

SUCCESSOR AGENCY

**TO THE
WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION**

**REVISED
LONG-RANGE
PROPERTY
MANAGEMENT
PLAN**

October 19, 2015

BACKGROUND

On February 1, 2012, pursuant to Assembly Bill x1 26 (“AB x1 26”) all redevelopment agencies across the State were dissolved and successor agencies were established to wind-down their operations and obligations. AB x1 26 required successor agencies, and their oversight boards, to dispose of former redevelopment agency properties as quickly as possible.

On June 27, 2012, a clean-up bill to AB x1 26 was enacted by the State Legislature (“AB 1484”). AB 1484 created several new deadlines and procedures which must be followed by successor agencies. One of these new procedures is the requirement that successor agencies prepare and submit a Long-Range Property Management Plan (“LRPMP”) for approval to their oversight board and the State Department of Finance (“DOF”). The LRPMP must address the disposition and use of the real property of the former redevelopment agency.

The LRPMP process was created in recognition that the rushed disposition of properties could be detrimental to communities and not result in the highest financial returns for taxing entities. Pursuant to Health and Safety Code (“H&SC”) Section 34191.5, successor agencies must submit a LRPMP to their oversight board and DOF, for approval, within six months of receiving a Finding of Completion from DOF. The Successor Agency to the West Hollywood Community Development Commission (“Successor Agency”) received its Finding of Completion on April 26, 2013, as a result of remitting all unencumbered former West Hollywood Community Development Commission (“CDC”) cash to the County for distribution to taxing entities. Based on this requirement the Successor Agency was required to submit an oversight board approved LRPMP to DOF for approval no later than October 26, 2013.

On September 16, 2013, the Successor Agency Board (City Council) approved a LRPMP that requested the only property of the CDC, the Spaulding Public Parking Lot (“Spaulding Lot”), be transferred to the City of West Hollywood as a government purpose property. The LRPMP was approved by the Oversight Board on September 18, 2013, and was submitted to DOF on September 19, 2013 for review, meeting the deadline detailed above. On June 5, 2014, the Successor Agency received a letter from DOF rejecting the Agency’s LRPMP, based on their interpretation of the dissolution legislation; specifically, DOF did not believe that parking lots qualified as “governmental purpose properties”. The Successor Agency was directed by DOF to submit a Revised Long-Range Property Management Plan “Revised LRPMP” to DOF for review. At that time, the deadline for having an approved LRPMP was January 1, 2015. On July 18, 2014, Governor Jerry Brown signed AB 1963 (Atkins) which extended the date by which successor agencies must have an approved LRPMP from January 1, 2015 to January 1, 2016.

On September 22, 2015, Governor Jerry Brown signed SB 107 (Budget Committee) which, among other things, expanded the definition of “governmental purpose properties” to include certain public parking lots. Pursuant to the legislation, parking facilities and lots dedicated solely to public parking that do not generate revenue in excess of reasonable maintenance costs are now considered “governmental purpose properties”. The Spaulding Lot meets this test, and the Successor Agency is submitting this Revised LRPMP that requests transfer of the Spaulding Lot to the City of West Hollywood as a “governmental purpose property”.

LONG-RANGE PROPERTY MANAGEMENT PLAN LEGAL REQUIREMENTS

Pursuant to H&SC Section 34191.5(c), a long-range property management plan shall do all of the following:

- (1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:*
 - (A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.*
 - (B) The purpose for which the property was acquired.*
 - (C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.*
 - (D) An estimate of the current value of the parcel including, if available, appraisal information.*
 - (E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.*
 - (F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.*
 - (G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.*
 - (H) A brief history of previous development proposals and activity, including the rental or lease of property.*

- (2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties all of the following shall apply:*
 - (A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.*
 - (B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds shall be distributed as property tax to the taxing entities.*
 - (C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.*

Governmental Use Section

34181. *The Oversight Board shall direct the Successor Agency to do all of the following:*

- (a)(1) Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, parking facilities and lots dedicated solely to public parking, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.*

- (a)(2) "Parking facilities and lots dedicated solely to public parking" do not include properties that generate revenues in excess of reasonable maintenance costs of the properties.*

PROPERTY OF THE FORMER WEST HOLLYWOOD CDC

Generally, the former West Hollywood Community Development Commission (“CDC”) did not own and/or hold a significant number of properties during its fifteen years of existence. At the time of dissolution, the CDC owned one property, known as the Spaulding Public Parking Lot (“Spaulding Lot”). The CDC acquired the property twelve years ago to be used for a governmental purpose (public parking); it continues to be used for that purpose today. The property is relatively small, 10,000 square feet, consists of 28 public parking spaces, and is located on the southeast corner of Santa Monica Boulevard and Spaulding Avenue in the former East Side Redevelopment Project Area.

Aerial Image of the Spaulding Lot



The Spaulding Lot was acquired to alleviate a lack of parking on the eastside of the City. Many of the businesses adjacent to the Spaulding Lot do not have off-street parking, these business rely on street parking and spaces within the Spaulding Lot. The lot is not served by an attendant, customers pay at an automated machine for a specified amount of time. The Spaulding Lot is also used in the evening by patrons visiting adjacent restaurants, which have little or no parking of their own. In addition, a number of monthly passes are sold for the Spaulding Lot, allowing employees in the area to park at the lot. The Spaulding Lot has been a key factor in the continued economic and physical revitalization of the East Side Redevelopment Project Area, by providing needed, convenient parking to customers and employees of local businesses. The Spaulding Lot is currently the only City/CDC owned public parking lot on the eastside of the City.

Further information regarding the Spaulding Lot is contained within the “required information” section of this report.

Pictures of the Spaulding Lot



REQUIRED INFORMATION

As part of the LRPMP process, each successor agency is asked to address a number of questions regarding properties owned by its former redevelopment agency at the time of dissolution.

As part of the LRPMP process DOF has provided successor agencies with a checklist of LRPMP requirements (Attachment 1). Successor agencies are required to provide the completed checklist to DOF when their LRPMP is submitted for review. In an effort to simplify review of the Successor Agency's Revised LRPMP, the following section will follow the order of the DOF checklist and address each item required on the checklist.

Checklist Item 1:

For each property the plan should include the date of acquisition, value of the property at the time of acquisition, and an estimate of the current value.

Response:

The CDC acquired the Spaulding Lot on March 17, 2003. The value of the Spaulding Lot at the time of acquisition was \$1,300,000 (purchase price). The current value of the Spaulding Lot is estimated at \$2,465,000, which is based on an appraisal performed by Syn-Mar Associates in June 2013 (Attachment 2). The preceding information is also shown in the following table.

West Hollywood Spaulding Lot	
Date of Acquisition:	March 17, 2003
Value of Property at Acquisition:	\$1,300,000 (purchase price)
Estimate of Current Value:	\$2,465,000 (appraised value as of 7/9/13)

Checklist Item 2:

For each property the plan should include the purpose for which the property was acquired.

Response:

The CDC acquired the Spaulding Lot for the governmental purpose of using it as a public parking lot in the East Side Redevelopment Project Area. The property continues to be used for that purpose today.

At the time the Spaulding Lot was purchased, state law required the Planning Commission to determine whether the property would conform to the City's General Plan. The Planning Commission determined that because the General Plan identified "overflow commercial parking in residential areas, with accompanying noise and traffic, as a significant land use and urban design issue for the City," the purchase was consistent with the General Plan (Dec. 5, 2002 Planning Commission Staff Report).

Indeed, the City’s current General Plan identifies a lack of parking in the City as one of the community’s greatest concerns (General Plan, 2035, p. 6-1). The General Plan also identifies parking as “crucial to residential quality of life and commercial vitality in the City,” and parking as a “coveted resource” in the City (*Id.*, pp. 6-5, 6-19). For these reasons, the City has identified public parking as a “public benefit” that must be encouraged in new development (*Id.*, Land Use Policy 2.9).

Checklist Item 3:

For each property the plan should include parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Response:

The Spaulding Lot is located at 7718-7720 Santa Monica Boulevard in West Hollywood. The size of the Spaulding Lot is 10,000 square feet, and it is zoned CC1 (Commercial, Community 1) in the City’s General Plan. There are no specific plans or community plans within the City that include the Spaulding Lot, and the CDC’s redevelopment plan did not change the general plan zoning in the East Side Project Area. The preceding information is also shown in the following table:

West Hollywood Spaulding Lot	
Parcel Number:	5530-016-900
Property Address:	7718-7720 Santa Monica Blvd
Lot Size:	10,000 square foot
General Plan Zoning:	CC1 – Commercial, Community 1

Checklist Item 4:

For each property the plan should include an estimate of the current value of the parcel including, if available, any appraisal information.

Response:

In June 2013, the Successor Agency hired Syn-Mar Associates to perform an appraisal of the Spaulding Lot. (Attachment 2) The appraisal estimated the “as is” market value of the Spaulding Lot at \$2,465,000, based on comparable sales in the market area. The appraisal addressed land value of the property, because it was assumed that if the property were sold to a third party it would be purchased for future development.

Checklist Item 5:

For each property the plan should include an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Response:

The Spaulding Lot is currently operated and maintained by the City of West Hollywood as a public parking lot. The Spaulding Lot currently generates parking revenue from patrons who pay by the hour and monthly pass holders.

Prior to July 1, 2015, the Spaulding Lot also generated billboard lease revenue from a billboard located on the property. As of July 1, 2015, the advertising agency that owned the billboard chose not to extend the lease because the billboard was not profitable (the location of the billboard was not prominent and was also blocked by several trees). The physical billboard structure was owned by the billboard company and has been removed from the Spaulding Lot.

The parking revenue generated by the Spaulding Lot has been, and continues to be, used to offset the costs of maintaining the lot. When the billboard was on the Spaulding Lot the lease revenue was deposited into the City's Parking Improvement Fund and used for public parking capital improvements throughout the City. The following table provides a breakdown of the net operating income from the last two fiscal years for the Spaulding Lot.

West Hollywood Spaulding Lot		
Annual Net Operating Income		
	Actual FY 2013-14	Actual FY 2014-15
Revenue		
Parking Revenue	\$40,804	\$45,198
Billboard Revenue	\$80,000	\$80,000
Total Revenue	\$120,804	\$125,198
Expenditures		
Operating/Maintenance Costs	\$52,710	\$47,220
Total Expenditures	\$52,710	\$47,220
Net Operating Income	\$68,094	\$77,979
Net Operating Income (less Billboard Revenue)	(\$11,906)	(\$2,022)

The City has several contracts in place with monthly pass holders to utilize the lot, however, those contracts are all month-to-month and can be cancelled at any time. The City also has contracts in place for the maintenance and upkeep of the Spaulding Lot. These maintenance contracts are not exclusive to the Spaulding Lot but instead are for citywide services. The costs of maintaining the Spaulding Lot include the City's contract with ABM Parking Management to manage all of the City's public parking lots, utility costs, City staff time, landscaping costs, sweeping/cleaning costs, insurance costs, and capital repair costs. See Attachment 3 for a breakdown of the revenues and expenditures associated with the Spaulding Lot.

Checklist Item 6:

For each property the plan should include the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Response:

The Spaulding Lot has never been designated as a brownfield site. To the Successor Agency's knowledge the site does not include any environmental contamination.

Checklist Item 7:

For each property the plan should include a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Response:

The Spaulding Lot is located along Santa Monica Boulevard, a major thoroughfare in the City. A major Metro rapid bus line runs along Santa Monica Boulevard, however, no subway or light-rail lines are planned for the area. Over the last decade there have been several mixed-use projects developed along Santa Monica Boulevard in the general vicinity (1-mile) of the Spaulding Lot. Though the property could potentially be developed with a mixed-use project, the size of such a project would be constrained due to the size of the property (10,000 sq ft). Most new mixed-use projects in the general vicinity have been developed on significantly larger lots and have included subterranean parking (in order to increase density, to make the projects financially viable), which would be challenging on a property of this size.

The Successor Agency and City believe that the best use of the property is for it to remain as a public parking lot. For this reason, as detailed further in this Revised LRPMP, the City is proposing that the property be transferred from the Successor Agency to the City pursuant to Health and Safety Code Section 34181(a) to be retained as a governmental use. The City believes that the Spaulding Lot's use as a public parking lot is critical to the continued economic and physical revitalization of the eastside of the City. The Spaulding Lot is the only publicly owned parking lot on the eastside of the City and serves as parking for a number of businesses and buildings which have no off-street parking.

Checklist Item 8:

For each property the plan should include a brief history of previous development proposals and activity, including the rental and lease of the property.

Response:

The Spaulding Lot was purchased by the CDC in 2003 for the purpose of serving as a public parking lot, in a neighborhood that lacked public parking. Since acquisition, the Spaulding Lot has continuously been used for a governmental purpose, serving as a public parking lot. For this reason, there have been no development proposals for the property. The Spaulding Lot has never been rented or leased to a third party, except for the monthly rental contracts with parking pass holders.

Checklist Item 9:

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Response:

The Successor Agency is requesting that the Spaulding Lot be transferred to the City, to be retained for governmental use as a public parking lot.

