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September 14, 2010

Ms. Kathy Ely
Spokane School District 81
2815 E. Garland Avenue
Spokane, Washington 99207-5899

RE: Impact Study (Supplement)
Jefferson Elementary
Spokane, Washington

Dear Ms. Ely:

On August 23, 2010, I delivered a report that summarizes the results of a study on the impact that elementary schools have on the market value and marketability of surrounding properties. At your request, I have performed additional research and analysis to answer several questions which were posed by attendees at the public meeting at which I presented the results of the above referenced study. This supplemental study will determine:

- The enhanced value that properties overlooking Hart Field may enjoy when compared to otherwise similar properties in the same neighborhood that do not face Hart Field;
- The impact that redeveloping and moving Lincoln Heights Elementary had on nearby home values.

When combined with the results of the analyses presented in the Impact Study, these additional analyses will provide a more complete view of the likely impact that developing Jefferson Elementary on the West Site or North Site alternatives will have on property values.

The attached report is a supplement to the original report. All descriptions, assumptions, analyses and other data presented in the original report are incorporated herein.

Ms. Ely
RE: Jefferson Elementary Impact Study Supplement
September 14, 2010
Page 2

After performing the analysis described previously, I have concluded that:

- The primary analysis would not have been more reliable if sales of homes across from parks were used as suggested in the public meeting.
- The West Site and North Site alternatives will not cause a decline in the value of nearby homes or of home prices in the larger neighborhood.

Respectfully submitted,



Bruce C. Jolicoeur, MAI
Washington State Certified General Appraiser
Cert. No.: 1100633

PURPOSE, FUNCTION, SCOPE AND INTENDED USE OF THE IMPACT STUDY

OVERVIEW AND GOALS OF THE SUPPLEMENTAL STUDY

The goal of the original study was to determine the impact that building a new Jefferson Elementary School on the West Site or North Site alternatives would have on surrounding property values.

Neighborhood residents and other concerned individuals had the opportunity to comment on the results of the study at a public meeting held at Jefferson Elementary on August 24, 2010. Questions posed or observations made at the public meeting prompted this supplemental study.

In the original study, I compared sales of homes located across the street from Wilson Elementary, Hutton Elementary, and Hamblen Elementary to sales of similar homes located in the surrounding neighborhood but not in direct proximity to the elementary schools. The analysis reflected no discount to properties located across the street from elementary schools, but rather suggested a possible premium.

At the public meeting, attendees commented that they viewed proximity to Hart Field as equivalent to proximity to a park. The suggestion is that homes across the street from a park have an enhanced value and that homes across the street from Hart Field should reflect a similar enhanced value which was not reflected in the original study. To test this thesis I compared sales of homes located along 37th Avenue or Division Street overlooking Hart Field to sales of otherwise similar homes in the surrounding neighborhood that do not overlook the park. This analysis will demonstrate whether proximity to Hart Field produces a premium value that should be considered in the impact study.

In September 2006, a new Lincoln Heights Elementary was opened along Ray Street, between 21st and 23rd Avenues in Spokane's Lincoln Heights neighborhood. Before its redevelopment, Lincoln Heights Elementary was located toward the eastern edge of a site bordered by 22nd and 23rd Avenues on the north and south, respectively, and Thor Street and Ray Street on the east and west, respectively. School related traffic was on 22nd Avenue, 23rd Avenue, and Thor Street.

To provide a larger site for the redeveloped school, School District 81 acquired the southern one-half of the block between 22nd and 21st Avenues. Homes within the acquisition area were removed to provide area for an enlarged schoolyard; homes in the north one-half of the block, fronting on 21st Avenue remain. 22nd Avenue was vacated between Thor Street on the east and Ray Street on the west. Some school related traffic shifted north to 21st Avenue. At the public meeting, attendees observed that shifting traffic to 21st Avenue near Lincoln Heights Elementary is similar to the shift in traffic patterns that will occur if a new Jefferson Elementary is built on the West or North alternatives.

To determine the impact that this shift in traffic patterns has had on property values I developed two analyses.

