

**Bergen County Open Space, Recreation, Floodplain Protection,
Farmland & Historic Preservation Trust Fund
 (“Trust Fund”)**

**SCOPE OF WORK FOR APPRAISAL SERVICES
For
LAND ACQUISITION PROJECTS**

GENERAL GUIDELINES

NOTES: For consistency purposes, the following appraisal requirements match the NJ Green Acres Appraisal guidelines as Trust Fund applicants may seek NJ Green Acres land acquisition funding.

For a parcel with an estimated land value of less than \$250,000, an applicant shall obtain at least one professionally and independently prepared appraisal. For a parcel with an estimated land value of \$250,000 or more, an applicant shall obtain two professionally and independently prepared appraisals.

INTRODUCTION

In order to accomplish and fulfill the goals of the Trust Fund Program, all appraisals are required to be prepared in accordance with the Appraisal Guidelines that follow. Any omission of required documentation will result in the rejection and return of the report to the appraiser for revision and/or correction.

NOTIFICATION OF PARTIES

It shall be the appraiser’s responsibility to notify the property owner or other designated representatives that an appraisal for the Trust Fund Program is to be prepared. A certified letter on company letterhead is to be sent to the property owner confirming the notification and subsequent inspection. Copies of said notice must be included in the body of the appraisal (see Section 3). If the appraiser is unable to contact the owner, he/she must notify the Trust Fund Administrator prior to making the site inspection.

APPRAISAL GUIDELINES

ALL APPRAISALS SUBMITTED TO THE TRUST FUND FOR REVIEW MUST BE SELF-CONTAINED REPORTS PREPARED IN ACCORDANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) REQUIREMENTS AND THESE GUIDELINES.

The minimum requirements that shall be provided in an appraisal shall be as follows:

SECTION 1 - INTRODUCTION

A. TITLE PAGE:

1. If applicable, NJ Green Acres Project Name and Green Acres Number.
2. Name of Property Owner
3. Identification of Property by Street Address, Municipality, County, State, Zip Code and Tax Block and Lot
4. Total Acres and/or Square Feet of the Subject Site and Improvements
5. Area and Interest Being Acquired
6. Date of Valuation
7. Report Date
8. Identification of the Appraiser (Name, Address, Phone, Fax, and Email)

B. LETTER OR TRANSMITTAL

The letter shall include the report date, date of value, and the market value estimate.

C. TABLE OF CONTENTS

Reference required sections to specifically identified pages, each consecutively numbered. All pages of the report should be numbered.

D. SUMMARY OF SALIENT FACTS AND CONCLUSIONS

E. SIGNED CERTIFICATION

F. STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

There cannot be any limitation to the appraiser's liability other than what is provided for by law. For example, the liability cannot be limited to the amount of the professional fee.

SECTION 2 - PURPOSE OF APPRAISAL

A. SCOPE OF WORK:

1. Scope of Work description shall be included.
2. Intended Use
3. List the County Trust Fund and if applicable, NJ Green Acres as an Intended User as well as any other Intended Users
4. List Client
5. Hypothetical Conditions and Extraordinary Assumptions
 - a. Hypothetical Conditions and Extraordinary Assumptions are not permitted without specific written instructions from the Trust Fund Administrator.

B. DESCRIPTION OF RIGHTS OR INTEREST BEING ACQUIRED:

1. Estate (Fee Simple, etc.)
2. Easement
3. Full Acquisition
4. Partial Acquisition
5. Other

C. DEFINITION OF MARKET VALUE

Unless otherwise agreed to by the Trust Fund Administrator or NJ Green Acres Appraisal Section, the definition of Market Value is as follows:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

SECTION 3 - INSPECTION DATE

A. DATE OF PROPERTY INSPECTION

1. Statement regarding invitation made to property owner to accompany the appraiser on the site inspection.
2. Listing of people who accompanied the appraiser on the site inspection.
3. Copy of the certified letter to owner (include in the addenda).

SECTION 4 - DESCRIPTION OF PROPERTY

A. GENERAL PROPERTY IDENTIFICATION

1. Region
2. County
3. Municipality
4. Block/Lot
5. Neighborhood
6. Development Trends/Directions
7. Trends of Value

The appraisal will identify the sources of the information for verification.

