



PAJARO RIVER WATERSHED
FLOOD PREVENTION AUTHORITY
Phase 4b: Implementation Plan for Soap Lake Floodplain
Preservation Project and Watershed Flood Protection Actions



Technical Memorandum No. 4.2.2

Task: **Land Valuation**
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Introduction

This technical memorandum (TM) describes the results of work completed as part of Task 4.2.2: Land Valuation for the Soap Lake Floodplain Preservation Project as part of the Pajaro River Watershed Study. RMC was tasked with estimating the values for fee title and conservation easement land acquisition for the Soap Lake Floodplain Preservation Project as well as developing appraisal guidelines. This TM provides discussion about the costs used to estimate the value of the land in the 100-year Soap Lake floodplain and the method and assumptions included in the Project cost. The importance of appraisals and some guidelines for an appraisal and for whom is considered to be a qualified appraiser are included as well. A template for an appraisal is included in the Appendix.

Background

Previous phases of the Pajaro River Watershed Study have identified the Soap Lake floodplain as an essential aspect of the Pajaro River Watershed for attenuating flows in the lower reaches of the Pajaro River. Figure 1 shows the location of the Soap Lake floodplain within the watershed as well as the location of the watershed in relation to local counties and cities. Should the floodplain, which acts as a natural detention basin, completely lose its attenuation characteristics, model results indicate that downstream flows could increase up to 36% in a 100-year flood event. A preservation project to maintain the current floodplain without increasing damage costs due to flooding was defined in Phase 3 of the Study. The preservation could occur, either through fee title land acquisition or development restrictions, so long as the long-term land use was consistent with the necessary floodplain operations.

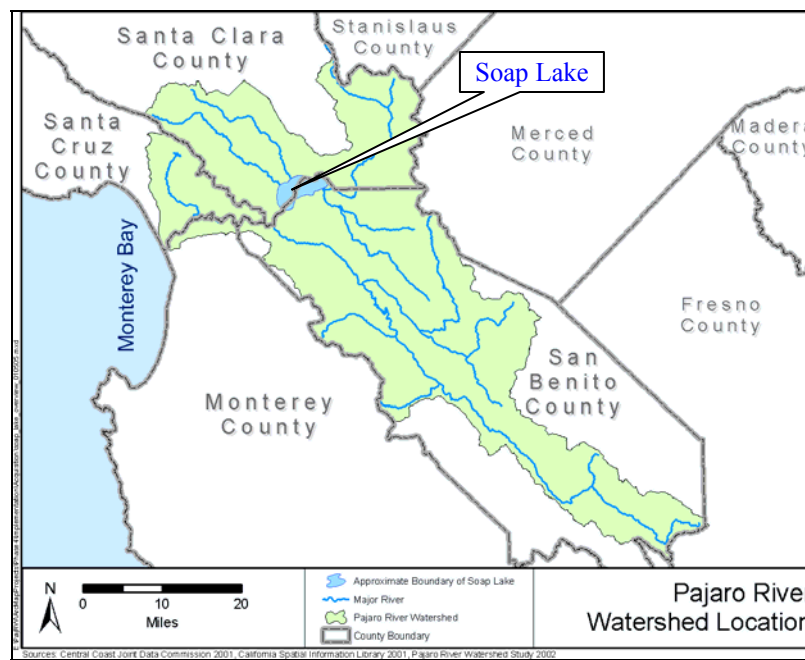


Figure 1: Soap Lake and Pajaro River Watershed boundaries.

While many acquisition and preservation methods were discussed in Phase 3, two methods are most relevant to this project timeframe and feasibility of implementation. Parcels or portions of parcels could be purchased in fee title or a conservation easement could be purchased for the land. When land is purchased in fee title, all rights to the land are transferred except for previously existing easements and agreements which remain in force. The land can then be leased to a third party or converted to another use consistent with floodplain operations. When a conservation easement is acquired, only the development rights are transferred to the purchasing party.

Over 1,200 acres (13%) of the approximately 9,000-acre floodplain have been acquired to date and protected from additional development. Table 1 highlights information about the preserved parcels while Figure 2 shows where these parcels are within the floodplain.

Table 1: Parcels acquired and preserved within Soap Lake floodplain.

