



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 16, 2000

Ordinance 13850

Proposed No. 2000-0272.1

Sponsors Phillips and McKenna

1 AN ORDINANCE authorizing the sale of surplus county-
2 owned property to the city of Newcastle for park purposes,
3 located in council district six.
4

5 STATEMENT OF FACTS:

6 1. King County department of transportation, road services division,
7 purchased the subject property known as the "Hillman" property in 1955
8 for gravel pit operations. Most of the usable material was removed
9 sometime ago and is therefore surplus to the needs of the roads division.

10 2. Notices were sent to county departments and other governmental
11 agencies regarding the county's plan to surplus and sell the property. No
12 county department expressed an interest in the property.

13 3. The property has no sewer available at this time; therefore it is not
14 suitable for affordable housing.

15 4. The property is located on the north and south sides of S.E. 95th Way
16 in the 12800 Block. The northerly portion is located within the city of
17 Newcastle, and the southerly portion is located within unincorporated
18 King County.

19 5. The southerly portion was approved for sale by the county council in
20 July 1999 and was subsequently sold by sealed bid in September 1999
21 for \$101,600.

22 6. The northerly portion is desired by the city of Newcastle for
23 construction of an athletic facility. The city has recently concluded the
24 purchase of the adjoining property on the west side from the state of
25 Washington. The two properties will be combined for development of
26 the facility. The city of Newcastle has obtained funding from the state's
27 Interagency Committee for Outdoor Recreation to pay King County the
28 fair market value of \$100,000.

29 7. The sale of this property to the city of Newcastle is considered to be
30 in the best interest of the citizens of King County and the city of
31 Newcastle.

32 8. Under K.C.C. 4:56.140, the county may dispose of county property to
33 another governmental agency by negotiation, upon such terms as may be
34 agreed upon and for such consideration as may be deemed by the county
35 to be adequate.

36 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

37 SECTION 1. The King County executive is hereby authorized to execute the
38 necessary documents to sell the following described property located in council district
39 six to the city of Newcastle for the sum of \$100,000:

40 Tract 402, C.D. Hillman's Lake Washington Garden of Eden Addition to
41 Seattle, Division No. 6, according to the plat thereof recorded in Volume 11

42 of Plats, page 84, records of King County, Washington.

43 SUBJECT TO:

44 1) Puget Sound Power & Light Company, transmission line right of way
45 easement, recorded in Volume 1423 of Deeds, page 284, under Recording
46 No. 2514683, records of King County, and by Decree of Condemnation,
47 entered in Superior Court Cause No. 229832.

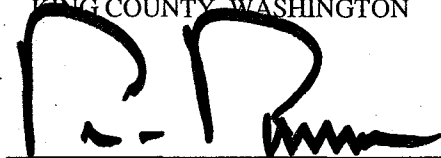
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- 2) Olympic Pipe Line Co. easement, recorded January 4, 1965, under Recording No. 5828438, to construct, maintain, operate, repair, replace, change the size of, and remove in whole or in part, a pipe line.
- 3) Olympic Pipe Line Co. easement, recorded May 27, 1974, under Recording No. 7405270450, to construct, maintain, operate, repair, replace, change the size of, and remove in whole or in part, a pipe line or pipe lines.

Ordinance 13850 was introduced on 4/17/00 and passed by the Metropolitan King County Council on 5/15/00, by the following vote:

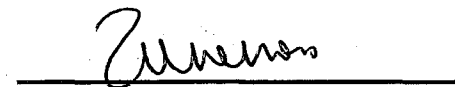
Yes: 13 - Mr. von Reichbauer, Ms. Miller, Ms. Fimia, Mr. Phillips, Mr. Pelz, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr. Vance and Mr. Irons
 No: 0
 Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

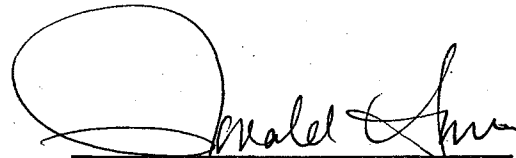


Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council
APPROVED this 19 day of May, 2000.



Ron Sims, County Executive

Attachments A. City of Newcastle Letter B. Appraisal Report Vacant Land 12800 Block Southeast 95th Way Newcastle, WA C. Property Maps

March 22, 2000

RE 13850
00 MAR 27 11:15 AM '00

A.

REAL PROPERTY
DIVISION

Carol J. Thompson
King County Property Service Division
Department of Construction & Facilities Management
King County Administration Building
500 Fourth Avenue Room 500
Seattle, WA 98104

RE: Hillman Land Acquisition

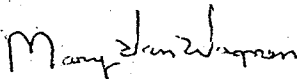
Dear Carol:

At the City of Newcastle Regular Council Meeting of March 21, 2000, the City Council approved by motion authorization to purchase the 6.75-acre Hillman Parcel located in the City of Newcastle for \$100,000. We would like to request the required documents from King County to execute the purchase of this property.

This property will be used to construct an athletic facility as stated in our City's Parks Trails and Open Space Plan. We would like to close on this property as quickly as possible as the funds used to purchase this property are soon to expire.

We appreciate all the energy that you have put forth on this property and look forward to executing all required documents in the acquisition of this property. If you have any questions please feel free to contact me at your earliest convenience.

Sincerely,
City of Newcastle



Mary Van Wagnen
Parks Manager

CITY OF NEWCASTLE
13020 S.E. 72nd Place, Newcastle, Washington 98059-3030
Telephone: (425) 649-4444 Fax: (425) 649-4363

B.

13850

APPRAISAL REPORT

VACANT LAND

12800 BLOCK OF SOUTHEAST 95TH WAY
NEWCASTLE, WA

FOR

MARY VAN WAGNEN
MANAGER, PARKS DEPARTMENT
CITY OF NEWCASTLE
13020 SE 72ND PLACE
NEWCASTLE, WA 98059

by

FRED C. STRICKLAND, MAI
BARBRO A. HINES, ASSOCIATE
STRICKLAND, HEISCHMAN & HOSS, INC.
3551 Bridgeport Way West
Tacoma, WA 98466-4428

February 8, 2000

Mary Van Wagnen
Parks Manager
City of Newcastle
13020 SE 72nd Place
Newcastle, WA 98059

Re: Vacant Land
12800 Block of Southeast 95th Way
Newcastle, WA
SHH File No. 4757-00
City of Newcastle Project No. 5005-96

Dear Ms. Van Wagnen:

We have made an inspection and appraisal of the above referenced property as requested. The property is legally described within the addenda of this report. This report was prepared in accordance with, and is intended to conform to, the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice as formulated by The Appraisal Foundation.

The purpose of this appraisal is to prepare and submit a supported opinion of the Market Value of the fee simple interest in the subject property, as of February 5, 2000, the date of inspection. The function of this appraisal is to assist the City of Newcastle in decision making relevant to this property.

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The subject property contains a total area of 6.75 acres of land that is currently zoned R-1, Urban Residential. Based upon the enclosed data and discussions, it is our opinion that the estimated value of the fee simple interest of the subject property, as described herein, as of the date of appraisal, is:

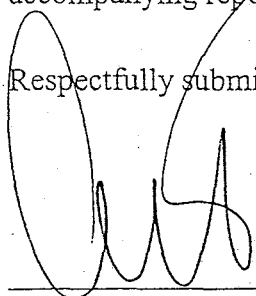
ONE HUNDRED THOUSAND DOLLARS

(\$100,000)

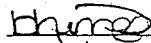
The appraisal report that follows summarizes the assignment, describes the area and the subject property, and explains the valuation techniques and reasoning leading to the final opinion of market value.

As in the case of any narrative appraisal, the reader's attention is directed to the Underlying Assumptions and Limiting Conditions which are included in the accompanying report.

Respectfully submitted,



Fred C. Strickland, MAI
Certification # 270-11 ST-RI-CF-C617LS



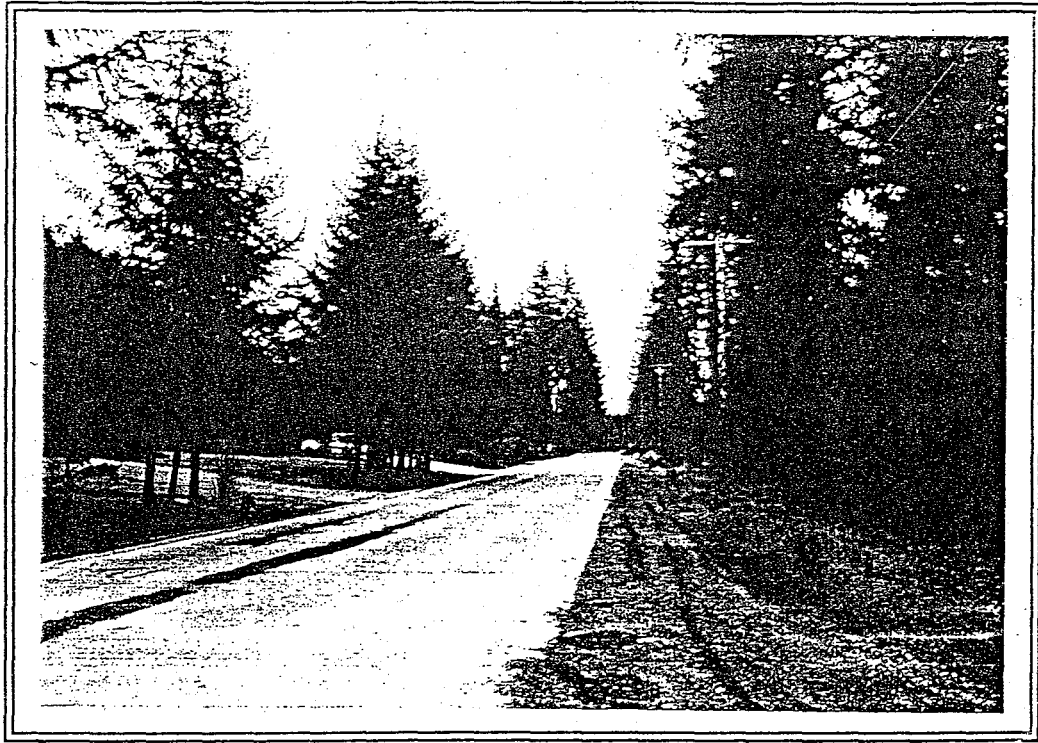
Barbó A. Hines, Associate
State of Washington Certification #HI-NE-SB-A381PA

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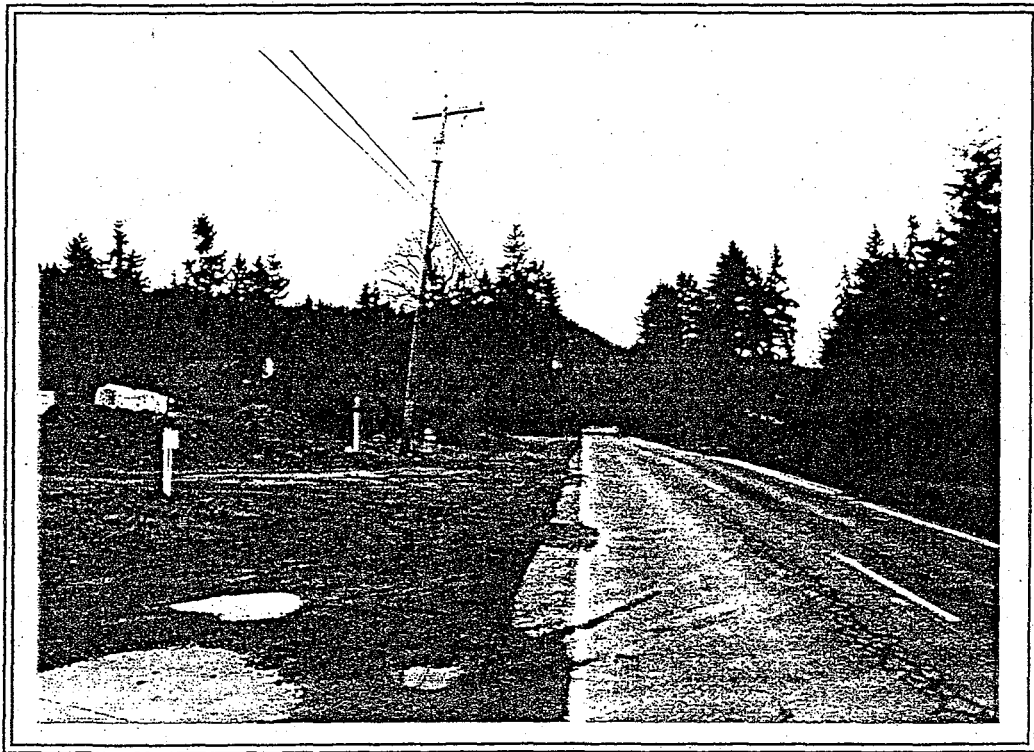
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**SUBJECT
PHOTOGRAPHS**



