

**111 HILLCREST ROAD  
981 MCCRAY STREET  
HOLLISTER, CALIFORNIA**

**APPRAISAL REPORT  
111 HILLCREST ROAD  
981 MCCRAY STREET  
HOLLISTER, CALIFORNIA**

**PREPARED FOR  
THE CITY OF HOLLISTER**

**BY  
MICHAEL CULLINAN  
CULLINAN APPRAISAL & REALTY  
NOVEMBER 21, 2017**

**MICHAEL CULLINAN**  
**CULLINAN APPRAISAL & REALTY**  
Residential, Commercial, Agricultural and Industrial Appraisals, Sales & Consulting

November 21, 2017

Mary Paxton, Program Manager  
City of Hollister Development Services  
Hollister, CA 95023

Re: Appraisal of 111 Hillcrest Road and 981 McCray Street, Hollister, Calif.

Dear Mary:

Enclosed is the appraisal report on the former Leatherback Corporation site, consisting of 6.46 acres, located at 111 Hillcrest Road at the northeast corner of McCray Street and Hillcrest Road in central Hollister, as well as 981 McCray Street, a 26,136sf lot fronting on McCray Street/Gibbs Drive and contiguous to the 111 Hillcrest Road site.

The Hillcrest Road property is currently vacant and consists of a total of 6.46 acres, Assessor's Parcel Numbers 056-250-019 and 024.

The McCray Street/Gibbs Drive property is improved with two older storage sheds that offer no added value.

The value obtained for both properties is an "as is" fee simple value. The function of this appraisal is to provide you with sufficient information and value parameters for internal City purposes and/or potential disposition purposes.

General information will be found in the beginning of this report with each property having a separate Site Data and Valuation section.

This report was prepared as an "Appraisal Report" as defined by the Uniform Standards of Professional Appraisal Practice and sets forth the description, factual data, assumptions and conditions affecting this appraisal. This report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). The effective date of this report is November 10, 2017, the date of inspection.

As we discussed, there may be some credits for fees etc on the 111 Hillcrest Road site, depending upon the specific mix of commercial/residential, however uncertain as of this time. For the purposes of this assignment, I have used an Extra-Ordinary Assumption that while there may be credits available, I have not considered any credits in the final value. If in fact there are credits available, then the value would need to be adjusted accordingly.

Therefore, based on my inspection of the site, and the investigation and analysis undertaken, I have formed the opinion that the "As Is" Fee Simple Value of 111 Hillcrest Road, as of November 10, 2017, subject to the Extra-Ordinary Assumptions noted in this report, is:

**One Million Nine Hundred Seventy Thousand Dollars  
(\$1,970,000)**

Furthermore, based on my inspection of the site, and the investigation and analysis undertaken, I have formed the opinion that the "As Is" Fee Simple value of 981 McCray Street, as of November 10, 2017 is:

**Four Hundred Fifteen Thousand Dollars  
(\$415,000)**

***This opinion of value is subject to the contingencies, assumptions, and limiting conditions set forth in the attached report of which this letter is a part.***

It is a general assumption of this report that the Subject property is not contaminated. I am not trained or paid to recognize or report defects or conditions that have a hidden effect on value. Therefore, I recommend that you employ trained professionals to advise you regarding physical conditions that might affect value.

Respectfully Submitted,



**Michael J. Cullinan  
AG008372**

---

## TABLE OF CONTENTS

Title Page .....	i
Letter of Transmittal .....	ii
Table of Contents .....	iii
Assumptions and Limiting Conditions .....	1
Summary Definition .....	3
Summary of Salient Facts .....	4
Regional Map .....	6
Purpose of the Appraisal .....	7
Intended Use of the Report .....	7
Scope of the Appraisal .....	8
Ownership, Interest Being Appraised .....	8
Value Being Obtained .....	9
Date of Valuation, Date of the Report .....	9
Sales History of the Property .....	9
Market Trends .....	9
Cannabis Discussion .....	10
Appraisal Development and Reporting Process .....	11
Highest and Best Use .....	11
Extra-Ordinary Assumptions and Hypothetical Conditions .....	12
Location .....	12
Neighborhood Map .....	15

### **111 Hillcrest Road**

Zoning, Identification of the Property .....	16
Neighborhood Data .....	16
Site Data .....	17
Easements and Encroachments .....	18
Hazardous Materials .....	18
Hazards .....	18
Supply and Demand .....	19
AP Map of Subject .....	20
Aerial Photo of Subject .....	21

### **981 McCray Street**

Zoning, Identification of the Property .....	22
Neighborhood Data .....	22
Site Data .....	23
Easements and Encroachments .....	23
Hazardous Materials .....	23
Hazards .....	23
Supply and Demand .....	24
AP Map of Subject .....	25
Aerial Photo of Subject .....	26

---

Approaches to Valuation .....	27
Sales Comparison Approach .....	27
<b>111 Hillcrest Road</b>	
Sales Comparison and Land Characteristics Table .....	28
Sales Adjustment Table .....	31
Market Condition Adjustments .....	33
Summary of Analysis .....	35
Qualitative Ranking .....	36
<b>981 McCray Street</b>	
Sales Comparison and Land Characteristics Table .....	37
Sales Adjustment Table .....	40
Summary of Analysis .....	43
Reconciliation and Value Conclusion .....	44
Statement of Value .....	45
Certification of Value .....	46
Addendum .....	47
Photos	Engagement Letter
Sales Comparison Map	Certification of Appraiser
	Résumé of Appraiser

---

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. This is an "Appraisal Report" that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*, Edition 2016/2017. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy, 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 report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field or environmental assessment. The presence of substances such as asbestos, ureaformaldehyde foam insulation, mold or other potentially hazardous materials/elements may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any

expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the Subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.

15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

17. Possession of this report, 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 party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

19. The liability of Cullinan Appraisal & Realty is limited to the Client only and to the fee actually received by the appraiser (total per appraiser). Further, Cullinan Appraisal & Realty assumes no obligation, liability, or accountability to any third party. The client agrees to hold Cullinan Appraisal & Realty harmless in the event of a lawsuit brought by any other party. If this report is placed in the hands of anyone but the Client, Client shall make such party aware of all assumptions and limiting conditions of the assignment. The appraiser is in no way responsible for costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially and/or legally. The Client also agrees that in case of a lawsuit arising from or in any way involving this appraisal assignment (brought by lender, partner or part owner in any form of ownership, tenancy or any other party), Client will hold appraiser harmless from and against any liability, loss, cost or expense incurred or suffered by appraiser in such action, regardless of its outcome.



**Michael J. Cullinan, Appraiser**  
**State License #AG008372**



---

**APPRAISAL REPORT DEFINITION**

This is an Appraisal Report intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*, Edition 2016/2017 for an Appraisal Report.

The depth of discussion contained in this report is specific to the needs of the client(s) and to the intended use stated below. The appraiser is not responsible for unauthorized use of this report

CLIENT: City of Hollister Successor Agency  
c/o Mary Paxton, Program Manager  
City of Hollister  
Hollister, CA 95023

APPRAISER: Michael Cullinan  
Cullinan Appraisal & Realty  
11950 Cienega Road  
Hollister, CA 95023

---

**SUMMARY OF SALIENT FACTS**

Location:	111 Hillcrest Road, Hollister, Calif. 95023 981 McCray Street, Hollister, Calif. 95023
Assessor's Parcel Numbers:	
111 Hillcrest Road:	056-250-019 and 024
981 McCray Street:	020-110-003 (New APN to be determined)
Land Area:	
111 Hillcrest Road:	6.46 acres
981 McCray Street:	26,136 sf
Highest and Best Use:	
111 Hillcrest Road:	Neighborhood Mixed Use
981 McCray Street:	Neighborhood Mixed Use
Value Being Obtained:	"As is"
Interest Being Appraised:	Fee Simple
Improvements:	
111 Hillcrest Road:	None
981 McCray Street:	2 older buildings, no added value
Zoning:	
111 Hillcrest Road:	Neighborhood Mixed Use
981 McCray Street:	Neighborhood Mixed Use
Hollister General Plan:	
111 Hillcrest Road:	Mixed Use
981 McCray Street:	Mixed Use
Conditions of Appraisal:	<i>See attached Assumptions and Limiting Conditions and Extra-Ordinary Assumptions and Hypothetical Conditions</i>

---

Thomas Brothers Map Coordinates:    Page 1057, Grid A-7

Census Tract Number:                      0005.01

Valuation Date:                              November 10, 2017

Inspection Date:                              November 10, 2017

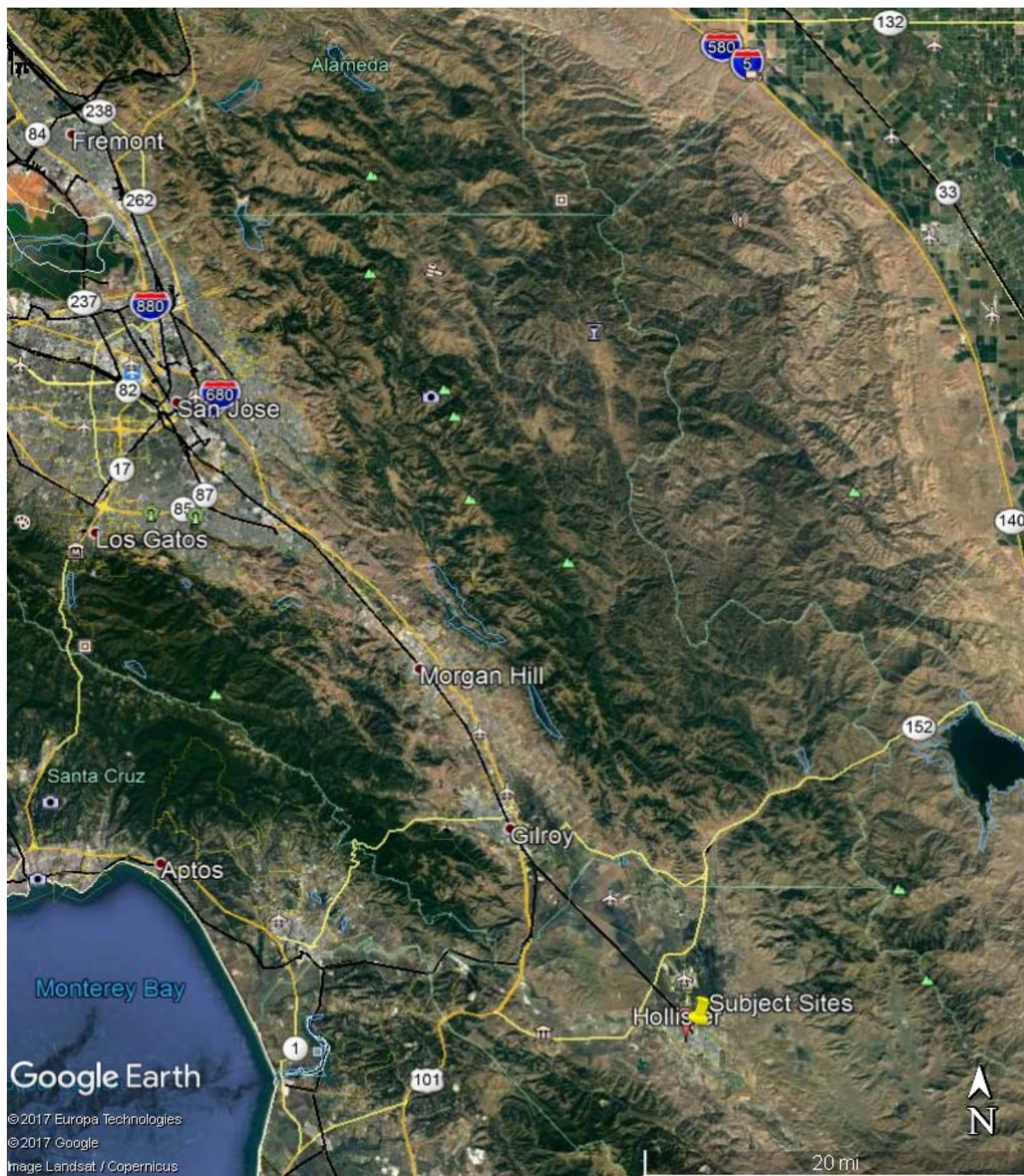
“As is” Fee Simple Value:

    111 Hillcrest Road:                      \$1,970,000

    981 McCray Street:                      \$ 415,000

Appraiser:                                      Michael Cullinan

## REGIONAL MAP



---

## **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to provide the appraiser's best opinion of the market value of the Subject real property as of the effective date. Market value is defined by the regulatory agencies of federal financial institutions as follows:

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions by which:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their own best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions by anyone associated with the sale.

[Source: Office of the comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions(f)]

## **INTENDED USE OF THE REPORT**

The intended use of this report is for the exclusive use of the client, the City of Hollister Successor Agency for potential disposition/sale purposes. Unauthorized use of this report is not permitted. The City of Hollister may be an additional user of this report. No other users of this report were identified.

---

## SCOPE OF THE APPRAISAL

The scope of the appraisal encompasses the necessary research and analysis to prepare an Appraisal Report in accordance with the intended use (*Uniform Standards of Professional Appraisal Practice* - USPAP, Edition 2016/2017). Regarding the Subject property, this involved the following steps:

1. The property was inspected on November 10, 2017. The photographs were taken during the inspection. No one accompanied the appraiser during the inspection.
2. Regional, county and city data is based on information furnished from several knowledgeable sources and the appraiser's own knowledge of the area. The Hollister Planning Department and San Benito County Planning Department provided zoning/land use information and information on the Subject sites and on properties in the immediate vicinity.
3. The Subject's property data is based upon my personal inspection of the sites. Other Subject property data has been compiled from the County of San Benito Public Records Office, the Assessor's Office and the Tax Collector's Office. Mr. Bill Avera and Ms. Mary Paxton, city representatives, were also interviewed to obtain property data.
4. In estimating the highest and best use for the property, an analysis was made of data compiled in the three steps noted above.
5. In developing the approach to value, the market data was collected from the office files of Cullinan Appraisal & Realty, other appraisers, Realtors, investors, and other persons knowledgeable of the marketplace in which the Subject is located.  
The sales comparison method was used to obtain the value of both sites. Sales of vacant commercial and mixed use sites in San Benito County were researched and analyzed for this assignment.  
The appraiser's files, the local MLS and LoopNet Listing Service were used to obtain sales and listings of comparable properties to use in the sales method.
6. After assembling and analyzing the data defined in this appraisal, final opinions of market value were made.

## OWNERSHIP

City of Hollister Successor Agency

## INTEREST BEING APPRAISED

The interest in both sites being valued is Fee Simple. Fee Simple ownership is defined as "absolute ownership unencumbered by any other interest or estate, subject only to eminent domain, escheat, police power, and taxation."



---

## **VALUE BEING OBTAINED**

### **Market Value, “as is”**

The definition of this value is an “estimate of the market value of a property in the condition observed upon inspection, and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of inspection. This value incorporates not only the physical aspects, but the legal and economic characteristics as well.”

Both sites are being valued “as is.”

## **DATE OF VALUATION**

The date of valuation of the Subject is November 10, 2017.