Purchasing Party	Size	Date Purchased	Acquisition Type
Santa Clara Valley Water District & Santa Clara County Land Trust (Carnadero Preserve)	478 Acres	2003	Fee title – A majority of the land will be resold with an easement precluding future development
Santa Clara County Open Space Authority	301 Acres	2003	Conservation Easement
Wildlands	300 Acres	2004	Fee title – Purchased as a mitigation bank; Half will be converted to wetlands
CA Department of Fish and Game	200 Acres	1990	Conservation Easement

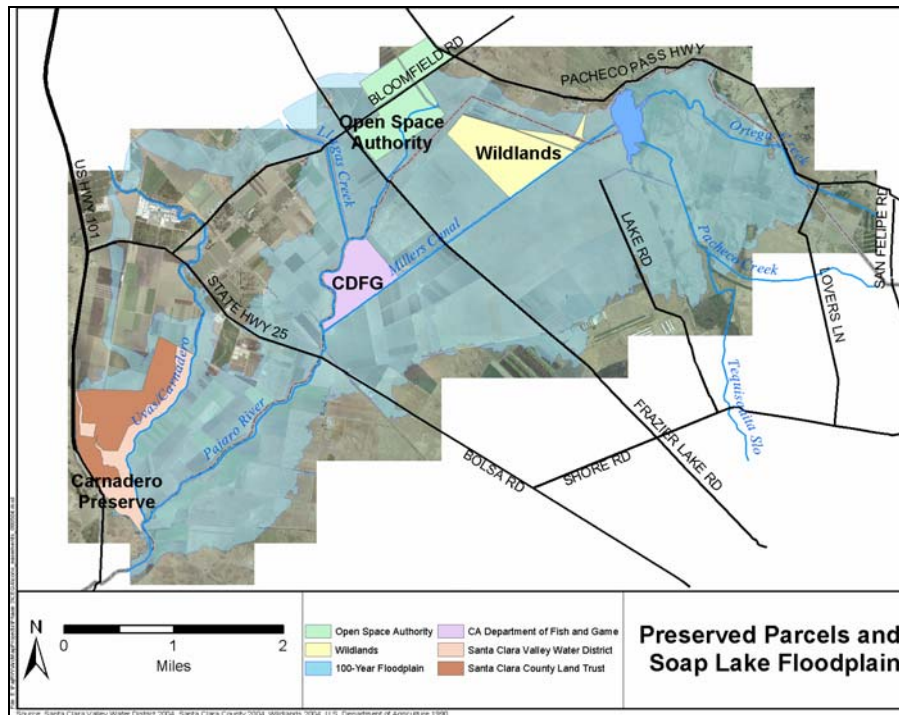


Figure 2: Floodplain map with preserved areas.

The following section will discuss the cost of acquiring Soap Lake for preservation and provide some guidelines for the appraisal process.

Cost of Soap Lake

Soap Lake can be preserved through fee title acquisitions, flood conservation easements, or land donations. Although there are significant benefits associated with donating land, it is more likely that the current owners will wish to be compensated directly. Therefore acquisition and preservation is nearly impossible unless significant funding is available when parcels become available. It's important to realize how much money will be needed to plan ahead for such an event or to apply for grant funding. This section of the TM will identify available land value information and provide a refinement of the cost estimate provided in Phase 3 of the Pajaro River Watershed Study.

Phase 3 Unit and Extended Costs

The best way to evaluate the cost of a parcel of land is to have an appraisal performed. Appraisals are discussed later in this TM. This section identifies and discusses land value information that was assembled in Phase 3 of the Pajaro River Watershed Study.

In Phase 3 unit costs were developed and applied to the Soap Lake Floodplain Preservation Project area. The unit cost for an easement was \$5,000/acre and the unit cost for a fee title purchase was \$12,000/acre. These unit costs are an efficient way to perform conceptual level cost estimates. The unit cost values are based on recent experience of local land trusts and agencies. Both the easement and fee title unit costs were applied to the floodplain area and to the total area of any parcel that impacted the floodplain. Table 2 summarizes the products of the possible acquisition combinations.

Table 2: Approximate purchase costs of 100-year floodplain.