WESTERLY VIEW OF SOUTHEAST 95TH WAY,
SUBJECT TO RIGHT

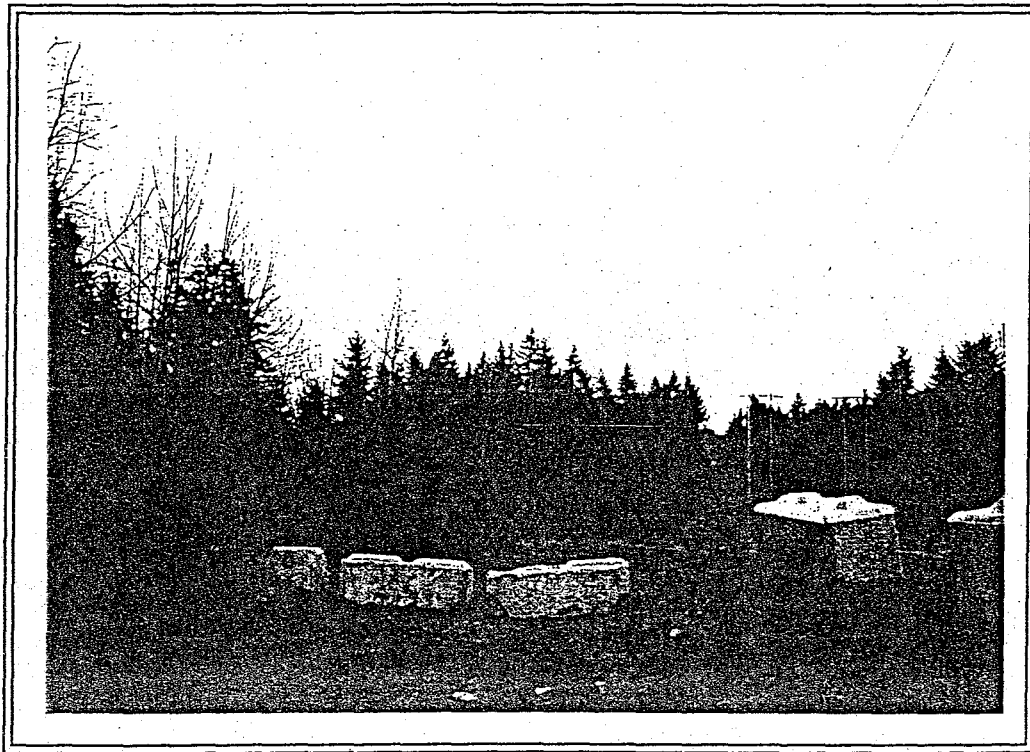


EASTERLY VIEW OF SOUTHEAST 95TH WAY,
SUBJECT TO LEFT

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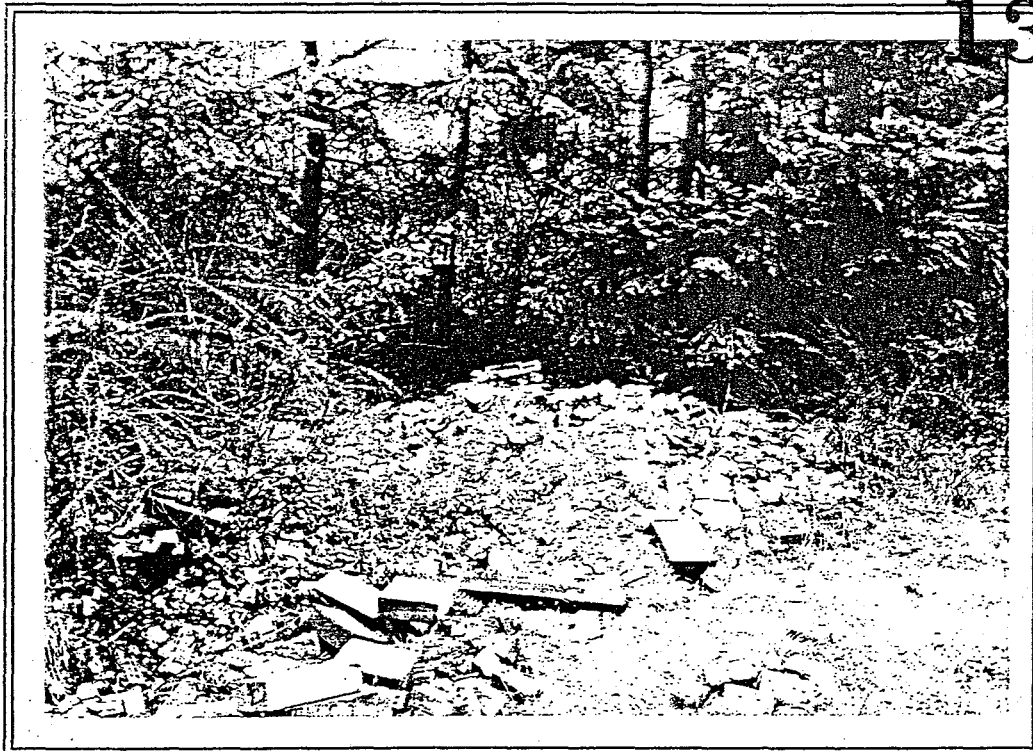


VIEW OF SUBJECT PROPERTY FROM SOUTHEAST 95TH WAY

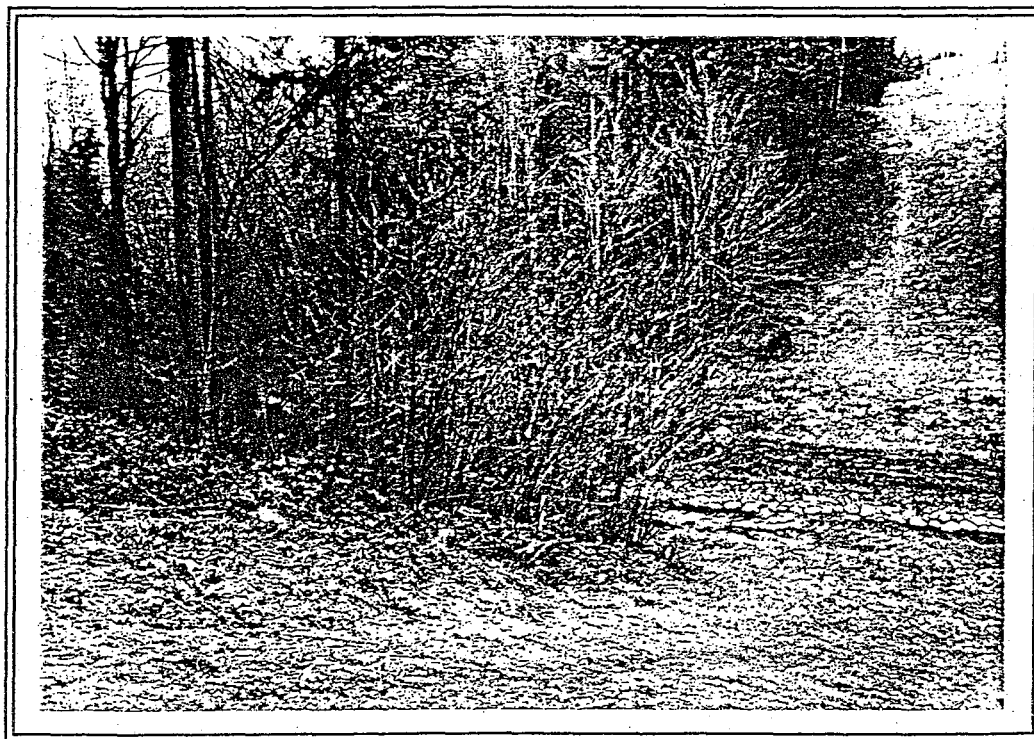


VIEW OF SUBJECT PROPERTY FROM SOUTHEAST 95TH WAY

13850 1



CONSTRUCTION DEBRIS ON SUBJECT SITE



VIEW OF MAY CREEK FROM NORTHERLY PORTION OF SUBJECT SITE

EXECUTIVE SUMMARY

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Owner of Record: The State of Washington ~~King County~~

Location: Westerly of Coal Creek Parkway, northerly of Southeast 95th Way

Flood Insurance Zone: Reported to be in an area not impacted by flooding, per Flood Hazard Determination, and as per Flood Insurance Rate Map, Community Panel #530071-0668F, dated May 16, 1995.

Property Taxes: The subject site is tax exempt as it is owned by the State of Washington. ~~King County~~

Purpose of Appraisal: The purpose of this appraisal is to prepare and submit a supported opinion of the Market Value for the client, the City of Newcastle, of the subject property "As Is," as of February 5, 2000, the date of inspection.

Interest Appraised: Fee simple interest

Land Area: According to King County records, the subject site contains an area of 6.75 acres.

Zoning & Classification: The property is currently zoned R-1, Urban Residential.

Improvements: The subject property is not improved. However, the site is encumbered by a pipe line easement in favor of the Olympic Pipe Line Company.

Highest and Best Use: The Highest and Best Use is for the development of the subject site with a residential use.

Date of Valuation:

February 5, 2000

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VALUE INDICATIONS

Income Approach:	N/A
Cost Approach:	N/A
Sales Comparison Approach:	\$100,000
 "As Is" Value Conclusion As of February 5, 2000:	 \$100,000

LEGAL DESCRIPTION:

According to a commitment for title by First American Title Insurance Company, dated February 3, 1998, the subject property is legally described as follows:

TRACT 402, C.D. HILLMAN'S LAKE WASHINGTON GARDEN OF EDEN ADDITION TO SEATTLE, DIVISION NUMBER 6, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 11 OF PLATS, PAGE 84, RECORDS OF KING COUNTY, WASHINGTON.

SUBJECT TO:

~~EXCEPT~~ TRANSMISSION ~~LINE~~ RIGHT OF WAY ACQUIRED BY PUGET SOUND POWER AND LIGHT COMPANY, BY DEED RECORDED IN VOLUME 1423 OF DEEDS, PAGE 284, UNDER AUDITOR'S FILE NO. 2514683, RECORDS OF SAID COUNTY, AND BY DECREE OF CONDEMNATION ENTERED IN SUPERIOR COURT CAUSE NO. 229832.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

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SALES HISTORY:

The subject site is under the ownership of ~~the State of Washington~~ ^{King County}, and has been in excess of three years. It is our understanding that ~~the State of Washington~~ ^{King County}, the owner, and the City of Newcastle, the potential purchaser, are in the process of negotiating a sale of the subject property. The appraisers are not aware of any other listings or pending sales relevant to the subject property.

INTENDED USE AND USER OF THE APPRAISAL:

The purpose of this appraisal is to prepare and submit a supported opinion of the Market Value for the client, the City of Newcastle, of the subject property "As Is," as of February 5, 2000, the date of inspection.

Intended Use is defined as: "The use or uses of an appraiser's reported appraisal, consulting, or review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment."¹

Intended User(s) is defined as: "The client and any other party as identified, by name or type, as users of the appraisal, consulting, or review report, by the appraiser based on communication with the client at the time of assignment."²

A Client is defined as: "The party of parties who engages an appraiser (by employment or contract) in a specific assignment."³

This report is intended for use only by the City of Newcastle (the client), and any other users as authorized by the client. Use of this report by others is not intended by the appraisers.

¹ *Uniform Standards of Professional Appraisal Practice*, Appraisal Standards Board, The Appraisal Foundation, 1998 Edition, Definitions, Page 9.

² *Uniform Standards of Professional Appraisal Practice*, Appraisal Standards Board, The Appraisal Foundation, 1998 Edition, Definitions, Page 9.

³ *Uniform Standards of Professional Appraisal Practice*, Appraisal Standards Board, The Appraisal Foundation, 1998 Edition, Definitions, Page 9.

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PROPERTY RIGHTS APPRAISED:

The property is appraised as a fee simple interest. Fee Simple interest is an ownership interest in a property unencumbered except for zoning ordinances and easements of record.

EXPOSURE TIME / MARKETING PERIOD

Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."⁴

A reasonable *marketing time or period* is "an estimate of the amount of time that it might take to sell a property interest in the real estate at the estimated market value level during the period immediately after the effective date of the appraisal. The estimate of marketing time uses some of the data analyzed in the process of estimating reasonable exposure time as part of the appraisal process and is not intended to be a prediction of a date of sale or a one-line statement. It is an integral part of the analyses conducted during the appraisal assignment." The estimate of "reasonable marketing time is a function of price, time, use and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone." The estimate of reasonable marketing time can be based on "statistical information about days on the market; information gathered through sales verification; interviews of market participants; and anticipated changes in market conditions".⁵

In order to estimate a reasonable marketing period and exposure time for the subject property, we researched sales of similar zoned sites in the area. Further, buyers, sellers and/or brokers were contacted relevant to the sales utilized herein to estimate market value and an appropriate marketing time for the subject.

⁴ *Uniform Standards of Professional Appraisal Practice*, Appraisal Standards Board, The Appraisal Foundation, 1996 Edition, SMT-6, p 75.

⁵ *Ibid.*, Advisory Opinion AO-7, p 103.

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Considering the strength in the subject's market area, as discussed in the Location Description and in the Highest and Best Use section of the report, market evidence suggests that, excluding atypical problems, a marketing period and exposure time for the subject of under twelve months is realistic. The value conclusion herein is arrived at with reference to this estimated marketing time.

SCOPE OF THE APPRAISAL

In order to best estimate the value of the subject, we have researched the potential Highest and Best Use of the property as of the appraisal date. The scope of this assignment included interviews with various individuals involved in the sales, ownership, and management of properties similar to the subject. Sales and listings of similar properties in the subject area were researched in an effort to arrive at an estimate of value for the subject property. Within this appraisal we have considered all three approaches (Income, Cost, and Sales Comparison) to value. We have also reviewed a previous appraisal on the subject property completed by our firm. In view of the Highest and Best Use of the property, a land analysis by way of the Sales Comparison Approach was considered appropriate.

UNAVAILABILITY OF INFORMATION:

Actual cost estimates were not available for the connection of the subject property to public sewer. Due to the unavailability of these costs, we have estimated the cost to run the sewer line based on information provided by Larry Jones, (425-235-9200) Assistant Manager for the Coal Creek Utility District. Mr. Jones has stated that there would be additional expenses to bring in public sewer to the subject property as the sewer line would have to cross May Creek. It is unknown at this time if this crossing would be permitted. For appraisal purposes, we have considered all of this in our highest and best use of the subject property.

MARKET VALUE

"Market Value" is defined as the most probable price which 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:

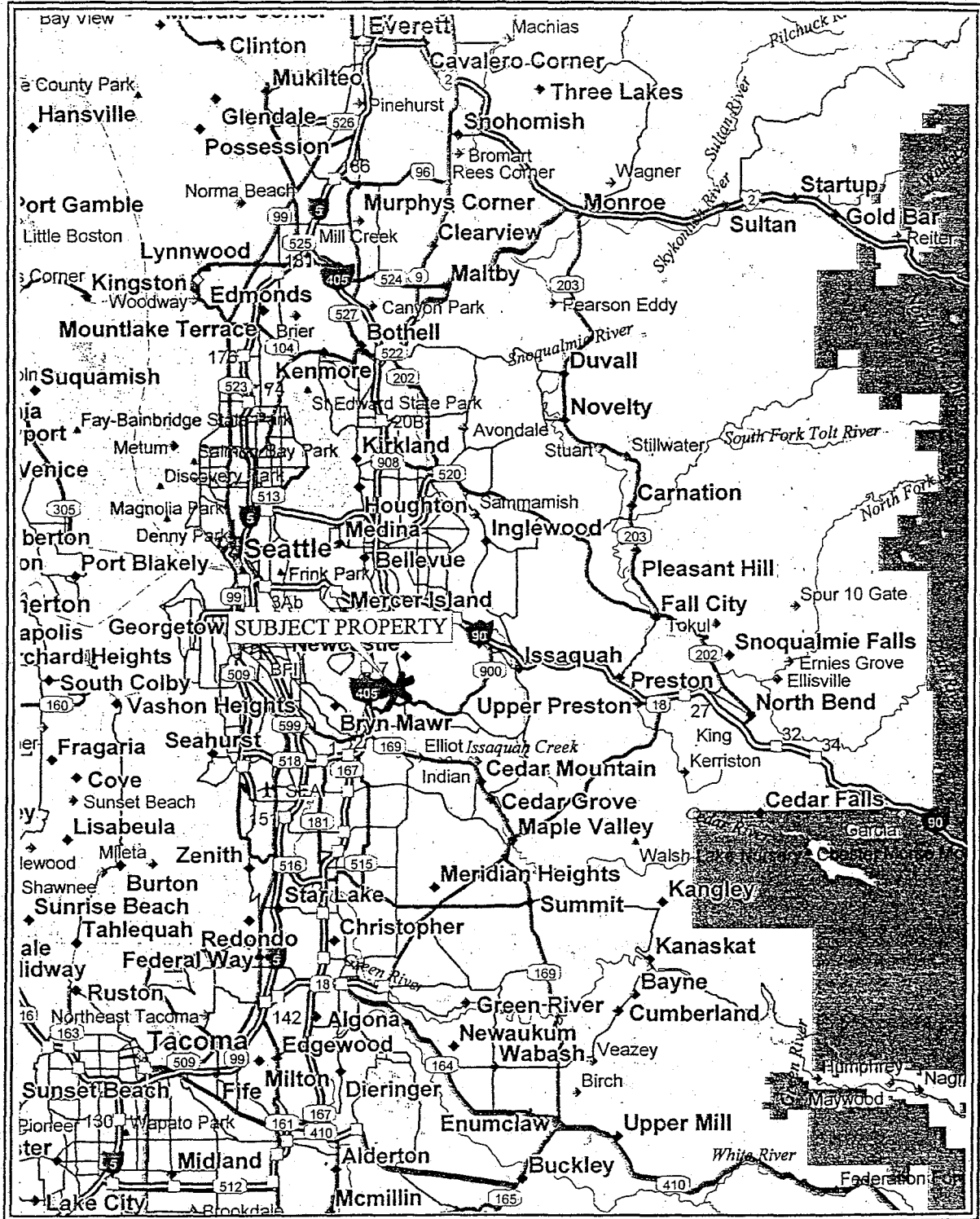
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- Buyer and seller are typically motivated.
- Both parties are well informed or well advised, and acting in what they consider their own best interest.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special/creative financing or sales concessions granted in connection with the sale.

