

Charleston Park Place
Portland, OR

Appraiser Version Case Study: October 2009



Prepared for
Northwest EcoBuilding Guild
South Puget Sound Chapter
for the
Green Building Value Initiative

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Outline

This case study details the green features that were incorporated into an affordable green certified housing community, while at the same time examining within the scope of a limited appraisal whether these particular homes when sold, achieved superior absorption rates and/or price point premiums for those features.

The real estate analysis was done specifically via Paired Sales Analyses that ensured that comparable properties were used which had no distinguishing green features. The appraiser's Restricted Report and adjustment tables are included. The appraiser's analysis was then reviewed by two separate review boards. A residential real estate review board and then an appraisal review board. Special thanks go to Sterling Hamilton of Sterling Investments and Ben Kaufman of GreenWorks Realty for the real estate review and to the members of the appraisal review committee, Danny Wiley of The Wiley Group, Peter Clarke of The Appraisal Foundation, Chris Corps of The Vancouver Valuation Accord and Stan Sidor, President of the Appraisal Coalition of Washington. Traditionally, appraisers have had to rely on more anecdotal indications of the market value of green amenities.

Project Description

Charleston Park Place is a 99 unit affordable housing community in north Portland, developed by Home Ownership One Street at a Time Development Inc. (HOST), a non-profit corporation, and certified under the Earth Advantage® certification program.

Between 2001 and 2004, Earth Advantage (EA) worked with HOST, through its high performance housing program, to design and certify a 99 unit affordable housing community. Earth Advantage led the certification effort applying their knowledge and expertise regarding sustainable, high performance, and cost effective housing. Using the Earth Advantage certification program, all 99 houses built focused on a range of performance criteria that ensured qualified houses achieved significant performance improvement over traditional house design and construction. Criteria included siting, house footprint, building envelope, materials, construction techniques, HVAC, lighting, air quality, water use/conservation, and landscaping.

Key Green Features and their Benefits

At the time of the development of Charleston Park Place, Earth Advantage was owned by PGE. It was only in 2005 that Earth Advantage was spun-off from PGE to be a non-profit in its own right. In 2009 Earth Advantage became Earth Advantage Institute and has upgraded its

certification program to include a Silver level. It is this early history with PGE which explains an unusual feature of the Earth Advantage Points Worksheet and which represents an important distinction from other green certification checklists in the region.

The original checklist had been created by a team of building and energy experts gathered by Clackamas Community College. Core Measures were required in five categories within Energy Efficiency. They were: Shell Construction, HVAC, Water Heating, Lighting, and Appliances. Whole House Ventilation was required as a HVAC-Healthier Indoor Air measure. In addition to the required core measures for Energy Efficiency, a minimum of 50 points had to be earned in each of the additional categories: Healthier Indoor Air, Environmental Responsibility, and Resource Efficiency.

PGE was looking for a methodology to demonstrate the energy savings inherent to the points within the Core Sections. Research was done on the efficiencies of each component; specifically how they reacted to certain geographic and building conditions.

The following formula was created by PGE, backed up by the State of Oregon's Department of Energy:

The heating system (BTUs or KWs) x heating degree days x square footage of house + base load additives (such as lights, plug-ins, stove) equaled the total energy consumption less that of a base code home = final energy savings. In all cases the base home had to use the same mechanical fuel.

In theory, such a formula provides the valuation community with a means of attributing a value to the energy efficiency measures of Earth Advantage Institute's homes. However, the downside of relying on a formula to attribute value to energy efficiency is that no actual usage monitoring of these homes has been done to quantify if the calculated savings indeed provided homeowners with real savings. This is true of all environmental certification programs since the emphasis has been on estimated as opposed to actual energy performance savings.

Energy Efficiency

- Feature: Advanced framing (also earned points under Environmental Responsibility).
- Benefit: Spacing framing studs at 24" on center (oc) as opposed to 16" oc reduces thermal bridging, increases the insulation level of the home and reduces the amount of framing material used in a home by typically 17%.

