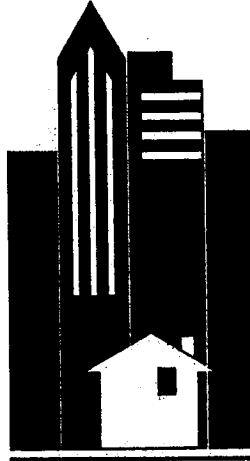


# **RESTRICTED-USE APPRAISAL REPORT**

**Vacant Land**

**South Allen Street and Onderdonk Avenue**

**Albany, NY**



**Hafner  
Valuation Group, Inc.**

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**Hafner Valuation Group, Inc. File No.: C-4044**

**Date of Valuation**  
September 24, 2010

**Report Prepared For:**  
City of Albany

**Appraised By:**  
Hafner Valuation Group, Inc.  
4 Avis Drive  
P.O. Box 16250  
Albany, New York 12212-6250

**Date of Report:**  
October 6, 2010

# *Hafner Valuation Group, Inc.*

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*4 Avis Drive  
Latham, New York 12110  
Phone: (518)785-5996  
Facsimile: (518)785-6428*

*William S. Hafner, MAI  
Michael J. Ardman MAI*

October 6, 2010

Mr. Bradford D. Burns, Esq.  
Assistant Corporation Council  
City of Albany  
Department of Law  
City Hall-Room 106  
Albany, NY 12207

Re: Restricted-Use Report  
Vacant Land  
South Allen Street and Onderdonk Avenue, Albany, NY  
Hafner Valuation Group, Inc. File No.: C-4044

Dear Mr. Burns, Esq.:

In accordance with your request, we, Justin Kramer and William S. Hafner, have made a careful review of the above captioned property and have made a study of conditions affecting its value. The results of our findings and analyses, and the value opinions stated herein are qualified by certain assumptions, limiting conditions, certifications and definitions, which are set forth in the appraisal.

The subject of this report is 17 vacant parcels of land totaling 2.04+/- acres. For appraisal purposes, the 17 vacant parcels will be appraised as one economic unit.

The purpose and intended use of the appraisal is to provide an opinion of market value for the client's internal use only, related to a possible sale of the subject property.

By reason of our investigation and by virtue of our experience, it is the opinion of the appraisers that the market value of the subject property, in fee simple estate, as of September 24, 2010 is:

**THREE HUNDRED THIRTY THOUSAND (\$330,000) DOLLARS †**

*Hypothetical Conditions: (1) The subject property is zoned R-3A. (2) Approvals to construct a 44-unit apartment complex are in place. (3) The playground appurtenances have been removed.*

*No survey, proposed building plans or site plans were provided, and any significant changes from what is state in this appraisal report could alter the value opinion.*

We have performed our services and prepared this appraisal in accordance with applicable, generally accepted appraisal practices. We make no other warranties, either expressed or implied, as to the character and nature of such services and product.

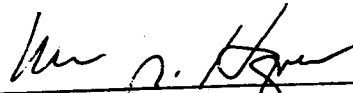
Your attention is invited to the attached report that, in part, forms the basis of our value opinion.

Very truly yours,

HAFNER VALUATION GROUP, INC



Justin Kramer  
New York State Licensed  
Assistant RE Appraiser 48-48324



William S Hafner, MAI  
New York State Certified  
General RE Appraiser 46-6246

## **Zoning Analysis**

*Note: A hypothetical condition is made that the property is zoned R-3A Multifamily Low-Density Residential District (see scope of work).*

The subject property is located in the city of Albany and zoned **Rural -3A Multifamily Low-Density Residential District**. Permitted uses include single-family detached dwellings, two-family detached dwellings, and garden apartments, to name a few.

Bulk restrictions include maximum height of 2 1/2 stories or 35' feet; minimum lot size of 4,000 SF, and maximum lot coverage, including accessory buildings not exceed 50%, along with others.

