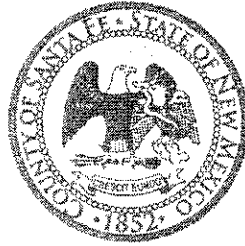


Henry P. Roybal
Commissioner, District 1

Anna Hansen
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Anna T. Hamilton
Commissioner, District 4

Ed Moreno
Commissioner, District 5

Katherine Miller
County Manager

MEMORANDUM

DATE: *November 14, 2018*

TO: *Board of County Commissioners*

FROM: *Bill Taylor, Procurement Manager, CPO*

VIA: *Katherine Miller, County Manager*
Stephanie S. Clarke, Finance Director
Joseph Montoya, Housing Director

ITEM AND ISSUE: BCC Meeting November 27, 2018

Request Ratification of the County Manager's Signature Approval of Purchase Agreement No. 2019-0125-HA/MM for the Acquisition of 6.6 Acres of Land Located on Camino De Jacobo, Santa Fe New Mexico in the Amount of \$862,481.13 for the Potential Development of a Housing Project; Granting the County Manager Authorization to Sign the Settlement Agreement and Purchase Order. (Terry Lease, Public Works)

Issue:

Santa Fe County Resolution 2018-11 delegated authority to the County Manager to negotiate a purchase agreement for acquisition of 6.6 acres of land, more or less, located on Camino De Jacobo, in Santa Fe, New Mexico for a potential development of a housing project.

Although the Resolution authorizes the County Manager to negotiate a purchase agreement with the owner of the subject land, the Resolution also requires that the terms of the purchase agreement be presented to the Board of County Commissioners for consideration.

If approved, the settlement documents and purchase order for the closing of the purchase will require the signature authorization of the County Manager.

BACKGROUND:

Numerous rent studies on housing affordability and availability indicate that there is a need for at least 2,000 to 5,000 new units of rental housing in the Santa Fe metro area. The Santa Fe County Housing Authority has identified 6.6 acres of undeveloped land (Tract B-1, Lot 1 and Lot 2) on

Camino de Jacobo immediately south of the County's public housing site that would be the most beneficial site for a multi-family housing development.

It is the County's intent to acquire Tract B-1, Lot 1 and Lot 2, Camino de Jacobo located 1,200 feet north of Camino de Jacobo and Airport Road intersection for construction of a multi-family housing development.

ACTION REQUESTED:

BCC ratification of the County Manager's signature approval of Purchase Agreement No. 2019-0125-HA/MM for the purchase of 6.6 acres of land in the amount of \$862,481.12 located on Camino de Jacobo, in Santa Fe New Mexico for the purpose of the development of a housing project; granting the County Manager authorization to sign the settlement agreement and purchase order.

PURCHASE AGREEMENT

This Purchase Agreement ("Agreement") is between Gil-Men Investments, Inc., a New Mexico corporation ("Seller") whose address is 2831 Don Quixote, Santa Fe, New Mexico 87505, and Santa Fe County ("County" or "Buyer"), a political subdivision of the state of New Mexico, for the Santa Fe County Housing Authority. Seller and the County are collectively referred to as the "Parties" in this Agreement.

RECITALS

- A. There is a severe shortage of affordable housing within Santa Fe County.
- B. Several rent studies on housing affordability and availability indicate that there is a need for at least 2,000 to 5,000 new units of rental housing in the Santa Fe metro area.
- C. According to the latest Santa Fe housing market analysis, the Santa Fe metro area has less than a 2% vacancy rate.
- D. County staff has identified 6.6 acres of undeveloped land for sale on Camino de Jacobo immediately south of the County's existing public housing site that would be an excellent site for a multi-family housing development.
- E. The County intends to acquire Tract B-1, Lot 1 and Lot 2, Camino de Jacobo located 1,200 feet north of Camino de Jacobo and Airport Road intersection ("Property") for construction of a multi-family housing development.

AGREEMENT

FOR CONSIDERATION, THE SUFFICIENCY AND RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. **Seller's Representations:** Seller represents that the following is true and correct and will continue to be true and correct on the Closing Date:
 - 1.1. Seller is the exclusive fee simple owner of the real property known as Tract B-1, Lot 1 and Lot 2 located in Santa Fe, New Mexico, as described on the plat filed in the records of the County Clerk as Instrument Nos. 1553924 and the Warranty Deed filed as Instrument 744986 in the records of the County Clerk of Santa Fe County, New Mexico.
 - 1.2. There are no mortgages, deeds of trust, liens, leases, easements, or other encumbrances on the Property except those appearing in the property records of the County Clerk.
 - 1.3. Seller has authority to convey the Property, as shown on the attached Exhibit A.
 - 1.4. To the best of Seller's knowledge, no regulated hazardous waste or environmental contamination is present on or underneath the Property.

1.5. There are no structures or other improvements on the Property.

1.6. Except as provided in Sections 1.1 through 1.5, Seller makes no representations or warranties regarding the Property, including the condition of the Property or its suitability for any particular purpose. Except as set out in Sections 1.1 through 1.5, the County is relying on its inspection of the Property and accepts it "as is."

2. **Costs.** In addition to the purchase price defined below, the County will pay: i) Buyer's recording fee; ii) cost of Environmental Site Assessment I (ESA); and iii) ½ of closing costs. Seller will pay: i) Seller's recording fee; ii) title commitment fee; iii) standard owner's policy; iv) cost of survey; and v) one half (½) of closing costs. Other costs not contained herein, exclusive of Seller's legal fees and costs or realtor fees and costs, shall be paid ½ by Buyer and ½ by Seller.

3. **Purchase and Sale.** Seller shall sell and grant the Property "as is" in fee simple to the County by Warranty Deed, free and clear of all claims, encumbrances, debts, liabilities, obligations and the like, and the County shall purchase and accept the Property "as is" from Seller for the total purchase price \$862,481.13, upon the terms and conditions set forth in this Agreement; provided, however, that all Seller's representations set out in Section 1 are true and correct on the Closing Date.

4. **Closing Date:** The Closing Date shall occur within 60 days after the date this Agreement is executed by the County, or such later time as the Parties may mutually agree ("Closing Date").

5. **Income reporting:** Seller acknowledges the payment of the purchase price and other consideration provided under this Agreement may have tax consequences to Seller, and Seller is advised to seek legal and/or financial assistance as necessary to determine those consequences, which may include reporting of income received from the sale to the Internal Revenue Service.

6. **Inspection:** The Seller shall permit the County to conduct such inspections of the Property as the County deems necessary prior to the Closing Date. If inspections indicate a potential condition that the County determines requires further testing or inspection, the Parties agree to extend the Closing Date at least 30 days after the issuance of a final report for such additional testing or inspection.

7. **Environmental:** During the inspection, County may obtain a Phase I ESA at County's sole expense. If any environmental inspection reveals the presence of contamination or the need to conduct any environmental cleanup, the County may terminate this Agreement without penalty.