PURPOSE, FUNCTION, SCOPE & INTENDED USE OF THE IMPACT STUDY

In the first, I researched sales of homes located along 21st Avenue before Lincoln Heights Elementary was redeveloped and compared the prices to sales of homes located along 21st Avenue after the new school was built. In the second analysis, I compared the price paid for homes located along 21st Avenue after the new school was built to prices of similar homes in the neighborhood that are not located along 21st Avenue near the school. These comparisons should reveal any changes in values resulting from the shift in traffic patterns.

Inspection Date(s): Several times in June, July, August, and September 2010.

Supplemental Report

Date: September 14, 2010

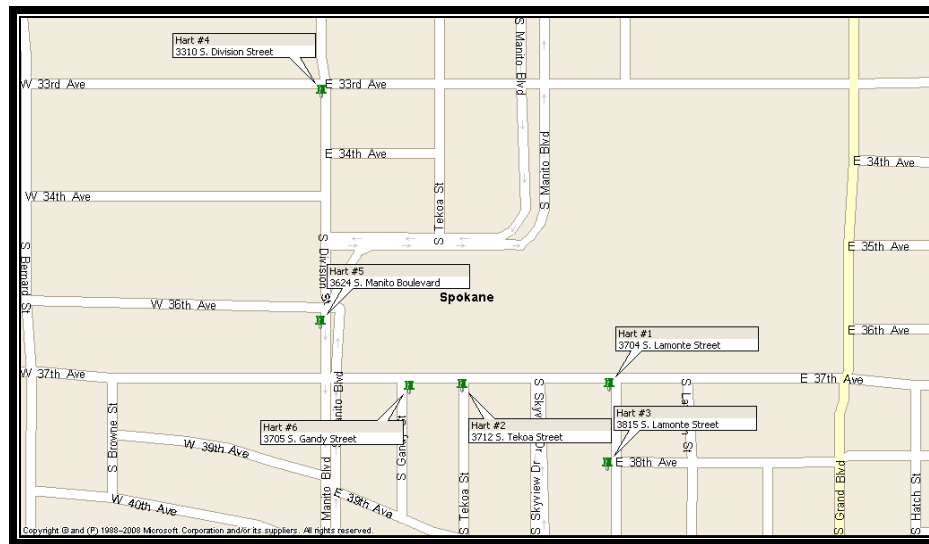
Competency: I believe that I have the knowledge and experience to perform this study without taking additional steps to become competent.

Assistance by Others: Diane Quann compiled data about the market and about comparable sales. Bruce C. Jolicoeur, MAI, coordinated the research, inspected the neighborhood, confirmed and viewed the comparables, and solely formulated the analysis and conclusions reflected in this report.

IMPACT ANALYSIS

HART FIELD PROXIMITY

The tables on the following pages analyze six total sales in three separate grids. Each grid has a separate, different “Base” property. Base properties are located along 37th Avenue or Manito Boulevard/Division Street overlooking Hart Field. The comparison properties are located along Tekoa, Lamonte, or Division Streets and do not overlook the park. This analysis mirrors the analysis employed in the primary study. Adjustments are made to the sales for differences from the “Base” properties. These comparisons should illustrate any premium paid for homes overlooking Hart Field.



Comparable Sales Map, Hart Field

ANALYSIS #1

Analysis #1 uses the May 2008 sale of an attractive ranch-style residence located at 3704 S. Lamonte Street as the “Base” property. This home is located directly across 37th Avenue from Hart Field. Any premium for proximity to Hart Field should be reflected in the sale price.

Sale Hart #2 is located on Tekoa Street, less than one block south of Hart Field. This is a larger, attractive, ranch-style home that is very similar to Hart #1. Significant adjustments are for differences in age, fewer bathrooms, and basement finish. After making these adjustments, Sale Hart #2 reflects a higher indicated price than Hart #1, suggesting that the sale of Hart #1 does not reflect a premium for its proximity to Hart Field.

Sale Hart #3 is the July 2007 sale of a 1½-story home located at 3815 S. Lamonte Street, one block south of Hart Field. As an older sale, a moderate adjustment is necessary for market conditions/appreciation. After adjusting for its superior condition, inferior basement finish and other differences, this sale predicts a \$158,678 price for Hart #1, or \$4,062 and 2.5% lower than its actual price. This comparison suggests a slight premium for proximity to Hart Field.

