

Steve Loos Appraisal

1760 Airline Highway, Suite F-165, Hollister, California 95023

(831) 801-0976 | steveloosappraisal@gmail.com

www.steveloosappraisal.com

Letter of Transmittal

September 18, 2016

Mary M. Paxton
City of Hollister Development Services
339 Fifth Street
Hollister, CA 95023

RE: 400 Block Project, southwest corner Fourth and San Benito Streets, Hollister, California

Dear Ms. Paxton:

Per your request, I have updated the appraisal I performed on the subject property on October 26, 2015. The purpose of this update is to provide you with a current opinion of value for the subject property. This update incorporates the entire original report, and therefore you can use this update report separately from the prior appraisal. Each section of the report is updated as summarized below.

Update to Subject Data Section

There have been no significant changes to the physical or legal nature of the subject property, and therefore this section of the report remains unchanged

Update to Market Data and Valuation Analysis Sections

There has been a significant change in the local market since October 2015. The downtown area continues to adapt to new and changing market conditions, market activity for commercial land and buildings has increased significantly and residential building and home sales continue at brisk pace with rising prices. These sections of the report received significant updating, and this resulted in a significant increase in my opinion of the value of the subject property since the prior appraisal.

Subject Property

This property is owned by the City of Hollister and consists of vacant land located on the southwest corner of Fourth and San Benito Streets.

The property is a remainder parcel created during the City's redevelopment of the 400 block of San Benito Street. The property is listed as a development asset in the City's Long-Range Property Management Plan dated January 2, 2014, by Bill Avera and Mary Paxton. The subject property consists of three parcels as described on the following pages.

Appraiser's Opinion of Value

The appraiser's opinion of market value is: \$690,000 (Six Hundred Ninety Thousand US dollars).

This is calculated at \$35 per sq ft x 19,673sf of land.

The above figure is my opinion of the market value of the fee-simple estate of the subject property in its present condition with no hypothetical conditions or extraordinary assumptions. This report does not provide any valuation of partial interest or partial acquisition.

The appraiser's opinion of value assumes an exposure time of 12 months. The appraiser's opinion of market value assumes that a market time of 12 months will be required for sale. This assumption is based on statistical market data as shown in the valuation addenda.

Standards

This is a real property appraisal that complies with the Uniform Standards of Professional Appraisal Practice (USPAP) and is reported in summary format. This appraisal does not comply with any other standard or supplemental standard.

Client of the Appraiser, Intended Users of the Appraisal

The sole client of the appraiser is the City of Hollister. The client named above is the intended user of this appraisal. The appraiser must provide express written consent for any other party to use and rely on this report. To rely on this report, the authorized user must read, understand, and agree with the report in its entirety; no part of this report may be separated and used independently.

Intended Use and Purpose of the Appraisal

The sole intended use of this report is to assist a public agency in consideration of a market sale of the subject property.

Special Limiting Conditions

Visual Aids

The displays in this report are provided solely for use as visual aids and cannot be relied upon for any other use, including survey or measurement of the site or improvements to the subject property.

Extraordinary Assumptions

The analysis and conclusions found in this appraisal were significantly based on information obtained from the planning and building departments of the City of Hollister and the County of San Benito. This information was used by the appraiser to form an opinion as to the legal physical nature and the current and future potential uses of the property. This analysis does not indicate that any particular level of development potential exists or is guaranteed.

The value opinion in this report assumes no environmental issues exist that would have a significant negative effect on the subject property. The appraiser is not qualified to inspect for such conditions and therefore would be able to note only those conditions obvious to the untrained eye during a walk-around viewing of the subject property.

I am neither a trained civil engineer nor a surveyor. I have provided the engineering maps and legal descriptions as aids to identifying the subject property; these have strongly affected the value opinion in this report. For the purpose of this appraisal, and given the scope of the work, this information is assumed to be correct. These are extraordinary assumptions. The Uniform Standards of Professional Appraisal Practice, Appraisal Standard Board of the Appraisal Foundation, defines an *extraordinary assumption* as “an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

If these assumptions regarding the subject property are not correct, the analysis and opinions in this appraisal and report are not valid.

