

# **APPRAISAL REVIEW REPORT**

**Reviewing an appraisal of  
“Southern Half Roadway Parcels  
Located Within The  
Harris Ranch Subdivision  
(Portions of Phases 2, 6, 8, 9, and 11)”**

**Date of Review Report: December 1, 2023**

**Review Report Prepared by:  
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Idaho Certified General Appraiser**

## APPRAISAL REVIEW REPORT

### Introduction

The appraisal report under review was developed and reported by Sam Langston, MAI, Idaho Certified General Appraiser #195 and Greg J. Contos, Idaho Certified Residential Appraiser #13. Both appraisers are co-signers of the report. The appraisal report under review presents separate estimates of market value for FIVE properties, with five different sizes and with a different Effective Date of Value of each property, as follows:

JULY 24, 2015	0.26± ACRES	\$ 45,000
JANUARY 2, 2018	0.30± ACRES	\$ 78,000
SEPTEMBER 4, 2018	0.26± ACRES	\$ 68,000
SEPTEMBER 12, 2019	2.14± ACRES	\$ 559,000
JULY 25, 2020	3.44± ACRES	\$1,124,000

Each of these properties consists of segments of roadways within the Harris Ranch Subdivision. The purpose of the appraisal report is to provide a market value estimate of the underlying land for the purposes of reimbursement from the Community Infrastructure District. These value estimates are described as “retrospective” because the Effective Dates of Value precede the Report Date of the appraisal which is August 28, 2020.

The value estimates presented in the appraisal report under review are subject to a Hypothetical Condition, described as follows:

*“The appraisal is based on a "Hypothetical" condition that title to the subject parcels is assumed to be marketable and free and clear of all liens and encumbrances and has been analyzed as a vacant development parcel prior to the development of the Harris Ranch Subdivision Phases 2, 6, 8, 9, and 11 as of the effective date of value.”*

Regarding “Extraordinary Assumptions” the transmittal letter within the appraisal report states, *“There are a number of specific Extraordinary Assumptions relative to this appraisal, dealing with items from legal restrictions to reliability of supplied information from various sources.”* These are described and analyzed in detail within this appraisal review report.

This review of the appraisal report was developed and reported by Gregory L. Graybadger, MAI, RPRA, AI-GRS, Idaho Certified General Appraiser, with an effective date and report date of December 1, 2023, pursuant to an engagement by Harris Ranch Community Infrastructure District No. 1. This appraisal review report sets forth an analysis of the appraisal report and a determination as to whether the appraisal follows the appropriate principles, standards, and methodology.

This technical appraisal review report is presented in four sections:

- 1. APPRAISAL REPORT SUMMARY DESCRIPTION**
- 2. APPRAISAL REVIEW PURPOSE, SCOPE, AND INTENDED USE**
- 3. REVIEWER’S ANALYSES, COMMENTS, AND CONCLUSIONS**
- 4. REVIEWER’S CERTIFICATION AND QUALIFICATIONS.**

## 1. APPRAISAL REPORT SUMMARY DESCRIPTION

The appraisal report under review is shown in a PDF source document which appears to be a photocopy of the original printed report, provided through the Client's attorney, to the reviewer. The total document size as-reviewed is 106 pages, including cover, transmittal, and all addenda.

This review report incorporates the original appraisal report by reference, as the source document is also in the possession of the client and the client's attorney. The appraisal report under review contains a copyright statement, and the reviewer relies on the premise that the appraisal report was prepared for use of the Client who holds rights to copy, distribute and use the report.

This Section 1 of the review report presents a summary description of the appraisal report under review without reiterating every element in detail. The appraisal report under review begins with a cover page, describing it as:

APPRAISAL REPORT  
ON THE  
SOUTHERN HALF ROADWAY PARCELS  
LOCATED WITHIN THE  
HARRIS RANCH SUBDIVISION  
(PORTIONS OF PHASES 2, 6, 8, 9, AND 11)  
IN  
BOISE, ADA COUNTY  
IDAHO

**Cover/title page** of the appraisal report under review identifies the fact that this is an appraisal report, the subject, client, effective dates, a file number, and the appraisers.

**Letter of Transmittal** is dated August 28, 2020. It is addressed to Mr. Doug Fowler, President of Barber Valley Development Inc. It states in part, *"The purpose of this report is to provide a market value estimate of the underlying land for the purposes of reimbursement from the CID (Community Infrastructure District)."* It briefly describes the salient points of the summary appraisal, including the use of "Across the Fence" (ATF) methodology, the Hypothetical Condition, the intent to comply with the Uniform Standards of Professional Appraisal Practice (USPAP), and the absence of an environmental assessment.

The Letter of Transmittal contains a map outlining the subject parcels and identifying them by the applicable effective date of value. It also contains a table identifying the following characteristics of the subject properties: street names, subdivision phase numbers, Blocks, land uses, site areas in acres, site areas in square feet, and the "retrospective date" which is the effective date of value for each. It shows the total area of the roadways being valued as 6.40±

acres. It identifies the total size of the “larger parcel” as 19.31± acres. It also states that the roadway parcels will be valued, “in accordance with the ATF Methodology under the premise that the roadway sites could be developed” and briefly explains that methodology.

The Letter of Transmittal also describes that “...Greg J. Contos, CRA #13, provided significant real property appraisal assistance in the data collection and compilation of information...” The Letter of Transmittal also states the value conclusions for each of the subject properties, identified by their effective dates and property sizes.

**Table of Contents:** The cover page and letter of transmittal are not numbered, at the beginning of the report. The body of the report is numbered as pages 1 through 88. The engagement agreement and the qualifications of the appraisers are shown at the end of the report and are also not numbered. (The 106-page electronic PDF document accounts for every page in its numbering, which is therefore inconsistent with the printed page numbering.)

**Overview of Assumptions and Limiting Conditions:**

This section of the appraisal report under review contains sub-headings for “Overview” and “Standard Underlying Assumptions & Limiting Conditions” and “Extraordinary Assumptions & Limiting Conditions.” This latter section contains the following:

“We have relied upon plats, site sizes and specifications provided by the client and/ or the client's representatives. Should these representations be amended, or prove to be inaccurate, the value estimates are subject to revision.

A Phase 1 Environmental Study has not been provided regarding the site. The value estimate is predicated on the assumption that there is no such material on the property. Any such environmental risk discovered at a later date may require a revised estimate of value which may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may carry a stigma in the market place which also may or may not affect the value.

For the purposes of this analysis the appraisal is based on a "Hypothetical" condition that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and is included as vacant residential development land to be developed as part of the Harris Ranch Subdivision as of the effective date of value. A "Hypothetical" condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as

market conditions or trends; or about the integrity of data used in an analysis. The hypothetical condition must be clearly and conspicuously disclosed in the report with a description of the hypothetical condition and a statement that its use might have affected the assignment results.

All statements of fact used in the report serving as the basis of the appraiser's analyses, opinions, and conclusions, are considered to be true and correct to the best of the appraiser's knowledge and belief. We shall have no responsibility for legal matters; questions of survey; legal description; opinion of title; soil or subsoil conditions; engineering; technical matters, etc.”

(It should be noted that the Addenda of the appraisal report under review contains further detailed assumptions and limiting conditions on pages 83-88 of the printed report, which are pages 90-95 of the PDF.)

**Summary of Important Facts & Conclusions:**

This section of the appraisal report under review specifies the following elements:

**PROPERTY TYPE:** The subject of this appraisal contains approximately 6.40± acres of dedicated roadways within Phases 2, 6, 8, 9, and 11 of the Harris Ranch Subdivision.

**LOCATION:** The subject property is located within the Barber Junction@ Harris Ranch Subdivision located south of E. Warm Springs Ave. and north of S. Eckert Road, Boise, Ada County, Idaho.

**OWNERS OF RECORD:** Harris Family Limited Partnership & Barber Valley Development

**PARCEL SIZE/ CONFIGURATION:** According to the provided plat map the parcel contains 6.40± acres of dedicated roadway. The subject's larger parcel (19.31± acres) to be valued in conjunction with the ATF methodology is identified as the contiguous land for the Harris Ranch Subdivision, Blocks SW9, SW10, SE1, SE2, SE3, and SE4. A metes and bounds legal description was not provided.

**ZONING:** (SP - 01) Harris Ranch Specific District - Entire Site Mixed Use Residential-Med/High

**PROPERTY TAX ID NUMBER:** According to the Ada County Assessor there are no tax parcel numbers for the subject roadways.