8. **Broker's Commission:** No broker or finder has been used by the County and the County shall owe no brokerage or finder's fee related to this transaction. Seller has the sole obligation to pay all brokerage or finder's fees to any agent employed by Seller.

9. **Survival:** Sections 1 and 2 of this Agreement shall survive the sale of the Property and shall not merge therewith.



10. **Entire Agreement:** This Agreement contains the entire agreement between the Seller and County regarding the County's purchase of the Property. All understandings, conversations and communications, oral or written, between Seller and the County, or on behalf of either of them, are merged into and superseded by this Agreement and shall be of no further force or effect. No modification or amendment to this Agreement shall be binding unless in writing and signed by both Parties.

11. **Notices:** All notices required under this Agreement shall be in writing and mailed or hand-delivered as follows:

To Seller: Gil-Men Investments, Inc
 Attn. Charles Gilcrease, President
 2831 Don Quixote
 Santa Fe, NM 87505

To County: Santa Fe County
 Attn. Katherine Miller, County Manager
 PO Box 276
 102 Grant Avenue
 Santa Fe, NM 87504-0276

and: Santa Fe County
 Attn. Joseph R. Montoya, Executive Director
 PO Box 276
 102 Grant Avenue
 Santa Fe, NM 87504-0276

and: Santa Fe County Public Works Dept.
 Attn. Real Property Specialist
 PO Box 276
 102 Grant Avenue
 Santa Fe, NM 87504-0276

12. **Effective Date:** This Agreement shall be effective on the date of the last signature by the Parties.

13. **Binding Effect:** This Agreement shall inure to the benefit of and be binding upon the Parties' respective grantees, successors, assigns, devisees, heirs, and mortgagees.

14. **Incorporation of Exhibits and Recitals:** All Exhibits and Recitals to this Agreement are incorporated into and made a part of this Agreement by reference.

15. **County:** The Santa Fe County Manager is authorized to execute this Agreement pursuant to Santa Fe County Resolution No. 2018-11.

SELLER:

By: Charles Gilcrease Pres
Charles Gilcrease, President
Gil-Men Investments, Inc.

Date: 10-30-2018

SANTA FE COUNTY:

By: Katherine Miller
Katherine Miller
Santa Fe County Manager

Date: 11-13-18

Approved as to form:

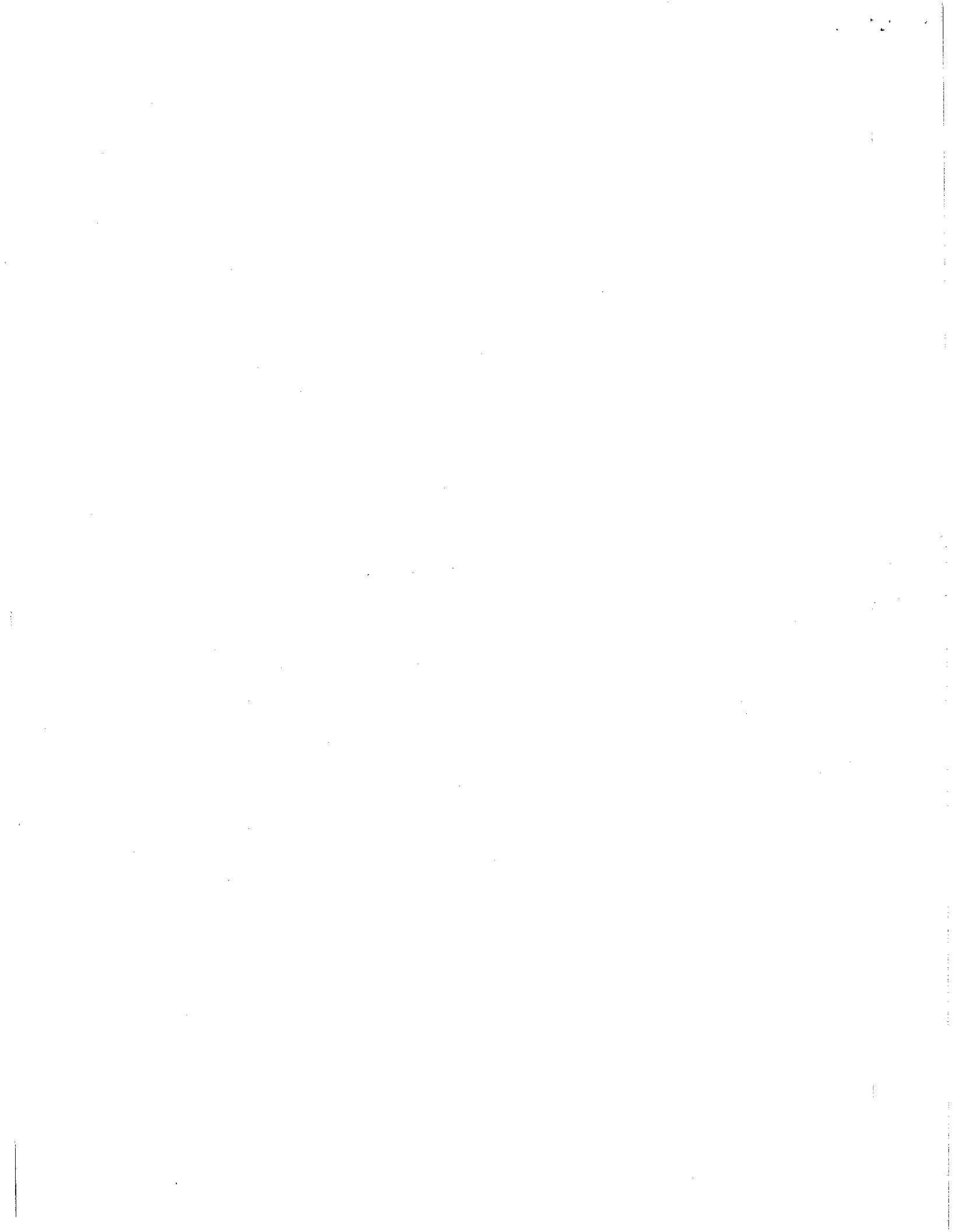
R. Bruce Frederick
R. Bruce Frederick
Santa Fe County Attorney

Date: 11/1/2018

Finance Department:

Stephanie Schardin Clarke
Stephanie Schardin Clarke
Finance Director

Date: 11/6/18



**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY
RESOLUTION NO. 2018 - 11**

**A RESOLUTION DELEGATING AUTHORITY TO THE COUNTY
MANAGER TO NEGOTIATE A PURCHASE AGREEMENT FOR
ACQUISITION OF 6.6 ACRES OF LAND, MORE OR LESS, LOCATED ON
CAMINO DE JACOBO, SANTA FE, NEW MEXICO, FOR POTENTIAL
DEVELOPMENT OF A HOUSING PROJECT**

