

Vermont Housing and Conservation Board

Specifications For Fee Simple Appraisals of Conservation Properties

General Requirements

VHCB requires that all project appraisals be performed by Vermont licensed real estate appraisers. For conservation projects, appraisers must hold certification in general real estate.

VHCB also requires that all appraisal reports conform to the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP).

Specifications

The following specifications pertain to all appraisals performed for VHCB conservation projects, except for farm conservation easement appraisals, which have separate specifications. The specifications listed here are minimums; VHCB staff may impose greater requirements for properties with unique or special features that present unusual appraisal difficulties. Applicants for VHCB funding also should be aware of any additional appraisal specifications required by the federal government if federal funding is anticipated for a portion of project costs, or if the project involves a charitable income tax deduction.

Appraisal reports should be presented in narrative rather than in "form" style. At a minimum, appraisal reports should contain the following:

1. Title Page
 - a. land area of subject property; buildings, if any
 - b. street and town location
 - c. name of property owner(s)
 - d. effective date of appraisal
 - e. name and address of appraiser
2. Letter of Transmittal
 - a. Standard transmittal letter with specification that landowner or designated representative has participated in the field inspection of the property.
3. Table of Contents
4. Summary of Important Facts and Conclusions
5. Purpose of Appraisal and Definition of Market Value
6. Area and Neighborhood Analysis (avoid itemization of facts and figures not pertinent to value). Include:

- a. Description of community (rural, suburb, resort, etc.)
 - b. Population trend
 - c. Reasons for trend, i.e. new industries, outward migration, etc.
 - d. Rate of construction activity in town
 - e. Utilities available in the area
 - f. Brief description of relevant municipal planning
 - g. Immediate neighborhood: enhancing or detrimental factors
7. Location Map
- a. Must show roads leading to subject to facilitate inspection by VHCB Staff or review appraiser
8. Site Map
- a. A photocopy of a survey map is best. In the absence of a survey, a tracing of the property boundaries from an orthophoto is preferred (see VHCB Mapping Standards). Other types of maps provided by the landowner are less reliable but may be accepted if better maps are unavailable.
9. Land Description as Appropriate for Type of Subject Property
- a. Total land area and acreage being appraised
 - b. Shape of parcel
 - c. Total road frontage
 - d. Land cover and topography, ie. wooded, pasture, wetlands, croplands
 - e. Brooks, rivers, etc.
 - f. Brief soil description and analysis based on USDA Soil Survey, if appropriate
 - g. Utilities available to site (how far from sewer/water lines)
 - h. Is there a local septic ordinance?
 - i. Easements and title encumbrances affecting value
 - j. Existing Act 250 permits and conditions? Other state or local permits?
 - k. Gravel, loam, sand, etc. -- commercial value?
 - l. Adjacent landowners
 - m. Access
 - n. Flood hazard
 - o. View/visibility
10. Improvements
- a. Describe buildings that are present; discuss condition, present use, and contribution to highest and best use
11. Assessment
- a. Current assessed valuation (state if property is in Current Use Program) tax rate, and annual tax bill
12. Zoning
- a. Describe zoning of subject property, including dimensional requirements of applicable zone

13. Legal Description
 - a. Include deed copy in Addenda
 - b. Indicate registry and book and page
 - c. Note any deed restrictions or easements which would affect value
 - d. Note a five year history of conveyance of the property
14. Highest and Best Use
 - a. The report shall state the highest and best use that can be legally made of the property for which there is a current market.
15. Certificate of Valuation
16. Addenda
 - a. Comparable sales maps
 - b. Photographs of subject and Comparable sales
 - c. Applicable portion of zoning by-laws
 - d. Wetlands or flood plain map
 - e. Site plan sketch if Income (Development Approach) is used
 - f. Appraiser's qualifications
 - g. Limiting conditions

The Appraisal Approach

The Direct Sales Comparison Approach should be utilized as the primary method in valuing the property. The Cost Approach and Income Approach should only be used as the primary method of valuation if they are applicable to a specific property. A discussion of why they are being utilized should be included. If any secondary approach to value is used, the results should be compared against the Direct Sales Comparison Approach. If values do not closely agree, the reason for the divergence should be explained fully.

Direct Sales Comparison Approach

- a. Comparable sales should be summarized (if possible, at least three comparables should be utilized)
- b. A comparable sales location map should be included
- c. Sales should be presented in table or grid form, showing adjustment for times, size, location, appeal, soils, improvements (buildings, etc.) and circumstance of the transaction that may affect value (as applicable to type of subject).
- d. Each sale must be discussed in the narrative including such factors as: time, location (desirability, view, etc.), zoning, frontage, topography (including soil type), utilities, financing, etc., as appropriate.
- e. Sales from neighboring towns may be used if necessary, provided adjustments are made for market characteristics, etc.