



BUREAU OF RECREATION AND CONSERVATION

Title: Requirements for Property Appraisals (Acquisition only)		
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Approved By: Tom Ford, Bureau Director	Program Area: All	

AUTHORITY

Act 18 of 1995, Section 306, Community Recreation and Heritage Conservation. The Department shall have the power to administer Federal and State programs for grants and loans to local governments, municipal authorities and nonprofit organizations for community and regional projects involving the planning, acquisition, rehabilitation and development of public park, recreation and conservation areas, facilities and programs.

SCOPE

Provides directive for administration of the Community Conservation Partnerships Grant Program

PURPOSE

The Department of Conservation and Natural Resources (DCNR), Community Conservation Partnerships Program is administered by the Bureau of Recreation and Conservation (Bureau). This policy has been established to provide guidance on requirements for real estate/property appraisals.

POLICY

Eligible land value will be determined by the Bureau on the basis of an appraisal report prepared by a state certified general real estate appraiser. Appraisals must be prepared in accordance with current professional standards and practices, referred to as Uniform Standards of Professional Appraisal Practice or Uniform Appraisal Standards for Federal Land Acquisitions, whichever is required based on the funding source. Appraisals need to be ordered by and prepared for the grant applicant. Summary appraisals will not be accepted.

Note: DCNR will reimburse up to 50% of the appraised market value or the agreed upon purchase price based on a signed sales agreement, whichever is less.

Note: It is recommended that a title search be conducted prior to or as part of the appraisal process to ensure that the appraisal reflects the appropriate rights being acquired. The title report should be shared with the appraiser.

Note: DCNR will use the per acre value or require a second appraisal if the acreage reduction is significant.

A. Appraisal Requirements

1. Appraisal with the Grant Application: All acquisition projects funded by the Bureau, are required to submit one appraisal with the grant application following the Appraisal Guidelines below.
2. Appraisal Review of the submitted appraisal: If a grant is awarded a technical review of the appraisal submitted with the application will be required.
 - a. The review should be provided to the original appraiser. If the review discovered errors, both appraisers should work together, giving the original appraiser the opportunity to correct the errors.

B. A Second Appraisal may be required if

1. The purchase price is greater than the appraised land value.
2. A “summary appraisal” or “restricted appraisal” is submitted.
3. The appraisal review determines significant errors in the first appraisal that are unable to be remedied.
4. Organizations providing matching funds require a second appraisal.
5. Additional information is learned about the property after the first appraisal was conducted that may change the appraised market value. For example, additional or severed rights discovered, a significant change in acreage, environmental hazards are discovered, or a drastic change in market conditions arise.
6. The first appraisal does not meet DCNR’s Appraisal Guidelines below

Note: If DCNR requires a second appraisal due to the ineligibility of the original appraisal a review of the second appraisal may be required.

C. DCNR Appraisal Guidelines

1. Appraisal must conform to the most recently published version of The Appraisal Foundation’s Uniform Standards of Professional Appraisal Practice (USPAP).
2. Appraisal must be current - generally speaking, no more than one year old.
3. Appraisal must be ordered by and prepared for the applicant.
4. DCNR must be listed in the appraisal report as an intended user.
5. Appraisal must be completed by a State Certified **General** Real Estate Appraiser.
6. It is recommended that a per acre value be included in the report.
7. Land and building values must be separate within the appraisal report for **fee acquisitions only**.
8. Appraisals for conservation easements must include “before and after” easement values.
9. Appraisals need to clearly indicate the spectrum of interests/rights being appraised. The inclusion or exclusion of rights appraised including but not limited to surface, mineral, oil, gas, wind, timber, etc. needs to be clearly disclosed.

Note: when including the value of specific rights within an appraisal (e.g., timber or mineral rights) show these as a percentage of the overall land value, not as a separate valuation. In other words, the property must be valued as a whole, with due consideration of all the components that make up its value. Each separate right is considered only in how it enhances or diminishes the value of the whole, to avoid “cumulative or summation appraisals”. (Refer to the Unit Rule within the USPAP Standards)
10. Grantees receiving federal funding for a grant project, i.e. *Land and Water Conservation Fund* or *Highlands Conservation Act Fund*, must have appraisals completed consistent with:
 - a. The Uniform Act’s implementing regulations;

- b. The current Uniform Appraisal Standards for Federal Land Acquisitions; and
- c. The current Uniform Standards of Professional Appraisal Practice.
- d. Appraiser must be able to exhibit experience doing a federal land appraisal (aka Yellow Book Appraisal), or have taken a class on federal land valuation.

D. Appraisal Review Guidelines: (Uniform Standards of Professional Appraisal Practices 2020-2021, “Standard 3: Appraisal Review, Development and Standard 4: Appraisal Review, Reporting)

In developing an appraisal review, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal review.