Proximity Impact Analysis-Hart Field									
Analysis #1									
		Base-Hart #1		Comparison Hart #2		Comparison Hart #3		Comparison Hart #4	
Address		3704 S. Lamonte		3712 S. Tekoa		3815 S. Lamonte		3310 S. Division	
		SWC 37th @ Lamonte		Tekoa, 1/2 blk S. of 37th		Lamonte, 1 blk S. of 37th		Division 2 blks N of Hart	
Characteristic		Across From Hart Field		1/2 Blk S. of Hart Field		1 blks S. of Hart Field		2 blks N. of Hart Field	
Date			5/27/2008		3/11/2008		7/6/2007		5/18/2007
Sale Price			\$ 162,740		\$ 195,000		\$ 230,000		\$ 235,000
Mkt Cond. Adj.	0%	0.0%	\$ -	0.00%	\$ -	5.00%	\$ 11,500	5.00%	\$ 11,750
Adjusted Price			\$ 162,740		\$ 195,000		\$ 241,500		\$ 246,750
Abv Grade Area		1,112 sf	\$146.35/sf	1,244 sf	\$156.75/sf	1,768 sf	\$136.60/sf	1,298 sf	\$190.10/sf
Blw Grade Area		834 sf		1,244 sf		988 sf		1,298 sf	
Total Bldg Area		1,946 sf	\$83.63/sf	2,488 sf	\$78.38/sf	2,756 sf	\$87.63/sf	2,596 sf	\$95.05/sf
Subject @ Allocated Rates									
Bsmt \$/sf as % of Abv Grade	25%	\$30.81/sf	\$ 25,696	\$31.35/sf	\$ 26,146	\$29.96/sf	\$ 24,989	\$38.02/sf	\$ 31,709
Main Floor		\$123.24/sf	\$ 137,044	\$125.40/sf	\$ 139,447	\$119.85/sf	\$ 133,274	\$152.08/sf	\$ 169,113
Price @ Allocated Rates		\$83.63/sf	\$ 162,740	\$85.09/sf	\$ 165,593	\$81.33/sf	\$ 158,263	\$103.20/sf	\$ 200,822
Lot Size		6,400 sf		8,400 sf		8,320 sf		8,175 sf	
Home Style		Ranch	\$ -	Ranch	\$ -	1.5 Sty	\$ -	Ranch	\$ -
Yr. Built	1.00%	1950	\$ -	1952	\$ (3,900)	1949	\$ 2,415	1946	\$ 9,870
Condition		Good	\$ -	Good	\$ -	New rf, wndws.	\$ (2,500)	Ext. Remod.	\$ (10,000)
Bedrooms		3 bdrm		3 bdrm		4 bdrm		3 bdrm	
Bathrooms		1.5 ba		1.0 ba	\$ 2,000	2.0 ba	\$ (1,000)	1.0 ba	\$ 3,000
Bsmt Finish		Bd, BA, FmRm,Lndry		FmRm, Lndry	\$ 2,500	FmRm, Lndry	\$ 2,500	FmRm, Lndry	\$ 2,500
Exterior		Vinyl		Wood Siding		Lap		Cedar/Shake	
HVAC		Gas FA	\$ -	Gas FA, A/C	\$ (1,000)	Gas FA, A/C	\$ (1,000)	Oil FA, A/C	\$ (1,000)
Garage		1 car ATT		1 car Att		1 car Att		1 car Att	\$ 1,500
Other		None	\$ -	None	\$ -	None	\$ -	None	\$ -
Adjusted Indications			\$ 162,740		\$ 165,193		\$ 158,678		\$ 206,692

Sale Hart #4 is the May 2007 sale of a larger ranch-style home located on Division Street, roughly two blocks north of Hart Field. As an older sale, a moderate adjustment is necessary for market conditions/appreciation. After adjusting for its superior condition, inferior basement finish and other differences, this sale predicts a \$206,692 price for Hart #1, or significantly higher than the actual sale price. The neighborhood north of Hart Field supports higher prices than the area south of 37th Avenue making direct comparison to Hart #1 difficult.

ANALYSIS #2

Analysis #2 uses the February 2007 sale of a very attractive ranch-style residence located at 3624 S. Manito Boulevard as the “Base” property (Hart #5). This home is located directly across Manito Boulevard from Hart Field. This brick home has very good curb appeal making it more attractive than many other homes in the immediate neighborhood.