Health and Safety Code Section 34191.5 states that one of the permissible uses of former redevelopment agency property includes the retention of the property for governmental use pursuant to subdivision (a) of Section 34181. Health and Safety Code Section 34181(a) states that a Successor Agency must:

Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, parking facilities and lots dedicated solely to public parking, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

It is further noted in Section 34181(b) that “*parking facilities and lots dedicated solely to public parking*” do not include properties that generate revenues in excess of reasonable maintenance costs of the properties.

The Spaulding Lot was purchased in 2003 to serve as a governmental use. Since it was purchased, the property has continually been used for a governmental purpose, serving as a public parking lot.

As indicated in the table on page eight the Spaulding lot has generated revenues in excess of the annual maintenance costs for the last two years. However, excess revenues were only generated due to the billboard lease. As mentioned previously, that billboard has been removed from the Spaulding Lot and the contract with the billboard company was terminated, because the billboard did not earn adequate revenue for the company.

Without the billboard, the parking revenues generated by the Spaulding Lot do not exceed the maintenance costs associated with the property.

It should also be noted that a billboard will not return to the Spaulding Lot in the future. The reason for its removal was because it was not profitable for the billboard company to operate. The billboard was also originally added to replace an existing billboard that was damaged. At this time, no new billboards are allowed on Santa Monica Boulevard in the City.

Upon approval of the Revised LRPMP by DOF the Successor Agency will complete the transfer of the Spaulding Lot to the City as a governmental use, and it will continue to be operated as a public parking lot.

Checklist Item 10:

The plan should separately identify and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Response:

The only property owned by the CDC, the Spaulding Lot, is dedicated to governmental use purposes. The LRPMP proposes the transfer of the property to the City from the Successor Agency, so the property may continue to be used for governmental purposes.

ATTACHMENTS

Attachment 1: DOF Checklist for Long-Range Property Management Plan

Attachment 2: Syn-Mar Appraisal for Spaulding Lot (7.9.13)

Attachment 3: Detail of Revenues and Expenditures

ATTACHMENTS TO REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

Attachment 1:

DOF Checklist for Revised Long-Range Property Management Plan



LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Long-Range Property Management Plan”. The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: **West Hollywood**

Date Finding of Completion Received: April 26, 2013

Date Oversight Board Approved LRPMP: September 18, 2013 (Original LRPMP), October 28, 2015
Revised LRPMP

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

See attached Revised Long Range Property Management Plan for the Successor Agency to the West Hollywood Community Development Commission.

On September 19, 2013, the Successor Agency submitted its original Oversight Board approved LRPMP to DOF. On June 5, 2014, the Successor Agency received a letter from DOF rejecting the Agency's LRPMP. The Successor Agency was directed to submit a Revised LRPMP to DOF for review. The attached document is the Successor Agency's Oversight Board approved Revised LRPMP.

Agency Contact Information

Name: David A. Wilson
Title: Director of Finance & Technology Services
Phone: (323) 848-6524
Email: dwilson@weho.org
Date: October 29, 2015

Name: John Leonard
Title: Revenue Manager
Phone: (323) 848-6446
Email: jleonard@weho.org
Date: October 29, 2015

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

ATTACHMENTS TO REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

Attachment 2:

Syn-Mar Appraisal for Spaulding Lot (7.9.13)



PREPARED FOR

**MR. MICHAEL JENKINS
JENKINS & HOGIN, LLP
1230 ROSEMEAD AVENUE, SUITE 110
MANHATTAN BEACH, CA 90266**

**A SUMMARY APPRAISAL REPORT
OF THE
COMMERCIAL-ZONED LAND
LOCATED AT
7718 SANTA MONICA BOULEVARD
WEST HOLLYWOOD, CALIFORNIA 90046**

PREPARED BY

**JULIE A. HACKNEY, SCREA, CA-AG023446
JEFFREY O. EGGLESTON, SCREA, CA-AG017079
STEPHEN P. RETHMEIER, SCREA, CA-AG012653
APPRAISAL VALUATION DATE: JUNE 15, 2013
APPRAISAL REPORT DATE: JUNE 21, 2013
SYN-MAR FILE: 13-394**



July 9, 2013

**Mr. Michael Jenkins
Jenkins & Hugin, LLP
1230 Rosemead Avenue, Suite 110
Manhattan Beach, CA 90266**

Regarding: Summary Appraisal Report
Commercial-zoned Land
7718 Santa Monica Boulevard
West Hollywood, California 90046

Syn-Mar File: 13-394

Dear Mr. Jenkins:

At your request, we have prepared an appraisal for the above-referenced property, which is briefly described as follows:

The subject of this appraisal is the commercial-zoned land consisting of a rectangular-shaped, alley-serviced, corner site totaling 10,000 SF. The parcel is situated at the southeast corner of Santa Monica Boulevard and Spaulding Avenue, in the City of West Hollywood, California.

The subject site is currently improved as a 28-space parking lot and a double-sided billboard. Although there is a pay parking lot on the subject site, we have been instructed by the client to address only the fee simple value of the underlying land without consideration to the billboard income. Consequently, no value is given to the existing improvements (parking lot). Unless specifically stated, the appraised value considers only real property. No non-realty items are included.

The intended use of the appraisal is estimation of applicable and reasonable market value as of appraisal date for internal decision-making. This report will not be used in conjunction with a loan.

The intended user(s) of the appraisal are the City of West Hollywood (the client) and/or their assignees(s). Please reference page 2 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. The appraisers have not performed any prior services regarding the subject within the previous three years of the appraisal date.

Mr. Michael Jenkins
Jenkins & Hogin, LLP
July 9, 2013
Page 2

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 10). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Hypothetical Conditions:

- The As Is and As Vacant value estimates in this appraisal are based on the hypothetical condition that the subject is commercial-zoned land ready for redevelopment. In addition, we have also been asked to appraise the subject without the contribution of the billboard income.

Extraordinary Assumptions:

- We have estimated an allowance of \$5,000 for demolition of the existing improvements. We assume this will be adequate.
- The client instructed us to perform a limited exterior inspection of the subject property and to not contact the owner, local brokers, or anyone familiar with the subject property. Therefore, our inspection of the property was limited, and did not allow complete disclosure of all the actual physical characteristics, limitations, and/or enhancements of the subject property. If this is of concern to the reader, we recommend a qualified professional be engaged to thoroughly inspect the property for a detailed assessment of all physical characteristics. This appraisal assumes there are no related issues (unseen or otherwise) that would alter or impair the utility and/or marketability of the subject.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current "As Is" Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of June 15, 2013, is

\$2,465,000

Two Million Four Hundred Sixty Five Thousand Dollars

The following analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the requirements of the intended user and in compliance with: 1) OCC: 12 CFR, Parts 34, Real Estate Lending and Appraisals; 2) Interagency Appraisal and Evaluation Guidelines, December 10, 2010; and 3) Uniform Standards of Professional Appraisal Practice ("USPAP"), promulgated by the Appraisal Standards Board of the Appraisal Foundation.



Mr. Michael Jenkins
Jenkins & Hogin, LLP
July 9, 2013
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Respectfully submitted,



Julie A. Hackney, SCREA
CA-AG023446
Expires: April 7, 2014



Stephen P. Rethmeier, SCREA
CA-AG012653
Expires: June 30, 2015



Jeffrey O. Eggleston, SCREA
CA-AG017079
Expires: April 6, 2015



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Summary of Salient Data

GENERAL	
Subject:	7718 Santa Monica Boulevard West Hollywood, California, 90046
Thomas Guide:	593-B6
Property Type:	Commercial-Zoned Land
Vesting:	Community Development Commission of West Hollywood
Shape:	Rectangular
Site Area:	10,000 SF
Assessor's Parcel Number:	5530-016-900
Zoning:	CC1 - Commercial, Community 1
Topography:	Level
Census Tract	7001.02
Flood Zone:	X – Flood insurance is not required.
Date of Value:	June 15, 2013
Highest and Best Use As Vacant:	The highest and best use as vacant is to hold for future speculation.

SUMMARY OF VALUE INDICATIONS		
Cost Approach:	Not Applicable	
Income Approach:	Not Applicable	
Sales Comparison Approach:	\$2,470,000	
Reconciled Value(s):	"As Vacant"	"As Is"
	<i>(No Billboard)</i>	<i>(Includes Demolition Cost)</i>
Value Conclusion(s)	\$2,470,000	\$2,465,000
Effective Date(s)	June 15, 2013	June 15, 2013
Property Rights	Fee Simple	Fee Simple



Introduction

The subject of this appraisal is the commercial-zoned land consisting of a rectangular-shaped, alley-serviced, corner site totaling 10,000 SF. The parcel is located at 7718 Santa Monica Boulevard, at the southeast corner of Santa Monica Boulevard and Spaulding Avenue, in the City of West Hollywood, California.

The site is improved with a 28-space parking lot and a double-sided billboard. However, we have been instructed by the client to address only the fee simple value of the underlying land only (not including the billboard income). Consequently, no value is given to the existing improvements (paving, landscaping, fencing, lighting and billboard). However, the reader should note that the subject improvements need to be razed in order to facilitate development. For the purpose of this analysis, we have assumed a demolition cost not exceed \$5,000.

As will be elaborated upon in the "Subject Marketability" section of this report, the marketability for vacant commercial land in the subject's submarket (and the regional market, in general) had diminished over the past few years as a result of the recession. However, according to local brokers, the demand for commercial land has been improving over the past 6 to 9 months. The subject is well-located in a desirable market where vacant commercial-zoned land is scarce. Nevertheless, considering the current economic realities, we conclude that the subject's market appeal is considered at least average.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. Michael Jenkins, with Jenkins & Hogin, LLP. The problem to be solved is to provide the following market values:

Current "As Vacant" Fee Simple Market Value (Not Including Billboard Income); and the Current "As Is" Fee Simple Market Value (Less Demolition).

The intended use of the appraisal is estimation of applicable and reasonable market value as of appraisal date for internal decision-making. This report will not be used in conjunction with a loan.

The intended user(s) of the appraisal are the City of West Hollywood (the client) and/or their assignees(s).

SCOPE OF WORK

Report Type:	This is a Summary Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(b). This format provides a summary of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the assessors' parcel number, the assessor's parcel map, photographs of the subject, as well as the descriptions in this report.
Inspection:	A limited exterior inspection of the subject property has been made, and photographs taken by Julie A. Hackney, SCREA. Ms. Hackney also conducted the research into the physical and economic factors affecting the subject property, the data research, and the analysis applied to arrive at the opinions and conclusions herein. Jeffrey O. Eggleston, SCREA and Stephen P. Rethmeier, SCREA assisted in the analysis, provided oversight as needed, supervised the assignment, and reviewed the report.

Market Area and Analysis of Market Conditions:

A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for transactions and listings relevant to this analysis. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or other sources thought reasonable, and all are considered appropriate for inclusion to the best of our factual judgment and knowledge. We consider the data to have an appropriate degree of reliability.

Highest and Best Use Analysis:

A limited as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Most Probable Buyer:

As of the date of value, the most probable buyer of the subject property is an investor or developer.

**Valuation Analyses
Cost Approach:**

A Cost Approach was not applied because we are assuming the subject is vacant land; therefore, this approach is irrelevant.

Sales Comparison Approach:

A Sales Comparison Approach was applied because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach:

An Income Approach was not applied because we are assuming the subject is vacant land; therefore, this approach is irrelevant.

Hypothetical Conditions:

- The As Is and As Vacant value estimates in this appraisal are based on the hypothetical condition that the subject is commercial-zoned land ready for redevelopment. In addition, we have also been asked to appraise the subject without the contribution of the billboard income.

Extraordinary Assumptions:

- We have estimated an allowance of \$5,000 for demolition of the existing improvements. We assume this will be adequate.
- The client instructed us to perform a limited exterior inspection of the subject property and to not contact the owner, local brokers, or anyone familiar with the subject property. Therefore, our inspection of the property was limited and did not allow complete disclosure of all the actual physical characteristics, limitations, and/or enhancements of the subject property. If this is of concern to the reader, we recommend a qualified professional be engaged to thoroughly inspect the property for a detailed assessment of all physical characteristics. This appraisal assumes there are no related issues (unseen or otherwise) that would alter or impair the utility and/or marketability of the subject.

Information Provided:

- A billboard lease dated September 28, 2004, including exhibits.

Information Not Available:

- A current preliminary title report.
- It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there are no undisclosed reports, leases, agreements, options, liens, or other encumbrances affecting the use or value of the property.

Definitions

Market Value:¹

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (i) buyer and seller are typically motivated;
- (ii) both parties are well informed or well advised, and acting in what they consider their best interests;
- (iii) a reasonable time is allowed for exposure in the open market;
- (iv) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (v) 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.

"As Is" Market Value:¹

The estimate of the market value of real property in its current physical condition, use, zoning as of the appraisal's effective date.

Prospective Market Value "As Completed":¹

The prospective market value "as completed" reflects the property's market value as of the time that development is expected to be completed.

Prospective Market Value "As Stabilized":¹

The prospective market value "as stabilized" reflects the property's market value as of the time the property is projected to achieve stabilized occupancy.

Prospective Value:²

A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or stabilized level of long-term occupancy and income at the time the appraisal report is written.

¹ OCC 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994; Interagency Appraisal and Evaluation Guidelines, December 2, 2010.

² The Appraisal of Real Estate 13th ed. (Chicago: Appraisal Institute, 2009).