100-Year Floodplain	Fee Title Purchase	Easement Purchase
Limited to flooding extent	\$110 million	\$50 million
Whole parcel	\$180 million	\$80 million

The upper and lower limits, \$50 million and \$180 million, bookend the expected cost of preserving the entire study area. Each estimate assumes that the acquisition method will be the same across the entire study area while in reality it will be a combination of both easement and fee title purchases. Also, based on the seller's wishes, some parcels on the fringe of the floodplain will likely be purchased in their entirety while others will be divided closer to the boundary of the floodplain. As with many other commodities, land is often available at a discounted rate when purchased in large quantities. If more than one parcel can be acquired at a time from a single owner, such a discount may be available.

The following section provides a refined estimate of the wide range of acquisition costs provided in Phase 3 by taking into account and addressing many of the unknowns described above.

Refined Cost of Soap Lake Acquisition

This section describes the refined estimate of the acquisition cost of the Soap Lake area and the methodology and assumptions used to arrive at that estimate.

This analysis utilizes the results of the fee title versus flood conservation easement recommendation analysis performed for TM 4.2.1 of Phase 4 of the Pajaro River Watershed Study. Figure 3 shows which parcels were designated in that TM to be fee title or conservation easement acquisitions and which were to be acquired through conservation easements. These designations are not confirmed recommendations but are intended only to provide a relative estimate of the total amount of land that would be purchased in fee title versus easements.

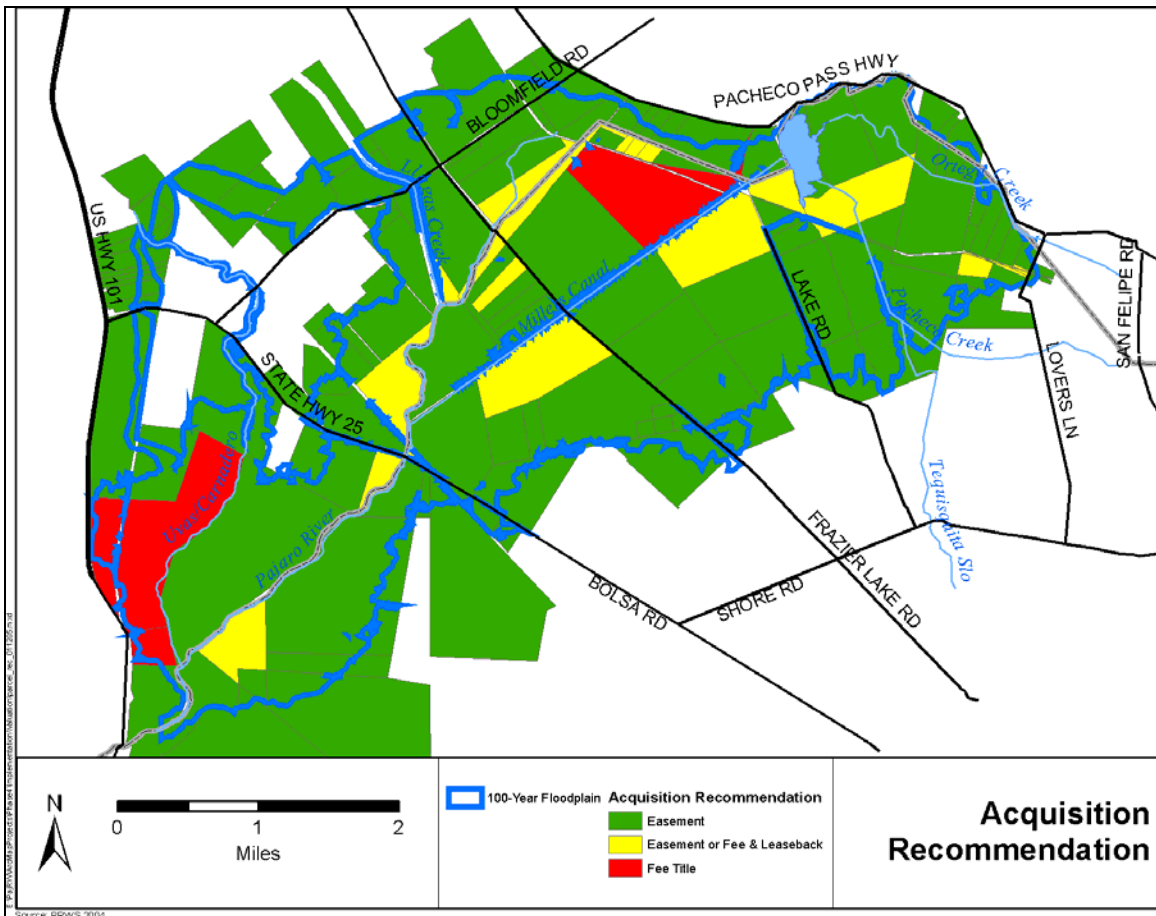


Figure 3: Parcel acquisition recommendations.

