

# Summary Statement

The following is a summary statement of an appraisal relating to the purchase of real property or an interest therein.

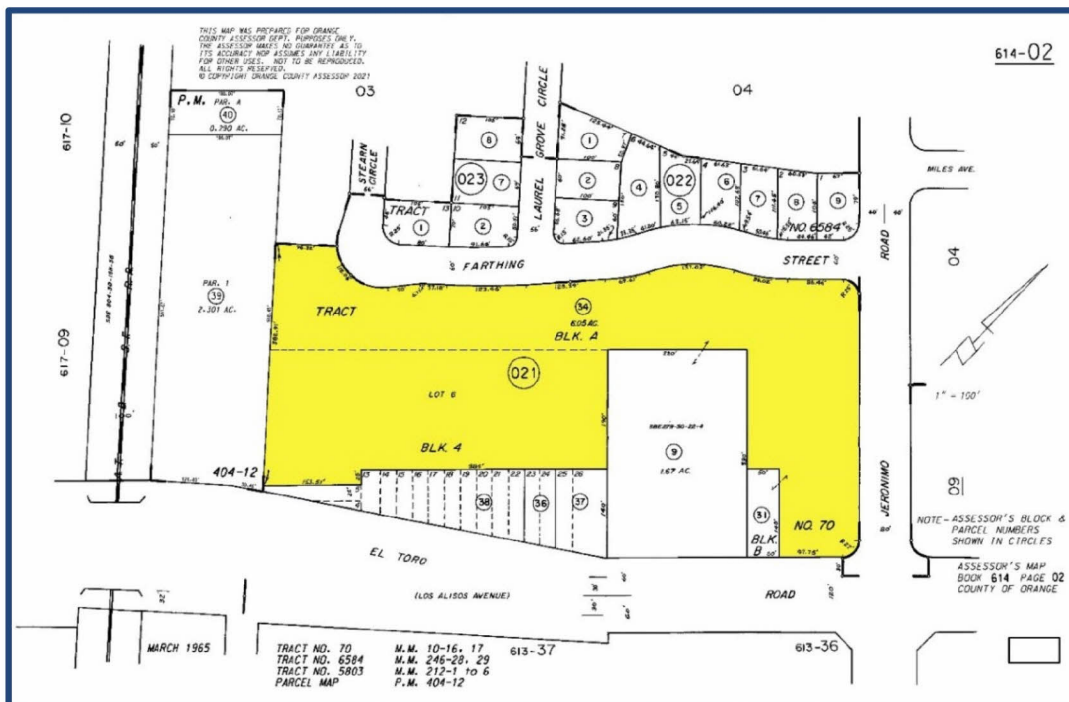
## Basis of Fair Market Value

The fair market value for the property to be acquired is based upon an appraisal, prepared in accordance with accepted appraisal principles and methodologies (see attached Definitions) and by a certified general real estate appraisal. Per the definition of market value for eminent domain purposes in the CA code of civil procedure, any increase or decrease in the fair market value of the subject property as of the date of value caused by the public improvement for which such property is being acquired has been disregarded in determining Just Compensation.

## Proposed Acquisition Description

The City of Lake Forest has decided to appraise a portion of the subject property known by the County of Orange County Assessor's Parcel No. 614-021-34 located on the west corner of El Toro Road and Jeronimo Road in the City of Lake Forest, County of Orange County with an address of 25052 Farthing Street, Lake Forest, CA. The Jeronimo Road Widening Improvement Project is located at the intersection of El Toro Road and Jeronimo Road. The project will expand the roadway and add additional turn lanes to accommodate great traffic. The city will be acquiring a permanent roadway easement to move existing sidewalk inward and expand the road. A narrow strip located on the subject's northeastern border is proposed for permanent roadway dedication. The strip contains a concrete wall and various landscaping, including large trees. The concrete block wall will be replaced inward at the proposed new property boundary.

