

09.08.03

City of Bradbury and  
Bradbury Community Service District  
600 Winston Avenue  
Bradbury, California 91010

Re: Kissak/Bodkin parcel

Ladies and Gentlemen:

The following presents an appraisal of a parcel of vacant acreage located within the foothills of the San Gabriel Mountains in the northern portion of the City of Bradbury.

The purpose of the appraisal is to estimate the as-is fair market value of the fee simple interest in the parcel on the date of value.

Contained within the body of the report are descriptive and analytical data documenting the valuation estimate. Also included are a definition of market value, statement of limiting conditions and a value certification.

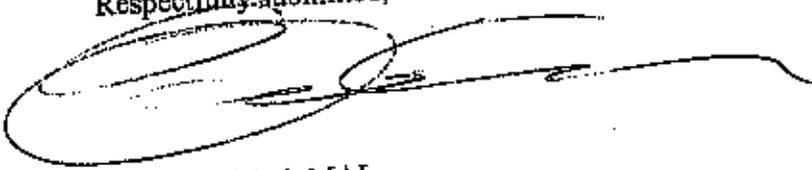
The as-is fair market value of the fee simple interest in the property, as of September 8, 2003, is:

**\$1,147,000**

This report is a complete, self-contained appraisal prepared in accordance with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

This report is intended for use only by the City of Bradbury and Bradbury Community Service District for potential acquisition purposes. This report is not intended for any other use nor is the use of this report by others intended by the appraiser.

Respectfully submitted,

  
Norman Eichel, MAI  
California State Certification AG008794

  
Jerry M. Tempkin, MAI  
California State Certification AG008794

NE/JMT:tf

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## PRINCIPAL FACTS AND CONCLUSIONS

Location: The extreme northern portion of the City of Bradbury within the foothills of the San Gabriel Mountains, south of Angeles National Forest, east of Monrovia, northeast of Arcadia and west of Duarte

Thomas Guide Coordinates: Page 568 B-2

Assessor Parcel Identification: 8527-001-001, 008, 009 and 012

Land Description:

Area:	APN 001	41.40 Ac
	008	70.00
	009	20.54
	012	<u>59.30</u>
	Total	191.24 Ac

Topography: Highly irregular mountainous terrain.

Utilities and off-sites: No immediate availability

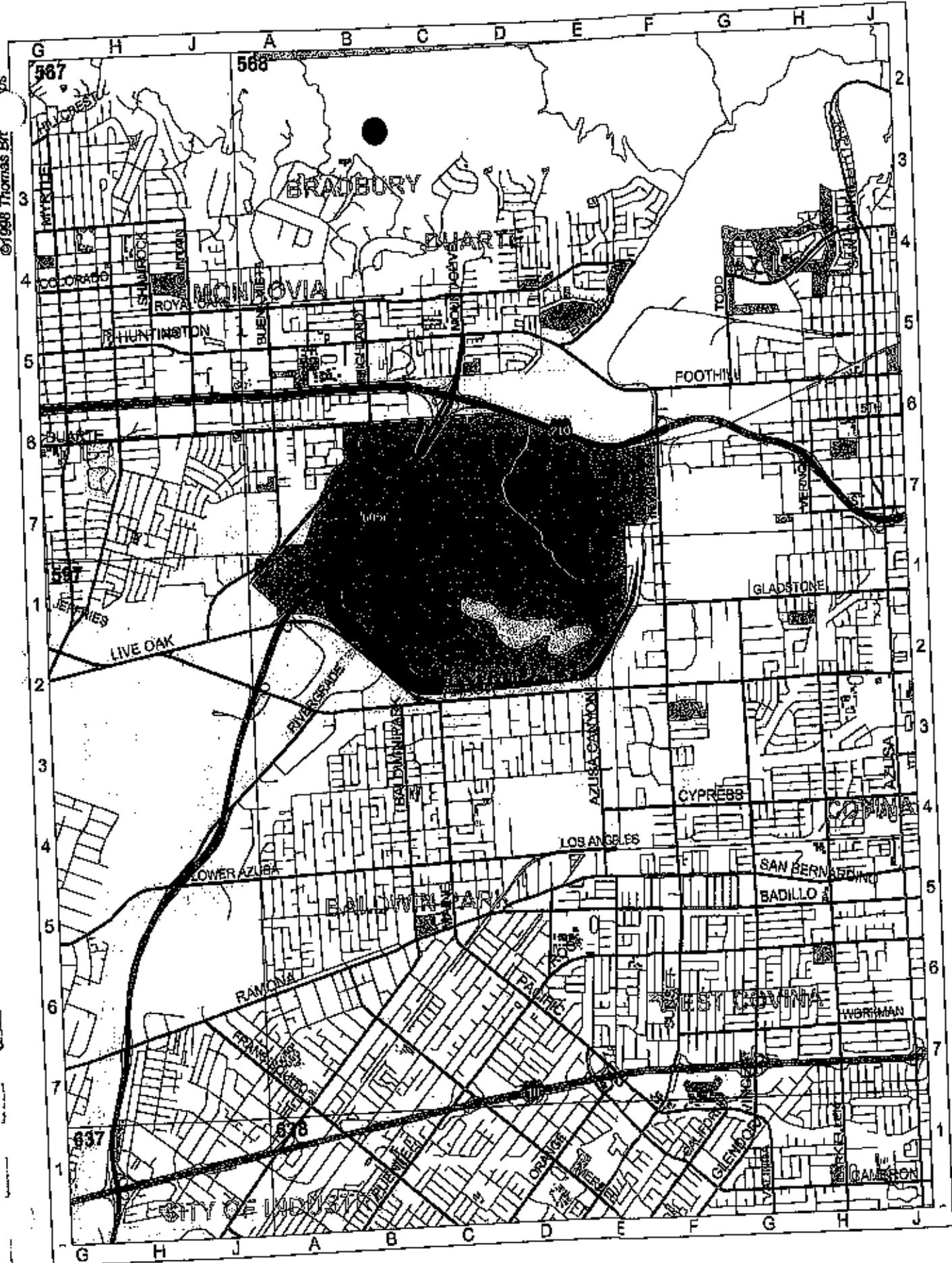
Zoning: A-5 Agricultural/Residential zoning; Estate 5 Acres General Plan

Current use: Vacant land parcel

Highest and best use: Single-occupant ranch estate; or speculative hold for low density, single-family residential development

Fair market value: \$1,147,000

Date of Value: September 8, 2003



● Subject Property, Page & Grid

REGIONAL MAP

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## THE VALUATION PROBLEM

### Objective

The purpose of the appraisal is to estimate the as-is fair market value of hillside acreage known as the Kissak/Bodkin parcel. The property is located in the extreme northern portion of the City of Bradbury within the foothills of the San Gabriel Mountains, south of Angeles National Forest.

