcel that is leased to the Phoenix Club and is used as a soccer field. Farther to the east is open space and settling basin area and then the Santa Ana River Channel. To the south of the subject is the railroad which is elevated 5-10' above the subject property and extends east-west through this area, and beyond that is the Arena Corporate Center office complex consisting of three large 2-story buildings on a 23-acre site. Farther to the south is Honda Center. To the west of the subject is the 57 Freeway which is elevated about 30' above the subject property, and beyond is a continuation of the Edison right-of-way, with a mobilehome park to the north of it and a large business park area to the south.

### LEGAL DESCRIPTION

The subject property is described as Parcels 3 and 4 of Parcel Map No. 90-179 as recorded in Book 279, Page 45 of Parcel Maps, in the records of the County Recorder of Orange County, California.

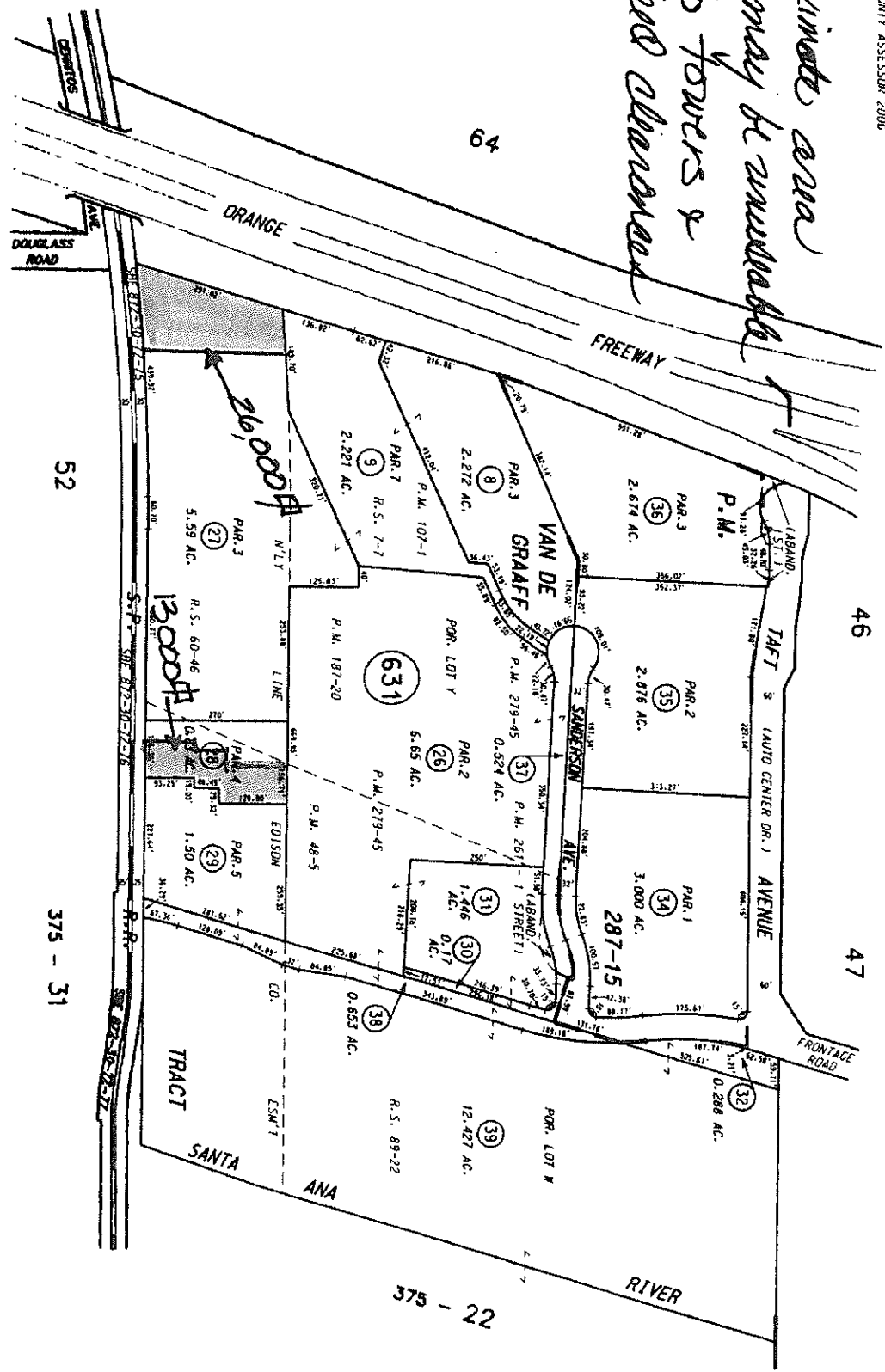
### ASSESSOR DATA – 2016/17

The subject property consists of Assessor Parcel Nos. 253-631-27 & 28. The assessed values total \$1,934,641 for land and \$288,536 for improvements, or a total of \$2,223,177. The tax rate area is 01-113, with a tax rate of 1.11955%, and minimal property taxes are indicated due to the exempt status from the City ownership.

THIS MAP WAS PREPARED FOR ORANGE COUNTY ASSESSOR DEPT. PURPOSES ONLY. THE ASSESSOR MAKES NO GUARANTEE AS TO ITS ACCURACY NOR ASSUMES ANY LIABILITY FOR OTHER USES. ALL RIGHTS RESERVED. © COPYRIGHT ORANGE COUNTY ASSESSOR 2006

*Parcel del Rio*

*Approximate area that may be available due to towers & required clearances*



MARCH 1983  
 VAN DE GRAAFF TRACT  
 PARCEL MAP  
 PARCEL MAP  
 L.A. 1-57  
 P.M. 187-20, 216-1, 279-45  
 P.M. 287-15

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES  
 ASSESSOR'S MAP BOOK 253 PAGE 63  
 COUNTY OF ORANGE



## LAND SIZE AND SHAPE

Per the Assessor Map, the subject site contains a total of 6.42 acres. This is a somewhat long and rectangular shape, but with a triangular-shaped extension on the north side and several jogs in the east line.