**VALUE ESTIMATED:** ATF Value "Hypothetical" as though vacant prior to development as of the retrospective date of value.

**PROPERTY RIGHTS APPRAISED:** Fee Simple Estate

**HIGHEST AND BEST USE:** "Hypothetical" Residential Development

**ESTIMATED EXPOSURE TIME:** 12± months (As Vacant)

**ESTIMATED MARKETING TIME:** 12± months (As Vacant)

**Location Map.** A map is provided identifying the location of the subject properties and showing the surrounding area within roughly a 1.5-mile radius.

**Subject Photographs.** This section of the appraisal report under review contains a plat map with the subject roadways highlighted in green, followed by nine photographs taken 7/25/2020.

## **Part I – Definition of the Appraisal Problem**

### **Definitions & Background Information**

This section of the appraisal report under review identifies the subject property and states its flood zone classification. It contains the following: “It is an extraordinary assumption of this report that a FEMA map revision will occur and the lots will be reclassified outside of Flood Zone and no flood insurance will be required.”

### **History of the Subject Property**

A brief history of use and ownership is provided, together with a statement that it is included in the Harris Ranch Specific District approved by Boise City Council on June 20, 2007. A pending transaction on a portion of the subject larger parcel is described.

### **Scope of the Appraisal**

This section of the appraisal report under review specifies the approach to value, the methodology utilized, and the nature and extent of data collected and analyzed. The report states, “...information on physical, economic, legal, and social influences upon the subject property were researched through interviews and conversations with various public agencies and local real estate market participants. Relevant and necessary investigations were undertaken in the local and regional marketplace to identify and summarize applicable sales of properties, which might assist in the estimation of the subject's market value potential.” It describes 6.40± acres of roadway to be valued, and 19.31± acres as the subject larger parcel. The principles of the “Across the Fence” or “ATF” methodology are summarized with an excerpt from an article on this topic by Arthur G. Rahm published in *The Appraisal Journal*.

### **Purpose of the Appraisal**

This section of the report under review states, “The purpose of this appraisal is to provide a "Hypothetical" ATF (Across-the-Fence) Market Value as of the retrospective date of the underlying land value of the subject parcel and to clearly communicate the data and reasoning leading to the formulation of the value estimates for the purposes of a cost reimbursement of land value from the Harris Ranch Community Infrastructure District.”

### **Intended Use/Intended User of the Appraisal**

This section of the report under review states that the intended use of the report is "...for use by Barber Valley Development as the client to assist in establishing market value of the underlying roadway parcels under the "Hypothetical" conditions as previously discussed as of the retrospective dates of value." It identifies the intended users as Barber Valley Development, City of Boise and the Harris Ranch Community Infrastructure District.

### **Definition of Market Value**

This section of the report under review identifies the definition and the source of the definition of Market Value used in this appraisal report. It is cited as being in compliance with FIRREA and defined by Federal Deposit Insurance Corporation (FDIC) Law, Regulations, Regulated Acts, Part 323 Appraisals, 323.2 Definitions (g).

### **Definition of Hypothetical Condition**

This section of the report under review presents the definition as found in USPAP, including the explanatory comment included in USPAP.

### **Across-The-Fence (ATF)**

This section of the report under review presents a definition of "Across the Fence" methodology and a further explanatory excerpt from an article on this topic by Arthur G. Rahm published in *The Appraisal Journal*.

### **Definition of Property Rights Appraised**

This section of the report under review states that the property rights appraised include the fee simple estate, and that term is defined.

### **Effective Date of the Value Estimate (Retrospective)**

This section of the report under review identifies the five dates applicable to the various value conclusions, a date of inspection, and this comment, "These dates are important because they set the critical point in time from which the appraiser examines the market and thus establishes the context for the value estimate."

### **Conformity with USPAP**

This section of the report under review affirms compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) including a specific statement of compliance with the competency provisions of USPAP, and a statement that no personal property was included.

### **State and Local Data**

This section of the report under review explains that no State data is presented, but that local information is included in the report including from Idaho Dept. of Labor and Moody's Economy.com. Excerpts from Moody's Analytics are presented for the Boise MSA. Commentary is also provided on Recent Performance, Tech, Housing, and a Boise City Data Conclusion. Boise Metro Information is also presented.

### **Neighborhood Data**

A map is provided, indicating the location of the subject property and showing the surroundings for roughly a 6-mile radius. The neighborhood is defined and its location described including comments on the Ada Planning Association planning areas. The Harris Ranch Development is described and a map is shown as approved by the Boise City Council. A brief discussion of the East Park Center Bridge influence on development is presented. Land use patterns are described. Nearby retail and commercial services are described. Recreational opportunities in the area are described. Multi-family development is described, as well as single-family residential competition. Utility services are described. Employment in the area is described including its relation to the subject location. An overall commentary states that, "...the subject's neighborhood appears to be well positioned for long term residential development."

### **Zoning**

The potential zoning effect on development is explained. The subject property lies within the City of Boise and Harris Ranch Development and is governed by the City of Boise Specific Plan Ordinance. The Harris Ranch Specific Plan District is described, and an internet web address is provided and the website provides further details. A map is shown which is an excerpt from the Harris Ranch Specific Plan District documentation. The report states that the parcels have been developed or are in the process of being developed as Mixed Use Residential.

The final paragraph of this section describes the subject properties as follows:

"The total site size for the roadway parcels is 6.40± acres. The larger parcel in this appraisal is identified as the contiguous land for the Harris Ranch Subdivision, Blocks SW9, SW10, SE1, SE2, SE3, and SE4, which abuts the specific roadways and will be valued in accordance with the ATF Methodology under the premise that the roadway sites could be developed. The larger parcels have been developed, or are in the process of being developed as Mixed Use Residential. The total site size for the larger parcel is 19.31± acres."

### **Real Estate Taxes**

The appraisal report explains that the subject roadways are not assigned parcel numbers and are not assessed or taxed.

## Site Description

The subject property is described and data is provided under the following subheadings.