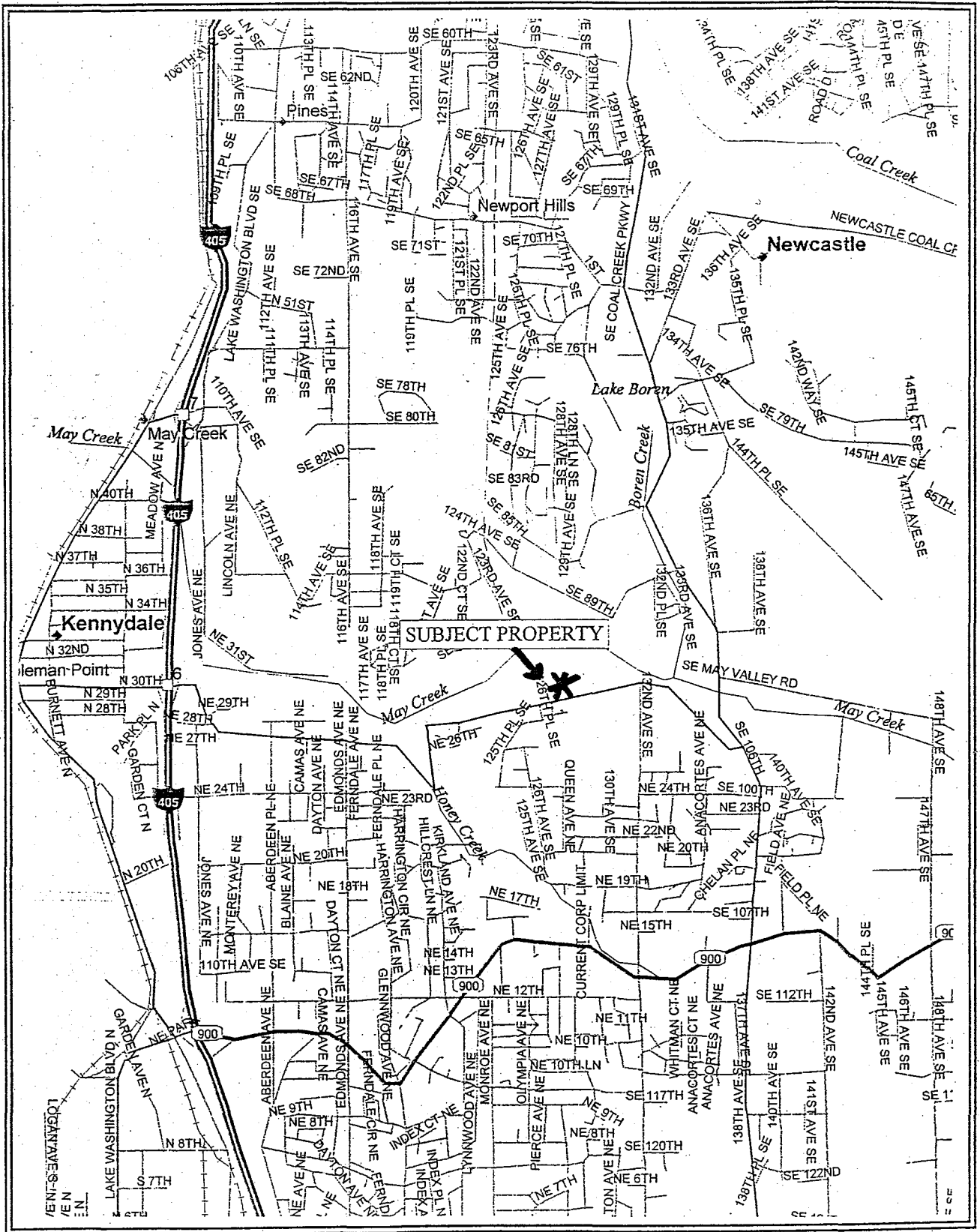
**SECTION 34.44 (e)
STATE LICENSED APPRAISERS**

Both appraisers involved in the preparation of this report are certified by the State of Washington.

AREA DESCRIPTION



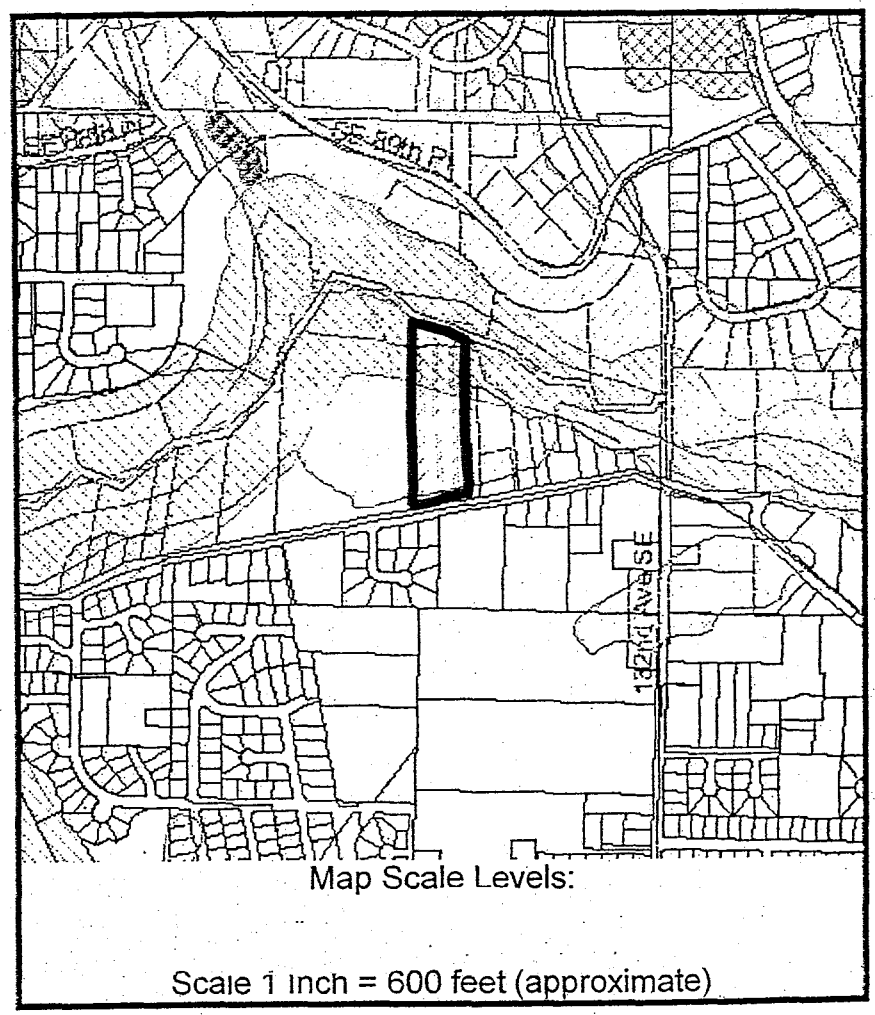
AREA MAP



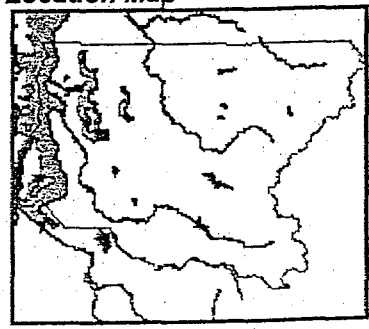
NEIGHBORHOOD LOCATION MAP

Legend

- City Names
- Major Roads
- Coal Mine Hazards
- Erosion Hazards
- Seismic Hazards
- Streams
- Snowload Zone
- Drainage Basins
- King Co. Boundary
- PARCELS
- Street Arterials
- Land Slides
- Wetlands
- Flood Plain
- Water Body background



Location Map



Department of Development and Environmental Services
 Geographic Information System
DISCLAIMER: The data available on this website is provided on an 'AS IS' basis. Neither King County nor any of its officials and employees makes any warranty of any kind for this information, expressed or implied.

The subject site is located in the city of Newcastle, westerly of Coal Creek Parkway and northerly of Southeast 95th Way. According to King County records, the subject site contains an area of 6.75 acres. The site has approximately 315± feet of frontage along Southeast 95th Way. Southeast 95th Way is a two lane asphalt road that is a minor residential arterial. According to the King County Assessor's Maps, the site also has frontage along its northerly boundary on Gensing Avenue, however this road has never been developed.

The "Sensitive Areas Map Folio" of King County doesn't indicate the presence of wetlands on the subject site. Rob Weyman, a planner for the city of Newcastle, has indicated that a wetland delineation would be required for development of the subject site. As this information is not available to the appraiser's at the time of appraisal, we have assumed that the subject property is not negatively impacted by wetlands.

According to the King County Development of Environmental Services Map, the subject is impacted by landslide areas, erosion hazard areas, and streams. These maps are general and approximate in nature, and are primarily used as a tool by planner for potential problems that require additional studies prior to development.

The site has variable topography with an overall slope down to the north. The southerly half of the property that fronts on SE 95th Way has somewhat rolling topography, varying from being at grade with SE 95th Way or below road grade. The northerly half of the property has a fairly steep slope down to the north towards May Creek. The degree of slope varies, but portions are fairly steep. Additional details of the site are as follows:

Location: Northerly of Southeast 95th Way, westerly of Coal Creek Parkway, situated in King County, in the City of Newcastle, Washington.

Area: The subject property contains a gross area of 6.75 acres or 294,030 square feet, according to King County Records. The northerly boundary of the site is encumbered by relatively steep slopes which slope downward from the south to the north toward May Creek. However, the steep slopes do not negatively impact the developability of the subject

site based on the highest and best use of the subject site.

Access:

The site is currently accessed from Southeast 95th Way.

Topography & Coverage:

The site has variable topography with an overall slope down to the north. The southerly half of the property that fronts on SE 95th Way has somewhat rolling topography, varying from being at grade with SE 95th Way or below road grade. The northerly half of the property has a fairly steep slope down to the north towards May Creek. The degree of slope varies, but portions are fairly steep.

The subject site is primarily a cleared site with trees in evidence primarily along the westerly boundary of the site.

The westerly portion of the site has been used for the dumping of refuse, including two refrigerators, a window air conditioning unit, construction debris, and a discarded bicycle. It is difficult to quantify a cost of removal for these items. However, the cost associated with the removal of the debris cannot be ignored. An expense for the removal needs to include a reward for the time and risk associated with the removal of the debris as well as the actual expense of hauling, and disposal. Lacking specific bids, the allocation of costs and entrepreneurial reward for the removal of these items is estimated at \$5,000. This deduction will be used in arriving at an "As Is" value conclusion for the subject property.

Utilities:

Power, telephone, and water is available to the site. To develop the subject to a maximum density of one dwelling unit per acre, public sewer would need to be brought to the site. The nearest sewer connection to the subject property by the Coal Creek Utility

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Department (425-235-9200) is approximately 3,700 lineal feet away. It is estimated that the cost to run the sewer main is between \$50 to \$70 per lineal foot. Thus, the estimated cost for the sewer line is between \$185,000 to \$259,000. Adding an amount of 10% for entrepreneurial profit indicates a range from \$203,500 $(\$185,000)(1.10)$ to \$284,900 $(\$259,000)(1.10)$. This amount has been concluded near the higher end of the range, or \$250,000 for appraisal purposes.

In order to provide public sewer service to the subject property, the sewer line would have to cross May Creek. May Creek is a Class 1 stream and is impacted by the Endangered Species Act (ESA). According to Larry Jones, Assistant Manager for the Coal Creek Utility District, permission to cross May Creek would have to be granted from the Army Corps of Engineers. Mr. Jones stated that it is doubtful that permission would be granted due to the ESA. Another option would be to run a suspended sewer line. However, Mr. Jones stated that this option appears to be unlikely at this time.

Mr. Jones indicated that the Renton Utility District has a sewer line to the south, but a pump station would be required for this connection. However, transferring of the subject property to the Renton Utility District from the Coal Creek Utility District is highly unlikely as the comprehensive plan includes the extension of public sewer to the Southeast 95th Way corridor. Thus, connection to the Renton Utility District appears unlikely.

According to Rob Weyman, a planner for the city of Newcastle, as the site contains 6.75 acres, the site could be developed with seven lots if public sewer was provided. The zoning in place requires a minimum lot size of 40,000 square feet and a

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minimum lot width of 100 feet. The subject site is also impacted by a relatively steep downward slope from the south to the north along the northerly portion of the site. Without a site specific site study available, exact information pertaining to the number of permitted lots is not available. For appraisal purposes, we will assume that the site could be developed with a maximum of seven sites if public sewer was available to the site. As providing public sewer appears to be economically non-feasible, based on our analysis herein, the subject site can only be considered as being able to be developed with one home site as the subject site represents one assessor's parcel. Development of the subject site with one home-site would not require public sewer hook-up. Uses in the subject's immediate area have septic systems in-place, with Mr. Jones knowing of no reported problems in the area that would cause concern.

Environmental Concerns:

A Draft Report of Geotechnical and Environmental Findings by Landau Associates, Inc., dated December 10, 1999, did not reflect any environmental issues that would negatively impact the subject property.

Flood Plain:

Reported to be in an area not impacted by flooding, per Flood Hazard Determination, and as per Flood Insurance Rate Map, Community Panel #530071-0668F, dated May 16, 1995.

Easements & Restrictions:

According to the Commitment for Title by First American Title Insurance Company, dated February 3, 1998, the most recent report available, and the appraiser's on-site inspection, the subject property is encumbered with an easement on the easterly 100 feet of the site. The easement traverses in a somewhat north/south direction along the easterly boundary of the subject site. This easement is in

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favor of the Olympic Pipe Line Company. Physically, within this encumbered area, there is overhead transmission lines and an underground pipe line (petroleum). A dirt road also runs along a portion of this area in order to service these easements. Of the subject's total area, it appears that approximately 2.10 acres is encumbered by these two easements.