- Feature: Attic insulation R-49 & floor insulation R-30.
- Benefit: Increasing insulation levels beyond code is one of the most cost effective ways of improving the energy efficiency of a home.

- Feature: Higher efficiency windows (.35).
- Benefit: Windows are thermal holes; an average home may lose 30% of its heat or air-conditioning energy through its windows. Energy-efficient windows save money each and every month, although in the strategy for improving the overall energy efficiency of a home, increasing insulation levels, careful air sealing and properly sealing ducts should be pursued first.
- Feature: Gas high efficiency water heater (also earned points under Resource Efficiency)
- Benefit: Higher efficiency water heating systems reduce the overall energy consumption for the owner.
- Feature: Dedicated CFL fixtures (also earned points under Environmental Responsibility and Resource Efficiency).
- Benefit: The average rated life of a CFL is between 8 and 15 times that of incandescent, thereby reducing utility costs as well as carbon emissions over the life of that bulb.
- Feature: Premium efficiency dishwasher.
- Benefit: Premium efficiency dishwashers use at least 41 percent less energy than the federal minimum standard for energy consumption. In addition, these dishwashers use much less water than conventional models.

Healthier Indoor Air

- Feature: Whole house ventilation.
- Benefit: Whole-house ventilation systems provide controlled, uniform ventilation throughout a house. These systems use one or more fans and duct systems to exhaust stale air and/or supply fresh air to the house.
- Feature: Low VOC latex paint.
- Benefit: Minimizes off-gassing from VOCs in paint that can be harmful to the comfort and health of installers and occupants.
- Feature: Low emitting materials; i.e., natural wood casework, sealed underlayment.
- Benefit: Reduces the quantity of indoor contaminants (in particular Volatile Organic Compounds).
- Feature: Sealed Gas Fireplace.

- Benefit: When a fireplace is sealed, the air that is used to generate the flame (combustion air) is drawn from outside. The fumes that are a byproduct of the combustion are also vented to the outside. A sealed-combustion direct-vent fireplace is by far the most efficient fireplace option. Since the entire operation is independent of the household air, with sealed combustion direct vent fireplaces there are no drafts and no heat loss. In fact, these fireplaces operate at a near 90 percent efficiency rate.

Environmental Responsibility

- Feature: Most of the houses are back loaded with an alley.
- Benefit: Curb cuts and driveways in front of the houses were for the most part eliminated. Driveways were only necessary on the perimeter houses.
- Feature: Protect topsoil and trees and protect non-grading areas.
- Benefit: Reduces soil compaction, preserves natural vegetation and sets land aside for the recreational and aesthetic enjoyment of the property owner/s and as wildlife habitat.
- Feature: Post erosion control practices and protection of stockpiled dirt.
- Benefit: Reuse of topsoil prevents erosion, minimizing the need for extra soil. Site provided with composted materials.
- Feature: Low water-use plants.
- Benefit: Reduces the need for irrigation, although temporary irrigation should be provided until the plants are established.
- Feature: One acre of open space/common area set aside.
- Benefit: A large stand of mature fir trees was preserved, enhancing the visual appeal of the community and providing space for walking.

Resource Efficiency

- Feature: Recycling construction (points earned almost equally under Environmental Responsibility).



- Benefit: Construction and demolition waste accounts for about 40% of the total waste stream of the United States. Landfill tipping fees were substantially reduced throughout the construction process, whilst the project minimized its impact on existing landfill sites.
- Feature: Recycled content vinyl siding and carpet.
- Benefit: Using materials with recycled content is considered a green strategy since that material is kept out of the waste stream.

Importance of Green Features in Attracting Owners

HOST Development marketed and sold the subdivision in-house. The homes were not listed on the MLS. HOST has always been focused on the cost of homeownership as its main priority. Along with the upfront cost of ownership, HOST had identified that managing utility costs was of importance to low income families. HOST's primary builder had been utilizing energy efficient construction techniques long before they were recognized as the better way to build, and HOST had worked with utility companies for rebates on energy efficient features. Certifying their homes under the Earth Advantage program was a natural progression.