WHEREAS, there is an severe shortage of affordable housing within Santa Fe County; and

WHEREAS, several recent studies on housing affordability and availability indicate that there is a need for at least 2,000 to 5,000 new units of rental housing in the Santa Fe metro area; and

WHEREAS, according to the latest Santa Fe housing market analysis, the Santa Fe metro area has less than a 2% vacancy rate; and

WHEREAS, according to the latest quality of life survey only 11% of the population of Santa Fe believes there is enough quality affordable housing; and

WHEREAS, County Housing Authority staff has identified a 6.6 acre parcel of undeveloped land ("Subject Land") for sale on Camino de Jacobo immediately south of the County's existing public housing site; and

WHEREAS, the Subject Land would be an excellent site for multi-family housing development; and

WHEREAS, utility service is readily available to the Subject Land, which is currently zoned C-2; and

WHEREAS, the Subject Land is conveniently located for prospective tenants and the Housing Authority, which has its offices just north of the Subject Land on Camino de Jacobo.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners ("Board") of Santa Fe County ("County"), as follows:

1. The County Manger is authorized to negotiate a purchase agreement with the owner of the Subject Land. The agreement shall include such due diligence

contingencies as the County Manager deems appropriate, including a phase 1 environmental assessment.

2. The purchase price shall be no more than the appraised fair market value of the Subject Land.

3. If the County Manager and the owner of the Subject Land come to agreement on the terms of a purchase agreement, the County Manager shall present the agreement to the Board for consideration.

PASSED, APPROVED, AND ADOPTED THIS 30th DAY OF January 2018.

**BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY**

By: Anna Hansen
Anna Hansen, Chair

Date: 1/30/18

ATTEST:

Geraldine Salazar
Geraldine Salazar, Santa Fe County Clerk

Date: 1/30/2018



APPROVED AS TO FORM:

R. Bruce Frederick
R. Bruce Frederick, Santa Fe County Attorney

Date: 1/25/2018

SFC CLERK REC'D REDED 01/31/2018



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss
I Hereby Certify That This Instrument Was Filed for
Record On The 31ST Day Of January, 2018 at 11:21:11 AM
And Was Duly Recorded as Instrument # 1848952
Of The Records Of Santa Fe County

BCC RESOLUTIONS
PAGES: 2

Witness My Hand And Seal Of Office
Geraldine Salazar
Deputy County Clerk, Santa Fe, NM

**Appraisal of Tract B-1, Lot 1 and Lot 2, Camino Jacobo
Located
1,200' north of Camino de Jacobo and Airport Road intersection
Santa Fe, New Mexico**

*Effective Date of Appraisal
April 4, 2018*

*Prepared for:
Mr. Terry Lease
Santa Fe County Public Works
Real Property Specialist
424 NM SR 599 (P.O. Box 276)
Santa Fe, NM 87504-0276*

*Prepared by:
Travis D. Engelage, MAI
P.O. Box 93875
Albuquerque, New Mexico 87199*

Travis D. Engelage, MAI
Real Estate Appraisals and Consulting
P.O. Box 93875
Albuquerque, New Mexico 87199
TEL (505) 830-2522 MOB (505) 249-0635
E-Mail: tengelage@qwestoffice.net

April 9, 2018

Mr. Terry Lease
Santa Fe County Public Works
Real Property Specialist
424 NM SR 599 (P.O. Box 276)
Santa Fe, NM 87504-0276

Re: Appraisal of Parcel Tract B-1, Lot 1 and Lot 2, Camino Jacobo, located 1,200' north of Camino de Jacobo and Airport Road intersection, Santa Fe, New Mexico.

Mr. Lease:

Pursuant to your request, enclosed you will find my appraisal on the above referenced property. This appraisal sets forth the analyses which are the basis of the valuation of the property.

The purpose of the appraisal is to estimate the market value of the fee simple interest in the subject real estate in the "As Is" condition. The effective date of valuation is April 4, 2018, the date upon which I conducted my primary physical inspection of the subject property.

The Estimated Market Value of the Subject Property is:

Nine Hundred Fifteen Thousand Dollars
(\$915,000.00)

The report is subject to the assumptions contained within the report.

Extraordinary Assumption:

It is an extraordinary assumption the areas determined as useable and unusable are accurate and are based on the dimensions found on the survey.

