

**NEW JERSEY DEPARTMENT OF ENVIRONMENTAL  
PROTECTION  
GREEN ACRES PROGRAM**

**SCOPE OF WORK FOR APPRAISAL SERVICES**

GENERAL GUIDELINES

In order to accomplish and fulfill the goals of the Green Acres 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 State of New Jersey Green Acres Program is to be prepared. Due to time constraints, a phone call to the property owner to set up the site inspection is acceptable. However, 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 project manager prior to making the site inspection.

APPRAISAL GUIDELINES

ALL APPRAISALS SUBMITTED TO GREEN ACRES FOR REVIEW MUST BE COMPLETE, SELF-CONTAINED REPORTS PREPARED IN ACCORDANCE WITH USPAP REQUIREMENTS.

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

SECTION 1 - INTRODUCTION

A. TITLE PAGE:

1. Green Acres Project Name and Green Acres Number (Found on Notice of Engagement).
2. Name of Property Owner
3. Identification of Property by County, Municipality and Tax Block and Lot
4. Total Acres or Square Feet of the Subject Property
5. Area and Interest Being Acquired
6. Date of Valuation
7. Identification of the Appraiser (Name and Address)

B. LETTER OR TRANSMITTAL

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

C. TABLE OF CONTENTS

Reference required sections to specifically identified pages, each consecutively numbered.

D. SUMMARY OF SALIENT FACTS AND CONCLUSIONS

E. SIGNED CERTIFICATION

F. STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

SECTION 2 - PURPOSE OF APPRAISAL

A. REASON FOR THE APPRAISAL:

1. Statement of Purpose and Use
2. Green Acres Project Reference

B. DESCRIPTION OF RIGHTS OR INTEREST BEING ACQUIRED:

1. Fee
2. Easement
3. Full Taking
4. Partial Taking

C. DEFINITION OF MARKET VALUE

1. Shall use definition as indicated in USPAP, The Appraisal Foundation.

SECTION 3 - INSPECTION DATE

A. DATE OF PROPERTY INSPECTION

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

## SECTION 4 - DESCRIPTION OF PROPERTY

### A. GENERAL PROPERTY IDENTIFICATION

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

### B. SITE DESCRIPTION

1. Physical Characteristics
2. Size and Shape (Average width, maximum depth, total area)
3. Present Use
4. Frontage
5. Existing Easements
6. Existing Rights-of-Way
7. Streams, Ponds – **Category One streams**
8. Topography - **slopes**
9. Special Features
10. Wetlands
11. Soils
12. Environmental Constraints/Hazards
13. Utilities
14. **Highlands Preservation or Planning Area**
15. **Flood Hazard Areas**

### C. IMPROVEMENT DESCRIPTION

1. Number of buildings or structures, uses
2. Type of Construction
3. Quality of Construction
4. Age/Condition
5. Dimensions – Must include sketch of improvements with area, if valued
6. Interior Layout
7. Special Features

### 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 or Listing.

F. CURRENT ASSESSMENT AND TAXES

1. Land Assessment and Improvement Assessment
2. Tax Rate
3. Assessment Ratio

G. ZONING

**As of 6/30/09 the dual valuation under the Highlands Water Protection and Planning Act has expired. Commencing on 7/01/09 appraisals for all Green Acres Projects will be prepared utilizing current zoning ONLY.**

**The appraisal shall reflect the value of the property considering all current State environmental laws or DEP rules and regulations that may affect the value of the land including the Highlands Water Protection and Planning Act, the Stormwater Management Rules N.J.A.C. 7:8, and the Flood Hazard Area Control Act Rules N.J.A.C. 7:13.**

1. Include all uses permitted, both primary and alternate.
2. Include all pertinent ordinance requirements.
3. 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 review staff have agreed that it is obvious that there are no damages to the remainder.

- 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.
- C. Where the Cost Approach is utilized, the appraisal shall contain specific source of Cost Data and an explanation of each type of accrued depreciation.
- D. 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
  - 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, easements, etc.)
    - m. Narrative explanation of each item of adjustment
  - 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 photographs.
  - 6. All comparable sales shall be personally inspected in the field by the appraiser.
  - 7. Tax map depiction of each comparable sale is to be included.
- E. Where the Income Approach is used, the appraisal report shall be documented to support the income, expenses, interest rate, remaining economic life and capitalization rate.
  - 1. Economic rent will be supported by comparable leases
  - 2. Comparable lease location map and photos 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.
- F. 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 photographs of the subject property including all principal above ground structures or unusual features affecting the value of the property.

Photographs of all of the comparable sales 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.

## 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

The appraisal report shall include:

- A. Location Map – should show location of subject in relation to general area.
- B. Comparability Map – indicates subject property and location of comparable sales.
- C. Certified Letter to property owner
- D. Deed, if sold within the last five years
- E. Plot plan and other pertinent exhibits

## SECTION 11 – WORK PRODUCT SUBMISSION

- A. The appraiser shall provide **FIVE** copies of the appraisal report.

## 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.