## **DATE OF THE REPORT**

The date of this report is November 21, 2017.

## **SALES HISTORY OF THE PROPERTY**

111 Hillcrest Road last sold on 06/16/2008 with a reported sale price of \$4,000,000, as improved at that time with the old Leatherback Corporation tar paper production facility. It had been listed for sale at \$4,000,000 before the sale. According to City of Hollister representatives, 111 Hillcrest Road is not under contract and has not been listed for sale during the past three years.

981 McCray Street last sold on 4/17/1997 from the Cowardin Trust.

## **MARKET TRENDS**

The real estate market as of November 2017 is mostly robust, depending upon the specific market segment. Typical improved SFR properties in San Benito County and surrounding communities are seeing good market activity with steady sales, including suburban residential properties with sites of one to 10 acres in size.

The Subject’s market segment is the vacant mixed use market segment. This particular market segment has seen slow activity for the most part over the past 5-10 years, although the smaller sites, such as the McCray Street property, have seen increased activity, but due to the residential element and not the commercial element.

The larger mixed use sites such as 111 Hillcrest Road have seen significantly less activity with very little market data for a site of 6+ acres of mixed use land.

The Cannabis element in both San Benito and Monterey Counties has impacted the industrial market, increasing demand for many industrial properties, especially in “Cannabis” zones that allow manufacturing/growing/processing and distribution of cannabis. The Subject is not located in a “Cannabis” zone and is located across the street from Rancho San Justo Middle School which would

preclude any Cannabis use in any case. However, the overall impact of the Cannabis element has been to reduce inventory, increase rents, and increase overall values of *industrial* properties.

Good quality irrigated row crop farms are continuing to see very strong market activity with rising prices, low inventory, and more buyers than sellers. Value increases for irrigated farmland have been consistent over the past 24 months with somewhat of a “land grab” now occurring for the better quality land with a good supply of irrigation water. Salinas Valley growers have entered the San Benito County market seeking lower land prices/rents compared to the Salinas Valley where land values are almost double what is being seen in San Benito County. Farmland rents in the Salinas Valley are double to triple what is being paid in the San Benito County market. So, overall, that particular market segment is considered to be the strongest.

Improved industrial properties have also seen stronger demand over the past 18 months with limited inventory of available properties compared to 24-48 months ago. Demand would appear to have created a supply and demand imbalance with more demand than supply of improved industrial properties.

Vacant industrial and commercial properties are continuing to see modest demand as improved properties are still selling for less than replacement cost, mostly due to the high cost of construction/permits and fees, although the difference between sale prices and depreciated values has been shrinking.

In conclusion, the market trends are segment-specific with most market segments seeing either moderate to robust activity. The market for properties such as 981 McCray Street would be considered moderate due to the residential element of a smallish mixed use property.

The market for 111 Hillcrest Road is considered to be slow due to the site size of 6+ acres and the specific location next to the concrete “batch” plant, even for a corner location.

## **CANNABIS DISCUSSION**

In early 2017, the Hollister City Council passed an ordinance that allows the cultivation, manufacturing and distribution of Cannabis within the city limits. This has had the impact of increasing sales of some industrial warehouse properties that are located in the assigned areas within the city limits.

While the Subject sites are not candidates for Cannabis operations, the San Benito County and Monterey County Cannabis market segment has had the impact of increasing rents, sale prices and overall values of some properties.



---

## APPRAISAL DEVELOPMENT AND REPORTING PROCESS

In preparing this appraisal, the appraiser conducted a casual inspection of both sites. Information on land sales was gathered, confirmed, and analyzed. The sales method is the only reliable method used to value vacant commercial and/or mixed use properties and was the method used to obtain the value of both sites.

To develop the opinions of value, the appraiser performed an “Appraisal Report” as defined by the *Uniform Standards of Professional Appraisal Practice*, Edition 2016/2017.

This Appraisal Report is a brief recapitulation of the appraiser’s analyses and conclusions. Supporting documentation is retained in the appraiser’s file.

## HIGHEST AND BEST USE

Highest and best use is defined as follows: “The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” The four criteria that highest and best use must meet are:

1. legally permissible
2. physically possible
3. financially feasible
4. maximally profitable

Highest and best use of a property is an economic concept that measures the interaction of the four criteria. The determination of a property’s highest and best use is a critical appraisal component that provides the valuation framework upon which comparable market information is developed. Such comparable information includes cost, sales and income expense data pertaining to the property’s concluded best use.

To render a reliable use and value estimate, the highest and best use of the property as if vacant must be considered separately from the highest and best use of the property as improved. This is because the site must be valued as though vacant and available for development to its highest and best use whether or not the property’s existing improvements represent the site’s highest and best use.

111 Hillcrest Road is unimproved and 981 McCray is improved with older buildings with no added value. Therefore, the value as improved is not relevant with both are considered to be vacant and ready to be developed.

Both of the sites are designated as Mixed Use which would allow a combination of commercial and residential use. With no set formula for the blend of commercial and residential, it could be either a strong residential influence or a strong commercial influence. The location of 111 Hillcrest Rd contiguous to a concrete batch plant on the east boundary may preclude intensive residential development on the central portion of the site due to incompatibility, resulting in placement of the commercial element on the east portion of the site and residential more toward the south portion.

Market participants were interviewed for this assignment and local builders indicated that the McCray Street site would enjoy greater demand for a project with a strong residential influence , with a good location near schools and shopping. A smaller developer that could use the McCray Street site for residential use and owner/user commercial use (local office, etc.) would appear to be the most likely buyer.

Therefore, the Highest and Best use of 111 Hillcrest Road would be a mixed use development with a stronger commercial element compared to the residential element and the Highest and Best use of the McCray Street site would be a mixed use project with stronger residential influence rather than commercial use.

## **EXTRA-ORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

I have appraised both of the sites “as if clean” in regards to any environmental issues. This results in an Extra-Ordinary Assumption.

111 Hillcrest Road did require re-mediation in regards to clean up after purchase. The assumption is that a buyer could improve the site to its Highest and Best Use without any further environmental work being necessary.

Both sites are assumed to have no negative title issues, resulting in another Extra-Ordinary Assumption regarding title issues.

It is assumed that all land development improvements for both sites are mostly complete and that only a sidewalk along McCray Street would be required, resulting in only moderate *offsite improvements* that would be necessary for either of the sites to be developed to their highest and best use. This results in another Extra-Ordinary Assumption that either no or minimal additional offsite land development improvements would be necessary to develop the sites. Another Extra-Ordinary Assumption is that there will be no consideration given to any potential building credits.

There are no Hypothetical Conditions noted with this assignment.

## **LOCATION**

The 111 Hillcrest Road site is located at the southeast corner of McCray Street and Hillcrest Road, a corner location on a busy intersection located approximately three blocks east of the downtown commercial core of Hollister. Exposure to traffic and the surrounding area is good.

There are industrial uses in the Subject neighborhood and located contiguously to the Subject on the east boundary. There are vacant general commercial sites located to the south of the Subject that have sold recently and will be eventually developed within the next 12 to 24 months.

Furthermore, there is existing significant commercial use just to the north of the Subject along McCray Street. When the vacant commercial sites are eventually improved, the entire Subject neighborhood will offer enhanced commercial activity and appeal with McCray Street offering good access to the Subject and surrounding sites.

The concrete “batch” plant located along a portion of the Subject’s east boundary offers a negative, external influence, either for commercial and especially residential if mixed use were to be considered for the Subject.

The locational appeal for 111 Hillcrest Road is rated as good due to the specific location at what is considered to be a main intersection, although there are a number of surrounding industrial elements that negatively impact the site.

981 McCray Street is located contiguous to 111 Hillcrest Road on the south boundary of the Hillcrest Road site. McCray Street offers a corner location, bordering on McCray Street on the west boundary and Gibbs Drive on the south boundary with access off of Gibbs Drive, essentially at the intersection of McCray Street and Gibbs Drive. The specific location of the McCray Street site is rated as good for a smallish mixed use property.

San Benito County is one of the smaller California counties, located in the central section of the state, approximately 20 miles south of the Santa Clara County metro area and 30 miles east of the Monterey Bay area. There is a total area of 893,440 acres in the county.

There are three California State Parks in the County and one National Monument: Mission San Juan Bautista Historic Park in San Juan Bautista, Fremont State Park south of San Juan Bautista, Hollister Hills State Off-Road Vehicle Park six miles south of Hollister, and the Pinnacles National Monument 30 miles south of Hollister.

The county is in the California Coast Range section of the Pacific Border physiographic province. It has a Mediterranean climate with an average annual rainfall ranging from 25" or more in the northern and western sections to 12" or less along the southeastern border. Elevations range from 120' to more than 5000' above sea level. The highest point in the county, at 5,248 feet, is San Benito Mountain.

San Benito County has an agricultural-based economy slowly changing to a more industrial-based economy. With this agricultural base, the unemployment rate in the area is traditionally higher than average. In the spring and summer, the unemployment rate is around 8-10% and in the fall and winter, it rises to approximately 10%-12%. At present there is considerable out-commute to the San Jose area for jobs with Hollister and San Benito County considered a bedroom community for the Santa Clara County metro area job market.

The increased commercial and industrial use in the area has strengthened the local job market and while it is considerably stronger than it has been in the past, the local job market would be characterized as stable rather than strong.

Most of the residential pressure comes from Santa Clara County to the north. The lower land prices and resulting lower housing costs in San Benito County have made this area very attractive to both first time buyers and move-up buyers.

Agriculture is the county’s major producing industry with a total value of \$367,451,250 of commodities produced in 2016, up 1.9% from 2015. Vegetable crops produced the highest crop value at \$267,112,000, followed by fruit and nuts, field crops, livestock, and poultry products. As

of the writing of this report, approximately 510,000 acres in the county are dedicated to pasture/rangeland for livestock.

Population estimate for San Benito County as of July 2015 was 58,792; Hollister, the county seat, estimated population of 37,462. There is only one other incorporated town in the county: San Juan Bautista to the west with a population of more than 1,862. The estimated median household income in 2014 dollars was \$67,874.

Approximately 90% of the county's population is located in the northern 25% of the county. The balance of the population is located in the central and southern portion of the county. The area to the south of Hollister to the Monterey County line consists of semiarid hill country suitable for livestock grazing/recreational use/residential estate use, with little population.

Suburban properties of one to 10 acres in size located in the county area, improved with homes from 2500-5000sf, ranging in price from \$900,000 to \$2,000,000±. Typical resale production homes within the city limits range from \$450,000 for a 1100sf 3-bedroom/2-bath home, up to \$700,000+ for a 4,000sf 5-bedroom/3-bath home. Typical lot sizes in Hollister range from 6000sf up to 10,000sf.

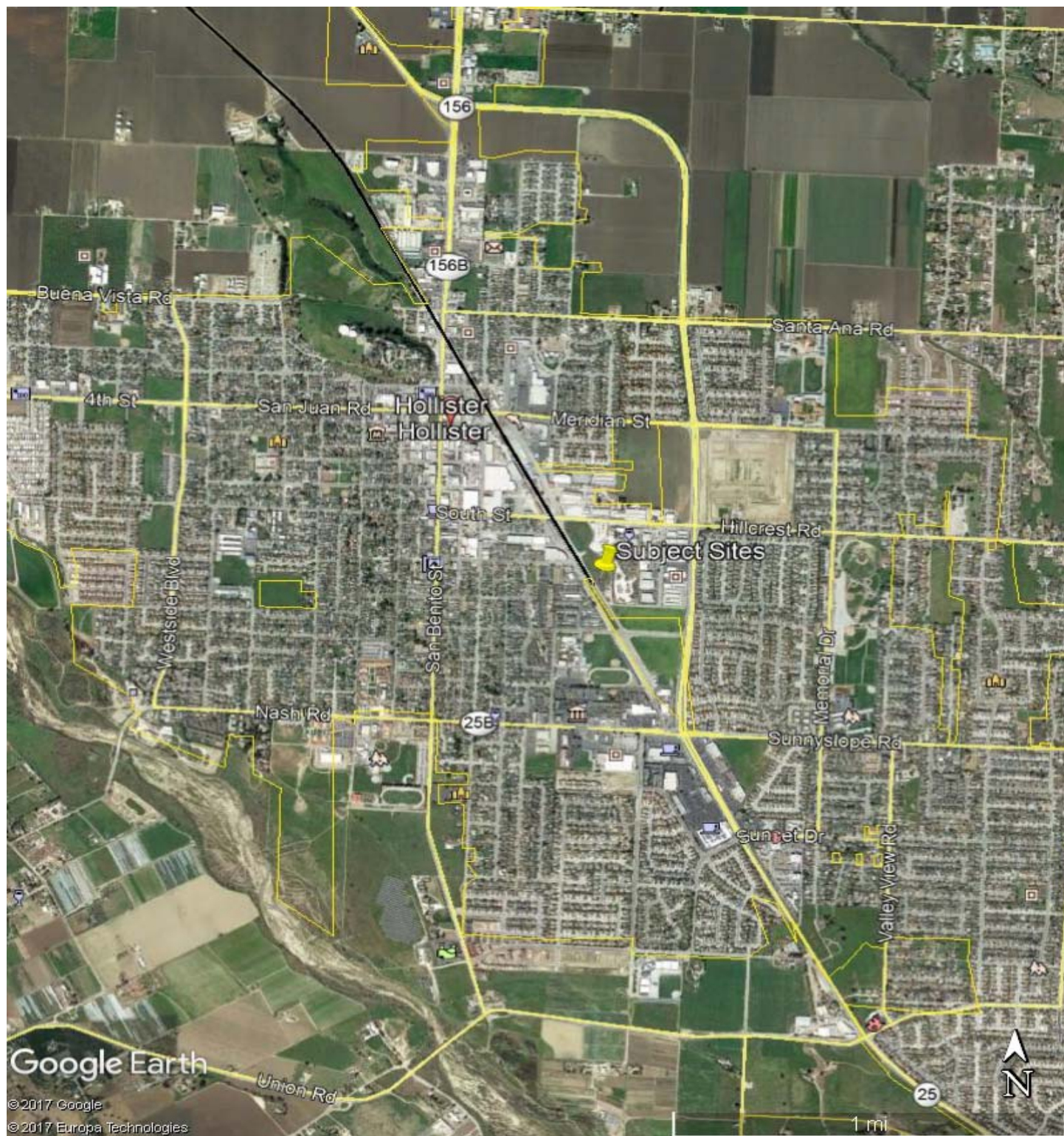
Rents in Hollister range from \$1,400 to \$1,600 per month for a modest 2-bedroom/1-bath home up to \$3,000 per month for a custom-built 4-bedroom/3-bath home. Apartment rents range from \$800-\$950 per month for a studio or one-bedroom, \$1,100 to \$1,250 for a two-bedroom unit and up to \$1300-\$1500 per month for a 3-bedroom/2-bath unit. Rents had seen fairly significant increases through 2015, but have stabilized as of the effective date of this report.

Transportation in the county is provided by State Highway 25 which crosses through the county on a north/south basis, Highway 101 which travels through the county for approximately four miles in the most northwesterly section of the county, Highway 129 which connects to Highway 1 to the west, and Highway 156 which intersects with Highway 152 and connects with Interstate 5 in the San Joaquin Valley to the east. Southern Pacific Railway services the area with freight service and County Express provides inter-county bus service.