Per your input and as shown on the map on the previous page, there are roughly estimated areas of 26,000 s.f. at the west end and 13,000 s.f. at the east end that are under and immediately surrounding the four steel support towers at each end. This total of 39,000 s.f. or .90 acre is considered to be unusable area, thus the usable area for appraisal purposes is considered to be 5.52 acres. (Note: This is subject to refinement if more precise calculations were to be provided to the appraiser.)

## STREETS AND ACCESS

**Phoenix Club Dr./Auto Center Dr.** is a minor road that extends south from the signalized intersection with Ball Rd., with Auto Club Dr. turning westerly into the auto center and Phoenix Club Dr. continuing southerly to the Honda Center parking lot. This is a two-lane street with center turn lane, and it provides access to Sanderson Ave.

**Sanderson Ave.** is a short cul-de-sac street extending west from Phoenix Club Dr. It is a two-lane street with curb parking on both sides.

Direct access to the subject property is by a driveway off the south side of Sanderson Ave. near the northwest corner of the Phoenix Club property. The access is essentially a two-lane driveway through the parking lot which extends southwest from Sanderson Ave. and then south to the northerly tip of the subject property. (Note: A copy of this access agreement through the Phoenix Club property has not been provided to the appraiser, however it has been indicated that this access is not limited in terms of the amount or type of vehicular traffic.)

## UTILITIES

It is evident that water and electricity are available to the subject property. Input from Public Works and Planning representatives could not be obtained as to sewer service. However, the property tax bill indicates an OCSD sewer user fee, thus it has been assumed that sewer service is available and connected to the subject property.

## ZONING AND GENERAL PLAN

The zoning designation for the subject property is C-G (General Commercial), which permits a wide range of commercial and automotive uses. The General Plan designation is OS (Open Space), which includes areas that are intended to remain in natural open space and utility easements that will provide recreational and trail access to Anaheim's residents.

## **SOIL, TOPOGRAPHY & DRAINAGE**

Soil tests have not been reviewed on the subject property. Thus, this appraisal assumes that there are no toxic or hazardous waste materials on the subject site or adjacent sites, or any other abnormal soil conditions which would negatively impact the use or valuation of the property.