### Interest Appraised

The fee simple interest in the property encumbered only by zoning is the subject of the appraisal report.

### Effective Date of Valuation Estimate

The effective date of value is September 8, 2003; the value is based on market data and other pertinent information gathered and analyzed on or about this date.

### Function of the Appraisal

The function of the appraisal is to provide valuation information for potential acquisition of the property by the City of Bradbury and Bradbury Community Service District.

### Intended User

This report is intended for use only by the City of Bradbury and Bradbury Community Service District, its administration and executive staff, attorneys and consultants. This report is not intended for any other use nor is the use of this report by others intended by the appraiser.

### Site Inspection

The property was inspected by Norman Eichel, MAI and Jerry M. Tempkin, MAI on September 8, 2003 and on several other previous occasions.

## Value Definition

Fair market value is defined as:

The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. (Code of Civil Procedures CCP 1263.320).

The fair market value of the property taken for which there is no relevant market is its value on the date of valuation as determined by a method of valuation that is just and equitable. (CCP 1263.320).

## Extent of the Assignment

The extent of our assignment included data gathering, data analysis and evaluation.

- Data gathering: The data gathering phase of the assignment included the following:

The site was visited to gather data concerning physical characteristics and conditions as well as factors of surrounding influence. The data gathering phase of the assignment included initial interviews with property owners and real estate agents familiar with the properties. Information on zoning and issues of entitlement were provided by the City of Bradbury. Property maps and plats were obtained from the local Assessor's office or title company, as well as the client.

Comparable data were gathered by reference to published sources such as Win2Data, property records, multiple listing publications, title information and direct interviews with real estate brokers and property owners. Data thus obtained were assimilated with information contained in our files from past appraisals and research studies.

Throughout the data gathering process, an attempt was made to obtain information from primary sources only; secondary sources were utilized only as a matter of verification.

In addition, the surrounding area was inspected and real estate professionals and market participants were interviewed regarding market values, trends and characteristics.

Information concerning the use alternatives of the subject property was obtained from Mr. Dave Meyer, Bradbury City Planner, and C. Edward Dilkes, City Manager.

- Reporting Process: To develop the opinion of value, the appraisers performed a complete, self-contained appraisal which is intended to comply with the reporting requirements set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

### **Assumptions and Limiting Conditions**

- The appraisal report is a complete, self-contained appraisal which is intended to comply with the reporting requirements set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The report is intended for use only by the City of Bradbury and Bradbury Community Service District, its executives or administrative personnel, advisors and attorneys for purposes relating to acquisition.

This appraisal has been prepared for the exclusive benefit of the above-named client and stated intended users. It may not be used or relied upon by another party. Any party who uses or relies upon any information in this report without the preparer's written consent does so at his own risk.

- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative affect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
- The appraiser assumes no responsibility for economic or physical factors that may affect the opinions in this report which occur after the date of the letter transmitting the report.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- The appraiser reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

- The property is appraised assuming it to be under responsible ownership and competent management, and available for its highest and best use.
- Because no title policy was made available to the appraiser, he assumes no responsibility for such items of record not disclosed by his customary investigation. No opinion as to title or legal access is rendered. Data related to ownership was obtained from the client and Assessor's records and is considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report.
- The appraiser assumes no responsibility for hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for arranging for engineering studies that may be required to discover them.
- The property is appraised assuming it to be in full compliance with all applicable federal, state, and local environmental regulations and laws, unless otherwise stated.
- The property is appraised assuming that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise stated.
- The property is appraised assuming that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been, can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated.
- No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable and no encroachment of real property improvements is considered to exist.
- No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.
- Maps, plats and exhibits included in this report are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from the report.
- No opinion is intended to be expressed for matters that require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
- That possession of this report, or a copy of it, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

- Since earthquakes are not uncommon in the area, no responsibility is assumed due to their possible effect on individual properties, nor for assessing the reliability of the seismic qualifications of structures on the subject properties.
- Testimony or attendance in court by reason of this appraisal is not required unless further authorization to fully appraise the property involved is granted the appraiser at a fee to be determined prior to commencement of such additional work as may be required.
- No consideration has been given in this appraisal as to the value of the property located on the premises considered by the appraiser to be personal property, nor has he given consideration to the cost of moving or relocating such personal property; only the real property has been considered.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated 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 any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- No civil engineering study was provided. We reserve the right to alter our value estimate if a competent engineering study is provided by a qualified civil engineer.

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## THE MARKET AREA

### Location

The subject property is located in the extreme northern portion of the City of Bradbury within the foothills of the San Gabriel Mountains.

The site is located about 1 ¼ miles due north of the Foothill (210) Freeway. Downtown Los Angeles is about 20 miles southwest of the subject.

The subject market area comprises the San Gabriel Mountain foothills of Bradbury, Arcadia, Duarte and Monrovia. This hillside region is bounded by Angeles National Forest to the north. Luxury homes, many of which exist on large hillside lots, offer commanding views of the San Gabriel Valley and areas beyond.

### Accessibility

Freeway and surface street accessibility to the periphery of the subject neighborhood is judged to be good. The nearest freeway — the Foothill (210) Freeway — traverses in an east/west direction, roughly two miles south of the subject. Interchanges are provided at Buena Vista Street and Mount Olive Drive, which extend to Royal Oaks Drive, an east-west arterial, all of which provide direct access to Bradbury. Due to the rugged mountainous terrain of the Angeles National Forest adjacent north, access to the neighborhood is generally provided from a southerly direction from various feeder streets that extend northbound from populated areas to the south.

### Bradbury Overview

Bradbury is a gated, high-income enclave of rambling estates and horse corrals on sites mainly ranging from ½ to 12 acres. There are no commercial land uses within the city, although convenience goods shopping is available nearby to the south. Similarly, multi-family or condominiums are not found within the city.

Bradbury was incorporated in 1957 in order to preserve the rural estate character of the community. Local control of development has been stressed guarding against excessive grading, reduction in lot sizes and construction out of character with the existing environment.

Land use distribution is shown below:



### DISTRIBUTION OF EXISTING LAND USES

Existing Land Use	Corresponding Zone	Area	
		Acres	Percent
Estate - 5 acre plus	Single-family 5 acre lots	568	39
Estate - 2 acre	Single-family 2 acre lots	196	14
Estate - 1 acre	Single-family 1 acre lots	113	8
Single-family 20,000 SF	Single-family 20,000 SF lots	41	3
Single-family 7,500 SF	Single-family 7,500 SF lots	20	1
Public	School-civic center	17	1
Vacant	Flood control, undeveloped	320	22
Roads - easements		165	11

Source: David Evans and Associates, Inc. 1993

Current population of Bradbury is estimated at about 850 within its 1.91-square-mile area.

As of the 2000 census, median household income was \$100,454 compared to \$47,493 for the state as a whole.