Respectfully submitted,


Travis D. Engelage, MAI

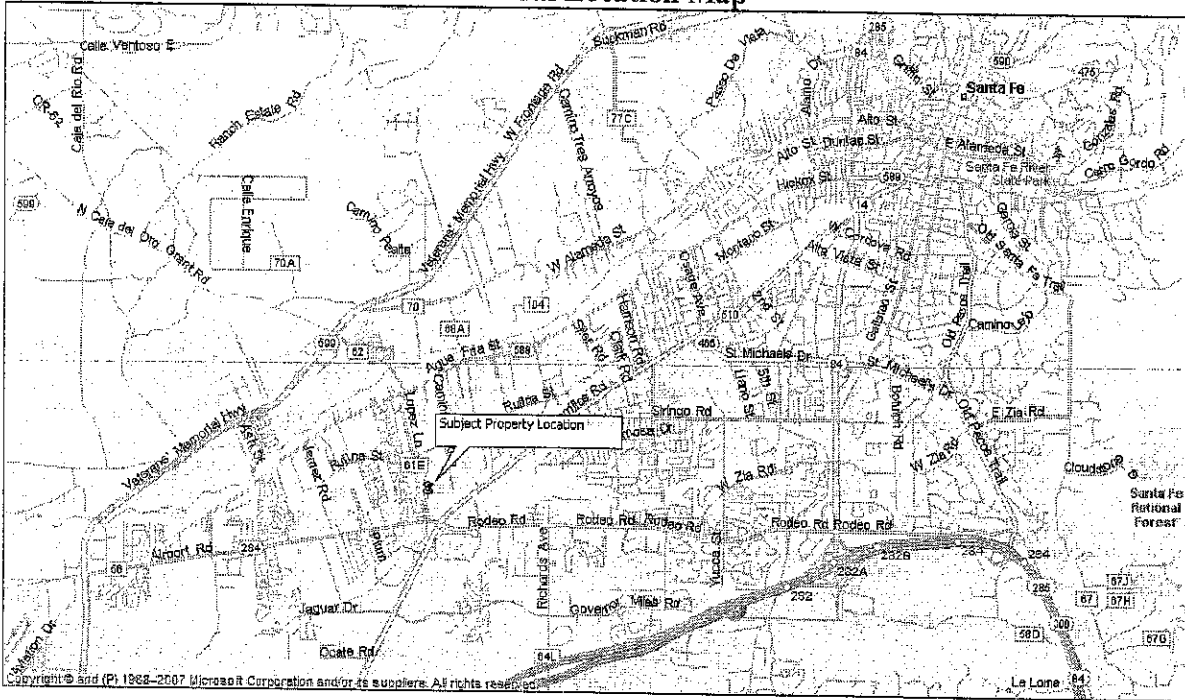
TABLE OF CONTENTS

General Location Map	- 1 -
Neighborhood Map	- 1 -
Identification and Location of the Subject Property	- 2 -
Legal Description.....	- 2 -
Purpose of the Appraisal.....	- 2 -
Intended Use and Intended User of the Report	- 2 -
Effective Date of Valuation	- 2 -
Date of Report.....	- 3 -
Property Rights Appraised	- 3 -
Ownership and History of the Property.....	- 3 -
Property Owner Contact.....	- 3 -
Previous Appraisal.....	- 3 -
Scope of Work	- 3 -
Competency Provision	- 4 -
Property Tax Information.....	- 4 -
Area Description	- 4 -
Subject Immediate Area.....	- 5 -
<i>Land Use</i>	- 6 -
General Property Data.....	- 6 -
Highest and Best Use	- 8 -
The Appraisal Process.....	- 9 -
The Cost Approach	- 9 -
The Sales Comparison Approach.....	- 9 -
The Income Capitalization Approach	- 10 -
Applicability of the Approaches to the Appraisal Problem	- 10 -
Valuation.....	- 10 -
Sales Comparison Approach.....	- 10 -
<i>Valuation Analysis</i>	- 10 -
<i>Property Rights Conveyed</i>	- 11 -
<i>Financing</i>	- 11 -
<i>Conditions of Sale</i>	- 11 -
<i>Market Conditions</i>	- 11 -
Location	- 12 -
Utilities.....	- 12 -
Size.....	- 12 -
Summary of Conclusions	- 17 -
Marketing Period	- 17 -
Assumptions and Limiting Conditions	- 18 -

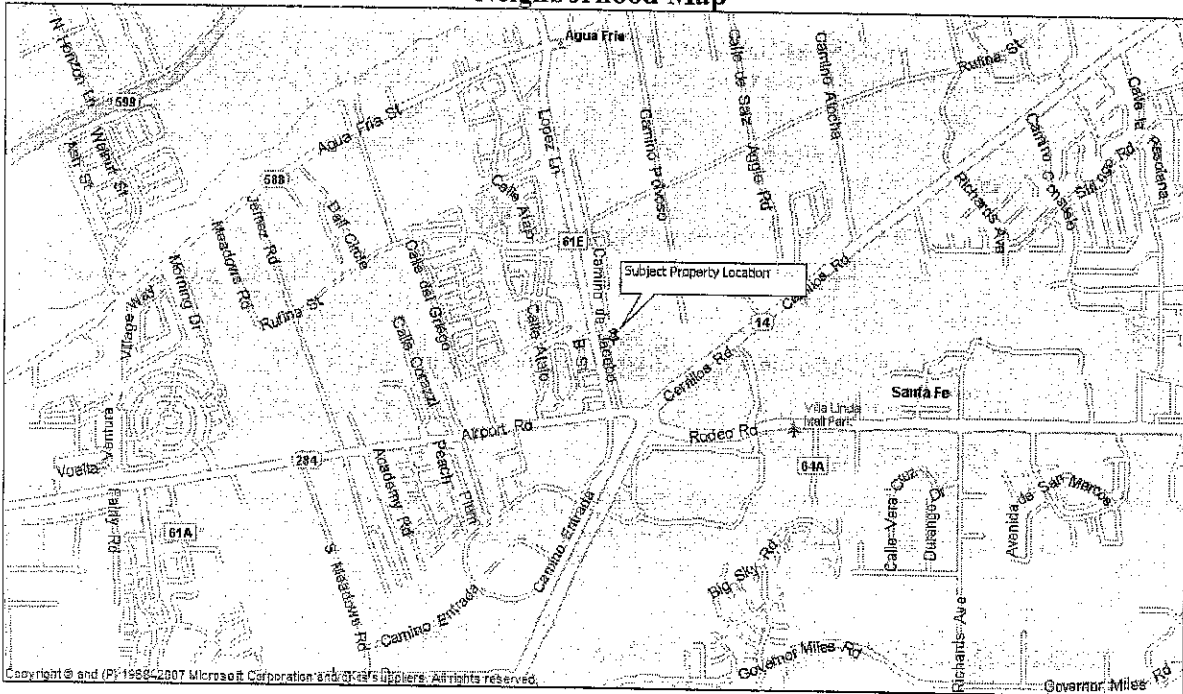
Summary of Salient Facts and Conclusions

Property Type:	Vacant Land
Location:	Approximately 1,200' north of Camino de Jacobo and Airport Road intersection in Santa Fe, New Mexico.
Description:	The parcel Tract B-1, Lot 1 and Lot 2, Camino Jacobo is irregular in shape and contains 6.6600 acres.
Ownership:	Gil-Men Investment Co.
Purpose of Appraisal:	To estimate the Market value of the subject property.
Property Rights Appraised:	Fee Simple Estate
Effective Date of Valuation:	April 4, 2018
Estimated Total Compensation	\$915,000.00

General Location Map



Neighborhood Map



Identification and Location of the Subject Property

The subject of this appraisal is an unimproved parcel located along the east boundary of Camino de Jacobo, approximately 1,200' north of Camino de Jacobo and Airport Road intersection, Santa Fe, New Mexico. The property is not addressed.

Legal Description

The subject property may be legally described as:

Lot 1, as shown and delineated on plat entitled "ALTA I ACSM Land Title Survey of Tract B-1, Lot 1 & Lot 2 lying and being situated within Section 5 & 6, T.16N., R.9E. N.M.P.M. ••", recorded February 27, 2009, in Plat Book 698, Page 045, as # 1553924, records of Santa Fe County, New Mexico

Containing 6.6600 acres of land, more or less. The area was determined from the survey of the subject property. A copy of the survey is found in the addenda of the report.

Purpose of the Appraisal

Purpose of the appraisal is to estimate the subject property's Market Value. Market Value is defined as:

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, 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:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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.

Intended Use and Intended User of the Report

The intended user of this report is the County of Santa Fe and The Santa Fe County Housing Authority ("Housing Authority"). The intended use of this report is for the possible acquisition of Parcel Tract B-1, Lot 1 and Lot 2, Camino Jacobo. Any other use or user is unintended and the appraiser is not liable for any unintended use or to any unintended user.

Effective Date of Valuation

The effective date of valuation is April 4, 2018 (date of inspection).

Date of Report

The appraisal is transmitted to the client by means of this report on April 9, 2018.

Property Rights Appraised

The property rights appraised are those of the Fee Simple Estate. Fee simple estate is defined as:

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 Edition, Appraisal Institute.)