The subject site is mostly flat, approximately at grade of properties to the north and east, but below grade of the 57 Freeway to the west and the railroad to the south.

It appears that the subject property drains easterly. Per FEMA Flood Insurance Rate Map No. 060213-06059C0153J, effective 12/3/09, the subject property is located in Zone X500, which includes areas out of the 100-year floodplain and also is out of the Special Flood Hazard Area.

## **CURRENT USE AND IMPROVEMENTS**

The subject site is currently occupied by Rancho Del Rio Stables/Anaheim Equestrian Center. The improvements include a small 2-story tack/feed/office building, several shed-type structures and parking area on the portion of the site outside of the Edison lines, with covered stables and open riding areas under the Edison lines.

## **TITLE REPORT/SCE EASEMENT**

A title report has not been reviewed on the subject property.

As previously indicated, other than the  $\pm$ .6-acre triangular-shaped area at the north side of the subject property, the remainder and bulk of the property is encumbered by an easement to Southern California Edison Company for the overhead electric lines. Thus, it is evident that the potential land uses would be significantly limited by these electric lines. However, an agreement or easement document has not been provided to the appraiser as to the specific uses that would be permitted within the easement area.

From my prior appraisal investigation in 2001, general input provided by an Edison representative was that the equestrian use was "grandfathered" and likely would not otherwise have been permitted as of 2001. In general, uses under the Edison lines are typically agricultural/horticultural in nature. However, it is also evident that other uses include parking, open storage and container-type self-storage facilities.

(Note: Client direction for this appraisal is to assume that parking and/or open storage uses would be permissible within the Edison easement area.)

## HIGHEST AND BEST USE

The term highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Furthermore, the highest and best use of land or a site as though vacant is defined as among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination.

In terms of legal permissibility, the zoning would permit a wide range of commercial uses but the General Plan designation limits the uses to open space. As previously indicated, client direction is to assume that parking and/or open storage uses would be permitted within the Edison easement area. It has further been assumed that some type of limited development including permanent structures could be permitted on the ±.6-acre area that is outside of the Edison easement, such as a small office building. In terms of physical possibility, these uses would be possible due to the fairly flat topography and the availability of access and utilities, other than on the .90-acre of land under and immediately around the steel support towers.

In terms of the financial feasibility, it is evident that the potential uses of the subject property are significantly limited by the Edison easement on the bulk of the subject property. However, it is also considered that there could be demand for the limited uses by multiple parties including the contiguous Phoenix Club and/or Church of Southland, by one or more of the nearby auto dealerships, by Honda Center for additional parking/storage/staging, or by an independent party for parking/storage uses.

In terms of maximum productivity, this would be reflected by the maximum potential for parking/storage on the usable area within the Edison easement, and a possible small building on the buildable area outside of the easement.

## VALUATION

### METHOD OF ANALYSIS

First, the “baseline” land value is estimated by means of the Sales Comparison Approach, considering recent sales of reasonably similar business park-type of land. Then, a discount is made to reflect that  $\pm 89\%$  of the usable land is encumbered by the Edison easement, and also to reflect that the access is less desirable due to being through the Phoenix Club property.

### ANALYSIS OF “BASELINE” LAND VALUE

#### Tabulation of Land Sales

A search was made for recent sales of reasonably similar business park-type of land, and the pertinent data is shown in the following table:

<u>No.</u>	<u>Location</u>	<u>Sale Date</u>	<u>Size (Acres)</u>	<u>Price/S.E.</u>	<u>Remarks</u>
1	1600 N. Glassell St. Orange	7/29/16	4.14	\$30.70	Older building on N ptn (45%), nursery on S ptn under Edison lines (55%); buyer plans self-storage facility
2	16503 Trojan Way La Mirada	8/30/16	22.67	\$38.48	Vacant rough graded site; buyer planned $\pm 475,000$ s.f. cross-dock building
3	9950 Jeronimo Rd. Irvine	8/31/16	4.76	\$50.64	Vacant rough graded site; buyer is Chapman University; planned initial use is parking
4	500 S. Walnut St. Anaheim	10/28/16	1.98	\$35.94	Former concrete batch plant; mostly triangular shape; buyer planned a 4-story self-storage facility
5	NE/S Anaheim Way between Anh Blvd. & Claudina Way, Anaheim	11/15/16	6.952	\$33.68	Vacant site; triangular shape; one-way street access; buyer planned 144,000 s.f. industrial/office building
6	W/S Van Buren St., $\pm 212'$ N/O Miraloma Ave., Anaheim/Placentia	1/13/17	9.933	\$40.91	Vacant site, former agricultural use; site straddles both Cities; buyer plans industrial development
	Subject		5.52 (usable)		