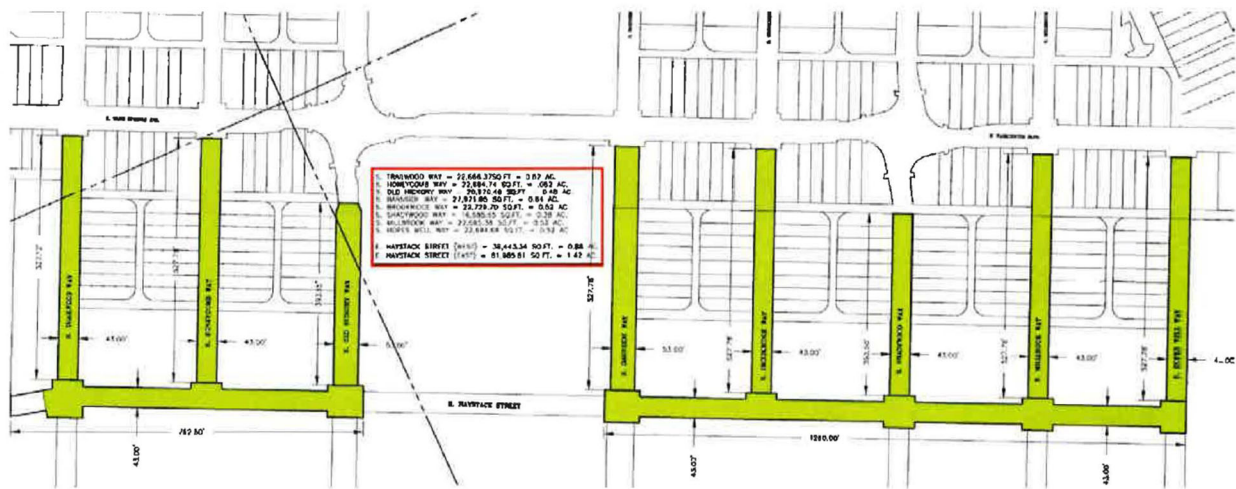
### Common and Legal Description

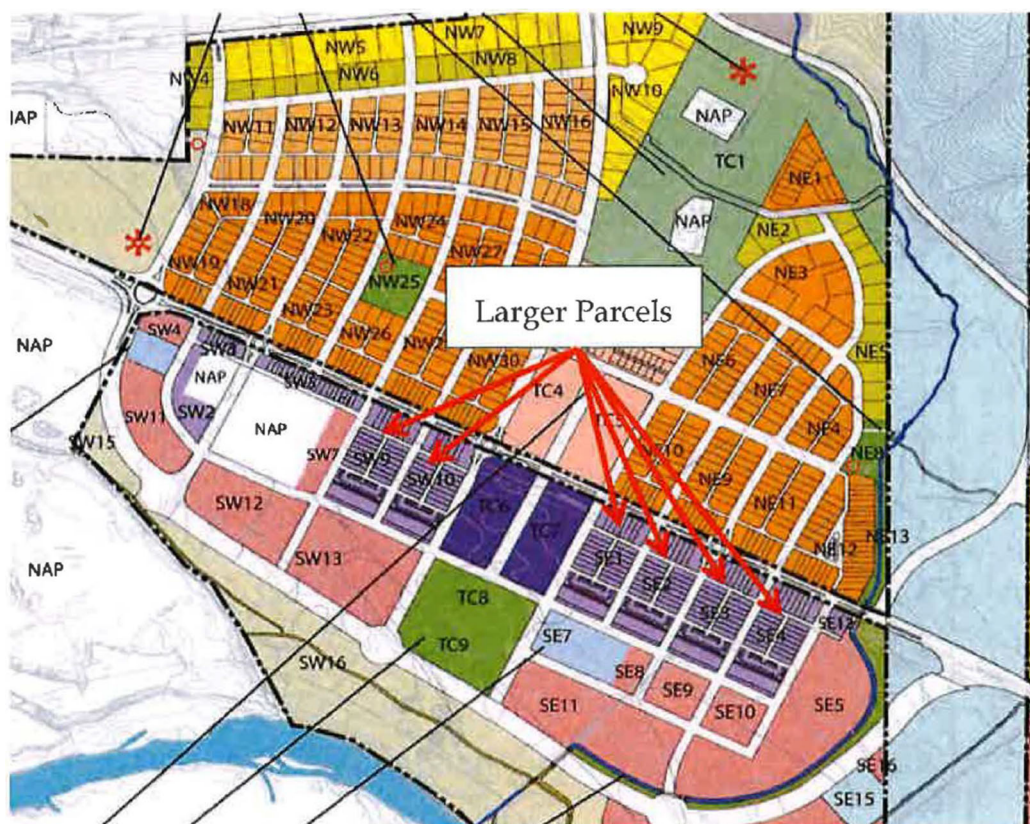
“The subject includes the roadway parcels within Phases 2, 6, 8, 9, and 11 of the Harris Ranch Subdivision, as outlined below. The total site size for the roadway parcels is 6.40± acres.”

### Larger Parcel

“The larger parcel in this appraisal is identified as the contiguous land for the Harris Ranch Subdivision, Blocks SW9, SW10, SE1, SE2, SE3, and SE4, which abuts the specific roadways and will be valued in accordance with the ATF Methodology under the premise that the roadway sites could be developed. The larger parcels have been developed, or are in the process of being developed as Mixed Use Residential. The total site size for the larger parcel is 19.31± acres.”

The maps and table below are presented within the appraisal report under review:





Street	Phase #	Block	Land Use	Site Area/Acres	Site Area/SF	Retrospective Date
S. Trailwood Way	2	SW9	Mixed Use Residential	0.13	5,663	7/24/2015
S. Honeycomb Way	2	SW9 & SW10	Mixed Use Residential	<u>0.13</u>	<u>5,663</u>	7/24/2015
<b>Total</b>				<b>0.26</b>	<b>11,326</b>	
S. Barnside Way	6	SE1	Mixed Use Residential	0.16	6,970	1/2/2018
S. Brookridge Way	6	SE1 & SE2	Mixed Use Residential	<u>0.14</u>	<u>6,098</u>	1/2/2018
<b>Total</b>				<b>0.30</b>	<b>13,068</b>	
S. Millbrook Way	8	SE3 & SE4	Mixed Use Residential	0.13	5,663	9/4/2018
S. Hopes Well Way	8	SE4	Mixed Use Residential	<u>0.13</u>	<u>5,663</u>	9/4/2018
<b>Total</b>				<b>0.26</b>	<b>11,326</b>	
S. Trailwood Way	9	SW9	Mixed Use Residential	0.39	16,988	9/12/2019
S. Honeycomb Way	9	SW9 & SW10	Mixed Use Residential	0.39	16,988	9/12/2019
S. Old Hickory Way	9	SW10	Mixed Use Residential	0.48	20,909	9/12/2019
E. Haystack Street (West)	9	SW9 & SW10	Mixed Use Residential	<u>0.88</u>	<u>38,333</u>	9/12/2019
<b>Total</b>				<b>2.14</b>	<b>93,218</b>	
S. Barnside Way	11	SE1	Mixed Use Residential	0.48	20,909	7/25/2020 *
S. Brookridge Way	11	SE1 & SE2	Mixed Use Residential	0.38	16,553	7/25/2020 *
S. Shadywood Way	11	SE2 & SE3	Mixed Use Residential	0.38	16,553	7/25/2020 *
S. Millbrook Way	11	SE3 & SE4	Mixed Use Residential	0.39	16,988	7/25/2020 *
S. Hopes Well Way	11	SE4	Mixed Use Residential	0.39	16,988	7/25/2020 *
E. Haystack Street (East)	11	SE1, SE2, SE3, SE4	Mixed Use Residential	<u>1.42</u>	<u>61,855</u>	7/25/2020 *
<b>Total</b>				<b>3.44</b>	<b>149,846</b>	
<b>Total Roadways</b>				<b>6.40</b>	<b>278,784</b>	* Roadways Not Dedicated Effective Date of Appraisal

The appraisal report under review states in a header that “Following are the plat maps for Phases 2, 6, 8, 9 and 11” and this is followed by images of the survey plats for

Dallas Harris Estates Townhomes Subdivision No. 2

Dallas Harris Estates Townhomes Subdivision No. 6

Dallas Harris Estates Townhomes Subdivision No. 8

Dallas Harris Estates Townhomes Subdivision No. 9

#### Environmental Analysis

The appraisal report under review states that a Phase I Environmental Site Assessment has not been provided, and states typical disclaimers including that the value is predicated on the absence of hazardous materials.

#### Soil Conditions

The appraisal report under review states, “No atypical restrictions to site maximization are noted from a topographical standpoint. Finally, while no specific soils tests have been made available, the existing improvements show no signs of atypical settling; and it is assumed that the soils conditions are adaptable to development with only typical amounts of earthwork required.”

#### Engineer and Flood Plain Boundary Delineation

The appraisal report under review states, “According to the project engineer the parcels of the subject site will be removed from the Flood Plain as demand dictates. Based upon our experience with the Harris Ranch Project and conversations with the project engineer indicated that it is typical of some of the parcels in Harris Ranch Development will be filled raising the site above the minimum flood elevation and then removed from the Flood Zone through a map revision where flood insurance would not be required for these lots. It is an extraordinary assumption of this report that a FEMA map revision will occur and the lots will be reclassified outside of Flood Zone and no flood insurance will be required.”

#### Utilities

The appraisal report under review states that all public utilities will be extended to provide service to the subject properties as development dictates, in accordance with the phasing schedule.

#### Liens and Easements of Record

This section of the appraisal report under review describes the Community Infrastructure District (CID) and explains the distinction of the “Benefit Area” as compared to the “Non-Benefit Area.”

The Hypothetical Condition is restated in this section as follows: “Again, this appraisal is based on a "Hypothetical" condition that title to the subject parcel is assumed to be marketable and free

and clear of all liens and encumbrances and has been analyzed as a vacant development parcel prior to the development of the Harris Ranch Subdivision as of the effective date of value.”

## **Part II – Property Valuation**

### **HIGHEST AND BEST USE**

The report explains that highest and best use represents the premise upon which valuation is based, and it defines the term and explains its use in appraisal. Several subheadings are shown covering each of the components of the highest and best use analysis, and specific details are provided under each:

#### Highest and Best Use (“Hypothetical Use as Residential Development”)

##### Legally Possible

##### Physically Possible

##### Financially Feasible

#### Conclusion; Highest and Best Use As Vacant (“Hypothetical”)

The conclusion presented in the appraisal report under review is that the highest and best use of the subject larger parcel property is for medium to high density residential development, that there is sufficient demand to support development, and that this takes into consideration the future supply.