### PLAT MAP



The subject site is located on the west corner of El Toro Road and Jeronimo Road. The characteristics of the site are summarized as follows:

### Site Characteristics

Location:	The west corner of El Toro Road and Jeronimo Road
Gross Land Area:	6.05 Acres or 263,538 SF (Based on Assessor's Plat Map)
Usable Land Area:	6.05 Acres or 263,538 SF
Usable Land %:	100%
Shape:	Irregular
Average Depth:	Various
Topography:	Level
Drainage:	No apparent problems noted
Grade:	At street grade
Utilities:	All to site
Interior or Corner:	Corner
Signalized Intersection:	Yes, traffic signal at site corner with no enhanced access
Excess Land:	None
Surplus Land:	None

### Subject Larger Parcel

As discussed in the highest and best use section there appears to be unity of title and contiguity with the ownership and use of the subject property. This analysis will be performed utilizing the theory of the "Larger Parcel". For the purposes of this appraisal, the "Larger Parcel" will refer to the subject site(s) "as vacant" and unimproved, but in a finished condition and with a residential multi-family zoning.

### Acquisition Summary

The subject property larger parcel is the underlying land of the Forest Glen apartment community. The taking is not expected to have an impact on the continued use of the subject property. The subject larger parcel is assumed to be approximately 6.05 acres or 263,538 square feet. The subject project will use a 3,427 square foot permanent roadway taking based on a survey from Michael Furlong of Tait and Associates. There are no temporary easements for construction. The value of the Part to be taken is considered as a portion of the value of the Larger Parcel.

### Appraisal Methodology

There are three recognized methods employed when valuing real property: (1) the Sales Comparison Approach, (2) the Income Approach, and (3) the Cost Approach. All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. When valuing underlying land for property such as the subject, the most relevant approach is the Sales Comparison Approach. The underlying land is not leased, and an Income Approach is not commonly used for valuing a fee simple interest in land. The analysis also uses methodology of the Cost Approach when valuing site improvements within the take areas. Further

discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

### Sales Comparison Approach

The Sales Comparison Approach is a method of estimating market value whereby a subject property is compared with comparable properties that have sold recently or are available for purchase. One premise of the Sales Comparison Approach is that the market will determine a price for the property being appraised in the same manner that it determines the prices of comparable, competitive properties. Essentially, the Sales Comparison Approach is a systematic procedure for carrying out comparative shopping. As applied to real estate, the comparison is applied to the unique characteristics of the economic good that causes real estate prices to vary.



## Discussion and Analysis of Land Sales

Adjustments for property interests because all sales were fee simple. Furthermore, adjustments for favorable financing, conditions of sale and expenditures after sale were not warranted. There is very limited supply, vacancy has been on the decline, rental rates have increased, and property values have been increasing over the past few years. However, recent interest rate policy undertaken by the federal reserve has slowed growth for residential property. Thus, we have made upward adjustments to the comparable properties at rate of 2% per year from the date the property sold to the date of value for the subject property in order to account for these changes in market conditions (time). Each of the sales occurred over the past ten months and consist of residential properties in Southern California. As discussed in the highest and best use and market analysis sections. High demand for single family homes and townhomes has led to similar transaction prices for low to low-medium density residential uses. Each of the sale transactions come from zonings of these densities which trade at similar prices in the market. All sites also sold with all utilities to site and level topography.

### Land Sale No.1

Land sale no. 1 is located northwest of the subject, at 1442 N Dale Avenue, in the City of Anaheim. The sale price for this property was \$2,500,000 which equates to \$61.71 per square foot. The property consists of a smaller residential site with aged improvements surrounded by apartments. The property location is in an inferior income area and also has the rear portion bordering a freeway on the northern side. The property is an irregular shape and located on an interior lot. It is similar in zoning and topography. However, it is smaller in size. At the time of sale there were two small old residential structures on the property. Thus, some demolition by the buyer was necessary. Overall, this comparable was considered inferior to the subject. After adjustments, this sale provides an indication of land value for the subject at **\$64.20** per square foot.

### Land Sale No.2

Land sale no. 2 is located west of the subject, at 8371-8461 Talbert Avenue, in the City of Huntington Beach. The location is in a similar income area with good proximity to beaches and is considered similar overall to the subject. The sale price for this property was \$6,150,000 which equates to \$66.53 per square foot. The property is smaller in size and consists of a rectangular lot. The property contains three large old single-family developments and is adjacent to a Church and tract homes. These have been demolished and the site is presently under redevelopment of a higher density project. Overall, this comparable was considered similar to the subject. After adjustments, this sale provides an indication of land value for the subject at **\$63.79** per square foot.