Unfortunately all of the personnel involved in selling the Charleston Park Place subdivision are no longer with HOST, so it was not possible to ascertain how much the green features and benefits were explained to prospective buyers nor what importance they held in attracting buyers.

However, in reviewing the Homeowner Survey, it was clear that for the majority of buyers, the primary reason for purchasing a home in this development was the upfront affordability of the homes. HOST achieved this goal through a three pronged approach:

- a) Price point
- b) Deferral of taxes on the value of the house
- c) Assistance with closing costs

Fifty nine percent of buyers considered the EA certification to be a contributory factor in their decision to purchase for the potential of additional savings on utility costs.

As far as media exposure, any publicity that the project received focused almost exclusively on the affordability of the homes and not on the fact the homes had an environmental certification. This is not surprising since in 2001 "green" certifications were in fact in their infancy.

Valuation Aspects with Accompanying Adjustment Tables

Market-Based Investigation of the value of the certified green features at Charleston Park Place - Prepared by Taylor Watkins of Watkins & Associates, Portland, OR.



Background

The appraiser was retained to analyze a residential single-family development in North Portland, Oregon. The purpose of the analysis is to determine the contributory value, if any, of the Earth Advantage certification of the homes in order to answer the question: is there any market value for the certified green features of the homes in the development?

The development, Charleston Park Place, is located in North Portland, Oregon, in the community of St. Johns. It is currently comprised of 99 single-family lots with detached homes ranging in size from a single story 2 bedroom/1 bath at 944 square feet to a four bedroom/2 bath and 2 stories at just under 1,600 square feet. The vast majority of the houses were 3 bedroom/1.5 baths, 2 stories at 1,250 square feet average. Lot size in the development ranges from approximately 2,800 square feet to approximately 7,200 square feet, and the homes are judged to be of average construction quality.

The surrounding area of St. Johns contains primarily single-family homes of 50-90 years in age on lot sizes ranging from 3,000 to 6,000 square feet. Due to their generally traditional design, home sizes, and site sizes, the properties in the subject development are believed to generally conform to other residential development in the area. Further, during the years of Charleston Park Place's development, the St. Johns area underwent a large amount of renovation in both residential and commercial arenas, and new infill construction was common in the area. Spurring some of this construction was the fact that much of the area was in a tax abatement zone, which in order to promote development, holds property taxes in the area for new construction at a low level for a set number of years. Charleston Park Place properties offer this benefit.

Charleston Park Place was developed by HOST Development over a period of approximately four years, from 2001 to 2004, and the homes varied in layout with 6 different floor plans. Exterior detailing further differentiates homes within these primary floor plans.

Methodology

With this development history in mind, in order to incorporate the breadth of the values in the development, the appraiser selected 2 representative sales of homes from the development from each of the years 2002, 2003, and 2004. Each property has a different floor plan, time of sale, and GLA, with overall living area sizes ranging from 1173 square feet to 1596 square feet.

After the 6 subject properties were selected, comparable sales were selected from the local MLS service with the following criteria:

- have a closing date no more than 6 months prior to the closing of the subject property
- be located within the same neighborhood
- be constructed of similar style
- be constructed to a similar degree of quality (e.g. design and materials)
- be in a tax abatement zone like the subject properties
- be newly constructed or within 2 years of the subject's age
- be approximately the same size (within a range from 15% smaller to 15% larger, measured in square feet)
- be of approximately the same value (with a final sales price from 10% below to 10% above the sales price of the subject home)
- have no distinguishing "green" features (not certified by any organization)

One of the guiding principles of comparable selection is "bracketing," which is the placing of the primary value indicators of the subject within a range provided by the comparable sales. For example, the gross living area (GLA) of a subject property is a primary indicator of value. The range of comparables used for the subject property should thus have some examples of properties with more GLA and some properties with less GLA. The same is true for other indicators of value for particular properties, such as age and/or condition. This is the reason for the range of age and GLA found in the methodology for the comparable selection in the study. The lack of green features in the comparables was meant to help isolate the differences between the subject's green features and the comparable properties that lack these features.