As discussed in TM 4.2.1, all of the parcels were assumed to be acquired through a flood conservation easement unless the following conditions were met:

- Parcel is completely within the floodplain
- The land use or management practices will be changed beyond what the land owner can or would want to accommodate. An example would be restoring habitat of critical species in riparian areas or converting the property to a mitigation bank.

Not all parcels wholly within the floodplain and fulfilling one of the other criteria will be acquired in fee title, which is why they received an ambiguous recommendation. For the purposes of this cost estimate, it's assumed that half of the area of land in this category will be acquired through fee title purchase. Also for the purposes of this cost estimate analysis, it is assumed that easements are only obtained for those portions of the parcels within the floodplain.

Based on these assumptions and unit costs, the cost to acquire the Soap Lake 100-year floodplain is estimated to be approximately \$60 million in today's dollars. This value is provided in today's dollars to provide a reference to implementing agencies for the magnitude of money that will be needed to implement the project. The estimate is based on the best available unit costs and numerous assumptions about which parcels would be acquired through easements and which would be acquired by fee title. An easement was assumed to be \$5,000/acre and a fee title acquisition was assumed to be \$12,000/acre. It was assumed that only about 15% of the floodplain was acquired in fee title.

When the project is actually implemented it is likely that the money needed for the Project will be quite different. Not only will the Project likely last for decades, which will impact the value of the dollar, but there are many other factors as well. One of the major factors is demand for the land, regardless of the use. The more demand there is for the land, the higher the price will be. Acquisitions of parcels for preservation or other uses also impact the cost of the land. It would require a qualified appraisal to determine the impacts of a given acquisition on the value of the surrounding properties. As with many other commodities, land is often available at a discounted rate when purchased in large quantities. If more than one parcel can be acquired at a time from a single owner, such a discount may be available. Finally, the total cost of the land is sensitive to the acquisition method since fee title acquisitions are so much more expensive. Should more or less of the floodplain be acquired in fee title than assumed, the overall price could be impacted by quite a bit.

Table 3 summarizes the total number of parcels that are assumed to be acquired in fee title and through a conservation easement, the area of land assumed for the cost estimate, and the approximate extended cost based on the unit costs described above. The table includes those parcels already purchased in fee title and acquired through a conservation easement in the parcel count.

Table 3: Summary of acquisition recommendation analysis.

Acquisition Category	Number of Parcels	Area of Land	Approximate Extended Cost
Easement	157	7,658 acres	\$40,000,000
Fee Title	13	1,311 acres	\$20,000,000

Appraisal Guidelines

Appraisals of individual parcels are an essential part of the acquisition process. The appraisal will provide both the buying and selling parties with the value of the land or conservation easement. In the following sections, this TM identifies the importance of an

appraisal, describes what is considered to be a qualified appraisal, and outlines the elements of an appraisal.

Importance of Appraisal

The appraisal is one of the key steps in acquiring a parcel in fee title or with a conservation easement. Without consensus on the value of the land to be acquired it may be impossible to move forward with the transaction. An appraisal of the land or easement value provides an impartial, objective opinion of the cost that both parties can feel comfortable using. Many grant programs that provide acquisition funding also require and have specific requirements for appraisals.

The land owner, when selling or donating land or conservation easements, has the opportunity to take advantage of significant tax benefits. If IRS guidelines are adhered to, land and easement donations are eligible for tax deductions. Any deduction above \$5,000 must have an official appraisal proving the donation's worth. There is also a potential reduction in the estate tax when the current owner dies. "Under the American Farm and Ranch Protection Act of 1997, a landowner's estate also now may totally exclude from federal estate taxation up to 40% of the value of the eased land, with a cap of \$500,000."¹ The value of the eased land must be known if this tax benefit is to be realized. Additionally, if the land owner sells a flood conservation easement under the provisions of the California Farmland Conservancy Program, then the easement is valued under the same tax provision that applies to Williamson Act contracts.²

Appraisals are oftentimes the first aspect of an acquisition and may occur 1-2 years before the sale is finalized. The acquisition process can be long and complicated but generally can't get started without the buyers and sellers agreeing on an appraised value of the land. A final appraisal can be completed just before the sale is finalized if the sale is to be used for tax purposes.