### **Exposure Period**

This section of the report under review states that the length of time the subject would have been offered prior to a sale on the effective date of appraisal “...would most likely trend within the 12± month time frame.”

### **Marketing Period**

This section of the report under review states that marketing the subject after the effective date of appraisal until achieving a sale “...would have a marketing period within 12± months.”

### **SALES COMPARISON APPROACH**

The appraisal report under review explains the fundamentals of this approach to value, based on comparison to recent sales of similar competitive properties in the market.

#### **Method of Valuation– Across-the Fence (ATF)**

The appraisal report under review explains that the Across the Fence methodology uses the Sales Comparison Approach to develop a value per unit of area. (This appraisal uses value per square foot.)



Townhomes, Sherman Hollow Subdivision, Magal Subdivision, and Sovi Subdivision. A table presents the significant characteristics of these properties and their sales. A map shows the relative locations of the subject property and each comparable sale.

### **Analysis of Comparable High-Density Land Sales**

Qualitative Analysis The appraisal report under review describes and utilizes a qualitative analysis in which each of the various characteristics are rated in comparison to the subject.

The characteristics compared are:

Real Property Rights Conveyed

Financing Terms

Conditions of Sale

Market Conditions/ Time

Location: Surrounding Uses

Location: Frontage / Access

Utility Availability

Entitlements

Topography and Soils

Parcel Size

Zoning

The individual characteristics of the comparable sales are used to produce a rating of overall comparability to the subject larger parcel. The comparables are then arrayed in ranked order from Superior to Inferior with their sizes and sold price per square foot.

### Conclusions

The indicated value per square foot for the subject is concluded as indicated by the array and the appraiser's judgement.

<i>Qualitative Analysis</i>			
Comparables	Price/sf	Site Size/ Acres	Ranking
Comp 1	\$4.21	1.09	Slightly Superior
<b>Subject Site</b>	—	—	—
Comp 2	\$3.42	10.29	Inferior
Comp 4	\$2.98	5.00	Inferior
Comp 3	\$1.89	8.32	Inferior

Comparable 1 was given the greatest weight and the concluded rate is \$4.00 per square foot. This analysis for this retrospective date produced an indicated rate of \$4.00 per square foot for the subject larger parcel. This rate is applied to the 11,326-square-feet ( 0.26 Acre) subject site roadways of S. Trailwood Way and S. Honeycomb Way, with an effective date of **7/24/2015** concluding a rounded market value of **\$45,000.**

**High Density Residential Land Sales with Retrospective Effective Dates of 1/2/2018 and 9/4/2018 and 9/12/2019**

Three groups of subject roadways with three different effective dates are valued in this section of the appraisal report. All three of these utilize the same analysis of comparable sales. Four comparable sales are used in this analysis. These sales all occurred in 2017 and are described as Panamint Villas Subdivision, Breneman Square Subdivision, Council Springs Apartments, and Parkway @ 43<sup>rd</sup> Townhomes. A table presents the significant characteristics of these properties and their sales. A map shows the relative locations of the subject property and each comparable sale.

**Analysis of Comparable High-Density Land Sales**

Qualitative Analysis The appraisal report under review describes and utilizes a qualitative analysis in which each of the various characteristics are rated in comparison to the subject. The appraisal report under review notes that market conditions were stable and no significant differences were reflected between 1/2/2018 and 9/12/2019.

The characteristics compared are:

Real Property Rights Conveyed

Financing Terms

Conditions of Sale

Market Conditions/ Time

Location: Surrounding Uses

Location: Frontage / Access

Utility Availability

Entitlements

Topography and Soils

Parcel Size

Zoning

The characteristics of the comparable sales and the effects of the differences between the subject and the comparables are displayed in an adjustment grid table. The individual characteristics of the comparable sales are used to produce a rating of overall comparability to the subject larger parcel. The comparables are then arrayed in ranked order from Superior to Inferior with their sizes and sold price per square foot.

Conclusions

The indicated value per square foot for the subject is concluded as indicated by the array and the appraiser's judgement.

<i>Qualitative Analysis</i>			
Comparables	Price/SF	Site Size/ Acres	Ranking
Comp 3	\$10.16	0.49	Superior
Comp 4	\$8.72	1.58	Superior
<b>Subject Site</b>	—	—	
Comp 2	\$4.57	1.81	Inferior
Comp 1	\$3.51	1.96	Inferior

The mean and median are reported at \$6.74/sf and \$6.65/sf respectively. The appraisal report also notes conversations with local brokers as a consideration. The conclusion presented in the appraisal report under review is at the rate of \$6.00 per square foot for the 19.31 acre larger parcel. This rate is applied to three separate subject sites, as follows.

Subject Site roadways of S. Barnside Way and S. Brookridge Way, with a retrospective effective date of **1/2/2018** and a size of 13,068 Sq.Ft. (0.30± Acres) for a rounded market value of **\$78,000**.

Subject Site roadways of S. Millbrook Way and S. Hopes Well Way, with a retrospective effective date of **9/4/2018** and a size of 11,326 Sq.Ft. (0.26± Acres) for a rounded market value of **\$68,000**.

Subject Site roadways of S. Trailwood Way, S. Honeycomb Way, S. Old Hickory Way, and E. Haystack Street (West), with a retrospective effective date of **9/12/2019** and a size of 93,218 Sq.Ft. (2.14± Acres) for a rounded market value of **\$559,000**.

**High Density Residential Land Sales (Retrospective Effective Date of 7/25/2020)**

The roadways valued in this part of the appraisal report are parts of S. Barnside Way, S. Brookridge Way, S. Shadywood Way, S. Millbrook Way, S. Hopes Well Way and E. Haystack Street (East) having a reported total size of 149,846 square feet (3.44 acres), with an effective date of 7/25/2020. Four comparable sales are used in this analysis. These sales occurred from July 2017 to July 2020 and are described as Harris Ranch Block SE5, Bogus Basin Road Condos, Council Springs Apartments, and Parkway @ 43<sup>rd</sup> Townhomes. A map shows the relative locations of the subject property and each comparable sale. A table presents the significant characteristics of these properties and their sales.

### Analysis of Comparable High-Density Land Sales

Qualitative Analysis The appraisal report under review describes and utilizes a qualitative analysis in which each of the various characteristics are rated in comparison to the subject. The appraisal report under review notes that market conditions were stable and no significant differences were reflected between 1/2/2018 and 9/12/2019.

The characteristics compared are:

Real Property Rights Conveyed

Financing Terms

Conditions of Sale

Market Conditions/ Time

Location: Surrounding Uses

Location: Frontage / Access

Utility Availability

Entitlements

Topography and Soils

Parcel Size

Zoning

The characteristics of the comparable sales and the effects of the differences between the subject and the comparables are displayed in an adjustment grid or table.

### Conclusions

The indicated value per square foot for the subject is concluded as indicated by the array and the appraiser's judgement.

#### *Qualitative Analysis*

Comparables	Price/sf	Site Size/ Acres	Ranking
Comp 2	\$20.87	0.33	Superior
Comp 3	\$10.16	0.49	Superior
Comp 4	\$8.72	1.58	Superior
<b>Subject Site</b>			
Comp 1	\$7.25	7.16	Similar

The appraisal report also notes conversations with local brokers as a consideration. The conclusion presented in the appraisal report under review is at the rate of \$7.50 per square foot for the 19.31 acre larger parcel. This rate is applied to the subject roadway site, as follows.

Subject Site roadways of S. Barnside Way, S. Brookridge Way, S. Shadywood Way, S. Millbrook Way, S. Hopes Well Way, and E. Haystack Street (East) with a retrospective effective

date of **7/25/2020** and a size of 149,846 Sq.Ft. (3.44± Acres) for a rounded market value of **\$1,124,000**.

### **Certification**

The appraisal report contains a “Certificate of Appraisal” with various statements including those required by USPAP, reiteration of the Extraordinary Assumptions and Hypothetical Condition, reiteration of the value conclusions as detailed above, and signed by the appraisers.

### **ADDENDA**

#### **Underlying Assumptions and Limiting Conditions for “Summary” Appraisal**

This section begins with a statement that the appraisal report under review is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. It goes on to provide typical and common disclaimers and limitations of liability regarding such matters as unknown or unapparent conditions, title and other legal matters, environmental issues, reliance on information from others, and uses of the report. The specific verbiage should be carefully read and understood by any potential reader or user of the report.