Fair Market Value:³

The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

Retrospective Value Opinion:³

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiations, deficiency judgments, estate tax, and condemnation.

Disposition Value:³

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

Liquidation Value:³

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010).

A Fee Simple estate is defined³ 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.

A Leased Fee interest is defined³ as:

A freehold (ownership interest) where the possessory interest has been granted to another party by the creation of a contractual landlord-tenant relationship (i.e., a lease).

A Leasehold interest is defined² as:

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

A Sandwich Leasehold interest is defined² as:

A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee.

An Extraordinary Assumption is defined³ as:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

A Hypothetical Condition is defined³ as:

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.)

Marketing Time is defined³ as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.

Exposure Time is defined³ as:

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

See Marketing Time, above.

Market Rent:³

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Gross Building Area (GBA):³

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Rentable Area (RA):³

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring the inside finished surface of the dominant portion of the permanent building walls, excluding any major permanent penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

Gross Leasable Area (GLA):³

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

General Contingent and Limiting Conditions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

The liability of Syn-Mar Associates (The Appraiser), its employees, and subcontractors is limited to the client only. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limited conditions and assumptions of the assignment and related discussions. The appraiser(s) is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property: physically, financially, and/or legally. The client agrees that, in the case of lawsuit (brought by lender, partner, or part owner in any form of ownership, tenant, or any other party), any and all awards or settlements of any type in such suit, regardless of outcome, client will hold appraiser completely harmless in any such action.

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use. All files, work papers and documents developed in connection with this assignment are the property of Syn-Mar Associates. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part. No change of any item in the report shall be made by anyone other than the appraiser and/or officer of the firm. The appraiser and firm shall have no responsibility if any such unauthorized change is made.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there are no undisclosed reports, leases, agreements, options, liens, or other encumbrances affecting the use or value of the subject property.

No responsibility is assumed for accuracy of information furnished by the work of or work by others, the client, his designee, or public records. Furthermore, no liability is assumed for such information or the work of possible subcontractors. Be advised that some of the people associated with our firm and possibly signing the report are independent contractors.

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown from separate surveyor.

While the building size used herein is assumed to be correct, we cannot warrant its accuracy and assume no related liability. If there is a concern with respect to our conclusion of building size and the expectation of the client, borrower, or other market participant, we recommend a qualified individual (architect, contractor, building inspector, etc.) be engaged to measure the building. If it is determined that the building size used herein is incorrect, we reserve the right to amend this appraisal.

No responsibility is assumed for matters legal in character or nature, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

No advice is given regarding mechanical equipment or structural integrity or adequacy; nor soils and potential for settlement, drainage, and such (seek assistance from qualified architect and/or engineer); nor matters concerning liens, title status, and legal marketability (seek legal assistance); and such.

This appraisal assumes the roof is water tight (as reported) and that the building's systems, including electrical, mechanical, and plumbing are in good operating condition. These systems have not been inspected by us, nor are we qualified to comment on their condition. Appropriate experts in these fields should be retained for such a determination. Except as otherwise noted in this report, the property appraised as though these systems are operating adequately. No judgment may be made by us as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment which is assumed standard for subject age and type. The value estimate considers there being no such conditions that would cause a loss of value.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Endangered species may be prevalent in undeveloped land in the area. Visual inspection denotes no presence of an endangered species of habitat. However, the appraiser is not an expert in the identification of endangered species or habitats, and this report should not be relied upon to determine whether sensitive ecological issues impact the property. This fact can only be determined by a biological survey of the property. Existence of such species or habitats on the property could affect potential uses and value. Further, it should be emphasized, this appraisal report was prepared for the sole use of the client and does not constitute an expert biological assessment of the subject property.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

If the appraiser(s) has not been supplied with a termite inspection, survey, or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above-mentioned items.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

Furnishings and equipment or personal property or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types, business and real estate interests and values are combined.

Improvements proposed, if any, on- or offsite, as well as any repairs required, are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed, and operating at levels shown and projected.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are based on income as of the appraisal date along with any reasonable expectations of change in that income over the succeeding 12 months to the extent estimable on the appraisal date; they are, however, subject to change or outcomes other than anticipated due to the dynamic nature of the real estate market.

The "estimate of market value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management, neither inefficient nor superefficient.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Syn-Mar Associates' regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments or modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Unless otherwise noted herein, the review appraiser has supervised and directed all of the research effort, has taken a major role in the analysis of the data produced by this research, but has not personally performed the research and has not necessarily inspected the subject or market comparable properties.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Syn-Mar Associates has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value; however, this has not been considered or analyzed in this appraisal.**

Competency Rule

A specific requirement of the Uniform Standards of Professional Appraisal Practice is that "prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently. . ."

"Competency applies to factors such as, but is not limited to, an appraiser's familiarity with a specific type of property, a market, a geographic area, or an analytical method." Essentially, the Competency Rule requires an appraiser have the experience and knowledge to perform the appraisal in a competent manner.

To that end, the signatories on this appraisal report are currently certified under the State of California and have attained a level of competency necessary to complete the assignment, using all of the commonly recognized analysis techniques considered normal for a prudent evaluation effort. These recognized analysis techniques have been learned through practical field experience, as well as through classroom instruction. The signatories have appraised numerous properties like the subject, have a familiarity with the local market and geographic area, and have appropriate expertise for the property type in question.

We are aware of no deficiencies in competence that would hinder a credible appraisal result. The readers are referred to the appraiser qualifications in the addenda section of this report for additional confirmation of adequate technical training and experience appraising the subject property type.

Legal Description

A legal description was not provided for our review. In order to describe the subject property in compliance with USPAP, we have included a copy of the assessor's parcel map and photographs of the subject, as well as the descriptions in this report.

Sales History

According to public records, title to the subject is vested in *Community Development Commission of West Hollywood*. Public records also indicate that this entity has held title to the subject for more than three years.

We are aware of no listings or transfers of the subject property within the past 3 years, although no warranty of title is implied. The subject property is not for sale, or under contract.

Exposure Time

Under line item (iii) of the Definition of Market Value, the value estimate presumes that a reasonable time is allowed for exposure in the open market. Exposure time is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market." Exposure time is always considered to have occurred prior to the effective date of the appraisal.

The concept of exposure includes "not only adequate, sufficient, and reasonable time, but adequate, sufficient, and reasonable effort." It is often expressed as a range and is based on "statistical information about days on the market; information gathered through sales verification; and, interviews with market participants." These sources yield further data including motivations of typical market participants, and typical equity/financing parameters. (Refer to Statement on Appraisal Standards No. 6, SMT-6; Appraisal Standards Board of the Appraisal Foundation for additional information).

In light of this, and based on our conversations with market participants, reasonable exposure time for the subject under current market conditions is estimated to be approximately 6 to 12 months. This is based on the analyses of market trends in the general area and takes into account size, condition, and price range of the subject and surrounding properties and presupposes that a listing price would be at or near the appraised value.

Marketing Time

Marketing time is the "estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of the appraisal." The sources for this information includes those used in estimating reasonable exposure time but also may include anticipated changes in market conditions. In this case, the marketing time should be roughly the same as the estimate of reasonable exposure time, which is 6 to 12 months.

Market Area/Neighborhood Description

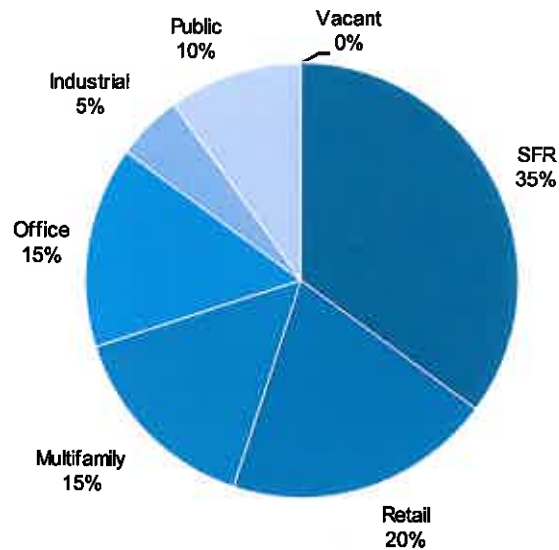
Area & Property Use Characteristics

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Population Trend	<input type="checkbox"/> Up	<input checked="" type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Build Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Employment Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Built Up	<input checked="" type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Personal Income Level	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Retail Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	New Construction	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vacancy Trend	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input type="checkbox"/> Taking Place	Rental Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Land Use Trends

		Supply/Demand		
Present Land Use		Under	In Bal.	Over
SFR	35%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retail	20%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Multifamily	15%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Office	15%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Industrial	5%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Public	10%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vacant	0%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
100%				

Change in Land Use	Likely	<input type="checkbox"/>
	Not Likely	<input checked="" type="checkbox"/>
	Taking Place	<input type="checkbox"/>



CITY INFORMATION

City:	West Hollywood
County:	Los Angeles
City Area (sq mi):	1.89
Population⁴:	34,853
Annual Growth⁴:	0.4%

⁴ As of January 2013 according to an estimate by the State Department of Finance.

Bordering Cities:	Beverly Hills, Los Angeles and the districts of Hollywood, Fairfax Village, Mount Olympus, and Miracle Mile
Freeways Serving City:	Hollywood (101 Freeway, Santa Monica (10) Freeway, San Diego (405) Freeway
Notable Landmarks:	Sunset Strip, Pacific Design Center, Avenues of Art & Design, CBS Television City, House of Blues, Whisky a Go Go, The Troubadour, The Roxy Theatre, and The Viper Room
Major Employers:	Ticketmaster, Target, Mondrian Hotel, The London West Hollywood, House of Blues, Dailey & Associates, City of West Hollywood, Standard Hotel, Gordon Ramsay at the London, Hyatt West Hollywood Hotel, Best Western Sunset Plaza, La Parc Suite Hotel, Sunset Tower, Key Club, Suissa Miller, Saddle Ranch Chop House

NEIGHBORHOOD INFORMATION

Neighborhood Boundaries:	North: Sunset Boulevard/Fountain Avenue South: Willoughby Avenue East: La Brea Avenue West: Doheny Avenue
Location:	The subject is located on the southeast corner of Santa Monica Boulevard and Spaulding Avenue.
Thomas Guide:	593-B6
Proximity to Downtown Los Angeles:	7.15 miles
Nearest Freeway Access:	2.9 miles / Hollywood (101) Freeway
Surrounding Uses:	North: Commercial, Residential South: Commercial, Residential East: Commercial West: Commercial
Built Up:	100%
Life Cycle:	Stability
Change/Transition:	Unlikely
Maintenance/Condition:	Average
Property/Compatibility:	Average
Appeal/Appearance:	Average

Protection/Adverse Influence:	Average
Development Potential:	Average
Rental Demand:	Average
Transportation Access:	Average
Police/Fire Protection:	Average
Public Transportation:	Local

Comments:

Because this area is generally fully improved there is very little chance of a measurable change in land use from a general plan or zone change. The subject, as commercial land, is suitable for redevelopment and economic viability is anticipated. Furthermore, there are no anticipated public or private improvements planned in this market that are affecting local marketability or property values.

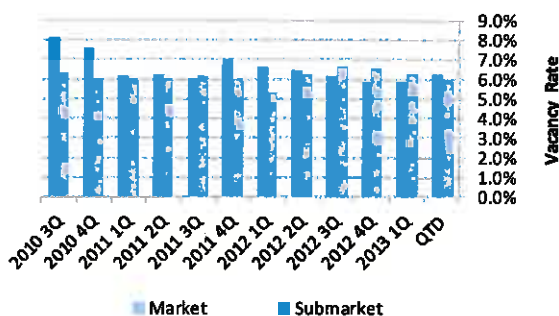
Market Trends

The Uniform Standards of Professional Appraisal Practice states in Standard Rule 1-3(a) that an appraiser must identify and analyze the effect on use and value of, among other things, economic demand and market area trends. The following data is presented to address this requirement and to demonstrate the market characteristics influencing the subject, as well as to demonstrate what buyers and sellers are contending with in attempting to buy or sell a property similar to the subject.

The data presented on the following pages was obtained from interviews with market participants, as well as information available from CoStar Property, AIR Commercial Real Estate Association, PwC Investor Survey, CB Richard Ellis, Grubb & Ellis, Lee & Associates, Seeley Company, and Marcus & Millichap.

Local Market Trends

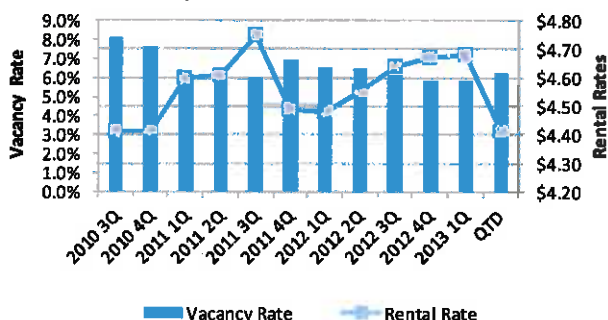
Market vs. Submarket Vacancy Comparison



Mid-Cities Retail Market

occupancy			
Properties:	5,095		
Existing:	5,095		
Spaces:	1,067		
Existing RBA:	44,645,817		
Vacant:	2,657,103	6.0%	
Occupied:	41,988,714	94.0%	
absorption activity*			
Absorption:	1,777,287	4.0%	
Net Absorption:	160,462	0.4%	
direct net rent			
Retail Avg:	\$1.54/mo		

Vacancy/Rental Rate Trend--Submarket



City of West Hollywood Retail Submarket

occupancy			
Properties:	333		
Existing:	333		
Spaces:	100		
Existing RBA:	2,664,879		
Vacant:	166,105	6.2%	
Occupied:	2,498,774	93.8%	
absorption activity*			
Absorption:	160,492	6.0%	
Net Absorption:	15,714	0.6%	
direct net rent			
Retail Avg:	\$4.41/mo		

*Data reflects QTD plus trailing 3 quarters.