Qualified Appraisals

Donations must utilize a qualified appraisal and must follow four guidelines to qualify as a charitable contribution under Federal tax code. Even for acquisitions that are not donated, these guidelines are appropriate and good procedures for any appraisal. The guidelines consist of:

- The appraisal should not be made earlier than 60 days prior to the date of the contribution or sale
- The appraisal should include a description of the fee arrangement for preparing the appraisal and not involve a prohibited fee, such as a fee based on the percentage of the sale or deduction
- The appraisal should include the elements described in the next section
- The appraisal should be prepared, signed, and dated by a qualified appraiser

Elements of an Appraisal

An appraisal should generally consist of:

¹ Goldstein, Debra Wolf. *Using Conservation Easement to Preserve Open Space*. 2002.

² California Farmland Conservancy Program. *Focus on Farmland*. January 2003.

- A statement of qualifications of the appraiser
- The standard to which the appraisal is prepared
- Identification of the appraised parcel and date of appraisal
- Description of the parcel, use and its highest and best use without any restrictions
- Description of the easement (if any) and the restrictions and permissions it contains
- Description of the parcel, use and its highest and best use with easement restrictions, if any
- The valuation technique and parcel value before and after, if applicable, the easement is in place

A sample appraisal outline based on federal guidelines is provided in the Appendix. Highlights and items of particular importance include:

- The highest and best use of a property must be legal, physically possible, and financially feasible.
- Parcel valuation methods include sales comparisons, costs, and income based. If the land is vacant, the sales comparison method is often used while the cost and income approaches may not be relevant. The cost approach may not apply since it requires that the property have substantial improvements. The income approach may not apply since a currently vacant property generates no income for the owner.
- The income approach may be the best method for valuing productive agricultural lands.
- Assuming a subdivision of the parcel is only applicable in determining the easement value if the development is fairly imminent, the costs of development can be identified accurately, and when absorption rates can be supported by market evidence.
- If the easement or land donation or bargain sale is to be used for tax relief, federal Treasure Regulations require that comparable sales be used if there are an adequate number of comparable donations or bargain sales.
- A bargain sale occurs when the land owner sells the land or easement well below fair market value. The difference between the sale price and fair market value can be considered to be a donation and eligible for tax benefits assuming that all federal guidelines are followed.
- The value of the restriction or easement, if no comparable sales are available, is equivalent to the difference in fair market value before the easement is applied and after the easement is applied.

Qualified Appraiser

There are minimal guidelines defining who is and who is not a qualified appraiser of lands. According to the IRS, a qualified appraiser is one who:

- Holds himself or herself out to the public as an appraiser or performs appraisals on a regular basis
- Is qualified to make appraisals of the type of property being valued because of his or her qualifications that are described in the appraisal
- Is not an excluded individual such as the donor or the donor's relative

- Understands that an intentionally false statement of the value of the property being appraised may subject him or her to various penalties.

Additional certification or membership in an appraisal association may give some additional confidence in the appraiser's work. Such associations include the American Society of Farm Managers and Rural Appraisers, the American Society of Appraisers, the Appraisal Institute, the National Association of Independent Fee Appraisers, and the National Association of Master Appraisers. The state of California also maintains a list of licensed appraisers. Licensure or membership in one of these organizations does not necessarily mean that any given appraiser is qualified to do a particular appraisal. It's recommended that references be checked for previous experience with similar easements or fee title acquisitions in addition to the above certifications.

Conclusions

This TM provides an estimate of the total land cost to acquire Soap Lake and provides some guidelines to refer to when obtaining a parcel appraisal.

Cost Estimate

The cost is based on unit prices developed in Phase 3 and the land acquisition recommendations regarding whether or not a fee title acquisition or flood conservation easement is more appropriate. The total costs represented in this TM are sensitive to the unit costs used in the analysis. While effort was made to use a representative unit cost, it is likely that some parcels would actually be underpriced and some would be overpriced based on the unit cost used. This, and any overall shift in the cost of land, could affect the total cost of the Soap Lake Floodplain Preservation Project. An appraisal is the best way to establish a reliable cost estimate and should be obtained for each parcel or group of parcels that is available for acquisition.