As depicted in the above analysis, Sales Hart #2 and Hart #3 predict a lower price for Hart #5, suggesting some premium for proximity to Hart Field. Sale Hart #4 predicts a significantly higher price than Hart #5 achieved. To a large degree, the differences can be explained by the differences in neighborhood character. Viewed broadly, home prices increase farther west and farther north in the neighborhood. Homes in the neighborhood south of 37th Avenue and east of Tekoa Street achieve lower prices than those in the neighborhoods north or west of Hart Field. These pricing levels mask the impact of proximity to Hart Field.

Sales Hart #2 and #3 are in slightly inferior locations within the broader neighborhood while Sale Hart #4 is in a superior location. The analysis provides no clear indication of the impact of Hart Field proximity on prices.

Proximity Impact Analysis-Hart Field				
Analysis #2				
	Base-Hart #5	Comparison Hart #2	Comparison Hart #3	Comparison Hart #4
Address	3624 S. Manito Blvd	3712 S. Tekoa	3815 S. Lamonte	3310 S. Division
	NWC 37th @ Manito BlvdLamonte	Tekoa, 1/2 blk S. of 37th	Lamonte, 1 blk S. of 37th	Division 2 blks N of Hart
Characteristic	Across From Hart Field	1/2 Blk S. of Hart Field	1 blks S. of Hart Field	2 blks N. of Hart Field
Date	2/28/2007	3/11/2008	7/6/2007	5/18/2007
Sale Price	\$ 240,000	\$ 195,000	\$ 230,000	\$ 235,000
Mkt Cond. Adj.	0%	-5.00%	-2.00%	-1.00%
Adjusted Price	\$ 240,000	\$ 185,250	\$ 225,400	\$ 232,650
Abv Grade Area	1,552 sf	1,244 sf	1,768 sf	1,298 sf
Blw Grade Area	1,552 sf	1,244 sf	988 sf	1,298 sf
Total Bldg Area	3,104 sf	2,488 sf	2,756 sf	2,596 sf
Subject @ Allocated Rates				
Bsmt \$/sf as % of Abv Grade	25%			
	\$30.93/sf	\$29.78/sf	\$27.97/sf	\$35.85/sf
Main Floor	\$123.71/sf	\$119.13/sf	\$111.86/sf	\$143.39/sf
Price @ Allocated Rates	\$77.32/sf	\$74.46/sf	\$69.91/sf	\$89.62/sf
Size as % of Difference	0%	0.0%	0.0%	0.0%
Lot Size	11,493 sf	8,400 sf	8,320 sf	8,175 sf
Home Style	Ranch	Ranch	1.5 Sty	Ranch
Yr. Built	1950	1952	1949	1946
Condition	Good	Good	New rf, wndws.	Ext. Remod.
Bedrooms	3 bdrm	3 bdrm	4 bdrm	3 bdrm
Bathrooms	2.0 ba	1.0 ba	2.0 ba	1.0 ba
Bsmt Finish	Bd, BA, FmRm,Lndry	FmRm, Lndry	FmRm, Lndry	FmRm, Lndry
Exterior	Brick	Wood Siding	Lap	Cedar/Shake
HVAC	Oil, FA	Gas FA, A/C	Gas FA, A/C	Oil FA, A/C
Garage	2 car ATT	1 car Att	1 car Att	1 car Att
Other	None	None	None	None
Adjusted Indications	\$ 240,000	\$ 235,411	\$ 222,264	\$ 285,982

ANALYSIS #3

Analysis #3 uses the June 2007 sale of a very attractive ranch-style residence located at 3705 S. Gandy Street as the “Base” property. This home is located directly across 37th Avenue from Hart Field and has very good curb appeal. It also includes a large shop/garage.