Source: CoStar Property. Syn-Mar Associates does not guarantee the accuracy of the data.

Survey Completed on 05/29/13

Comments:

- **Mid-Cities Retail:** According to a survey prepared by CoStar Property, vacancy in this market is currently at 6.0%. Over the past 3 years, vacancy ranged between 5.4% and 6.6%, averaging 6.1%. Combining the current quarter-to-date with the past 3 quarters, this market has posted 160,462 SF of positive net absorption which represents roughly 0.4% of the total inventory.
- **City of West Hollywood Retail:** Vacancy in this submarket is currently at 6.2%. Vacancy has ranged between 5.9% and 8.1% over the past 3 years, with an average of 6.5%. Combining the current quarter-to-date with the past 3 quarters, this market has posted 15,714 SF of positive net absorption which represents roughly 0.6% of the total inventory.

Subject Marketability

The subject site is zoned "CC1 – Commercial, Community," which can be developed with a variety of commercial uses including residential uses on upper floors. According to the City of West Hollywood Municipal Code, the maximum floor area ratio is 1.5 times the site area unless a density bonus is granted for residential uses.

Given recent economic conditions, there is little new development occurring in the greater market area at this time. However, we have noted that in some areas, demand for land is still very strong.

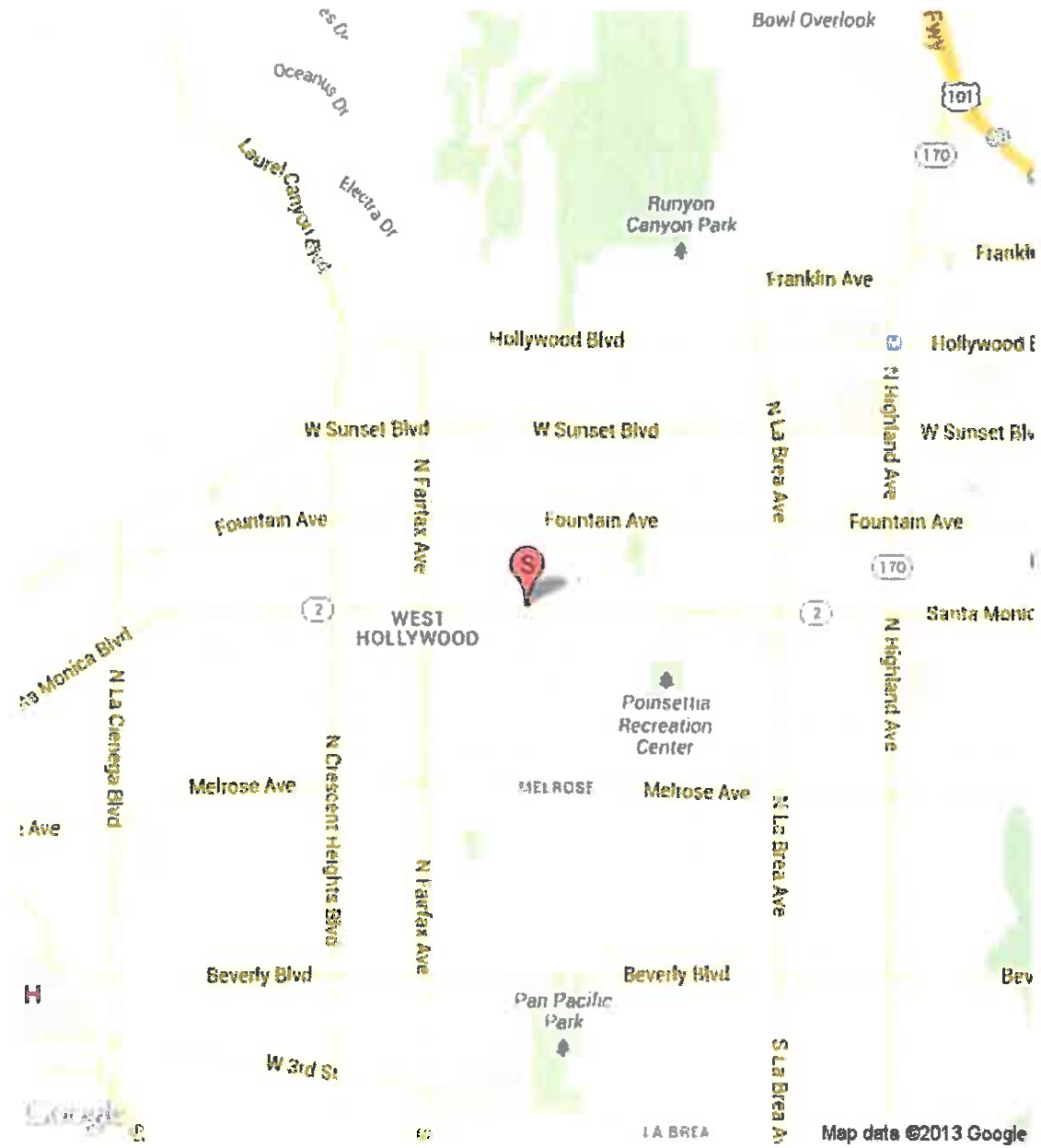
In regards to potential uses for the subject, a retail use would benefit from good visibility and frontage along Santa Monica Boulevard. Based on the size of the site and maximum allowable building size mentioned above, a development that was exclusively retail in nature would not seem feasible at this time. Another consideration may be professional offices. However, typical multi-story buildings in this area have some type of retail space on the first floor. This is due to the higher rent/SF that can be charged to a retail tenant. Therefore, a building exclusively for office use is also not likely. Furthermore, there is no evidence that developers are constructing speculative office space in this area.

In regards to residential uses, there are new residential units being constructed in the general market area. However, these are almost exclusively located in mixed-use developments which have commercial uses on the first level and residential on the upper levels. Furthermore, there is some question as to the viability of a residential project at this time.

Based on the above, the subject is considered as having very good mixed-use appeal over the long-term; however, immediate development is not considered economically viable. Nevertheless, considering the fact that the entitlement process can take up to 24 months, with another 7 to 9 months for construction, and considering the fact that most forecasts are for a rebound in the housing market within 18 to 30 months, the appeal of the subject as a mixed-use development site is above average.

There are virtually no vacant land parcels available in the area and the land that is available does not have exposure similar to the subject. Any development that is occurring is happening primarily through redevelopment. However, brokers have indicated an increase in property values over the past 6 months. Reportedly, the baseline value range for property like the subject is \$200/SF to \$250/SF.

Location Map



Site Description

The following description is based on our property inspection and assessment records.

SITE	
Location:	The subject is located on the southeast corner of Santa Monica Boulevard and Spaulding Avenue.
Current Use:	Improved as a pay parking lot with a double-sided billboard.
Site Size:	Total: 0.23 acre; 10,000 square feet Usable: 0.23 acre; 10,000 square feet
Shape:	The site is rectangular.
Frontage/Access:	The subject property is a corner, alley-serviced site with average access. It has 80 feet of frontage along Santa Monica Boulevard and 125 feet of frontage along Spaulding Avenue. Access to the subject is available via a curb cut along Santa Monica Boulevard and the alley (assuming the existing fence is removed). Currently, there is no vehicular access from Spaulding Avenue or the alley.
Primary Street:	Name: Santa Monica Boulevard Direction: East/West Type: Arterial No. of Lanes: 4 total Median: Painted
Secondary Street:	Name: Spaulding Avenue Direction: North/South Type: Secondary No. of Lanes: 2 total Median: None
Street Improvements:	Street: Asphalt Lighting: Overhead Sidewalks: Concrete Curbs/Gutters: Concrete Landscaping: The subject has average landscaping.
Visibility:	Good
Topography:	The subject has level topography at grade. No adverse influence is noted.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: On Site: Electricity, water, sewer, gas
Type: All underground except overhead power
Adequacy: The subject's utilities are typical and adequate for the market area.

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 06037C1605F
FEMA Map Date: September 26, 2008

The subject is not in a flood zone. Thus flood insurance is not required.

Wetlands/Watershed: No wetlands were observed during our site inspection.

Earthquake Zone: The subject is not in an earthquake zone.

Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

**Encumbrance/
Easements:** There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Immediate Uses: North: Commercial
South: Residential
East: Commercial
West: Commercial

Site Comments: The site has average and typical utility.

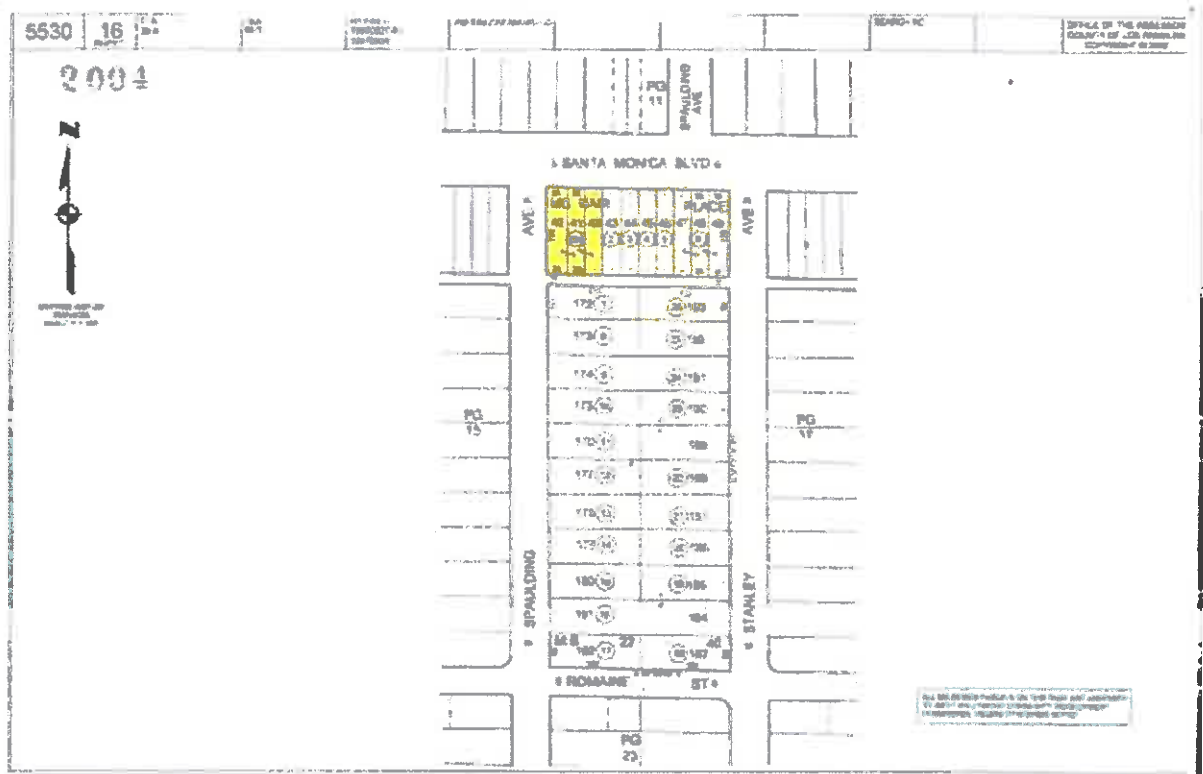
Americans With Disabilities Act

Please reference the ADA section of this report on page 13.

Hazardous Substances

Please reference the General Limiting Conditions and Assumptions section of this report on page 10.

Assessor Parcel Map



Assessment and Taxes

REAL ESTATE ASSESSMENT AND TAXES				
Taxing Authority:	Los Angeles			
Assessment Year:	2013			
ASSESSED VALUES				
APN	Land	Improvements	Other	Total
5530-016-900	N/A	N/A	\$0	\$0
TAX RATE AND TAXES				
APN	Tax Rate	Special Assessments	Current Taxes	Estimated Taxes
5530-016-900	1.227856%	N/A	N/A	\$30,266.65*

**Based on the "as is" land value.*

Property Tax Comments:

The Community Development Commission of West Hollywood, as a governmental agency is exempt from property taxes and special assessments. Real estate taxes are based on the assessed value of real property, hence, the term ad valorem (according to value). The records of the county assessor provide detail pertaining to the property's assessed value and annual tax load. The assessed value is based on, but not necessarily equivalent to, market value. Current and/or historical assessments and tax rates help in forming a conclusion about the probable tax burden. Taxes are typical.