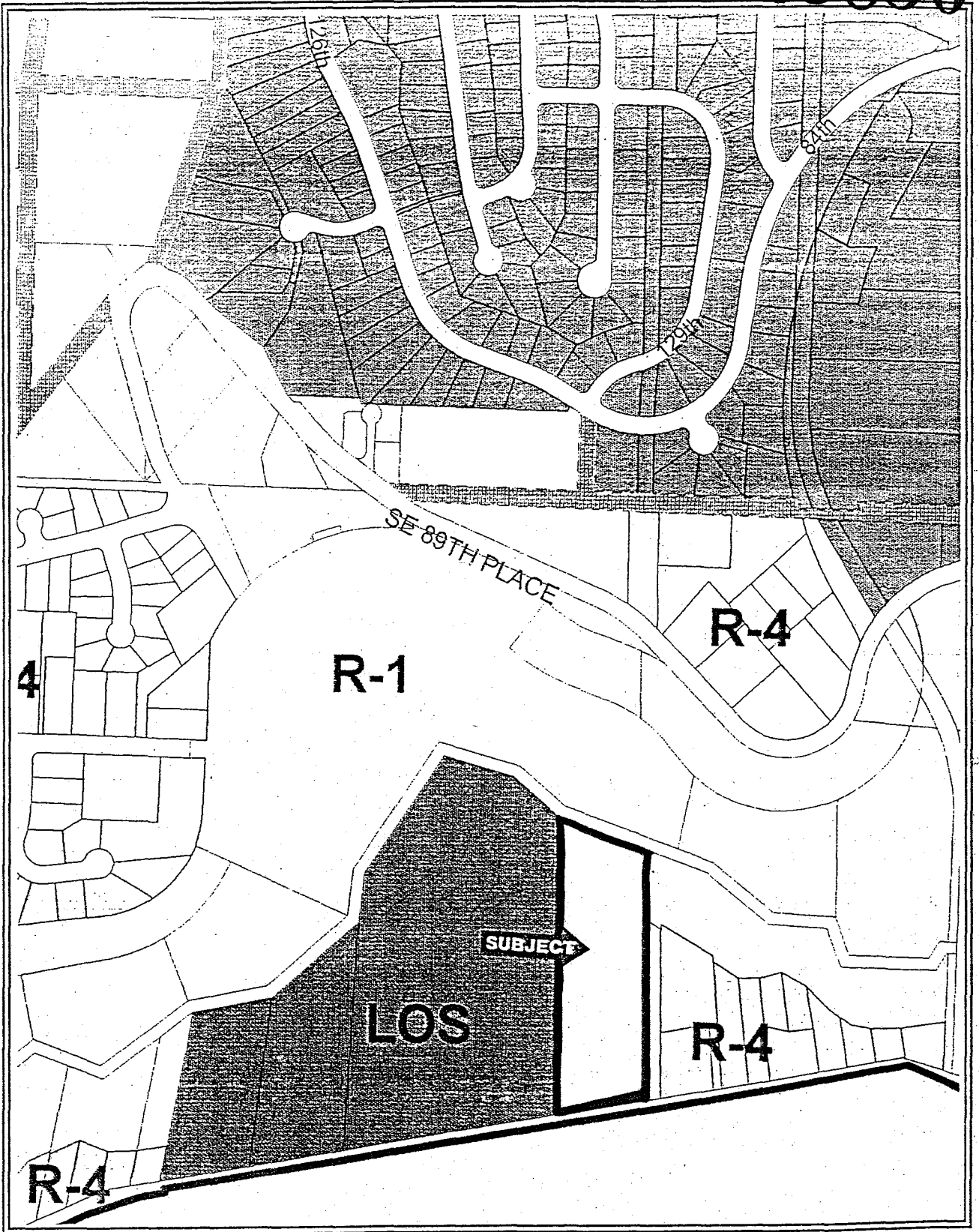
Wetlands:

A wetland delineation was not available for the subject property. Thus, it is an assumption of this report that the subject property is not negatively impacted by the presence of wetlands.

Soils:

According to a Draft Report of Geotechnical and Environmental Findings by Landau Associates, Inc., dated December 10, 1999, the subject site is mapped as Vashon-age recessional sand and gravel. Subsequent subsurface conditions observed in the test pits by Landau Associates, Inc. were generally consistent with the mapped geology, and typically consists of fill and glacial recessional outwash. Vashon age till is present along the southerly limits.

The Geotechnical and Environmental Findings also observed surface water in a depression on the southern portion of the property. This study addressed development of the subject site with a proposed athletic field complex. The appraisers have been directed by the client to appraise the subject property based on the current zoning classification which is R-1. As the Geotechnical and Environmental Findings does not address the development of the site with an R-1 use, it is an assumption of the appraisal report that the subject site is not impacted by soil issues that would negatively impact the highest and best use of the subject property.



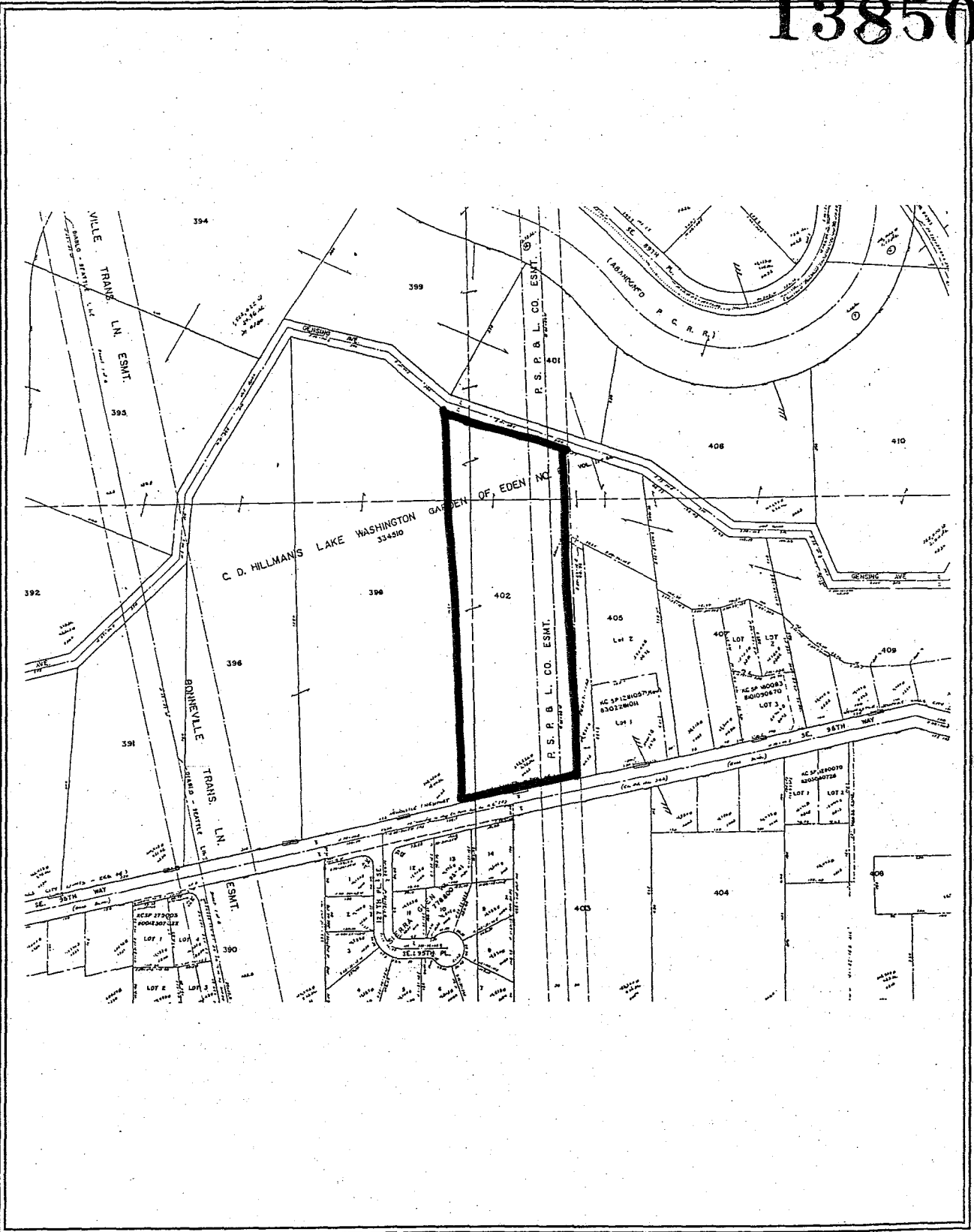
ZONING MAP

The subject property is currently zoned R-1, Urban Residential District zoning classification by the city of Newcastle. The purpose of the R-1 zoning is to provide for a mix of predominantly single detached dwelling units. The R-1 zoning is typically placed on or adjacent to lands with area-wide environmental constraints, or in well-established subdivisions of the same density. Allowed uses within this district include single family detached dwelling units, senior citizen assisted living quarters, home occupations, trails, parks, golf facility, arboretum, and schools. Maximum density in this zone is one dwelling unit per acre. The entire ordinance is lengthy and is retained in the appraiser's files. However, summary sheets relevant to R-1 zoning classification are reproduced in the Addenda.

The city of Newcastle revised the minimum development requirements based on the R-1 zoning as of February 2, 2000. Previously, based on the R-1 zoning, minimum required width for a site was 35 feet. The city of Newcastle revised the development standards to a minimum lot width of 100 feet with a minimum lot size of 40,000 square feet. Rob Weyman, a planner for the city of Newcastle, has stated that theoretically, the subject site could support seven lots. However, without a site specific study completed, it is not possible to adequately estimate the number of lots that the subject site could physically support based on the topography of the site and the recent changes to the zoning code regarding development standards. For appraisal purposes, we have assumed that the site could support seven lots based on the current regulations in place, assuming that public sewer was available to the site.

The subject property is also impacted by the Critical Area Codes pertaining to the landslide hazard areas, erosion hazard areas, and stream areas. As such, development of the site must meet the specifications as set forth within the Sensitive Area ordinances pertaining to each of the categories. Development of these areas are impacted by setback and buffer requirements, as well as other additional specifications. In order to determine the extent to which the subject property is impacted by these classifications, a preliminary site study would be required. As this information was not available at the time of appraisal, it is an assumption of this report that the subject could be developed to its concluded highest and best use.

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ASSESSOR'S PARCEL MAP

ASSESSMENTS AND TAXES

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The subject property contains a total area of 6.75 acres, or 294,030 square feet, and is carried under one tax parcel number, with the tax and assessment information summarized in the chart below. The Assessor's Map for the site is reproduced on the facing page, with the portion attributed to the subject property highlighted in yellow.

KING COUNTY ASSESSOR DATA					
Parcel Number	Assessed Value		Total	Levy	19998
	Land	Improvements	Assmnt.	Rate	Taxes
334510-0445	\$126,000	N/A	\$126,000	\$12.53992	N/A

The subject property is currently tax exempt as it is owned by the State of Washington.

The assessed value of \$126,000 (or \$0.43/sq.ft. of gross area) is slightly higher than the value conclusion herein of ~~\$120,000~~ ^{\$100,000}. This is not atypical for properties that are tax exempt.

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Highest and Best Use

By identifying and interpreting the market forces that affect a specific property in a local and regional context, the appraiser determines the property's highest and best use. Highest and best use is a fundamental concept in real estate appraisal because it focuses market analysis on the subject property and allows the appraiser to consider the property's optimum use in light of market conditions on a specific date.

Highest and best use reflects a basic assumption about real estate market behavior that the price a buyer will pay for a property is based on his or her conclusions about the most profitable use of the site or property. Therefore, sites and improved properties tend to be put to their highest and best uses. However, the determination of a property's highest and best use set forth in an appraisal may or may not conform to the existing use. The determination of highest and best use must be based on careful consideration of prevailing market conditions, trends affecting market participation and change, and the existing use of the subject property.

Highest and best use is defined in *The Appraisal of Real Estate, 11th Edition*, as "The reasonably probable and legal use of vacant land or improved property, which is physically possible; appropriately supported, financially feasible, and that results in the highest value". This definition introduces the four key criteria that a property use must satisfy to qualify as the highest and best use. These criteria include requirements that a particular use must be:

- legal under zoning, building and other codes or other restrictions
- physically possible as determined by analysis of access, shape, topography, soils and other considerations
- financially feasible in that it produces a positive return on invested capital
- maximally productive, whereby the use produces the highest residual land value corresponding to the market return for such use. These criteria must be evaluated in the highest and best use analysis.

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Because the use of land can be limited by the presence of improvements, highest and best use is determined for the land or site as though vacant and available to be put to its highest and best use, and separately for the property as currently improved.

The determination of highest and best use as vacant reflects the fact that land value is derived from its potential use. Land has limited value unless there is a present or anticipated use for it; the amount of value depends on the nature of the land's anticipated use, according to the concept of surplus productivity. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use of the land as though vacant. In other words, the highest and best use of land as though vacant is the use that brings the highest return to the land after the three other agents of production have been compensated.

To determine the highest and best use of the land as though vacant, the appraiser assumes that the parcel of land in question has no improvements. Even a site with a large building on it can be made vacant by demolishing the building. The question to be answered is: If the land were vacant, what improvement will create the most value?

The second determination of highest and best use refers to the optimum use that could be made of the property and all existing structures. Analysis of the highest and the best use of a property as improved, implies that the existing improvement should be renovated or retained as is, so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. The analysis follows:

Highest And Best Use Of The Subject Property:

The criteria for the determination of the highest and best use of the subject property is based upon legal and physical considerations adjusted for financial feasibility and maximal productivity considerations.

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Legally Possible

The property has an R-1 zoning classification based on the city of Newcastle's zoning code. The purpose of the R-1 zoning is to provide for a mix of predominantly single detached dwelling units. The R-1 zoning is typically placed on or adjacent to lands with area-wide environmental constraints, or in well-established subdivisions of the same density. Allowed uses within this district include single family detached dwelling units, senior citizen assisted living quarters, home occupations, trails, parks, golf facility, arboretum, and schools. Maximum density in this zone is one dwelling unit per acre. Also of consideration is the 'Critical Area' code due to the relatively steep slopes which are located on the northerly portion of the site, erosion areas located on the site, as well as May Creek which is classified as a Class 1 salmonid stream.

Physically Possible

The second test of highest and best use is the physical possibility of constructing an improvement on the site. Clearly the size and shape of the site will define some of the limits on any physical development. The subject site has approximately 6.75 acres, which would not dramatically narrow the range of development choices in the determination of the property's highest and best use. The size and configuration of the site would still allow for the development of the majority of the legal uses allowed on the site. One exception would be a regulation eighteen hole golf course which would require a tract of land of at least 100 acres, with even a small nine hole course requiring at least 30 acres.

Access to the property is considered adequate, with frontage along Southeast 95th Way, which is considered as a minor residential arterial. Southeast 95th Way has a sign that indicates no outlet westerly of the subject.

All utilities are available to the site except for sewer. Most properties in the immediate area are adequately served by private septic systems. However, development of the subject site to its maximum development potential of one dwelling unit per acre would require public sewer service. According to Larry Jones, Assistant Manager for the Coal Creek Utility District, public sewer service is approximately 3,700 lineal feet from the subject property, and is located on Coal Creek Parkway. Connecting to the public sewer system would require that a sewer line be brought in from Coal Creek Parkway. The sewer line would cross May Creek. According to Rob Weyman, a planner with the City of Newcastle, the site could be developed with one home-site as it represents one

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King County tax parcels. Development of the site as a home-site would not require public sewer.

The site is impacted by relatively steep slopes along the northerly portion of the site, erosion hazard areas, and a Class I Salmonid stream. In addition, the subject site is impacted by a pipe-line easement which would require additional set-back areas.

According to a Draft Report of Geotechnical and Environmental Findings dated December 10, 1999 by Landau Associates, Inc., the subject site has some silty soil which may become difficult to work during wet weather. However, the report does state that shallow groundwater was not encountered on the parcel which could be due in part to the time of year that the explorations were performed. It is an assumption of this appraisal report that this will not preclude the development of the subject site to its concluded highest and best use.

The appraisers know of no other physical site limitations that would limit the development of the site. Thus, it is concluded for purposes of appraisal, that the subject site will physically support the limited uses that are legally possible.

Financially Feasible

The third test is for financial feasibility. A project's financial feasibility is measured by whether the project can produce a positive return on the investment. As the subject's zoning allows single family residential use and the subject's site is believed to be physically capable of supporting this use, the factor having the most weight in determining the highest and best use is the feasibility of the use, primarily supported by perceived demand.

Development of similarly zoned land provides a strong indication of the financially feasible alternatives, as market participants tend to develop property to its highest and best use. As discussed in the Market Analysis, the general area is experiencing a large amount of platting activity. The location of the subject site and surrounding uses, coupled with its physical features, favors single family residential development. Therefore, development of the subject property would likely be limited to single family residential development.