#### **Engagement Agreement**

The contract engaging the appraiser is shown in the Addendum of the appraisal report under review. It is prepared as a letter by the appraiser, countersigned by the Client.

#### **Qualifications of Appraisers**

The Addenda of the appraisal report under review contain a summary of the appraisers’ professional experience, education, representative clients, property types and value ranges, references, and copies of their Idaho appraiser licenses.

(End of Section 1. Appraisal Report Summary Description.)

## **2. APPRAISAL REVIEW PURPOSE, SCOPE, INTENDED USE**

The review appraiser and author of this appraisal review report is Gregory L. Graybadger, MAI, RPRA, AI-GRS as engaged by Harris Ranch Community Infrastructure District No. 1.

### **Identification of the Client:**

The reviewer's client is Harris Ranch Community Infrastructure District No. 1. The reviewer was engaged through a letter signed by Lynda Lowry, Treasurer, Harris Ranch Community Infrastructure District No. 1 dated June 20, 2023.

### **Identification of Intended Users:**

Intended users of the appraisal review include Harris Ranch Community Infrastructure District No. 1 and its legal counsel. Any other party receiving a copy of the appraisal report or appraisal review report does not become an intended user of either report unless the appraiser or reviewer identifies such party as an intended user.

### **Intended Use of the reviewer's opinions and conclusions:**

The intended use of the appraisal review report is to analyze the appraisal report under review and make a determination as to whether the appraisal follows the appropriate principles/standards/appraisal methodology. The client and intended users may utilize that determination in evaluating the credibility of the conclusions presented in the appraisal report under review. The opinions and analyses expressed in this appraisal review are objective and free of bias or advocacy, as required by professional standards and affirmed in the signed Certification within this appraisal review report.

### **Purpose of the Review Assignment:**

The purpose of this appraisal review is to make a determination as to whether the appraisal follows the appropriate principles/standards/appraisal methodology, in order for the Client and Intended Users to evaluate the credibility of the conclusions, and particularly the credibility of the value conclusion. The review assignment does not include independent development of the reviewer's own opinion of value.

### **Identification of the work under review:**

Section 1 of this appraisal review report identifies the appraisal report under review, including property ownership, report date, effective date, and the physical, legal, and economic characteristics of its subject property.

### **Extraordinary Assumptions and Hypothetical Conditions**

The appraisal report under review contains extraordinary assumptions and a hypothetical condition. This appraisal review itself is not subject to any extraordinary assumption or hypothetical condition regarding the development and reporting of the appraisal review. The ordinary and typical assumptions and limiting conditions applicable to the review are shown in another part of this review report.

### **Scope of Work:**

The applicable scope of work for this appraisal review includes identification of the elements described above, which aid in establishing the appraisal review problem to be solved. As stated previously, this review report does not set forth an independent separate opinion of value. The research and analyses utilized in this review assignment meet or exceed the expectations of regularly intended users of similar assignments, and the typical actions of the reviewer's peers. Information presented in the appraisal report under review was independently confirmed to the extent practicable.

The reviewer examined the appraisal report under review, in detail, to ensure that the appraisal methods and techniques presented in the appraisal report under review comply with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the generally accepted principles and appraisal methodology for such appraisal assignments. Compliance with USPAP requires numerous mandatory elements in the development and reporting of an appraisal. An Idaho professional occupational certification or license requires compliance with USPAP for all appraisal assignments and for appraisal review assignments. The appraisal report under review is governed by the requirement of the 2020-2021 Edition of USPAP, and its compliance is evaluated on that basis. The appraisal review is performed in compliance with the same edition of USPAP, which remains in effect at the time of the appraisal review. That edition of USPAP is titled as the 2020-2021 edition, but it has been extended to remain in effect to the end of 2023.

The specific comparable sale transactions utilized in the appraisal under review were investigated. A search for alternative transactions was conducted to determine whether the comparable sales used were the best indicators of the subject's value, based on being recent, similar to the subject and proximate to the subject property. No alternative sales were found more relevant to the analysis. The adjustments applied to the comparable sales were analyzed to determine if they encompassed the most relevant and significant effects on property values, to determine if the magnitude of the adjustments was supported in the market data, and to determine if the adjustments were applied correctly in the analysis, and no errors or omissions were found.

The reviewer revisited authoritative sources such as the extensive legal citations found in the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA). Compliance with those standards is not required within the appraisal under review, but the procedures described there are well-accepted as correct methodology. The reviewer also revisited relevant parts of *Real Estate Valuation in Litigation* by J.D. Eaton, published by the Appraisal Institute.

The effective dates of value in the appraisal under review range from July 2015 to July 2020. As such, the present-day current physical and legal characteristics of the subject larger parcel are not relevant to the appraisal under review or to the appraisal review assignment. Consequently, no inspections of the subject property or the comparable sales were conducted by the reviewer. The reviewer is a long-term resident of the subject market area, and has observed the subject property on numerous occasions.

The reviewer has developed an opinion as to the appropriateness of the analyses and the credibility of the opinions and conclusions presented in the appraisal under review within the scope of work applicable to that appraisal assignment, and the data presented in the appraisal report. The reviewer has developed an opinion of whether the report under review is appropriate and not misleading. These opinions and the reasoning supporting these opinions are presented in the following section of this appraisal review report. This appraisal review report is prepared in compliance with USPAP, and no compliance is precluded by any law or regulation.

As previously stated, the opinions and analyses expressed in this appraisal review are objective and free of bias or advocacy, as required by professional standards and affirmed in the signed Certification within this appraisal review report.

**Effective Date and Report Date of Review:**

The Effective Date is the date to which the conclusions apply, and the Report Date is the date that the appraisal report was completed. The report date of this appraisal review report is December 1, 2023 which is also the effective date of the review. The report date of the appraisal report under review is August 28, 2020 and there are five different effective dates of value opinions presented in the appraisal under review.

**Subject of the Appraisal Review Assignment:**

The appraisal report under review is identified and summarized in the preceding section of this appraisal review report. It consists of an electronic copy as a PDF document containing 106 pages, presented to the review appraiser from the Client's attorney.

**Assumptions and Limiting Conditions of the Review:**

This appraisal review itself is not subject to the extraordinary assumptions and hypothetical condition or the limiting conditions presented in the appraisal report under review. This appraisal review is subject to the following ordinary and typical assumptions and limiting conditions:

- The reviewer assumes that all information and materials provided by others are accurate, credible, and reliable, and not fraudulent. Information presented in the appraisal report under review was independently confirmed to the extent practicable. However, the review appraiser does not guarantee the accuracy of any information. If any information is subsequently discovered to be false, the reviewer reserves the right to revise this report.
- No title report has been examined for the property which is the subject of the appraisal report under review. The reviewer assumes that the ownership is correctly represented and that no other parties hold rights affecting the subject property, other than the typical powers of government. The reviewer assumes no responsibility for any elements arising from defects of title, liens, deed restrictions, encroachments, or easements.
- It is assumed that there are no hidden or unapparent conditions of the property that may render it more or less valuable. The reviewer assumes no responsibility for such conditions, nor for obtaining engineering or environmental studies that may be required to discover them.
- It is assumed that the subject property does not contain any threatened or endangered species, nor critical habitat for such species.
- It is assumed that the property which is the subject of the appraisal report under review is in full compliance with all relevant laws and regulations, and the requirements of any party having jurisdiction over the property.
- The appraisal report under review is evaluated based on the circumstances in effect at the time of the appraisal and do not consider subsequent events or their effects, including events expected and projected to occur.
- This appraisal review report is to be considered only in its entirety, with no excerpt or part of the report utilized separately or out of the context of the entire report.
- No consideration is given to changes in market conditions or the purchasing power of the dollar which may have occurred from the effective date of the appraisal under review and to the effective date of this appraisal review.
- Additional assumptions or limiting conditions may be expressed elsewhere within this appraisal review report, and their effect is not diminished by having been omitted from this section of the review report.
- This appraisal review report is not to be used in any matter involving the U.S. Internal Revenue Service (IRS). IRS is specifically excluded as an intended user. No assertion is

made as to the applicability or lack of applicability of the appraisal report under review for any use governed or regulated by IRS.

- This appraisal review report is prepared for the exclusive use of the Client and Intended Users identified within this review report and may not be relied upon by others without the written consent of the appraisal reviewer.
- Any actions or claims arising out of, relating to, or in any way pertaining to this assignment, this report, or any values or information contained herein, are strictly limited and shall not exceed the amount of the fee paid for the preparation of this report. The author of this review report shall not be held liable for any consequential damages or losses.

