

REVIEW APPRAISER'S CERTIFICATE NO. 1

Agency:	City of Shoreline, WA
Parcel No.	323510-0300
Owner:	Dean & David DeAngelo
Federal Aid No.	N/A
Project:	Proposed Acquisition for Public Park
Map Sheet:	N/A
Map Approval Date:	N/A
Date of Last Revision:	N/A

From: Richard F. Duncan, MAI, RF Duncan and Associates, Inc.

To: City of Shoreline, WA & WSDOT/assigns

Date of Review: May 11, 2020

The following appraisal has been made on the subject larger parcel:						
Appraisers	Date of Value	Fair Market Value – Before Project	Fair Market Value –After Project	Value Difference	Value of Property Rights Acquired	Damages
S. Murray Brackett, MAI, WA Cert. No. #27011-1100853	1-24-20	\$975,000	-0-	\$975,000	\$975,000	-0-

Appraisal Review Comments and Conclusions

Appraisal #1 is an appraisal report as defined by USPAP and follows the WSDOT Narrative Appraisal Format. Appraisal # 1 is referred to as “the appraisal” herein. The agency proposes a total acquisition of the subject parcel for a public park.

Description of Subject

The subject consists of an 11,795 SF lot improved with an older single-family residence, located at 18531 10th Avenue NE, in the northwest portion of Shoreline, WA. The subjects neighborhood is beginning a transition from older single family residential to more intensive residential and commercial development in anticipation of the new light-rail station planned on NE 185th Street near I-5, less than 1,000 feet from the subject, which is scheduled to be completed in the next few years.

The subject is trapezoidal in shape and slightly sloping in topography, with all public utilities available, including power, telephone, water and sewer. The subject has no critical areas according to the King County GIS.

The subject is zoned MUR-70 by The City of Shoreline which allows multiple family and mixed-use applications, with a maximum building height of 70 feet. According to the Shoreline Department of

Planning and Community Development, additional building height up to 140 feet may be permitted in MUR-70 zones through incentives for affordable housing, building efficiency (green building), and tree retention. Permitted uses in the subject's MUR-70 zone include multifamily housing, hotels, general retail/trade, and eating and drinking establishments. The MUR-70 zone does not permit new single-family residential construction, either detached or attached.

The subject is improved with a one-story cinderblock-built home of approximately 740-square-feet, built in 1948. The home is of low-average quality. It has a one-car attached garage and a composition shingle roof. The home has two bedrooms and one bathroom. The home appears to be in average condition.

The appraiser concludes that the highest and best use of the subject parcel as vacant is for multiple family development with potential for a mixed-use component and that the highest and best use as improved is to remove the improvements in favor of multiple family development, with a mixed-use component. In my opinion, the appraiser's conclusions of highest and best use are reasonable and well supported in the appraisal.

Valuation

The appraiser employed the Sales Comparison Approach to value the subject. Neither the Cost Approach nor the Income Approach were considered to be appropriate for this assignment and they were not used.

The appraiser analyzed six MUR-70 zoned sales of smaller sites located near the future NE 185th Street light rail station, which are improved with older single-family residences which were acquired for future multiple family or mixed-use development. One of the sales will not be re-zoned to MUR-70 until March of 2021. The sales ranged from approximately \$76.53 to \$89.13 per square foot of site area. The appraiser also considered a recent assemblage in the project area of four parcels totaling approximately 33,834 SF which sold in four separate transactions for an average price of approximately \$126.45 per square foot, with this assemblage considered to set the high end of the market due to its superior size and corner influences.

After comparing the comparables to the subject for major value influencing characteristics such as size, market conditions at the time of sale, and site utility, the appraiser concluded a value for the subject of approximately \$82.00 per square foot or approximately \$975,000® for the 11,795 square foot site (11,975 SF x \$82/SF), which is within the range of value provided by the comparable sales and is considered to be reasonable and well supported.

The agency proposes a total acquisition of the subject parcel.

There are some typographical errors in the appraisal but correcting these would not alter its value conclusion.

The effects of COVID-19 on the real estate market in the subject area were not yet measurable based on reliable data. The analysis and land values in the appraisal and this review are based on the data available to the appraisers at the time of the assignment and apply only as of the effective date indicated. No analysis or opinions contained in this review should be construed as predictions of future market conditions or value.

The appraisal and this review use the correct methods and techniques. The market data in the appraisal are adequate and appropriate to solve the appraisal problem. The conclusions of value reached in the appraisal and in this review are reasonable and fit the market evidence. In my opinion, the appraisal report which is under review complies with the Uniform Standards of Professional Appraisal Practice (USPAP) and applicable WSDOT and USFLA standards, policies and procedures.

