

SECTION F
Land And Neighborhood Data

Explanation and Results of Base Land Rate and Neighborhood Classification:

Neighborhood classification begins with an understanding that every municipality can be segregated into areas, and differentiated by varying characteristics, such as type and quality of roads, topographic and scenic features such as views, surrounding uses, and the quality and/or maintenance of such uses, etc. Typically, these distinguishing characteristics result in differing market responses, in terms of the underlying land value, that can be positive or negative. Neighborhood classification, therefore, depends upon establishing a "base", or "average" land rate for each neighborhood. Once the base rate is established, a "schedule" of positive or negative adjustments is developed corresponding to the degree of difference from the base.

The first preliminary step is to identify the neighborhoods, and establish the corresponding boundaries associated with each. This determination is also influenced by interviews with knowledgeable local brokers and real estate agents. Local sale data is then collected, specific to each neighborhood, and examined. Sales of vacant land provide the most direct and reliable estimate of land value. However, when an insufficient number of vacant land sales are available, a land "extraction" technique is utilized. The Land Extraction technique deducts the depreciated improvement value from the total sales price, resulting in the contributory value of the underlying land.

The two primary methods of valuing land are associated with the sales comparison approach. The "comparative unit" method enables the assessor to determine a typical per unit value for each strata of land, by calculating the median or mean sale price for unit. The "base lot" method requires the assessor to establish the value of the standard or "base" parcel in each stratum through a traditional sales comparison approach, with the base lot serving as the subject parcel. Once the base lot value is established, it is used as a benchmark to establish values for individual parcels, with adjustments made to each parcel as a result of their unique or varying characteristics.

Base Land Rate/Neighborhood factors: Residential land values were developed through the analysis of vacant land sales and use of a land extraction technique. The analysis is based upon the following:

Land sales that were considered arms-length transactions were utilized in the analysis. Sales were broken down into:

1. Street address
2. Parcel identification number – Map – Block – Lot – Unit
3. Neighborhoods
4. Zoning
5. Date of sale
6. Sale price
7. Size of parcel – Acres

8. Price per square foot
9. Proposed value
10. Appraised to sales ratio – ASR
11. Any adjustments that are specific to that parcel – topography, wetlands, ROW's

Lots are arranged by parcel size and equal desirability. A distinct correlation of lot size versus value per acre becomes apparent. Most frequently occurring similarities in sale prices relating to parcel size are plotted on a land curve. When a desired curve is achieved, land values are set for specific land size parameters, and a land schedule is finalized. Through the land analysis two zoning land curves and four distinct neighborhoods were developed. A breakout of each neighborhood code and description is identified later in this report.

Due to the limited amount of arms-length vacant land sales, a land extraction technique was also used to assist in the development of the land schedule. In this procedure, the depreciated building value is calculated. These depreciated building values were subtracted from the sales prices to determine a land residual. These values are compared to Marshall & Swift cost manual to ensure comparability to the market.

The proposed (schedules) values were then tested against the residuals. Multiplying the land size by the proposed price per square foot to yield a proposed land value tests the proposed land schedule. This proposed land value is then divided by the land residual to yield an assessment to sales ratio (ASR). Final determination of desired land values is completed by calculating the mean, median, and co-efficient of dispersion from the ASR.

The **MEAN** is the calculated average of all sales in a specific category. The sum of all assessment to sales ratios (ASR) is then divided by the number of sales to give a MEAN ASR.

The **MEDIAN** is the value of the middle sale in an uneven number of sales arranged according to size. Another way of describing it would be a positional average that is not affected by the size of extremes values.

The **CO-EFFICIENT OF DISPERSION (COD)** also known as the measure of central tendency, is the ratio of a measure of absolute dispersion to an average and expressed as a ratio of the standard deviation (amount of variability of scatter is a frequency distribution) to the median. In simpler terms, this is the tendency of sales or items being analyzed to cluster around a central point and/or specific value. The **COD** is calculated by subtracting the median from each sale ASR. Once this is complete, the sum total is divided by the number of sales and finally divided by the median itself. The resulting value is the co-efficient of dispersion. The International Association of Assessing Officers requirement is 20% or less for land ratios.

When acceptable statistics are achieved, the final land schedules are implemented.

LAND PRICING INSTRUCTIONS

Land Line 1:

The prime site, in square feet, is priced per the land curve up to one acre. The value for an acre is \$149,800 and is adjusted by the neighborhood and site index to distinguish desirability within the City. This price is derived by charting the land residuals (see page 34). In addition, accesses, ROW, traffic or topography adjustments can be found in the condition factor section. See adjustments below:

CONDITION FACTORS

1. Vacant Buildable Lots: 100% Condition Factor
2. Unbuildable Lots: 10% Condition Factor
3. Potentially Buildable Lots: 20-50% Condition Factor
4. Topography: 10-90% adjustment to condition factor depending on severity.
5. Easements/ROW/shared driveway/access: 5-10% Condition Factor based on severity.
6. Severe Traffic Area: .80% Condition Factor
7. High Traffic Area: .90% Condition Factor
8. Moderate Traffic Area: .95% Condition Factor
9. Abuts Highway Severe: .90% Condition Factor
10. Abuts Highway Moderate: .95% Condition Factor
11. High Utility Large Downtown Lots: 105%-130% Condition Factor
12. Waterfront Lots with Excess Waterfront: 105%-150% Condition Factor

Land Line 2:

Any excess acreage will be priced at \$15,000/acre. In addition, accesses, ROW, traffic or topography adjustments can be found in the condition factor section and the adjustment will vary depending on the severity.