The Hollister Airport is an active airport that attracts business and recreational pilots, skydivers, gliders and vintage plane enthusiasts. Fixed based operators service aircraft, rent planes and give flying lessons. Crop dusters and the California Department of Forestry use the airport as a base for air tankers. There are two runways at the airport, Runway 31 is 6,250 feet in length with a 1,100 foot overrun, and Runway 24 is 3,150 feet in length.



## NEIGHBORHOOD MAP



---

**111 HILLCREST ROAD****ZONING**

The City of Hollister has 111 Hillcrest Road designated as NMU, Neighborhood Mixed Use. This designation allows a very wide range of commercial and residential uses

**IDENTIFICATION OF THE PROPERTY**

111 Hillcrest Road is city-owned and not taxed and assessed separately. Therefore, the Subject will be identified by APNs but without tax/assessment information.

APN	Land area	Improvement	Land	Taxes
056-250-019	3.10 acres	-0-	-0-	-0-
056-250-024	3.36 acres	-0-	-0-	-0-
<b>Totals</b>	<b>6.46 acres</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**NEIGHBORHOOD DATA**

The immediate neighborhood surrounding 111 Hillcrest Road consists of a wide range of uses and property types including commercial, industrial storage/materials (rockery), agricultural processing and storage (walnut processing and a tomato cannery), a distillery, a middle school and vacant industrial and commercial sites.

The immediate Subject neighborhood was primarily industrial, including the Subject's site which was used for a tar paper production facility for decades. The production facility ceased operations in the early 2000's but there are still some industrial types of uses in the neighborhood at this time.

Most of the uses that are commercial in nature are located to the north and south of the Subject with a mid sized neighborhood center located two blocks north of the Subject and significant commercial use located approximately one-half mile of the Subject.

---

## SITE DATA

The Subject is an irregularly shaped site consisting of two APNs with a total acreage of 6.46 acres. The Subject was once used as the Leatherback Corporation tar paper production facility. It was sold to the Hollister Redevelopment Agency in 2008. At that time, the buildings were removed and any contamination was also removed over the next 12 to 24 months.

The value is subject to an Extra-Ordinary Assumption that the Subject could be improved and used for its highest and best use without any further environmental mitigation/remediation.

The Subject is considered to be almost a “build-able” site. That is, there are curbs, gutters, and sidewalks on the north boundary along Hillcrest Road; McCray Street has been improved on the west boundary with curb and gutter. However, it does appear that there would be a sidewalk required along McCray Street. City services serve the site.

Onsite “pad” grading would be necessary in order to construct new improvements, but the site itself is considered to be very close to ready-to-build other than the McCray Street sidewalk. Other than the sidewalk along McCray Street, another Extra-Ordinary Assumption is used for this assignment that there would be no additional “offsite” land development improvements that would be required for the Subject to be developed.

The site is level with *good* overall utility. The configuration is slightly irregular but it does not appear to be sufficiently irregular that it would result in potential restrictions in regard to future uses.

Access to the Subject is provided by Hillcrest Road, a four-lane, city-maintained road on the north boundary, and McCray Street, a two-lane city-maintained street on the west boundary. There is a dedicated entrance off of McCray Street and what appears to be two access points off of Hillcrest Road.

Given the site size and zoning designation of Neighborhood Mixed Use, it would be possible to divide the Subject into smaller sites. Interest in some of the larger sites (5-10 acres) in the Hollister market does seem to be gaining traction. Regardless, three 2+-acre sites or six 1-acre sites would be feasible and would most likely generate greater per foot value compared to a single 6.46-acre site.

However, for the purposes of this assignment, the value will be based on the “as is” status of the 6.46 acres, but with the recognition that there would be the potential to “parcel” the Subject into smaller sites.

In conclusion, the Subject site is an almost “ready to build” mixed use site with all services and most all off-site improvements in place that would allow the site to be improved for its highest and best use.

---

## EASEMENTS AND ENCROACHMENTS

A title report, dated February 15, 2008 prepared by Chicago Title Company was reviewed for this assignment. The Subject was owned by the Leatherback Corporation at that time, before acquisition by the Hollister Redevelopment Agency.

At that time, there were what appeared to be minor title issues, mainly some encroachment issues. Utility easements encumber the Subject and are typical for this type of property. It is assumed that any title issues were mitigated since the purchase by the Redevelopment Agency. This results in another Extra-Ordinary Assumption regarding any negative adverse title issues.

## HAZARDOUS MATERIALS

A toxics study is beyond the expertise of this analyst, but it is assumed that there are no environmental conditions which would adversely impact the Subject.

The site did offer some contamination after the Leatherback production facility was removed. Any contamination was remediated/mitigated over the past 2-4 years. At this time, the Subject is considered to be "clean."

One of the Extra-Ordinary Assumptions used in this report is that the Subject could be improved and used for its highest and best use without any further environmental work being necessary.

**I have appraised the property as if clean. No clean up costs have been deducted. If toxic experts determine that clean up is required, a revision of the appraisal will be required. If that is of particular importance to the reader of this report, then it is recommended that appropriate opinions be obtained from professionals qualified to issue such opinions.**

## HAZARDS

**Flood Hazards:** According to local FEMA map 06069c0045D, dated 4/19/09, the Subject is located in **Zone X**, an area **out of the 500-year flood zone**.

**Seismic hazards:** According to seismic maps, the Calaveras Fault Zone, which runs on a north/south basis through Hollister, is located to the west of the Subject with the Subject out of any recognized fault zones.



---

## SUPPLY AND DEMAND

The supply of vacant commercial sites is rated as *good*. Historically, the inventory has been fairly thin, but as of the effective date of this report, there are a number of commercial sites available. While not all are activity listed for sale, they are still available.

The 12.75-acre site that was purchased by Lowe's Corporation for a new store is available as is the 14+ acres that surround the Lowe's site, also available in various site sizes. These sites are located just to the northeast of the Subject, in the general neighborhood of the Subject but reflecting a *slightly superior* location by fronting on the Hollister Bypass ( Highway 25).

List prices for the above properties are in the \$10/ft to \$11/ft range. Brokers involved with some of the properties indicate that there have been offers in the \$5.50 to \$7.50/ft range and that there is some interest that appears to be increasing as the market improves.

There is a significant amount of vacant commercial/mixed use designated land located along Fourth Street in west Hollister that is available.

There are a number of smaller commercial sites listed for sale within the downtown area. The smaller mixed use sites are seeing increased market activity due to the strong residential element allowed in the mixed use zoning.

The former Gibson property, located south of Gibbs Drive, sold in stages from 2013 through 2017, with the buyers having a number of new stores scheduled to be constructed. A new Walgreens and a Les Schwab Tire Store have been constructed over the past two years on the former Gibson property, so there is increased commercial activity taking place in the Subject's neighborhood, although the sites that have sold have exposure to Highway 25 with significantly stronger traffic exposure compared to the Subject.

---

**APN MAP - 111 HILLCREST ROAD**

901 Prospect Ave  
Hollister CA 95023

FASTWeb

## Property Profile

### Property Information

<b>Owner(s)</b>	City Of Hollister Municipal Corp	<b>Parcel #</b>	056-250-024-000
<b>Property</b>	901 Prospect Ave Hollister, CA 95023	<b>Map Coord</b>	
<b>Mailing Addr</b>	375 5th St Hollister , CA 95023	<b>Census Tract</b>	
		<b>County</b>	San Benito
		<b>Owner Phone</b>	
<b>Legal</b>	901 PROSPECT AVE.		
<b>Lot Number</b>		<b>Tract Number</b>	
<b>Block</b>		<b>Subdivision</b>	Sunnyslope

### Characteristics

Use	Light Industrial	Year Built		Sq. Feet	
Zoning		Lot Size	3.36 / 146361	# of units	
Bedrooms		Bathrooms		Fireplace	
#Rooms		Quality		Heating	
Pool/Spa		Air		Style	
Stories		Improvements		Parking	
Flood	X	Gross Area		Garage Area	
Basement Area					
Attributes					
Other					
Property Sale Information					
Sale Date		\$/Sq. Ft.		2nd Mtg.	
Sale Price		1st Loan		Prior Sale Amt.	
Doc No.		Loan Type		Prior Sale Dt.	
Doc Type		Xfer Date		Prior Doc No.	
Seller		Lender		Prior Doc Type	
*\$/Sq. Ft. is a calculation of Sales Price divided by Sq. Feet					

### Tax Information

<b>Imp Value</b>		<b>Exemption</b>	
<b>Land Value</b>		<b>Tax/Area</b>	/1-055
<b>Total Value</b>		<b>Tax Value</b>	
<b>Tax Amount</b>		<b>Improved</b>	

Information compiled from various sources and is deemed reliable but not guaranteed.

111 Hillcrest Rd  
Hollister CA 95023

FASTWeb

## Property Profile

### Property Information

<b>Owner(s)</b>	City Of Hollister Municipal Corp	<b>Parcel #</b>	056-250-019-000
<b>Property</b>	111 Hillcrest Rd Hollister, CA 95023	<b>Map Coord</b>	
<b>Mailing Addr</b>	375 5th St Hollister , CA 95023	<b>Census Tract</b>	000501
		<b>County</b>	San Benito
		<b>Owner Phone</b>	
<b>Legal</b>	111 HILLCREST RD.		
<b>Lot Number</b>		<b>Tract Number</b>	
<b>Block</b>		<b>Subdivision</b>	Sunnyslope

### Characteristics

<b>Use</b>	Food Processing	<b>Year Built</b>		<b>Sq. Feet</b>
<b>Zoning</b>		<b>Lot Size</b>	3.1 / 135036	<b># of units</b>
<b>Bedrooms</b>		<b>Bathrooms</b>		<b>Fireplace</b>
<b>#Rooms</b>		<b>Quality</b>		<b>Heating</b>
<b>Pool/Spa</b>		<b>Air</b>		<b>Style</b>
<b>Stories</b>		<b>Improvements</b>		<b>Parking</b>
<b>Flood</b>	X	<b>Gross Area</b>		<b>Garage Area</b>
<b>Basement Area</b>				
<b>Attributes</b>				
<b>Other</b>				
<b>Property Sale Information</b>				
<b>Sale Date</b>		<b>\$/Sq. Ft.</b>		<b>2nd Mtg.</b>
<b>Sale Price</b>		<b>1st Loan</b>		<b>Prior Sale Amt.</b>
<b>Doc No.</b>		<b>Loan Type</b>		<b>Prior Sale Dt.</b>
<b>Doc Type</b>		<b>Xfer Date</b>		<b>Prior Doc No.</b>
<b>Seller</b>		<b>Lender</b>		<b>Prior Doc Type</b>
*\$/Sq. Ft. is a calculation of Sales Price divided by Sq. Feet				

### Tax Information

<b>Imp Value</b>		<b>Exemption</b>	
<b>Land Value</b>		<b>Tax/Area</b>	/1-055
<b>Total Value</b>		<b>Tax Value</b>	
<b>Tax Amount</b>		<b>Improved</b>	

Information compiled from various sources and is deemed reliable but not guaranteed.

PRUNE STREET

HAZEL STREET

OLIVE

SOUTH

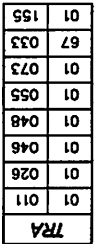
10

15

17

23

24



TRA	
01	011
01	026
01	046
01	048
01	055
01	073
67	033
01	155

BOOK 056  
PAGE 25

CURVE TABLE		
CURVE LENGTH	RADIUS	
C1	66.12	196.00
C2	6.89	8.00

CURVE TABLE		
CURVE LENGTH	RADIUS	
C1	66.12	196.00
C2	6.89	8.00

[illegible]

CITY OF HOLLISTER  
SUNNYSLOPE NO.1  
LOT 33,34  
ASSESSOR'S OFFICE, COUNTY OF SAN BENITO, CA

**AERIAL PHOTO - 111 HILLCREST ROAD**

(Not a survey, for informational purposes only)





**981 MCCRAY STREET****ZONING**

The City of Hollister has 981 McCray Street designated as NMU, Neighborhood Mixed Use. This designation allows a very wide range of commercial and residential uses.

**IDENTIFICATION OF THE PROPERTY**

981 McCray Street is city-owned and not taxed and assessed separately. Therefore, the Subject will be identified by APNs but without tax/assessment information.

APN	Land area	Improvement	Land	Taxes
020-110-003*	26,138 sf	-0-	-0-	-0-
<b>Totals</b>	<b>26,138 sf</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

\*The parcel number indicates a site in the unincorporated portion of the County. However, city representatives indicate that the site has been annexed into the city limits but not yet received a new APN that would reflect a city property.

**NEIGHBORHOOD DATA**

The immediate neighborhood surrounding 981 McCray Street consists of a wide range of uses and property types including commercial, industrial storage/materials (rockery), agricultural processing and storage (walnut processing and a tomato cannery), a distillery, a middle school and vacant industrial and commercial sites.

The immediate Subject neighborhood *was* primarily industrial and there are still some industrial uses in the Subject neighborhood. Most of the commercial uses are located to the north and south of the Subject with a mid sized neighborhood center located two blocks north of the Subject and significant commercial use located approximately one-half mile south of the Subject.

---

## SITE DATA

The Subject site is a mostly triangle-shaped, level site. McCray Street bounds the site on the west and Gibbs Drive is on the south. City-owned and private properties are located to the north and east.

The site is a corner site with good exposure to traffic along McCray Street and Gibbs Drive. The site is a level site and while slightly irregular in shape, offers good utility. It does appear that a sidewalk would need to be installed along McCray Street. Curb and gutter have already been completed along the McCray Street frontage.

Historically, the site was used as a petroleum distribution plant. One of the buildings located on the site is the former office and the other building was used as a storage building. This is all that remains of the distribution facility with neither building offering any added value.

Access is from Gibbs Drive, a two-lane, city-maintained street. City services including sanitary sewer, water and storm drain serve the site as well as electricity, telephone and natural gas.

## EASEMENTS AND ENCROACHMENTS

A title report was not provided to this analyst. However, it is assumed that there are no adverse title issues that would impact the highest and best use and/or utility.

An Extra-Ordinary Assumption is used in regards to the lack of any adverse title issues.

## HAZARDOUS MATERIALS

A toxics study is beyond the expertise of this analyst, but it is assumed that there are no environmental conditions which would adversely impact the Subject.

There are two old buildings on the Subject that are old enough to contain lead-based paint and/or asbestos. It is assumed that they are not contaminated and would be removed in any case when the Subject would be used for its highest and best use. This assumption regarding the environmental status results in another Extra-Ordinary Assumption.

**I have appraised the property as if clean. No clean up costs have been deducted. If toxic experts determine that clean up is required, a revision of the appraisal will be required. If that is of particular importance to the reader of this report, then it is recommended that appropriate opinions be obtained from professionals qualified to issue such opinions.**

## HAZARDS

**Flood Hazards:** According to local FEMA map 06069c0045D, dated 4/19/09, the Subject is located in **Zone X**, an area **out of the 500-year flood zone**.

**Seismic hazards:** According to seismic maps, the Calaveras Fault Zone, which runs on a north/south basis through Hollister, is located to the west of the Subject with the Subject out of any recognized fault zones.