The cost is also based on the land acquisition recommendations regarding whether or not a fee title acquisition or flood conservation easement is more appropriate. This recommendation is subject to owner preference and a series of assumptions. Should any of the assumptions prove to be incorrect, the cost of the parcel and the total cost of the floodplain acquisition could change dramatically. The assumptions were used to provide an estimate of a combination of fee title and easement acquisitions rather than rely on the range of costs developed previously.

The range of costs is \$50million to \$180 million. It's estimated that the actual cost will be in the lower half of the range, about \$60 million.

Appraisal

An appraisal is an essential part of the acquisition process as it establishes an estimate of the cost of the flood conservation easement or of the title to the land. This cost estimate can serve as a reference during price negotiations or it can serve as the final price of the title or easement depending on the buying and selling parties. In addition, if the land or

easement is donated or is considered to be a bargain sale it must be validated through the use of a qualified appraisal.

In an appraisal for fee title acquisition, the value of the land in question must be evaluated taking into account not for its current use and state but for its highest and most beneficial use. For flood conservation easements, the value of the land must be evaluated in a similar manner but for before and after the easement is in place. The difference between the two is the easement value. The value of the land can be estimated using comparisons of comparable sales, costs, or potential income based on land productivity.

Resources

- The Appraisal Foundation. <http://www.appraisalfoundation.org/>
California Farmland Conservancy Program. *Focus on Farmland*.
http://www.consrv.ca.gov/DLRP/cfcp/Documents/FocusonFarmlandVol1/FocusonFarmland_1-3.pdf. January 2003.
- California Office of Real Estate Assessors. <http://www.orea.ca.gov>
Colorado Coalition of Land Trusts. *A Conservation Easement Appraisal Guide: A Brief Overview of Easement Valuation in Colorado*.
http://www.cclt.org/downloads/CCLT_Appraisal_Guide_6_01_04.pdf. June 2004.
- Environment and Natural Resources Division, US Department of Justice. *Uniform Appraisal Standards for Federal Land Acquisition*.
<http://www.usdoj.gov/enrd/land-ack/yb2001.pdf>
- Goldstein, Debra Wolf. *Using Conservation Easement to Preserve Open Space*.
<http://www.dcnr.state.pa.us/brc/easements.pdf>. 2002.
- Internal Revenue Service, US Department of the Treasury. *Publication 561: Determining the Value of Donated Property*. <http://www.irs.gov/pub/irs-pdf/p561.pdf>. February 2000.
- The Land Conservancy of San Luis Obispo. *Bibliography*. <http://www.special-places.org/biblio.pdf>. October 2001.
- The Land Trust Alliance. Multiple publications. <http://www.lta.org/>

Appendix

Example Appraisal Template

The following elements of an appraisal are based on the format found in the *Uniform Appraisal Standards for Federal Land Acquisition* and is taken from *A Conservation Easement Appraisal Guide*. Additional detail can be found in either of these references. A qualified appraisal must address the following elements.

- 1) Letter of transmittal
 - i) Summarize value conclusion
 - ii) State date of value
 - iii) Identify property and purpose of appraisal
 - iv) Highlight any unusual assumptions or limiting conditions
 - v) State why the appraisal has been prepared
 - vi) Provide the appraiser's identifying number
- 2) Table of contents
- 3) Introduction
 - i) Certification
 - (a) Acknowledge assistance of others who made a significant professional contribution to the development of the appraisal
 - (b) Inform the reader that the appraiser did or did not inspect the property
 - (c) Indicate that the appraisal and report have been completed in compliance with the *Uniform Standards of Professional Appraisal Practice* or any other standards set forth by a funding source or professional associations with which the appraiser is affiliated
 - ii) Summary of Salient Facts
 - (a) Identify the owner or donor
 - (b) State location, brief legal description, or property address
 - (c) Review the purpose and function of the appraisal
 - (d) State the date of the appraisal
 - (e) Identify the property rights appraised
 1. Fee title value before the easement
 2. Fee title value after the easement (if applicable)
 3. Value of the conservation easement (if applicable)
 - (f) Include a brief description of the subject site and improvements, including water rights and the mineral estate
 - (g) Include as part of the appraisal all contiguous property owned by the donor/seller, the donor's family, or related persons
 - (h) Identify other property owned by the donor/seller or related person
 - (i) Highlight unusual or important assumptions made in the appraisal
 - (j) Summarize the easement
 1. Restrictions and permissions
 2. Conservation or historic preservation values
 - (k) Summarize the conclusions of the highest and best use
 1. Before the easement (if applicable)
 2. After the easement (if applicable)