REVIEWER'S DETERMINATION OF VALUE No. 1

DETERMINED VALUE BEFORE PROJECT:	\$975,000
DETERMINED VALUE AFTER PROJECT:	-0-
VALUE DIFFERENCE DETERMINED:	\$975,000
ESTIMATED JUST COMPENSATION IS:	\$975,000

Reviewer's Allocation of Just Compensation

Acquisition:

Land Acquired in Fee (11,975 SF x \$82/SF):	\$975,000®
Value Impact of Easements:	-0-
Improvements- Single Family Residence:	-0-
Damages:	-0-
Special Benefits:	<u>-0-</u>
Total Just Compensation:	\$975,000

APPRAISAL REVIEW SALIENT INFORMATION

Property Rights Appraised

Unless specified otherwise in this review, the property rights appraised constitute the fee simple interest.

Date of Value

The effective date of the value opinion for the property in this review is 1-24-20 per Appraisal #1.

Competency of Reviewer

The undersigned reviewer has the knowledge and experience required to competently perform this review; detailed resumes are available upon written request. The undersigned reviewer is approved by the Federal Highway Administration (FHWA) and the Washington State Department of Transportation (WSDOT), lead agency for all eminent domain appraisal matters, to perform fee appraisal reviews for all public agencies and quasi-public agencies in Washington State. The undersigned reviewer is a state certified appraiser holding the General classification #1100496 and is on the *WSDOT List of Approved Fee Reviewers*.

Purpose of this Review

Overall, the purpose is to estimate the total Just Compensation due the owner for the taking of privately owned real property for the public project identified. For a partial taking, this is done by: estimating the Fair Market Value of the subject Larger Parcel in the Before Situation; estimating the Fair Market Value of the subject Larger Parcel in the After Situation; then subtracting the latter from the former. When a larger parcel's major improvements are unaffected by the taking/project other than simple cost to cure, the jurisdictional exception allows a Strip Appraisal Procedure wherein said improvements need not be valued.

Use of this Review

This review estimates Just Compensation due the owner and will be used to establish the first offer amount to be made to the owner by the agency.

Scope of this Review

The commonly recognized valuation methods and techniques most appropriate for valuing the subject Larger Parcel were performed in this review. This review involved a reasonably detailed inspection of the subject property, the subject neighborhood, and surrounding/competing neighborhoods. Sales and listings of competing properties were investigated before any conclusions of value were made.

Unless otherwise stated above, the Income and Cost Approaches to value were not employed in this review because the Sales Comparison Approach is sufficient to solve the subject appraisal problem.

Definition of the Larger Parcel

The "Larger Parcel" is the parent parcel; it is the real property that is the subject of this review. It is that real property that has Unity of Use, Unity of Ownership, and Contiguity.

Definition of Fair Market Value

"Fair Market Value" is the amount in cash which a well-informed buyer, willing but not obliged to buy the property, would pay, and which a well-informed seller, willing but not obligated to sell it would accept, taking into consideration all uses to which the property is adapted and might in reason be applied. (Washington Pattern Instruction 150.08). Fair Market Value and Market Value are considered equivalent herein.

Definition of Cash Equivalent

A price expressed in terms of cash (money) as distinguished from a price which is expressed all or partly in terms of the face amount of notes or other securities which cannot be sold at their face amount. Market data in this review are compared to the subject on an all cash basis to satisfy the definition of Fair Market Value.