---

## SUPPLY AND DEMAND

The supply of vacant commercial and/or mixed use sites is rated as good. Historically, the inventory has been fairly thin, but as of the effective date of this report, there are a number of commercial sites available for sale, but not all are actively listed for sale.

The 12.75-acre site that was purchased by Lowe's Corporation for a new store is available as is the 14+ acres that surround the Lowe's site, also available in various site sizes. These sites are located just to the northeast of the Subject, in the general neighborhood of the Subject but reflecting a *slightly superior* location by fronting on the Hollister Bypass (Highway 25). While these properties are available, they are not officially listed for sale.

List prices for the above properties are in the \$9/ft to \$10/ft range. Brokers involved with some of the properties indicate that there have been offers in the \$5.50 to \$7.50/ft range but, at this time, there is minimal activity.

There is a significant amount of vacant commercial/mixed use designated land located along Fourth Street in west Hollister that is available, but only some actively listed for sale.

There are a number of smaller commercial sites listed for sale within the downtown area. The smaller mixed use sites are seeing increased market activity due to the strong residential element allowed with mixed use zoning as demand for downtown commercial sites is limited.

The Gibson property, located south of Gibbs Drive, sold in early 2017. There are a number of new stores scheduled to be constructed on this 13+-acre site.

A new Walgreens and a Les Schwab Tire Store have been constructed over the past two years just south of the Subject, also on the former Gibson property, so there is increased commercial activity taking place in the Subject's neighborhood, although the sites that have sold have exposure to Highway 25 with strong traffic exposure compared to the Subject, even with the Subject enjoying a corner location.

In conclusion, the Supply and Demand for a smallish mixed use site such as the Subject is rated as in balance due to the stronger residential influence that the smaller Mixed Use sites enjoy compared to the larger sites.

---

**AP MAP - 981 MCCRAY STREET**

981 Prospect Ave  
Hollister CA 95023

FASTWeb

## Property Profile

### Property Information

<b>Owner(s)</b>	City Of Hollister A Municipal Corp	<b>Parcel #</b>	020-110-003-000
<b>Property</b>	981 Prospect Ave Hollister, CA 95023	<b>Map Coord</b>	
<b>Mailing Addr</b>	375 5th St Hollister , CA 95023	<b>Census Tract</b>	
		<b>County</b>	San Benito
		<b>Owner Phone</b>	
<b>Legal</b>	981 PROSPECT AVE.	<b>Tract Number</b>	
<b>Lot Number</b>	33	<b>Subdivision</b>	San Justo Rho
<b>Block</b>			

### Characteristics

<b>Use</b>	Commercial (nec)	<b>Year Built</b>		<b>Sq. Feet</b>
<b>Zoning</b>		<b>Lot Size</b>	0.6 / 26136	<b># of units</b>
<b>Bedrooms</b>		<b>Bathrooms</b>		<b>Fireplace</b>
<b>#Rooms</b>		<b>Quality</b>		<b>Heating</b>
<b>Pool/Spa</b>		<b>Air</b>		<b>Style</b>
<b>Stories</b>		<b>Improvements</b>		<b>Parking</b>
<b>Flood</b>	X	<b>Gross Area</b>		<b>Garage Area</b>
<b>Basement Area</b>				

### Attributes Other

### Property Sale Information

<b>Sale Date</b>	<b>\$/Sq. Ft.</b>	<b>2nd Mtg.</b>
<b>Sale Price</b>	<b>1st Loan</b>	<b>Prior Sale Amt.</b>
<b>Doc No.</b>	<b>Loan Type</b>	<b>Prior Sale Dt.</b>
<b>Doc Type</b>	<b>Xfer Date</b>	<b>Prior Doc No.</b>
<b>Seller</b>	<b>Lender</b>	<b>Prior Doc Type</b>

\*\$/Sq. Ft. is a calculation of Sales Price divided by Sq. Feet

### Tax Information

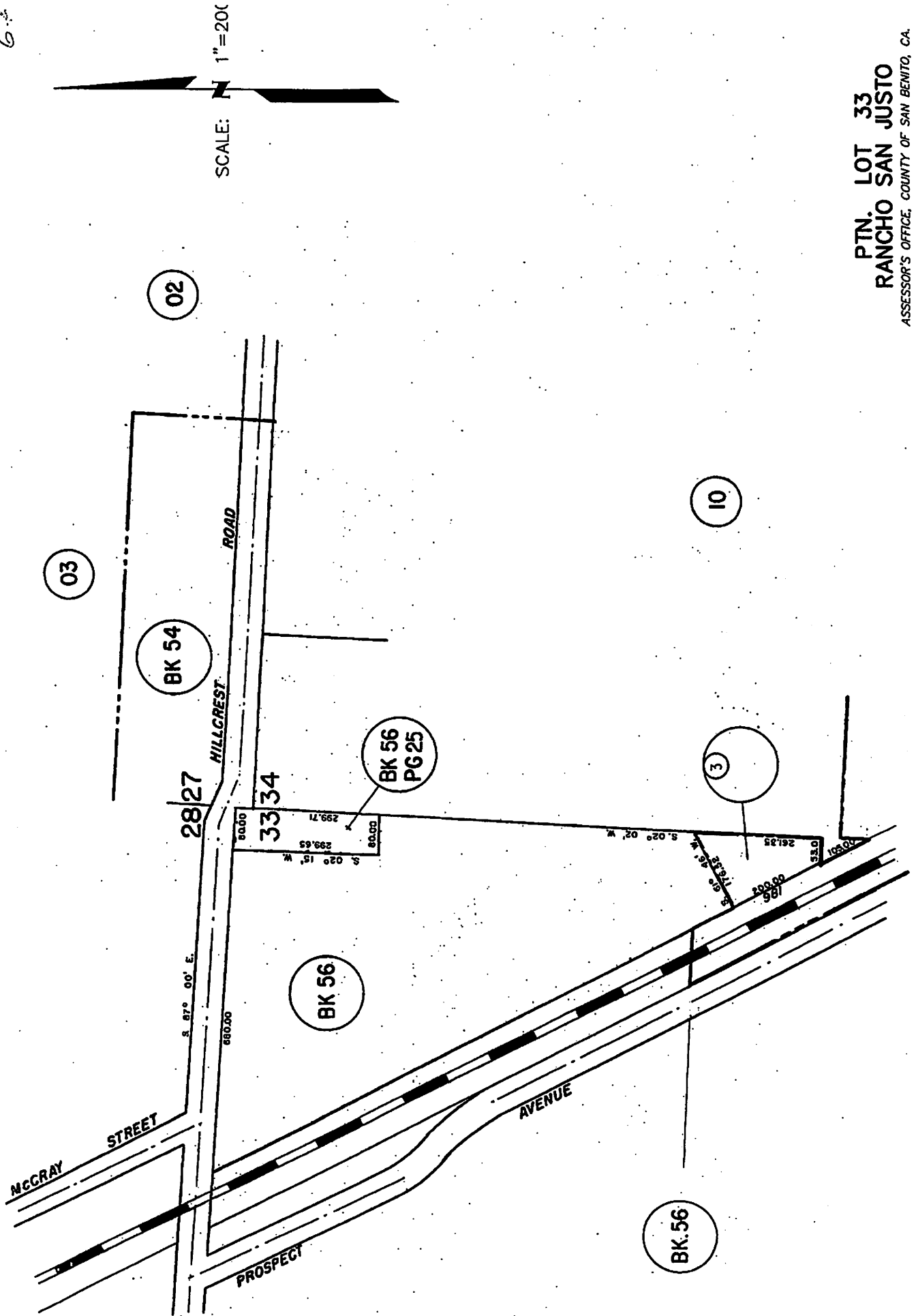
<b>Imp Value</b>	\$43,633.00	<b>Exemption</b>	
<b>Land Value</b>	\$61,799.00	<b>Tax Year/Area</b>	2017/67-003
<b>Total Value</b>	\$105,432.00	<b>Tax Value</b>	\$105,432.00
<b>Tax Amount</b>	\$1,383.20	<b>Improved</b>	41%

Information compiled from various sources and is deemed reliable but not guaranteed.

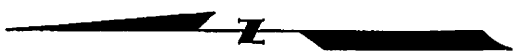
THIS MAP IS NOT AN OFFICIAL DOCUMENT AND  
IS USED FOR ASSESSMENT PURPOSES ONLY.

BOOK  
020

63



SCALE: 1"=200'



MADE	BY
7/13/12	HC

PTN. LOT 33  
RANCHO SAN JUSTO  
ASSESSOR'S OFFICE, COUNTY OF SAN BENITO, CA.

**AERIAL PHOTO - 981 MCCRAY STREET**

(Not a survey, for informational purposes only)



---

**APPROACHES TO VALUATION*****SALES COMPARISON APPROACH***

The sales comparison method was the only method used to obtain the value of both sites. Approximately 15 sales were analyzed and considered, with the sales/listings used for this assignment judged to be the most comparable to the Subject.

I will obtain the value of 111 Hillcrest Road first, followed by the value of 981 McCray Street.

**SALES COMPARISON AND LAND CHARACTERISTICS TABLE - 111 HILLCREST ROAD**

<b>Sale</b>	<b>Subject</b>	<b>1 Gibson Drive Hollister</b>	<b>2 Parcel 2 Tres Pinos Rd Hollister</b>	<b>3 Prospect &amp; McCray corner Hollister</b>	<b>4 1500 McCray St Hollister</b>	<b>5 773 San Felipe Rd Hollister</b>	<b>6 Wright Rd Hollister</b>	<b>7 1001 San Juan Rd Hollister</b>
<b>Site Size</b>	6.46 acres	13.28 acres 1.88 acres	1.80 acres	3.00 acres	1.33 acres	9.13 acres	13.00 acres	8.20 acres
<b>Sale Price</b>	N/A	\$5,207,000	<b>\$1,158,797 + \$ 400,000</b>	\$948,000	\$1,042,272	\$1,222,000	\$2,298,000	\$3,900,000 <i>List Price</i>
<b>Sale Date</b>	N/A	4/26/2017	11/14/2012 03/13/2013	9/14/2015	9/14/2015	5/10/2017	5/19/2017	<i>Pending</i>
<b>Price/ft</b>	N/A	\$9.00/ft	\$19.88/ft	\$7.25/ft	\$18.00/ft	\$3.07/ft	\$4.05/ft	\$10.91/ft
<b>Terms</b>	N/A	Cash	Cash	Cash	Cash	Cash	Cash	N/A
<b>Grantor/Grantee</b>	N/A	Gibson to GRH Calif LLC	Gibson & City of Hollister to Hawkins Co	Gibson to Hawkins Companies	Hawkins to Sfp-e Llc, An Oregon Corp	Yu to Felipe Nine	Wright Rd Partners to Wright 13	N/A
<b>Assessor's Parcel Number</b>	056-250-019, 024	058-250-05, 066, 067	Parcel B per lot line adjustment map	056-250-070, 071	056-250-071	051-100-031, 032	053-350-005	052-300-001 052-080-001
<b>Recording #</b>	N/A	17-3755	12-10976 13-2552	15-8964 & 8965	15-8970	17-4411 & 4412	17-4511	N/A
<b>Zoning/ General Plan</b>	Neighborhood Mixed Use	General Commercial	General Commercial	General Commercial	General Commercial	North Gateway Commercial	North Gateway Commercial	West Gateway Mixed Use
<b>Services</b>	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal
<b>Terrain &amp; Configuration</b>	Level Irregular	Level Rectangle	Level Triangular	Level Slightly irregular	Level Mostly rectangular	Level Rectangle	Level Rectangle	Level Rectangle
<b>Location</b>	Corner site	4 corner sites with 2 having Highway Exp	Corner with Highway Exposure	Interior with Highway Exposure	Interior with Highway Exposure	Interior on major county road	Interior on minor county road	Interior on major road
<b>Land Development Improvements</b>	Mostly complete	Mostly complete	Complete	Partially complete	Complete	None	None	None
<b>Building Credits</b>	See Extra - Ordinary Assumption	None	None	None	None	None	None	None
<b>Entitlements</b>	None	None	<b>Yes</b>	None	<b>Yes</b>	None	None	<b>Yes - 74 SFR</b>
<b>Current Land Use</b>	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant
<b>Overall Marketability</b>	Average	Above Average	Very Good	Good to Very Good	Good to Very Good	Average	Average	Average



The sales comparison approach, or market approach, involves direct comparison of the property being appraised to similar properties that have sold in the market. Through analysis and appropriate adjustments to the base sale price for factors such as financing terms, conditions of sale, market conditions (time), location, size, utility, physical characteristics and other pertinent characteristics, it provides an indication of market value. This method of comparison is the most widely used and understood in the local market. In order to make equal comparisons between the sales and the Subject property, all the sales are reduced to a **price per square foot as the unit of comparison**.

The elements of comparison are:

**Size:** Sales have historically indicated that as the size of a parcel increases, the per unit value decreases due to the decreasing number of buyers. The Subject's site size of 6.46 acres is considered to be a fairly large commercial site for the Hollister market.

**Location:** The value of any property is influenced by its location: proximity to services and schools, as well as the surrounding land uses and values. The Subject is a **corner lot** on a major intersection, offering good exposure to traffic and easy vehicle access. The concrete batch plant located contiguous to the Subject on the east boundary is not compatible with residential use so the east area of the Subject would most likely be limited to commercial uses rather than the residential use permitted under the Mixed Use zoning.

**Access:** Access can be an element for commercial property. The easier the access the better the potential for potential uses. The access to the Subject is rated as *good* with access from Hillcrest Road and McCray Street, both major streets/roads through Hollister.

**Land Development Improvements:** This refers to the offsite developments (roads/curbs/gutters/sidewalks/services) that either have been completed or not. In the case of the Subject, all of the offsite work, other than a sidewalk along McCray Street, has been completed, a positive compared to a site that has not completed the necessary work required to be a "build-able" site.

**Zoning:** The Subject is zoned Mixed Use which provides a combination of commercial and residential use with no set formula. All of the comparable sales are either general commercial or mixed use.

**Entitlements:** This refers to any entitlements a property would have when sold. The Subject has no entitlements of any kind, for commercial or residential, a blank slate. Sale 7, for instance, already has entitlements for 74 residential units, and Sales 2 and 4 had received the necessary entitlements to proceed with building once sold.



Due to the complexity associated with comparing sales of this type, precise dollar adjustments are difficult to quantify and are generally not attempted by market participants. A percentage adjustment more accurately parallels the actions of these individuals. The following table is provided to assist the reader in understanding the symbol, definition, and value range of the adjustments.