NOTE: The previous zoning analysis is not intended as a legal opinion regarding an interpretation of the zoning ordinance, which may only be offered by an attorney-at-law. It is merely an overview of the relevant provisions of the ordinance, in light of the improvements, as they exist on the property. The opinions in this section would be subject to change in the event of a qualified attorney performed a detailed analysis of the ordinance and the possibilities for uses there under, which may or may not conflict with the opinions set forth herein.

## **Highest and Best Use Analysis**

Highest and best use may be 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. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Highest and best use of land or a site as though vacant is represented “among all reasonable, alternative uses, as the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”

Highest and best use of property as improved is “the use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.”<sup>1</sup>

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<sup>1</sup> Highest and best use definitions taken from The Dictionary of Real Estate Appraisal, Fourth Edition, copyright 2002.

**Highest and Best Use as though vacant**

The subject property is considered *physically* supportive of development by virtue of its size, shape, frontage, topography, soil conditions (i.e., based on surrounding development), and other characteristics which are apparent by inspection of the site and surrounding areas.

The property is zoned **Rural -3A Multifamily Low-Density Residential District**. (see previous page for a further discussion on zoning).

All physically possible and legally permissible uses that are expected to produce a positive return are regarded as financially feasible. The immediate neighborhood is defined primarily by residential development, including multi-family dwellings. The site benefits from good road frontage and large size (one of the largest remaining vacant parcel in the city). Based on the above and all available data for the subject area, the subject property's maximally productive use and therefore, highest and best use, is considered **Apartment Development**. This determination is based on the physical characteristics of the property, zoning of the subject property, and neighboring and similar uses in the neighborhood.

**Highest and Best Use as Improved**

*Not applicable.*

**PART III – *Analysis and Value Conclusions***

## **The Valuation Process**

An appraisal is defined by the Dictionary of Real Estate Appraisal as "an unbiased estimate of the nature, quality, value, or utility of an interest in or aspect of identified real estate and related personalty." The valuation process is a systematic procedure utilized to arrive at an opinion of real property's value. In order to accomplish this, the appraiser undertakes an orderly process by which the necessary data is acquired, classified, analyzed, and interpreted into an estimate of value. Each property is unique and many different types of value can be concluded for a single property.

The goal of the valuation process is a well-supported conclusion that reflects the appraisers' study of all influences on the property's market value. The three approaches that are typically employed in arriving at value of real property are as follows:

1. Cost Approach
2. Income Capitalization Approach
3. Sales Comparison Approach

In processing the Cost Approach, the reproduction or replacement cost of the structure is first estimated. From this estimate, accrued depreciation from all sources — physical deterioration, and functional and external obsolescence — is subtracted to arrive at a depreciated cost of the improvements. The depreciated cost is then added to the value of the land and the land improvements to arrive at a total opinion of value by the cost approach.

The Income Approach is based on converting anticipated future benefits of property ownership, in the form of dollar amounts, into an opinion of present value. This approach often reflects on the investment strategies and rationale of the investor-type buyer. To use the income approach, the appraiser must project net income for a specific time period, select an appropriate discount and/or capitalization rate, and apply the proper discounting and/or capitalization procedure.

The Sales Comparison Approach is based on the principle of substitution which states that "value tends to be set by the cost of acquiring a substitute property of equal desirability." A reasonable number of sales with similar characteristics to the subject property are analyzed in direct comparison to the subject. Adjustments are made to the sales for particular differences based on actions of a typical interested buyer. This adjustment process produces a value range which is correlated into a final value opinion for the subject property.

Having arrived at value indications from all approaches to value, the next step is to reconcile the indications into one final value for the subject property.

## **Sales Comparison Approach**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principals of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

1. The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
2. The most pertinent data is further analyzed and the quality of the transaction is determined.
3. The most meaningful unit of value for the subject property is determined.
4. Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
5. The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

We have researched and analyzed five (5) comparables. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.