APPRAISAL REVIEW ASSUMPTIONS and LIMITING CONDITIONS

1. The property description supplied to the reviewer is assumed to be correct;
2. No surveys of the properties have been made by the reviewer and no responsibility is assumed in connection with such matters. Title is assumed merchantable and vested as noted herein;
3. No responsibility is assumed for matters of a legal nature affecting title to the properties, nor is any opinion of title rendered;
4. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the reviewer;
5. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified in review. The property is assumed to be under responsible ownership and competent management;
6. It is assumed that there are no hidden or unapparent conditions of the property, its subsoil, or its structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering or testing which may be required to discover them;
7. Unless otherwise stated, the existence of hazardous material, which may or may not be present in or on the property, was not observed by the reviewer. The reviewer has no knowledge of the existence of such materials on or in the property. The reviewer, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous/toxic materials may affect the value of the property. The value estimate in this review 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 the expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if desired;
8. Unless otherwise stated, no environmental impact studies were either requested or made in conjunction with this review, and the reviewer hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation;
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is specified, defined, and considered in this review;
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been specified, defined, and considered in this review;
11. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this review are based;
12. The reviewer will not be required to give testimony or appear in court because of having made this review unless arrangements have been previously made therefore,
13. Possession of this review or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the client without the written consent of the reviewer and in any event, only with properly written qualification and only in its entirety;
14. Neither all nor any part of the contents of this review, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the reviewer. Nor shall the reviewer, client, firm, or professional organization of which the reviewer is a member be identified without the written consent of the reviewer;
15. The liability of the reviewer, employees, and subcontractors is limited to the client only. There is no accountability, obligation, or liability to any other party. If this review is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The reviewer is in no way responsible for any costs incurred to discover or correct any deficiencies in the properties;
16. It is assumed that the public project which is the object of this review will be constructed in the manner proposed and in the reasonably foreseeable future. **It is also assumed herein that the taken landscaping will not be required to be replaced on the remainder;**
17. Acceptance and/or use of this review constitutes acceptance of the foregoing assumptions and limiting conditions.

CERTIFICATE OF REVIEW APPRAISER

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

1. The facts and data reported by the review appraiser and used in the review process are true and correct.
2. The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses opinion, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
7. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP), with the *Uniform Appraisal Standards for Federal Land Acquisitions* (USFLA, the "Yellow Book") and with 49CFR Part 24.
8. I personally inspected the subject property of the appraisal under review.

No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the persons signing this certificate.

I further certify that if this review is to be used in conjunction with a Federal Aid Highway Project or other federally funded project, none of the approved just compensation herein is ineligible for Federal reimbursement.

Signature: Richard F. Duncan

Date Signed: 5-11-20

Richard F. Duncan, MAI, Review Appraiser,
Washington State Certified Real Estate Appraiser: General, # 1100496

CONCURRENCE and AUTHORIZATION for PAYMENT of JUST COMPENSATION

The City of Shoreline does hereby indicate concurrence with the above certification. The City does authorize further action by City staff/its agents to proceed according to established procedures with the acquisition of the property.

1. I have no present or prospective personal interest in the property that is the subject of this report.
2. I have no personal interest or bias with respect to the parties involved.
3. My compensation is not contingent on an action or event resulting from this report.



5-11-2020

Authorized Representative of City of Shoreline

Date

Review Appraiser's Qualifications

Richard F. Duncan, MAI

Experience:

- **Partner**, The Granger Company
- **President**, R.F. Duncan and Associates, Inc.
- **Fee Appraiser**, Anderson Appraisal, Inc., Olympia, Washington
- **Real Estate Appraiser**, Clark County, Department of Public Works
- **Real Estate Appraiser/Right-of-Way Agent**, Washington State Department of Transportation
- **Real Property Manager**, Phoenix Properties, Inc.

Education:

The Evergreen State College, Olympia, Washington
Bachelor of Arts, Major – Business Management, 1987

Appraisal Education:

Real Estate Courses:

- "Real Estate Law"
- "Real Estate Finance"
- "Real Estate Practices"
- "Principles of Real Estate Appraisal I"
- "Principles of Real Estate Appraisal II"
- "Uniform Standards of Professional Appraisal Practice"

Appraisal Institute Courses:

- Successfully challenged "Real Estate Appraisal Principles"
- Successfully challenged "Basic Valuation Principles"
- "Capitalization Theory and Techniques Part A"
- "Capitalization Theory and Techniques Part B"
- "Report Writing and Valuation Analysis"
- "Advanced Applications"
- "Standards of Professional Practice Part A"
- "Standards of Professional Practice Part B"

International Right-of-Way Association Courses:

- "Appraisal of Partial Acquisitions"
- "Principles of Real Estate Acquisition"
- "Engineering Plan Development and Application"
- "Ethics and the Right-of-Way Profession"
- "Communication in Real Estate Acquisition"
- "Bargaining Negotiations"
- "Relocation Assistance"

"Land Titles"

National Highway Institute Courses:

"Appraisal and Appraisal Review for Federal Aid Highway Programs"

"Moving Cost Estimating"

Business and Professional Organizations:

- Member, Appraisal Institute
- Certified Real Estate Appraiser (General) – State of Washington
#1100496

Types of Appraisal Assignments:

Apartments
Eminent Domain Takings – Strip and Before/After Reports
Funding Feasibility Studies for Governmental Projects (roads, parks, bike trails, etc.)
Office Buildings
Retail
Special Benefit Studies
Subdivisions
Undeveloped Land
Warehouses
Wetlands/Open Space
Appraisal Review