<b>Symbol</b>	<b>Definition</b>	<b>Percentage Adjustment</b>
NE	Nearly Equal	0-2%
SI/SS	Slightly Inferior or Superior	3-12%
I/S	Inferior or Superior	13-22%
CI/CS	Considerably Inferior or Superior	23% or more

SALES ADJUSTMENT TABLE - 111 HILLCREST ROAD

Sale	Subject	1 Gibson Dr Hollister	2 Parcel 2 Tres Pinos Rd Hollister	3 Prospect & McCray St Hollister	4 1500 McCray St Hollister	5 773 San Felipe Rd Hollister	6 Wright Rd Hollister	7 1001 San Juan Rd Hollister
Sale Price	N/A	\$5,207,000	\$1,158,797 + \$400,000	\$948,000	\$1,042,272	\$1,222,000	\$2,298,000	\$3,900,000 <i>List price</i>
Price per SF	N/A	\$9.00/ft	\$19.88/ft	\$7.25/ft	\$18.00/ft	\$3.07/ft	\$4.05/ft	\$10.91/ft
Close of Escrow	N/A	4/26/2017	11/14/2012 03/13/2013	9/14/2015 See comments	9/14/2015	5/10/2017	5/19/2017	Pending
<b>Elements of Comparison</b>								
Property Rights	Fee							
Conditions of Sale	N/A	Typical	Typical	Typical	Typical	Typical	Typical	Typical
Adjusted Price	N/A	\$9.00/ft	\$19.88/ft	\$7.25/ft	\$18.00/ft	\$3.07/ft	\$4.05/ft	\$10.91/ft
Market Condition Adjustment	N/A	-0-	+15%	+15%	+15%	-0-	-0-	-0-
Per acre price after time adjustment	N/A	\$9.00/ft	\$22.86/ft	\$8.33/ft	\$20.70/ft	\$3.07/ft	\$4.05/ft	\$10.91/ft
<b>Other Adjustments</b>								
Size	6.46 ac	13.28 acres SI	1.80 ac S	3.00 ac SS	1.33 ac S	9.13 ac NE	13 ac SI	8.20 ac NE
Location	Corner	Highway Exposure CS	Highway Exposure S	Highway Exposure S	Highway Exposure S	I	Good interior NE	SI
Access	Good	NE	NE	NE	NE	NE	NE	NE
Land Development Improvements	Mostly complete	NE	NE	NE	NE	CI	CI	CI
Zoning	NMU	GC NE	GC NE	GC NE	GC NE	North Gateway Commercial NE	North Gateway Commercial NE	West Gateway Mixed Use NE
Entitlements	None	None	Yes CS	None	Yes CS	None	None	Yes CS
% Adjustments		-20%	-70%	-20%	-70%	+200%	+175%	-20%
Indicated \$/acre		\$7.20/ft	\$6.85/ft	\$6.67/ft	\$6.21/ft	\$6.14/ft	\$7.08/ft	\$8.72/ft

The above 6 closed sales and one pending sale offer good comparability to the Subject, although only one is a mixed use property (Sale 7).

Sales 5 and 6 were purchased with a Cannabis element as the buyers are intent on using these sites for future Cannabis production/distribution, etc.

Sales 1, 2, 3 and 4 were all the former Gibson property that sold in stages. Sales 2 and 4 were sold after entitlements were obtained for Walgreens and the Les Schwab Tire store with a necessary downward adjustment for this element.

Sale 1 is the clear lead comparable sale, a vacant property with four corner locations and Highway 25 exposure and frontage. The buyers of this property are the same buyers of Sales 2 and 3 and were the sellers of Sale 4.

The intent of the buyers is to purchase approximately two acres of land from the city to expand parking for the 13+ acres that they purchased. The realignment of McCray Street would be the responsibility of the buyers of Sale 1, so there would be additional costs associated with developing this site if they expand the footage of the proposed buildings. However, the additional cost is only due to the buyers wanting to expand the development on the site. It could be developed without the additional land/street realignment, but that would result in a smaller development. I have not factored in future plans for expansion of Sale 1. It could be developed “as is” and this is reflected by a purchase price of \$9.00/ft.

Sales 2, 3 and 4 are all located just south or contiguous to Sale 1, on the southern end of the larger site. Sale 2 reflects a site with frontage on Tres Pinos Road, one of the corners at the intersection of Highway 25 and Tres Pinos Road, a *superior* specific location compared to the Subject, even with the Subject reflecting a corner location.

Sales 5, 6 and 7 are sites without land development improvements and reflect a necessary upward adjustment to reflect the Subject’s mostly complete site work.

Sale 6 is not a corner lot but is located mid way between San Felipe Road and Highway 25 with good exposure, access to major transportation routes, and good visibility from both roads, an element that is rated as *mostly equal* to the Subject’s specific location and which was reflected in the sale price of \$4.05/ft.

Sale 7 is located in west Hollister and has already received 74 allocations for residential use. This is a mixed use property with exposure along Fourth Street, a major street through Hollister. The Subject’s specific location in east Hollister is rated as *slightly superior* even with the industrial influence.

---

## MARKET CONDITION ADJUSTMENTS

The dates of the sales range from 2012/2013 for Sale 2 up to recent 2017 sale dates. I did apply upward adjustments to Sales 2, 3 and 4. Sales 3 and 4 were negotiated in 2013/2014 but closed in 2015. For commercial property, the increase in values has been modest, if any. The commercial market was just coming out of its low point in 2012/2013 and is stronger now than five years ago but still offers some challenges.

The modest **15% increase** applied to these three sales is a reasonable adjustment. Market data is thin, so there is some judgement required. The balance of the sales other than Sales 2, 3, and 4 are current with no adjustment necessary.

I will offer a brief discussion of each individual comparable sale followed by a Summary of Analysis and Conclusion.

### **Sale 1: Gibson Site: East Park Street/McCray Street, Hollister**

This is the recent sale of 13+ acres located just to the south of the Subject. While the actual distance from the Subject is only a few feet, the location along Highway 25 and the four specific corners that make up this site offer a *superior* specific location. East Park Street divides the site, effectively creating the four distinct corners with Highway 25 exposure along the east boundary.

### **Sale 2: Parcel 2, Tres Pinos Road, Hollister**

This is the 2012/2013 sale of a 1.80-acre site located at the busiest intersection in Hollister. This site was purchased by the Hawkins Company as the new location for a Walgreens Pharmacy. According to representatives of the City of Hollister, there was another offer on this site. However, Walgreens felt the need to be located on this specific corner at the intersection of Highway 25 Bypass and Tres Pinos Road.

The final purchase price reflects an “overbid” compared to the other offer, so there was apparently “atypical” motivation to purchase this particular site.

The specific location is rated as *superior* compared to the Subject due to the traffic and overall exposure, as well as more consistent surrounding commercial uses without the specific industrial uses impacting the Subject.

Site improvements were already completed for this site, a “ready to build” site, other than onsite site development work. However, one “onsite” requirement did increase the cost of development of this site by approximately \$400,000 to capture storm water on the site, effectively increasing the cost from \$1,158,797 to \$1,558,797 in order for the site to become build-able.

---

**Sale 3: McCray and Prospect Streets, Hollister**

This is another Gibson to Hawkins sale of a 3-acre site located contiguous to Sale 1 on the south boundary. A lot line adjustment was performed that expanded this site to 3.45 acres with 1.33 acres subsequently sold to Les Schwab Tires once all entitlements were obtained for the tire store. The Les Schwab sale is Sale 4 in this report.

**Sale 4: 1500 McCray Street, Hollister**

This is the Les Schwab Tires site located south of Sale 1. This sold with entitlements in place for the tire store.

**Sale 5: 773 San Felipe Road, Hollister**

This is the recent 2017 sale of a 9+-acre site in north Hollister with North Gateway zoning. This sold to a Cannabis group that intends to develop per city regulations regarding Cannabis. This was a “raw” site although it was improved with a single family home.

This site fronts on San Felipe Road, a four-lane county-maintained road with good traffic exposure. However, San Felipe Road at this site offers a median so there is access only from north bound lanes, a negative access issue.

**Sale 6: Wright Road, Hollister**

This is another Cannabis sale, purchased by the same buyers as Sale 5. This is another “raw” site with no land developments completed and no improvements.

The location midway between San Felipe Road to the east, with a signal light already installed, and Highway 25 to the west, offers a good location with very good access and good visibility, a specific location rated as *mostly equal* to the Subject.

**Sale 7: 1001 San Juan Road, Hollister**

This is the pending sale of an 8.20-acre site fronting on Fourth Street in West Hollister. The specific location is rated as *slightly inferior* to the Subject’s east Hollister location. Values, rents, etc. are greater in the Subject’s neighborhood compared to this specific West Hollister location of Sale 7.

This site already has entitlements for 74 residential units and offers a similar mixed use zoning as the Subject.

---

## SUMMARY OF ANALYSIS AND CONCLUSION

The six closed sales and one pending sale offer a range of adjusted values from a low of \$6.14 per foot up to a high of \$8.72 for the pending sale. The pending sale reflects a list price however, which typically results in the higher end of the value range. The *median adjusted price* for the seven sales used is **\$6.85/ft.**

Commercial and mixed use sales are challenging with most mixed use sites offering a stronger residential element compared to the commercial element.

While the Subject does offer a good specific location on a busy corner, the supply and demand for this type of property is still thin. Much of the new commercial space will be taken up by the Gibson property development by the Hawkins group, leaving less opportunity for commercial development on the Subject and pointing towards a stronger residential element. The “batch” plant located contiguous to the Subject on the east boundary would certainly have a negative impact on residential use in the immediate vicinity of the plant itself.

The Subject may be eligible for building credits which was not factored into the adjustments. As noted within the body of the report, there is an Extra-Ordinary Assumption that building credits are not considered in the final value. If in fact there are credits available, an adjustment to the value would be necessary.

Given the potential challenges facing properties such as the Subject, I have obtained an “as is” fee simple value for the Subject of **\$7.00/ft** x 6.46 acres = \$1,969,783, rounded to \$1,970,000.

## QUALITATIVE RANKING

In order to tighten the above value, a qualitative ranking system based on the comparability of the comparable sales to the Subject is also used. The result is a sales comparison method that combines both the quantitative method (per foot), and qualitative methods.

The qualitative differences may be analyzed by ranking comparable sales according to their degree of similarity to the Subject property. The magnitude of the differences may be used to decide which comparable sales are the more reliable indicators of the value of the Subject. Qualitative analysis acknowledges the inefficiencies of real estate markets and the difficulty of precisely measuring of the differences between the sale properties and the Subject

The following table ranks the Subject and the comparable sales in similarity.

Rank	Comparable	Sale Price	Adjusted per Acre	Overall Comparability
1	1	\$5,207,000	\$7.20/ft	Very Good
2	3	\$ 948,000	\$6.67/ft	Good
3	7	\$3,900,000 List Price	\$8.72/ft	Good
4	5	\$1,222,000	\$6.14/ft	Above Average
5	6	\$2,298,000	\$7.08/ft	Above Average
6	2	\$1,158,797 + \$400,000	\$6.85/ft	Above Average
7	4	\$1,042,272	\$6.21/ft	Above Average

The final per foot value of \$7.00/ft is a mid range and reflects the challenges seen with this type of property.

SALES COMPARISON AND LAND CHARACTERISTICS TABLE - 981 MCCRAY STREET

Sale	Subject	1 853 San Benito St Hollister	2 Parcel 2 Tres Pinos Rd Hollister	3 Seventh St Hollister	4 1500 McCray St Hollister	5 Downtown Hollister
Site Size	26,146 sf	16,801 sf	1.80 acres	5,245 sf	1.33 acres	24,355 sf
Sale Price	N/A	\$300,000 + \$ 25,000	<b>\$1,158,797</b> <b>+\$ 400,000</b>	\$50,000	\$1,042,272	N/A
Sale Date	N/A	05/26/2015	11/14/2012 03/13/2013	02/07/2013	9/14/2015	Pending
Price/ft	N/A	\$19.34/ft	\$19.88/ft	\$9.53/ft	\$18.00/ft	\$23.36/ft
Terms	N/A	Cash	Cash	Cash	Cash	Pending
Grantor/Grantee	N/A	Lantz to Del Curto	Gibson & City of Hollister to Hawkins Co	Bettencourt to LoBue	Hawkins to Sfp-e Llc, An Oregon Corp	N/A
Assessor's Parcel Number	020-110-003	056-020-009	Parcel B per lot line adjustment map	054-010-024	056-250-071	N/A
Recording #	N/A	15-5052	12-10976 13-2552	12-1292	15-8970	N/A
Zoning/ General Plan	Neighborhood Mixed Use	DMU	General Commercial	DMU	General Commercial	DMU
Services	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal
Terrain & Configuration	Level Irregular	Level Rectangle	Level Triangular	Level Rectangle	Level Mostly rectangle	Level Irregular
Location	Corner site	Downtown interior	Corner with Highway Exposure	Interior	Interior with Highway Exposure	N/A
Land Development Improvements	Mostly complete	Mostly complete	Complete	Complete	Complete	Complete
Entitlements	None	None	Yes	None	Yes	Subject to entitlements
Current Land Use	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant
Overall Marketability	Above Average	Above Average	Very Good	Average	Good to Very Good	Average



The sales comparison approach, or market approach, involves direct comparison of the property being appraised to similar properties that have sold in the market. Through analysis and appropriate adjustments to the base sale price for factors such as financing terms, conditions of sale, market conditions (time), location, size, utility, physical characteristics and other pertinent characteristics, it provides an indication of market value. This method of comparison is the most widely used and understood in the local market. In order to make equal comparisons between the sales and the Subject property, all the sales are reduced to a **price per square foot as the unit of comparison**.

The elements of comparison are:

**Size:** Sales have historically indicated that as the size of a parcel increases, the per unit value decreases due to the decreasing number of buyers. The Subject's site size of 26,000+ sf is a smaller mixed use site.

**Location:** The value of any property is influenced by its location: proximity to services and schools, as well as the surrounding land uses and values. The Subject is a *corner lot*, offering good exposure to traffic and easy vehicle access.

**Access:** Access can be an element for commercial property. The easier the access, the better the potential for potential uses. The access to the Subject is rated as *good* with access from McCray Street to Gibbs Drive.

**Land Development Improvements:** This refers to the offsite developments (roads/curbs/gutters/sidewalks/services) that either have been completed or not. In the case of the Subject, most of the offsite work other than a sidewalk along McCray Street has been completed, a positive compared to a site that has not completed the necessary work required to be a "build-able" site.

**Zoning:** The Subject is zoned Mixed Use which provides a combination of commercial and residential use with no set formula for the blend of either element. All of the comparable sales are either general commercial or mixed use.

**Entitlements:** This refers to any entitlements a property would have when sold. The Subject has no entitlements of any kind, for commercial or residential; it is a blank slate.

Due to the complexity associated with comparing sales of this type, precise dollar adjustments are difficult to quantify and are generally not attempted by market participants. A percentage adjustment more accurately parallels the actions of these individuals. The following table is provided to assist the reader in understanding the symbol, definition, and value range of the adjustments.