- (l) Summarize the value estimates of all of the property owned by the donor/seller and the donor/seller's family
 - 1. Before the easement (if applicable)
 - 2. After the easement (if applicable)
- (m) State the market value of the easement
- iii) Purpose and function of the appraisal
 - (a) Indicate why the appraisal is being prepared
 - (b) Provide this value definition:
 - 1. "... 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 sell and both having a reasonable knowledge of the facts." (Treas. Reg. § 1.170A-1(c)(2))
- iv) Property rights appraised
 - (a) Define fee title and easement interests
 - (b) Address water rights associated with or appurtenant to the property
 - (c) Address fractional interests, interests of tenants in possession and mortgage holders
 - (d) Address mineral estate
- v) Scope of appraisal
 - (a) Summarize the steps taken in preparing the proposal
 - (b) State whether the appraisal has followed appropriate guidelines
 - (c) State the type of report format
 - (d) Restate any unusual or important assumptions made in the appraisal
- vi) Property identification
 - (a) Restate the summary information about the property, possibly with greater detail
- vii) Important dates
 - (a) State date of value
 - (b) Restate date of report
 - (c) Identify date(s) of property inspection
- viii) Assessment and taxation data
 - (a) Provide schedule and/or parcel number
 - (b) Summarize information available from county assessor and treasurer
 - (c) Discuss assessment classification, likelihood of change, effect of future tax burden
- ix) Property history
 - (a) Summarize and analyze leases and sales within at least the past three years, and current or recent listing agreements
 - (b) Discuss history of use
 - (c) Request data pertaining to the last sale of the property
- x) Contingent and Limiting Conditions
 - (a) Limit reliance on or use of the appraisal report
 - (b) Disclaim responsibility for issues, facts, and studies outside the purview of the appraisal

- (c) Restate prominently and in detail any unusual or important assumptions made in the appraisal
- 4) Factual data before the grant of the easement
 - i) Legal description
 - (a) Provide detailed description using metes and bounds, aliquot portions, and/or lots & blocks
 - (b) May include map(s) or survey, overlain on USGS 7.5° quadrangle maps, tax maps, recorded plats, etc. as appropriate
 - ii) Area data
 - (a) Provide information about the immediate neighborhood and market area
 - (b) Report and analyze market trends including population, water rights, employment, etc.
 - iii) Property data
 - (a) What should be appraised
 - 1. State value estimate of all contiguous property owned by the donor/seller or donor/seller's family and include statement of any increase or decrease in value of any other property owned by the donor/seller or related person
 - 2. Follow accepted practice in the appraisal process
 - (b) Describe the property emphasizing the features key to its value and use
 - (c) Improvements need only be addressed in detail if their utility will be impacted
- 5) Data analysis and conclusions of the property value before the grant of the easement
 - i) Highest and best use of the property
 - (a) Site as vacant
 - 1. Legal uses
 - 2. Physically possible uses
 - 3. Financially feasible uses
 - 4. Maximally productive use
 - (b) Site as improved
 - 1. Same four tests as above
 - 2. Explain if demolition or modification of the site improvements is necessary
 - (c) Conclusion of highest and best use of the entire property (land, improvements, and water)
 - 1. Must be consistent with four tests of vacant use
 - 2. Highest and best use must be reasonably achievable
 - 3. Highest and best use does not consider proposed restrictions of easement (if applicable)
 - ii) Approaches to valuation
 - (a) Identifies valuation method (sales comparison, costs, or income) used and state reason why other methods were not used
 - (b) Land or site valuation – Sales comparison often used if land is vacant