Dwelling values mirror the high-income character of Bradbury residents. Shown below are examples of recently-closed dwelling sales.

### DWELLING VALUE SURVEY

Address	Price	Bedrooms/Baths	Living Area SF
76 Palm Hill	\$2,080,000	5/5.5	6,800
660 Deodar Lane	2,375,000	6/6.5	7,460
378 Deodar	2,600,000	3/4	3,645
430 Long Canyon	2,300,000	6/7.5	7,200
100 Oak Knoll	2,750,000	7/7.5	8,386
169 Bliss Canyon	2,845,000	6/9	8,770
682 Deodar	2,920,000	4/5	6,622
330 Oak Mountain	3,480,000	7/7.5	11,322
395 Oak Mountain	3,150,000	6/8.5	9,500
330 Oak Mountain	3,700,000	7/6.5	11,322

Source: Survey by Etchel Inc.

Along with certain areas of Pasadena and Arcadia, Bradbury represents the predominant high income place of residence in the San Gabriel Valley, offering the highly-valued amenities of privacy and security.

### **Neighborhood Environment**

The subject property lies in the foothill transition area between the San Gabriel Mountains to the north and the San Gabriel Valley to the south. The southern portion of the extended neighborhood consists of single-family residential development on relatively large parcels.

The immediate neighborhood consists of undeveloped open space. The Angeles National Forest lies to the immediate north.

The subject location is well suited for low-density hillside residential development. The existing topography, however, severely restricts the amount of developable residential density.

## DESCRIPTION OF THE PROPERTY

A description of the Kissak/Bodkin acreage is presented below.

### Identification

No legal description of the property is available. The property is identified by the Assessor parcel number:

8527-001-001, 008 009 and 012

An Assessor's parcel map identifying the subject parcel is provided on the following page.

### Site Description

- **Location:** The subject property is located in the foothills of the San Gabriel Mountains within the extreme northern portion of the City of Bradbury, adjacent to the Angeles National Forest to the north.

- **Dimensions and Area:** The property is irregular in shape; the area is:

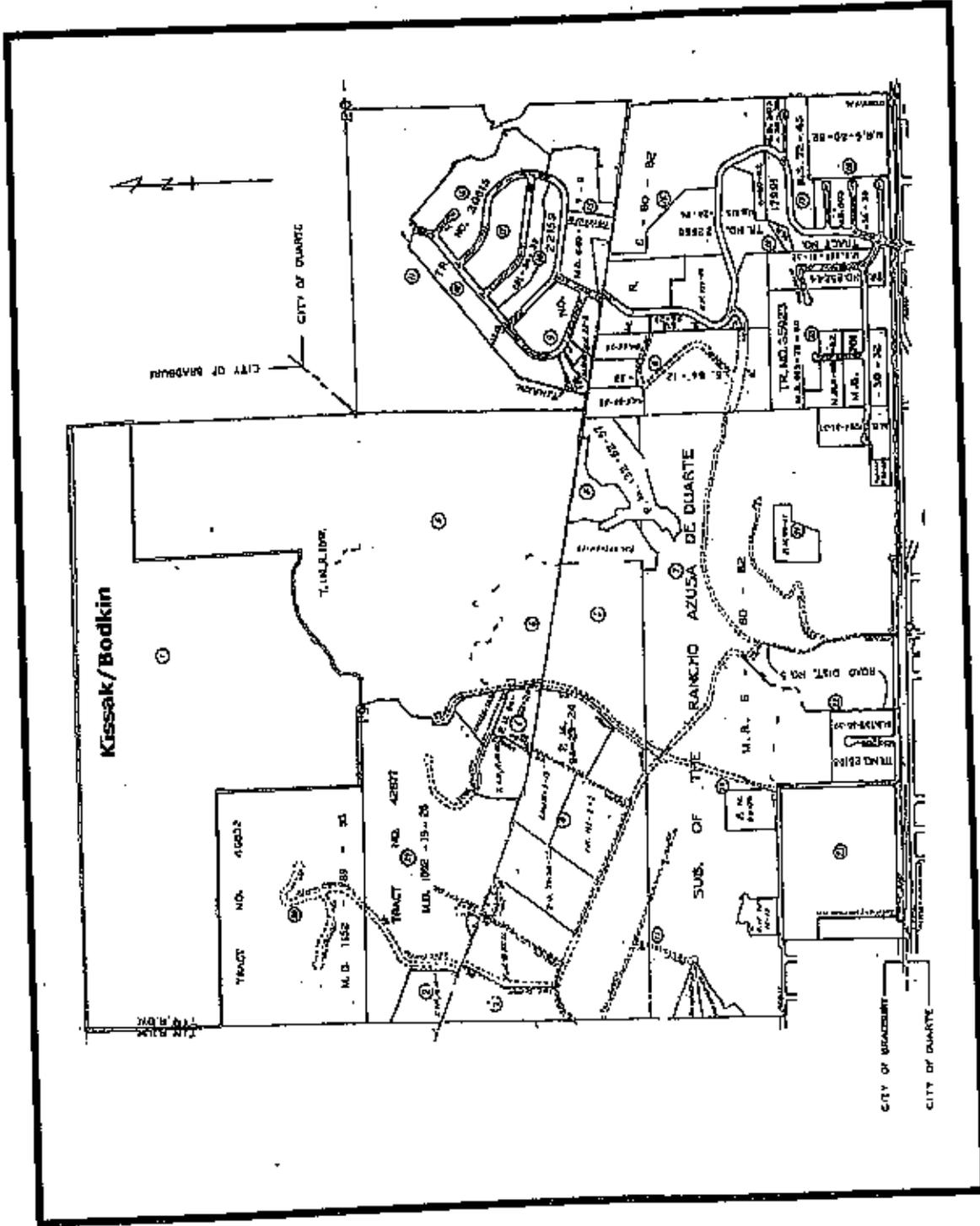
APN 001	41.40 Ac
008	70.00
009	20.54
012	<u>59.30</u>
Total	191.24 Ac

- **Accessibility:** There are three potential access points to the subject property:

(1) From Sycamore Lane, a private road, near the sharp curve just north of Oak Mountain Road. Sycamore Lane is unpaved for approximately 1000 feet south of this point. Farther extensions of the road on to the subject site could be exceedingly expensive because of extreme topography;

(2) Along Spanish Canyon Mountainway, a 12-foot-wide dirt fire road which extends on to the subject property from Long Canyon Road just east of the gate. Construction difficulties would be encountered with retaining walls necessary to widen the road, acquisition of access slope easements, steepness of the road and objections by neighbors;

ASSESSOR'S PLAT



APN: 8527-001-001, 008, 009 & 012  
EICHEL • INC



- (3) From Bliss Canyon Road north of Long Canyon Road past the Los Angeles County flood control basin, Civil engineer Ken Wilch indicates a \$500,000 minimum cost to deal with the debris basin. Additional extensive costs exist for extending the road beyond.

