

# CHESTER COUNTY PRESERVATION PARTNERSHIP GRANT PROGRAM

## APPRAISAL POLICY

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### Appraisal Requirements

- A. In order to establish the property's value at the time of application, the applicant shall submit one complete Appraisal Report, prepared within 12 months of the grant application deadline, with its application.

The Appraisal Report shall be prepared by a Pennsylvania State Certified General Real Estate Appraiser. Furthermore, if the proposed acquisition is for a Conservation Easement, the appraiser shall also be qualified, experienced, and have demonstrated expertise in appraising a property for easement purchase.

The appraisal shall follow the guidelines set forth in the most current edition of the Uniform Standards of Professional Appraisal Practice (USPAP), as amended, published by the Appraisal Standards Board of the Appraisal Foundation and any supplemental requirements outlined below or deemed to be necessary by the County.

If grant funding is awarded for the project, the County, at its sole discretion, may require the applicant to obtain a technical review of the original appraisal or a second appraisal to confirm the original valuation conclusion, prior to the reimbursement of any funds.

If the County requires a technical review, it must be done in accordance with the USPAP (Standard 3) or the Uniform Appraisal Standards for Federal Land Acquisitions (Section C), as appropriate. Additionally, the review must be completed by a qualified reviewing appraiser who is employed by a different firm than that of the appraiser whose appraisal is being reviewed. The review appraiser shall develop an opinion as to whether the analyses, opinions, and conclusions in the appraisal report under review are appropriate and reasonable, but will not be required to develop his or her own opinion of value.

If the County requires a second appraisal, it must be prepared by a different firm than that of the appraiser who completed the first appraisal. If the valuation conclusion of the second appraisal is less by 20 percent or more of the original valuation conclusion, the County may reduce the grant award to reflect the change in market conditions. If the valuation conclusion of the second appraisal is greater than the original valuation conclusion, the County grant will remain at the level of the award.

- B. The appraiser shall supply information concerning comparable sales as follows:
1. Appraisals must include at least four comparable sales (a maximum of six) for a fee simple acquisition and at least eight (a maximum of 12) for easements (four to six comparable sales for the "before" value and four to six for the "after" value.) Comparable sales shall be no more than two years old relative to the effective date. If sufficient comparable sales data within the same municipality as the subject tract cannot be obtained, comparable sales from other municipalities within the county may be used. The use of comparable sales that require adjustment of 50% or more, or are more than two years old must be thoroughly explained and supported in detail.
  2. Pertinent data for each comparable sale used in the preparation of the appraisal shall be stated in the Appraisal Report, including date of sale, purchase price, road frontage in feet, any special circumstances surrounding the sale, and other relevant information. The appraisal shall include an extensive narrative analysis comparing

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- the pertinent data for each comparable sale to the subject tract. This data shall be included on an adjustment grid with an assigned adjustment percentage for all pertinent data. For the purposes of the requirements of this grant program, an adjustment grid is defined as a non-narrative chart showing percentage adjustments for all relevant variables influencing the relationship of the comparable sales price to the subject property.
3. The location of each comparable sale used in the Appraisal Report shall be shown accurately on the comparable sales map and sufficiently identified and described so as to be located easily.
  4. For comparable sales used to estimate the conservation value, the appraiser may use sales of land that are confined to conservation use because of legal restrictions or physical attributes that limit the land for conservation use only.
  5. The appraiser shall report whether the conservation tract has public or private land use restrictions, is within a flood plain, or has other physical attributes that limit its developmental capability. The same information shall be reported for comparable sales.
- C. If the valuation conclusion is based on potential future development other than that permitted by right, or development potential that is not consistent with the general soils characteristics of the subject parcel, then an approved subdivision plan that represents the basis for the proposed development valuation and information showing adequate percolation potential of the soil for the necessary approvals must be included. The appraised value may not be based on speculative development potential and must be derived from the subject property's existing development rights.
- D. The appraised value of previously eased land must reflect development restrictions and/or other conditions that run with the land.
- E. A valuation conclusion must be explicitly determined for all structures of value and their appurtenant property within the project area. This must be accomplished in a manner such that an independent valuation for the undeveloped land within the project area is clearly presented.
- F. Appraisals must clearly indicate and provide a valuation conclusion for the specific spectrum of interests/rights being acquired.
- G. Appraisals must provide a value for the specific portion of land delineated in the grant application, if preserving less than an entire parcel (particularly if the entire parcel has a variety of land attributes such as steep slopes, wetlands, woodlands, or open fields, and the area for which you are seeking funding does not contain all of the same attributes.)
- H. All appraisals must be accepted by the County in order for the project to be eligible for grant funding consideration. The County reserves the right to reassess any grant award, require submission of an additional appraisal(s), commission its own appraisal(s), or take any other action it deems in the best interests of the County at any time.

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## **Appraisal Formatting Guidelines**

The appraisal shall be prepared using the following format.

### **A. Title Page**

1. Name and address of the appraisal firm
2. Name and address of the property appraised
3. Name and address of the organization requesting the report
4. Date of report
5. Effective date of the valuation

### **B. Introduction**

1. Letter of transmittal
2. Table of contents
3. Certification of Appraiser
4. Summary of salient facts and conclusions
5. Purpose of the appraisal
6. Easement value definition (if an easement is being acquired)

### **C. Description of Property**

1. Area or neighborhood description
2. Description of appraised property
  - Legal description
  - Property data and existing zoning
  - Description of improvements
  - Photos of subject property
  - Tax map of subject property
  - Location map
  - A survey or sketch plan of the subject property if available

### **D. Analyses and Conclusions**

1. Analysis of highest and best use
2. Valuation methodology: Market Value
  - Comparable sales data
  - Adjustment grid (non-narrative chart showing adjustments for all relevant variables influencing the relationship of the comparable sales price to the subject property)
  - Reconciliation of value (a detailed narrative explanation of the reasoning/thought process/rationale behind the numerical adjustments shown on the adjustment grid)
  - Location map of comparable sales
3. Market value estimate
4. Valuation methodology: Conservation Easement Value (if applicable)
  - Comparable sales

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- Adjustment grid (non-narrative chart showing adjustments for all relevant variables influencing the relationship of the comparable sales price to the subject property)
  - Reconciliation of value (A detailed narrative explanation of the reasoning/thought process/rationale behind the numerical adjustments shown on the adjustment grid)
  - Location map of comparable sales
5. Easement value (if applicable)
  6. Professional qualifications of the appraiser and copy of State Certification Certificate