As depicted in the following grid, Sales Hart #2 and Hart #3 predict a lower price for Hart #6, suggesting some premium for proximity to Hart Field. Sale Hart #4 predicts a significantly higher price than Hart #6 achieved. Sale Hart #6 is located at the edge of the higher priced area of the neighborhood. Sales Hart #2 and Hart #3 is farther east, albeit only slightly, but in a slightly lower priced area. Some of the premium reflected by this analysis may be due to these neighborhood pricing influences. The neighborhood pricing variance is evident comparing Hart #1 to Hart #6. Both are located on 37th Avenue across from Hart Field. The \$67,260 price difference is far greater than can be explained by the difference in size and amenities. Although Sales Hart #2 and #3 do suggest a moderate premium for proximity to Hart Field while Sale Hart #4 does not indicate a premium, the data provide little clear evidence.

Proximity Impact Analysis-Hart Field									
Analysis #3									
		Base-Hart #6		Comparison Hart #2		Comparison Hart #3		Comparison Hart #4	
Address		3705 S. Gandy		3712 S. Tekoa		3815 S. Lamonte		3310 S. Division	
		SEC Gandy @ 37th		Tekoa, 1/2 blk S. of 37th		Lamonte, 1 blk S. of 37th		Division 2 blks N of Hart	
Characteristic		Across From Hart Field		1/2 Blk S. of Hart Field		1 blks S. of Hart Field		2 blks N. of Hart Field	
Date			6/12/2007		3/11/2008		7/6/2007		5/18/2007
Sale Price			\$ 230,000		\$ 195,000		\$ 230,000		\$235,000
Mkt Cond. Adj.	0%		0.0%		-4.00%		0.00%		0.00%
Adjusted Price			\$ 230,000		\$ 187,200		\$ 230,000		\$235,000
Abv Grade Area			1,379 sf		1,244 sf		1,768 sf		1,298 sf
Blw Grade Area			1,379 sf		1,244 sf		988 sf		1,298 sf
Total Bldg Area			2,758 sf		2,488 sf		2,756 sf		2,596 sf
			\$59.01/sf		\$78.38/sf		\$87.63/sf		\$95.05/sf
Subject @ Allocated Rates									
Bsmt \$/sf as % of Abv Grade	25%		\$33.36/sf		\$30.10/sf		\$28.54/sf		\$36.21/sf
Main Floor			\$133.43/sf		\$120.39/sf		\$114.14/sf		\$144.84/sf
Price @ Allocated Rates			\$83.39/sf		\$75.24/sf		\$71.34/sf		\$90.52/sf
Size as % of Difference	0%		0.0%		0.0%		0.0%		0.0%
Lot Size			8,960 sf		8,400 sf		8,320 sf		8,175 sf
Home Style			Ranch		Ranch		1.5 Sty		Ranch
Yr. Built	1.00%		1950		1952		1949		1946
Condition			Good		Good		New rf, wndws.		Ext. Remod.
Bedrooms			3 bdrm		3 bdrm		4 bdrm		3 bdrm
Bathrooms			1.5 ba		1.0 ba		2.0 ba		1.0 ba
Bsmt Finish			FmRm,Lndry		FmRm, Lndry		FmRm, Lndry		FmRm, Lndry
Exterior			Metal lap/Brick		Wood Siding		Lap		Cedar/Shake
HVAC			Oil, FA, A/C		Gas FA, A/C		Gas FA, A/C		Oil FA, A/C
Garage			1 car ATT		1 car Att		1 car Att		1 car Att
Other			Shop		None		None		None
Adjusted Indications			\$ 230,000		\$ 210,271		\$ 200,055		\$256,065

HART FIELD PROXIMITY-CONCLUSION

On the surface the three analyses appeared to provide contradictory indications. Analysis #1 is based on the most consistent data. Hart #2 and #3 are in the same sub-neighborhood as Hart #1 and provide the most consistent indications. The sales are less applicable in Analyses #2 and #3 where the "base" properties are in superior sub-neighborhoods. Hart #4 is directly applicable in Analyses #2 and #3. In all analyses, Hart #4 reflects the highest price, due in large part to its location.

Sales agents promote the general character of the neighborhood, with good access to schools, shopping and recreation. One averred that a location across the street from a park justifies a 2% to 3% premium in price while the others opined that a location directly across the street was not measurable as either a positive or negative feature. The character of Hart Field varies by location. The developed, formal playfields are toward the center or eastern edge while the western edge of Hart Field has less formal development and is more park-like. Home prices are also higher in the western and northern sub-neighborhoods. The higher pricing of homes located farther north and west suggests that the pricing variance is due to factors other than the park-like influence.