In summary, while access is physically possible, the site is financially landlocked. Cost of access to a feasible single or multiple pad sites is inordinately high.

- **Topography:** The topography of the site consists of highly irregular hillside. The principal feature is Bliss Canyon which traverses the site north to south. The canyon with a blue line stream feeds the flood control debris basin located just beyond the south property line. Smaller canyons extend from ridges within the east and west portions of the site.

Elevations range from about 1,000 feet to 1,600 feet over the entire site.

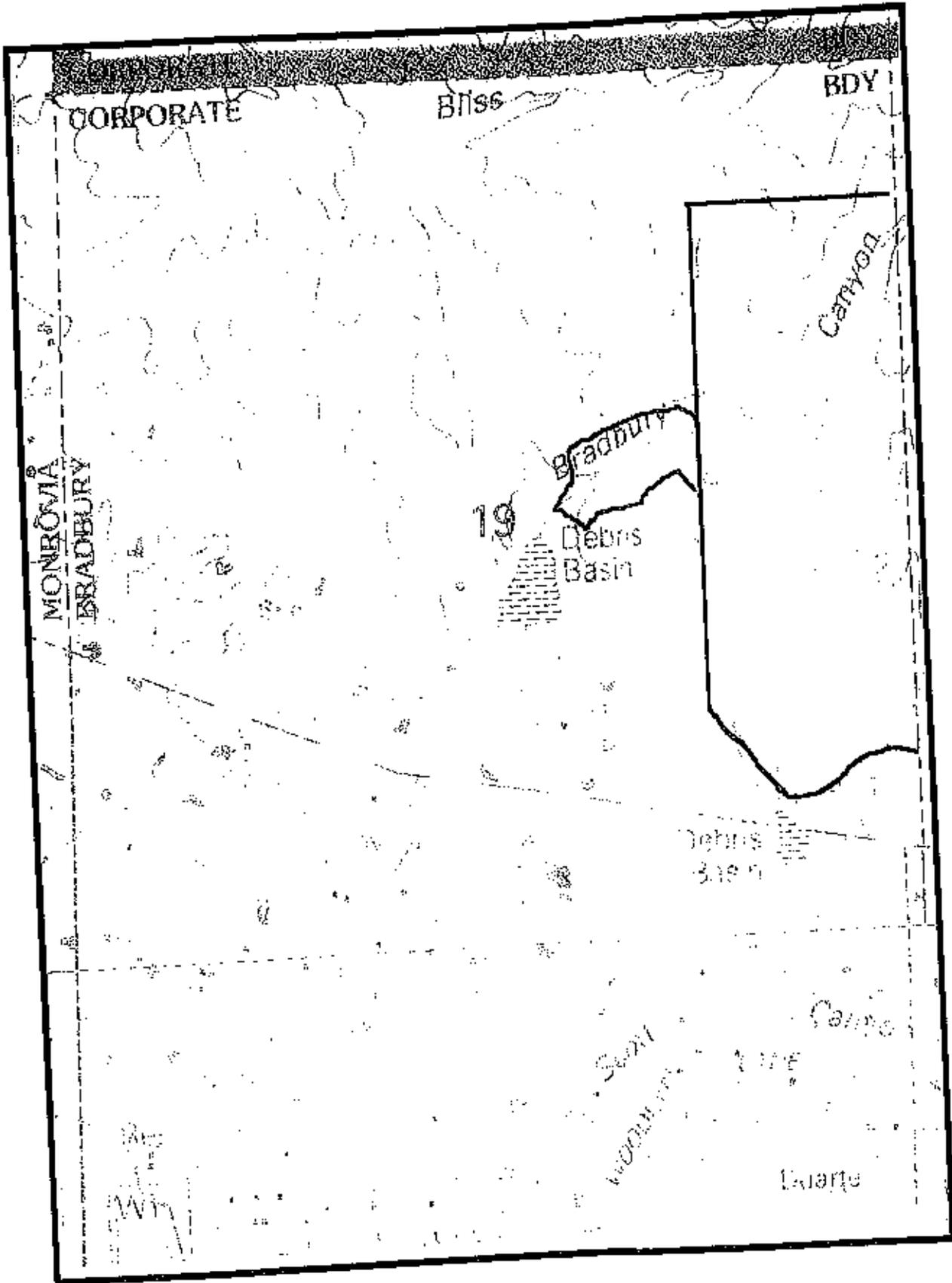
- **Nuisances or Hazards:** No nuisances or hazards specific to the subject property were observed at the date of inspection. However, we reserve the right to amend our valuation conclusion upon further review of environmental studies provided by qualified professionals.

- **Seismic Status:** The State of California Resources Agency, Department of Conservation, Division of Mines and Geology prepares data on earthquake fault line proximity and liquefaction and landslides. The subject property, which is located within the Azusa Quadrangle is situated within liquefaction and earthquake zones of required investigation.

Liquefaction zones are areas where historic occurrence of liquefaction, or local geological, geotechnical and groundwater conditions indicate a potential for permanent ground displacements such that certain mitigation would be required. Earthquake-induced landslide zones are areas where previous occurrence of landslide movement, or local topographic, geological, geotechnical and subsurface water conditions indicate a potential for permanent ground displacements such that certain mitigation would be required.