#### Discussion and Analysis of Sales Data

**Data No. 1** is located on the west side of Glassell St., opposite Chestnut Ave. in Orange, in an area of industrial/commercial properties on the west side of Glassell St. and residential properties on the east side. It is a 4.14-acre site that is improved with an older trucking building and much paved area on the north  $\pm 45\%$  of the site, and the south  $\pm 55\%$  of the site is encumbered by an Edison easement for overhead electric lines and occupied by Anaheim Wholesale Nursery. The sale closed in July 2016 at the price of \$5,536,500 or \$30.70 per s.f. of land, and the buyer planned a 3-story self-storage facility in which the south part of the site would be used for parking, emergency and trash vehicle access and circulation.

## ANALYSIS OF “BASELINE” LAND VALUE, Continuing

In comparison to the subject, the location is considered to be inferior, the size is fairly similar, the slightly irregular shape is slightly superior, the demolition burden of existing improvements is inferior, the Edison easement impact is far inferior (for “baseline” valuation purposes), and the date of sale is slightly inferior and an upward time adjustment would be supportable. Overall, the inferior factors are far more than offsetting to the slightly superior shape, resulting in a far lower limit indication of value for the subject at \$30.70 per s.f.

**Data No. 2** is located on the west side of Trojan Way, ±350’ south of Northam St. in La Mirada, in an industrial/business park area. It is a 22.67-acre site that was formerly a Chevron pumping facility but was vacant, environmentally-clean and rough graded at time of sale. The sale closed in August 2016 at the price of \$38,000,000 or \$38.48 per s.f., and the buyer planned an approximate 475,000 s.f. cross-dock building with parking for 331 cars and 83 trailers.

In comparison to the subject, the location is considered to be inferior, the size is significantly larger which can tend to result in a lower price per s.f., the slightly irregular shape is slightly superior, the lack of demolition burden or significant easements are similar (again for “baseline” valuation purposes), and the date of sale is slightly inferior. Overall, due to the inferior factors as more than offsetting to the slightly superior shape, this sale supports a firm lower limit indication of value for the subject at \$38.48 per s.f.

**Data No. 3** is located on the southwest side of Jeronimo Rd., the second property to the northwest of Bake Pkwy. in Irvine, in the desirable Irvine Spectrum. It is a 4.76-acre site that was vacant and in rough graded condition, and was excess land off of the larger parcel at the westerly corner of Jeronimo Rd. and Bake Pkwy. that is improved with a large building. The sale closed in August 2016 at the price of \$10,500,000 or \$50.64 per s.f. The buyer was Chapman University, and the initial plan was to use this land for parking for their nearby Health Science campus.

In comparison to the subject, the location in the Irvine Spectrum is considered to be superior, even more than offsetting to the lack of freeway exposure, the size is similar, the rectangular shape is slightly superior, the lack of demolition burden or significant easements are similar, and the date of sale is slightly inferior. Overall, the superior factors are well more than offsetting to the slightly inferior date of sale, resulting in a firm upper limit indication of value for the subject at \$50.64 per s.f.

**Data No. 4** is located at the southeast corner of Walnut St. and Santa Ana St., extending east to Manchester Ave. in Anaheim, in an older mixed area of residential, school, park and industrial uses. It is a 1.98-acre, mostly triangular-shaped parcel that had been used as a concrete batch plant, with various old structures and much open land area. The sale was negotiated at least a year prior to the closing in

## ANALYSIS OF “BASELINE” LAND VALUE, Continuing

October 2016 at the price of \$3,100,000 or \$35.94 per s.f., and the buyer planned a 4-story self-storage facility.