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The subject property is unimproved land. Based on conversations with Rob Weyman, a planner with the City of Newcastle, the maximum development of the subject site would be for approximately 7 home-sites. However, a potential developer would be required to hook up to public sewer. Thus, to arrive at a value for the subject property based on this scenario, we have considered sales of similar properties. These sales are summarized below:

COMPARABLE LAND SALES SUMMARY

Name, Location	Sale Date	Sales Price	No. of Lots	Price/Lot
1. China Falls, Newcastle	7/98	\$2,645,097	89	\$29,720
2. Lakepointe, Bellevue	8/97	\$503,000	14	\$35,929
3. Residential Land, Renton	10/99	\$172,000	21	\$16,663

The three comparables indicate a range from \$16,663 per lot to \$29,720 per lot. L-1 is superior to the subject in terms of location and view amenities. This comparable was sold without preliminary plat approval. All utilities are available to this site. L-2 (\$35,929/lot) represents a 155,074 square foot site which is proposed to be developed with 14 lots. This sale was not contingent on preliminary plat approval. All utilities are available to this site. This comparable is superior to the subject in terms of location and view amenities. L-3 (\$16,663/lot) represents a site that is located approximately one quarter mile southeasterly of the subject property. This comparable shares similar location amenities and does not have public sewer available to the site. This site is similar to the subject in terms of location and view. While all three of the comparables will have a greater per unit density than the subject property, they are not impacted by the transmission towers that are located on the subject property. Considering all factors, a unit value of \$20,000 per lot is concluded for the subject property, indicating a value conclusion of \$140,000 (\$20,000/lot)(7 lots). As was previously discussed, a potential developer would be required to connect the subject to public sewer. Although total costs were not available for this hook-up, a starting cost estimate of \$250,000 has been estimated. This amount does not include the added expense of crossing May Creek. Thus, based on a preliminary stand-point, at least \$250,000 would have to be deducted from the previous figure. This deduction is greater than the concluded amount of \$140,000 indicating that the development of the site with six lots is not financially feasible. This amount does not include the added expense of crossing May Creek, if permitted. The cost of this crossing will likely be higher, if it is permitted. Considering

this cost benefit study, the financial feasible use for the subject site appears to be for the development of the subject site as a single family residential home-site.

Maximally Productive

The fourth test of highest and best use is maximum productivity. This test is to determine which use will generate the greatest rate of return or value for the property. The primary use which has passed the three previous tests is for residential development. As this use would effectively utilize the subject site, and is harmonious with surrounding uses in the immediate subject area, it would appear to be the maximally productive use as well.

Several procedures for the valuation of unimproved land, or land that is considered as a potential residential subdivision, are generally available to the appraiser. Three of the more common techniques are discussed below.

1. **The Sales Comparison Approach (Comparative).** Sales of similar properties are analyzed, compared and adjusted to derive an indication of value for the property being appraised. This method may be utilized to arrive at raw land value, at the value of a proposed site with preliminary plat approval and/or the value of individual finished lots and/or lots sold in bulk, either existing or proposed. It is also utilized for valuing the single family residence.
2. **The Development Approach (Anticipated Use Procedure).** Undeveloped land is assumed to be subdivided, developed and sold. Development costs, incentive costs and carrying charges are subtracted from the estimated proceeds of sale and the net income projection is discounted over the estimated period required for market absorption of the developed sites to derive an indication of value for the land being appraised in its "as is" state and also in the "at completion" but unsold state.
3. **The Cost Approach.** After ascertaining the value of the site "as is", all costs associated with development are quantified (direct costs, indirect costs and a return for developer's profit). These costs are then added to the value of the site to arrive at the total property value, at completion.

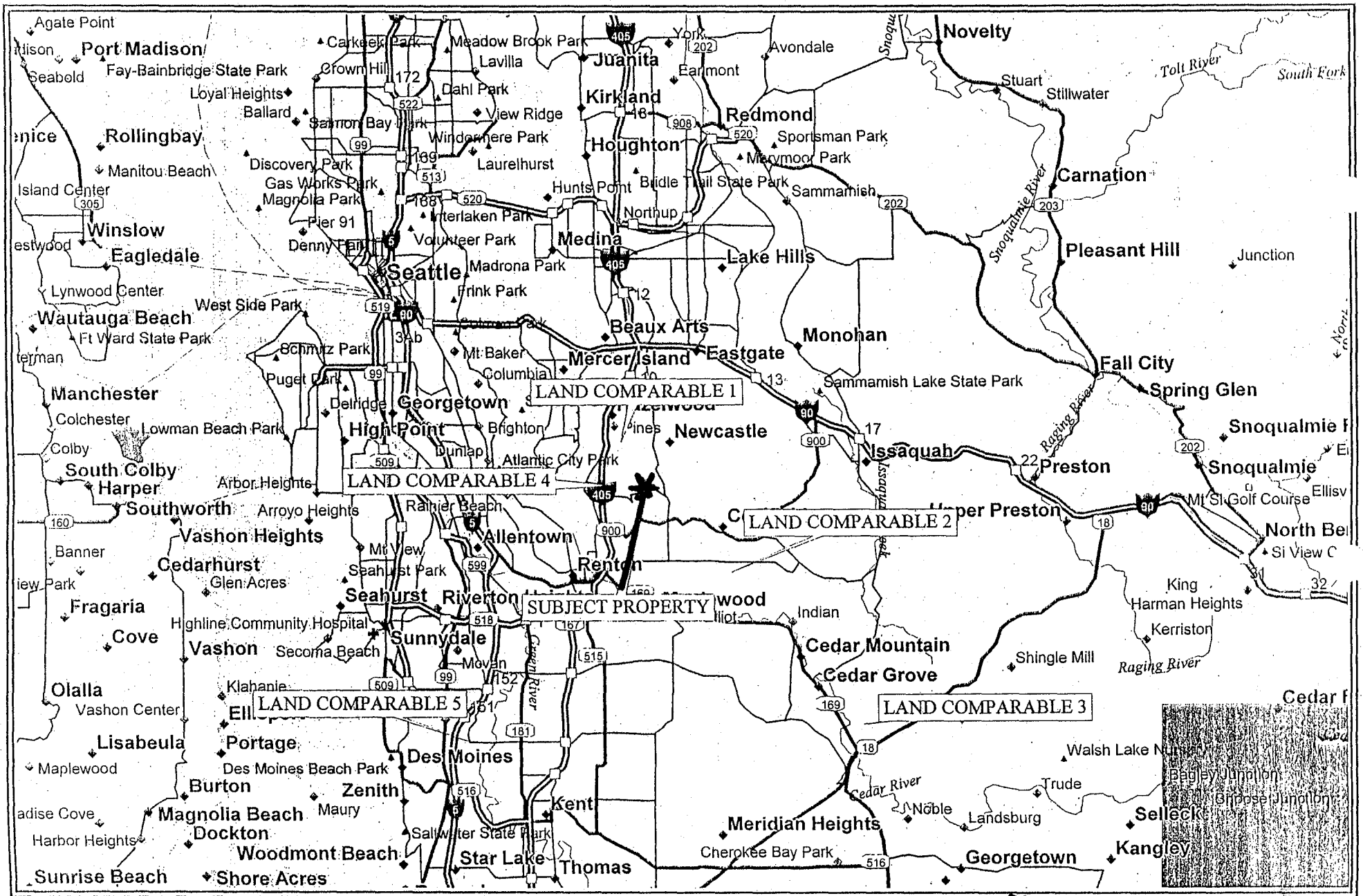
The appraisers considered these techniques and determined that the most applicable method in the case of the subject property is the Sales Comparison Approach. The valuation section follows.

SALES COMPARISON APPROACH

One of the most reliable indicators of value in an active market is derived by comparing the property being appraised with similar or near similar nearby properties that have recently sold. This approach reflects the principle that a well informed buyer will pay no more for a property than the cost involved in obtaining an equally satisfactory substitute property.

A basic principle in the valuation of real estate is that no two properties are identical and thus, adjustments are necessary to reflect the various differences. This formalizes the thought process often followed by buyers and sellers and tends to yield a range of indicated values for the property being appraised. In the present instance, adjustments have been considered for market conditions or date of sale, access and exposure, location, quality of site, view amenity and proposed lot size.

As of the date of appraisal, the subject is undeveloped land, i.e., raw acreage with the potential for development as one home-site containing an area of 6.75 acres. Our research of the market area yielded six sales ranging in size from 1.17 acres to 15.32 acres. The "Retail Value" for the proposed lot will be arrived at using the five comparable sales. Discounting of the subject property will follow the "Retail Value" to provide an "As Is" value for the subject property. On the following page is a summary chart of the comparable land sales. A map showing the relative location of the subject and the comparable sales is on the facing page.



COMPARABLE LAND SALES LOCATION MAP **13850**

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COMPARABLE LAND SALES

<u>Sale</u>	<u>Location</u>	<u>Date</u>	<u>Price</u>	<u>Size</u>	<u>\$/Acre</u>
L-1	7300 116 th Avenue Newcastle	5/99	\$83,000	1.17	\$70,940
L-2	16800 SE 132 nd Street Renton	9/98	\$118,000	3.87	\$30,491
L-3	20300 block of 230 th Avenue SE Maple Valley	5/98	\$85,000	5.00	\$17,000
L-4	3200 block of Jones Avenue NE Renton	6/98	\$110,000	6.47	\$17,002
L-5	212 th Street and 42 nd Avenue S Kent	5/99	\$157,000	15.32	\$10,248

LAND SALE NO. 1

13850

Property Identification

Record ID 3505
 Property Type Residential Lot
 Property Name Vacant Land
 Address 7300 Block of 116th Avenue SE, Newcastle, King County, Washington
 98065
 Assessor's Parcel Number 3343300084
 Legal Lot 130, Hillmans Lake Washington Garden of Eden
 Instrument WD
 Map Page 626E1

Sale Data

Grantor Bahai Faith
 Grantee William Lile
 Sale Date May 28, 1999
 Auditor's File Number 990528-3634
 Financing All cash sale
 Negotiation Date 02/08/99
 Confirmation Minnie Warrick, (425) 747-1901; Joel Goodman, Listing Agent, (425)
 462-8000

Sale Price \$83,000

Land Data

Zoning R-4
 Topography Steep Slope at westerly portion of site
 Utilities Water, electricity service, and gas are available to the site
 Shape Rectangular

Land Size Information

Land Size 1.170 Acres or 50,965 SF
 Lots Units 1

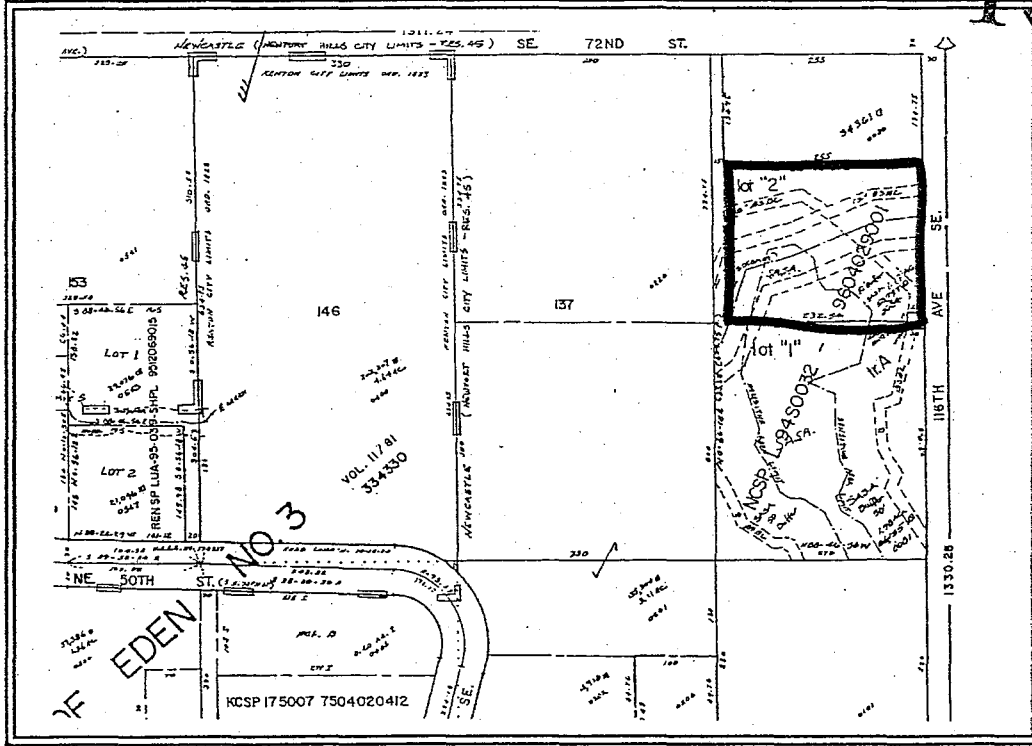
Indicators

Sale Price/Acre \$70,940
 Sale Price/SF \$1.63
 Sale Price/Lot \$83,000

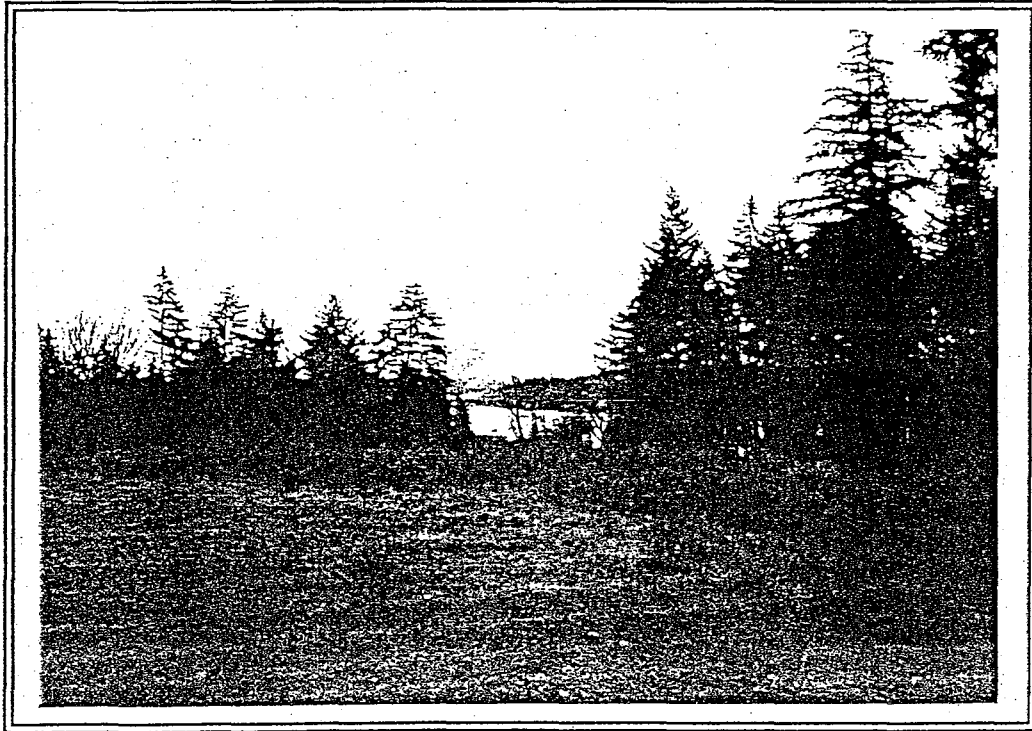
Remarks

This is a sale of a 1.17 acre site which is impacted by relatively steep slopes along the westerly portion of the site. According to Minnie Warrick, the previous listing agent, the site has a Category III Stream. The easterly portion of the site which is level and at street grade, is on fill material. According to Mr. Warrick, the site appears to allow for the development of one site. However, set back requirements would need to be negotiated with the City of Newcastle. Public water, electrical service, and gas service are available to the site, but have not been hooked up. According to the City of Newcastle, late-comer fees will have to be paid for water hook up. Public sewer is not available to the site. The site does offer limited views of Lake Washington and Mercer Island.