LAND SALES ADJUSTMENT GRID				
ELEMENT	SUBJECT	SALE 1	SALE 2	SALE 3
ADDRESS	S. Allen and Onderdonk	125 West Avenue Saratoga Springs, NY	211 Sacandaga Road Glenville, NY	88 Saratoga Road Glenville, NY
SALE PRICE	n/a	\$825,000	\$145,000	\$299,000
PROPERTY RIGHTS APPRAISED adjustment adjusted price †	Fee Simple	Fee Simple 0.00% \$825,000	Fee Simple 0.00% \$145,000	Fee Simple 0.00% \$299,000
FINANCING & SALE CONDITIONS adjustment adjusted price ‡	Market	Market 0.00% \$825,000	Market 0.00% \$145,000	Market 0.00% \$299,000
BUYER EXPENDITURES adjustment adjusted price ††	None	None \$0 \$825,000	None \$0 \$145,000	None \$0 \$299,000
MARKET CONDITIONS adjustment adjusted price ‡‡	9/24/2010	1/20/2005 \$82,466 \$907,466	12/20/2007 (\$8,917) \$136,983	7/14/2004 \$14,830 \$313,830
ADJUSTED PRICE PER UNIT		\$8,561.00	\$8,561.46	\$11,208.23
LOCATION adjustment	Good	Similar 0.0%	Inferior 10.0%	Inferior 5.0%
SIZE (Units) adjustment	44.0	106.0 15.0%	16.0 -10.0%	28.0 -5.0%
TOPOGRAPHY adjustment	Varies	Superior -50.0%	Superior -50.0%	Superior -50.0%
SERVICES adjustment	All services available	All services available 0.0%	All services available 0.0%	All services available 0.0%
SHAPE/ACCESS adjustment	Functional/Average	Similar/Similar 0.0%	Similar/Similar 0.0%	Similar/Similar 0.0%
ZONING adjustment	R-3A	T-5 0.0%	Com-1 0.0%	PrRes 0.0%
OTHER adjustment	Approvals	None 25.0%	None 25.0%	None 25.0%
NET ADJUSTMENTS		-10.0%	-25.0%	-25.0%
FINAL ADJUSTED PRICE PER UNIT	\$7,500	\$7,705	\$6,421	\$8,406

\*calculations may vary due to rounding

LAND SALES ADJUSTMENT GRID			
ELEMENT <i>by HafVal</i>	SUBJECT	SALE 4	SALE 5
ADDRESS	S. Allen and Onderdonk	406 Ballard Road Wilton, NY	Route 146 Clifton Park, NY
SALE PRICE	n/a	\$527,000	\$695,000
PROPERTY RIGHTS APPRAISED <i>adjustment</i> adjusted price †	Fee Simple	Fee Simple 0.00% \$527,000	Fee Simple 0.00% \$695,000
FINANCING & SALE CONDITIONS <i>adjustment</i> adjusted price ‡	Market	Market 0.00% \$527,000	Market 0.00% \$695,000
BUYER EXPENDITURES <i>adjustment</i> adjusted price ††	None	None \$0 \$527,000	None \$0 \$695,000
MARKET CONDITIONS <i>adjustment</i> adjusted price ‡‡	9/24/2010	1/30/2009 \$0 \$527,000	9/10/2009 \$0 \$695,000
ADJUSTED PRICE PER UNIT		\$11,456.52	\$9,928.57
LOCATION <i>adjustment</i>	Good	Inferior 5.0%	Similar 0.0%
SIZE (Units) <i>adjustment</i>	44.0	46.0 0.0%	70.0 8.0%
TOPOGRAPHY <i>adjustment</i>	Varies	Superior -50.0%	Superior -50.0%
SERVICES <i>adjustment</i>	All services available	All services available 0.0%	All services available 0.0%
SHAPE/ACCESS <i>adjustment</i>	Functional/Average	Inferior/Similar 5.0%	Similar/Similar 0.0%
ZONING <i>adjustment</i>	R-3A	PUD 0.0%	B-5 0.0%
OTHER <i>adjustment</i>	Approvals	Approvals 0.0%	None 25.0%
NET ADJUSTMENTS		-40.0%	-17.0%
FINAL ADJUSTED PRICE PER UNIT	\$7,500	\$6,874	\$8,241

\*calculations may vary due to rounding

## Explanation of Adjustments

**Sale Selection:** All five sales are sufficiently current and good indicators of value.

**Property Rights Appraised:** The subject is being appraised in fee simple estate. All sales sold in fee simple estate and no adjustments are required.