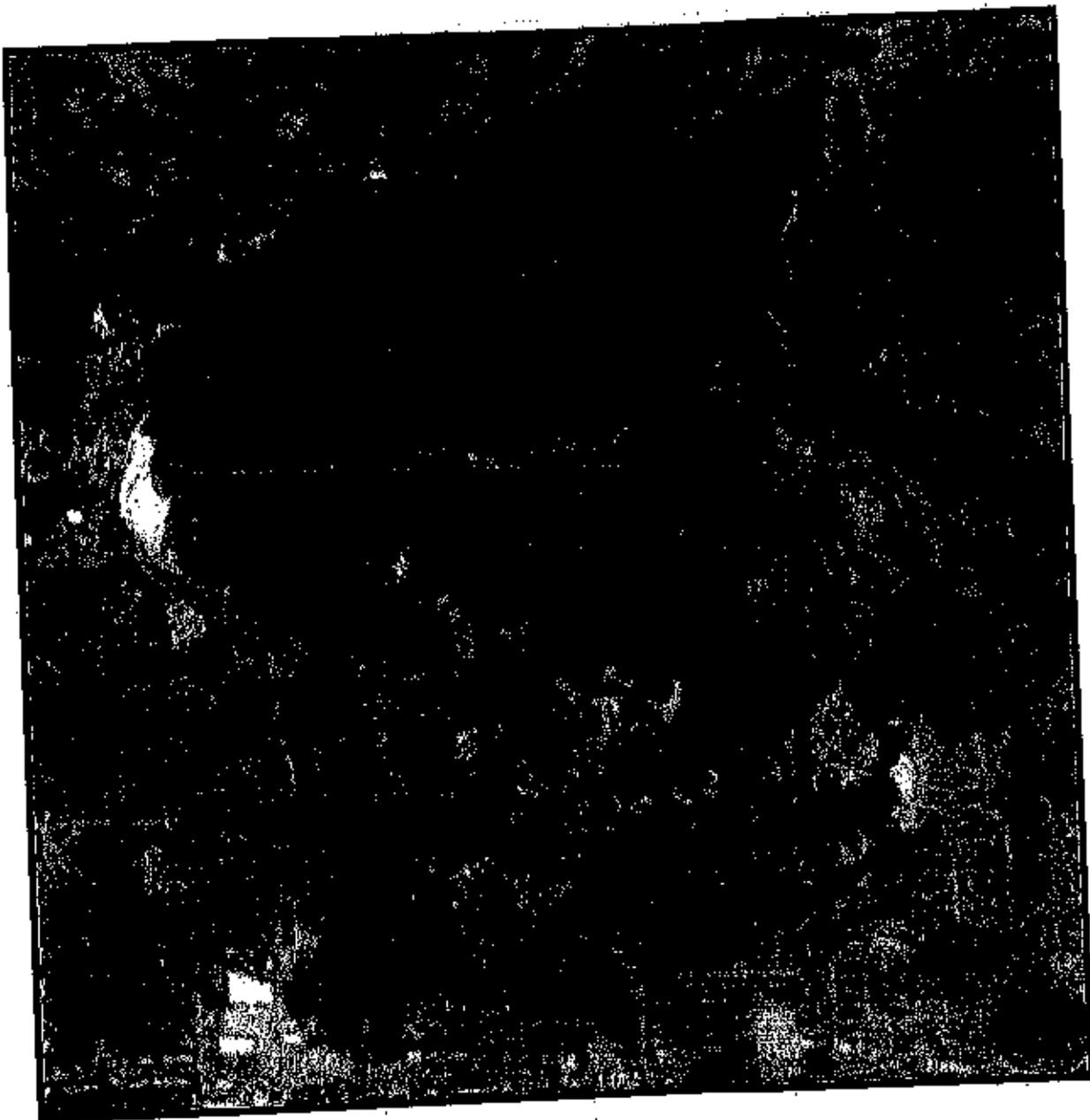
The subject property is not a part of an Alquist-Priolo study zone.

- **View Characteristics:** The property has a southerly facing view towards the city of Bradbury overlooking the San Gabriel Valley beyond.
- **Drainage:** Extensive slopes and small canyons drain the San Gabriel Mountains with water generally flowing from north to south. Future land uses would be subject to potential flood, mud and erosion hazards.



- **Flood Plain:** The property has a Zone D designation per Bradbury Community Panel No. 060017 CCSL of the maps for the Federal Emergency Management Agency, 4/7/88. Zone D is an unstudied area of undetermined but possible flood hazards. No mandatory flood insurance purchase requirements apply.
- **Off-site Improvements:** Off-site improvements include only nearby access feeder streets.
- **Soils and Geologic Conditions:** A soils and geologic report was not available to us. It has been assumed for purposes of the appraisal that soil and geologic conditions are not unfavorable beyond those factors mentioned elsewhere in the report.
- **Environmental Issues:** According to the City of Bradbury, several issues exist which could cause potential concerns for development on the site. These items include the following: landslides, mud slides, debris flows, expansive soils, erosion, potential flooding, loss of native oak trees, sensitive plants and disturbing endangered species of riparian birds and animals as well as cultural factions such as historical or archaeological sites.
- **Utilities:** Utilities are not immediately available to the site. Minimal residential development would utilize an on-site septic system, a private water source with storage tank and pumping equipment and public electric. Gas service would depend on factors of cost of extension of the closest service.
- **Easements:** A title report was not available to us. Other than standard access and utility easements, we have assumed there are no obvious easements impacting the value of the subject property. However, we reserve the right to modify our value conclusion given additional easement information.
- **Governmental Use Restrictions:** The property is zone designated A-5 agricultural/residential. The General Plan use designation is Estate 5 Acre which allows residential development with a 5-acre minimum lot size, or if average slope density exceeds 50%, then minimum lot size of 10 acres.

The property is within the Hillside Development Overlay, which requires compliance with the Bradbury Hillside Ordinance. Sensitive issues relate to ridgeline development and grading slopes and volume. Additionally, development is subject to a Specific Plan review.



**APPROXIMATE SECTION 19**

**Improvements**

No improvements exist on the subject property.

**Assessment and Taxes**

Shown below are the 2002-03 assessed values and annual taxes for the property.

Parcel No.	Land	Improvements	Total	General Tax and Voted Indebtedness	Direct Assessments	Total Taxes	Tax Rate
8527-001-001	\$124,485	\$0	\$124,485	\$1,326	\$1,286	\$2,612	1.065%
8527-001-008	212,132	0	212,132	2,260	2,101	4,361	1.065%
8527-001-009	59,696	0	59,696	636	704	1,340	1.065%
8527-001-012	<u>181,013</u>	<u>0</u>	<u>181,013</u>	<u>1,928</u>	<u>5,103</u>	<u>7,031</u>	1.065%
Total	\$577,326	\$0	\$577,326	\$6,150	\$9,194	\$15,344	1.065%

Total current annual taxes for the property are \$15,344, which includes special assessments of \$9,194. The applicable tax rate for this area is 1.065%.

**Ownership and Sale History**

The subject property is owned by Joe J. and Constance J. Kissak and Robert W. Bodkin.

The property is currently listed on the MRMLS for sale at an asking price of \$12,800,000. The listing agent, Robert Bodkin of Bodkin Co. Realtors, is also co-owner of the property. Mr. Bodkin indicated that the property has been listed on and off the market for the past 17 years at varying prices ranging from \$6 to over \$30 million.

Mr. Bodkin indicated that the property was in escrow to a developer approximately five years ago for \$6,500,000. The deal never materialized. Currently, Mr. Bodkin indicated that there is a developer interested in his property, although, pricing has not yet been discussed.

### **Gion-Dietz Considerations**

The Gion-Dietz issues relate to availability of public access to the subject property. There are certain hiking trails throughout the area in which the subject property is located but none has established a use character which would under the Gion-Dietz decision affect the fair market value.

### **Legal Lot Status**

A certificate of compliance has not been issued on the subject property; it apparently does not meet the requirements of the Map Act and local subdivision ordinances (Government Code § 66499.35).

Additionally, we have made reasonable assumptions about the legal status of comparable sales when sales information verifications failed to reveal the existence of a Certificate of Compliance.

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## HIGHEST AND BEST USE

Highest and best use is defined as follows:

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 profitability.<sup>1</sup>

Implicit in this definition is the availability of the land for highest and best use.

