



Commercial Real Estate Services, Worldwide.

Office 760-346-1566 x1023
Direct 760-834-3623
FAX 760-346-1309
URL <http://www.naicapital.com>
75-410 Gerald Ford Dr.
Suite 200
Palm Desert, CA 92211
DRE LICENSE 01363265

May 20, 2020

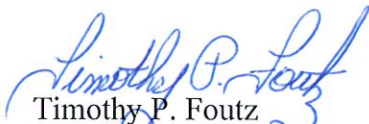
Mr. Geoffrey Buchheim
Finance Director
Successor Agency to the Redevelopment
Agency of the City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, California 92240

Dear Mr. Buchheim;

We are pleased to provide to the Successor Agency our updated Broker Opinion of Value for Parcel 11, as of May 20, 2020. Based on our assessment of the subject site location and market characteristics substantiated by historical comparable sales in the area we value the property at **\$9,800**.

Our Opinion of Value is attached.

Respectfully,


Timothy P. Foutz
Chief Executive Officer
Broker DRE # 00389515


Lynn F. Coker
Senior Vice President

Attached: Broker Opinion of Value Parcel 11

May 20, 2020

Mr. Geoffrey Buchheim
Finance Director
Successor Agency to the Redevelopment
Agency of the City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, California 92240

Re: Broker Opinion of Value for 66146 Pierson Boulevard – APN 639-232-040, Desert Hot Springs, California

Dear Mr. Buchheim:

We have prepared the following report regarding our opinion of value for the above referenced property (“Property”). Our opinion of value is based on an analysis of comparable sales as described below. Because there have been no other vacant standalone residential lot land sale transactions in the neighborhood of Parcel 11 since our prior Broker Opinion of Value dated December 20, 2019, we confirm the value of the property on May 20, 2020 at **\$9,800**.

Property Description

The subject Property is located at 66146 Pierson Boulevard in Desert Hot Springs (APN 639-232-040), consists of an approximately 0.15-acre site or approximately 6,534 square feet. The Property is zoned Commercial General (“CG”) within the City’s Zoning Ordinance. Per the City’s Zoning Ordinance, CG-zoned property must be at least 5,000 square feet in size. Property is located on the Southside of the block bounded by Pierson Boulevard on the south, First Street on the north, West Drive on the west and Center Drive on the east (the “Block”). All of the parcels located along the Southside of the Block are zoned CG. Most of these parcels are vacant. The parcels located along the Northside of the Block are zoned residential. All but three of these parcels are improved.

Although the Property meets the size requirement of the Zoning Ordinance, it is considered substantially under-size in the current market environment as many of the potential users we are familiar with require more land to accommodate the structures and parking they would propose. Therefore, these conditions tend to limit the utility of smaller sites, which reduces the size of the pool of potential buyers. We also have found that sales of less attractive parcels (i.e., for substandard size or for any reason), trend toward lower per square foot sales prices. The following comparable sales analysis reveals this trend:

Comparable Sales

The following comparable sales analysis uses three vacant land sales in the general vicinity of Property. Two of these recent sales are for property in the same Block and the third sale is for property located only six blocks away. All three are zoned CG. All three sales involve multiple contiguous parcels that average

about $\frac{3}{4}$ of an acre in size. Given the same zoning and proximity, we believe these three comparable sales are most pertinent to our opinion of value for the Property.

1. Comparable No. 1 consists of five parcels located approximately six blocks from the Property at the southwest corner of Palm Drive and 6th Street. It is approximately 0.87 acres in size (i.e., approximately 37,897/sf) and is vacant. Comparable No. 1 is 5.8 times larger than the Property and has a superior location at a “hard” corner on a major thoroughfare. Its size and location make this property more desirable for development and thus justified a sales price of \$115,000 or \$3.03 per square foot. By comparison, the Property has a mid-block location and is substantially undersized with respect to current market demand. Based on this, it is our opinion that a downward adjustment of 50% or \$1.52/sf is warranted in this instance. Therefore, the adjusted price is approximately \$1.51/sf or approximately \$9,867 (rounded).
2. Comparable No. 2 consists of four parcels located in the same Block as the Property. It is approximately 0.69 acres in size (i.e., approximately 29,136/sf) and is vacant. Comparable No. 2 is 4.6 times larger than the Property and has the same mid-block location as the Property. Nevertheless, its size makes this property more desirable for development and thus justified a sales price of \$64,822 or \$2.27 per square foot. By comparison, the Property is substantially undersized with respect to current market demand. Based on this, it is our opinion that a downward adjustment of 35% or \$0.80/sf is warranted in this instance. Therefore, the adjusted price is approximately \$1.47/sf or approximately \$9,605 (rounded).
3. Comparable No. 3 consists of two parcels located at the northeast corner of Pierson Drive and West Drive. It is approximately 0.75 acres in size (i.e., approximately 32,670/sf) and is vacant. Comparable No. 3 is 5 times larger than the Property has a superior location at a “hard” corner on a major thoroughfare. Its size and location make this property more desirable for development and thus justified a sales price of \$98,010 or \$3.00 per square foot. By comparison, the Property has a mid-block location and is substantially undersized with respect to current market demand. Based on this, it is our opinion that a downward adjustment of 50% or \$1.50/sf is warranted in this instance. Therefore, the adjusted price is approximately \$1.50/sf or approximately \$9,801 (rounded).