After compiling lists of probable comparables, all of which meet the criteria above (only one comparable used was not newly built), the lists were further culled for similarities to their subject properties, and the MLS data for property characteristics was checked against county records for consistency. Then the comparables were viewed from the exterior. The three comparables selected for each subject property were then analyzed in abbreviated sales comparison format, with value adjustments made to the comparables' sold prices for items of value that were either superior or inferior to the subject property. All adjustments made were in keeping with local residential appraisal norms. These adjusted values of the comparable sales were then compared to the subject property in terms of overall adjusted value, average adjusted value, and value per square foot to determine the contributory value of the subject properties' certification, if any.

Results

In each of the six cases, differences were apparent between the subject properties and their corresponding comparables in the adjusted sales prices of the comparables and their corresponding subject properties. This difference, which is believed to be the contributory value of the green features in the subject property (the item not adjusted for), ranges in the six properties from \$1,633 to \$13,500, with an average of \$7,262.

The subject properties range in size from 1173 square feet of GLA to 1592 square feet of GLA. So the value differences in terms of value per square foot range from a low of \$1.39 to a high of \$10.37, with an average of \$5.17 per square foot.

All properties showed positive differences between the subject and its comparable sales in overall estimated value and in estimated value per square foot (psf). When viewed over time the properties sold in 2002 averaged \$5.32 in value psf. The properties that sold in 2003 averaged \$7.79 in value psf, and the properties sold in 2004 averaged \$2.4 in value psf. There appears, then, to be a slight trend downward in contributory value psf over time. This could be due to the fact that the properties that sold in 2004 had the most and least GLA of the properties analyzed, market conditions at the time of sale, or other indeterminate factors.

Another time consideration is the time on the market of the subject properties versus their comparables. Since the subject properties were sold in-house by the developer, marketing time is not available for all of the properties. For the comparable sales, none was on the market longer than 120 days, indicating the strong single-family market in the area during the time period studied and corresponding lack of seller or other "creative" financing. It should also be noted that the values being discussed are in terms of 2002-2004 dollars, which would need to be adjusted for inflation to be applied to the present.

Due to the sales procedures used for the subject properties, it was not possible to establish the actual marketing time for the subject properties, and thus time on market conclusions could not be drawn between the certified and non-certified homes in the sample.

Discussion

Due the nature of real estate appraisal, which is a process of estimation, and market data, which can be variable in nature, the isolation of distinct contributory values can be problematic. Though there are apparent differences between the subject's and their comparables present in the analysis, can all of this difference be attributed to the certification of the homes? Other items not adjusted for that may have an impact on this isolated contributory value are location and overall quality of construction.

The subject development is a new development in an area of predominantly older homes, which may be a positive influence on the value of the development's homes, but as there are no other comparable developments of the subject's size available for comparison in proximity to the subject, it is not possible to isolate this feature. However, it is likely that this point is mitigated in large part by the high amount of new construction in the area at the time of the subject development's construction (shown by the wealth of comparable data for new construction in the area at the time), and the fact that the subject was developed in phases over three years.

It could also be possible that the quality of construction of the subject homes, irrespective of the certification, is in small or large part responsible for the value differences. While that may be possible, at least in part, the quality of construction of the home is influenced greatly by the certification process. The process affects many aspects of the home, from framing, systems selection and installation, insulation, window and door selection and installation, appliance and fixture selection and installation, and so on; with testing of these features to assess their level of functioning before certifying the property. Rather than separating these issues, then, they are part of the same thing, with one directly influencing the other.