The highest and best use analysis involves examination for the following criteria:

- **Physically Possible:** This factor measures the suitability of the site in relation to size, shape, topography, soil conditions, accessibility and availability of utilities and off-site improvements.
- **Legally Permissible:** The second factor relates to the legality of an intended use. Governmental use restrictions imposed by various jurisdictions allow for certain uses and preclude others.
- **Financially Feasible:** This determinant measures physically possible and legally permissible uses expected to produce a positive return.
- **Maximally Productive:** Among financially feasible uses, this criterion measures the greatest net return to the land.

This section of the report examines the theoretical presumption that the land is available for development. The subject property is unimproved and the entire property is effectively available for development based on the highest and best use scenario. The analysis considers the existing use and reasonable alternative potential uses. The concluded highest and best use assumed vacant relates to the sales selected for analysis and contributes to the determination of land value.

The general character of the property suggests residential development in the form of either a low density subdivision or a single-occupant ranch estate.

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<sup>1</sup> *The Dictionary of Real Estate Appraisal*, Third Edition, 1993. Page 171.

- **Legally Permissible:** The property is currently zoned for single family development at a density of five acres per dwelling.

Regardless, entitlement of the property for development would require a project review by Bradbury City Planning covering issues of access, grading quantity, ridge protection and environmental factors.

It is highly likely in our opinion that allowable density would be greatly limited. Another limiting factor is neighborhood objection to development.

- **Physically Possible:** The physical characteristics of the site are largely prohibitive to development. These characteristics include:

- (1) **Poor accessibility:** The problems of accessibility to and through the site were discussed earlier.
- (2) **Lack of utilities:** Expensive accommodation of utilities is required for development such as an on-site water storage and distribution system, extension of gas and electric service and individual waste septic installation.
- (3) **Severe topography:** The extremely rough topography of the subject site presents difficulties in providing development density and ease of access. Although the site is large enough to allow a balanced on-site cut and fill development program, both engineering and governmental requirements present problems demanding expensive solutions.
- (4) **Soil and geologic conditions:** Although a soils and geologic report was unavailable and the area has not been the subject of an Alquist-Priolo study by the State, it is general knowledge that fault lines traverse the community and the northern area of the City which encompasses the subject property is subject to hillside slope failures and liquefaction potential.

It is obvious from the above that substantial issues of physical adaptability exist for development of the subject property into either a multi-lot subdivision or single-occupancy ranch estate.

- **Financially Feasible:** Without a cost of development analysis, it is impossible to comment with authority about financial feasibility of a development. Regardless of financial feasibility, there is an identifiable market in Southern California for rural, open space acreage with extreme development difficulties. These properties, purchased on a speculative basis, tend to trade with the expectation of relatively long holding periods producing value gains concomitant with the general rate of real estate inflation. Such buyers hope that increases in residential real estate values will at some point in time offset extraordinary development costs of these acreages.

- **Maximally Productive:** Although a civil engineering development plan has not been prepared on the subject property, it is obvious that development of even nominal density on the site would be difficult from an engineering standpoint and probably inordinately expensive. The development of a single-occupancy estate ranch site would appear to be more nearly attainable than a multiple lot subdivision.
- **Conclusion:** Given the above, it is our opinion that the highest and best use of the property is either development with a single-occupant estate ranch or a speculative hold for possible future multi-site development.



**NORTHERLY VIEW OF SUBJECT PROPERTY SITUATED  
ABOVE SINGLE FAMILY ESTATES**



**NORTHERLY VIEW OF EASTERLY PORTION OF SUBJECT PROPERTY**



**ACCESS POINT TO SPANISH CANYON MOUNTAINWAY  
(FIRE ACCESS ROAD)**



**UNPAVED FIRE ROAD ACCESS ON SPANISH CANYON MOUNTAIN**



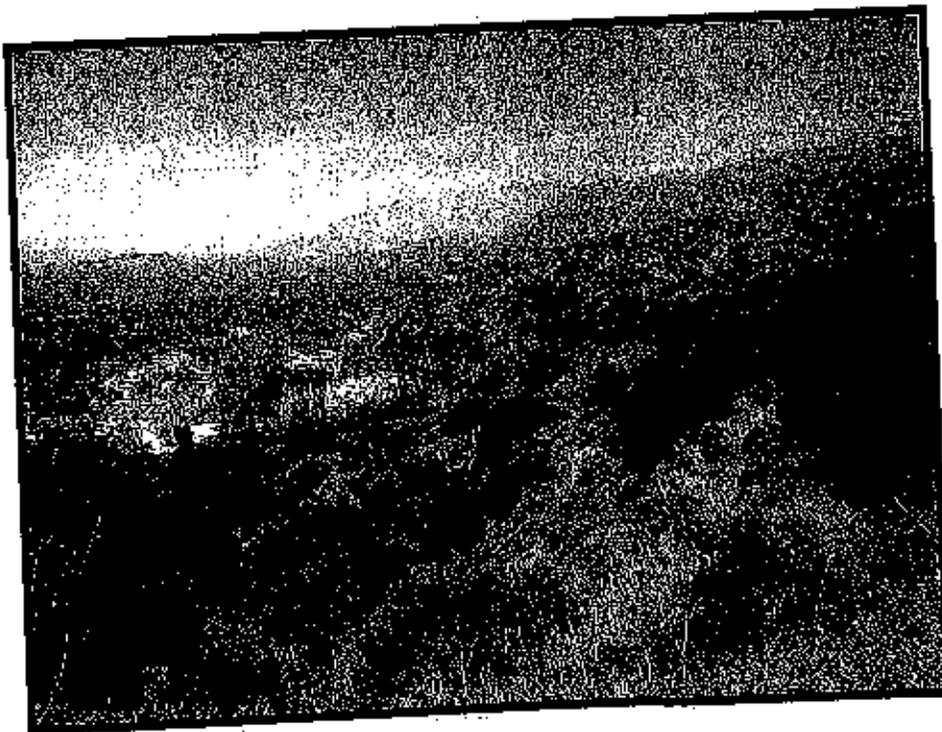
**VIEW ALONG FIRE ROAD — SPANISH CANYON MOUNTAIN**