- 1. The appraisal review must be conducted, and the review report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) 2020-2021. Reference “Standard 3: Appraisal Review, Development” and “Standard 4: Appraisal Review, Reporting”.
- 2. The review must be completed by a different appraisal firm than that of the appraiser whose appraisal is being reviewed.
- 3. DCNR will accept a desk review.
- 4. Generally, an appraisal review completed for purposes of the DCNR grant will not require an opinion of value.
- 5. Must be reviewed for compliance with the DCNR Appraisal Guidelines within this policy.

Minimum Appraisal Standards

Attachment A – Fee Acquisition Standard 2: Real Property Appraisal Reporting (USPAP 2020-2021)
Attachment B – Conservation Easement Acquisition

ATTACHMENT A – FEE ACQUISITION

The following is intended to assist the appraiser in providing the client with an appraisal report which complies with the Standards Rule 2-2, Content of a Real Property Appraisal Report under the Uniform Standards of Professional Appraisal Practice. It is important that an appraisal communicate the reasoning, logic and analysis used to formulate an estimate of market value. While the methodology and technique employed in an appraisal are at the discretion of the appraiser, the report must demonstrate to the reader the reasonableness of the values reported.

Appraisal reports are expected to include a sufficient depth of analysis, commensurate with the complexity of the appraisal assignment, to assist the intended users in understanding the rationale of the market value conclusions.

Reference: The content below has been excerpted from the *USPAP 2020-2021, Standard 2: Real Property Appraisal Reporting, pages 32-34*. The purpose here is to provide clarification on the appraisal format expected by the Bureau. Appraisers should reference USPAP for complete content details.:

The content of an Appraisal Report must be appropriate for the intended use of the appraisal and, at a minimum:

- (i) state the identity of the client; or if the client requested anonymity, state that the identity is withheld at the client's request but is retained in the appraiser's workfile;
- (ii) state the identity of any other intended user(s) by name or type;
- (iii) contain information, documents, and/or exhibits sufficient to identify the real estate involved in the appraisal, including the physical, legal, and economic property characteristics relevant to the assignment;
- (iv) state the real property interest appraised;
- (v) state the type and definition of value and cite the source of the definition;
- (vi) state the effective date of the appraisal and the date of the report;
- (vii) summarize the scope of work used to develop the appraisal;
- (viii) summarize the extent of any significant real property appraisal assistance;
- (ix) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by:
 - (1) summarizing the appraisal methods and techniques employed;
 - (2) stating the reasons for excluding the sales comparison, cost, or income approach(es) if any have not been developed;
 - (3) summarizing the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standards Rule 1-5;35 Comment: If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required.
 - (4) stating the value opinion(s) and conclusion(s); and
 - (5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;
- (x) state the use of the real estate existing as of the effective date and the use of the real estate reflected in the appraisal;
- (xiii) when an opinion of highest and best use was developed by the appraiser, state that opinion and summarize the support and rationale for that opinion;
- (xii) clearly and conspicuously:
 - state all extraordinary assumptions and hypothetical conditions; and
 - state that their use might have affected the assignment results; and
- (xiii) include a signed certification in accordance with Standards Rule 2-3.

ATTACHMENT B – CONSERVATION EASEMENT ACQUISITION

The following is intended to assist the appraiser in providing the client with an appraisal report which complies with the Uniform Standards of Professional Appraisal Practice and meets DCNR/Bureau of Recreation & Conservation grant program guidelines. It is important that an appraisal communicate the reasoning, logic and analysis used to formulate an estimate of market value. While the methodology and technique employed in an appraisal are at the discretion of the appraiser, the report must demonstrate to the reader the reasonableness of the values reported.

Appraisal reports are expected to include a sufficient depth of analysis, commensurate with the complexity of the appraisal assignment, to assist the intended users in understanding the rationale of the market value conclusions.

The content must be appropriate for the intended use of the appraisal and, at a minimum include:

Part I

A. Title Page

Include the name and address of the property appraised, the name and address of the individual(s) making the report and the effective date of the appraisal

B. Letter of Transmittal

The contents of the letter of transmittal should include:

1. Date of the report;
2. Identification of the property type, property name if applicable and the property location (street address, municipality, county, state);
3. Identification of the interest or property rights being appraised;
4. The estimated value(s) and effective date(s) of value.
5. Extraordinary assumptions and hypothetical conditions affecting the assignment results must be clearly and conspicuously stated. State that their use may have affected the assignment results;

C. Table of Contents

Address all major headings in this outline and reference with page number

D. Certification

The appraiser must include a signed certification which is similar in content found in (USPAP Standards Rule 2-3). **NOTE:** The appraiser must disclose any services performed relating to the subject property within the prior three years.

E. Summary of Salient Facts and Conclusions

Report the major facts and conclusions that lead to the final opinion of value.

F. Photographs of Subject Property

At minimum, photographs shall include any major improvements, unusual features, and views of the property from various angles including an overall view.

G. Statement of Assumptions and Limiting Conditions

State any assumptions and limiting conditions.

H. Scope of Appraisal

Summarize the scope of work used to develop the appraisal. (Refers to the extent of the process of collecting, confirming, and reporting data)

I. Purpose of Appraisal and Definition of Value

Identify the interest or property rights being appraised. Explain the reason for the appraisal and the definition of all value opinions required.