Ownership and History of the Property

The real estate is owned by Gil-Men Investment Co.. To my knowledge, the property has not transferred in the previous 3 years.

The property is listed for sale with Commercial Properties, LLC (James Wheeler, CCIM, Broker). The list price is \$1,000,000 for 287,496 square feet (6.6 acres) or \$3.48 per square foot.

Property Owner Contact

I met with James Wheeler at the property on April 4, 2018 and we discussed the property, including the net useable areas of the property as well as potential highest and best uses. Mr. Wheeler sent me a summary of sales he was involved or was familiar with.

Previous Appraisal

I have not previously appraised this property.

Scope of Work

The scope of the appraisal encompasses the necessary research and analysis to prepare a report reflecting the market value of the subject property. The subject is encumbered by access easement and in the case of lots 1 and 2 such restrictive dimensions it makes the majority of these lots unusable. The valuation then considers the useable and unusable land dynamics of the subject property. In regards to the subject property the following steps were undertaken:

- 1) The subject property was inspected from adjacent properties on April 4, 2018 by Travis D. Engelage, MAI. Photographs contained in the addenda were taken on April 4, 2018.
- 2) City and neighborhood data were based on information compiled by this office. This information was collected from various metropolitan and privately published reports along with the appraisers' inspection of the neighborhood and general area.
- 3) The subject property data was based upon description, maps and drawings of the property provided by the client, as well as physical inspection. Additional information was taken from available data from the public records of Santa Fe County.
- 4) In estimating highest and best use for the property, analysis was made from data compiled from the above steps as well as analysis of the sales comparison approach pursued in further sections of this report. A study of pertinent market data of similar types of properties in the subject's market area was analyzed to determine the four criteria of the highest and best use.

5) After assembling information and analyzing all data gathered a final value estimates was determined for the subject property in accordance with the definition of Market Value.

Competency Provision.

I am competent to accept this appraisal assignment based on my education and experience in appraising properties similar to the subject property as well as my knowledge of the local real estate market. Significant time has been spent in the collection and analysis of sales, rents, local costs, and demographics in order to obtain the necessary understanding of the local market.

Property Tax Information.

The subject property falls under the taxing jurisdiction of Santa Fe County. The Santa Fe County Assessor's Office has identified the property as account numbers as 99306754. The 2017 assessed values for the property are:

Assessed Land Value	\$10,000.00
Assessed Building Value	<u>\$ 0.00</u>
Total Assessed Value	\$10,000.00
Taxes	\$ 110.39

Taxes are current.

Area Description

Santa Fe is New Mexico's state capital and the oldest capital city in the United States. The city is located in a valley formed by the Rio Grande River, bordered on the west by the volcanic Jemez Mountains and on the east by the Sangre de Cristo range of the Rocky Mountains.

The city is located approximately 60 miles north of Albuquerque, 70 miles south of Taos, and 35 miles east of Los Alamos, all major cities/destinations within New Mexico. This central location results in many more visitors to the city than just its immediate population. Santa Fe was just named the third best traveled city in the US by Travel and Leisure magazine. Santa Fe's key location in the national highway provides travelers an ideal central destination to discover the well-known cities of New Mexico.

Interstate 25 makes an S-shaped form through Santa Fe and its neighboring counties, but carries primarily north/south traffic. Outside of the county, the freeway turns south to be the main Interstate to Albuquerque, and north to Denver and beyond. The bordering states – Colorado to the north, Arizona to the west, and Texas to the east and south – all have major urban cities within a day's drive or a few hours flying time.

The urban area includes 43,500 acres or nearly 70 square miles in all. The city area includes 33,591 acres or nearly 52.5 square miles. Growth is only somewhat restricted by geography, with several miles to the east and west prior to limitations by mountains, many miles south, and hills to the north which somewhat limit density but do not preclude development. Development from the City is expanding in all directions, primarily within unincorporated areas of the County.

Water

Lack of water is a significant limiting factor to development in Santa Fe, as well as the State of New Mexico and the southwest United States. The State and the County have been struggling with ways to mitigate the limitation for many years. The State and County currently have plans in action that do not allow

any "dry" development, or development without sufficient water rights to support the proposed development. Many areas have limited development to certain minimum lot sizes; others have required water flow or connection to a municipal supply prior to development.

In areas in and around the City of Santa Fe, where municipal water is available, the property must be connected to the municipal water supply. For larger developments connection currently requires an exchange of water rights from the property to the City, in an amount sufficient to supply the development. In the future the City is hoping to purchase additional rights so that connection would only require payment of money instead of an exchange, allowing sites whose water has already been sold off to buy the needed water for development.

Population

The City of Santa Fe's population growth has been reasonably consistent since 1980, adding a total of 6,699 people between 1980 and 1990, adding another 6,344 people between 1990-2000 and adding another 5,744 people between 2000-2010. Total population for the City of Santa Fe for 2010 was 67,947 and for the county the population is 144,606. The City of Santa Fe annexed a large area on the south side of the city, which increased its population estimated by the Census Bureau to 84,099 for July, 2015.

The total County population has grown over three times the rate than that of the City over the period of 1990-2000 and between 2000 and 2010 the growth rate has been 11.5%. The difference in growth is primarily due to the limited availability of vacant developable land within the city limits and that development is occurring in all directions outside of the city boundaries. Areas immediately surrounding the City of Santa Fe are experiencing the majority of growth in the County.

Employment

While there are approximately 144,606 residents within the county, only 75,276 are employed both inside and outside the county with an unemployment rate of 5.0% as of April, 2017. The unemployment rate for Santa Fe as of April, 2017 was 5.0%, which was below New Mexico's rate of 6.6% for December, 2016.

The majority of local industry is either government or tourism based.

Summary and Conclusion

The City and County of Santa Fe are increasingly supporting a year round economy in addition to growing tourism. Overall the area is supporting its growth with decreasing unemployment, and this trend is expected to continue into the foreseeable future.

Subject Immediate Area

The subject property is located along the eastern boundary of 1,200' north of Camino de Jacobo and Airport Road intersection, Santa Fe. This location is adjacent to the Cerrillos Road/Airport Road/Rodeo Road Intersection. This immediate area is characterizes as a major commercial corridor (primarily centered around and along Cerrillos Road) for the city. The overall area is considered as city urban with all urban amenities available to the area.

Land Use

The neighborhood of the subject represents a broad base of uses with all properties along Airport Road and Cerrillos Road being utilized for commercial uses. Uses along Camino de Jacobo range from self-storage to residential uses. There are only three properties along Camino de Jacobo. Zoning within the area is administered by the City of Santa Fe.

Existing residential development ranging from single family uses to apartments to mobile home parks are generally located off of Airport Road and most are in excess of 20 years in age. Utilities available in the area include water, sewer, electricity, cable, telephone and garbage service. All of these utilities are in use and are adequate for future growth.

