

**SUMMARY APPRAISAL REPORT
NORTH LOOP ROAD LAND
ALAMEDA, CALIFORNIA**

PREPARED FOR:

MR. DALE LILLARD
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JULY 8, 2011

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July 8, 2011

Mr. Dale Lillard, Director
Alameda Parks & Recreation Department
2226 Santa Clara Avenue
Alameda, CA 94501

Re: Summary Appraisal Report
North Loop Road Land
Harbor Bay Island
Alameda, California

Dear Mr. Lillard:

At your request, I have appraised the property referred to above. The purpose of the appraisal is to estimate the market value of the fee simple interest in three parcels containing 12.25 acres on North Loop Road on Harbor Bay Island in Alameda, as described in the report, as of July 6, 2011. The function of the appraisal is to assist the City of Alameda in evaluating a potential land swap offer.

Appraisal Development and Reporting Process

The scope of this assignment included inspection of the subject property on July 6, 2011; discussion with Tim Hoppen and Stephen Brimhall of Harbor Bay Isle Associates, the property owner; discussion with the City of Alameda Director of Planning, Andrew Thomas; review of relevant planning and zoning issues; review of Planned Development regulations; discussion with other local officials regarding site conditions and physical constraints; highest and best use analysis; discussion with brokers, buyers, and sellers who are familiar with the subject and its market area; and confirmation and inspection of comparable land sales. It should be noted that a preliminary title report, complete record of easements, and legal descriptions have *not* been available for this assignment.

This assignment is conveyed in this summary report, which is consistent with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics of the Appraisal Institute.

Competency

A statement of my appraisal qualifications is included in the report. My previous experience includes the appraisal of land in this market. No steps were necessary to comply with the competency provision of USPAP.

Definitions

Market Value: The following definition has been agreed upon by agencies that regulate federal financial institutions in the United States.

The most probable price which 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 whereby:

- 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 United States dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Fee Simple Estate: *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.* (Source: *The Dictionary of Real Estate Appraisal*, 5th ed. [Chicago: Appraisal Institute, 2010].)

Valuation Report

The following report describes the property and the valuation methodology, and includes pertinent data and analyses leading to the value estimate. ***The value is subject to the hypothetical condition outlined on page 3 of the report regarding potential for entitlements for 112 residential units on the site.*** Based upon the scope of the investigation and analyses, and subject to the assumptions and limiting conditions and to

Mr. Dale Lillard
City of Alameda
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the certification, it is my opinion that the market value of the fee simple interest in property, as of July 6, 2011, is:

EIGHT MILLION, SEVEN HUNDRED AND NINETY THOUSAND DOLLARS

(\$8,790,000)

Sincerely yours,



Margaretta J. Darnall, MAI, SRA

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following standard assumptions and limiting conditions:

- No responsibility is assumed for legal matters.
- The value estimate is stated in terms of cash or its equivalent.
- Information, estimates, and opinions included in the report and/or retained in the files are from sources considered reliable. However, I assume no responsibility for the accuracy of such items. Should any data be found inaccurate, I reserve the right to review the final opinion of value.
- I have *not* reviewed a preliminary title report for this assignment. I assume title is good and salable on the valuation date.
- The property is assumed to be under responsible ownership and competent management.
- The property is appraised in as-is condition except as noted.
- The property has *not* been surveyed for this assignment. I assume the land area has been reported correctly and that no easements affect the area.
- A complete geotechnical evaluation of the site was not provided. My review of public records did not disclose any unusual earthquake, flood, or toxic hazards, other than those noted in the report. I have assumed there are not additional soil or subsurface conditions or undiscovered hazards that would adversely affect the highest and best use, development potential and costs, or marketability of the property. If such conditions or hazards are later revealed, I reserve the right to revise my final opinion of value accordingly.
- It is also assumed that there are no site or environmental conditions, other than those discussed in the report, which would place the property under the jurisdiction of the following regulations: Clean Water Act; Clean Air Act; Rivers and Harbors Act; Coastal Zone Management Act; Endangered Species Act, Safe Drinking Water Act; Federal Emergency Management Act; Toxic Substances Control Act; Resource Conservation and Recovery Act; Occupational Safety and Health Act; Comprehensive Environmental Response, Compensation and Liability Act; or the Superfund Amendments and Reauthorization Act.
- In California, Proposition 13 fixed the assessed valuation of real property at 1975 levels and limited annual increases to a 2.0% maximum. However, sale of a 50% or greater interest, or execution of a lease for 35 years or longer, will trigger reassessment at market value. A sale is implicit in the definition of market value.

Consequently, the estimate of market value reflects the impact of real estate taxes from reassessment at the valuation date.

- Maps, plats, and exhibits are for illustration only, and should not be treated as surveys or relied upon for other purposes.

HYPOTHETICAL ASSUMPTIONS

1. The subject of this appraisal is within the Harbor Bay Business Park. The general plan designation is Business Park, and the zoning is Commercial Manufacturing. The owner's request for a general plan amendment and zoning change to allow residential use was denied by the City of Alameda Planning Board in May 2008. Nevertheless, this report makes the hypothetical assumption that the general plan could be amended and the property could be rezoned to build 112 residential units.
2. An amendment to a 1980 agreement between the property owner and the Board of Port Commissioners of the City Oakland was drafted in 2006. The agreement was to be signed and go into effect when and if the City of Alameda approved an amendment to its general plan and a zoning change. This hypothetical amended agreement would have required disclosure of airport noise, attendant environmental effects, acknowledgement that air traffic may increase significantly, a noise and aviation easement, and an agreement not to sue for damages resulting from airport operations to oppose future development or expansion of the airport. A copy of this draft disclosure is included in the Addenda to this report. This report assumes that if 112 residential units could be built on the subject, this disclosure would and agreement would be required.

EXTRAORDINARY ASSUMPTION

1. A preliminary title report has not been available for this assignment. This report makes the extraordinary assumption that no easements or other legal agreements, other than those discussed in this report affect the subject.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location:	South side of North Loop Road, Alameda, California
Assessor's Parcel Nos.:	074-1337-019-01 074-1337-022-01 074-1337-025-01 074-1337-027-02 074-1337-029
Client:	City of Alameda
Effective Date:	July 6, 2011
Inspection Date:	July 6, 2011
Report Date:	July 8, 2011
Total Land Area:	12.25 acres, more or less
Shape:	Irregular
Topography:	Level
Current General Plan:	Business Park
Current Zoning:	C-M/PD (Commercial Manufacturing/Planned Development)
Assumed General Plan:	Medium Density Residential
Assumed Zoning:	R-2/PD (Two-Family Residential/Planned Development)
Improvements:	None
Highest and Best Use:	Amend general plan and rezone to build 112 single family dwellings.
Value Estimate:	\$8,790,000

The value is subject to the hypothetical conditions regarding the potential for a general plan and zoning change to approve 112 dwelling units for the site and the amendment to an existing agreement with the Port of Oakland regarding noise and to the extraordinary condition regarding easements and other site encumbrances.

PROPERTY IDENTIFICATION

Location

North side of North Loop Road, Alameda, California

Assessor's Parcel Numbers

074-1337-019-01

074-1337-022-01

074-1337-025-01

074-1337-027-02

074-1337-029

Legal Description

A legal description has not been available for this assignment.

Owner of Record

Harbor Bay Isle Associates

History of Conveyances

Harbor Bay Isle Associates have owned the land considered in this appraisal for more than three years.

SUBJECT PHOTOGRAPHS



(1) North Loop Road, looking east



(2) North Loop Road, looking west