1. Land can be determined as vacant through sales comparison, allocation, extraction, subdivision development, land residual, or ground rent capitalization
 2. Land and site valuation can be incorporated into the sales comparison approach if the property is vacant, is considered to have the highest and best use as vacant, or the property is minimally improved with the improvements being items of contributory value
 3. Land and site valuation can form the initial part of the cost approach when the property improvements are being valued based on their replacement or reproduction cost
 4. Other expert's opinions may be incorporated but the appraiser must be aware of USPAP requirements for consultant's reports
- (c) Cost approach is not relevant to a vacant property since it requires that the property have substantial improvements
- (d) Income approach may not be relevant to a vacant property for it is based on the income a particular property generates
- (e) The correlation and conclusion of value section will compare the values obtained using the three methods if appropriate and determine a conclusion of the value.
- 6) Factual data after the grant of easement (if applicable)
- i) Conservation easement describes restrictions and permissions in enough detail to determine the highest and best use with the easement in place
 - ii) When possible, include a recorded copy of the deed of conservation easement. If a recorded copy is not available it should include a draft copy. If a draft copy is not available it should document the source of the terms and conditions of the easement
- 7) Data analysis and conclusions of property value after grant of easement (if applicable)
- i) Reconsider the legally permissible, physically possible, and the financially feasible land uses to support the conclusion of what use(s) is the maximally productive land use after grant of the easement
 - ii) Introduce the concept of valuing a restricted parcel and explain the specific procedures to be used
 - (a) The easement may be valued against other comparable easements
 - (b) If no comparable easements are available, the easement value is equal to the difference between the fair market value before the restrictions and the fair market value after the restrictions
 1. Using the sales comparison technique, compare the property under study to sales of other properties subject to similar restrictions
 2. A "percentage loss in value" technique may be applied when comparing the value of restricted and unrestricted properties in other areas
 - i. Real estate listings should not be used
 - ii. Great care should be taken when relying on other appraiser's opinions

3. Comparisons using a subdivision technique should consider the reduced number of units or parcels that can be created on the property. This technique is only valid if development is the highest and best use, when development is fairly imminent, when the costs of development can be identified accurately and when absorption rates can be supported by market evidence.
4. Cost approach, if applicable, requires care and may not be useful in determining market value, as the easement restrictions may make it virtually impossible to account for obsolescence
5. Income approach, if applicable, may be the best method for valuing productive agricultural lands and other lands with income producing characteristics
 - i. Effective gross and net operating income estimates, overall capitalization rates, and discount rates require care in preparation
 - ii. "Premium values," such as scenic, recreational, or secluded ranches, suggest a greater reliance on the sales comparison approach

(c) Correlation and conclusion of value

1. General considerations can include difficulty or increased expense of obtaining mortgage financing, perception of difficulty in dealing with easement-holding organization, and potential for change in marketing time due to easement restrictions
2. Appraisers should address increase or decrease in the value of other contiguous property owned by the donor/seller or donor/seller's family as required by the IRS. The change in value should already be included in the Before and After difference.
3. Appraisers should address increase or decrease in the value of other non-contiguous property owned by the donor/seller or a related person
 - i. If there was no effect on contiguous or non-contiguous property, a logical explanation should be included
 - ii. Affected property may need to be appraised in order to conclude the effect on it's value

8) Analysis and valuation of the easement

- i) It's anticipated that until easements become more prevalent, the Before and After rule will be the most common approach to valuing easements.
 - (a) Use of the Sales Comparison approach to value easements is mandated by the Treasury Regulations §1.170A-14(h)(3)(i) which provide that "If there is a substantial record of sales of easements comparable to the donated easement (such as purchases pursuant to a government program), the fair market value of the easement is based on the sales prices of such comparable easement."

- (b) Sales of easement burdened property may be misleading as the comparisons developed for those sales often would not reflect damages or benefits imposed on unburdened parcels, contiguous or not. Also easement sales may be bargain sales which involve partial donation of the easement while still receiving payment from the buying party.

9) Exhibits

- i) Exhibits are not required by Treasury Regulations but may be required by others.
 - (a) Maps should be legible with properties clearly identified and include legend, scale, north arrow, geographic features and ground-control information
 1. Area map showing the general location of the subject neighborhood
 2. Neighborhood map showing the appraised property and its immediate neighborhood
 3. Tract or plat map showing the appraised property (including areas of different value) and pertinent physical features
 4. Comparable sales map showing the appraised property and the locations of the comparable sales
 - (b) Color photographs of the appraised property and comparable sale properties including identification of the features, purpose of the photograph, location of the photograph take, direction of view, etc.
 - (c) Comparable sale data sheet should show detailed information concerning each transaction, including a photograph and map of each sale.