**VIEW OF FIRE ROAD EXHIBITING STEEP GRADE**



**FIRE ROAD EXHIBITING SEVERE TOPOGRAPHY**



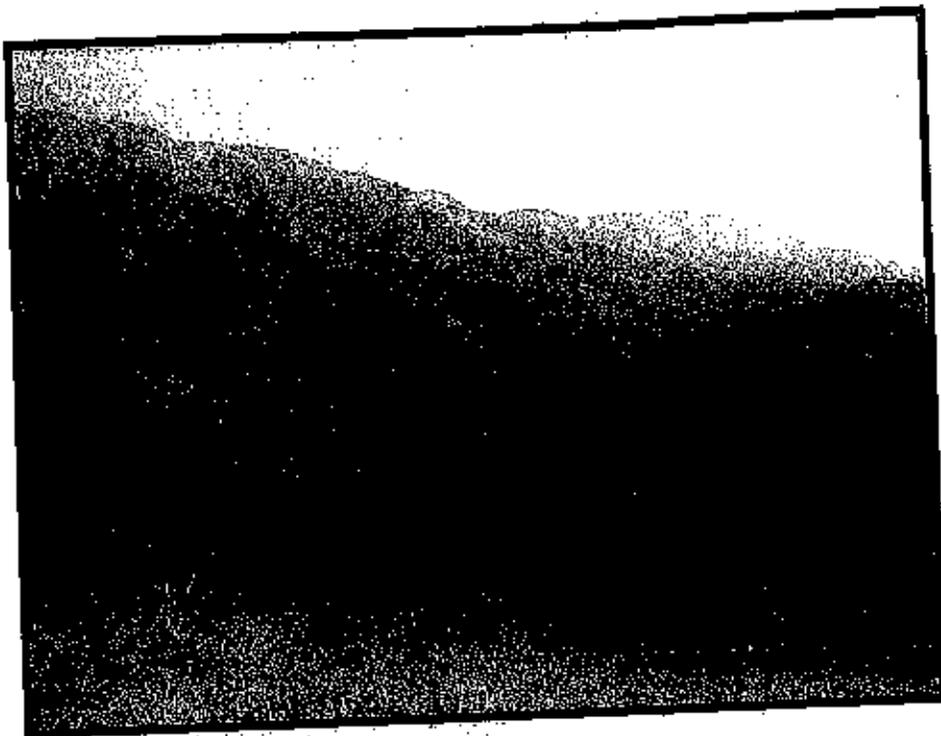
**SOUTHWESTERLY VIEW OF SUBJECT PROPERTY FROM RIDGELINE**



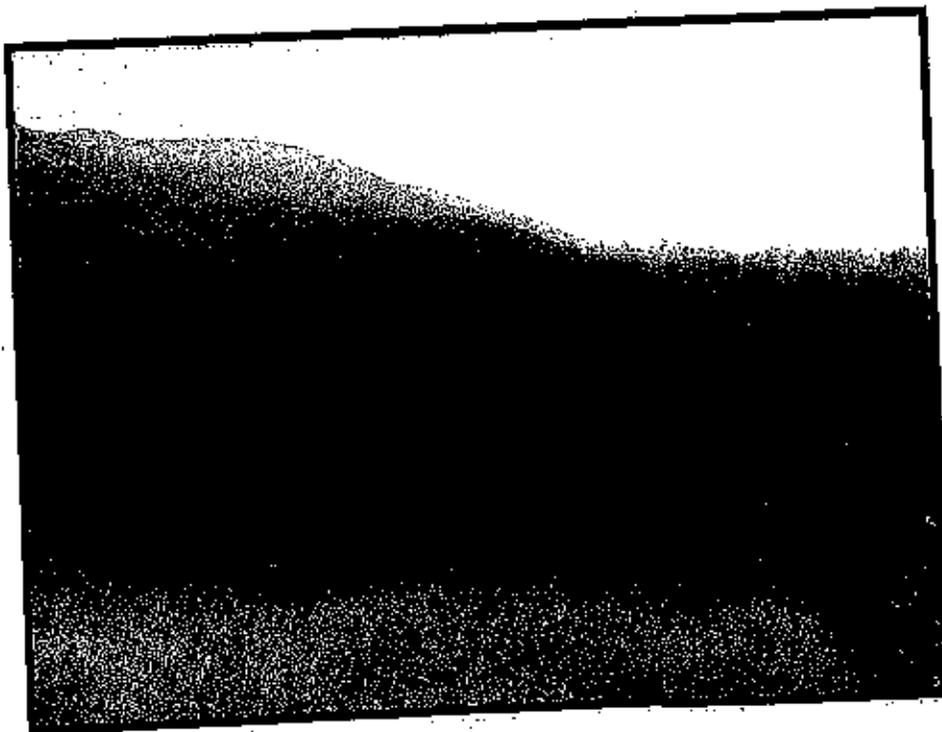
**WESTERLY VIEW OF SUBJECT PROPERTY FROM FIRE ROAD**



**NORTHEASTERLY VIEW OF SUBJECT PROPERTY  
STANDING ON FIRE ROAD**



**EASTERLY VIEW OF SUBJECT PROPERTY FROM FIRE ROAD**



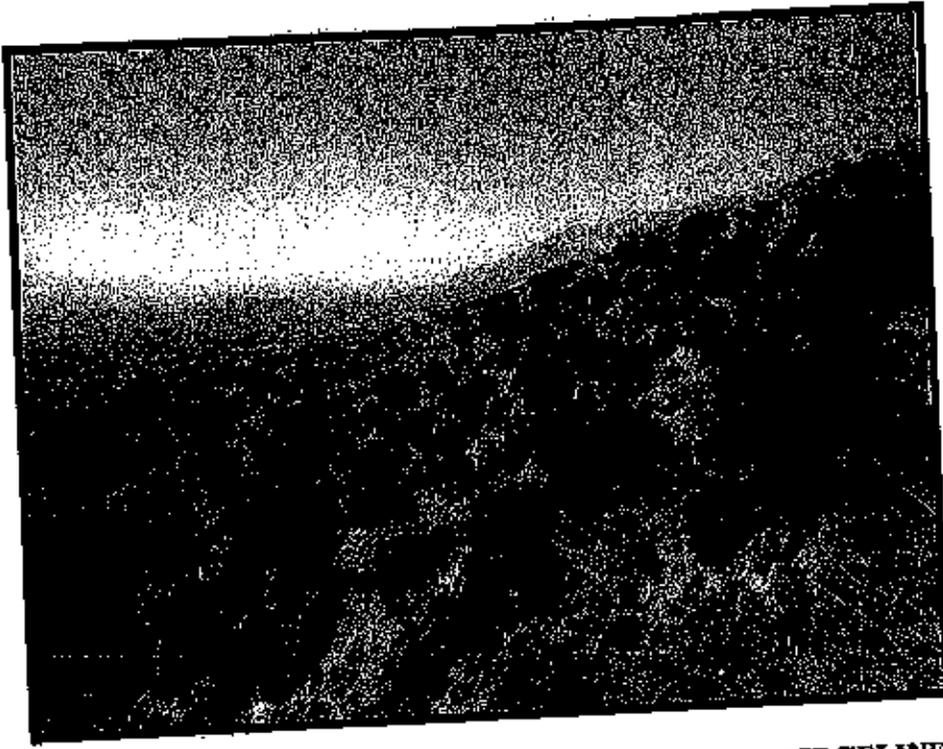
**SOUTHEASTERLY VIEW OF SUBJECT PROPERTY FROM FIRE ROAD**



**SOUTHERLY VIEW OF SUBJECT PROPERTY FROM RIDGELINE**



**SOUTHEASTERLY VIEW OF DEBRIS BASIN FROM FIRE ROAD**



WESTERLY VIEW OF SUBJECT PROPERTY FROM RIDGELINE

## VALUATION

### Exposure Time

The value of the subject property has been based on the market value definition presented earlier in this report. The market value definition calls for the valuation to be established based on exposure in the open market for a "reasonable time."