Major Streets

Major streets within the neighborhood area are:

Cerrillos Road, a paved, six lane two-way northeast/southwest street. Providing access to other portions of the city and other major thoroughfares and intersects with Interstate Highway 25 approximately 2.25 miles south of Airport Road Intersection.

Airport Road, a paved four lane, easterly/westerly two-way street, beginning at Cerrillos Road and terminating at the airport approximately 4 miles west.

Rodeo Road, a paved two and four lane, easterly/westerly two-way street, extending across the entire city limits of Santa Fe.

Camino de Jacobo, a paved two lane, north/south two-way street, extending from Airport Road to Rufina Street.

Rufina Street, a paved two lane, east/west two-way street generally extending from Hanson Road on the north south to residential areas in the Airport Road area

All other streets are generally paved or gravel surfaced and provide access to major sectors of Santa Fe.

General Property Data

Information pertaining to the subject parcel was based on the aerial photographs, Survey, City of Santa Fe GIS, as well as an inspection of the subject property. Although not addressed, the County Assessor shows the property to be 0 Camino de Jacobo.

Location

The subject property is located along the western boundary of Camino de Jacobo, 1,200' north of Camino de Jacobo and Airport Road intersection Santa Fe, New Mexico.

Access

The subject site is accessible from Airport Road approximately 1,200 feet north of Camino de Jacobo and Airport Road intersection. Camino de Jacobo is a two lane paved road extending from Airport Road and Rufina Street.

Physical Characteristics

The subject property is irregular in shape and contains approximately 6.6600 acres (290,110 square feet) of land. Although the appraiser is not an expert on soil and subsoil, my inspection indicated the subject tract generally level and at or near grade of Camino Jacobo. Topography and soils appeared well drained upon inspection. There were no apparent soil or subsoil conditions which would hinder development, as evidenced by existing and nearby improvements.

Subject property is impacted by shape and easements. Lots 1 and 2 are approximately 28' in width and for lot 1 approximately 1,499.06 in length and for lot 2 approximately 1,170.63' in length. Additionally Camino de Jacobo is entirely within the subject from the intersection of Airport Road to the northerly boundary of the subject property. It is an extraordinary assumption the areas determined below are accurate and are based on the dimensions found on the survey.

	Length	Depth	Sq. Ft.	Acres
Useable area Tract B-1	536	346	185,696	4.2630
Useable Area of Lot 1	536	28	<u>15,020</u>	<u>0.3448</u>
Total Useable			200,716	4.6078
Unuseable*			<u>89,394</u>	<u>2.0522</u>
Total Area			290,110	6.6600

* Also includes Camino de Jacobo

Flood Plain

According to Map No. 35049C0394D, issued by the Federal Emergency Management Agency, dated June 17, 2008, the subject property is located in Zone X area outside the 500 year flood plain.

Off-Site Improvements

Camino de Jacobo is a two lane paved access road.

Adjacent Land Use

Property uses adjacent to the subject consist of residential property to the north. Improved commercial uses are to the west and south, and vacant commercial uses are to the east.

Easements

On the survey, Camino de Jacobo is identified as a 54' wide ingress and egress and utility easement and appears to be in favor of all properties along Camino de Jacobo. There is a 68' access easement crossing where Lots 1 and 2 intersect.

Shown on the City of Santa Fe GIS map, it appears that 4th Street extends from Lopez road to Camino de Jacobo at or about the southern property boundary. 4th Street is minimally paved, and will allow sewer line, telephone, natural gas extensions to the subject from Lopez Road.

Utilities

The subject property has electricity and water on site.

Zoning/Restrictions

The property is zoned C-2 general commercial for Tract B1 and a portion of Lot 1; R-1 Single Family Residential of the balance of Lot 1 and Lot 2.

The subject is not known to be deed restricted, and there are no known restrictions which would restrict the property from development.

Improvement Data

The subject property is unimproved.

Environmental Statement

Noted during my inspection were several piles of garbage, of which the contents are unknown. My inspection did not reveal any obvious environmental concerns. However, the appraiser is not an environmental expert and is not trained to detect problems of this nature. The appraisal assumes that the property is free from environmental problems related to any source whether on- or off-site. Should subsequent information contradict this assumption, the value estimate reported in this appraisal may be invalid. If the client requires more detailed data regarding this issue, I recommend the procurement of a Phase I Environmental Site Assessment to be performed by a qualified expert.

Highest and Best Use

Highest and best use analysis is the foundation of the appraisal process. It studies the market forces that determine the most profitable, long-term competitive capacity in which a given property can function as of a given date. It establishes the use that provides the greatest benefits within the context of market conditions, and sets the parameters for valuation.

Highest and Best Use is defined as:

The reasonably 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. (Source: The Appraisal of Real Estate, Appraisal Institute, 10th Edition).

The following discussion analyzes the subject within the four criteria of Highest and Best Use.

Legally Permissible Uses

The County of Santa Fe subscribes to zoning for land use control and the subject is currently zoned C-2 general commercial for Tract B1 and a portion of Lot 1; R-1 Single Family Residential of the balance of Lot 1 and Lot 2. No minimum lot size is identified. Located on the survey is a building set back of 25' along the northern property boundary.

That area of lot 1 and 2 zoned for residential use has little meaning considering that area is considered as unusable.

Physically Possible Uses

The subject is approximately 290,110 square feet and is irregular in shape and has electricity and water on site, and the balance of the utilities readily available along Lopez at 4th Street. The location is very

conducive to secondary commercial or multifamily residential uses being in a backland secondary with commercial use on the south and multifamily use on the north. The lot size is allowable under the zoning code and is typical for the size parameters established by the neighborhood. On the basis of size alone it could accommodate most likely uses. I have assumed based on the existing and surrounding uses that the soil carrying capacity is sufficient for use proposed herein. The subject has a level topography.

Financially Feasible/Maximally Productive Use

From an appraisal standpoint, a use is financially feasible when it produces a return.

The subject site, as though vacant, under current zoning and access, would support a variety of potential uses ranging from secondary commercial to multifamily residential. The development and sale of secondary commercial (properties west of subject) or multifamily residential properties (properties north and west of subject) in the immediate vicinity is strong evidence for the likelihood of financial feasibility as well as maximum productivity.

In my opinion, the maximally productive use would be the financially feasible use based on market conditions at the time of development, which in this instance is for a secondary commercial or multifamily residential use.

Highest and Best Use as Improved.

The subject is unimproved.

The Appraisal Process

There are three traditional approaches to the valuation of real property: the Cost Approach, the Income Capitalization Approach, and the Sales Comparison Approach. Each produces a value estimate from a unique perspective, but all derive an estimate of the market value for a given property as of a given date.