**Financing and Sales Concessions:** There are no aspects of sale financing that warrant adjustment, as all sales sold under market terms, cash or equivalent. Further, there are no conditions of sale to any of the comparable properties.

**Market Conditions:** Value characteristics of market conditions are market-attributable increases or decreases between the date of sale for each of the comparable improved sales and date of valuation for the subject.

Generally speaking, an increasing trend is believed to extend into 2007, since it is during this period that interest rates were low, financing was readily available, and new construction was fairly brisk. As the current recession began, market conditions started to taper off, even declining for some property types and locations.

Market conditions in the Saratoga Springs have increase from 2005 into 2007, and may have decreased from 2007 to 2009, with a flattening trend continuing to the present time. Overall, a positive 10% adjustment is applied.

Sale 2 transferred near the peak of the market and warrants a 5% downward adjustment.

Sale 3 transferred in 2004 and follow similar trending as Sale 1, however the increases where not as substantial and overall a positive 5% adjustment is applied.

Sale 4 and 5 transferred in 2009 and not adjustment is required.

**Location/Land:** The subject features a good intercity location with proximity to commercial and medical services. Sale 1 offers an inner city location and is similar to the subject. Sale 2, 3, and 4 are located in suburban settings and are considered inferior in terms of location. Sale 2 is located further from commercial centers, and warrants a more substantial adjustment. Sale 5 is located in a suburban setting, however, in areas with competing property values to the subject and no adjustment is required.

**Size:** Sale 1 and 5 features more units and warrants positive adjustment for size, evoking the economy of scale, which states larger units tend to sell for less than smaller units, with all other factors being equal. Sale 2 and 3 require negative adjustment for less number of units. Sale 4 offer relative similar number of units and no adjustment is required.

**Topography:** The subject is "bowl" shaped, and would required excessive fill in order to be developed. All five sales are generally level and offer superior topography warranting

a large downward adjustment. A quote from a local excavation company to fill and grade a similar site to the subject formed the basis for our adjustment.

**Services:** All five sales offer similar services available and no adjustments are required.

**Shape/Access:** Sales 1, 2, 3, and 5 offer similar shape and access and no adjustments are required. Sale 4 warrants a positive adjustment for inferior shape.

**Approvals:** Past research has shown vacant property sold with approvals in place for apartment buildings and subdivisions command approximately a 25% premium over properties lacking approvals. Sales 1, 2, 3, and 5 transferred without approvals in place and warrant a 25% upwards adjustment. Sale 4 transferred with approvals and no adjustment is required.

**Conclusion:** Equal weight is given to sales 1 through 4. Sale 5 may have included an additional parcel improved with a house, which was demolished, however this information could not be verified, and least weight is given to this sale.

Based on the above analysis, the appraiser is of the opinion that an adjusted unit price of \$7,500 per unit is well supported and, therefore, estimated in valuing the subject property.