### Land Sale No.3

Land sale no. 3 is located northwest of the subject, at 9071-9091 Lampson Ave, in the City of Garden Grove. The location is in an inferior income demographic area compared to the subject. The site is surrounded by older tract homes. The sale price for this property was \$4,750,000 which equates to \$68.30 per square foot. The property is smaller in size and rectangular in shape. However, it is situated on an interior lot. The property presently contains four larger single family developments which are older in age and were demolished by the buyer. Overall, this comparable was considered inferior to the subject. After adjustments, this sale provides an indication of land value for the subject at **\$68.97** per square foot.

### Land Sale No.4

Land sale no. 4 is located west of the subject, at 21141 Strathmoor Ln, in the City of Huntington Beach. The location is in a slightly superior income area and has very close proximity to the ocean



and the downtown area of the city relative to sale 2 which is in the same city. The site is surrounded by older tract homes. The sale price for this property was \$39,000,000 which equates to \$64.32 per square foot. The property is larger in size and rectangular in shape, but is located on an interior lot. The property sold with a former school building that has been demolished by the buyer. The northwest corner of the lot overlaps with a residential street. The roadway dedication area is not listed on the parcel map and the map only lists the gross area. As a result, we have made an adjustment to account for this gross area that is not usable. Overall, this comparable was considered similar to the subject. After adjustments, this sale provides an indication of land value for the subject at **\$63.64** per square foot.

#### Land Sale No. 5

Land sale no. 5 is located west of the subject, at 9790 Finch Avenue, in the City of Fountain Valley. The property is located in a coastal area within an existing single family development and is also the site of a former school. Overall, the area which is near sale 2 is considered similar. The sale price for this property was \$33,500,000 which equates to \$59.25 per square foot. The property is larger in size and rectangular in shape, but is located on an interior lot. The former school site was demolished by the buyer who obtained entitlements, subdivided the land, and sold it to a homebuilder. Overall, this comparable was considered similar to the subject. After adjustments, this sale provides an indication of land value for the subject at **\$64.70** per square foot.

### Conclusion of Land Value

From the market data available, five land sales in competitive market areas which were most comparable to the subject were selected. We adjusted the comparable sales based on pertinent elements of comparison as discussed earlier and summarized the adjustments in the preceding adjustment grid. Descriptive statistics for the sales and adjustments are presented in the table below.

#### Land Comparable Statistics

Metric	Unadjusted	Adjusted
Minimum Sale Price per Sq. Ft.	\$59.25	\$63.64
Maximum Sale Price per Sq. Ft.	\$68.30	\$68.97
Median Sale Price per Sq. Ft.	\$64.32	\$64.20
Mean Sale Price per Sq. Ft.	\$64.02	\$65.06

Overall, the sales provide a reasonable range of value. In conclusion, we have given equal weight to all sales, however, given the value premise for just compensation purposes, we have selected a price per square foot near the mid-point end of the adjusted range, which was determined to be **\$68.00** per square foot. The land valuation is summarized as follows:

#### LAND VALUE INDICATION

Land Valuation	
Land Area (square	263,538
Indicated Value PSF	\$68.00
Indicated Value	\$17,920,584
<b>Final Land Value Determination from Sales Comparison Approach (Rd.)</b>	<b>\$17,920,000</b>

# Condemnation Analysis

## Description of the Part Taken: Permanent Fee Takings

This project proposes to take a permanent roadway easement of 263,538 square feet at the northern boundary of the subject site. The roadway easement consists of a narrow strip that begins near the northwestern portion and extends inward increasingly to the northeastern corner. The majority of the take areas are near the northeastern corner. Presently, the area contains a concrete block wall and sloping downward landscaping areas. The landscaped areas consist of shrubbery, grass lawn and 10 large trees which will be removed. The remaining trees will be protected in place. Maps showing the construction area and improvements that will be removed are located earlier in the report after the highest and best use section. The legal and plat map for the taking is shown after this discussion and analysis.

