

# Valuation Considerations



# Objectives of the Appraisal Waiver Option

The purpose and intent behind the waiver provisions were outlined in the appendix to the updated rule:

- ▶ Avoiding the costs and time delay associated with appraisal requirements for uncomplicated, low value valuation problems.
- ▶ Utilizing non-appraisers to make waiver valuations, thereby freeing appraisers to do work that is more sophisticated
- ▶ Ensuring that the determination to waive appraisals is made by an agency employee qualified to determine that the valuation problem is both uncomplicated and of low value.



# The Appraisal Waiver Option

- ▶ Extent of Use
- ▶ Factors in Establishing State Procedures
- ▶ Applying Waiver Provision
- ▶ Impact on Negotiations
- ▶ Operational Impacts



# The Appraisal Waiver Option

- ▶ The determination of parcels that are uncomplicated and low-value is made by manager level appraiser or review appraisers during a field review of preliminary right-of-way plans. The field review covers potential waiver candidates but also defines the appropriate appraisal format for each parcel on the project
- ▶ The decision to use waivers on any particular parcel or project is a managerial option. Selection of parcels often involves a risk assessment which consider a number of other factors relating to public acceptance of the project, individual owners, and/or availability of good sales information



# The Appraisal Waiver Option

- ▶ Sales data support for waiver valuations varied between States and depended on how market documentation is developed under State appraisal procedures. Using sale brochures is preferable as both waiver valuations and appraisals will be based on the same market indicators
- ▶ The waiver valuation form varies considerably from State to State. The range is from a simple spreadsheet presentation covering multiple parcels to multi-page documents that mirror the information required in conventional value finding or short-form appraisals
- ▶ A high percentage of States use appraisal staff to prepare waiver valuations



# The Appraisal Waiver Option

- ▶ Use of knowledgeable, non-appraisers to prepare the waiver valuation is preferred to assigning staff or fee appraisers. Appraisers have a role in the determinations regarding the complexity of the appraisal problem and could have a role in compiling and evaluating market sales information and project level analysis, but not in the preparation of waiver valuations
- ▶ Except in unusual situations, outsourcing the preparation of waiver valuations does not fit the intent behind the provision, especially if appraisal personnel are involved in the preparation of the waiver valuation



# The Appraisal Waiver Option

- ▶ Although waivers do not require owner contact, State procedures should provide for early contact with each owner to establish an understanding prior to valuation of the effects of the proposed acquisition and assure that all owners on the project receive equal treatment
- ▶ Some State waiver valuation procedures produce products that are very similar to the documentation standards for value finding or nominal value appraisals. States should fully review the work process, assure that the waiver provisions fit their needs, and actually save time, cost, and free appraisal staff of some of their responsibilities



# Report Feedback



Federal Highway Administration  
Office of Real Estate Services

**Effectiveness and Impacts of  
FHWA's Implementation of the  
49 CFR 24.102(c) (2) Appraisal Waiver**  
Summary of Findings and Recommendations



DTFH 61-05-T-27009

January 2007



DYE MANAGEMENT GROUP, INC.





# Pilot Projects:

The purpose of a pilot project is to:

- ▶ Better implement the objectives of the Uniform Act
- ▶ Provide a testing opportunity for outcomes of possible statutory and/or regularity changes
- ▶ The authority to authorize a pilot project is granted under “Surface Transportation Research” in 23 U.S.C. §502



# Pilot Projects:

- ▶ A pilot project must propose:
- ▶ A concept, process, or procedure which, if successful may lead to a proposal for change in a specific program area.



# Pilot Projects:

Tests for approval include the following:

- Is the pilot project, if successful, likely to result in a proposal for change at the national level?



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- **Is the pilot project judged to be in the public interest?**



# Pilot Projects:

Tests for approval include the following:

- Is the pilot project, if successful, likely to result in a proposal for change at the national level?
- Does the pilot project meet a statutory purpose?
- Is the pilot project judged to be in the public interest?
- **Are the expected risks from the proposed experiment proportionate to the potential positive results?**



# Pilot Projects:

Tests for approval include the following:

- **Does the pilot project request set forth measurable outcomes with a defined method for measuring and reporting results?**



# Pilot Projects:

- Typically are authorized for a two year period, with established reporting requirements
- Subject to FHWA oversight, with that primary responsibility residing in the Division Office
- Pertinent revisions to the State right-of-way manual must be made by the State and approved by the Division, prior to the deployment of the pilot project.





# Pilot Projects:

## ▶ Questions and Answers



# Historical Context:

## ▶ The Blatnick Report



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- ▶ The Blatnick Report
- ▶ The Uniform Relocation and Real Property Acquisition Policies Act of 1970, as Amended



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- ▶ The Blatnick Report
- ▶ The Uniform Relocation and Real Property Acquisition Policies Act of 1970, as Amended
- ▶ 49 CFR Part 24 – The Uniform Act Regulation



# Historical Context:

## ▶ Questions and Answers



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