Conclusion

Due the sales procedures used for the subject properties, it was not possible to establish the actual marketing time for the subject properties, and thus time on market conclusions could not be drawn between the certified and non-certified homes in the sample.

It appears based on analysis of market data that there is additional value in the subject properties compared to their non-certified competition in this case. These differences range in overall value from \$1,633 to \$13,500, over the properties analyzed, with an average of \$7,262. When applied to the square footage ranges of the subject properties, this yields a value range of \$1.39 to a high of \$10.37, with an average of \$5.17 per square foot of additional value for the certified subject homes over their non-certified comparable properties.

Responses by the Appraiser to the questions posed by both Review Boards

- a) One of the case study reviewers raised a concern that Charleston Park Place had been sold in a manner that was out of line with market conditions. This is a legitimate concern since it is standard for most non-profit developers to have homeownership counseling programs which provide both a service to the community in terms of education as well as providing buyers to the affordable developer for current and future projects. This process invests the homeowner in the non-profit's mission as well as keeping up steady demand for the products which the organization produces.

Was this the case for HOST? While the homes were sold by HOST, which represented itself, HOST does not offer any homebuyer's programs (despite what their website may say), but recommends that purchasers take a home buying class from one of several local non-profits. HOST advertised for Charleston Place in the newspaper, at local businesses, on the web, at local sales and job fairs, and at local employers (Wacker Siltronic and Legacy Healthcare in particular). Their aim was to market to locals in the North Portland area, and they state that they established sales prices based on their perceptions of the market in the area. As they were not marketed on MLS, their reach was somewhat limited by this. However, they had no captive audience from which they pulled buyers, and the homes in Charleston Place competed alongside a large amount of other new construction in the area at the time. As there was no captive audience, and especially with the competition in the market at the time, it seems very unlikely that a purchaser at Charleston Place would have paid a higher amount than was worthy of the project at their time of completion.

- b) Can the premiums be considered false because actual costs to the borrowers were mitigated by tax exemptions, closing cost assistance etc?

According to HOST, none of the subject properties analyzed in the case study had buyers that were provided with closing costs assistance or any other seller concession of buyer credit. This was one of the criteria for their inclusion in the study.

c) Did the property tax abatements have an influence on the premiums found?

While the possibility of a tax abatement may be a draw for a certain buyer to a market area, it is not the property itself that qualifies for the abatement, it is the property *and* the buyer. Within this zone, all titleholders to the property must have a combined income of \$70,000 or less, and the sales price of the property must be less than \$275,000. The latter criterion is met by all of the properties, but the former is not.

Also, because the buyer is the critical issue in whether or not a property qualifies, the tax abatement is not directly tied to market value or sales price. The property's value is related to its characteristics, not the buyer's ability to qualify for a tax abatement. If the abatements were valuable and tied to market value, one would expect to see a pattern of lower adjusted lower values for the comparable properties without this characteristic, but that is not the case.

d) Why was the criterion “be of approximately the same value (with a sales price from 10% below to 10% above the sales price of the subject home” used?

The reviewer's concern is that this sold price range should not have been a criterion for comparable selection in the first place because the full affect on value cannot be measured if a price range is included in comparable selection. In a macro sense, the reviewer is correct. Because, as he states, if the contributory value of the green features were 15%, limiting the comparables to this price range would not discover a percentage above this. In general that is true, but the adjusted ranges of the comparable sales are what were measured against the subject property, not its sold price. It is possible using a 20% range spread that the adjusted value ranges for the comparable sales to be wider than this range (especially if the majority of adjustments are either downward or upward to any comparable sale).

There were several reasons that this range was added to the criteria for comparables, covered here in descending order of importance. The first was due to the scope of the assignment. In keeping with the scope of the Shamrock Heights case study, this appraisal consulting assignment was developed as an exterior-only analysis of the subject properties, with supporting and comparable data sources being MLS and county records reviewed on a desk-only basis within a stipulated time period. Due to the constraints of the project and the high level of market activity in the time periods covered in the analysis, it was believed that narrowing the amount of comparable sales for analysis somewhat beyond age and GLA would be prudent.