In comparison to the subject, the location is considered to be inferior, the size is smaller which can tend to result in a higher price per s.f., the irregular generally triangular shape is slightly inferior, the demolition burden of existing improvements is inferior, the lack of significant easements is similar, and the date of sale negotiation is far inferior. Overall, due to the inferior factors, this sale supports a far lower limit indication of value for the subject at \$35.94 per s.f.

**Data No. 5** is located on the northeast side of Anaheim Way, between Anaheim Blvd. to the north and Claudina Way to the south, in Anaheim. This location is in a business park area, near the Platinum Triangle, and with some freeway visibility or at least good signage exposure from the 5 Freeway which is above grade through this area. However, access to the site is limited by only one-way northbound traffic on Anaheim Way. This was a vacant site containing 6.952 acres that is mostly triangular in shape. It was marketed by the City of Anaheim in mid-2015 and 8 to 10 offers were received. The sale was negotiated by late 2015, though it did not close until November 2016 at the price of \$10,200,000 or \$33.68 per s.f., and the buyer planned a ±144,000 s.f. industrial/office/corporate headquarters building.

In comparison to the subject, the location is considered to be fairly similar including the freeway visibility though this is more than offset by the one-way street access, the size is similar, the triangular shape is inferior, the lack of demolition burden or significant easements are similar, and the date of sale negotiation is far inferior. Overall, due to the various inferior factors, this sale supports a far lower limit indication of value for the subject at \$33.68 per s.f.

**Data No. 6** is located on the west side of Van Buren St., the second property to the north of Miraloma Ave., with one of the Assessor Parcels in Anaheim and the contiguous parcel in Placentia. It is a 9.933-acre (net) site including both parcels that was vacant and was formerly in agricultural use. The sale closed in January 2017 at the price of \$17,700,000 or \$40.91 per s.f., and the buyer plans some type of industrial development.

In comparison to the subject, the location is considered to be slightly inferior, the size is fairly similar, the rectangular shape is slightly superior, the lack of demolition burden and significant easements are similar, and the date of sale is also considered to be fairly similar. Overall, this sale supports a close lower limit indication of value for the subject at \$40.91 per s.f.

A summary of the foregoing analysis of the data, relative to the “baseline” valuation of the subject property, is in the following table:



## ANALYSIS OF “BASELINE” LAND VALUE, Continuing

<u>Data No.</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Price/S.F.	\$30.70	\$38.48	\$50.64	\$35.94	\$33.68	\$40.91
Location	Inferior	Inferior	Superior	Inferior	Inferior	Slight Inferior
Size	Similar	Inferior	Similar	Slight Superior	Similar	Similar
Shape	Slight Superior	Slight Superior	Slight Superior	Slight Inferior	Inferior	Slight Superior
Existing Imps/Demo.	Inferior	Similar	Similar	Inferior	Similar	Similar
Easements	Far Inferior	Similar	Similar	Similar	Similar	Similar
Date of Sale	Inferior	Inferior	Inferior	Far Inferior	Far Inferior	Similar
Overall Comparability	Far Inferior	Inferior	Superior	Far Inferior	Far Inferior	Slight Inferior
Indication for Subject	Far Lower Limit	Firm Lower Limit	Firm Upper Limit	Far Lower Limit	Far Lower Limit	Close Lower Limit

### Conclusion of “Baseline” Land Value

In summary, on a per s.f. of land basis, the analysis of the data supports far lower limit indications from \$30.70 to \$35.94 per s.f., a closer but still firm lower limit indication at \$38.48 per s.f., a close lower limit indication at \$40.91 per s.f., and a firm upper limit indication at \$50.64 per s.f. The most supportable range for the subject property is concluded to be \$42.00 to \$44.00 per s.f. of land which results in the following:

5.52 acres usable or 240,451 s.f. @ \$42.00 to \$44.00/s.f. = \$10,099,000 to \$10,580,000

### DISCOUNT FOR SCE EASEMENT/ACCESS ISSUES

As previously discussed, a discount or deduction is appropriate to reflect that ±89% of the site is encumbered by the Edison easement and the access is less desirable due to coming through the Phoenix Club parking lot.