In summary, 44 units x \$7,500 per unit = \$330,000



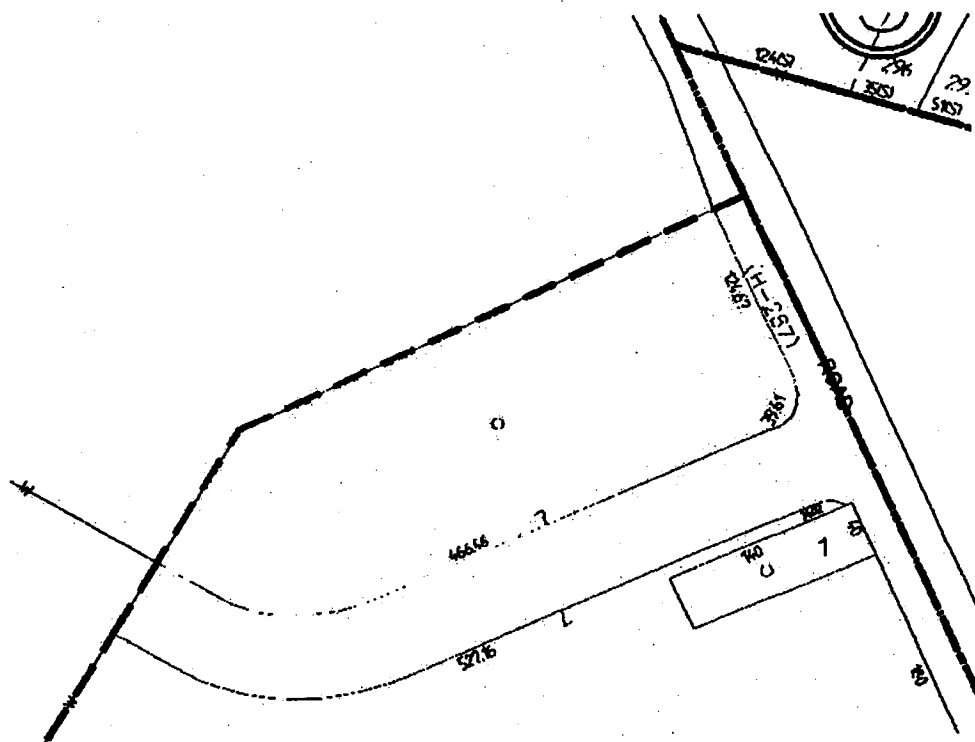


Sale Price/Gross Acre	\$221,180
Sale Price/Gross SF	\$5.08
Sale Price/Actual Units	\$7,783

**Remarks**

U-shape corner parcel with frontage along West Avenue and split frontage along Grand Avenue. The parcel is located in a T-5 zoning district of Saratoga, which is designed for neighborhood commercial uses. Frontage along Grand Ave is split by a single-family dwelling site, which the owner would not sell. The buyer is developing the site for senior housing (106 units approved at buyer's expense). Recorded as an arms' length sale.

**Land Sale No. 2**



**Property Identification**

**Record ID** 498  
**Property Type** Commercial  
**Property Name** Vacant Land  
**Address** 211 Sacandaga Road, Glenville T/O, Schenectady County, New York 12302  
**Tax ID** 29.15-4-2.11

**Sale Data**

**Grantor** Anthony F Dorazio, Sr.  
**Grantee** Robert P. Bosy  
**Sale Date** December 20, 2007  
**Deed Book/Page** 1774/708  
**Property Rights** Fee Simple  
**Conditions of Sale** Arm's Length  
**Verification** Donald Nichter; September 11, 2009; Other sources: MLS, PropInfo, SaleWeb, Confirmed by Justin Kramer

**Sale Price** \$145,000

**Land Data**

**Zoning** General Business  
**Topography** Generally Level  
**Utilities** All services available  
**Shape** Irregular