The Cost Approach

The Cost Approach is based on the economic Theory of Substitution, which holds that a prudent buyer will not pay more for a given property than the cost of constructing a similar property perceived to be of equal utility. The first step is development of a land value estimate. An estimate of the reproduction or replacement cost of the improvements is developed from which all accrued depreciation is deducted. The depreciated value of the improvements is added to the land value to derive a value estimate by the Cost Approach. I have not used the cost approach.

The Sales Comparison Approach

Also based on the Theory of Substitution, the Sales Comparison Approach is developed from the standpoint that a prudent buyer will not pay more for a given property than the price of acquiring a similar property perceived to be of equal utility. The focus the analysis is data from sales of competing properties which compared and adjusted to similarity with the subject property.

Adjustments are made for differences between the comparable and the subject for items such as size, location, quality, market conditions, financing, etc., and are applied to the sale price of the comparable to arrive at an indication of what the property would have sold for if it had been essentially the same as the subject. The adjusted sale prices are then correlated into an indication of value for the subject property.

The Income Capitalization Approach

The Income Approach to Value is typically utilized to value income producing properties. The subject property consists of only the land. Typically speaking, secondary commercial or multifamily residential vacant land is not purchased based on an anticipated income stream. Accordingly, I have not utilized the Income Approach to Value in this instance.

Applicability of the Approaches to the Appraisal Problem

The appraisal problem requires the valuation of the subject parcel. Under this appraisal process, the land is valued by the sales comparison approach.

Valuation

Sales Comparison Approach

The Sales Comparison Approach leans heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost to acquire an equally desirable alternate property.

The Sales Comparison Approach utilizes the sales of properties similar to the subject as the basis for an indication of market value. Direct comparison is made between each sale and the subject on an item-by-item basis. Adjustments are then made to the sales price of the comparable property in order to arrive at an indication of what it would have sold for had it been essentially the same property. These adjusted prices are then reconciled into an indication of value for the subject.

Due to the level of detail in the presentation of this appraisal report, I have included a comprehensive written Sales Comparison Approach to Value. The following is a summary of the comparable sales utilized to value the subject property. Full descriptions of these sales are included in the addenda of the report. The major criteria for the sales selection, was similar potential uses and some type of secondary location.

Summary of Comparable Sales									
Sale No.	Seller	Buyer	Sale Date	Size (Sq. Ft.)	Price	Price Per Sq.Ft.	Zoning	Access	Location
1	Carlos and Judy Pino	Dean G. and Cynthia J. Alexis Trust	3/1/2015	40,903	\$490,824	\$12.00	C-2	Camino de Jacabo	1391 Camino de Jacabo
2	Celina Paul	Horacia and Sofia Ortiz	2/27/2015	75,340	\$285,000	\$3.78	C-2	Airport/Thomas Rd.	6633 Airport Rd.
3	Salman Enterprises	Sayre & Beyer Enterprises, LLC	7/17/2015	42,601	\$260,000	\$6.10	C-2	Rufina Circle	1315 Rufina Circle
4	Jose De Jesus Torres, etal	Buffalo Grass, LLC	7/16/2015	51,836	\$200,000	\$3.86	M-U	Buffalo Grass Rd.	Airport/Buffalo Grass Rd.
5	2725 Agua Fria, LLC	Blue Buffalo, LLC	8/15/2014	96,529	\$395,000	\$4.09	C-1	Agua Fria	2725 Agua Fria
6	Gallegos, Rosina	Centro Cristiano Casa De Dios Inc.	2/2/2016	78,320	\$335,000	\$4.28	I-1	Agua Fria/San Felipe	5704 Agua Fria

Valuation Analysis

The items listed below are the most pertinent and are considered in the analysis of the sales.

- ▶ Property rights conveyed,
- ▶ Financing,
- ▶ Conditions of sale,
- ▶ Market conditions,
- ▶ Location,
- ▶ Utilities, and
- ▶ Physical characteristics

Property Rights Conveyed

The property rights being valued for the subject parcel are those of the fee simple estate. Each of the comparable sales represents the transfer of the fee simple estate. No adjustments for property rights are warranted.

Financing

All of the comparable sales sold for cash or its equivalent and no adjustments are warranted.

Conditions of Sale

Conditions of sale adjustments are made when a sale has been affected by an atypical stimulus such as a sale between family members or a sale made under duress. None of the comparable sales was found to have occurred under such circumstances and no adjustments have been made.

Market Conditions

The sales occurred from February, 2015 to February, 2016. Review of the summary of the sales does not indicate any time trends. I have expanded my search for sales and resales of residential properties or matched sets not similar to the subject but, which would show any price trending for properties in general. Summarized below is an analysis of this additional information.

Sale Address	100 Day Break	100 Day Break	Difference Yrs.	Change	Annual Change
Date of Sale	9/19/2014	9/2/2016	1.96		
Price/SF	\$3.64	\$3.21	-\$0.43	-13.40%	-6.85%
Sale Address	1713-C Montano	1713-C Montano			
Date of Sale	1/31/2015	6/24/2016	1.40		
Price/SF	\$6.65	\$7.93	\$1.28	16.08%	11.51%
Sale Address	906 Lorenzo	527 1/2 Katherine			
Date of Sale	9/4/2016	1/9/2017	0.35		
Price/SF	\$9.03	\$8.42	-\$0.62	-7.32%	-21.05%
Sale Address	2144 Camino Polvoso	1712 Montano			
Date of Sale	7/12/2013	3/12/2017	3.67		
Price/SF	\$3.32	\$3.40	\$0.08	2.35%	0.64%

The above analysis shows mixed indications. The first comparison is a sale and resale which sold about 2 years apart and indicates a -13.4% decrease over the time period or annually -6.85%. The second comparison is a sale and resale 1.4 years apart and shows a 16.08% increase or about 11.5% annual increase in price. The other two comparisons use sales which are highly similar in size, location, zoning, proposed uses, but had differing sales dates. The third comparison shows a considerable reduction in price however the Katherine sale was only on the market for one day and would make this comparison the least reliable. The last comparison shows a reasonable stable market and is over the longest period of time which covers the dates of sale on the sales summary.

Previously, a tract of land had sold in June, 2007, generally considered the peak of land values. The sales price was \$350,000. Subsequent to the 2007 sale, the owner spent approximately \$100,000 on planning, zoning and predevelopment. The property sold again in November, 2012 for \$430,000, or a modest 4.4%

decrease (assuming full consideration given to the after purchase costs). In both situations, the parties involved were highly knowledgeable parties to the local real estate market. This equates to an annual rate of decline of 0.85%.

Discussions with other real estate individuals indicate there is more interest in vacant land, but believe the market is stable and not increasing nor decreasing in pricing. This is supported by the above analysis. No adjustment has been applied to the sales for time.

Location

As previously stated, one of the criteria was the location of the comparable sales being a secondary type of property. Sales 2-6 meet this criteria, however sale 1 is located at the corner of Airport Road/Camino de Jacobo /Cerrillos Road, a highly visible tract of land which was realized in the price. I have one matched set comparison showing this situation.

