

Land Trusts and Appraisals: Managing a Difficult Process

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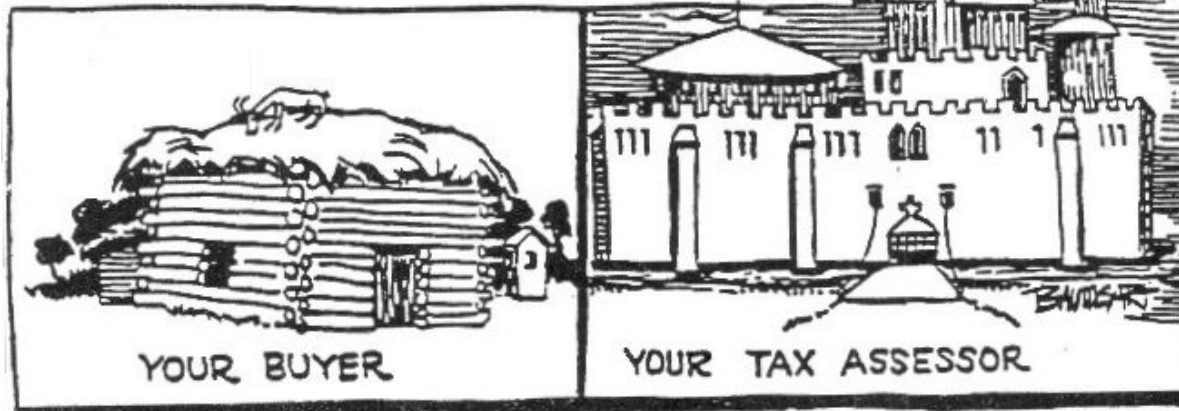
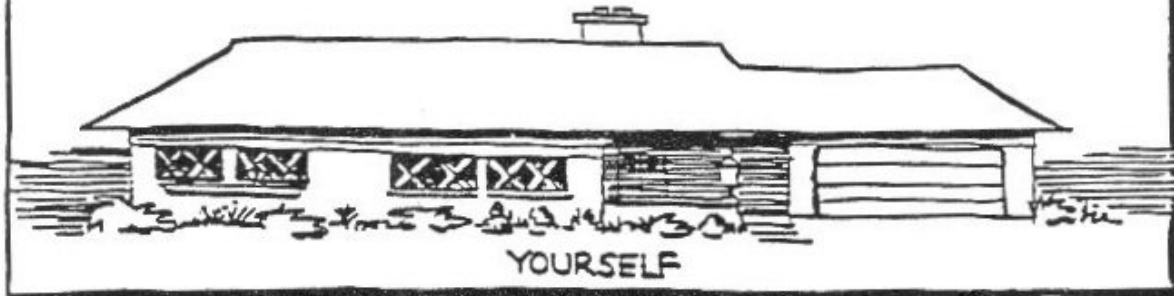
Kevin Ice, Conservation Project Manager, POST

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Learning from each other

- ▣ What do you want to learn about today?
- ▣ Sharing appraisal experiences

THE WAY IT IS ~ YOUR HOUSE, AS SEEN BY...



Appraisal Considerations

- Timing of appraisal in transaction process
- Land trust appraisal policy
- Funding and landowner needs
- Joint appraisal approach

Appraisal Process

- Proper scope
- Appraiser selection
- Managing the appraiser and landowner
- Reviewing the appraisal

Appraisal Types

- Fee Title
- Conservation Easement
- Property Interest (Timber/Mineral Rights, Life Estate)

Appraisal Standards

- USPAP
- Department of General Services
- Yellow Book
- IRS & Form 8283

Appraisal Process

- Appraiser selection
 - Due diligence on appraiser
 - BLM List
 - State recommendations
 - Appraisal Institute
 - American Society of Appraisers

Appraisal Process

- Proper scope
 - What is being appraised and to what standard?
 - Intended use and users
 - Extraordinary Assumptions
 - Hypothetical Conditions

Appraisal Process

- Managing the appraiser and landowner
 - Determining key drivers of value
 - Important inputs are opportunity to find common ground with landowner
 - Don't 'spin wheels' on unimportant inputs

THE FACE YOU MAKE



**WAITING FOR THE
APPRAISAL**

Appraisal Process

- Reviewing the appraisal
 - Ask for verbal summary and/or draft report before final report
 - Look for topics not considered
 - How to give constructive feedback

Common Issues

- Comps and data verification
- Highest & Best Use
- Appraiser shortcuts

Common Issues

- Comps and data verification
 - Not enough comps in market
 - What is the market of each comp?
 - Basis for adjustments

Common Issues

- Highest & Best Use
 - H&BU does not equal zoning!!!
 - What can reasonably be entitled?
 - Market for different uses?
 - Multiple uses analyzed

Common issues

- Appraiser shortcuts
 - Comps
 - H&BU
 - Market generalization
 - Deriving costs
 - “Making the calls”
 - Others?



Conservation Easement Appraisals

- Before and after approach
- IRS standards
- Affirmative agricultural CE appraisals
 - Option to Purchase at Agricultural Value

Timber and Mineral Rights

- Timber rights
 - Timber specialist/timber cruise
 - Understanding regulations
- Mineral rights
 - Understanding title
 - Remoteness opinion

Unique Appraisal Aspects

- ▣ Mitigation value
- ▣ Lack of deeded access
- ▣ Environmental contamination
- ▣ Speculative development value
- ▣ Seismic, flood, landslide hazards
- ▣ Others?

Questions and Sharing

Thank You!