**Land Size Information**



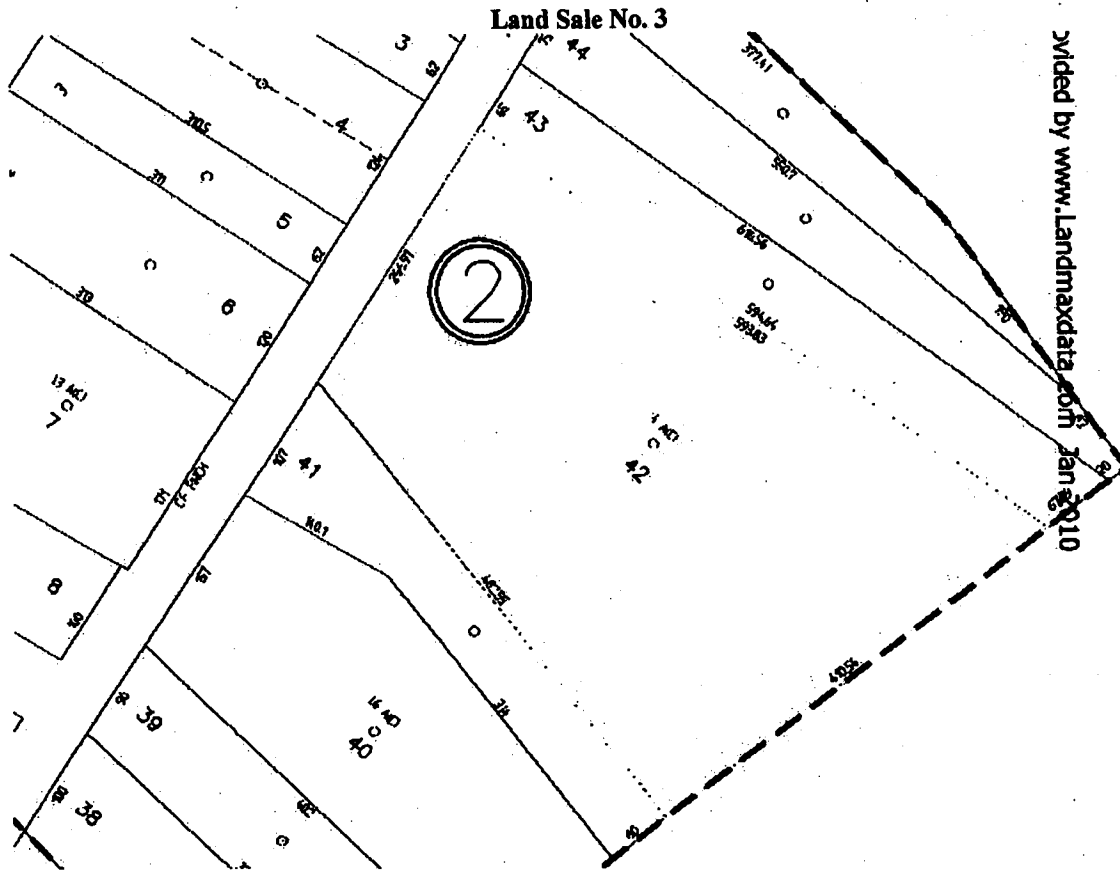
Gross Land Size                    1.400 Acres or 60,984 SF  
Actual Units                        16  
Front Footage                      125 ft Sacandaga Road

Indicators

Sale Price/Gross Acre            \$103,571  
Sale Price/Gross SF              \$2.38  
Sale Price/Actual Units         \$9,063

Remarks

Sale of a vacant commercial parcel on the corner of Sacandaga Rd and Burch Parkway, at the entrance of the Sacandaga Industrial Park. At the time of inspection, site work was underway for (2) six-unit apartment buildings. The property does not appear to lie in a wetlands area or flood zone. Sales web states the sale in not arm's length, but the broker confirmed the sale was arm's length.



**Property Identification**

**Record ID** 242  
**Property Type** Commercial, Apartment  
**Address** 88 Saratoga Road, Glenville T/O, Schenectady County, New York 12302  
**Tax ID** 22.18-2-42

**Sale Data**

**Grantor** Dolores Fragomeni  
**Grantee** Glenville Area Limited  
**Sale Date** July 14, 2004  
**Deed Book/Page** 1475/188  
**Verification** John Tracy; 518-452-2700, March 06, 2006; Other sources: Landata, other, Confirmed by Jennifer Sunkis

**Sale Price** \$299,000

**Land Data**

**Zoning** PrRes, Commercial & Residential  
**Topography** level  
**Utilities** all public and municipal available  
**Shape** irregular

**Land Size Information**

**Gross Land Size** 4.000 Acres or 174,240 SF  
**Actual Units** 28

**Indicators**

Sale Price/Gross Acre	\$74,750
Sale Price/Gross SF	\$1.72
Sale Price/Actual Units	\$10,679

**Remarks**

Per the listing agent there was no special financing or conditions that occurred and the sale was arm's length. Water and sewer are available at the street. There were no known wetlands. Sales price was \$299,000 for 4 acres of land. Since sale an elderly housing complex has been constructed, approximately 28 units. Purchaser paid for all approvals.