The analysis presented in the primary report revealed no discount for homes located across from elementary schools and in most cases implied a premium. The above analysis provides less conclusive evidence of the impact that proximity to Hart Field has on property values. On the surface there is more evidence of a premium but on closer analysis, other factors more likely account for pricing differences. The analyses and results contained in the primary report are valid. The analysis would not have been more reliable if sales of homes across from parks were used as suggested in the public meeting.

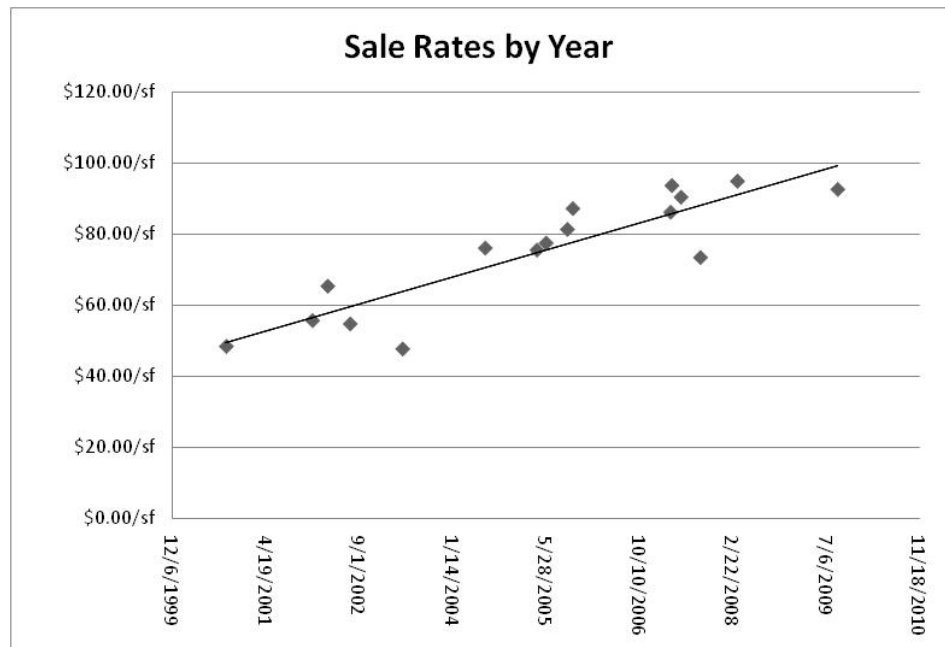
LINCOLN HEIGHTS ELEMENTARY ANALYSIS

Lincoln Heights Elementary										
Characteristics		Address	Sale Date	Price	Rate	Year Built	Style	Bed	Bath	Imp. Area
In Neighborhood	Before	3211 E. 21st Ave.	9/20/2000	\$82,500	\$48.50/sf	1950	Rancher	3	1	1,701 sf
Adj to School	Before	3224 E. 21st Ave.	12/26/2001	\$91,700	\$55.74/sf	1951	Bungalow	4	2	1,645 sf
In Neighborhood	Before	3323 E. 21st Ave.	3/18/2002	\$101,300	\$65.40/sf	1951	Rancher	3	2	1,549 sf
In Neighborhood	Before	3311 E. 21st Ave.	7/16/2002	\$84,900	\$54.81/sf	1951	Rancher	2	1	1,549 sf
In Neighborhood	Before	3207 E. 21st Ave.	4/23/2003	\$74,000	\$47.77/sf	1950	Bungalow	2	1	1,549 sf
In Neighborhood	Before	3319 E. 21st Ave.	7/9/2004	\$131,450	\$76.07/sf	1951	Rancher	3	1.5	1,728 sf
Adj to School	Before	3304 E. 21st Ave.	4/12/2005	\$116,000	\$75.52/sf	1952	Bungalow	2	1	1,536 sf
In Neighborhood	Before	3311 E. 21st Ave.	5/31/2005	\$120,000	\$77.47/sf	1951	Rancher	2	1	1,549 sf
In Neighborhood	After	3307 E. 21st Ave.	9/22/2005	\$127,000	\$81.31/sf	1951	Rancher	2	2	1,562 sf
In Neighborhood	After	3323 E. 21st Ave.	10/21/2005	\$135,000	\$87.15/sf	1951	Rancher	3	2	1,549 sf
In Neighborhood	After	3223 E. 21st Ave.	3/29/2007	\$169,000	\$86.14/sf	1955	Rancher	3	1	1,962 sf
In Neighborhood	After	3311 E. 21st Ave.	4/5/2007	\$145,000	\$93.61/sf	1951	Rancher	2	1	1,549 sf
In Neighborhood	After	3207 E. 21st Ave.	5/24/2007	\$139,950	\$90.35/sf	1950	Bungalow	2	1	1,549 sf
Adj to School	After	3218 E. 21st Ave.	9/5/2007	\$179,300	\$73.42/sf	1969	Rancher	4	2	2,442 sf
Adj to School	After	3224 E. 21st Ave.	3/21/2008	\$156,000	\$94.83/sf	1951	Bungalow	4	2	1,645 sf
In Neighborhood	After	3319 E. 21st Ave.	9/10/2009	\$159,900	\$92.53/sf	1951	Rancher	3	1.5	1,728 sf