The Appraisal Standards Board of the Appraisal Foundation defines *exposure time* as "the estimated length of time that 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 the appraisal: a retrospective estimate based upon an analysis of past events assuming a competitive and open market."

The Appraisal Standards Board of the Appraisal Foundation defines *marketing time* as "an estimate of the amount of time that it might take to sell a specified property interest in real estate during the period immediately after the effective date of an appraisal." Our analysis does not reflect projected marketing time.

The reasonable exposure 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. Indications of the exposure time associated with the market value estimate of the subject property are provided by the exposure times of sales comparables and interviews with participants in the market and analysis of general economic conditions.

Exposure time is also a function of entitlement and development potential; the closer a property is to development the shorter the exposure time in general.

We have conducted a survey of brokers, developers, buyers and sellers in order to determine an appropriate level of market exposure time. The residential market is very strong for both individual lot sales as well as entire tracts of both undeveloped and finished lots to land developers and merchant builders as well as commercial/industrial parcels. Recently enacted growth restrictions have created a relative scarcity of developable land. However, the buyer pool for raw acreage having severe topography, difficult access and/or remote location characteristics is significantly narrower and marketing for these property types are typically extended. The subject property has reportedly been listed on and off the market for over 17 years with no sale according to the co-owner and listing agent Robert Bodkin.

Based on the above analysis, a reasonable exposure time for the subject site assuming the property was marketed competently at a market pricing structure would approximate two to four years excluding escrow periods necessary for due diligence or entitlement contingencies.

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### **Methodology**

An analysis of land value is predicated entirely upon the land as though unimproved under the concept of highest and best use. Land value is estimated by the market data method. Under the market data method, information is gathered on the sales of properties in the area of the subject property. These sales are then analyzed in an effort to find similarities between the property being appraised and value trends and characteristics as indicated by transactions in the open market. This is a comparative technique.

### **Unit of Comparison**

The unit of comparison utilized in the sale comparison approach is price per acre of land area.

The comparable land sales have been analyzed with respect to property rights, financing, conditions of sale, market conditions, location and development potential. No adjustments for property rights, financing or conditions of sale were required. While we recognize the upward trending residential market over the past several years, there is a lack of quantifiable market data necessary for specific adjustments. We have tempered our analysis of the comparables and value conclusion with improving conditions in mind. Location and development potential characteristics are qualitatively analyzed in the following section.

### Comparable Sales

Shown below is a table detailing the comparable land sales utilized in the appraisal.

### COMPARABLE LAND SALES

No.	Location/ APN	Sale Date	Area Acres	Zoning	Sale Price	Price/ Acre
1	Northern Terminus Spinks Canyon Rd., Duarte 8527-010-011; 8527-011-001; 8524-015-016; 8689-007-001 and 004.	8/99 11/99 8/00	0.52 323.21 <u>0.30</u> 324.03	R1D/ R1F	\$75,000 980,000 <u>11,000</u> \$1,066,000	\$3,290
2	Browns Canyon Road, W. of Porter Ranch, unincorporated Los Angeles County 2821-1-17; 2-27 thru 21; 3-6, 10; 8-19; 2826- 15-33 thru 35, 37, 38; 16-36, 37, 41, 42, 43, 47, 48, 51, 52, 53	7/03	1,732.53	A2-2	7,180,000	4,144
3	W/S Sierra Hwy., N/O Vasquez Canyon Rd., Unincorporated Los Angeles County 2813-018-002, 003; 2853-001-007; 2853-002-001	12/02	246.91	A-1-1/ C3	1,100,000	4,455
4	E/S Antelope Valley 14 Fwy at San Fernando Rd., unincorporated Los Angeles County 2848-014-015; 2848-017-013, 014, 018; 2848-018-010, 011, 015.	7/02	442.00	A-2-1 /A-2-5	4,890,000	11,063
5	Lower Clamshell Mountainway, Monrovia 8501-010-001, 002, 003 and 004	12/02	80.00	Cloverleaf Cyn Sp Pln	800,000	10,000
6	Terminus Hilltop Drive, Azusa and unincorporated Los Angeles County 8684-024-001, 035 and 036; 8684-020-006	6/02	121.19	Res/Agr	850,000	7,014

As can be seen, the comparable acreage land sales ranged in unit price from \$3,290 to \$11,063 per acre.

## Land Sales Analysis

Datum No. 1 was an assemblage of three parcels containing 324 acres which sold from August 1999 to August 2000 for a total consideration of \$1,066,000, or \$3,290 per acre on the entire 324 acres. The site is located at the top of Spinks Canyon Road in northern Duarte approximately one mile east of the subject and 1 ½ miles north of the Foothill Freeway. The total site area is 324 acres comprising three parcels of which 265 acres to the north and east are mountainous canyon terrain and not developable resulting in 59 usable acres. The entrance to the site is off the west side of Spinks Canyon Road with legal access to the property via a 57-foot-wide easement. All utilities except sewer are available close by at the southern portion of the site. There are large single-family homes in the southern portion of the foothills below the site. Site elevations range from 1,400 to 2,000 feet, with views of the city of Duarte to the south and the city of Azusa to the east.

The developer, Pacific Communities Builders, had planned on donating the unusable portion (265 acres) of the site to the City of Duarte as open space.

Significant grading would be required prior to development, with 300,000 yards of dirt to be moved at an estimated cost of \$1 million. The developer was able to obtain approval from the sanitation district to utilize septic tank with leach systems for sewage.

At the time of sale, there were no entitlements. The developer, Pacific Communities, later received planning staff recommendation for 43 to 49 lots or 6.6 to 7.5 gross acres per lot. This project was subsequently placed on hold due to an open space moratorium in August 2000 by the City of Duarte. This moratorium was extended for an additional year and is now expired. During this moratorium period, the City of Duarte obtained approval by the State Wildlife Conservancy Board for tax credits for 91 acres of the unusable portion and subsequently the remaining 239 unusable acres also received approval to tax credits upon donation of the land to the city. However, this donation and tax credit program was rescinded by the State due to the budget crisis.

This transaction illustrates the degree of development risk potential on acquiring raw acreage for future subdivision. Overall, higher per acre pricing is indicated for the subject to reflect this nearly 4-year-old sale which occurred in a weaker real estate market.