## Analysis of the Part Taken

In the Land Sales Analysis, a value indicator of \$68.00 per square foot is attributed to the land area for the larger parcel. The part to be taken is 263,538 square feet for the development of a roadway easement. The impact to the subject is less than a full taking of entire land area. However, the taking is permanent. Any site improvements impacted by this take will be replaced or put back in a manner similar to their current state. This includes the concrete block border wall which will be moved inward to the new lot line. As a permanent roadway taking of the subject property, all property rights to the take area will be acquired and a 100% reimbursement of the full market value of the land portion being taken is appropriate. Therefore, utilizing a rate of 100% results in a value conclusion for the portion of the subject acquired for the roadway easement purpose of \$233,036. This calculation is shown in the table below.

### Permanent Fee Taking

Parcel Type	Area of Part		Value
	Taken	Value Per SF	Conclusion
Permanent Roadway Fee Taking	3,427 SF	\$68.00	\$233,036

## Site Improvements within the Take Area

The primary area of the fee taking is located along the northern strip of the property. The site improvements consist of a concrete block wall, sidewalk, grass lawn and shrubbery, and large pine trees. The concrete block wall will be replaced as a part of the project at the new lot line and does not require compensation. The 10 pine trees are large in size and were given a rate of \$4,646 each. The entire area is part of the apartments landscaped area and was applied a rate of \$9.50 per square foot for the total area. The rate figures came from the segregated cost section of the Marshall and Swift Valuation Service. The existing sidewalk and concrete block wall will be removed and reconstructed at the cost of the improvement project. Thus, we have not included a cost for these items.

**Site Improvements**

Type	No.		Rate	Total
Large High Quality Tree	10 Qty.	@	\$4,646	\$46,455
Average Residential Landscaping	3,427 SF	@	\$9.50	\$32,543
<b>Total</b>				<b>\$78,998</b>



**LEGAL DESCRIPTION – ROADWAY DEDICATION Easement**

**EXHIBIT "A"**  
**IRREVOCABLE OFFER OF DEDICATION**  
**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LAKE FOREST IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

BEING A PORTION OF BLOCK A, IN TRACT NO. 70 IN THE CITY OF LAKE FOREST, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10, PAGES 16 AND 17, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF JERONIMO ROAD DISTANT SOUTH 43° 51' 00" EAST 189.00 FEET FROM THE MOST EASTERLY CORNER OF LOT 105 OF TRACT NO. 5803, AS PER MAP RECORDED IN BOOK 212, PAGES 1 TO 6, INCLUSIVE, OF MISCELLANEOUS MAPS, SAID SOUTHWESTERLY LINE ALSO BEING THE NORTHEASTERLY LINE OF SAID PORTION OF BLOCK A;

THENCE CONTINUING ALONG SAID SOUTHWESTERLY LINE SOUTH 43° 51' 00" EAST 391.04 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 27.00;

THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89° 58' 00", AN ARC DISTANCE OF 42.40 FEET TO THE END OF A TANGENT CURVE AND THE NORTHWESTERLY LINE OF EL TORO ROAD;

THENCE CONTINUING ALONG SAID NORTHWESTLY LINE, SOUTH 46° 07' 00" WEST 13.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 27.00;

THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89° 58' 00", AN ARC DISTANCE OF 42.40 FEET TO THE END OF A TANGENT CURVE;

THENCE NORTH 43° 51' 00" WEST 49.12 FEET;

THENCE NORTH 42° 09' 12" WEST 150.18 FEET;

THENCE NORTH 41° 17' 48" WEST 192.01 FEET TO THE POINT OF BEGINNING.

CONTAINING A TOTAL AREA OF 3,427 SQUARE FEET, MORE OR LESS.

ALSO SHOWN IN EXHIBIT "B" ATTACHED HERewith AND MADE A PART HEREOF.