To determine our opinion of value, we averaged the square foot value conclusions noted above. In doing so, the result is an average per square foot value of \$1.50 (i.e., $\$1.51 + \$1.47 + \$1.50 = \$4.48 \div 3 = \$1.4933$, or \$1.50 rounded). When this per square foot value is applied to the size of the Property, the result is \$9,800 (i.e., $\$1.50 \times 6,534 = \$9,801$, or \$9,800 [rounded]).

Limitations

It is important to state that this analysis is expressly limited to our professional estimate of the market value of the Property and has been prepared for the exclusive use of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs. This report may not be used for any other purpose without our express written approval. Further, this report has been prepared based matters of record and does not take into consideration any future public determinations that may result in additional costs. Such circumstances are unknown at this time and, therefore, are beyond the scope of this analysis.

Broker Opinion of Value

Based on the above analysis, it is our opinion that the "As-Is" value of the Property is:

Broker Opinion of Value: \$9,800

Also, enclosed you will find the following:

1. Property Profile
2. Sale Comparables Information with Summary Table
3. Broker's Resume

We appreciate the opportunity to prepare this report. Please do not hesitate to call with any questions.

Sincerely,


Timothy P. Foutz
Chief Executive Officer
Broker DRE # 00389515

Lynn F. Coker
Lynn F. Coker
Senior Vice President



First American

myFirstAm® Property Profile

66146 Pierson Blvd, Desert Hot Springs, CA 92240

Property Information			
Owner(s):	Redevelopment Agency City Of Dsrst Hot Spgs	Mailing Address:	65950 Pierson Blvd, Desert Hot Springs, CA 92240
Owner Phone:	Unknown	Property Address:	66146 Pierson Blvd, Desert Hot Springs, CA 92240
Vesting Type:	N/A	Alt. APN:	639232040
County:	Riverside	APN:	639-232-040
Map Coord:		Census Tract:	044509
Lot#:	40	Block:	N
Subdivision:	Desert Hot Springs Cabin Sites Tract	Tract:	
Legal:	Lot 40 Blk N Mb 019/066 Desert Hot Springs Cabin Sites		

Property Characteristics			
Use:	Commercial Lot	Year Built / Eff. :	/
Zoning:		Lot Size Ac / Sq Ft:	0.1506 / 6561
		Sq. Ft. :	
		# of Units:	1

Sale and Loan Information			
Sale / Rec Date:	04/23/2003 / 04/30/2003	*\$/Sq. Ft.:	
Sale Price:	\$50,000	1st Loan:	
Doc No.:	308839	Loan Type:	
Doc Type:	Deed	Transfer Date:	04/30/2003
Seller:	Chabad Of California	Lender:	
		2nd Mtg.:	
		Prior Sale Amt:	
		Prior Sale Date:	
		Prior Doc No.:	
		Prior Doc Type:	

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

Tax Information	
Imp Value:	Exemption Type:
Land Value:	Tax Year / Area: / 14-037
Total Value:	Tax Value:
Total Tax Amt:	Improved:

Property Profile

66146 Pierson Blvd, Desert Hot Springs, CA 92240

4/18/2019

All information contained herein is subject to the Limitation of Liability for Informational Report set forth on the last page hereof.