B. SITE DESCRIPTION

1. Physical Characteristics
2. Size and Shape (Average width, maximum depth, total area)
3. Present use and duration if known
4. Frontage and depth
5. Existing Easements
6. Existing Rights-of-Way

7. Streams, Ponds – Category One Streams
8. Topography and Slopes, including supporting maps and descriptions
9. Special Features
10. Wetlands, including supporting maps and descriptions
11. Soils, including supporting maps and descriptions
12. Environmental Constraints/Hazards
13. Utilities
14. Pinelands, including supporting maps
15. Highlands Preservation or Planning Area, including supporting maps
16. Flood Hazard Areas, including supporting maps and descriptions

C. IMPROVEMENT DESCRIPTION

1. Number of buildings or structures and their respective uses
2. Type of Construction
3. Quality of Construction
4. Age/Condition
5. Dimensions – Must include sketch of improvements with area
6. Interior Layout
7. Description of Mechanical Systems
8. Special Features
9. Discussion of any deferred maintenance or functional obsolescence.

D. INTEREST BEING ACQUIRED

1. Entire taking
2. Partial taking (Full Description of Taking and Remainder in detail)

E. HISTORY OF TITLE

1. Include Grantor, Grantee, Deed Book and Page, Date of Deed and Consideration
2. Include all transfer information for the past FIVE years. If none, so note.
3. Report and analyze any current Agreement of Sale, Option, Letter of Intent, or Listing and include a copy in the addendum.

F. CURRENT ASSESSMENT AND TAXES

1. Land Assessment and Improvement Assessment
2. Assessment Ratio
3. Tax Rate
4. Annual Property Taxes

G. ZONING

1. Commencing on August 10, 2004 (the date of commencement of the Highlands Water Protection and Planning Act) and through June 30, 2014, appraisals for all Trust Fund projects located in the Highlands Region will be prepared under two scenarios:
 - a. using the land use zoning of the lands and any state environmental laws or DEP rules and regulations that may affect the value of the lands in effect at the time of the proposed acquisition and

- b. using the land use zoning and any state environmental laws or DEP rules and regulations that may affect the value of the lands in effect on January 1, 2004.
2. Include all uses permitted, both primary and alternate.
3. Include all pertinent ordinance requirements.
4. Critical area ordinances are to be included where applicable.

SECTION 5 – HIGHEST AND BEST USE

This is the **most important section** of the appraisal report and should be analyzed in detail. The appraiser must consider the uses that are physically possible, legally permitted, financially feasible and maximally productive.

- A. The Highest and Best Use of the site as if Vacant and Improved is required.
- B. If the existing and/or legal use is not the premise on which valuation is based, the appraisal shall contain an explanation justifying the determination that the property is available and adaptable for a different Highest and Best Use and there is a demand for that use in the market.
- C. In cases of a partial taking, the appraiser must state the specific Highest and Best Use of the property before the acquisition and the Highest and Best Use of the remainder.

SECTION 6 – APPRAISAL PROCESS AND DOCUMENTATION

- A. The Before and After method of valuation shall be used in partial acquisitions except where the appraiser and the County Trust Fund Administrator and the Green Acres Program Appraisal Section, if applicable, have agreed that it is obvious that there are no damages to the remainder, which must be confirmed in writing.
 - B. The appraisal shall define all three approaches to value and shall include all applicable approaches to value. If an approach is not considered applicable, the appraiser shall state why in the appraisal report. All pertinent calculations used in developing the approaches shall be shown.
 - D. Where the Cost Approach is utilized, the appraisal shall contain specific source of cost data, the actual cost data in the addendum, and an explanation of each type of accrued depreciation.
 - E. In the Market Approach, the appraisal report shall contain a direct comparison of pertinent comparable sales to the property being appraised and a statement setting forth the analysis and reasoning supporting each item of adjustment.
1. At least FIVE comparable sales, if applicable, shall be recited in the report
 - a. If five comparable sales are not available, an explanation as to why must be provided. Further, the appraiser must state the sources used to identify comparable sales and the criteria of the search.