Before the new school was built, Lincoln Heights Elementary School was confined to a block bordered by Ray Street, 23rd Avenue, Thor Street, and 22nd Avenue. It is unlikely that the school generated any significant traffic on 21st Avenue.

The new Lincoln Heights Elementary School opened in September 2006. 22nd Avenue was vacated, becoming a service road used to drop off and pick up children. East/west traffic was funneled to 23rd Avenue (as it was before the new school) or to 21st Avenue. Since 21st Avenue had little if any school related traffic before the new school was built, sales of homes along 21st Avenue occurring after the new school was completed should reflect any impact of the additional traffic.

The adjoining graph and preceding table present summarized data from sales of residences located along 21st Avenue in the two blocks between Ray Street and Freya Street, near Lincoln Heights Elementary School. Sales before June 1, 2005, occurred “Before” the Lincoln Heights Elementary School construction started



while sales “After” occurred while the school was either under construction or completed.

The sales prices (in \$/sf) reflect a nearly continuous rate of increase with no apparent decline or change occurring near the time the construction was undertaken or since it has been completed. Two data points are below the trend line “After” the school was built. The first is the September 2007 sale of a ranch style home located at 3218 E. 21st Avenue, backing to the new Lincoln Heights Elementary School campus. According to the sales agent, proximity to the school was not an issue but noise from nearby Ray Street was. The second sale is located at 3319 E. 21st Avenue, one block east of the school. The sale price reflects the downward trend in prices caused by the current recession.

While it could be argued that Spokane’s broader residential real estate market grew strongly and consistently during this time frame, potentially masking any impact from the school’s construction, the consistent pricing pattern reflected in the more recent sales indicates that the property prices have not declined as a result of the school and the additional related traffic along 21st Avenue.

MATCHED PAIR ANALYSIS

This analysis is based on the sale of a property located along 21st Avenue and also backs up to the Lincoln Heights School campus. LH #1 is located at 3224 E. 21st Avenue, less than one block east of Ray Street. This is a fairly typical ranch-style home with a full basement and a detached one-car garage. It sold in March 2008 for \$156,000. The buyer purchased the home directly from a friend; the property was not exposed through the Spokane MLS. The buyer believes she paid a lower price as a result.

Since this home is located on 21st Avenue and backs to the school campus a detrimental impact from traffic or other school related factors should be reflected in the price.

Sale LH #2 is the May 2008 sale of a very similar ranch-style home located at 3218 E. 24th Avenue, one block south of Lincoln Heights Elementary School. This home is located a similar distance from busy Ray Street as LH #1 therefore any extraneous impact should be reflected in both homes. Significant adjustments are for differences in room count and basement finish. After making these adjustments, Sale LH #2 predicts a \$143,775 price for LH #1, or significantly lower than the actual price. This analysis does not indicate any discount for proximity to a school or for associated traffic.