Zoning

Land Use Controls	
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Zoning Designation:	CC1 - Commercial, Community 1
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Permitted Uses:	<p>This zone provides for a wide variety of commercial opportunities to serve local community needs, as well as broader market areas. The CC1 zoning district identifies areas appropriate for a variety of commercial uses including retails; professional offices; business support and personal services; entertainment uses; restaurants; specialty shops; overnight accommodations; cultural uses; and small-scale manufacturing uses related to design furnishings, galleries, motion pictures, television, music or design-related uses. Mixed-use development with residential and office uses above businesses are encourage, except in the commercial-only district. The CC1 zoning district is consistent with the CC1 land use designations of the General Plan.</p>
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Maximum Floor Area Ratio:	1.5 maximum*	Front Setback:	10 feet minimum
Minimum Lot Area:	5,000 SF	Rear Setback:	10 feet minimum
Maximum Building Height:	35 feet or 3 stories	Sideyard Setback:	None

**unless density bonus granted for residential uses above commercia*

Subject Photographs



The subject is located at 7718 Santa Monica Boulevard in West Hollywood.



A view of the subject looking northeast from Spaulding Avenue.



A view of the subject looking north.



A view of the billboard west side.



Another side of the billboard east side.



A view of the Alley looking east.



A view of Santa Monica Boulevard looking east.



A view of Santa Monica Boulevard looking west.



A view of Spaulding Avenue looking north.



A view of Spaulding Avenue looking south.

Highest and Best Use

Introduction

The highest and best use analysis is one of the most essential concepts in the valuation of real estate. It is the foundation on which market value is based. Standards Rule 1-3 (a) and (b) of the Uniform Standards of Professional Appraisal Practice (USPAP), require that in developing an appraisal, the appraiser must (a); "identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, and market area trends; and (b); "develop an opinion of the highest and best use of the real estate." "Comment: An appraiser must analyze the relevant legal, physical, and economic factors to the extent necessary to support the appraiser's highest and best use conclusions(s). The appraiser must recognize that land is appraised as though vacant and available for development to its highest and best use, and that the appraisal of improvements is based on their actual contribution to the site."

According to the Appraisal Institute's publication **The Appraisal of Real Estate** (Thirteenth Edition, page 277), Highest and Best Use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.

Criteria for Determining Highest and Best Use

Highest and best use is analyzed in two parts; 1) as though the site is vacant, and 2) as improved. There are four criteria in establishing highest and best use and these criteria are typically considered sequentially. The four stages are as follows:

- 1) *Legally permissible* – considers zoning and building codes, environmental regulations, and private deed restrictions.
- 2) *Physically Possible* – considers parcel size, shape, area, terrain, and potential for natural disasters.
- 3) *Financially Feasible* – all uses that meet the first two criteria and that produce a positive return are regarded as financially feasible.
- 4) *Maximally Productive* – among the financially feasible uses, the use that produces the highest rate of return to the land, is the maximally productive use.

In determining the highest and best use as vacant, the primary questions to be answered are: If the site is or was vacant, what use should be made of it? What type of building or other improvements, if any, should be constructed on the site and when? Highest and best use as if vacant requires the application of the aforementioned four criteria.

Highest and Best Use as Vacant

The site is rectangular in shape, easily accessible, and fairly level so that most any development would be physically possible. The only inhibiting factor would be size. From the legally permissible standpoint, the zoning for the subject calls for most commercial uses including mixed commercial/residential uses. Industrial uses are prohibited. Although rental rates and values have improved to justify redevelopment, A prudent developer would not undertake a speculative project, but would probably hold the property until a user (or users) requiring a specific building (build-to-suit) is found. Based on the foregoing discussion, we conclude the highest and best use as vacant is to hold for future speculation.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

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

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

In this case, only the Direct Sales Comparison Approach was deemed relevant. Hence, the final value reconciliation is also irrelevant and the value conclusion is based upon the conclusion derived from the Direct Sales Comparison Approach.

Analyses Applied

A **Cost Approach** was considered and was not developed because we are assuming the subject is vacant land; therefore, this approach is irrelevant.

An **Income Approach** was considered and was not developed because we are assuming the subject is vacant land; therefore, this approach is irrelevant.

A **Sales Comparison Approach** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Sales Comparison Approach – Land Valuation

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 principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

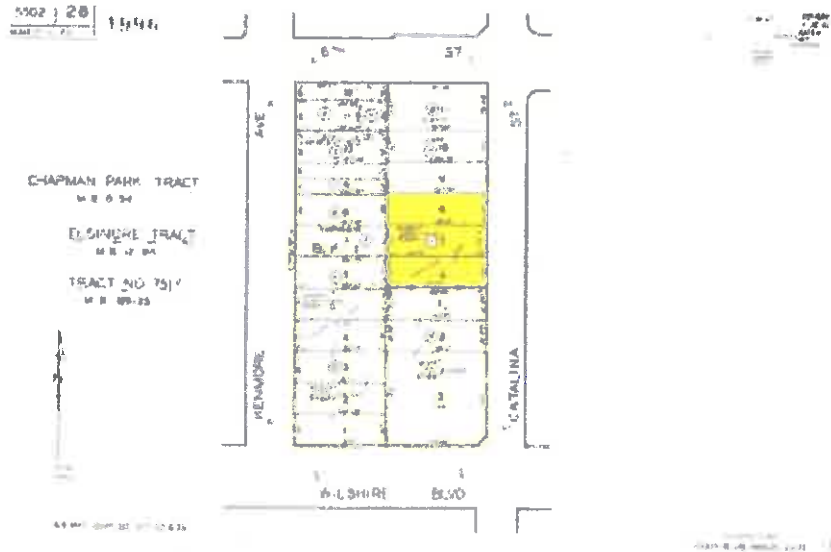
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is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

Land Comparables

We have researched nine comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. The comparables represent what a prospective buyer might consider along with the subject.

Comparable	Address	City	Date	Price	Price Per Land SF	Land SF	Zoning
1	621 S Catalina St	Los Angeles	2/15/13	\$4,000,000	\$164.04	24,384	CR
2	8950 W Sunset Blvd	West Hollywood	12/13/12	\$28,000,000	\$567.30	49,357	C2A
3	9040 W Sunset Blvd	West Hollywood	11/14/12	\$31,500,000	\$524.05	60,109	C2A/R2+PK/R4
4	1213-1237 S Olive St	Los Angeles	11/13/12	\$29,000,000	\$233.78	124,046	C2
5	7953 Santa Monica Blvd & 1105-1111 N Hayworth Ave	West Hollywood	10/2/12	\$2,400,000	\$246.15	9,750	C2A
6	1530 Santa Monica Blvd	Santa Monica	9/27/12	\$9,660,000	\$214.67	45,000	C4YY
7	359 & 417 S La Brea Ave	Los Angeles	5/9/12	\$10,472,000	\$153.77	68,102	C2-4
8	1717-1725 N Cherokee Ave	Los Angeles	3/16/12	\$9,200,000	\$185.52	49,590	C4-2D-SN
9	8955 W Olympic Blvd	Beverly Hills	Available	\$7,500,000	\$245.29	30,576	C3

Land Comparable 1



Transaction

Address	621 S Catalina St	Date	2/15/2013
City	Los Angeles	Price	\$4,000,000
APN	5502-028-021	Price Per Land SF	\$164.04
Grantor	Jung C & Kyung S Kim	Financing	Conventional
Grantee	The Nest on Catalina LLC	Document Number	242662
Days on Market	N/A	Property Rights	Fee Simple
		Verification Source	CoStar/NDC

Site

Acres	0.56	Accessibility	Interior
Land SF	24,384	Zoning	CR
Road Frontage	150 feet on Catalina	Utilities	All to site
Topography	Level	Offsites	All complete

Notes

This property was being used as a parking lot at the time of sale.

Land Comparable 2



Transaction

Address	8950 W Sunset Blvd	Date	12/13/2012
City	West Hollywood	Price	\$28,000,000
APN	4340-002-063	Price Per Land SF	\$567.30
Grantor	James Hotel West Hollywood LLC	Financing	All Cash
Grantee	8950 Sunset Blvd Inc	Document Number	1930036
Days on Market	N/A	Property Rights	Fee Simple
		Verification Source	CoStar/NDC

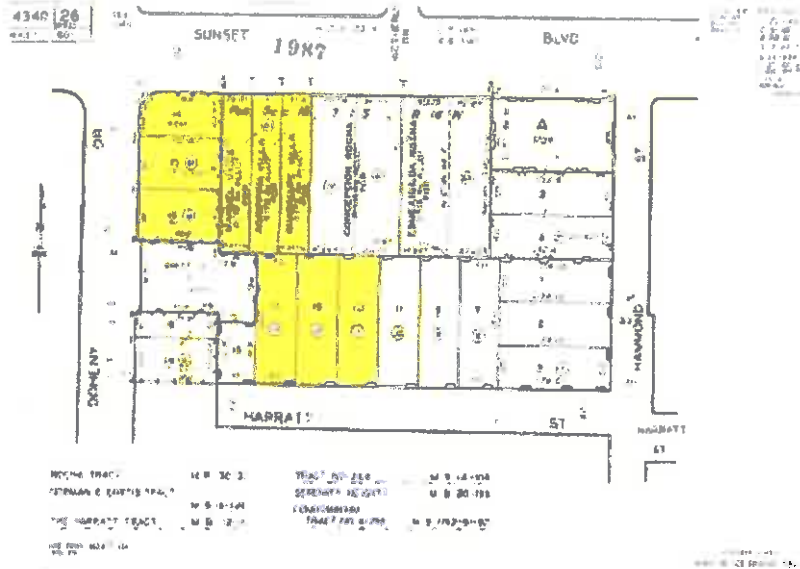
Site

Acres	1.13	Accessibility	Corner/St-to-St
Land SF	49,357	Zoning	C2A
Road Frontage	247 feet on Sunset, 199 feet on Hilldale, & 198 feet on Hammond	Utilities	All to site
Topography	Gentle Downward Slope	Offsites	All complete

Notes

This is a street-to-street, corner site located along Sunset Boulevard, between Hammond Street and Hilldale Avenue. The property was improved with partial paving at time of sale. The site was approved for a 196-room hotel, 4 extended stay residences, restaurants, cafe, fitness center, and function space in August 2005. Reportedly, the permit status has been extended. This property was listed and sold by Tony Azzi with Marcus & Millichap (310-909-5500).

Land Comparable 3



Transaction

Address	9040 W Sunset Blvd	Date	11/14/2012
City	West Hollywood	Price	\$31,500,000
APN	See below	Price Per Land SF	\$524.05
Grantor	WN Sunset LLC	Financing	All Cash
Grantee	Marriott International Inc.	Document Number	1726836
Days on Market	N/A	Property Rights	Fee Simple
		Verification Source	CoStar/NDC/Press Release

Site

Acres	1.38	Accessibility	Corner/St-to-St
Land SF	60,109	Zoning	C2A/R2+PK/R4
Road Frontage	211 feet on Sunset, 171 feet on Doheny & 150 feet on Harratt	Utilities	All to site
Topography	Dow n w a r d Slope	Offsites	All complete

Notes

This property consists of six parcels that form an irregular-shaped, street-to-street corner site. Reportedly, the property has been in the approval process for redevelopment into a hotel for several years. At the time of sale the property was improved with a 20,000 SF retail building and a 4,588-SF apartment building. This sale includes APNs 4340-026-011, 4340-026-012, 4340-026-013, 4340-026-018, 4340-026-021, and 4340-026-028. It has the addresses of 9040 W. Sunset Blvd., 9056 W. Sunset Blvd., and 1018 N. Doheny Dr.

Land Comparable 4



Transaction

Address	1213-1237 S Olive St	Date	11/13/2012
City	Los Angeles	Price	\$29,000,000
APN	See below	Price Per Land SF	\$233.78
Grantor	State Bar of California	Financing	All Cash
Grantee	G12 Partners LLC	Document Number	1714937
Days on Market	N/A	Property Rights	Fee Simple
		Verification Source	CoStar/NDC/LA Times

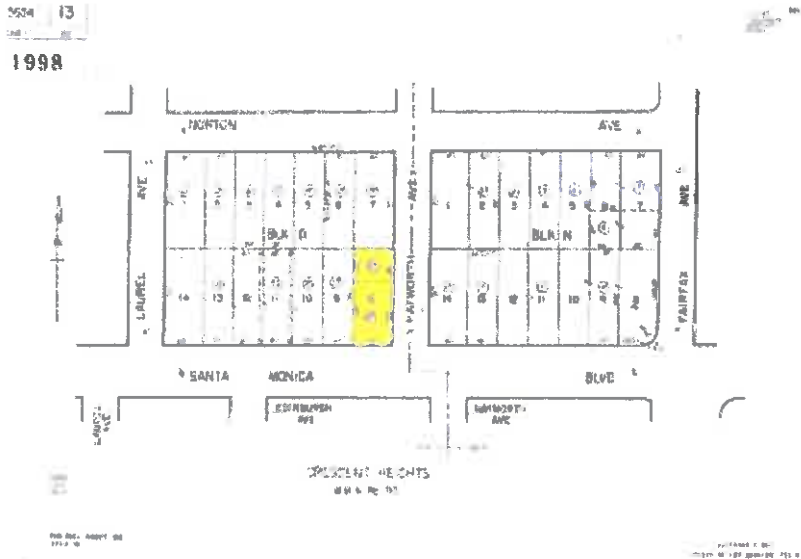
Site

Acres	2.85	Accessibility	Corner/St-to-St
Land SF	124,046	Zoning	C2
Road Frontage	360 feet on Olive, 403 feet on Grand, 159 feet on 12th, & 151 feet on Fico	Utilities	All to site
Topography	Level	Offsites	All complete

Notes

This property consists of a 14 tax parcels which form a street-to-street, corner site which included the vacated alley. The APNs are 5138-023-024, 5138-023-025, 5138-023-026, 5138-023-027, 5138-023-028, 5138-023-029, 5138-023-030, 5138-023-031, 5138-023-03,2 5138-023-033, 5138-023-03,4 5138-023-035, 5138-023-036, and 5138-023-037. The property will be improved with a mixed-use development consisting of 640 residential units with approximately 42,000-SF of ground-floor retail. Reportedly, the property sold with no entitlements. The property was listed with Mark Sullivan with Studley (213-553-3840).