South Allen Street and Onderdonk Avenue

Front Footage                      543 ft Ballard Road

Indicators

Sale Price/Gross Acre	\$51,921
Sale Price/Gross SF	\$1.19
Sale Price/Planned Units	\$11,457

Remarks

Sale of a vacant parcel located just east of the corner of Route 34 and Ballard Road. The purchaser was affiliated with the corporation who sold the property, however the property was market for sale on the MLS, and according the attorney, the transfer is considered arm's length, since the parties were two separate entities with separate interests. The property sold with approvals for a 46-unit apartment complex.

Land Sale No. 5

Route 146 and Waite Rd.



- Legend**
- Major Roads
  - Major Roads Countywide
  - Streams
  - Wetlands Check Zone
  - Wetlands
  - Floodplains
  - Tax Parcels
  - Municipal Boundaries
  - Aerial Photos 2007
  - Municipal Boundary

May 7, 2010

*Disclaimer: This map was prepared by the Saratoga County Internet Geographic Information System (GIS). The map was compiled using the most current GIS data available. The aerial photography (orthoimagery) was prepared by the N.Y.S. Office of Cyber Security and Critical Infrastructure Coordination during the year 2001. Parcel and municipal boundaries are derived from tax maps and do not represent a land survey.*

**Property Identification**

Record ID	563
Property Type	Commercial
Property Name	Vacant Land
Address	Route 146 and Waite Road, Clifton Park (T/O), Saratoga County, New York
Tax ID	270.1-23.1

**Sale Data**

Grantor	Park West Meadows Inc.
Grantee	Clifton Park Housing Development Fund
Sale Date	September 10, 2009
Deed Book/Page	2009/41028
Property Rights	Fee Simple
Conditions of Sale	Arm's length
Verification	Michael Borgos; June 06, 2010; Other sources: SalesWeb, LandMax, Confirmed by Justin Kramer

Sale Price \$695,000

**Land Data**

<b>Zoning</b>	B-5, Commercial
<b>Topography</b>	Generally level
<b>Utilities</b>	All services available
<b>Shape</b>	Irregular

**Land Size Information**

<b>Gross Land Size</b>	21.670 Acres or 943,945 SF
<b>Planned Units</b>	70
<b>Front Footage</b>	1395 ft Route 146;515 ft Waite Road

**Indicators**

<b>Sale Price/Gross Acre</b>	\$32,072
<b>Sale Price/Gross SF</b>	\$0.74
<b>Sale Price/Planned Units</b>	\$9,929

**Remarks**

Sale of a 21.67+/-acre vacant parcel located on the corner of Route 146 and Waite Road in the town of Clifton Park. The parcel is generally level and mostly cleared. A small shed was located on the parcel, which added no value. A small portion of the site on the northeast corner appears to be impacted by wetland (less than 1%), and a larger portion of the site appears to be located in a wetlands check zone (40%+/-). The parcel does not appear to lie in a flood zone. No approvals were in place at the time of sale. An apartment complex for seniors is planned. A second parcel of land improved with a home was purchased in addition to the main parcel; however, this sale could not be confirmed.

**Final Reconciliation**

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed.

**Value Indications**

Cost Approach.....	N/A
Income Approach .....	N/A
Sales Comparison Approach.....	\$330,000

**Value Conclusion**

By reason of our investigation and by virtue of our experience, it is the opinion of the appraisers that the **market value**, of the subject property, in the **fee simple estate**, as of **September 24, 2010** is:

**THREE HUNDRED THIRTY THOUSAND (\$330,000) DOLLARS**



In this appraisal assignment, the existence of potentially hazardous material that may be used in the construction or maintenance of the building, and/or the existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances and we urge you to retain an expert in this field, if desired.

**Hypothetical Conditions:** (1) The subject property is zoned R-3A. (2) Approval to construct a 44-unit apartment complex are in place. (3) The playground appurtenances have been removed.