Relevant Dates

The effective date of the value opinion is October 23, 2015, the last date of property viewing. This report was prepared during the month of October 2015 and is not a prospective or retrospective appraisal.

Closing

If you have any further questions, please do not hesitate to contact me.

Regards,



Stephen V. Loos: Certified General Appraiser AG016986

Summary of Salient Data

Physical Data

Owner of Record	City of Hollister
Property Owners	City of Hollister
Property Occupant	Public Road
Assessor Parcel Number	Portions of 054-011-036, 054-011-016, and 054-011-030
USPS Street Addresses	400, 410, 414, 430, and 438 San Benito Street
Legal Description	Attached by engineering survey
Location	The subject property is within the city limits of Hollister, located at the southwest corner of Fourth and San Benito Streets.
Zoning, Land Use	City of Hollister Zoning: PF = Public Facility Land Use: DMU = Downtown Mixed Use
Legal Conforming Use	Yes
Flood Zone	The subject property is not located within a FEMA-designated 100-year flood zone; see the flood map in the addenda (Zone X map 06069C0185D, April 16, 2009).
Alquist-Priolo Earthquake	The subject property is located within the Alquist-Priolo earthquake hazard zone.
Land Area	Two parcels (11,698sf and 6,285sf) totaling 17,983sf are available for development subject to zoning. 1,690sf available for limited development subject to utility route easement Total Land Area 19,673 square feet
Property Public Road Frontage	84' on Fourth Street 233' on San Benito Street
Buildings, Lot Coverage	None; the property are vacant planted with grass.
Highest and Best Use	As a vacant popery the subject may be underutilized; while the economy may not yet support major development, feasibility studies and pre-engineering may be supportable.

Reconciliation and Conclusion of Value

Conclusion of Value Analysis Table

Reconciliation of Analysis	Average Price per sq. ft.	Low	High
Comparable Sales Analysis	\$29	\$23	\$36
Extraction Analysis	\$34	\$26	\$42

The analysis considered listings and sales of commercial land in the subject's market area, and the results of that analysis are shown in the "comparables sales analysis" line in the above table. The analysis also considered sales of older buildings in the downtown area, and used this information to estimate a land value by extraction the results of which are shown in the "extraction analysis" line in the above table. Both approaches had significantly more available useful data than in the prior October 2015 appraisal due a significant increase in market activity. This allowed a higher confidence in value and price trend analysis.

The subject property is in a premiere location at a highly visible corner lot and the entrance gateway to downtown. There is no directly comparable transaction of a similar property in the market. However, due to the increase in useful data, I was able to estimate the market appeal of the subject's location, and was able to estimate the effect of rising prices over time on the value of properties in the market.

Both the comparable sales and extraction analysis were given significant weight, as both had a good amount of data. The range of price per square foot was \$23 to \$42 per square foot, with average value conclusions of \$29 and \$34 per square foot. I formed a rounded value opinion at the upper end of the range of average values at \$35 per square foot, as I gave considerable weight to the premium location of the subject in the market.

The value conclusion is well within the range of value conclusions from the analysis, and the resulting value of the subject is also well within the range of prices found in the market.

Conclusion of Value Table

Conclusion of Value Opinion			
Land Area sq. ft.	Price per sq. ft.	Indicated Value	Rounded
19,673	\$35	\$688,555	\$690,000

The conclusion of value is \$690,000 rounded, which indicates a rounded value of \$35 per square foot of land.

Summary of Highest and Best Use

The subject is a level parcel at road grade on the corner of two main thoroughfares in the downtown area. The parcel is vacant and is one of the very few vacant, developable parcels in the downtown core. Lack of development to date has been the result of a decade-long building moratorium followed by economic crises that abated in late 2011. Demand for new construction and rehabilitation is on the rise in the area, and while economic support for a major development project may not yet exist, current market conditions suggest that expenditures on feasibility and pre-engineering would be supported.