Initially, it is noted that Data No. 1 as previously discussed in the “baseline” valuation has ±55% of the site encumbered by the Edison easement with overhead electric lines. Repeated attempts to verify this sale with a party to the transaction were unsuccessful, however it is evident that the price was significantly impacted by this limitation on use, since this part of the site is limited to parking and circulation uses with the permanent structure(s) on the north part of the site. If an allocation of \$40.00 to \$42.00 per s.f. was made to the buildable area comprising the north ±45% of the site, the resulting allocation to the unbuildable portion of the site encumbered by the Edison easement is \$23.09 to \$21.45 per s.f., indicating a discount of 42% to 49%.

It is concluded that this range of 42-49% supports a lower limit as a supportable discount for the subject situation, since a far greater percentage of this sale is buildable, generating greater use of the easement area. In addition, the subject property has the access issue as a negative factor.

## DISCOUNT FOR SCE EASEMENT/ACCESS ISSUES, Continuing

For additional data on discount factors due to limited or total lack of usability, I have considered sales of remnant or landlocked parcels in which there was the need to assemble with an adjoining property in order to become usable. This data is discussed in the following:

**N/O La Palma Ave. E/O Anaheim Blvd., Anaheim:** In April 2016 a developer acquired three ownerships totaling 5.874 acres with older commercial/industrial/auto service buildings, and also negotiated an acquisition from the City of Anaheim of 1.182 acres of contiguous land within remnant parcels of former street right-of-way. The City land is highly irregular in shape, not independently developable, and the only potential assembly is with this overall site. The total site of 7.056 acres is planned to be developed with 162 multi-family units plus a small amount of commercial space, or a density of 23.0 units per acre.

The negotiated price for the City land was \$1,050,000 or \$20.40 per s.f., and the total price paid for the 7.056 acres was \$16,895,000 or \$54.97 per s.f. It is noted that the price paid for the 5.874 acres reflected that the City land would be acquired at the discounted amount. Thus, the \$20.40 per s.f. reflects a discount of 63% from the average price of \$54.97 per s.f., but also reflecting that there was only one potential buyer for the City land.

**Adjacent S/O 1248 E. Lincoln Ave., Anaheim:** The 1248 E. Lincoln Ave. property is a 1.01-acre lot that is improved with an old motel. There is a pending sale of this property at a price of \$3,500,000 or \$79.55 per s.f., and the buyer's plans are for a 50-unit affordable apartment complex. Adjacent to the south is a  $\pm 26'$  by 145' or  $\pm 3,900$  s.f. strip of land that is a remnant from a 1.5-acre lot fronting on Broadway that was developed 9 years ago with an apartment complex.

The owner of the  $\pm 3,900$  s.f. has offered to sell to the buyer of the 1248 E. Lincoln Ave. property at a price of \$100,000 which indicates \$25.64 per s.f. This reflects a 68% discount from the pending sale price of \$79.55 per s.f. for the 1248 E. Lincoln Ave. property. It is noted that the 3,900 s.f. parcel is not independently developable but can readily be incorporated into the planned new development on the 1248 E. Lincoln Ave. property. However, it is also noted that there is only one potential user for this remnant, which is assembly with the 1248 E. Lincoln Ave. property.

**Adjacent N/O 200 W. Alro Way, Anaheim:** This was discussed as Data No. 2 in the previous analysis. As indicated, a price of \$5,500,000 or \$83.47 per s.f. was paid for the 1.51-acre site and a discounted price of \$720,000 or \$27.24 per s.f. has been agreed to be paid for the .61-acre City-owned property which is highly irregular in shape, heavily encumbered by an easement for public utilities, and not independently developable. In addition, the 200 W. Alro Way property was the only property to which the City-owned remnants could be assembled. It is noted that the price of \$27.24 per s.f. reflects a discount of 67% from the price of \$83.47 per s.f.