Secondly, previous studies, such as the ENERGY STAR NW Regional report, actual cost data from certified green home construction projects in the Portland, Oregon area, information from the project developer HOST, and sales data from local certified homes, lent further weight to the

range of sold price decision. Finally, but of lesser importance, this range also relates to what residential appraisers are used to using for line-item adjustments under Fannie Mae and Freddie Mac underwriting guidelines, which are limited to 10% of gross of the comparable sale price. It was believed that residential appraisers would find this understandable for helping to isolate the contributory value of one element of a home.

While this was the rationale behind the inclusion of the 10% of sale price criteria, the reviewer's questioning of the criteria is valid. In hindsight, it is possible that an appraisal review or management position with an appraiser earlier in the project could have altered this guideline. It is unclear though if removal or adjustment of this guideline with a far wider range would alter the conclusions of the case study in any way.

See attached adjustment tables below

	Subject	Comparable Sale		Comparable Sale		Comparable Sale	
Address	8355 Johnswood	6829 N. Astor		6823 N. Astor		9811 N. Clarendon	
	Portland, OR	Portland, OR		Portland, OR		Portland, OR	
Sales Price	\$139,950		\$137,000		\$141,000		\$144,950
Date of Sale	2/25/2004	10/29/2003		9/30/2003		10/21/2003	
Seller Concession	None	None		None		None	
Location	Typical	Typical		Typical		Typical	
Site	4,000 sf	2,500 sf	1,500	2,500 sf	1500	2,875 sf	1,200
Design	Ranch	Two Story		Two Story		Two Story	
Quality of Construction	Good	Good		Good		Good	
Age	New	New		New		New	
Bedroom Count	3	3		3		3	
Bathroom Count	2.5	2	3,000	2	3,000	2	3,000
GLA	1173	1328	-5,400	1358	-6,500	1438	-9,300
Total Basement	0	0		0		0	
Finished Basement	0	0		0		0	
Garage	1 car detached	1 car attached		1 car attached		1 car attached	
Net Adjusted Price	\$139,950		-900		-2,000		-5,100
Gross Adjusted Price	N/A		\$136,100		\$139,000		\$139,850
Sale Price/GLA	\$119.31	\$103.16		\$103.83		\$100.80	
Average Comparable Sale Price/GLA = \$104.76							
Difference in Sale Price/GLA Between Subject vs Comparable Sale = -\$6.99							
Average Adjusted Comparable Sale Price = \$138,316							
Difference in Subject Sale Price vs Average Adjusted Comparable Sale Price = \$1,633							
Or \$1.39 per Square Foot GLA							
\$1.17% price premium psf.							

	Subject	Comparable Sale		Comparable Sale		Comparable Sale	
Address	10311 N. Barr Ave	8568 N Mohawk Ave		9636 N Kalmar St.		8640 N Olympia	
	Portland, OR	Portland, OR		Portland, OR		Portland, OR	
Sales Price	\$141,950		\$142,950		\$139,900		\$157,000
Date of Sale	10/24/2002	8/30/2002		10/31/2002		7/1/2002	
Seller Concession	None	None		None		None	
Location	Typical	Typical		Typical		Typical	
Site	4,009 sf	2,500 sf	1500	2,500 sf	1500	5,000 sf	-1000
Design	Two Story	Two Story		Two Story		Two Story	
Quality of Construction	Good	Good		Good		Good	
Age	New	New		New		New	
Bedroom Count	3	3		3		3	
Bathroom Count	1.5	2.5	-6,000	2.5	-6,000	2.5	-6,000
GLA	1370	1396		1336		1535	-5,800
Total Basement	0	0		0		0	
Finished Basement	0	0		0		0	
Garage	None	1 car attached	-4,000	1 car attached	-4,000	2 car attached	-8,000
Net Adjusted Price	\$141,950		-8,500		-8,500		-20,800
Gross Adjusted Price	N/A		\$134,450		\$131,400		\$136,200
Sale Price/GLA	\$103.61	\$98.82		\$99.48		\$89.38	
Average Comparable Sale Price/GLA = \$95.89							
Difference in Sale Price/GLA Between Subject vs Comparable Sale = \$7.72							
Average Adjusted Comparable Sale Price = \$134,016							
Difference in Subject Sale Price vs Average Adjusted Comparable Sale Price = \$7,933							
Or \$5.79 per Square Foot GLA							
5.59% price premium psf							