(End of Section 2. Appraisal Review Purpose, Scope and Intended Use)

### 3. REVIEWER'S ANALYSES, COMMENTS, AND CONCLUSIONS

#### Applicable Mandatory Standards Compliance

All Idaho real estate appraisers' professional occupational licensing requires compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP) for all appraisal assignments. For this appraisal review and for the appraisal report under review, the applicable edition of USPAP is the 2020-2021 Edition, which has been extended to remain in effect to the end of 2023.

#### Hypothetical Condition and Extraordinary Assumptions

USPAP Standards Rule 2-2(b)(x) requires that the appraisal "clearly and conspicuously: state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results..." A Hypothetical Condition is a condition, directly related to a specific assignment, which is **contrary to what is known** by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. An Extraordinary Assumption is an assignment-specific assumption as of the effective date regarding **uncertain information** used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical Condition. The appraisal report under review identifies one Hypothetical Condition, which is described in six different terms in various parts of the appraisal report, as follows:

The Hypothetical Condition is described in the transmittal letter (on page 2 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and has been analyzed as a vacant development parcel prior to the development of the Harris Ranch Subdivision Phases 2, 6, 8, 9, and 11 as of the effective date of value."

The Hypothetical Condition is described a second time in the transmittal letter (on page 4 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and is included as vacant residential development land to be developed as part of the Harris Ranch Subdivision."

The Hypothetical Condition is described on page 3 of the printed report (on page 10 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and is included as vacant residential development land to be developed as part of the Harris Ranch Subdivision as of the effective date of value."

The Hypothetical Condition is described in the Scope of the Appraisal section on page 15 of the printed report (on page 22 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and is included as vacant residential development land to be developed, as of the retrospective dates outlined in this report, as part of the Harris Ranch Subdivision and is to be valued as part of the subject's larger parcel of 19.31± acres prior to development based upon the premise that the parcels could have been developed."

The Hypothetical Condition is described on page 43 of the printed report (on page 50 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and has been analyzed as a vacant development parcel prior to the development of the Harris Ranch Subdivision as of the effective date of value."

The Hypothetical Condition is described on page 45 of the printed report (on page 52 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and is included as residential development land as part of the Harris Ranch Subdivision as of the effective date of value."

The Hypothetical Condition is described in the signed Certification on page 79 of the printed report (on page 86 of the PDF) as, "...that title to the subject parcel is assumed to be marketable and free and clear of all liens and encumbrances and is included as vacant residential development land to be developed as part of the Harris Ranch Subdivision as of the effective date of value."

It is typical appraisal practice to express a Hypothetical Condition using exactly consistent terms, because otherwise the reader must evaluate whether the inconsistency affects the value conclusions, due to potentially different underlying premises. In the appraisal report under review, these six variations in the specific terms of the Hypothetical Condition are sufficiently consistent that they are not misleading and they do not damage the credibility of the value conclusions. The underlying premise of the valuation is considered to be consistent throughout the appraisal report. While the fact that there are variations does not conform to typical best practice, this is not a violation of Standards, principles or methodology.

Extraordinary Assumptions. The appraisal report under review makes reference to several Extraordinary Assumptions. As noted above, an Extraordinary Assumption is an assignment-specific assumption as of the effective date regarding **uncertain information** used in an analysis which, **if found to be false, could alter the appraiser's opinions or conclusions.**

An Extraordinary Assumption is described on page 13 and page 42 of the printed report (on pages 20 and 49 of the PDF) as, "It is an extraordinary assumption of this report that a FEMA

map revision will occur and the lots will be reclassified outside of Flood Zone and no flood insurance will be required. “

An Extraordinary Assumption is described in the signed Certification on page 79 of the printed report (on page 86 of the PDF) as, “We have relied upon plats, site sizes and specifications provided by the client and/ or the client's representatives. Should these representations be amended, or prove to be inaccurate, the value estimates are subject to revision.”

An Extraordinary Assumption is described in the signed Certification on page 79 of the printed report (on page 86 of the PDF) as, “A Phase 1 Environmental Study has not been provided regarding the site. The value estimate is predicated on the assumption that there is no such material on the property. Any such environmental risk discovered at a later data may require a revised estimate of value which may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may carry a stigma in the market place which also may or may not affect the value.”

An Extraordinary Assumption is described in the signed Certification on page 79 of the printed report (on page 86 of the PDF) as, “All statements of fact used in the report serving as the basis of the appraiser's analyses, opinions, and conclusions, are considered to be true and correct to the best of the appraiser's knowledge and belief. We shall have no responsibility for legal matters; questions of survey; legal description; opinion of title; soil or subsoil conditions; engineering; technical matters, etc.”

The appraisal report under review does not include a direct statement that use of the Hypothetical Condition and Extraordinary Assumptions might have affected the assignment results. However, the USPAP requirement to do so is quoted in the appraisal report in three places, and this can be interpreted to fulfill the requirement because it notifies the readers and users of the appraisal report about this element.

### **Description of the Subject Property and Property Sizes**

USPAP Standards Rule 1-2 requires that the appraiser identify the location and physical, legal, and economic characteristics of the subject property, and Standards Rule 2-2 requires that these elements are identified in the appraisal report.

On page 3 of the printed report (page 10 of the PDF) the report includes the following statement: **“We have relied upon plats, site sizes and specifications provided by the client and/ or the client's representatives. Should these representations be amended, or prove to be inaccurate, the value estimates are subject to revision.”**

The appraisal report under review contains various maps and tables to describe the property being valued, the adjacent properties, and the larger parcel. In particular, references to the block identifiers used in the Specific Planning Ordinance Land Use Development Plan are utilized and they are discussed as “Harris Ranch Subdivision Blocks SW9, SW10, SE1, SE2, SE3, and SE4,...” However, those maps do not include surveyed dimensions.

The property described as Block SW9 consists of Dallas Harris Estates Townhomes Subdivision No. 2, Block 8 and Dallas Harris Estates Townhomes Subdivision No. 9, Block 20, and Block 21, and Block 22, including all alleys.

The property described as Block SW10 consists of Dallas Harris Estates Townhomes Subdivision No. 4, Block 10, and Dallas Harris Estates Townhomes Subdivision No. 9, Block 23 and Block 24 and Block 25, including all alleys.

The property described as Block SE1 consists of Dallas Harris Estates Townhomes Subdivision No. 6, Block 13 and Dallas Harris Estates Townhomes Subdivision No. 11, Block 28, and Block 29, and Block 30, including all alleys.

The property described as Block SE2 consists of Dallas Harris Estates Townhomes Subdivision No. 6, Block 14 and Dallas Harris Estates Townhomes Subdivision No. 11, Block 31, and Block 32, and Block 33, including all alleys.

The property described as Block SE3 consists of Dallas Harris Estates Townhomes Subdivision No. 8, Block 17 and Dallas Harris Estates Townhomes Subdivision No. 11, Block 34, and Block 35, and Block 36, including all alleys.

The property described as Block SE4 consists of Dallas Harris Estates Townhomes Subdivision No. 8, Block 18 and Dallas Harris Estates Townhomes Subdivision No. 11, Block 37, and Block 38, and Block 39, including all alleys.

Typical appraisal practice would use legal descriptions with references to the subdivision plat maps as recorded in the public records. These documents are prepared by certified land surveyors and contain detailed dimensions, signatures of approving parties, dedications of public areas and other legal matters. Such legal descriptions may use a Lot and Block description where applicable, or a metes-and-bounds description of the perimeter of a property. Instead, the appraisal under review mixes a variety of descriptions and mapping.

The reviewer was unable to replicate the exact calculations of area for either the subject roadways or for the larger parcel. The reported areas presented in the appraisal report could be considered credible as estimates or if all parties stipulated their acceptability for the intended uses. The valuation results are consistent with the areas described using the sizes presented in the report. The appraisal report did not identify who performed the area calculations nor the criteria for selecting which areas to include or exclude. Typically, this information would be contained in the Scope of Work section of the appraisal report or in the description of the subject property. However, its omission is not necessarily a violation of USPAP standards.