Sale LH #3 is the July 2008 sale of a very similar ranch-style home located at 3224 E. 19th Avenue, two blocks north of LH #1. This home is located a similar distance from busy Ray Street as LH #1 therefore any extraneous impact should be reflected in both homes. LH #3 sold after adequate exposure through the Spokane MLS. It is similar to LH #1 in style and age but was significantly updated with new carpet, an updated bathroom, and an enclosed sunroom. No specific adjustment is made for updating. This sale predicts a \$137,828 price for LH #1, or nearly 12% lower than its actual price. This comparison reflects no discount for proximity to a school or for associated traffic.

Proximity Impact Analysis-Lincoln Heights School							
Analysis #1							
		LH #1		LH #2		LH #3	
Address		3224 E. 21st Avenue		3218 E. 24th		3224 E. 19th	
Characteristic		Adjacent to school grounds		1blk S. of School		2blk N. of School	
Date		3/21/2008		5/19/2008		7/23/2008	
Sale Price		\$ 156,000		\$ 157,000		\$ 151,000	
Mkt Cond. Adj.	0%	0.0% \$ -		0.00% \$ -		0.00% \$ -	
Adjusted Price		\$ 156,000		\$ 157,000		\$ 151,000	
Abv Grade Area		829 sf \$188.18/sf		899 sf \$159.93/sf		960 sf \$143.57/sf	
Blw Grade Area		829 sf		899 sf		768 sf	
Total Bldg Area		1,658 sf \$94.09/sf		1,798 sf \$79.96/sf		1,728 sf \$79.76/sf	
Allocated Rates							
Bsmt \$/sf as % of Abv Grade	25%	\$37.64/sf \$ 31,200		\$34.93/sf \$ 28,955		\$32.77/sf \$ 27,166	
Main Floor Allocated Rate		\$150.54/sf \$ 124,800		\$139.71/sf \$ 115,820		\$131.08/sf \$ 108,662	
Base Prop. Price @ Alloc. Rates		\$63.88/sf \$ 156,000		\$59.29/sf \$ 144,775		\$55.62/sf \$ 135,828	
Lot Size		7,500 sf		9,750 sf		7,155 sf	
Home Style		Ranch \$ -		Ranch \$ -		Ranch \$ -	
Yr. Built	0.00%	1951 \$ -		1952 \$ -		1950 \$ -	
Condition		Average \$ -		Avg. \$ -		Average \$ -	
Bedrooms		2 bdrm		3 bdrm (2,500)		2 bdrm	
Bathrooms		1.0 ba		1.0 ba		1.0 ba	
Bsmt Finish		RcRm, Bdr,BA		None \$ 2,500		Fm Rm \$ 2,000	
Exterior		Metal		Wood Siding		Vinyl	
HVAC		Oil FA, Win A/C \$ -		Oil FA		Gas FA,wndw A/C	
Garage		1 car Det.		1 Car Det.		1 Car Det.	
Other		None \$ -		Shop \$ (1,000)		None \$ -	
Indicated Value of Base Property		\$94.09/sf \$ 156,000		\$79.96/sf \$ 143,775		\$79.76/sf \$ 137,828	

RECONCILIATION AND CONCLUSIONS

The Hart Field proximity analysis appeared to provide contradictory indications. However, the higher pricing of homes located farther north and west account for the pricing variance. The analyses and results contained in the primary report are valid. The primary analysis would not have been more reliable if sales of homes across from parks were used as suggested in the public meeting.

The West Site and North Site alternatives will cause a change in traffic patterns through the neighborhood. The change from an athletic field to a developed elementary school is significant. Hart Field is the primary facility for outdoor athletics at many area schools. Each alternative site will cause a change in Hart Field and the configuration of the playfields. This alone will cause a change in traffic patterns but will not negatively affect the neighborhood.

My analysis of home sales found no evidence of discounting based on proximity to elementary schools and no discount to properties located on streets likely to carry additional school related traffic. Lincoln Heights Elementary is located along a heavily travelled arterial, Ray Street. The extraneous influence from this busy and occasionally noisy roadway may mask any impact from additional school related traffic. Yet, the conclusions reflected in this supplemental study are consistent with those contained in the primary study suggesting that possible extraneous influences did not or do not affect the reliability of the conclusions.

Reconciling these indications, I have concluded that the West Site and North Site alternatives will not cause a decline in the value of nearby homes or of home prices in the larger neighborhood.