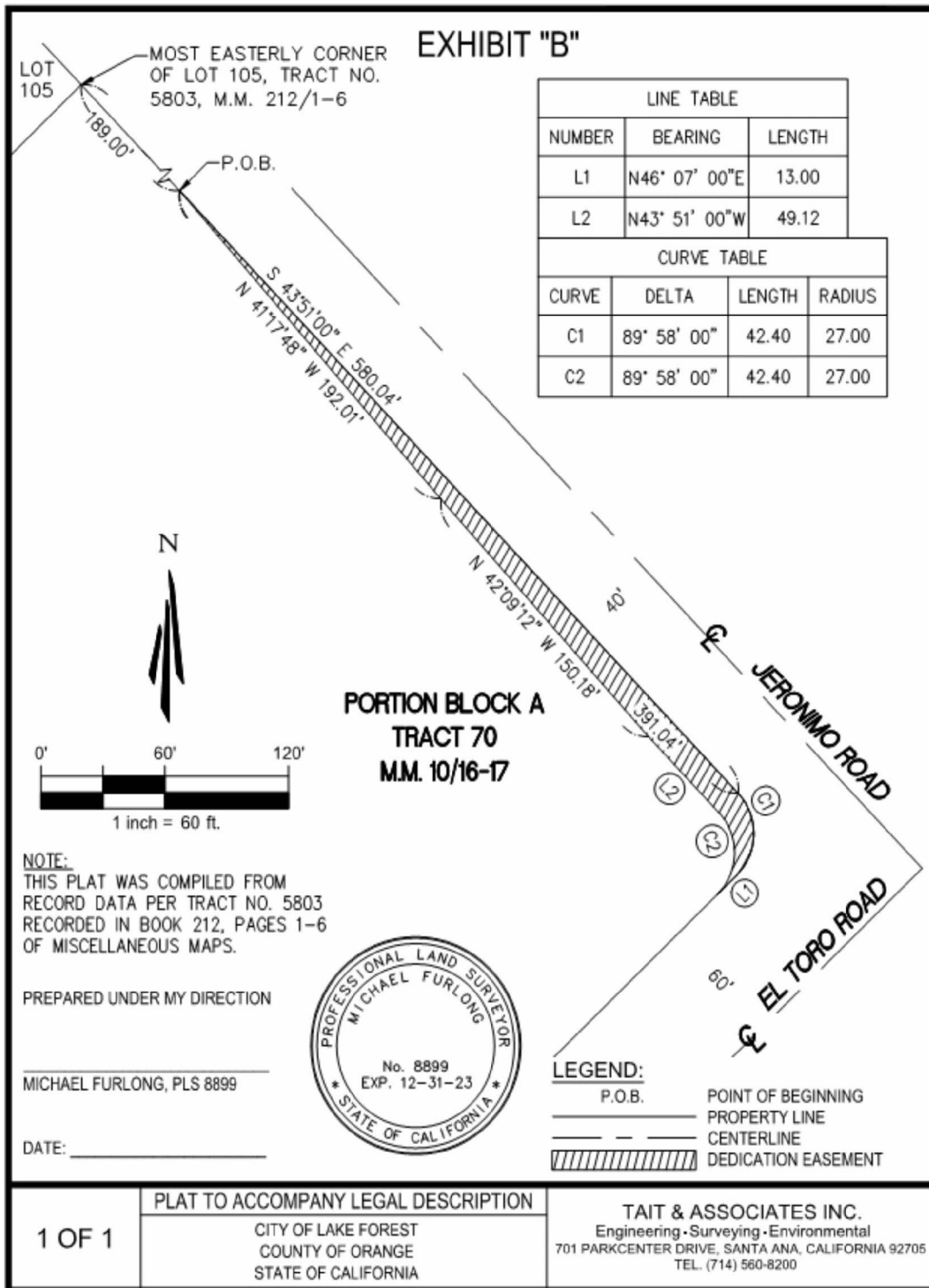
THIS DESCRIPTION WAS PREPARED BY ME OR UNDER MY SUPERVISION,  
IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYOR'S ACT.

\_\_\_\_\_  
MICHAEL FURLONG, PLS 8899  
LICENSE EXPIRES: 12-31-23

\_\_\_\_\_  
DATE



**PARCEL MAP – ROADWAY DEDICATION EASEMENT**





Photographs of Partial Take



**View of RIGHT OF WAY** area looking East



**VIEW OF Partial Take Area** along Northeastern Corner



### Effects of the Acquisition on the Subject Remainder Parcel

The purpose of this section is to value the remainder parcel after the acquisition as a stand-alone parcel, analyzing the effects of the acquisition. The area taken is small and is not expected to impact the remainder site upon completion.