**10972 Huber St./10971 Jean St., Anaheim:** These two vacant remnant single-family lots are located along the north side of Katella Ave. nearby to the east of Gilbert St., with an Anaheim mailing address. The remnant parcels resulted from the recent Katella Ave. Smart St. widening project, and both of these lots were sold by the County of Orange in December 2013. The Huber St. lot contains 4,943 s.f., was a buildable lot, and sold at a price of \$160,000 or \$32.37 per s.f. The adjacent Jean St. lot contains 3,886 s.f., was not a buildable lot due to shape/inadequate street access, and sold at a price of \$16,500 or \$4.25 per s.f. The indicated discount from \$32.37 to \$4.25 per s.f. is 87%.

## DISCOUNT FOR SCE EASEMENT/ACCESS ISSUES, Continuing

**NW/O Rampart St. & NE/O 5 Freeway, Orange:** This is a 2.14-acre vacant site that was owned by the City of Orange, and is landlocked other than a single-lane driveway that would not be adequate to permit development on the site that is zoned Urban Mixed Use (30-60 units per acre). The site abutted a relatively new 1,297-unit apartment complex owned by The Irvine Company; an older 203-space mobile home park on 24.6 acres; and a 29-year old former hotel that is owned by Chapman University and converted to student housing; with reasonable potential for any of these three adjacent ownerships to assemble the 2.14 acres.

The City considered a discount of 75% to be warranted for the landlocked situation and an appraisal for the City estimated a discount of 60%. However, in December 2016 the City agreed to a sale to Chapman University at a price of \$6,500,000 or \$69.73 per s.f., reflecting no discount from value if not landlocked. It is noted that this reflects a highly motivated buyer due to a critical need for more student housing, and particularly in the nearby but off-campus area. Thus, this data item is considered to be of interest, an atypical situation, and essentially a distressed type of sale. The indication at "zero" discount is far less than supportable for the subject property situation.

**Adjacent NW/O 130 Woodland Dr., Laguna Beach:** The 130 Woodland Dr. property consists of a small old house on a 1,500 s.f. lot. In August 2015 the County of Orange approved an agreement to sell a 7.2' wide or 251 s.f. remnant strip of land adjacent to the northwest of this property at a price of \$24,125 or \$96.12 per s.f. The price was based upon a consideration of the assessed value of the land for the 130 Woodland Dr. property, which was \$450,068 (\$300.05 per s.f.) as of 2015. Thus, the price of \$96.12 per s.f. reflects a discount of 68% from the assessed value of \$300.05 per s.f., and is for a small parcel of land that is not independently developable but only provides additional yard area to a larger single-family lot.

**Bonanni Development:** This entity has been an active land buyer and developer of infill multi-family projects in the north and central parts of Orange County for many years. Input provided by a principal in the firm is that a 30% discount would be reasonable to reflect a landlocked status.

**Voit Real Estate Services/Zehner Group:** This entity has been involved in marketing and sale of many land parcels. Considering a landlocked site with otherwise good development potential and multiple potential buyers for assembly, the opinion is that a discount would not need to be too significant, or on the order of approximately 25%.

In summary, all of this data indicates discount factors ranging from 0% to 87%. The low end of the range at no discount is concluded to be an aberration due to a highly motivated buyer, and an unlikely situation for the subject property; the range of 25-30% is of interest as it comes from two knowledgeable builder and broker sources in the market, though not necessarily tied to specific sales data; the range of 42-49% was concluded to be a lower limit for the subject situation; the indications from 63% to 68% are considered to be close indications to close upper limit indications when considering the subject property with multiple potential buyers but also having the negative factor of the access issue; and the upper end of the range at 87% is a far upper limit due to the circumstances as discussed for the sale.

I have concluded on a reasonable discount range for the subject property of 60-65%.

**CONCLUSION OF VALUE, AS IS CONDITION, Continuing**

Based on the foregoing, the value indication for the as is condition of the subject property is calculated as follows:

“Baseline” Value:	\$10,099,000 to \$10,580,000
Less Discount:	x <u>      .35</u> to x <u>      .40</u>
Value, As Is:	\$3,535,000 to \$4,232,000

Thus, as the result of this analysis, the following conclusion of a range of market value has been arrived at, subject to the Assumptions and Limiting Conditions, and as of April 21, 2017:

**\$3,500,000 to \$4,200,000**

**(THREE MILLION FIVE HUNDRED THOUSAND TO  
FOUR MILLION TWO HUNDRED THOUSAND DOLLARS)**