	Subject	Comparable Sale		Comparable Sale		Comparable Sale	
Address	10342 N. Barr Ave	8568 N Mohawk Ave		9636 N Kalmar St.		8640 N Olympia	
	Portland, OR	Portland, OR		Portland, OR		Portland, OR	
Sales Price	\$143,950		\$142,950		\$139,900		\$157,000
Date of Sale	4/17/2002	8/30/2002		10/31/2002		7/1/2002	
Seller Concession	None	None		None		None	
Location	Typical	Typical		Typical		Typical	
Site	4,000 sf	2,500 sf	1500	2,500 sf	1500	5,000 sf	-1000
Design	Two Story	Two Story		Two Story		Two Story	
Quality of Construction	Good	Good		Good		Good	
Age	New	New		New		New	
Bedroom Count	3	3		3		3	
Bathroom Count	1.5	2.5	-6,000	2.5	-6,000	2.5	-6,000
GLA	1450	1396	1,900	1336	4,000	1535	-3,000
Total Basement	0	0		0		0	
Finished Basement	0	0		0		0	
Garage	None	1 car attached	-4,000	1 car attached	-4,000	2 car attached	-8,000
Net Adjusted Price	\$143,950		-6,600		-4,500		-18,000
Gross Adjusted Price	N/A		\$136,350		\$135,400		\$139,000
Sale Price/GLA	\$99.28	\$98.75		\$102.47		\$89.90	
Average Comparable Sale Price/GLA = \$97.04							
Difference in Sale Price/GLA Between Subject vs Comparable Sale = \$2.24							
Average Adjusted Comparable Sale Price = \$136,916							
Difference in Subject Sale Price vs Average Adjusted Comparable Sale Price = \$7,033							
Or \$4.85 per Square Foot GLA							
\$4.89% price premium psf.							

	Subject	Comparable Sale		Comparable Sale		Comparable Sale	
Address	8253 N Bliss	8564 N. Mohawk		9820 N. Midway		7215 N. Smith	
	Portland, OR	Portland, OR		Portland, OR		Portland, OR	
Sales Price	\$145,500		\$142,000		\$145,000		\$148,000
Date of Sale	1/3/2003	11/13/2002		9/3/2002		1/13/2003	
Seller Concession	None	None		None		None	
Location	Typical	Typical		Typical		Typical	
Site	4,345 sf	2,500 sf	1,800	4,063 sf		2,500 sf	1,800
Design	Two Story	Two Story		Two Story		Two Story	
Quality of Construction	Good	Good		Good		Good	
Age	New	New		2		New	
Bedroom Count	3	3		3		3	
Bathroom Count	1.5	2.5	-6,000	2.5	-6,000	2.5	-6,000
GLA	1302	1368	-2,300	1380	-2,700	1404	-3,600
Total Basement	0	0		0		0	
Finished Basement	0	0		0		0	
Garage	None	1 car attached	-4,000	2 car attached	-8,000	1 car attached	-4,000
Net Adjusted Price	\$145,500		-10,500		-16,700		-11,800
Gross Adjusted Price	N/A		\$131,500		\$128,300		\$136,200
Sale Price/GLA	\$111.75	\$103.80		\$105.07		\$105.41	
Average Comparable Sale Price/GLA = \$104.76							
Difference in Sale Price/GLA Between Subject vs Comparable Sale = -\$6.99							
Average Adjusted Comparable Sale Price = \$132,000							
Difference in Subject Sale Price vs Average Adjusted Comparable Sale Price = \$13,500							
Or \$10.37 per Square Foot GLA							
9.28% price premium psf.							