Land Comparable 5



Transaction

Address	7953 Santa Monica Blvd & 1105- Date	10/2/2012
City	1111 N Hawthorn Ave West Hollywood	Price \$2,400,000
APN	5554-013-021 & -022	Price Per Land SF \$246.15
Grantor	10PO, Inc	Financing All Cash Assumed
Grantee	LJO Properties, LLC	Document Number 1481316
Days on Market	N/A	Property Rights Leased Fee
		Verification Source CoStar/NDC/Broker

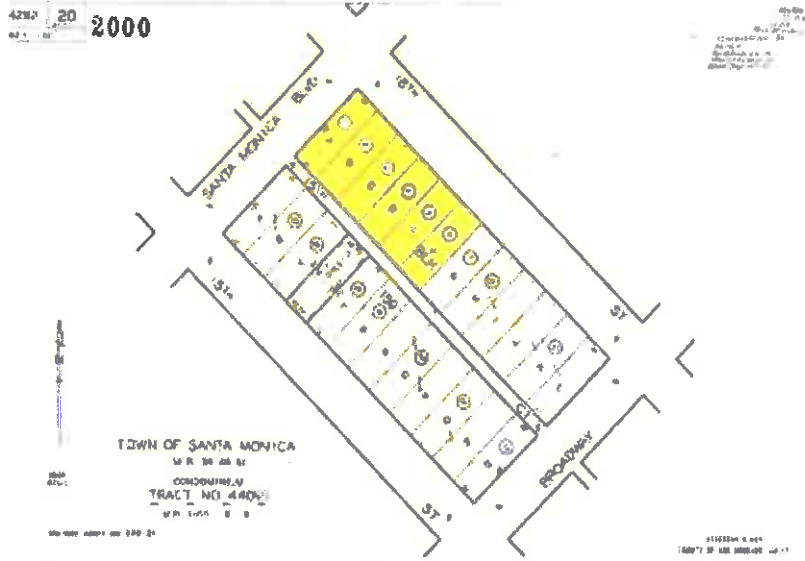
Site

Acres	0.22	Accessibility	Corner
Land SF	9,750	Zoning	C2A
Road Frontage	65 feet on Santa Monica & 150 feet on Hawthorn	Utilities	All to site
Topography	Gentle Upward	Offsites	All complete

Notes

This is a rectangular-shaped, corner site located at the northwest corner of Santa Monica Boulevard and Hawthorn Avenue. This property was improved with a 3,500 SF restaurant and a 5,124 SF retail building.

Land Comparable 6



Transaction

Address	1530 Santa Monica Blvd	Date	9/27/2012
City	Santa Monica	Price	\$9,660,000
APN	See below	Price Per Land SF	\$214.67
Grantor	WLC Properties	Financing	All Cash
Grantee	Sully Three SM, LLC	Document Number	1452703
Days on Market	196	Property Rights	Leased Fee
		Verification Source	CoStar/NDC/Brochure

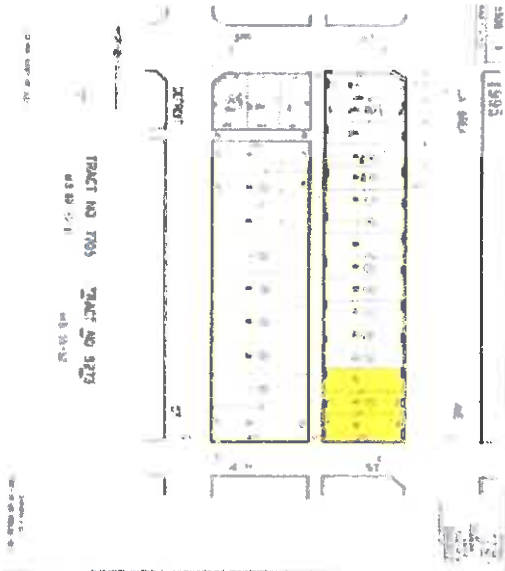
Site

Acres	1.03	Accessibility	Corner/Alley-serviced
Land SF	45,000	Zoning	C4YY
Road Frontage	150 feet on Santa Monica & 300 feet on 16th	Utilities	All to site
Topography	Level	Offsites	All complete

Notes

This is an alley-serviced, rectangular-shaped, corner site located at the southeast corner of Santa Monica Boulevard & 16th Street. The property was improved with a 4,335 SF automotive repair building. The property was purchased by the tenant. This property was listed with T.C. Macker with Coldwell Banker Commercial Westmac (310-478-7700). This property consists of APNs 4282-020-001, 4282-020-002, 4282-020-004, 4282-020-005, and 4282-020-006.

Land Comparable 7



Transaction

Address	359 & 417 S La Brea Ave	Date	5/9/2012
City	Los Angeles	Price	\$10,472,000
APN	5508-001-031, 5508-006-028	Price Per Land SF	\$153.77
Grantor	Chrysler Group Realty Co, LLC	Financing	All Cash Assumed
Grantee	401 South La Brea Avenue,	Document Number	694124
Days on Market	1120	Property Rights	Fee Simple
		Verification Source	CoStar/NDC

Site

Acres	1.56	Accessibility	Corner/Alley/Noncontiguous
Land SF	68,102	Zoning	C2-4
Road Frontage	645 feet on La Brea & 105 feet on 4th	Utilities	All to site
Topography	Level	Offsites	All complete

Notes

This transaction represents a sale for land value only. The sale included two noncontiguous parcels of land with 21,252 SF of building area formally used as a Chrysler Dealership, which is scheduled to be demolished. The exact date is currently unknown; however, according to the Los Angeles Department of Building and Safety a permit for demolition was submitted June 6, 2012. A pre-demo inspection was approved June 11, 2012 (permit No. 2019100001182). The property was on the market for about three years. The escrow time was about 90 days. The sellers divested of the property because it no longer fit in their inventory needs. The buyers declined to disclose their motivation for purchasing the properties; however, according to the Los Angeles Department of Building and Safety two permits were approved for plumbing (sewer caps) at both locations and a permit was submitted to construct a one-story retail building with on-grade

Land Comparable 8



Transaction

Address	1717-1725 N Cherokee Ave	Date	3/16/2012
City	Los Angeles	Price	\$9,200,000
APN	See below	Price Per Land SF	\$185.52
Grantor	CFRI-NCA Cheokee Las Palmas Venture LLC	Financing	All Cash
Grantee	Hollywood Cherokee	Document Number	418492
Days on Market	N/A	Property Rights	Fee Simple
		Verification Source	AR/Broker/CoStar/NDC

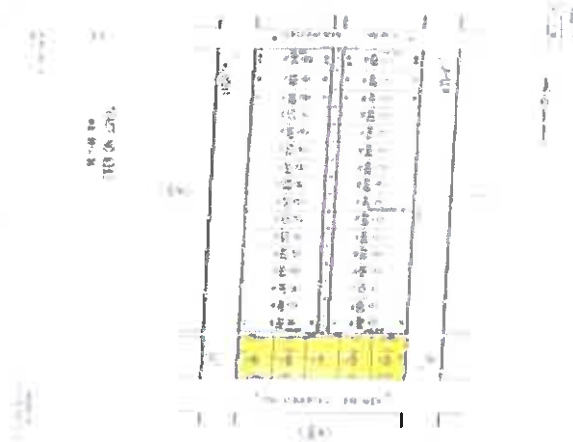
Site

Acres	1.14	Accessibility	Interior/St-to-St
Land SF	49,590	Zoning	C4-2D-SN
Road Frontage	109 feet on Cherokee & 167 feet on Las Palmas	Utilities	All to site
Topography	Level	Offsites	All complete

Notes

This property has street-to-street frontage along Cherokee Avenue and Las Palmas Avenue. At the time of sale the property was being operated as a parking lot for +/-154 cars. The property is entitled for mixed residential/hospitality project of a 15-story hotel/residential tower (289,000 SF) with 282 hotel rooms, 115 dwelling units and related retail. The buyer reportedly intends to continue to run the parking lot operation until conditions improve sufficiently for development to be feasible. This sale consists of APNs 5547-009-005, 5547-900-009, 5547-900-017 and 5547-900-019.

Land Comparable 9



Transaction

Address	8955 W Olympic Blvd	Date	Available
City	Beverly Hills	Price	\$7,500,000
APN	4333-004-017, -018, -019	Price Per Land SF	\$245.29
Grantor	Ford Motor Co.	Financing	All Cash Assumed
Grantee	NA	Document Number	N/Av
Days on Market	1144	Property Rights	Fee Simple
		Verification Source	CoStar/NDC/Loopnet

Site

Acres	0.702	Accessibility	Corner/St-to-St/Alley
Land SF	30,576	Zoning	C3
Road Frontage	255 feet on Olympic, 120 feet on Almont. & 120 feet on Level	Utilities	All to site
Topography	Level	Offsites	All complete

Notes

This property consists of a street-to-street, alley-serviced, corner site. The property is reportedly in escrow and is currently improved with a 18,990 SF former automobile repair facility. This property is currently listed with Timothy Bowler with CBRE (310-550-2521).

Land Sale Comparables Map



Note: The indicator for Comparable #2 is hidden by Comparable #3. The indicator for Comparable #5 is hidden by the subject.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

LAND SALES ANALYSIS

File: 13-394

Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9
7718 Santa Monica Boulevard West Hollywood Distance to Subject (mi.)	621 S Catalina St Los Angeles 4.0	8950 W Sunset Blvd West Hollywood 1.8	9040 W Sunset Blvd West Hollywood 1.9	1213-1217 S Olive St Los Angeles 6.4	7953 Santa Monica Blvd & West Hollywood 0.4	1530 Santa Monica Blvd Santa Monica 8.6	359 & 417 S La Brea Ave Los Angeles 1.9	1717-1723 N Cherokee Ave Los Angeles 1.5	8953 W Olympic Blvd Beverly Hills 2.8
DESCRIPTIVE DATA									
Lead SF	24,384	49,357	60,109	126,046	9,750	45,000	68,102	49,590	30,576
Zoning	CR	C2A	C2A/R2-2PK/R4	C2	C2A	CAYY	C2-4	C4-ZD-SN	C3
Accessibility	Interior	Corner/Strip/St	Corner/Strip/St	Corner/Strip/St	Corner	Corner/Strip-serviced	Corner/Strip/Noncontiguous	Interior/Strip/St	Corner/Strip/St/Alley
Shape	Rectangular	Rectangular	Irregular	Slightly Irregular	Rectangular	Rectangular	Rectangular	Flag-shaped	Rectangular
Topography	Level	Gentle Downward Slope	Downward Slope	Level	Gentle Upward	Level	Level	Level	All to site
Utilities	All to site	All to site	All to site	All to site	All to site	All to site	All to site	All to site	All to site
Outlets	All complete	All complete	All complete	All complete	All complete	All complete	All complete	All complete	All complete
Land Improvements	Parking Lot	Paving/Vacant	24,388 SF Buildings	Parking Lot	8,629 SF Buildings	4,333 SF Building	21,252 SF Building	Paving	16,590 SF Building
Proposed Use	Retail	Hotel	Hotel	Mixed Use	Unknown	Unknown	Redevelopment project	Mixed Use	Hot for Speculation
SALE DATA									
Date	February 15, 2013	December 13, 2012	November 14, 2012	November 13, 2012	October 2, 2012	September 27, 2012	May 9, 2012	March 16, 2012	Available
Price	\$4,000,000	\$28,000,000	\$31,500,000	\$29,000,000	\$2,400,000	\$9,660,000	\$10,472,000	\$9,200,000	\$7,500,000
Price per Land SF	\$164.04	\$567.30	\$524.05	\$233.78	\$246.15	\$214.67	\$153.77	\$185.52	\$245.29
FINANCING									
Fin: Trust Deed/Lender	Open Bank	All Cash	All Cash	All Cash	All Cash Assumed	All Cash	All Cash Assumed	All Cash	All Cash Assumed
Fin: Trust Deed/Balance	\$2,555,000								
ADJUSTMENTS									
Demolition Costs	\$0.50	\$0.50	\$2.05	\$0.50	\$4.40	\$0.50	\$1.55	\$0.50	\$3.10
Conditions of Sale (Cash Equivalency, Financing, etc.)									(\$12.25)
Market Conditions/Time (0.0% Annual Rate of Change)									
Net	\$164.54	\$667.80	\$526.10	\$234.28	\$259.55	\$215.17	\$155.32	\$186.02	\$236.14
Location									
Traffic/Visibility	\$32.90	(\$141.95)	(\$131.55)				\$31.05		
Topography		(\$56.80)	(\$52.60)				\$15.55		\$23.60
Size									
Shape (Utility)			\$56.30	\$11.40	\$6.25		\$5.80	\$3.95	
Corner vs. Intersect (Accessibility)					\$12.55		\$15.55		\$27.90
Utilities/Other-uses									(\$11.80)
Other		(\$56.80)	(\$52.60)						
Adjusted SF Infill/Status	\$230.34	\$312.25	\$315.65	\$245.68	\$269.35	\$215.17	\$223.27	\$255.07	\$277.94
Net Percentage of Adjustments	40.4%	45.0%	51.1%	5.1%	9.4%	0.2%	46.2%	37.5%	1.1%
Elements of Good Comparability	Date				Size/Proximity				
Sales Receiving Greatest Emphasis	****				****				