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7300 BLOCK OF 116TH AVENUE SE



LOT 130 IN HILLMANS LAKE WASHINGTON GARDEN OF EDEN

LAND SALE NO. 2

13850

Property Identification

Record ID 4244
 Property Type Residential Lot
 Address 16800 Block of SE 132nd Street, Renton, King County, Washington
 98059
 Location Easterly of 168th Avenue SE, Southerly of SE 128th Street
 Assessor's Parcel Number 1323059022
 Legal A portion of Section 13, Township 23 North, Range 5 East
 Instrument WD
 Map Page 657 C2

Sale Data

Grantor Henry and Mary Uitdeflesch
 Grantee Jeff and Lisa Candler
 Sale Date September 15, 1998
 Auditor's File Number 980915-2342
 Financing \$25,000 downpayment with seller financing remainder
 Negotiation Date 07/01/98
 Confirmation Win Van Pelt, Listing Agent, (425) 392 1211
 Sale Price \$118,000

Land Data

Zoning RA5
 Topography Rolling
 Utilities Public Water, Gas, and Electrical Service are available
 Shape Irregular

Land Size Information

Land Size 3.870 Acres or 168,577 SF
 Allowable Units 1
 Front Footage 20 ft SE 128th Street; 162 ft SE 132nd Street/Gravel Road

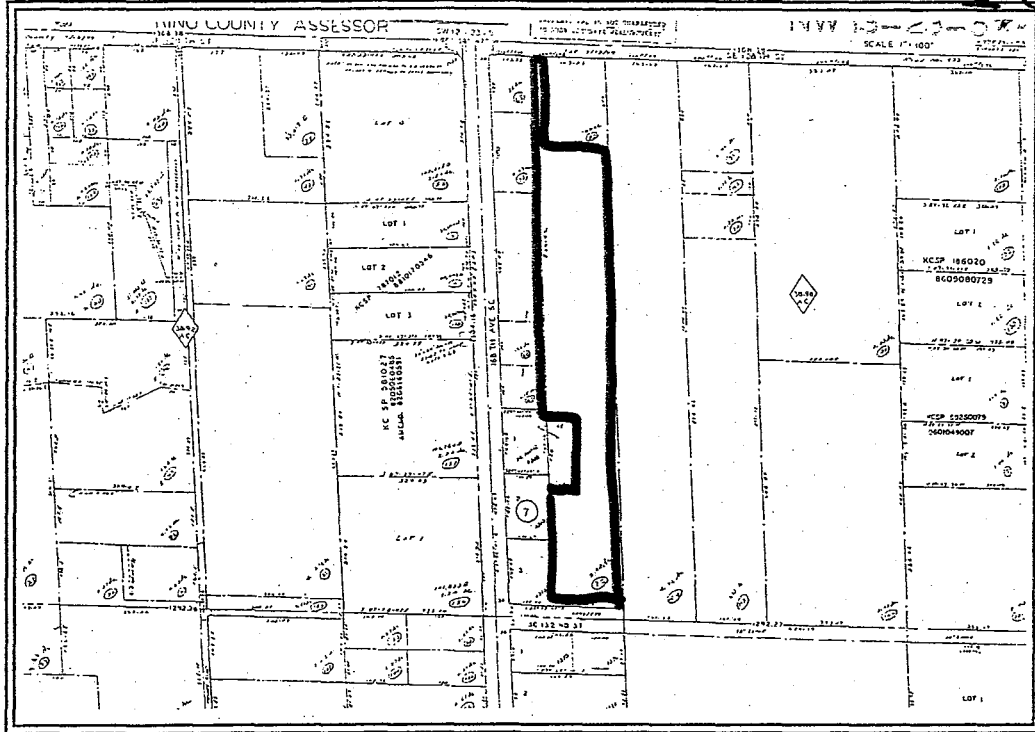
Indicators

Sale Price/Acre \$30,491
 Sale Price/SF \$0.70
 Sale Price/Lot \$118,000

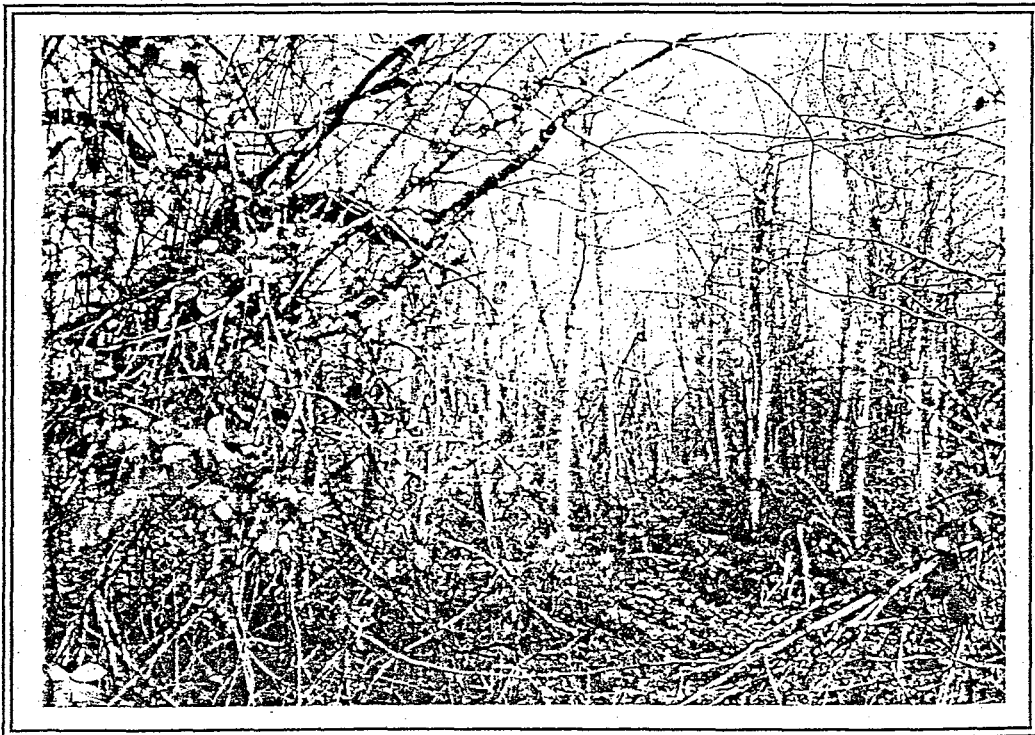
Remarks

This is a sale of a 3.87 acre site that has limited frontage along SE 128th Street, a major traffic thoroughfare. The site also has frontage along SE 132nd Street, a gravel road which provides access to three residential sites. The site has a rolling topography. According to the listing agent, portions of the site are wet, with a pond also located on site. The zoning in place permits the maximum development of one dwelling unit per five acres. The buyer of the site intends on using the site for a plant nursery.

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16800 BLOCK OF SOUTHEAST 132ND STREET



UITDEFLESCH PROPERTY

LAND SALE NO. 3

13850Property Identification

Record ID	3506
Property Type	Residential Lot
Property Name	Vacant Land
Address	20300 block of 230th Avenue SE, Maple Valley, King County, Washington 98038
Assessor's Parcel Number	0322069076
Legal	Taxlot 76
Instrument	WD
Map Page	688A4

Sale Data

Grantor	Kevin and Danelle Newell
Grantee	Bart and Melony Clauson
Sale Date	May 15, 1998
Marketing Time	23 days
Financing	Cash Equiv.
Confirmation	Mike Toomey, Listing Agent, (425) 453-7000

Sale Price	\$85,000
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Land Data

Zoning	RA-5
Topography	Rolling
Utilities	Electrical service is available
Shape	Rectangular

Land Size Information

Land Size	5.000 Acres or 217,800 SF
Lots Units	1

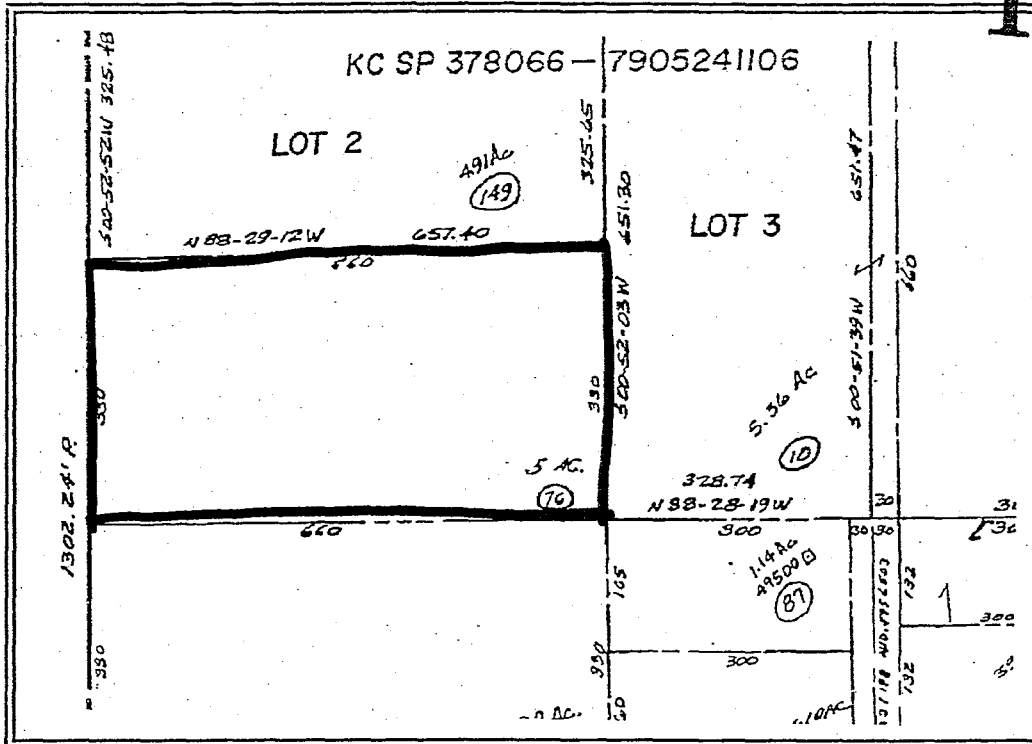
Indicators

Sale Price/Acre	\$17,000
Sale Price/SF	\$0.39
Sale Price/Lot	\$85,000

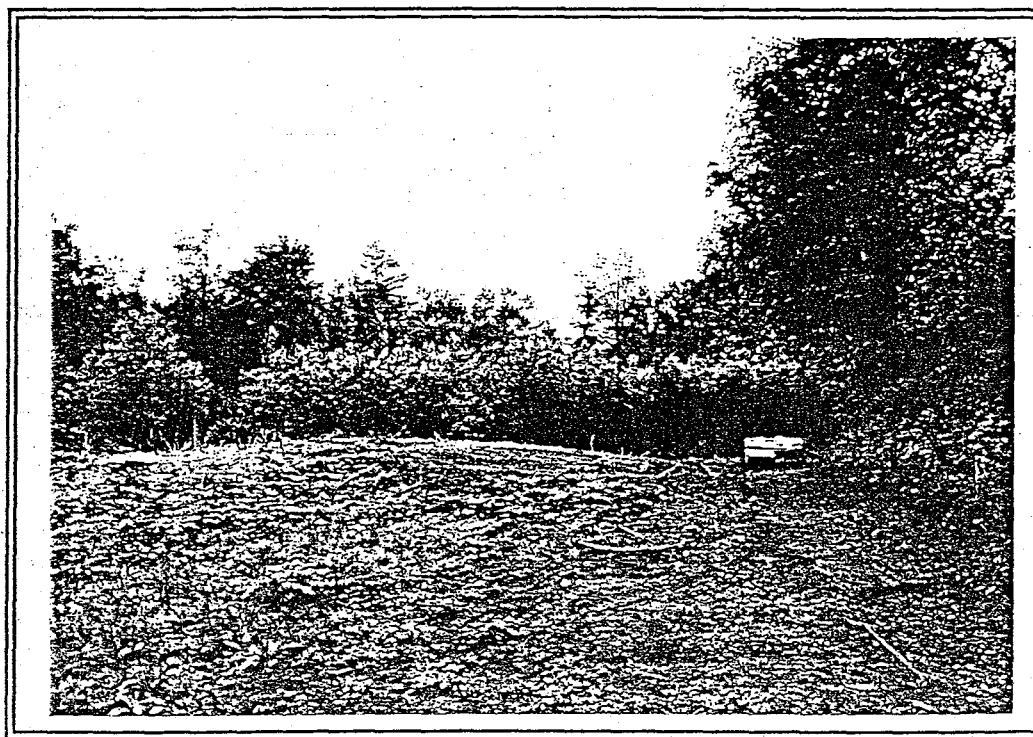
Remarks

This is a sale of a five acre parcel which has electrical service available. Public water and sewer are not available, nor has the site been improved with well and septic. The seller purchased the site in a cash deal in May 1991 for \$80,000 and assumed that there was adequate access to the site. Upon listing the site with the listing agent, it was determined that the site did not have access and that access would have to be over a ravine which is located on the southerly portion of the site. Thus, litigation was begun with the title company involved in the 1991 sale, resulting in the title company purchasing site access from 11 adjacent property owners. This process took approximately two to three years according to the listing agent. There is a ravine located on the southerly portion of the site with a marsh located along the westerly boundary of this area. Current King Count zoning allows for the development of one dwelling unit per five acres, thus the site may be improved with one dwelling unit based on current zoning.