### Analysis of Severance Damages & Benefits

Severance damage is a loss in value to the remaining property after acquisition and construction in the manner proposed. Severance damages are valued by an appraisal of the remainder as a portion of the total property in the before condition and as a remainder in the after condition (disregarding the benefits of the construction project). The remainder is considered damaged if worth less after the project construction because of a legally compensable reason.

After taking the portions of the property described in the prior section, we concluded that there will be no adverse impact to the property as a whole. Effectively, there will be no change in drainage or grade to the remainder property. Access, visibility and parking will also remain the same. The improvement project will replace or put the improvements back in a manner similar to their current state. Thus, it is our opinion that the subject remainder property will not be negatively impacted by the acquisition of the part taken or the construction of the project improvements. Therefore, it is concluded that there is no severance damages to the subject property.

Benefits are also valued by appraising the remainder both before, and after, the taking. Benefits are offset against any severance damages. There will be no change in either the drainage or grade level of the remainder property. Traffic flow is expected to improve with the proposed improvement project, but this is considered a benefit to the community at large, as well as to the subject. Therefore, considering all aspects of the taking and the proposed project, we have concluded that there are no benefits to the subject remainder property.

### Value of Remainder in After Condition

Considering the analysis of severance damages and benefits the value of remainder in the after condition is concluded at \$17,608,550. Our value conclusions are summarized in a table on the following page.

## Value Conclusions

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Shown below is a summary of value conclusions of this report and a fair market value of the proposed acquisitions. The definition of value market value used is from the California Code of Civil Procedure for eminent domain purposes. These conclusions are subject to the assumptions and limiting conditions included at the end of this report and the extraordinary assumptions and hypothetical conditions described previously. The date of value is as of May 3, 2023, and represent the market value of the Fee Simple interest in the subject property.

### Valuation Summary

Component	Value Conclusions	Market Value of Acquisition
Value of Larger Parcel in Before Condition	\$17,920,584	
<b>Permanent Property Rights</b>		
Value of Part Taken - Land (3427 SF)	\$233,036	
Site Improvements	\$78,998	
Total Value of Permanent Property Taken	\$312,034	\$312,034
<b>Severance / Benefits</b>		
Severance Damages	\$0	
Less Benefits	\$0	
Net Severance Damages	\$0	
Value of Remainder in After Condition	\$17,608,550	
<b>Fair Market Value (Parts Taken, Severance Damages/Benefits)</b>		\$312,000

## Definitions

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### Market Value

“(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant market is its value on the date of valuation as determined by any method of valuation that is just and equitable.”<sup>8</sup>

### Just Compensation

“In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken; should put the owner in as good a position pecuniary as he or she would be if the property had not been taken; generally held to be market value, but courts have refused to rule that it is always equivalent to market value.”<sup>9</sup>

### Larger Parcel

“In condemnation, the portion of a property that has unity of ownership, contiguity, and unity of use, the three conditions that establish the larger parcel for the consideration of severance damages in most states. In federal and some states cases, however, contiguity is sometimes subordinated to unitary use.”<sup>10</sup>

### Partial Taking

“The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of compensation.”<sup>11</sup>

### Remainder

“In eminent domain condemnation, that portion of the larger parcel the property remaining in the ownership of the property owner after a partial taking.”<sup>12</sup>

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<sup>8</sup> California Code of Civil Procedure, Section 1263.320

<sup>9</sup> The Dictionary of Real Estate Appraisal, Appraisal Institute, Seventh Edition

<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Ibid



### Damages

"In condemnation, the loss in value to the remainder in a partial taking of property. Generally the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently." <sup>13</sup>

### Property Rights Appraised

A "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."

### Tenants in Common

Title to property held by two or more persons, in which, each has an "undivided interest" in the property and have an equal right to use the property, even if the percentage interests are not equal or the living spaces are different sizes. There is no "right of survivorship" if one of the tenants dies, and each interest may be separately sold, mortgaged or willed to another.

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<sup>13</sup> The Dictionary of Real Estate Appraisal, Appraisal Institute, Seventh Edition