<b>Symbol</b>	<b>Definition</b>	<b>Percentage Adjustment</b>
NE	Nearly Equal	0-2%
SI/SS	Slightly Inferior or Superior	3-12%
I/S	Inferior or Superior	13-22%
CI/CS	Considerably Inferior or Superior	23% or more

SALES ADJUSTMENT TABLE

Sale	Subject	1 863 San Benito St Hollister	2 Parcel 2 Tres Pinos Rd Hollister	3 Seventh St Hollister	4 1500 McCray St Hollister	5 Downtown Hollister
Sale Price	N/A	\$300,000 +\$25,000	\$1,158,797 +\$400,000	\$50,000	\$1,042,272	
Price per SF	N/A	\$19.34/ft	\$19.88/ft	\$9.53/ft	\$18.00/ft	\$23.36/ft
Close of Escrow	N/A	05/26/2015	11/14/2012 03/13/2013	02/07/2013	9/14/2015	Pending
<b>Elements of Comparison</b>						
Property Rights	Fee					
Conditions of Sale	N/A	Typical	Typical	Typical	Typical	Typical
Adjusted Price	N/A	\$19.34/ft	\$19.88/ft	\$9.53/ft	\$18.00/ft	\$23.36/ft
Market Condition Adjustment	N/A	+15%	+15%	+100%	+15%-	-0-
Per acre price after time adjustment	N/A	\$22.24/ft	\$22.86/ft	\$19.06/ft	\$20.70/ft	\$23.36/ft
<b>Other Adjustments</b>						
Size	26,136 SF	16,801 sf NE	1.80 ac I	5,245 sf S	1.33 ac I	24,355 sf NE
Location	Corner	S	CS	NE	CS	S
Access	Good	NE	NE	NE	NE	NE
Land Development Improvements	Mostly complete	NE	NE	NE	NE	NE
Zoning	NMU	DMU	GC NE	DMU	GC NE	DMU
Entitlements	None	None	Yes S	None	Yes S	Subject to entitlements S
% Adjustments		-20%	-30%	-20%	-25%	-30%
Indicated \$/acre		\$17.79/ft	\$16.00/ft	\$15.24/ft	\$14.49/ft	\$16.35/ft

The above four closed sales and one pending sale have been used to obtain the value of the Subject. Sales 1, 3 and 5 offer Mixed Use zoning while Sales 2 and 4 are General Commercial Zoned sites that now support a Walgreens store and Les Schwab Tire stores.

Sale 5 is a pending sale. However, I have not identified the specific property as it has not yet closed and is subject to entitlements. It offers good support for a downtown mixed use property.

Sale 2 sold in two parts, in 2012 and 2013. Based on recent market data, I have applied an upward 15% market condition adjustment to Sales 1, 2 and 4. These are well-accepted sites with Sale 1 reflecting a strong residential element and Sales 2 and 4 strong General Commercial elements.

Sale 3 is a very small downtown mixed use lot. I have applied a 100% market condition adjustment which brings the value up to \$100,000, a reasonable value for a downtown mixed use lot that could support multiple units, both residential and commercial. It does appear that Sale 3 may have sold under market in 2013 as the commercial and mixed use market has not increased in value by 100%. Regardless, the adjustment is warranted and brings the value of Sale 3 to \$100,000.

Sale 2 is located at the intersection of Highway 25 and Tres Pinos Road, a very desirable location that is rated as *superior* to the Subject's corner location on Gibb and McCray Streets. This is evidenced by the sale price in 2012/2013 which still offered depressed prices but reflecting the last remaining vacant site on this particular intersection.

Sale 5 is a pending sale subject to the buyer obtaining the necessary entitlements before close of escrow. So, it is not a strict "as is" sale, it is a "subject to" sale with a necessary downward adjustment for entitlements. Sales 2 and 4 also sold with entitlements with a necessary downward adjustment to reflect this item.

If we analyze the difference between the mixed use sites and general commercial sites, it is difficult to extract out a specific dollar adjustment. Sale 5 is a mixed use zoned site but will be used for commercial purposes with no residential element. If we analyze the current value of Sale 1, used for predominately residential use, then it would not appear that the market recognized much of a per foot difference, especially since both offer similar locations.

Therefore, for the purposes of this assignment, I am not applying an adjustment for the zoning difference. This lack of adjustment is supported by the lack of a specific formula regarding commercial or residential use which allows an owner greater flexibility.

I will discuss each individual sale and then conclude with a summary of analysis and conclusion.

### **Sale 1: 863 San Benito Street, Hollister**

This is a downtown mixed use site that sold for \$300,000 in early 2015. The buyers paid \$25,000 to have the old, fire damaged building located on the site removed, effectively increasing the sale price to \$325,000.

The buyers are local contractors who built seven townhouse units for sale and kept a small commercial space fronting San Benito Street for their own use.

---

**Sale 2: Parcel 2, Tres Pinos Road, Hollister**

This is the 2013/2014 sale of the last corner location at the intersection of Highway 25 and Tres Pinos Road, a very desirable commercial location. This site sold with entitlements for the Walgreens store that is now located on the site.

There was additional land development work required for this site that *increased* the effective price by **\$400,000**.

The purchase was from a private individual and the City of Hollister.

**Sale 3: Seventh Street**

This is another dated sale, the 2013 sale of a very small mixed use site in the downtown Hollister core. This site would support both residential or commercial use, although residential use would most likely generate greater utility than a downtown commercial use given the lack of demand for downtown commercial properties.

**Sale 4: 1500 McCray Street, Hollister**

This is a site located just to the north (behind) the Walgreens store. This site has Highway 25 exposure but not access. Access is from McCray Street. The location is *superior* to the Subject's location but not as good as the Walgreens location located contiguous on the south boundary.

Entitlements and all land development improvements were in place when this sold.

**Sale 5: Downtown Hollister**

This is the pending sale of a downtown property with the proposed use strictly commercial and not a mixed use. The sale is subject to the buyers receiving entitlements for their proposed use.

---

## SUMMARY OF ANALYSIS AND CONCLUSION

The four closed sales and one pending sale offer good support for the final value of the Subject. Sales 1 and 5 are the lead comparable sales but with good support from the other three sales.

Market data would indicate that the Subject would most likely appeal to a buyer intending a strong residential use rather than commercial.

Any development of this site would be “new” in regards to the east side of McCray Street, north of Gibbs Drive. While there is scheduled development to occur on the Gibson property to the south that is a project/development that will take a number of years to complete. A potential buyer of the Subject, therefore, would be “breaking new ground” in regards the redevelopment of the former petroleum distribution site.

The adjusted values range from a low of \$15.24/ft to a high of \$17.40 with a median adjusted value of \$15.90/ft. At *the median per foot value*, the result would be a total value of \$415,562, rounded to **\$415,000**. Based on the various sale prices, \$415,000 would appear to be a reasonable final value given the various characteristics of the Subject.

Therefore, the “as is” fee simple value of 981 McCray Street, as of November 10, 2017 has been determined to be **\$415,000**.

---

## RECONCILIATION AND VALUE CONCLUSION

The sales method was used to obtain the “as is” value of the two sites with the following values obtained:

**111 Hillcrest Road:                      \$1,970,000**  
**(One Million Nine Hundred Seventy Thousand Dollars)**

**981 McCray Street:                      \$415,000**  
**(Four Hundred Fifteen Thousand Dollars)**

The sales method is typically the only appropriate method that can be used to value vacant mixed use sites. Since it measures the actions of actual buyers and sellers in the market it offers excellent reliability.

### EXPOSURE AND MARKETING TIME - 111 Hillcrest Road

The above value is based on reasonable exposure time. Exposure time is defined as follows: “the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” Exposure time for the Subject is rated at 12 to 24 months.

Marketing time for the Subject rated as *equal* with similar market conditions before the effective date and estimated market conditions going forward.

### EXPOSURE AND MARKETING TIME - 981 McCray Street

The above value is based on reasonable exposure time. Exposure time is defined as follows: “the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” Exposure time for the Subject is rated at 6 to 12 months.

Marketing time for the Subject rated as *equal* with similar market conditions before the effective date and estimated market conditions going forward.

**STATEMENT OF VALUE**

The statement of value is a blending of factors to which the typical buyer would give the most consideration, mainly the cost of acquiring a property with similar amenities. I have concluded my final opinions of value for the two properties, as of November 10, 2017, to be:

**111 Hillcrest Road:****\$1,970,000****(One Million Nine Hundred Seventy Thousand Dollars)****981 McCray Street:****\$415,000****(Four Hundred Fifteen Thousand Dollars)**



---

**CERTIFICATION OF VALUE**

This is to certify that the undersigned appraiser has personally inspected the property herein described, investigated in a completely unbiased manner, and considered all forces affecting its value.

The author has no present or contemplated future interest in the property or the parties involved. In addition, the value estimated in this assignment is in no way related to or contingent upon the fee.

All data documented in this report were taken from public records or from sources deemed informed and reliable. It is the most accurate information upon which the author could form an opinion of value.

No one other than the undersigned appraiser prepared the analysis, conclusions and opinions concerning real estate that are set forth in this appraisal report.

The market values of the property described herein is certified as of November 10, 2017, to be:

**111 Hillcrest Road:                      \$1,970,000**  
**(One Million Nine Hundred Seventy Thousand Dollars)**

**981 McCray Street:                      \$415,000**  
**(Four Hundred Fifteen Thousand Dollars)**



---

**Michael Cullinan, Appraiser**  
**AG008372**

---

**ADDENDUM**



Intersection of Hillcrest Road and McCray St, Subject on far left past light



Corner of 111 Hillcrest Road and McCray Street



Looking south along McCray St, 111 Hillcrest on left



Looking from entrance to 111 Hillcrest from McCray St,  
“batch” plant in background



Entrance to 111 Hillcrest Rd from McCray Street entrance



Looking east over 111 Hillcrest with batch plant in background



Looking south along McCray Street, 111 Hillcrest on left



Corner of Gibbs Drive and McCray Street looking south





Looking to 981 McCray Street from entrance off of Gibbs Dr.



981 McCray Street from entrance to site



Looking to old office building from entrance to 981 McCray  
St



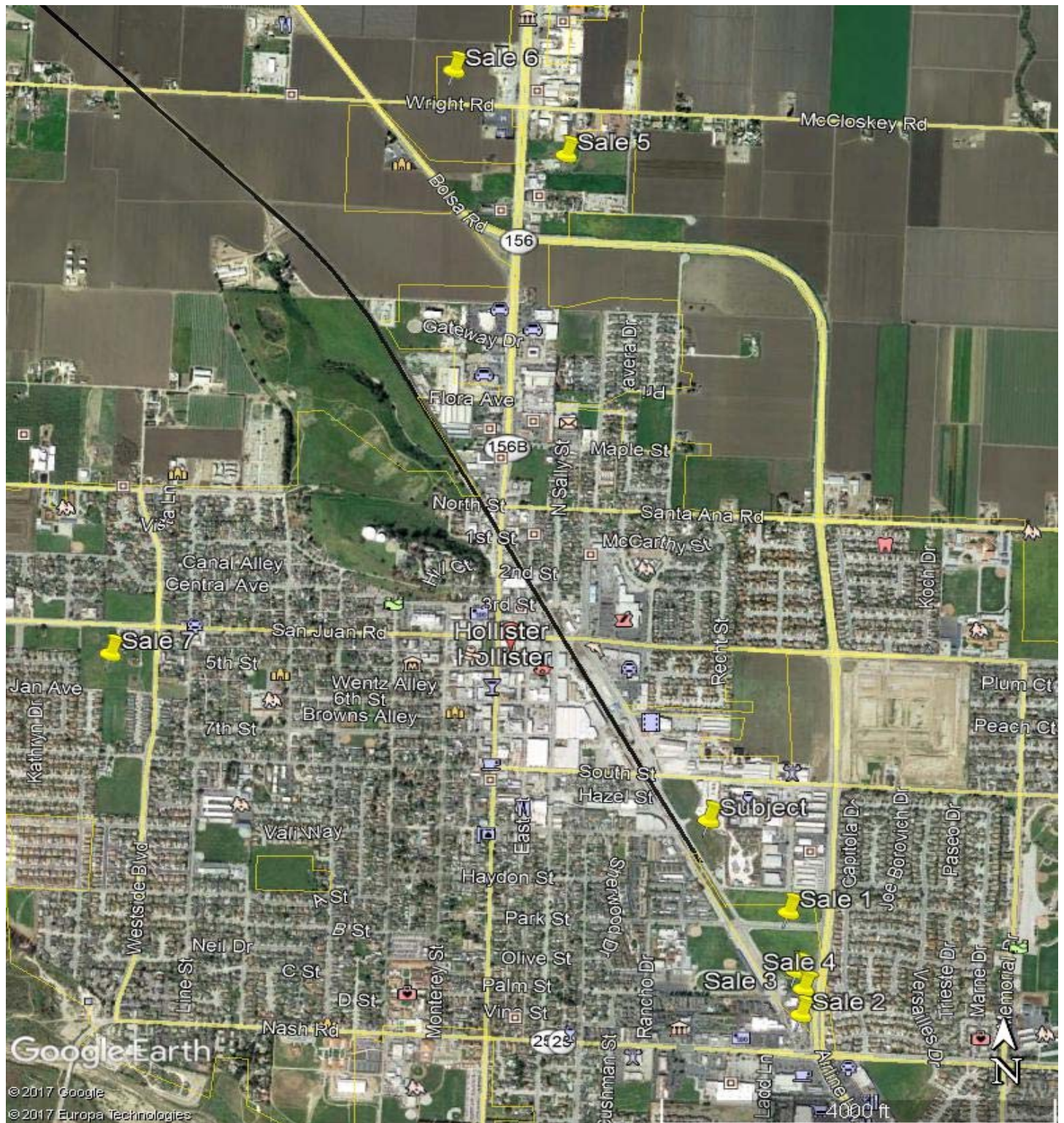
Looking to the entrance of 981 McCray from interior of site