Range Between Comparables before Adjustment = \$413,538/SF
 Range Between Comparables after Adjustment = \$100,486/SF
 Average of all SF Indicators = \$257.19
 Average of Best SF Indicators = \$240.14

Comparable Land Sale Adjustments

The following is a discussion of the adjustments applied to the comparables on the preceding page. The value of the comparables has been translated to a dollar per square foot indicator, which is a common expression of land values in this market. However, it should be noted that market participants typically do not analyze sales via the adjustment grid process. Nevertheless, any owner or buyer in any market will subjectively weigh the positives and negatives of each property choice in a market before making final decisions relative to appropriate pricing. Historical appraisal methodology has accepted the practice of using adjustment grids, and the use of such grids is intended to help the reader better understand our analysis of the magnitude of differences between the properties. Although the adjustments are felt to represent reasonable market reaction relative to the direction in terms of either the superiority or inferiority of each component, admittedly, in some cases the magnitude of the adjustment is largely subjective.

Demolition

The first adjustment takes into consideration "Demolition." Comparables #1, #2, #4, and #8 were adjusted upward by \$0.50/SF for paving. Comparables #3, #5, #6, #7, and #9 were adjusted upward to varying degrees to account for the cost of the demolition/removal of onsite improvements in order to arrive at a net sale price. The adjustments are based on cost estimates (\$5/SF) as found in Marshall Valuation Service handbook.

Conditions of Sale

The next adjustment is intended to account for "Conditions of Sale." The purpose of this adjustment is to reflect any atypical motivations of the buyer and seller. This might take into account special (non-market) financing (although this does not always impact price), concessions made by the buyer or seller that impacted the sale price, or any reduction in commissions offered by the brokers to facilitate a sale. More specifically, for example, an adjustment might be made for a higher price paid by a buyer during a site assemblage process, or for a discounted price that was the result of a quick-sale-for-cash scenario.

In the case of this analysis, all of the closed sales were either all-cash transactions (or assumed to be) or purchased through conventional financing; thus, no adjustments were warranted for Comparables #1-#8.

Although Comparable #9 is reportedly in escrow, the broker would not disclose the purchase price. Therefore, we have utilized the list price and have adjusted it downward by 5% because the asking price will likely be reduced through negotiation.

Market Conditions/Time

Based on paired-data analysis, no time adjustment was warranted.

Location

A location adjustment was applied next. Here the primary consideration was the difference in quality of surrounding commercial improvements. The adjustments applied are percentage adjustments that are intended to recognize general differences between the subject and the comparables. In a market like the subject, it is extremely difficult to obtain enough comparable data to produce reliable paired-data results that will quantify the direction and magnitude of the location adjustments. As a result, there is an element of subjectivity to the adjustments applied. However, an attempt is made to balance the magnitude of the adjustments through discussions with market participants and through a review of previous appraisal assignments.

In this case Comparables #2 and #3 are located along Sunset Boulevard, which is considered superior to the subject's location. Thus, these comparables were adjusted downward 25% for location. Comparable #7 is located in an inferior neighborhood and required a 20% upward adjustment.

Traffic/Visibility/Accessibility

Visibility, traffic exposure, and accessibility were considered next. Traffic exposure/visibility can have a direct impact on land value. Thus, in this category we have attempted to account for differences between the subject and the comparables with respect to their exposure to high volumes of traffic.

Comparables #1 and #8 are located along secondary streets and required a 20% upward adjustment for inferior traffic exposure. Comparables #2 and #3 were adjusted downward by 10% for their superior traffic and visibility along Sunset Boulevard. Comparables #7 and #9 were considered only slightly inferior and were adjusted upward by 10%.

Topography

No adjustments were necessary in this category.

Size

Size adjustments have been applied in order to reflect the economies of scale associated with the purchase and development of larger properties. These economies may be attributed to several factors. First, larger parcels generally have a higher cost of infrastructure and offsite improvements than smaller in-fill sites, which means that buyers tend to discount larger sites in contemplation of the development costs they will absorb. Second, smaller in-fill parcels in neighborhoods where development is more mature are simply scarcer. Third, there are generally more potential buyers for smaller in-fill sites. All of these factors generally result in higher purchaser prices on a per-SF basis for small sites. However, it takes a reasonably active marketplace to accurately quantify the magnitude of size adjustment necessary; and during the current sluggish real estate market, there have not been enough data available to mathematically calculate the relationship in this particular neighborhood. Nevertheless, this is where an appraiser is called to exercise good judgment. Based upon size relationships we have quantified for other local areas in earlier times of greater activity, positive or negative size adjustments were applied to the comparable land transactions in direct proportion to their size as compared to the subject.

Shape & Utility

The utility of a site can sometimes be affected by its configuration. Generally, the more level and square a site is, the easier it is to develop with respect to the layout of building improvements. For instance, a long narrow strip of land will likely only provide one access point and will suffer from reduced utility because of the difficulty in developing within restrained borders.

In this case, Comparable #3 required a 5% upward adjustment for its inferior irregular configuration. Comparable #5 is somewhat narrow which limits frontage along Santa Monica Boulevard and was adjusted upward by 2.5%. Comparable #7 was adjusted upward by 10% for its inferior non-contiguous configuration. Although Comparable #4 is slightly irregular in shape and Comparable #8 has a flag-shaped configuration, any affect that these issues has on utility is considered nominal and no adjustments were warranted.

Corner vs. Interior

Corner and street-to-street sites are generally considered superior to interior lots because they typically offer better access. As noted previously, the subject consists of an alley-serviced, corner site. Here, Comparable #1 received a 20% upward adjustment for its inferior, interior configuration. Comparables #5 is a corner site and received a 5% upward adjustment for its inferior non-alley site. Comparable #8 is an interior, street-to-street site and was adjusted upward by 15%. Comparable #9 is a corner, street-to-street, alley-serviced site and was adjusted downward by 5%.

Utilities & Off-sites

No adjustment for utilities and off-sites was warranted.

Other

Comparables #2 and #3 sold with entitlements in place. Therefore, a 10% downward adjustment was applied. No other adjustments were warranted.

Conclusion of Land Value, Assuming Vacant and Ready for Development

The adjusted values of the comparable properties range from \$215.17/SF to \$315.65/SF. The average of all adjusted indications is \$257.19/SF, while the average of best indicators (Comparables #1, #4, #5, and #6) is \$240.14/SF. As a result of the adjustment process, we conclude on a **hypothetical value indication of the fee simple interest of the subject land, assuming it is vacant and ready for immediate development and no billboard, in the amount of \$2,470,000, or \$247.00/SF.**

"As Vacant and Ready" Market Value

Concluded Value: \$2,470,000
Subject Size: 10,000
Value per Square Foot: \$247.00

Two Million Four Hundred Seventy Thousand Dollars

Conclusion of Land Value, "As Is,"

As noted previously, the subject is currently improved as a pay-parking lot with a billboard. For the purpose of this analysis, we have assumed a demolition cost not exceed \$5,000. When this cost is deducted from the preceding value conclusion, we conclude on a **hypothetical value indication of the leased fee interest of the subject land "as is," including the contributory value of the billboard, in the amount of \$2,465,000, or \$246.50/SF.**

"As Is" Market Value Including Contributory Value of the Billboard Income

Concluded Value: \$2,465,000
Subject Size: 10,000
Value per Square Foot: \$246.50

Two Million Four Hundred Sixty Five Thousand Dollars

Value Conclusion(s) Summarized

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), as of June 15, 2013, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: "As Vacant" (No Improvements)
Interest: Fee Simple
Value Conclusion: \$2,470,000
Two Million Four Hundred Seventy Thousand Dollars

Premise: "As Is" Less Demolition
Interest: Fee Simple
Value Conclusion: \$2,465,000
Two Million Four Hundred Sixty Five Thousand Dollars



Julie A. Hackney, SCREA
CA-AG023446
Expires: April 7, 2014



Jeffrey O. Eggleston, SCREA
CA-AG017079
Expires: April 6, 2015



Stephen P. Rethmeier, SCREA
CA-AG012653
Expires: June 30, 2015

Certification Statement

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- This appraisal is intended to comply with the OCC's amended Appraisal Rule, effective June 7, 1994, as published in the Federal Register, Volume 59, No. 108, and with the Interagency Appraisal and Evaluation Guidelines, dated December 10, 2010.
- The appraisers have not performed any prior services regarding the subject within the previous three years of the appraisal date.
- Julie A. Hackney has conducted a limited/drive-by inspection of the subject property.
- Jeffrey O. Eggleston has not conducted an inspection of the subject property.
- Stephen P. Rethmeier has not conducted an inspection of the subject property.



Julie A. Hackney, SCREA
CA-AG023446
Expires: April 7, 2014



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Expires: April 6, 2015



Stephen P. Rethmeier, SCREA
CA-AG012653
Expires: June 30, 2015

Addenda

Addenda "A" – Demographic Report



Executive Summary

3718 Santa Monica Blvd, West Hollywood, CA, 90046
 Ring: 1 mile radius

Prepared by Steve Reithmeier

Population	1 mile	3 miles	5 miles
2000 Population	58,017	299,030	862,218
2010 Population	54,989	293,176	840,813
2012 Population	55,471	296,730	849,482
2017 Population	56,451	302,993	867,003
2000-2010 Annual Rate	-0.53%	0.20%	0.25%
2010-2012 Annual Rate	0.39%	0.54%	0.46%
2012-2017 Annual Rate	0.35%	0.47%	0.41%
2012 Male Population	53.1%	51.3%	50.2%
2012 Female Population	46.9%	48.7%	49.8%
2012 Median Age	37.3	37.5	36.5

In the identified area, the current year population is 849,482. In 2010, the Census count in the area was 840,813. The rate of change since 2010 was 0.46% annually. The five-year projection for the population in the area is 867,003 representing a change of 0.41% annually from 2012 to 2017. Currently, the population is 50.2% male and 49.8% female.

Median Age

The median age in this area is 36.5, compared to U.S. median age of 37.3.

Race and Ethnicity

2012 White Alone	62.6%	68.6%	53.5%
2012 Black Alone	3.6%	6.1%	8.6%
2012 American Indian/Alaska Native Alone	0.3%	0.4%	0.6%
2012 Asian Alone	5.9%	11.5%	15.5%
2012 Pacific Islander Alone	0.1%	0.1%	0.1%
2012 Other Race	3.6%	8.8%	17.0%
2012 Two or More Races	4.0%	4.5%	4.6%
2012 Hispanic Origin (Any Race)	11.1%	19.9%	34.3%

Persons of Hispanic origin represent 34.3% of the population in the identified area compared to 16.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 62.6 in the identified area, compared to 61.4 for the U.S. as a whole.

Households

2000 Households	33,643	148,696	366,053
2010 Households	33,026	148,574	366,909
2012 Total Households	33,327	150,357	370,678
2017 Total Households	33,976	153,669	379,144
2000-2010 Annual Rate	-0.18%	0.01%	0.02%
2010-2012 Annual Rate	0.40%	0.53%	0.46%
2012-2017 Annual Rate	0.39%	0.46%	0.45%
2012 Average Household Size	1.64	1.94	2.26

The household count in this area has changed from 366,909 in 2010 to 370,678 in the current year, a change of 0.46% annually. The five-year projection of households is 379,144, a change of 0.45% annually from the current year total. Average household size is currently 2.26, compared to 2.26 in the year 2010. The number of families in the current year is 173,468 in the specified area.



Executive Summary

7718 Santa Monica Blvd, West Hollywood, CA, 90046
 Ring: 5 mile radius

Prepared by Steve Rehnmeier

	1 mile	3 miles	5 miles
Median Household Income			
2012 Median Household Income	\$44,715	\$49,053	\$41,771
2017 Median Household Income	\$54,135	\$58,239	\$49,951
2012-2017 Annual Rate	3.90%	3.49%	3.64%
Average Household Income			
2012 Average Household Income	\$67,743	\$78,612	\$70,886
2017 Average Household Income	\$78,977	\$92,600	\$83,363
2012-2017 Annual Rate	3.12%	3.33%	3.30%
Per Capita Income			
2012 Per Capita Income	\$41,071	\$40,327	\$51,376
2017 Per Capita Income	\$47,896	\$47,525	\$36,901
2012-2017 Annual Rate	3.12%	3.34%	3.36%

Households by Income

Current median household income is \$41,771 in the area, compared to \$50,157 for all U.S. households. Median household income is projected to be \$49,951 in five years, compared to \$56,895 for all U.S. households.