	Subject	Comparable Sale		Comparable Sale		Comparable Sale	
Address	8319 N Bliss	7215 N Smith		10319 N. Oswego		7823 N. Princeton	
	Portland, OR	Portland, OR		Portland, OR		Portland, OR	
Sales Price	\$152,490		\$148,000		\$150,000		\$159,000
Date of Sale	1/21/2003	1/13/2003		10/29/2002		7/31/2002	
Seller Concession	None	None		None		None	
Location	Typical	Typical		Typical		Typical	
Site	4,337 sf	2,500 sf	1800	7,572	-3000	5,000 sf	
Design	Two Story	Two Story		Two Story		Two Story	
Quality of Construction	Good	Good		Good		Good	
Age	New	New		New		New	
Bedroom Count	3	3		3		3	
Bathroom Count	2	2.5	-3,000	2.5	-3,000	2.5	-3,000
GLA	1550	1404	5,100	1411	4,900	1650	-3,500
Total Basement	0	0		0		0	
Finished Basement	0	0		0		0	
Garage	None	1 car attached	-4,000	2 car attached	-8,000	2 car attached	-8,000
Net Adjusted Price	\$152,490		-100		-9,100		-14,500
Gross Adjusted Price	N/A		\$147,900		\$140,900		\$144,500
Sale Price/GLA	\$98.38	\$105.41		\$106.31		\$96.36	
Average Comparable Sale Price/GLA = \$102.69							
Difference in Sale Price/GLA Between Subject vs Comparable Sale = -\$4.31							
Average Adjusted Comparable Sale Price = \$144,433							
Difference in Subject Sale Price vs Average Adjusted Comparable Sale Price = \$8,057							
Or \$5.20 per Square Foot GLA							
5.29% price premium psf.							

	Subject	Comparable Sale		Comparable Sale		Comparable Sale	
Address	8244 Johnswood	6866 N. Sedro		7015 N. Armour		9207 N. Windle	
	Portland, OR	Portland, OR		Portland, OR		Portland, OR	
Sales Price	\$159,800		\$149,950		\$170,000		\$171,300
Tax Adjustment			\$13,000				\$13,000
Date of Sale	3/16/2004	1/20/2004		11/24/2003		10/30/2003	
Seller Concession	None	None		None		None	
Location	Typical	Typical		Typical		Typical	
Site	7,100 sf	2,500 sf	4,600	5,000 sf	2100	4,226 sf	2,900
Design	Two Story	Two Story		Two Story		Two Story	
Quality of Construction	Good	Good		Superior	-10,900	Superior	-13,200
Age	New	New		New		New	
Bedroom Count	3	3		3		3	
Bathroom Count	2.5	2.5		2.5		2.5	
GLA	1592	1770	-6,200	1550		1885	-10,300
Total Basement	0	0		0		0	
Finished Basement	0	0		0		0	
Garage	1 car detached	1 car attached		2 car attached	-4,000	2 car attached	-4,000
Net Adjusted Price	\$159,800		11,400		-12,800		-11,600
Gross Adjusted Price	N/A		\$161,350		\$157,200		\$159,700
Sale Price/GLA	\$100.38	\$91.16		\$101.42		\$84.72	
Average Comparable Sale Price/GLA = \$92.43							
Difference in Sale Price/GLA Between Subject vs Comparable Sale = \$7.95							
Average Adjusted Comparable Sale Price = \$159,416							
Difference in Subject Sale Price vs Average Adjusted Comparable Sale Price = \$484							
Or \$0.30 per Square Foot GLA							
.03% price premium psf.							