The descriptions are sufficient for estimating values but would not be sufficiently detailed for conveyance of ownership rights. Also, the inherent inaccuracies could give rise to future claims for additional reimbursements, unless all parties stipulated their acceptance as accurate and released their rights to future claims. Such matters are beyond the scope of an appraisal review, however. At issue for the appraisal review is whether the valuation results can be considered credible. For the areas described, the valuation results are credible, but the calculations of areas described cannot be verified as appropriate to the intended use. USPAP does not specifically state that such verification must be possible, only that the report must "...contain information, documents, and/or exhibits sufficient to identify the real estate involved in the appraisal..." The reviewer considers these to be sufficient, meeting the requirement.

On page 38 of the printed report under review (page 45 of the PDF) a header states, "Following are the plat maps for Phases 2, 6, 8, 9, and 11." and this is followed by images of the subdivision plats for

Dallas Harris Estates Townhomes Subdivision No. 2

Dallas Harris Estates Townhomes Subdivision No. 6

Dallas Harris Estates Townhomes Subdivision No. 8

Dallas Harris Estates Townhomes Subdivision No. 9

However, no survey plat is included for Dallas Harris Estates Townhomes Subdivision No. 11.

Also, Dallas Harris Estates Townhomes Subdivision No. 4 was not listed or shown in the appraisal report, even though it contains some of the subject property described in the report under review as Block SW10. The absence of plats for No. 11 and No. 4 is not a violation, as these are recorded in the public records and are readily available to a reader of the appraisal.

These subdivision plats are prepared by a Certified Land Surveyor. The reproduction of the plats has made some dimensions unreadable in the PDF version of the appraisal report under review. The reviewer therefore examined the source documents recorded to the public records in order to clearly read dimensions and verify the areas involved. The reviewer is not a land surveyor, but was unable to replicate and confirm the area calculations used in the appraisal report under

review. The area calculations used in the appraisal report under review were deemed by the reviewer to be sufficient for estimating values.

### **Larger Parcel Size**

In partial acquisitions, the area to be acquired is a component of the larger parcel. The larger parcel is the tract of land that possesses a unity of ownership, physical contiguity or proximity, and has the same or an integrated highest and best use. Its primary importance is to reflect the market influence arising from economy of scale, because value per unit of area generally decreases as size increases.

In the appraisal under review, the larger parcel is identified as  $19.31\pm$  acres. The appraisal report under review states, “The larger parcel in this appraisal is identified as the contiguous land for the Harris Ranch Subdivision, Blocks SW9, SW10, SE1, SE2, SE3, and SE4, which abuts the specific roadways...” This appears to include the alleys but excludes the streets which are being valued in the appraisal. The logical premise for this is not described and the supporting calculations of area are not shown.

The determination and identification of the larger parcel is the appraiser’s responsibility and is based on their own judgement, but this determination must consider the elements described above. However, even respecting the appraiser’s authority in this matter, the apparent omission of the subject roadways themselves is simply an error. Utilizing the area measurements presented in the appraisal report, with  $19.31\pm$  acres contained in the Blocks described, plus  $6.40\pm$  acres of roadways **would indicate a larger parcel size of  $25.71\pm$  acres**. An argument could be made that even more of the Harris Ranch development should be included within the larger parcel, but the reviewer considers this limited area to be a credible and allowable conclusion.

### **“Across the Fence” Methodology**

Corridors, remnants and very irregularly-shaped properties are generally valued by reference to a unit value such as dollars per acre or dollars per square foot. Whether such properties are being sold for assemblage or purchased in partial acquisitions, a per-unit value is the common basis of pricing.

Across the Fence (ATF) appraisal methodology is well established in appraisal practice as a useful and reliable indicator of the market value for corridors and other similarly-shaped properties. Courts have repeatedly upheld the use of this methodology, and it is commonly used by State and Federal government in valuing road rights-of-way. Its use for valuing corridors includes real property interests associated with highways and other roadways, railroads, powerlines, fiber-optic and other buried cables, and pipelines for oil, gas, or water. When such corridors are being acquired, whether by eminent domain or voluntary transactions, each

segment is generally valued similarly to the adjacent property or the parcel from which it is taken. When such corridors are no longer useful, they are often conveyed to adjacent owners and sold with similar values as the property to which they become assembled.

The ATF valuation "...is based on the premise that the corridor land should be worth at least as much as the land through which it passes. Using this approach, the corridor is typically divided into segments or districts of similar utility based on the adjacent land use. Then the value of a typical parcel of adjacent land within the district is applied to that portion of the corridor to arrive at its market value. Finally the values of each of the segments or districts of the corridor are added together to estimate the ATF value of the total corridor." -Arthur G. Rahm, "Across the Fence Methodology for Valuation of Corridors: What Is It and How Is It Used?," *The Appraisal Journal*, July 2001, 270.

In the appraisal report under review, this methodology consists of identifying the unit value applicable to the larger parcel, and applying it to the area of the roadways being valued. The analysis presented utilizes "per square foot" as the unit of measure applied to area. This methodology is appropriate to the appraisal assignment and the report under review.

### **Report Date**

USPAP requires that two important dates are stated in an appraisal report: The Effective Date is the date to which the value opinion applies, and the Report Date is the date that the appraisal report was completed. In the appraisal report under review, the report date is August 28, 2020. There are various effective dates, relevant to each of the subject roadways, as described below.

### **Effective Dates of Appraisal**

The Effective Date is the date to which the value opinion applies. This is important because the value of a real property interest may change over time, and it is affected by the market conditions on the effective date of value. This is an important reason that the effective date is required to be identified in an appraisal. The appraisal report under review presents the valuations for five separate properties on five separate effective dates, as follows:

<b>JULY 24, 2015</b>	<b>0.26± ACRES</b>
<b>JANUARY 2, 2018</b>	<b>0.30± ACRES</b>
<b>SEPTEMBER 4, 2018</b>	<b>0.26± ACRES</b>
<b>SEPTEMBER 12, 2019</b>	<b>2.14± ACRES</b>
<b>JULY 25, 2020</b>	<b>3.44± ACRES</b>

Because the effective date of each of these valuations precedes the appraisal report date, this is termed a "retrospective" appraisal. It reflects the behaviors of buyers and sellers occurring on the effective date. As such, information which became known after the effective date is not generally considered. Market expectations and projections which existed at the effective date are given consideration regardless of whether they subsequently occurred.

### **Scope of Work**

The determination of the appropriate scope of work to be performed in the appraisal is the responsibility of the appraiser. The *Uniform Standards of Professional Appraisal Practice* (USPAP) contains a “Scope of Work Rule” requiring the appraiser to identify the problem to be solved, determine and perform the scope of work necessary to develop credible assignment results, and disclose the scope of work in the report.

The appraisal report under review does refer to the potential reimbursement from Harris Ranch Community Infrastructure District No. 1. A separate section later in this review report addresses this issue in greater depth.

The Scope of Work in an appraisal report with more than one signing appraiser typically describes the distribution of the work duties performed by each of them. The Letter of Transmittal specified that “...Greg J. Contos, CRA #13, provided significant real property appraisal assistance in the data collection and compilation of information contained herein.” As a Certified Residential Appraiser, Mr. Contos would be outside the scope of his licensure to appraise the subject property, but he may provide assistance. The Certification states that both appraisers made a personal inspection of the subject, and it acknowledged the real property appraisal assistance by Mr. Contos, as required by USPAP.

### **Definition of Market Value**

USPAP Standards Rule 2-2(b)(v) requires that the appraisal “state the type and definition of value and cite the source of the definition. The appraisal under review contains a section entitled “Definition of Market Value” That section quotes a definition of market value from the FDIC and provides a citation of that source. Although the citation is not precisely correct, it is readily found and it is not misleading, so this meets the requirement under USPAP. No specific definition was found to be required for the intended use of this appraisal. The definition identified here has broad applicability and is appropriate for this appraisal assignment.

### **Valuation Analysis**

The appraisal report under review relies upon the Sales Comparison Approach as the basis for valuing the subject properties. For the first value, four comparable sales were analyzed on a qualitative basis. The concluded rate of \$4.00 per square foot is applied to produce the value conclusion.

-Parts of S. Trailwood Way and S. Honeycomb Way have a reported total size of 11,326 square feet (0.26 acre), an effective date of 7/24/2015, and a reported value of \$45,000.

Four different comparable sales were analyzed to develop a rate applicable to the next three subject properties. These were analyzed on a qualitative basis. The concluded rate of \$6.00 per square foot is applied to produce those value conclusions.