Looking east along Gibbs Drive from entrance to 981  
McCray St

SALES COMPARISON MAP - 111 HILLCREST ROAD





AERIAL PHOTO - SALE 1: Gibson Drive, Hollister



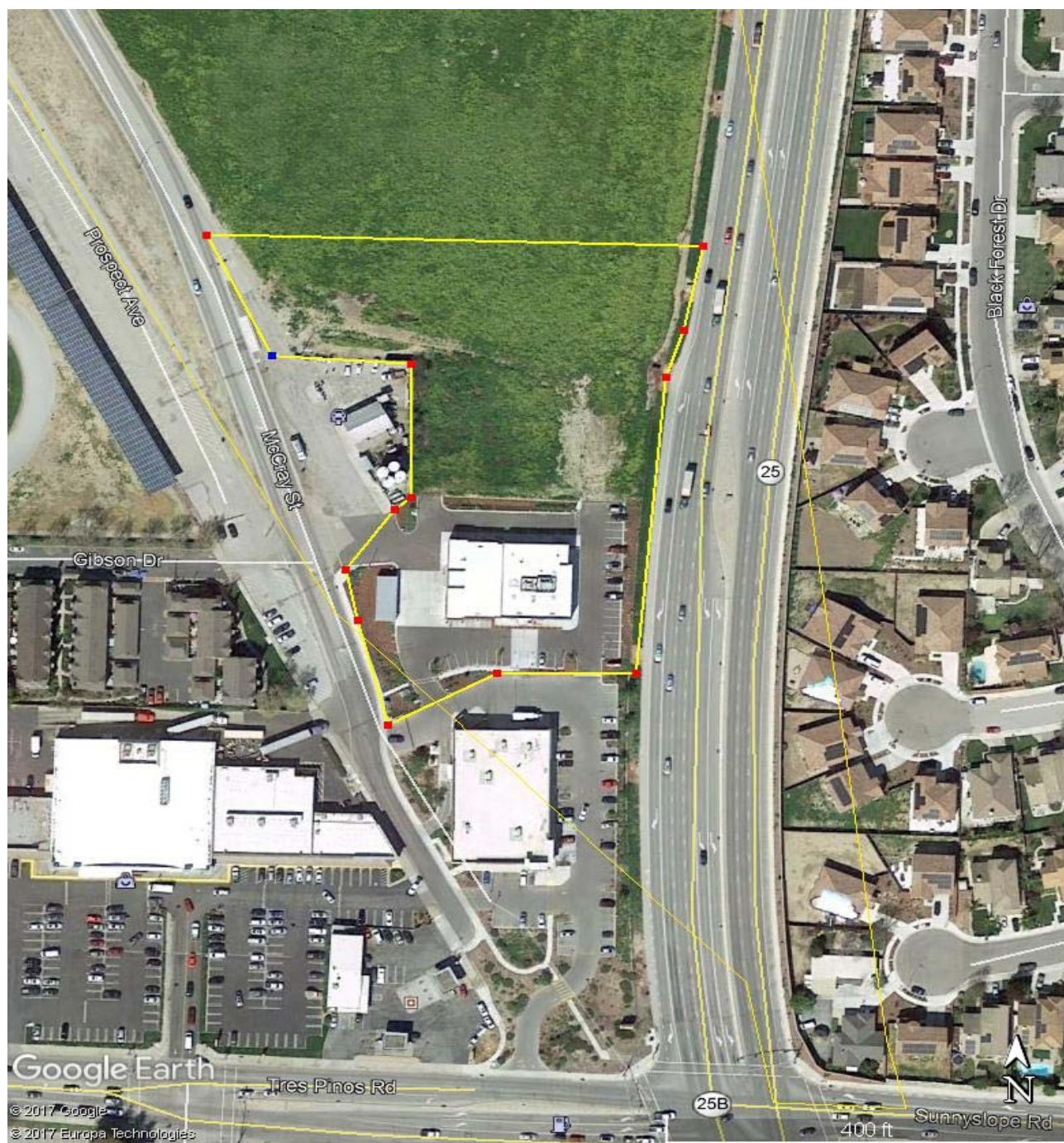


AERIAL PHOTO - SALE 2: Parcel 2, Tres Pinos Rd, Hollister





AERIAL PHOTO - SALE 3: Prospect & McCray Streets, Hollister



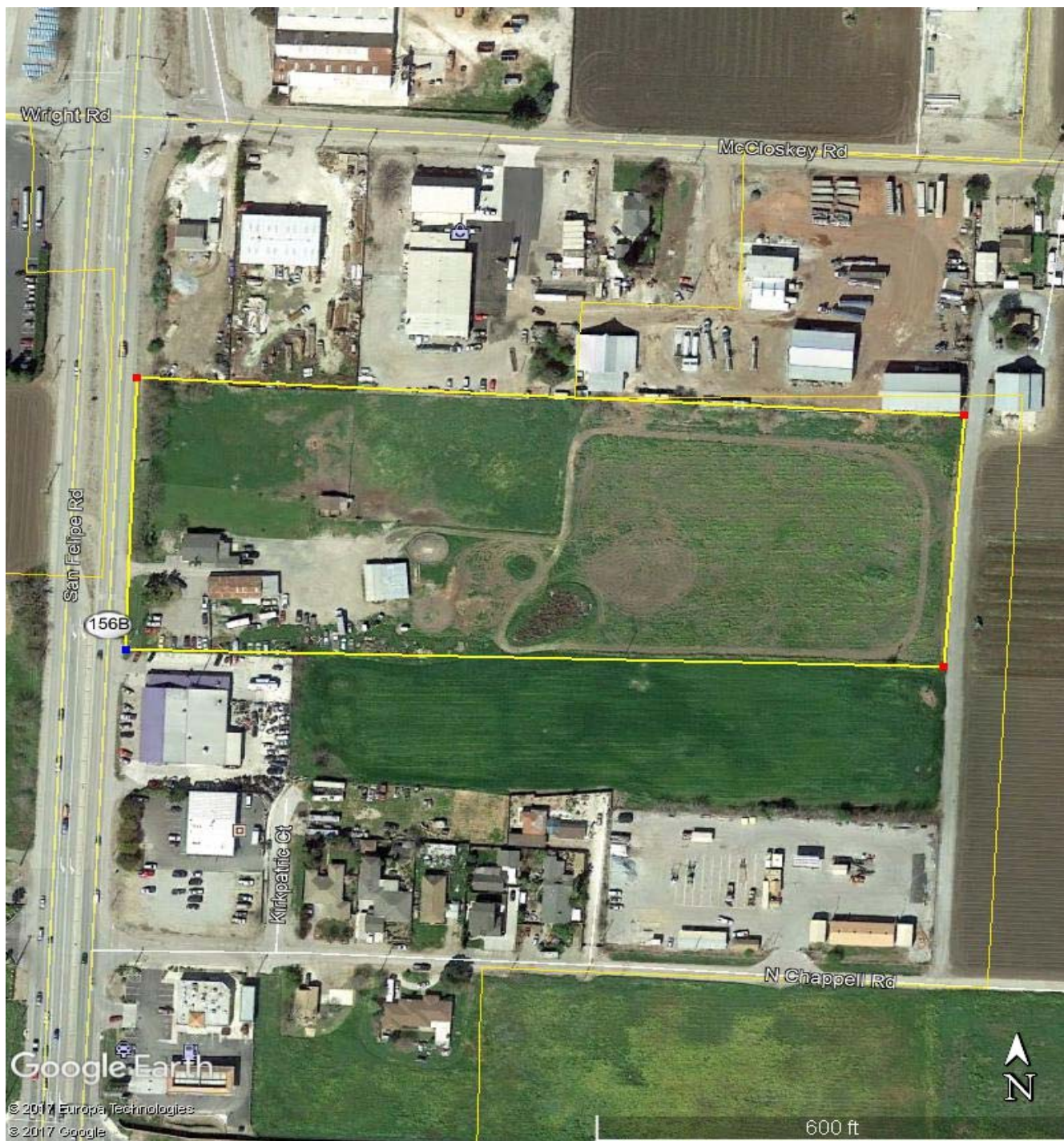


AERIAL PHOTO - SALE 4: 1500 McCray Street, Hollister





AERIAL PHOTO - SALE 5: 773 San Felipe Road, Hollister



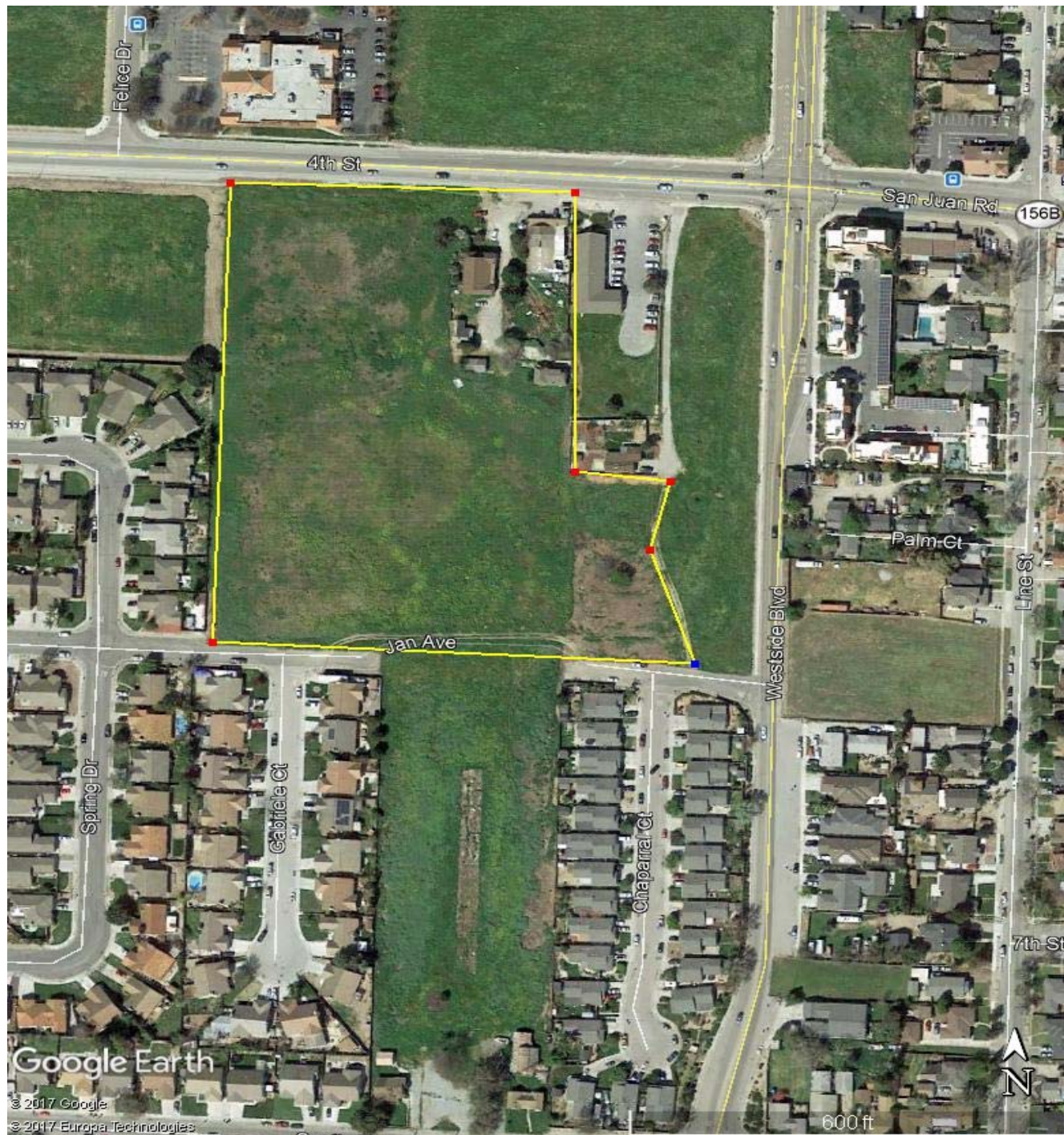


AERIAL PHOTO - SALE 6: Wright Road, Hollister





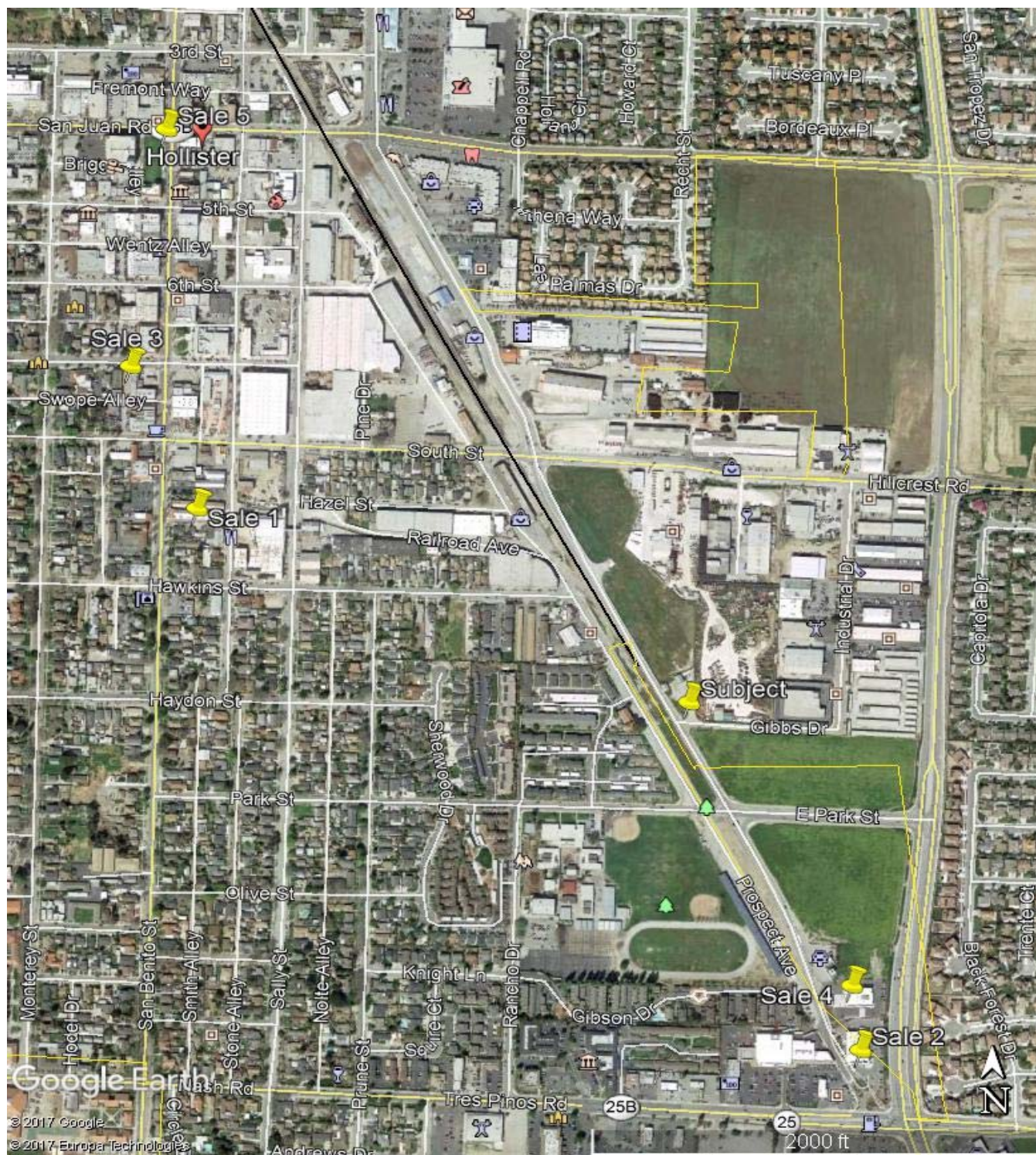
AERIAL PHOTO - SALE 7: 1001 San Juan Road, Hollister