Location Adjustment				
	Sale No.	to	Sale No.	% Difference
	3901 Oliver Rd		7514 Mallard Way	
\$/SF	\$9.00		\$5.89	34.56%
Say				35.00%

The sale on Oliver Rd. is the site of Tractor Supply on Oliver Rd./Airport Rd. and just east of Veterans Highway. Although not a perfect comparison, it does show sufficient similarities to conclude sale 1 should be adjusted down by 35%.

Utilities

The subject property does not have water and sewer utilities in use on the site, however they are located near the subject and are not overburden some to obtain. No adjustments have been taken on the sales.

Size

The characteristic of size can also affect value. The subject contains 290,110 square feet and is the basis for size. The sales range in size from 40,903 square feet to 96,529 square feet. No matched set comparison exists to determine a size adjustment. Those sales less than 45,000 square feet are adjusted down by 20%, sales less than 60,000 square feet are adjusted down by 15%, sales less than 100,000 square feet are adjusted down by 10%.

The grid exhibits the pertinent data of the sales along with all adjustments made and their final value indications.

Land Value Adjustment Chart

Sale	Subject	1	2	3	4	5	6
Date	4/4/2018	03/01/15	02/27/15	07/17/15	07/16/15	08/15/14	02/02/16
Square Feet	290,110	40,903	75,340	42,601	51,836	96,529	78,320
Price		\$490,824	\$285,000	\$260,000	\$200,000	\$395,000	\$335,000
Price/Sq.Ft.		\$12.00	\$3.78	\$6.10	\$3.86	\$4.09	\$4.28
Property Rts	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjus. Price/Sq.Ft.		\$12.00	\$3.78	\$6.10	\$3.86	\$4.09	\$4.28
Cond. of Sale	Normal	Normal	Normal	Normal	Normal	Normal	Normal
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjus. Price/Sq.Ft.		\$12.00	\$3.78	\$6.10	\$3.86	\$4.09	\$4.28
Financing	Cash	Cash	Cash	Cash	Cash	Cash	Cash
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjus. Price/Sq.Ft.		\$12.00	\$3.78	\$6.10	\$3.86	\$4.09	\$4.28
Adjustments:							
Date of Sale	4/4/18	3/1/15	2/27/15	7/17/15	7/16/15	8/15/14	2/2/16
Adjustment		\$0	\$0	\$0	\$0	\$0	\$0
Size/Sq.Ft.	290,110	40,903	75,340	42,601	51,836	96,529	78,320
Adjustment		(\$2.40)	(\$0.38)	(\$1.22)	(\$0.58)	(\$0.41)	(\$0.43)
Location	Camino de Jacobo	Superior	Similar	Similar	Similar	Similar	Similar
Adjustment		(\$4.20)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Topography	Level	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	W,S,E,T	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Indicated Price/Sq.Ft.		\$5.40	\$3.40	\$4.88	\$3.28	\$3.68	\$3.85

The sales exhibit adjusted value indications in round numbers ranging from \$3.28 to \$5.40 per square foot. Sales which exhibit the most recent transaction is sale 6 at \$3.85. Sale 5 is the most similar in size and did require a size adjustment. Sale 1 is nearest the subject, but as previously explained, is located at the corner of Airport Road/Camino de Jacobo /Cerrillos Road, a highly visible tract of land which was realized in the price. Sales 1 was adjusted down by 35% for superior site location. Sale 1 is the smallest of the sales. Sale 5 is the largest of the sales used, but was also the most dated of the six transactions. The average indication of all six sales is \$4.08 per square foot. Using the average indication of sales 1, 5 and 6 (because of immediate location, size and most recent sale) is \$4.31 per square foot. These three sales are considered the best comparables of the data set, and is give the greatest weight. It is my opinion that if the subject property were totally useable, it has a market value in round numbers of \$4.35 per square foot, however, the subject is impacted by unusable portions.

An adjustment for the unusable portion of the subject is warranted and is presented below.

Lack of Utility

Portions of the subject property has no utility other than for assemblage. All of the comparable sales had full utility of the property.

I found no sales of similar types of properties as the subject. Analyzed below is various sales which were primarily land locked tracts which required assemblage to garner utility. The sales are located in the Albuquerque and other areas, and are considerable older, however market dynamics

for unusual situations do not change significantly and I believe these comparisons apply to the subject unusable areas.

Analysis of sales of landlocked parcels as compared to similar parcels with access is the best method of determining the impact the lack of legal access has on value and assemblage with another tract. Data for landlocked parcels is rare. These types of parcels are rarely sold and even more rarely represent an arm's length transaction. The information presented below is the best available data on landlocked parcel sales.

The New Mexico Department of Transportation acquires construction maintenance easements from properties along state highways. These easements rights acquired allow the department to grade, remove soil, fence, remove vegetation, and other rights. The easement allows the ownership the rights to landscape, but not construct any improvements within the easement area. The department acquires the easement for a cost of 90% for the fee value of the land. The allowed use of the property to the ownership is similar to the uses within the subject property.

There are two benchmark sales presented below. Each was landlocked at the time of sale. These sales are compared to the sales of comparable properties to derive an estimate of the impact on price caused by the lack of access.

Benchmark Sale 1

B1	Lazy S Farms/ Bowers	8/86	\$733,100	87.28ac	\$8,399	N/O of I-25
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Comment: Transaction occurred August 1, 1986. This parcel lies between the Rio Grande River and 2nd Street approximately 1 mile north of Interstate 25. This tract was landlocked at the time of sale. The buyer subsequently stemmed access and developed a residential subdivision on the site. Property was zoned A-1 at the time of sale.

A	Shirk/ Villegas	8/87	\$194,100	15.70ac	\$12,355	S/S Shirk Lane
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Comment: Transaction occurred August 10, 1987. This level irregularly shaped parcel is located 2 miles northeast of the benchmark sale. Land was leased for \$50 per acre at the time of sale. The lease expired 12/31/89. The buyer was fully aware of the lease and paid market value for the property. Tract was zoned A-1.

B	Williams/ WalkerBrdwy Ptnrs	5/86	\$1,030,460	69.14ac	\$14,904	W/S Broadway
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Comment: Transaction occurred May 22, 1986. This parcel is somewhat irregular in shape but is basically rectangular in form. It is located on the west side of Broadway SW north of Interstate 25 approximately 1.5 miles east of the benchmark sale. Tract was zoned M-1 at the time of sale.

C	Edison/ Guzman	10/86	\$42,303	2.82ac	\$15,000	N/O Clark SW
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Comment: Transaction occurred October 24, 1986. This parcel is located approximately 2 miles east of the benchmark sale. Interior lot on cul de sac with private road access. Tract was zoned A-1 at the time of sale.

Each of these sales is paired with the benchmark sale below.