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20300 BLOCK OF 230TH AVENUE SE



TAX LOT 76

13850

LAND SALE NO. 4

Property Identification

Record ID	4245
Property Type	Residential Lot
Address	3200 Block of Jones Avenue NE, Renton, King County, Washington 98056
Location	Easterly of Jones Avenue NE, northerly of NE 31st Street
Assessor's Parcel Number	3342103555
Legal	Lot 77 in Hillmans Lake Washington Gardens of Eden
Instrument	WD
Map Page	626 E4

Sale Data

Grantor	Kenneth L Ward
Grantee	Charles and Mary Ann Mapili
Sale Date	June 16, 1998
Auditor's File Number	980616-1565
Financing	All cash sale
Negotiation Date	April 14, 1998
Confirmation	Susan Gerend, Listing Agent, (425) 643-5500

Sale Price	\$110,000
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Land Data

Zoning	RC
Topography	Relatively Steep Slopes
Utilities	Public water and electrical service are available
Shape	Irregular

Land Size Information

Land Size	6.470 Acres or 281,833 SF
Allowable Units	1

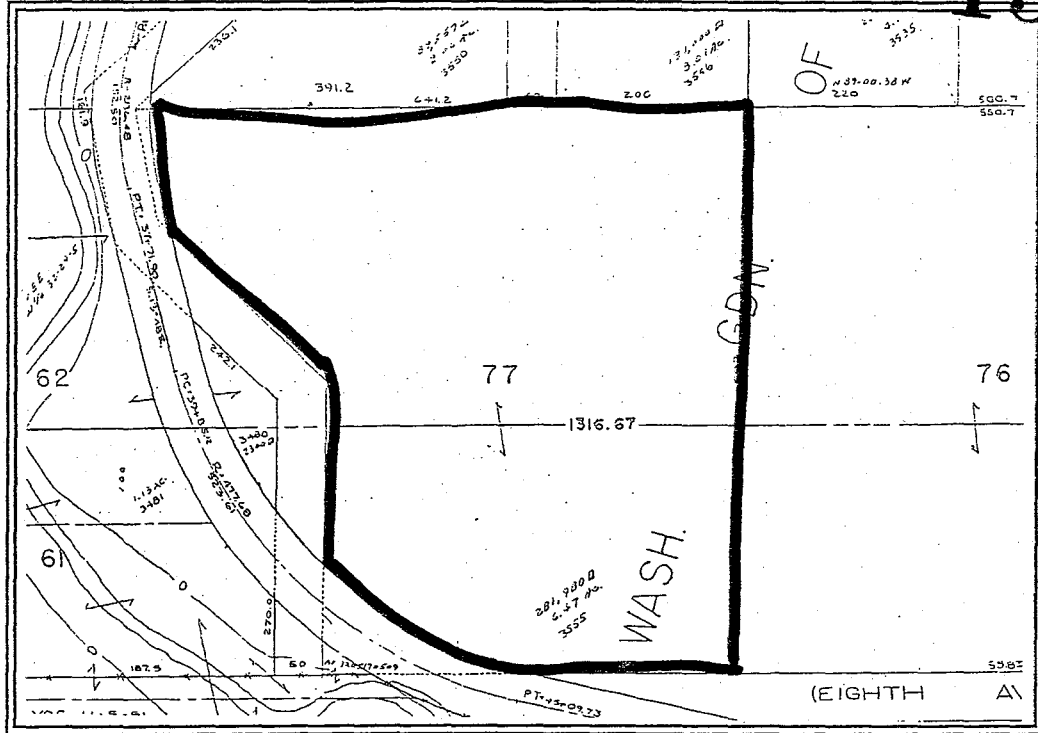
Indicators

Sale Price/Acre	\$17,002
Sale Price/SF	\$0.39
Sale Price/Lot	\$110,000

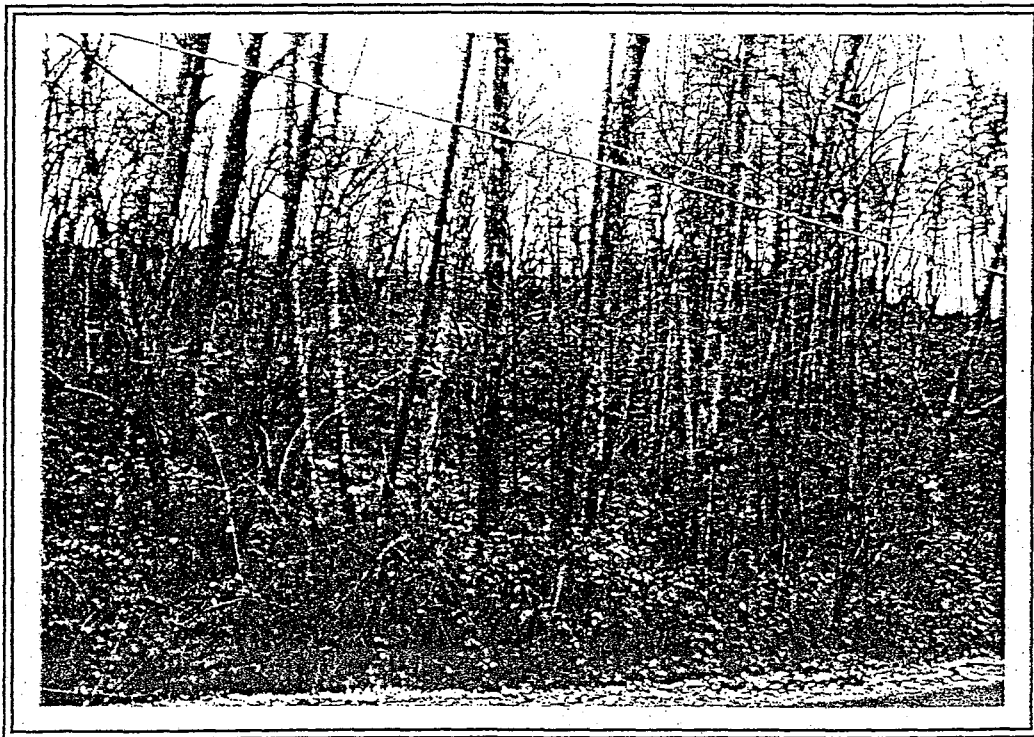
Remarks

This site has steep upward slopes from Jones Avenue and NE 31st Street. The listing agent has stated that this site is impacted by erosion hazard areas as well as a native growth protection designation which limits the development of the site with one home-site. Traffic noise impacts this site from I-405 which is approximately one quarter mile westerly from this site. May Creek is located across the street from the subject property. An adjacent property owner purchased this site to protect the area from further growth.

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3200 BLOCK OF JONES AVENUE NORTHEAST



WARD PROPERTY

LAND SALE NO. 5

13850Property Identification

Record ID 3218
 Property Type Acreage, Wetlands
 Property Name KV Land J LLC
 Address S. 212th St. & 42nd Ave. S., Kent, King County, Washington
 Location Westerly of the Green River
 Assessor's Parcel Number 102204-9004-05 & -9139-03
 Legal Portion of Sec. 10, Twn 22 N. Rng 4 E., W.M.
 Instrument Warranty Deed
 Map Page 685 E/5

Sale Data

Grantor Oliver M. Muth
 Grantee KV Land J LLC
 Sale Date May 28, 1999
 Auditor's File Number 990528-2196
 Marketing Time Over two years
 Financing All Cash Sale
 Confirmation Kim Adams, Realtor, 1-800-945-4110; Oliver M. Muth, seller, (253) 631-1318

Sale Price \$157,000

Land Data

Zoning A-1
 Topography Level
 Utilities Power & telephone
 Shape Rectangular

Land Size Information

Land Size 15.320 Acres or 667,339 SF
 Front Footage South 212th Street; 42nd Avenue South

Indicators

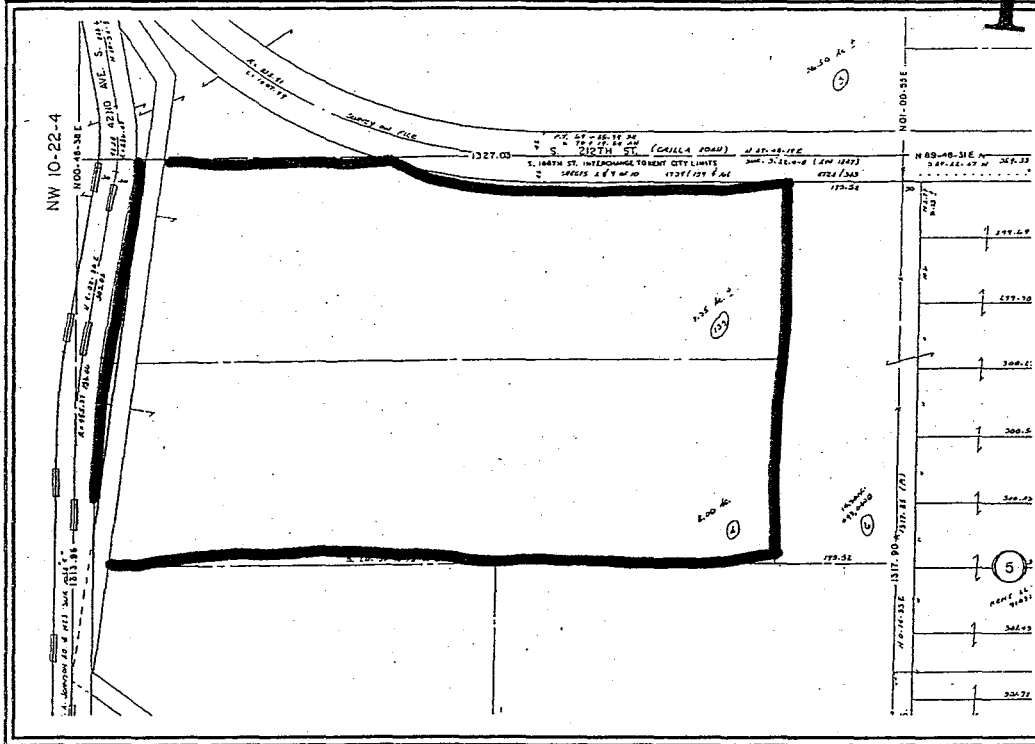
Sale Price/Acre \$10,248
 Sale Price/SF \$0.24

Remarks

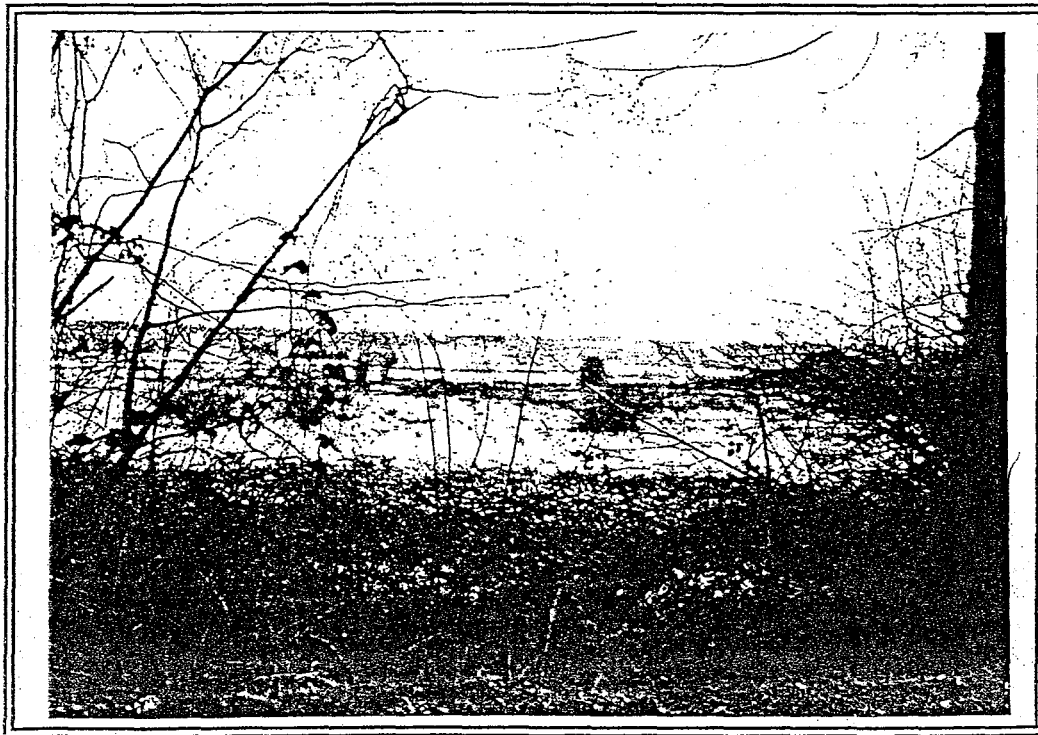
A parcel of land that has frontage on both South 212th Street and 42nd Avenue South. The site is fairly level at or slightly below road grade. For the most part the site is cleared, with minimal tree covering. While there is no site specific information it appears that a portion of the property is wetlands, with observed low and wet spots on the site. The property is carried under the King County's Farmland Preservation Program. The property is deed restricted to agricultural uses, but allows one homesite.

The property has been listed for about one year at \$235,000. The buyer is going use the property as a berry farm.

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WESTERLY OF THE GREEN RIVER



SOUTH 212TH STREET AND 42ND AVENUE SOUTH

Comparable	Sale Price	\$/Lot	Gross Sq.Ft.	\$/Sq.Ft.	Gross Acreage	\$/Acre
L-1	\$83,000	\$83,000	50,965	\$1.63	1.17	\$70,940
L-2	\$118,000	\$118,000	168,577	\$0.70	3.87	\$30,491
L-3	\$85,000	\$85,000	217,800	\$0.39	5.00	\$17,000
L-4	\$110,000	\$110,000	281,833	\$0.39	6.47	\$17,002
L-5	\$157,000	\$157,000	667,339	\$0.24	15.32	\$10,248

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Analysis of Comparable Land Sales

In addition to the four sales herein, the appraisers also considered a pending sale on Lot 403, Hillmans Lake Washington Garden of Eden, a property located southerly of the subject property. The site is currently owned by King County and contains an area of 4.29 acres. This site is zoned R-4 which permits the maximum development of four dwelling units per acre. The property was open to sealed bid on September 1, 1999, ending September 30, 1999, with a minimum bid requirement of \$90,000. Six sealed bids were received, with a maximum offer of \$101,600. The buyer intends on developing the site as a single home-site according to Carol Thompson, a representative for the King County Inventory and Sales Office. Although this site is located just southerly of the subject property, fronting on the southerly side of SE 95th Way, it is located within unincorporated King County which legally permits a more intensive development of the site in comparison to the subject property. As such, it is superior to the subject property in terms of development possibilities. Thus, it has been considered, but not used herein.

The chart on the facing page reflects the three methods which could be used in evaluating the subject property. These methods are: price per lot, price per developable site, and price per acre. The comparables on the facing page have been arranged in ascending order based on the lot size. Based on a price per lot, the range of the comparables is from a low of \$83,000 to a high of \$157,000. This basis provides a good starting point from which to compare the subject property.

The second method considered is based on the price per square foot. The smaller sized comparables indicate a higher price per square foot which is not atypical as smaller properties tend to sell at a higher price per square foot than larger properties. The comparables indicate a high of \$1.63/sq.ft. to \$0.24/sq.ft. As this method is not typically the method used by buyers and sellers of properties similar to the subject property, we have not relied on this method.

The third method considered is the price paid per gross acre. As was evident in the price per square foot, the smaller the property size, the greater the price paid per acre. The comparables reflect a range from high of \$70,940 to \$10,248 which represents a relatively wide margin. Due to the dissimilarities of the comparables, and the wide range of prices per acre, this method has not been used in arriving at a value for the subject property.

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The appraisers have relied on the price per lot method in arriving at a value conclusion for the subject property. The subject site is impacted by a steep downward slope at the northerly end of the site toward May Creek. This site is impacted by erosion hazard areas, a Class I stream, and land slide hazard areas. In addition, there is a pipe-line easement and transmission lines located on the subject property.

Adjustments were made to the comparable sales to estimate the value of the subject property as undeveloped land without any preliminary plat work or approval. For illustration purposes an adjustment grid which follows has been utilized. The adjustment grid displays the adjustments made to the comparable land sales to account for the differences between the sales and the subject property. These adjustments are believed to reflect the market's most probable reaction to these differences. In addition to the cost adjustments, comparative adjustments are also made. These adjustments are factors or percentage adjustments for each element of comparison identified as contributing to a value difference. The adjustments are negative or positive, depending on whether a certain characteristic is superior or inferior to the subject property. The total of the gross plus and minus adjustments are used to arrive at a total net upward or downward adjustment, which is shown as the Indicated Value per Lot.

There are six common elements of comparison that should always be considered in the sales comparison analysis. These are: Real property rights conveyed; Financing terms; Condition of sale; Date of sale; and Location and Physical characteristics. The first three elements of comparison are similar for the comparables used herein. The date of sale or closing for the comparables range over approximately one and a half years. We have noted that during most of this time period, there has been a measurable appreciation in lot values which has not, however, directly translated over to land values. Therefore, we have made a slightly lesser adjustment for market conditions or date of sale. An annual time adjustment of 3% is reflected.

Land Sale No. 1, (\$83,000/Lot) is the sale of a 1.17 acre site located within the city of Newcastle. This site is impacted by a relatively steep slope along the westerly portion of the site and has a Class III stream. This site is superior to the subject in terms of view amenity as it has views of Lake Washington and Mercer Island and is not impacted by a pipe-line easement or transmission lines. However, this is offset in part, due to the subject's available access to May Creek which is located on the northerly portion of the site. Overall, the location of this comparable is superior to the subject property, thus, indicating a downward adjustment. This site is smaller than the subject

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property which contains an area of 6.75 acres. As such, an upward adjustment is reflected for size. Overall, this comparable is adjusted upward relative to the subject property.