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Opinion of Value

SUCCESSOR AGENCY FOR: City of Desert Hot Springs: Parcel # 11 NAI Capital: LYNN COKER
 COMPANY: City of Desert Hot Springs: Parcel # 11 PHONE #: (760) 346-1566
 Please rate the following:

LOCATION CHARACTERISTICS	EXCELLENT	GOOD	FAIR	POOR
Accessibility:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior Appearance:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Highway Visibility:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Building Condition:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Site Size:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Building Age:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Utilities:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Zoning:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

LOCATION CHARACTERISTICS:

- Commercial Corridor
 Highway/Interstate
 Remote/Rural
 Residential/Rural
 Downtown
 Suburban Business Park
 Retail Pad

Describe:	Vacant dirt lot on Pierson Blvd. Standalone lot too small for commercial development.
Neighboring uses:	Vacant Commercial Land
Potential alternate uses:	Vacant Commercial Land, Small Pocket Park.
Market conditions & trends:	Low sales volume of commercially zoned standalone small vacant land parcels.
Amenities/Advantages:	Inner city access. Curbs and Gutters plus Paved Streets
Problems:	Inactive market conditions. On its own this lot is too small for commercial development.
What can be done to enhance the marketability of property?	Unless the zoning is changed for this site allowing single family development or the site is combined with a much larger assembly of vacant land suitable for commercial development, per its existing zoning, the subject site will sit vacant for many years.
Estimated area vacancy rate for this type of property?	There are more than 50 similar lots within 1500 feet of this Desert Hot Springs vacant parcel
Estimated downtime for this type of property?	36 Months

Estimated market value for this property?

X For Sale: **\$9,800** For Lease: N/A **NA** Month/Net:

Recommended offering price for this property?

X For Sale: **\$9,800** For Lease **NA** Month/net

*Please attach recent comparable sale information to support the estimate of value.

SALE COMPARABLES – COMPLETED TRANSACTIONS

Attach copies of listing summary sheet/data flyers if available.

	SUBJECT	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3
Address:	66146 Pierson Blvd	Palm Drive and 6 th	66098-66108 Pierson Blvd	66071 – 66079 Pierson Blvd
Owner Name	LRPMP # 11	Calvin Chun	Richard Feenstra	Karnail Singh
Year Built				
Condition (1)	Average	Average	Average	Average
Area (SF)	6,534	37,897	29,136	32,670
Rental Rate (\$/SF)		N/A	N/A	N/A
Rate Adjustments				
Over Lease Terms				
Expense Terms (2)				
Location (1)		<1 mile	< 1 mile	< 1mile
Quality (1)	Inferior	Superior	Superior	Superior
Date Sold		April 2017	February 2018	May, 2019
Sale Price	\$9,800	\$115,000	\$64,822	\$98,010
Price PSF	\$1.50	\$3.03	\$2.27	\$3.00

Comment Subject:	Very small inner city commercial lot situated mid-block. On its own, not a useful sized vacant lot for meaningful commercial development.
Comp. #1:	Superior hard corner, larger commercial location on major thoroughfare suitable for a variety of commercial uses.
Comp. #2:	Superior size therefore more suitable for commercial development along a major local thoroughfare.
Comp. #3:	Superior larger property with access from both Acoma and Pierson streets suitable for various commercial applications.

66146 Pierson Blvd.





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TIMOTHY P. FOUTZ
DRE #00389515

Scope of Service Experience

As the Chief Executive Officer, Mr. Foutz is working in cooperation with the other members of the NAI Capital management team to implement the growth and retention of brokers and staff. The management team is actively upgrading the office systems and programs to better assist 225 associates in providing valuable insight and assistance to their clients.

Background & Experience

Mr. Foutz's professional background includes over 45 years of industrial, office and commercial marketing experience. Starting in July of 1971, Mr. Foutz began his real estate career with Grubb & Ellis Commercial Brokerage. Beginning with a single office in downtown Los Angeles, Mr. Foutz was one of the original members who helped the Company grow to multiple offices throughout the State of California. Mr. Foutz left Grubb & Ellis in March of 1994 to become a partner with NAI Capital, Inc. and has been instrumental in its growth to fourteen current offices. He has had primary responsibility for the listing and marketing of numerous properties throughout the San Fernando Valley and Ventura County and in assisting in the hiring and training of commercial brokers.