Current average household income is \$70,886 in this area, compared to \$68,162 for all U.S. households. Average household income is projected to be \$83,363 in five years, compared to \$77,137 for all U.S. households.

Current per capita income is \$51,376 in the area, compared to the U.S. per capita income of \$26,409. The per capita income is projected to be \$36,901 in five years, compared to \$29,582 for all U.S. households.

Housing

2000 Total Housing Units	34,600	155,481	383,265
2000 Owner Occupied Housing Units	5,558	37,359	93,984
2000 Renter Occupied Housing Units	28,085	111,337	272,069
2000 Vacant Housing Units	1,157	6,785	17,212
2010 Total Housing Units	35,545	162,240	397,825
2010 Owner Occupied Housing Units	5,750	37,558	94,599
2010 Renter Occupied Housing Units	27,476	111,016	272,310
2010 Vacant Housing Units	2,519	13,666	30,916
2012 Total Housing Units	35,886	163,872	401,556
2012 Owner Occupied Housing Units	5,397	35,904	90,657
2012 Renter Occupied Housing Units	27,925	114,453	280,021
2012 Vacant Housing Units	2,564	13,515	30,878
2017 Total Housing Units	36,592	167,221	409,835
2017 Owner Occupied Housing Units	5,710	37,584	94,874
2017 Renter Occupied Housing Units	28,267	116,285	284,270
2017 Vacant Housing Units	2,615	13,352	30,751

Currently, 27.6% of the 401,556 housing units in the area are owner occupied; 67.7% renter occupied; and 7.7% are vacant. Currently, in the U.S., 36.5% of the housing units in the area are owner occupied, 32.1% are renter occupied, and 11.4% are vacant. In 2010, there were 397,825 housing units in the area - 23.6% owner occupied, 66.4% renter occupied, and 7.6% vacant. The annual rate of change in housing units since 2010 is 0.42%. Median home value in the area is \$517,685, compared to a median home value of \$167,749 for the U.S. In five years, median value is projected to change by 3.76% annually to \$607,974.

Data Note: Income is expressed in 2012 dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. For forecasts for 2012 and 2017, data is projected based on 2000 data for 2010 population.

June 05, 2013

Addenda "B" – Appraisers Certificates and Qualifications



Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

JULIE A. HACKNEY

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER **AG023446**

Date Issued: April 8, 2012

Date Expires: April 7, 2014

Bob Clark

Director, OREA

Audit No. 138638



QUALIFICATIONS OF THE APPRAISER

Julie Ann Hackney
Certified General Real Estate Appraiser, State of California
Certification #AC023446

BUSINESS EXPERIENCE

Real Estate Appraiser, Syn-Mar Associates, Anaheim, California—October 1995 to present. Senior appraiser performing both UCIAR form and narrative appraisals. Performing appraisals on a variety of property types including office, industrial, retail, land, subdivisions, housing tracts, condominium projects, and special-purpose properties. Primary geographical areas of service include Los Angeles, Orange, Riverside, and San Bernardino Counties.

Real Estate Appraiser, S.S. Herron & Associates, Anaheim, California—May 1990 to October 1995. Senior Appraiser and top producer of UCIAR form reports. Appraised several property types including commercial, industrial, land, subdivisions, housing tracts, condominium projects, single-family residences, and special-purpose properties.

Real Estate Appraiser, Systems Plus, San Clemente, California—August 1989 to May 1990. Responsibilities included appraising single-family residences and vacant land.

Real Estate Appraiser, Paul Jockle & Associates, Huntington Beach, California—March 1988 to May 1990. Appraised various types of real estate property including single-family residences, housing tracts, condominium projects, apartment buildings, industrial and commercial buildings, vacant land, and special-purpose properties.

EDUCATION

Master Program, 1985—Whittier College, Whittier, California. Completed two years of Masters Program in Communication Disorders.

Bachelor of Arts in Communication, 1983—Biola University, La Mirada, California.

FORMAL TRAINING

Citrus College, Fall 1987
Appraisal Institute, Winter 1991
Cal. State University Fullerton, Fall 1991
Cal. State University Fullerton, Fall 1992
Cal. State University Fullerton, Winter 1993
Cal. State University Fullerton, Winter 1993
Cal. State University Fullerton, Spring 1993

Cal. State University Fullerton, Summer 1993
Appraisal Institute—Seminar, Summer 1997
Appraisal Institute—Seminar, Winter 1998
Appraisal Institute—Seminar, Spring 1998
Appraisal Institute—Seminar, Summer 1998
Appraisal Institute—Seminar, Summer 1998
Appraisal Institute—Seminar, Summer 1998

Residential Appraisals
Ethics
Real Estate Economics
Sale Approach
Income Approach
Legal Considerations
Fundamentals of Construction &
Land Valuations

Cost Approach
Operating Expense Information
So. California Market Trends
So. California Motel/Hotel Workshop
1998 Inland Empire Market Trends
Business Value
Trends in the Hospitality Industry

TYPES OF PROPERTIES APPRAISED

Office Buildings (Owner-user, single- and multi-tenant)
Industrial Buildings (Owner-user, single- and multi-tenant)
Neighborhood Shopping Centers
Retail Strip Centers
Special Purpose Properties
Subdivision Land and Residential Subdivisions
Vacant Land

Motels
Banks (Fee and Leased Fee)
Leasholds and Groundleases
Single-Family Residences
Apartment Complexes
Board and Care Facilities
Condominium Projects



Business, Transportation & Housing Agency
OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Jeffrey O. Eggleston

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER: AG 017079

Effective Date: April 7, 2013
 Date Expires: April 6, 2015

Jim Martin
 Jim Martin, Director, OREA



QUALIFICATIONS OF THE APPRAISER

Jeffrey O. Eggleston

Certified General Real Estate Appraiser, Certificate #AG017079

General Associate Member Appraisal Institute (#M1931289)

BUSINESS EXPERIENCE

Real Estate Appraiser, Syn-Mar Associates, Anaheim, California--September 1998 to present
Independent Fee Appraiser, writing both UCLAR form and full narrative reports on a variety of property types including offices, banks, single-tenant industrial, multi-tenant industrial parks, and shopping centers

Real Estate Appraiser, Continental Realty Advisors, Irvine, California--April 1997 to September 1998
Independent Fee Appraiser, writing both UCLAR form and full narrative reports on a variety of property types including offices, banks, single-tenant industrial, multi-tenant industrial parks, and shopping centers

Real Estate Appraiser, Paul Jackle and Associates, Inc., Huntington Beach, California--February 1990 to September 1998. Independent Fee Appraiser, writing full narrative and short-form appraisal reports on a variety of commercial properties including proposed and existing shopping centers, industrial projects, motels, and special purpose properties.

Financial Analyst, Walt Disney Corporation, Anaheim, California--June 1989 to February 1990
Responsibilities included preparation, presentation, and monitoring of budgets for each division; calculation and explanation of budget variances; and research and analysis of various theme park operations. Ride Operations, Part-time April 1981 to June 1989.

EDUCATION

Bachelor of Science Program, 1989--California State University, Long Beach. Finance with a concentration in Real Estate.

FORMAL TRAINING

Calif. State University, Long Beach :

Income Property Valuation
Real Estate Law
Investment Principles
Real Estate Principles and Practices
Real Estate Finance
Money and Banking
Financial Management

Society of Real Estate Appraisers:

Principles of Income Property Appraisal

Appraisal Institute:

Standards of Professional Practice (430)
Highest & Best Use & Market Analysis (520)
Advanced Sales Comparison and Cost Approaches (530)
Report Writing and Valuation Analysis (540)
Advanced Applications (Case Studies 550)

Seminars:

IRREA Overview & Practical Application
Operating Expense Seminar
The Appraiser as an Expert Witness
Federal and State Laws and Regulations
Special Purpose Properties (Service Stations & Restaurants)
Small Motel Hotel Evaluation
Demonstration Report Writing Seminar

TYPES OF PROPERTIES APPRAISED

Office Buildings (Owner-user, single- and multi-tenant)	Motels
Industrial Buildings (Owner-user, single- and multi-tenant)	Banks (Fee and Leased Fee)
Neighborhood shopping Centers	Leaseholds and Groundleases
Retail Strip Centers	Service Stations
Special Purpose Properties	Car Washes
Subdivision Land and Residential Subdivisions	Senior Housing
Vacant Land	Board & Care



Business, Transportation & Housing Agency
OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Stephen P. Reithmeier

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER: AG 012653

Effective Date: July 1, 2013
Date Expires: June 30, 2015

Edward S. Martin
Jim Martin, Director, OREA

54007-8307



QUALIFICATIONS OF THE APPRAISER

Stephen P. Rethmeier
Certified General Real Estate Appraiser, State of California
Certification #AG012653

BUSINESS EXPERIENCE

Owner, SYN-MAR Associates, Anaheim, California. Owner operator of an independent fee appraisal office performing appraisals on all types of properties, with in-house specialists in industrial, office, retail, and multi-family residential real estate. Primary geographical areas of service include Los Angeles, Orange, Riverside, and San Bernardino Counties. July 1995 to present.

Vice President/Production Manager, S.S. Herron & Associates, Inc., Anaheim, California. Developed and managed a department responsible for over 60% of total company production. This department consisted of eight full-time appraisers and additional support staff processing over 400 appraisals per year. Duties included overseeing the entire appraisal process, from booking appraisal assignments, to defining procedures and methodology, to reviewing appraisals. Also established and implemented department policy regarding interpretation and compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as well as the appraisal guidelines set forth in 12 CFR. March 1990 to July 1995.

Real Estate Appraiser, Paul Jackle & Associates, Huntington Beach, California. Performed appraisals on a variety of properties, including condominiums, apartments, office, retail, land, single-family residential, and special-purpose properties. March 1986 to March 1990.

FORMAL TRAINING

Courses:

Residential Valuation
Basic Valuation
Standards of Professional Practice
HP12C Seminar and Appraisal Applications
Course 201, Principles in Income Property Appraising
Appraisal Principles and Techniques
Federal and State Laws and Regulations
Complex Appraisals

FORMAL TRAINING (continued)

Seminars:

Appraisal Overview of Evaluations and Other Limited Scope Assignments
Theatres, Theme Parks and Thriving Developments
Valuation of Fast Food Restaurant Facilities
Appraisal of Self-Storage Facilities
Environmental Contamination and Natural Disasters
Business Valuation in the World of Real Estate
Appraiser's Role in the Redevelopment Process
Valuations Considerations Regarding Partial Acquisition
Southern California Market Trends
Inland Empire Market Trends

AFFILIATIONS/MEMBERSHIPS

Associate Member of the Appraisal Institute
Member of The Foundation of Real Estate Appraisers (FREAA)

TYPES OF PROPERTIES APPRAISED

Residential Commercial Industrial Land	Single-Family Residences
Individual Condominiums	Apartment Complexes
Office Buildings	Commercial Shopping Center
Single- & Multi-Tenant Industrial Buildings	Retail Strip Centers
Research & Development Properties	Special Purpose Properties including:
Subdivision Land & Residential Subdivisions	Religious Facilities
Hotels and Motels	Senior Housing
Leaseholds and Groundleases	Restaurants
Sandwich Leaseholds	Gas Stations
Partial Interest	Car Washes

ATTACHMENTS TO REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

Attachment 3:

Detail of Revenues and Expenditures

SPAULDING PUBLIC PARKING LOT**REVENUE AND EXPENDITURES**

	FY 13-14		FY 14-15	
REVENUE				
Hourly Parking	\$	31,503.83	\$	38,248.29
Monthly Parking Passes	\$	7,000.00	\$	6,950.00
Valet Parking	\$	1,500.00	\$	-
Special Events	\$	800.00	\$	-
Billboard Revenue	\$	80,000.04	\$	80,000.04
TOTAL REVENUE	\$	120,803.87	\$	125,198.33
EXPENDITURES				
ABM Parking Management Contract /1	\$	15,497.29	\$	13,621.58
Utilities /2	\$	3,177.64	\$	2,443.50
City Staff /3	\$	19,549.84	\$	19,902.02
Insurance	\$	2,480.51	\$	3,630.00
Landscaping Contract	\$	2,236.92	\$	2,236.92
Sweeping/Cleaning Contracts	\$	3,412.80	\$	3,088.80
Capital Repairs	\$	6,114.89	\$	2,057.00
Other	\$	240.00	\$	240.00
TOTAL EXPENDITURES	\$	52,709.89	\$	47,219.82
NET REVENUE	\$	68,093.99	\$	77,978.51
NET REVENUE (less Billboard Revenue)	\$	(11,906.05)	\$	(2,021.53)

Notes:

1/ ABM Parking Management is under contract to manage all of the City's public parking lots, the amount shown represents the portion of that contract associated with the Spaulding Lot.

2/ Includes water, electric, and internet

3/ Includes parking, facilities, and accounting staff time totaling 24 hours per month (6 hours per week).