Land Sale No. 2, (\$118,000/Lot) is the sale of a 3.87 acre site located in unincorporated King County. This topography of this comparable is rolling with a pond located on the site. A downward adjustment is reflected for location/desirability/view as this comparable is superior to the subject property which is negatively impacted by a pipe-line easement and transmission lines. However, this is offset by the subject's available access to May Creek which is located on the northerly portion of the site. This comparable is not negatively impacted by sensitive areas, thus, a downward adjustment is reflected. This site is smaller than the subject property which contains an area of 6.75 acres. As such, an upward adjustment is reflected for size. Overall, this comparable is adjusted downward relative to the subject property.

Land Sale No. 3, (\$85,000/Lot) is the sale of a 5 acre site located in the Maple Valley area of King County. This comparable is superior in terms of desirability/view in comparison to the subject property as it is not impacted by a pipe-line easement or transmission wires. However, this is offset by the subject's available access to May Creek which is located on the northerly portion of the site. This site is smaller than the subject property which contains an area of 6.75 acres. As such, an upward adjustment is reflected for size. Overall, this comparable is adjusted upward relative to the subject property.

Land Sale No. 4, (\$110,000/Lot) is a 6.47 acre site located approximately one quarter mile northwesterly of the subject property, northerly of May Creek. This comparable has steep upward slopes from Jones Avenue and NE 31st Street. This comparable is superior in terms of desirability/view in comparison to the subject property as it is not impacted by a pipe-line easement or transmission wires. However, this is offset by the subject's available access to May Creek which is located on the northerly portion of the site. This site is similar in size to the subject property which contains an area of 6.75 acres. Thus, no adjustment is reflected for size.

Land Sale No. 5, (\$157,000/Lot) is the sale of a 15.32 acre site that is relatively level or slightly below road grade with minimal tree covering. This comparable is superior to the subject as it is not impacted by a pipe-line easement or transmission lines. However, an upward adjustment is reflected as the location of this comparable is inferior to the subject property. The impacts of sensitive areas to this comparable is less than the

LAND SALES ADJUSTMENT GRID

Property	<u>L-1</u>	<u>L-2</u>	<u>L-3</u>	<u>L-4</u>	<u>L-5</u>
Price per Lot	\$83,000	\$118,000	\$85,000	\$110,000	\$157,000
Time	2.00%	4.00%	5.00%	5.00%	2.00%
Adjusted Price per Lot.	\$84,660	\$122,720	\$89,250	\$115,500	\$160,140
Comparison					
Location/Desirability/View	-5%	0%	0%	0%	5%
Utility	0%	0%	0%	0%	0%
Sensitive Areas Impact	0%	-20%	0%	0%	-5%
Size	30%	15%	10%	0%	-40%
Total Adjustment Factor	25%	-5%	10%	0%	-40%
Indicated Value per Lot	\$105,825	\$116,584	\$98,175	\$115,500	\$96,084

For Reconciliation Purposes:

Mean Adjusted Value per Lot	\$106,434
Median Adjusted Value per Lot	\$105,825

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impact to the subject property, thus a downward adjustment is reflected. This site is larger than the subject property which contains an area of 6.75 acres. As such, a downward adjustment is reflected for size. Overall, this comparable is adjusted downward relative to the subject property.

The comparables indicate an adjusted range from \$96,084 to \$116,584. The indicated mean adjusted value per lot is \$106,434 and the indicated median adjusted value per lot is \$105,825, supporting a value of \$105,000.

The site is impacted by debris located on the subject site. Removal of the debris is estimated at \$5,000. To arrive at an "As Is" value of the subject site, this expense is deducted from the value conclusion of \$105,000, indicating an amount of \$100,000 (\$105,000 - \$5,000).

Estimated Value of Site, Raw Land Value	\$100,000
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Three independent approaches to value were considered by the appraisers. In the case of the subject property, only the Sales Comparison Approach was considered relevant. Of the six general procedures for land value analysis, only the comparative analysis procedure was considered appropriate for analyzing the subject property.

The resultant value indications were:

Income Approach:	N/A
Cost Approach:	N/A
Sales Comparison Approach:	\$100,000

The Income Approach produces a meaningful indication of value when:

1. Gross income and operating costs have been properly forecast.
2. The capitalization rate reflects the market.
3. Appropriate methods and techniques have been used.

The Income Approach is typically utilized in appraising many types of real estate. It is most appropriate where the property produces an income stream that can be analyzed. In the case of the subject property which is an undeveloped site, it was determined that this approach was not a reasonable methodology to apply in the determination of a value conclusion. Consequently, it was not used in the report.

The Cost Approach involves several critical judgment decisions and produces a significant indication of value when:

1. The replacement cost new has been correctly estimated.
2. The building is new or nearly new and is the highest and best use of the site.
3. Physical and functional depreciation are measurable.
4. The physical deterioration and functional and economic obsolescence have all been correctly estimated.
5. Site value is properly estimated.

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As in the case of the Income Approach, the Cost Approach was not completed as the site is land only and is not improved.

The Sales Comparison Approach provides a meaningful indication of value when:

1. The amount of available market data is adequate.
2. The relative advantages and deficiencies of the property being appraised and the comparative sale properties are not too extensive and have been correctly weighed.

The Sales Comparison Approach is based on relatively recent sales of somewhat similar properties in the competing area. This methodology provided the most reasonable way to conclude a value estimate for the vacant subject site, and that which is followed by most buyers and sellers in the marketplace.

With reliance on the analysis contained herein and the use of the Sales Comparison Approach, it is concluded that the subject property as discussed in the appraisal, has an estimated value, as of February 5, 2000 of:

ONE HUNDRED THOUSAND DOLLARS

(\$100,000)

CERTIFICATION

We certify that, to the best of our knowledge and belief,

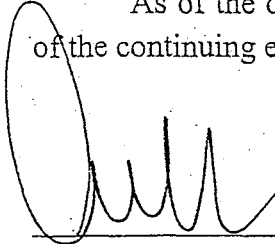
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1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this appraisal report, and we have no personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
5. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
6. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
7. We have made a personal inspection of the property that is the subject of this report.
8. No one provided significant professional assistance to the persons signing this report.
9. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or an approval of a loan. The appraisers are competent and qualified to perform the appraisal assignment.

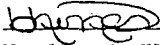
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10. The estimate of Market Value of the subject property, as defined herein, as of February 5, 2000 is \$100,000.

As of the date of this report, Fred C. Strickland, has completed the requirements of the continuing education program of the Appraisal Institute.

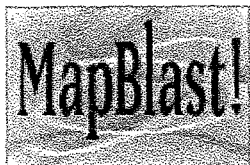


Fred C. Strickland, MAI
State of Washington Certification #270-11 ST-RI-CF-C617LS



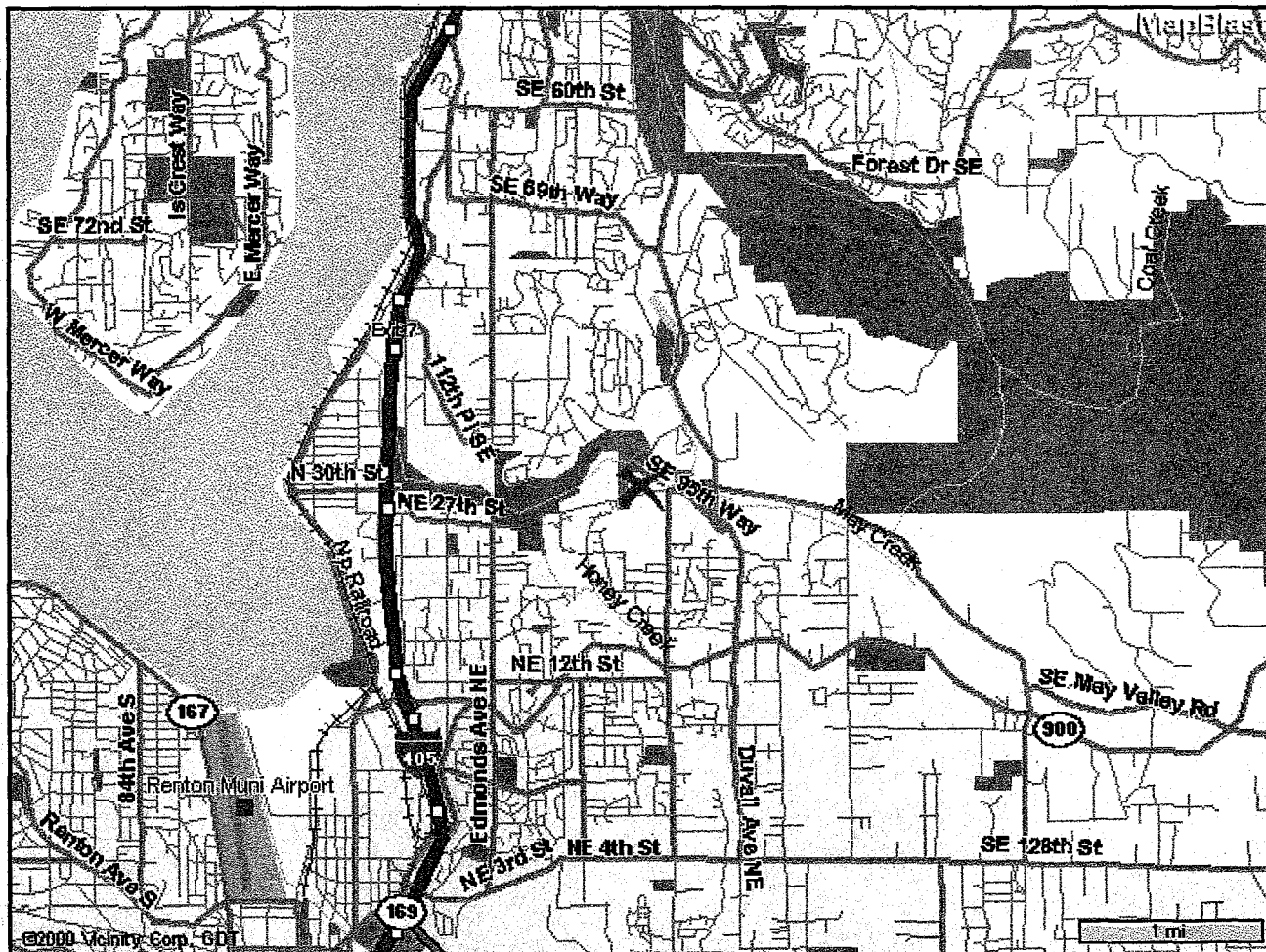
Barbro A. Hines, Associate
State of Washington Certification #HI-NE-SB-A381PA

C.



Hillman Property
12800 S.E. 95th Way
Newcastle, WA

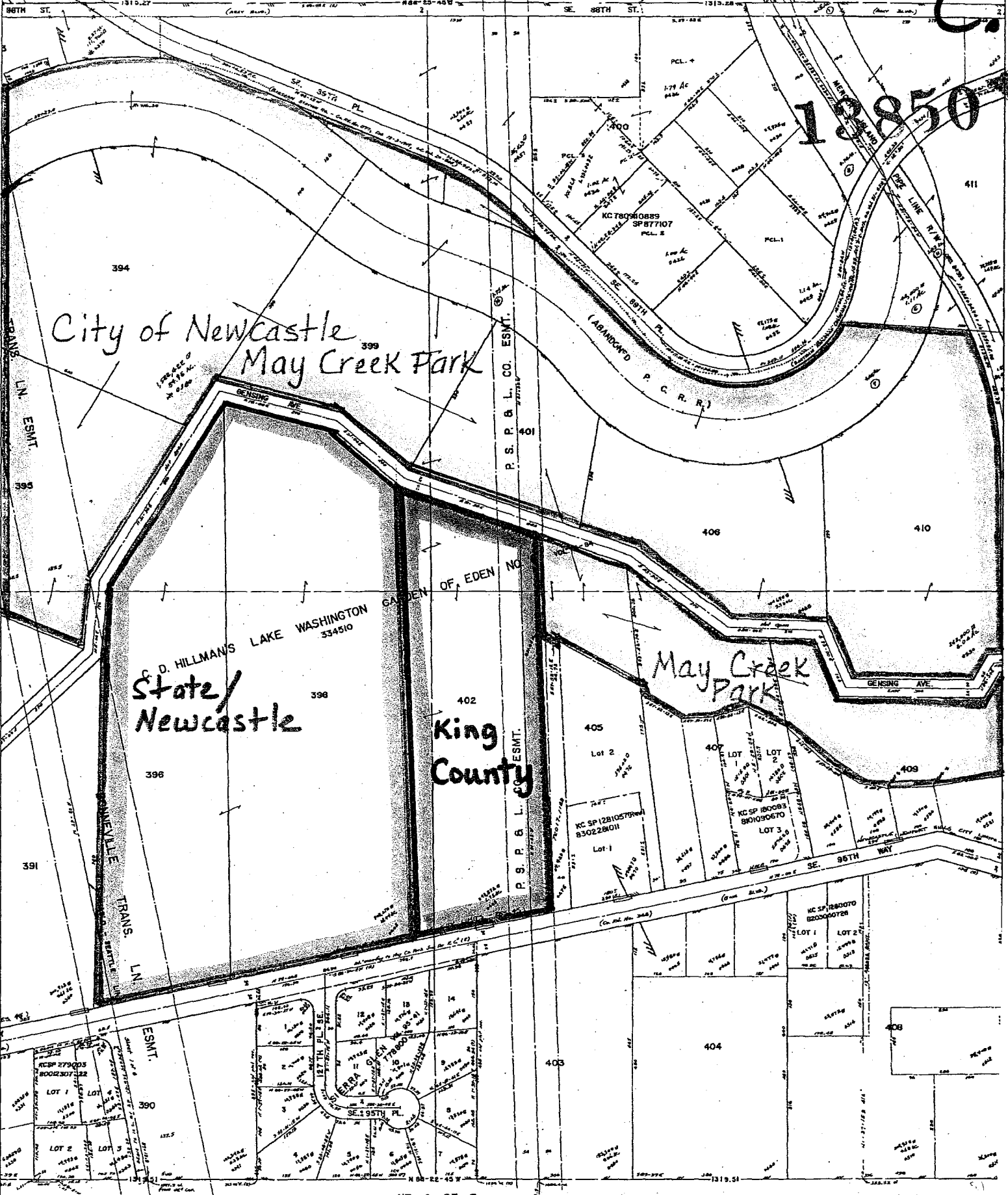
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[Icon Latitude: 47.518149, Longitude: -122.167703]

C.

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City of Newcastle
May Creek Park

C. D. HILLMANS LAKE WASHINGTON
State/ Newcastle

King County

May Creek Park



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 16, 2000

Ordinance 13851

Proposed No. 2000-0185.2

Sponsors Sullivan

1 AN ORDINANCE relating to zoning; outlining phasing
2 requirements relative to mixed (residential/commercial)
3 use developments; and adding a new section to K.C.C.
4 chapter 21A.14.

5

6

7

STATEMENT OF FACTS:

8

1. Before the adoption of the current zoning code, K.C.C. Title 21A,
9 King County had two mixed use zones within the former zoning code,
10 K.C.C. Title 21. The two zones were the business residential -

11

neighborhood scale (BR-N) zone and business residential - community
12 scale zone (BR-C).

13

2. In the former zoning code, K.C.C. Title 21, these two mixed use
14 zones required both the residential and commercial component to be
15 housed in one structure and to utilize a vertical configuration; that is, the
16 residential component of the project was to be located above the
17 commercial component.

18

3. The code was silent on the issue of whether commercial had to