In his capacity as agent for many Fortune 500 Companies and prominent principals seeking to relocate in the California real estate market, Mr. Foutz has been responsible for some of the largest transactions undertaken either at Grubb & Ellis or by NAI Capital, Inc. Several examples include the successful completion of the acquisition of land for the construction and consolidation of 52 office and industrial/research and development facilities for the World Headquarters for the Atari Corporation in Northern California; the acquisition and development of the 29 acre site for the World Headquarters of Dole Foods;

the acquisition by defense contractor Ensign-Bickford of a five-building complex totaling 166,628 square feet on 218 acres of land.

Mr. Foutz has represented Time Warner, Inc. in the acquisition or disposition of over 10,000,000 square feet of office and industrial space. This representation has been throughout the State of California and has involved the co-ordination of multiple people and numerous divisions of the company. Other notable transactions that Mr. Foutz has brokered involve the leasing of 160,411 square feet to Packard Bell Computers in Westlake Village as marketing agent for Eaton Corporation. Mr. Foutz then placed into escrow the same Eaton facility to an investor. This facility comprised 303,669 square feet and has been developed into a Calvary Community Church and The Oaks Christian High School. Mr. Foutz was also involved in the consolidation of business operations for Dole Foods. These multiple transactions included the leasing of over 175,000 sq. ft. of office space and the purchase of 29.5 acres of land for their new World Headquarters and as mentioned previously, the relocation into a new 80,000 square foot office facility for the North American/Europe operation of Dole Packaged Foods and the acquisition by a private family held investment firm of a 115,000 square foot, three (3) building office complex. Currently, Mr. Foutz is also working with various other private investment groups in the identification of potential value added sites and/or investment opportunities, and the sale of land for the development of over 400 acres for business parks as well as the exclusive listing of these developments.

Major Relationships: A brief list of companies that Mr. Foutz has personally represented include such notables as, Time-Warner, Inc.; Walt Disney Productions; Capital Cities (ABC); Dole Foods; Digital Theater Systems, Inc.; Lawry's Foods; Litton Industries; Gibraltar Savings; Home Savings and Loan; the Los Angeles Diocese of the Roman Catholic Church; Eaton Corporation, Figgie Properties, Cabot, Cabot & Forbes, Trammel Crow Development Company; Chatsworth Products, Inc.; Panattoni Development Company,

Prudential Insurance; Sheridan-Ebbert; The Hewson Company, the Koll Company; and, the Galdstone Foundation.

Organizations and Awards: Mr. Foutz has been an active member of the American Industrial Real Estate Association since its inception in the early 1970s. He has served the organization in many board capacities over the years.

In his tenure with Grubb & Ellis, Mr. Foutz was honored as being one of the "Top Salesman" and/or Top Salesman of the Year" in the San Fernando Valley and Ventura County Region of Grubb & Ellis Commercial Company on numerous occasions. Also during this tenure, Mr. Foutz had received the company's highest professional designation, that of Senior Vice President and a Senior Marketing Consultant. This title is awarded only to sales specialists in the company who have demonstrated a commitment to excellence and have distinguished themselves by their outstanding achievements in the field of real estate.

Education

University of Southern California, Bachelor of Science in Political History/English

Professional Associations & Designations

American Industrial Real Estate Association



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LYNN F. COKER

DRE #01363265

Scope of Service Experience

Lynn joined NAI Capital in 2004 - First in its Orange County office and then as one of the founders of its Palm Desert office. Supported by his many years of experience in all phases of corporate real estate, Lynn is multi-faceted in his representation of commercial real estate clients. Transactions include investment sales, (retail, office and industrial), development joint ventures, land sales, and a wide array of leasing. Lynn is presently responsible for marketing major properties throughout the Coachella Valley and Southern California. He also invests in and develops properties for his personal portfolio.

Background & Experience

Lynn has more than 23 years experience in Fortune 50 company leadership contributing as an executive officer with roles in marketing, customer service, product development, real estate acquisition, and sales functions. Notably, during that career, he led a 1,385 member sales and service organization to over-achieve its sales and service plan; directed the national development and deployment of a new product line which required the expenditure of approximately \$3 Billion in capital outlay for real estate, plant and equipment; and served as senior marketing executive for products targeted for business-to-business sales throughout the United States.

Education

Bachelor of Arts - Wichita State University, Wichita, Ks
Master of Arts - Wichita State University, Wichita, Ks

Professional Associations & Designations

NAI Global Investment Council - Vice Chair, 2005-2007. Chair 2011-2013 -
California Desert Association of REALTORS® Desert Area Commercial
Information Exchange. Yoga Alliance - RYT 200 Instructor