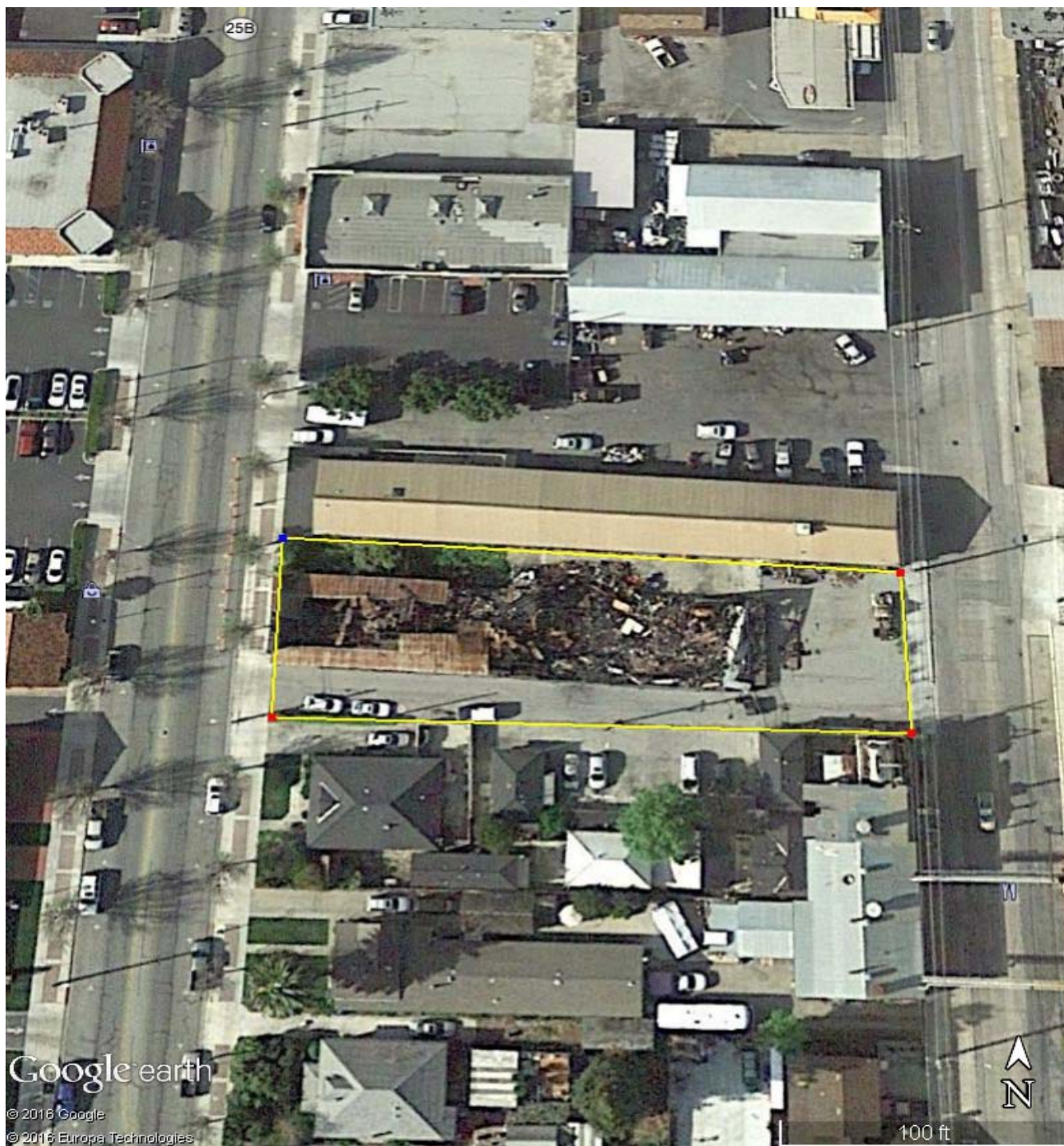
## SALES COMPARISON MAP - 981 MCCRAY STREET

The Placement of Sale 5 reflects the ~~location of the sale~~ town commercial and not the exact



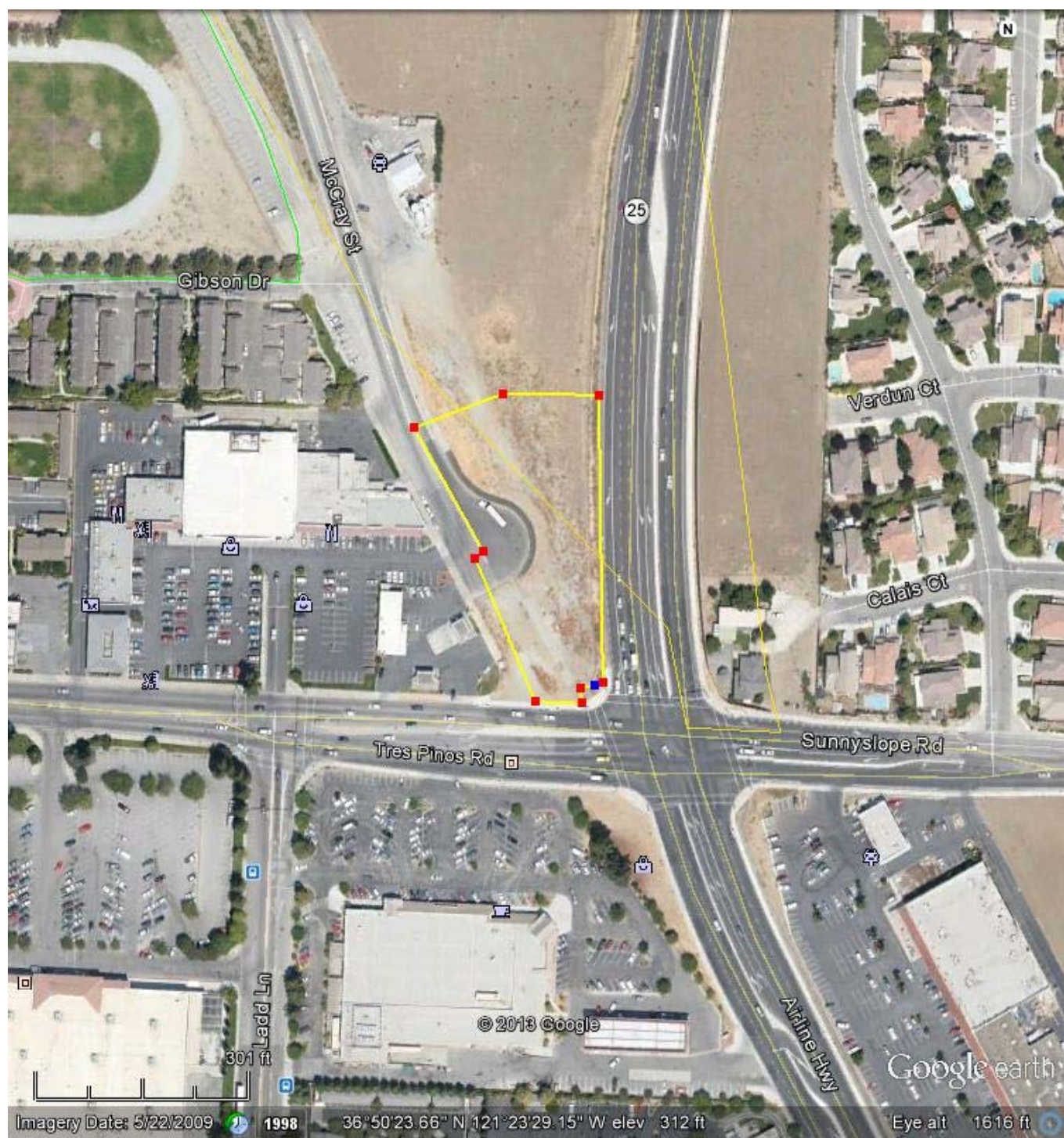


AERIAL PHOTO - SALE 1: 863 San Benito Street, Hollister





AERIAL PHOTO - SALE 2: Parcel 2, Tres Pinos Rd, Hollister





**AERIAL PHOTO - SALE 3: Seventh Street, Hollister**





AERIAL PHOTO - SALE 4: 1500 McCray Street, Hollister



**No photo of Sale 5**

**ENGAGEMENT LETTER**





# City of Hollister Development Services

---

375 Fifth Street, Hollister, CA 95023

October 20, 2017

Mr. Michael Cullinan  
11950 Cienega Road  
Hollister, California 95023

Re: Letter of Engagement for Professional Services for appraisal of two City of Hollister  
Successor Agency properties: Leatherback

Dear Mr. Cullinan

This correspondence serves as a letter of engagement to utilize your professional services for preparation of two (2) appraisals to be used for the disposition of property owned by the Successor Agency to the former City of Hollister Redevelopment Agency. The scope of your services will include the following:

1. Preparation of an appraisal with a normal exposure time for the Leatherback property at 111 Hillcrest Road more specifically described as San Benito County Assessor Parcels 056-025-019 and 056-019-024.
2. Preparation of an appraisal with a normal exposure time for the city of Hollister at 981 McCray Street more specifically described as San Benito County Assessor Parcel 020-011-003.

You will be undertaking these activities in the capacity of an independent contractor and are solely responsible for the conduct and control of the work performed. You agree to undertake these activities utilizing your best independent professional judgment. You are free to render professional consulting services to others during the term of this Agreement, so long as such activities do not interfere with or diminish your ability to complete the tasks identified above.

You agree that as an independent contractor, you are solely responsible for payment of all federal and state taxes and social security obligations. You also agree that the City will not withhold any payments for federal or state taxes or social security (FICA) or Medicare benefits. In addition, the City will not provide you with coverage for worker's compensation, long or short term disability, or unemployment insurance.


It is understood that you agree to indemnify, defend with counsel approved by City, and hold harmless the City, its officers, officials, employees, and agents from and against any and all liability, loss, damage, expense, and cost arising out of or in connection with your negligence, recklessness, or willful misconduct in carrying out these activities. In addition, you agree to indemnify the City from any financial or tax liability arising from your status as an independent contractor.

All City information disclosed to you during the course of performance of services shall be treated as confidential and shall not be disclosed to any other persons or parties except as authorized by the City, or as required by law.

Compensation will be paid to you at a rate of \$4,500. You agree to submit invoices for services rendered on a monthly basis by the 15<sup>th</sup> of each month, for services provided during the preceding calendar month.

The term of this engagement is sixty (60) days, but may be extended upon mutual agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mary M. Paxton', is written over a horizontal line.

Mary M. Paxton  
Program Manager  
City of Hollister Development Services

Cc Bryan Swanson, Development Services Director

## CERTIFICATION OF APPRAISER

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are 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 this report and no personal interest 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 with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
8. I have made a personal inspection of the property that is the Subject of this report.
9. No one provided significant real property appraisal assistance to the person signing this certification.
- 10 I have performed ***no services***, as an appraiser or in any other capacity, regarding the property that is the Subject of this report within the three-year period immediately preceding acceptance of this assignment.



---

**Michael Cullinan**  
**AG008372**

**MICHAEL J. CULLINAN**  
**CULLINAN APPRAISAL & REALTY**

11950 Cienega Road - Hollister, CA 95023  
(831) 637-7567 Fax (831) 636-8538

**EDUCATION:**

California State University Sacramento, Bachelor of Science Degree in Economics  
Eight college-level Broker courses for the California Real Estate Broker's License  
Residential Appraisal Course - 15 hours  
Uniform Appraisal Standards and Guidelines Course - 15 hours  
The Basics of Appraisal - 15 hours  
Fundamentals of Appraisal - 31.5 hours  
Fundamentals of Appraisal II - 30 hours  
Real Estate Analysis - 15 hours  
Sales Comparison Approach - 15 hours  
Cost and Income Approach - 15 hours  
Appraisal Financing and Math - 15 hours  
Appraisal Regulations & Math - 15 hours  
Cash Flow Analysis - 15 hours  
Appraisal Institute - Advanced Income Capitalization - 36 hours

**SEMINARS:**

Appraising the Tough Ones (Complex Properties) - 15 hours  
Professional Standards and Ethics of The Appraisal Institute - 9 hours  
1993 Revised URAR Seminar - 7 hours  
1995 Monterey Bay Seminar - 6 hours  
Understanding Limited Appraisals - 7 hours  
Subdivision Analysis - 7 hours  
Practical Overview of Evaluations and Limited Reports - 7 hours  
Eminent Domain - 7 hours  
State and Federal Regulations - 4 hours  
Standards of Professional Practice, Part A - 15 hours  
Vineyard Valuation - 7 hours  
1997 Monterey Bay Seminar - 7 hours  
New Industrial Valuation Seminar - 7 hours  
Detrimental Conditions Seminar - 7 hours  
1999 Monterey Bay Seminar - USPAP update- 7 hours  
Sales Comparison Adjustments - 7 hours  
Sales Comparisons of Mixed-Use Properties - 15 hours  
Mello Roos Assessment Seminar - 8 hours  
Partial Interest Valuation, Undivided - 7 hours  
Conservation Easement Seminar - 15 hours  
Apartment Appraisal Seminar - 15 hours  
Foundations of Eminent Domain - 7 hours  
Case Studies in California Eminent Domain  
2002, 2004, 2006 and 2008, 2010 Monterey Bay Appraisal Seminars - 35 hours  
Subdivision Valuation - 7 hours  
Scope of Work Seminar - 7 hours  
Conservation Easement Seminar - 35 hours

**EXPERIENCE:**

**CULLINAN APPRAISAL & REALTY - Owner - 1987 to Present**

Appraisal and sales of single and multi-family residential properties, industrial and commercial properties, livestock grazing ranches and irrigated farmland, recreational land and subdivision appraisals.

Valuation of partial interests, qualified expert witness for San Benito and Santa Clara Counties.  
Court appointed referee, partition consultation/appraisals.

**MICHAEL J. CULLINAN**  
**CULLINAN APPRAISAL & REALTY**

**PARTIAL LISTING OF CLIENTS**

Balbas and Tiffany, Attorneys at Law  
Denise Benoit, Attorney at Law  
William Bryan, Attorney at Law  
Paxton & O'Brien, A Law Corp.  
Hoge, Fenton, Jones & Appell  
James Pleyte, Attorney at Law  
Stephen Penn, Attorney at Law  
Granite Rock Company  
Bianchi & Lorincz, CPA  
Michael Grace, CPA  
Tom Harlow, CPA  
William Matusich, CPA  
Andrea Fortino, Attorney at Law  
Daniel DeVries, Attorney at Law  
Kerry Loricz, CPA  
Michael Grace, CPA

Monterey County Bank  
1<sup>st</sup> Capital Bank  
Pacific Valley Bank  
Pinnacle Bank  
Rabobank  
Union Bank  
Heritage Bank

San Benito County  
City of Hollister  
Sunnyslope County Water District  
San Benito Water District  
Hollister School District  
San Benito High School  
Tres Pinos Water District

## REFERENCES

Chris Mann  
Granite Rock Company  
P.O. Box 50001  
Watsonville, Ca. 95076  
(831) 768-2073

William Tiffany  
Tiffany & Balbas Law Office  
535 Monterey Street  
Hollister, Ca.  
831-637-0071

Anne Hall  
San Benito Engineering  
502 Monterey Street  
Hollister, Ca. 95023  
831-637-7567

James Abel  
Senior Appraiser  
Yosemite Farm Credit  
760 West 18<sup>th</sup> Street  
Merced, Ca. 95340  
209-383-1116

Will Sutton  
Vice President  
Heritage Bank  
7598 Monterey Street  
Gilroy, Ca. 95020  
408-846-1430

Harvey Blodgett  
Vice President  
Pinnacle Bank  
7597 Monterey St  
Gilroy, Ca. 95020  
408-842-8200

Daniel DeVries  
DeVries Law Group  
53 Muckelimi St.  
San Juan Bautista, Ca. 95045  
831-623-4100

## LICENSES

Office of Real Estate Appraisers - General Certified #AG008372  
California Department of Real Estate Brokers - License #838244

## ASSOCIATIONS, ORGANIZATIONS

General Associate: Appraisal Institute  
National Association of Realtors  
California Association of Realtors  
San Benito County Association of Realtors  
San Benito County Chamber of Commerce  
Rotary International, Hollister  
Board of Directors, 33<sup>rd</sup> District  
Agricultural Association (San Benito County Fair)