2. In relation to each comparable sale the appraiser shall state:
 - a. The date of sale including book and page
 - b. Grantor/Grantee
 - c. Consideration
 - d. Financing – parties, rate amount and terms
 - e. Conditions of sale
 - f. Location – Block, Lot, Street Address, Municipality, County
 - g. Total area
 - h. Type of improvement if applicable
 - i. Zoning – use and area requirements
 - j. Highest and Best Use at the date of sale
 - k. Person or Agency with whom sales information was verified
 - l. Other pertinent analysis and evaluation data (e.g. utilities, wetlands, topography, flood plain, easements, etc.)
 - m. Narrative explanation of each item of adjustment and the basis for the adjustment where applicable.
 3. A grid of comparable sales indicating categorical adjustments MUST be included.
 4. The appraiser must verify the financing and conditions of sale from the usual sources, such as buyer, seller, broker, and attorney. **Sales to government agencies or nonprofit groups must be verified with the Grantee to determine the zoning utilized or any other special appraisal scenarios that would affect value.**
 5. Pertinent comparable sales data shall include identified color photographs and the date the photograph was taken.
 6. All comparable sales shall be personally inspected in the field by the appraiser.
 7. Tax, topographic, flood, soil, and wetlands maps for each comparable sale is to be included with the comparable sale clearly identified on the map.
- F. Where the Income Approach is used, the appraisal report shall be documented to support the income, operating expenses, interest rate, remaining economic life and capitalization rate.
1. Economic rent will be supported by comparable leases, including an adjustment grid to establish market rent.
 2. Comparable lease location map and photographs must be included
 3. When it is determined that the economic rental income is different from the existing or contract income, the increase or decrease shall be explained and supported by market information.
 4. When estimating the value of a leased fee estate or a leasehold estate, consider and analyze the effect on value, if any, of the terms and conditions of the lease.
 5. Data sources for the operating expenses, interest rate, remaining economic life, capitalization rate, and other data should be cited in the report.

G. Where two or more of the approaches to value are used, the appraisal shall show the correlation of the separate indications of value derived by each approach as well as a reasonable explanation for the final conclusion of value.

SECTION 7 – PHOTOGRAPHS

All appraisals shall include identified color photographs of the subject property including all principal above ground structures with exterior and interior photographs or unusual features affecting the value of the property. Color photographs, taken at street level whenever possible, of all of the comparable sales and leases analyzed are required.

SECTION 8 – MAPS

Appraisal reports shall contain a tax map or project reference map of the subject property indicating boundary dimensions, location of improvements and significant features of the property. In reference to partial acquisitions, a map indicating the area to be acquired, the relationship of the improvements to the taking area and the area of each remainder will be provided. Wetlands, flood, topographical, soils, and zoning maps must also be included for the subject property.

SECTION 9 – PROJECT IMPACT ON EVALUATION

The appraiser shall disregard any decrease or increase in market value of the subject property prior to the date of valuation caused by the public improvement or project for which the property is to be acquired.

SECTION 10 – ADDENDA AND EXHIBITS

A. The appraisal report shall include:

1. Location Map – should show location of subject in relation to general area.
2. Comparability Map – indicates subject property and location of comparable sales and leases.
3. Certified Letter to property owner(s)
4. Deed, if sold within the last five years
5. Plot plan and other pertinent exhibits
6. Survey and floor plan as available
7. Pertinent section(s) of the subject zoning ordinance
8. Complete copy of the Letter of Engagement and any other written instructions.
 - a. At the appraiser's discretion, the Letter of Engagement and any other written instructions may be provided as a separate document, which is separate and apart from the appraisal report.

SECTION 11 – WORK PRODUCT SUBMISSION

The appraiser shall provide for municipal and nonprofit clients, **ONE** hard copy and **ONE** media/electronic copy (in PDF format) of the appraisal report are required.

SECTION 12 – SPECIAL PROJECTS/ADDITIONAL WORK

Should additional work, special projects, hearings, meetings or other activities be required which are beyond the scope of the appraisal assignment, the appraiser will supply a written cost estimate and schedule to the project manager. The appraiser should receive written authorization to proceed from the project manager before commencing such projects.