-Parts of S. Barnside (noted in the appraisal report as “Barnsdale”) Way and S. Brookridge Way have a reported total size of 13,068 square feet (0.30 acre), an effective date of 1/2/2018 and a reported value of \$78,000.

-Parts of S. Millbrook Way and S. Hopes Well Way have a reported total size of 11,326 square feet (0.26 acre), an effective date of 9/4/2018 and a reported value of \$68,000.

-Parts of S. Trailwood Way, S. Honeycomb Way, S. Old Hickory Way, and E. Haystack Street have a reported total size of 93,218 square feet (2.14 acres), an effective date of 9/12/2019, and a reported value of \$559,000.

Four comparable sales were used for the final valuation, consisting of two sales that had been included in the previous analysis plus two sales that had not been previously analyzed. The property at 2811 Bogus Basin Road was not an appropriate comparable, as it was a single commercial lot rather than subdivision development land, and it is mislocated on the map. The four sales were analyzed on a qualitative basis. The concluded rate of \$7.50 per square foot is applied to produce the value conclusion.

-Parts of S. Barnside (noted in the appraisal report as “Barnsdale”) Way and S. Brookridge Way, S. Shadywood Way, S. Millbrook Way, S. Hopes Well Way and E. Haystack Street have a reported total size of 149,846 square feet (3.44 acres), an effective date of 7/25/2020, and a reported value of \$1,124,000.

Appraisers typically select comparables to provide a data array with a range that encompasses the important characteristics of the subject, such as size and total value. All of the comparables used were smaller than the subject larger parcel, and sold for less than the concluded value of the subject larger parcel. The effect of property size and the effect of the transaction size cannot be demonstrated by the data presented, so analyses of those effects are based solely on the appraiser’s judgement. While this is weak support for the value conclusion, it is not necessarily a violation of standards, and the conclusions are deemed to be credible and adequately supported.

### **The Premise for Reimbursement**

The Letter of Transmittal in the appraisal report under review states, “The purpose of this report is to provide a market value estimate of the underlying land for the purposes of reimbursement from the CID (Community Infrastructure District).” This is repeated in the Definition of the Appraisal Problem, under Purpose of the Appraisal. The Harris Ranch Community Infrastructure District is identified as an intended user of the appraisal report.

It appears that no discussion was provided in the appraisal report regarding the specific elements which may or may not qualify for reimbursement. The reviewer believes that this is a legal issue and beyond the scope of an appraisal or appraisal review, and would require interpretation by an attorney. In some cases, an appraiser might seek legal guidance in order to more specifically address the appropriate scope of work. There is no indication in the appraisal report that the appraiser did so. However, such action is not required by the Standards, and it is not consistent practice among appraisers.

One fundamental premise of this appraisal is that the subject roadway property “...*has been analyzed as a vacant development parcel prior to the development...*” The comparable sales utilized in the appraisal are properties suitable for future development, reflecting similar needs for some area to be utilized for interior roadways. As such, the roadways contribute value and are an inherent component of the development overall, so it is appropriate that the rate of value is attributed to the roadways.

**Appraiser’s Certification:**

The appraisal report under review includes a Certification as required by USPAP which contains the required elements including signatures by both appraisers.

**Adherence to Appraisal Standards**

The practice of real estate appraisal is heavily regulated in great detail and minor compliance concerns are not uncommon. To the extent that such issues do not affect the credibility of the value conclusion, they may be considered insignificant. USPAP Standards Rule 1-1(c) states that an appraiser must “not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affect the credibility of those results.” The reviewer does not characterize the appraisal report under review as “careless or negligent” and the appraisal report under review is considered to comply with the provisions of USPAP.

### **Reviewer's Opinions and Conclusions**

The stated engagement of the reviewer is to perform “*reviews which analyze the Appraisals and make a determination as to whether the Appraisals follow the appropriate principles/standards/appraisal methodology.*” The appraisal report under review adequately follows the appropriate principles, standards and appraisal methodology to value the real property interests as they are described in the appraisal report. This includes compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

There is some concern over the calculated areas for the roadways, as the source of the conclusions, the criteria for inclusion, and the actual calculations are not described or shown. There is also concern over the fact that all of the comparable sales are smaller than the subject larger parcel, so effect of size is only supported by the appraiser's judgement. However, neither of these concerns prevent the determination that the appraisal follows the appropriate principles, standards and methodology, which is the reviewer's conclusion.

From the standpoint of valuation methodology, the appraisal report is credible and adequately supported. The comparable sales utilized in the appraisal are properties suitable for future development, reflecting similar needs for some area to be utilized for interior roadways. One fundamental premise of this appraisal is that the roadways are valued, “...as vacant residential development land to be developed,...” Also, the appraisal report under review contains a statement of the Purpose of the Appraisal including, “... to clearly communicate the data and reasoning leading to the formulation of the value estimates for the purposes of a cost reimbursement of land value from the Harris Ranch Community Infrastructure District.” Whether or not the appraisal meets the requirements for reimbursement is a question of law and beyond the scope of the appraisal review, as the reviewer is not an attorney. It is beyond the scope of an appraisal review to determine the legal sufficiency to qualify for such reimbursement.

It is the reviewer's opinion that the analyses, opinions and conclusions presented in the appraisal under review are credible within the stated scope of work applicable to the appraisal assignment and the data presented. **It is the reviewer's opinion and conclusion that the appraisal under review does follow the appropriate Standards, principles, and appraisal methodology.**

(End of Section 3: Reviewer's Analyses, Comments, and Conclusions)

#### 4. REVIEW APPRAISER'S CERTIFICATION

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

1. The statements of fact contained in this review report are true and correct.
2. The reported analyses, opinions, and conclusions in the review report are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review, within the three-year period immediately preceding the agreement to perform this assignment.
5. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
8. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or the assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
9. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
10. I have not made a personal inspection of the property that is the subject of the appraisal report under review.
11. No one provided significant appraisal review assistance to the person signing this Certification.
12. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



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Gregory L. Graybadger, MAI, RPRA, AI-GRS, Idaho CGA#1834

December 1, 2023

\_\_\_\_\_  
Date

## **GREGORY L. GRAYBADGER**

### **QUALIFICATIONS AND LICENSING**

#### **Licenses:**

- CERTIFIED GENERAL REAL ESTATE APPRAISER, CGA-1834  
Idaho Real Estate Appraiser Board, Bureau of Occupational Licenses
- FHA Appraiser Roster, Number IDC GA1834  
U.S. Department of Housing and Urban Development
- Certified Tax Appraiser #856, Idaho State Tax Commission
- Idaho Real Estate License SP23303 (inactive), Idaho Real Estate Commission

#### **Professional Designations:**

- MAI, Appraisal Institute
- RPRA (Real Property Review Appraiser)  
American Society of Farm Managers and Rural Appraisers
- AI-GRS, Appraisal Institute (Reviewer of all property types)

#### **Professional Appraisal Experience:**

U.S. General Services Administration, Chief Appraiser, 2021-2023  
USDA Forest Service, Regional Appraiser for Oregon, Washington & Alaska, 2015-2021  
The Appraisal Foundation, Appraisal Practices Board of Directors, 2016  
U.S. Department of the Interior, Review Appraiser, 2014-2015  
Idaho Transportation Department, Senior Right of Way Appraiser and Reviewer, 2007-2014  
Integra Realty Resources, Senior Appraisal Analyst/Certified General Appraiser, 2006-2007  
Canyon County Assessor, Senior Commercial Appraiser/Deputy Assessor, 2005-2006  
Ada County Assessor, Appraiser/Deputy Assessor, 2001-2004  
Gem State Appraisers, Residential Appraiser, 1998-2001

#### **Publications:**

“When You Buy or Sell a Hangar” article in Airport News, June 2006  
“Collection and Verification of Residential Data in the Sales Comparison Approach” co-author,  
published by The Appraisal Foundation, 2016

#### **Awards:**

Federal Highway Administration, “Excellence in Right of Way” 2014

#### **Specialized Appraisal Training Courses:**

Uniform Standards of Professional Appraisal Practice, update biennially since 1998  
Separating Real & Personal Property from Intangible Business Assets, 2019  
Uniform Appraisal Standards for Federal Land Acquisitions, 2007 and 2017  
Valuation of Conservation Easements & Partial Interests, 2013  
Attacking and Defending an Appraisal in Litigation, 2008  
Review Theory – General, Appraisal Institute, 2017  
Reviewing Timberland Appraisals, Western Forestry & Conservation Assn. 2015