J. Client and Intended Use

State the identity of the client and any intended users by name or type and the intended use of the appraisal.

K. Summary of Appraisal Problem

Acquaint the reader of the appraisal report with the specific appraisal problems, if any that have been encountered by the appraiser.

Part II

A. Legal Description

Description shall be complete as to properly identify the property appraised. If lengthy, it should be referenced and included in the addenda of the report.

B. Market Area Analysis

Consider and describe the relevant physical, economic, social and governmental factors.

C. Property Data

Describe all pertinent information including at minimum:

1. Site – Describe the present uses, accessibility and road frontage, access, land contours, soils, vegetation (including timber and/or permanent plantings), views, area, land shape, utilities, mineral deposits, subsurface rights, water rights associated with property, easements, environmental, etc. ***Note: if a title report is available, analyze and incorporate it into the report. Include a copy of the title report in the addenda.***
2. Improvements – Describe all improvements including their dimensions, square footage, actual and effective ages, etc.
3. Use, Rental, Sales History (Report a three-year sales history for the subject)
4. Assessed value and Annual Tax Load
5. Zoning and other Land Use Regulations

Part III

A. Highest and Best Use Analysis – Before Easement

Analyze the Highest and Best Use of the subject "As If Vacant" and "As Improved." Fully describe the findings of the Highest and Best Use analysis, as if vacant, and as improved. The four tests, *legally permissible, physically possible, financially feasible and maximally productive uses* should be discussed. If the Highest and Best Use analysis concludes that a change in use is warranted, provide sufficient information and support for the reader to understand the conclusion.

B. Land Value Analysis (if applicable)

The site should be valued "As if Vacant and Available" for its Highest and Best Use. The Market or Sales Comparison Approach can be used.

C. Cost Approach (If applicable)

The Cost Approach is predicated on the concept that the total value of improved property is equivalent to the market value of the land plus the cost of the improvements, less depreciation from physical, functional and external deficiencies.

If the cost approach is not developed proper justification must be given.

D. Income Approach (if applicable)

The Income Capitalization Approach is predicated on the foundation that value is based on the net income the property is capable of producing and which derives an estimate of present worth from the capitalization of such net income

E. Sales Comparison Approach (if applicable)

The Sales Comparison Approach is predicated on comparable sales data which tends to reflect what willing and knowledgeable, but uncoerced, seller and buyer would agree upon as the price at which a property should exchange.

F. Reconciliation and the Final Value Opinion

Discuss the relevance, advantages and disadvantages of each approach and the rationale for the exclusion of any approach. The final value conclusion must be stated together with the interest appraised and the effective date of the appraisal.

Part IV

A. Highest and Best Use Analysis – After Easement

Analyze the Highest and Best Use of the subject "As If Vacant" and "As Improved." Fully describe the findings of the Highest and Best Use analysis, as if vacant, and as improved. The four tests, *legally permissible, physically possible, financially feasible and maximally productive uses* should be discussed. If the Highest and Best Use analysis concludes that a change in use is warranted, provide sufficient information and support for the reader to understand the conclusion.

B. Land Value Analysis (if applicable)

The site should be valued "As if Vacant and Available" for its Highest and Best Use. The Market or Sales Comparison Approach can be used.

C. Cost Approach (If applicable)

The Cost Approach is predicated on the concept that the total value of improved property is equivalent to the market value of the land plus the cost of the improvements, less depreciation from physical, functional and external deficiencies.

If the cost approach is not developed proper justification must be given.

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F. Reconciliation and the Final Value Opinion

Discuss the relevance, advantages and disadvantages of each approach and the rationale for the exclusion of any approach. The final value conclusion must be stated together with the interest appraised and the effective date of the appraisal.

Part V

A. Recapitulation

The appraiser shall show the difference between the value of the whole property and the value of the remainder by deducting the after value from the before value.

Addendum

1. Engagement Letter
2. Qualifications of the Appraiser
3. Copy of the appraiser's state certification for the state in which the subject property is located.
4. Miscellaneous Documents (As appropriate)
 - a. Supporting data, etc.
 - b. Zoning codes, etc.
 - c. Subject photographs
 - d. Legal descriptions
 - e. Title Reports
 - f. Maps (Aerial, Topography, Location, Soils, Etc.)
 - g. Comparable Sales
 - h. Copy of the recorded deed of the current landowner(s) of record.
 - i. Any other pertinent information

DISCLAIMER

The policies and procedures outlined in this guidance document are intended to supplement existing requirements. The policies and procedures herein are not an adjudication or a regulation. There is no intent on the part of DCNR to give the rules in these policies that weight or deference. This document establishes the framework within which DCNR will exercise its administrative discretion in the future.

PAGE LENGTH

9 pages

EFFECTIVE DATE

Immediately. This policy is to be reviewed and updated every year.

EXPIRATION

This policy remains in effect until revised or rescinded.

Tom Ford, Bureau Director

12/14/2023

Name/Title of Bureau or Office Director

Date