

ANALYSIS REPORT
(Paired Sales & Before and After)

Five Single Family Homes:
Ridge Road,
North Haven, New Haven County, Connecticut
As Part of Proposed Slate High School Complex
At 5100 Ridge Road, North Haven, CT 06473

Prepared For:

North Haven Planning and Zoning
Commission
Town Hall Annex
5 Linsley Street,
North Haven, Connecticut 06473

Prepared By:

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August 19, 2021

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John Lo Monte, CCIM
North Haven Planning and Zoning Commission
Town Hall Annex
North Haven, CT 06473

RE: Proposed Slate High School
Complex of 18,985 Sq Ft
at 5100 Ridge Road,
North Haven, CT 064873

Dear Commissioners:

I have had the opportunity to review Mr. Hunter's commentary and analysis regarding my appraisal reports pertaining to the before and after valuations of the subject properties.

Despite his opinion, I reaffirm that my reports fully comply with the Uniform Standards of Professional Appraisal Practice, that I am more than competent to perform these appraisals and that my conclusion regarding the diminution in value of each of the subject properties as a result of the construction of the Slate School is valid and credible.

I will not undertake an item by item response to Mr. Hunter's commentary as many of his comments are technical and distract from the matter at hand which is, whether or not the construction of the Slate School would have an adverse impact on the values of the subject properties and, if so, what the damages would be to each property. In short, I dispute all of his negative allegations but will not take the Commission's time in addressing them at this time.



To summarize, my reports indicated the following:

Impact on Market Values			
Address	Current Value	Post Value	% Reduction
5036 Ridge Road	\$1,000,000	\$800,000	-20.0%
5051 Ridge Road	\$730,000	\$560,000	-23.29%
5060 Ridge Road	\$450,000	\$340,000	-24.44%
5061 Ridge Road	\$1,135,000	\$935,000	-17.62%
5200 Ridge Road	\$730,000	\$535,000	-26.71%
Averages	\$809,000	\$634,000	-22.4%

It is crucial that the Commission takes into consideration the location of the subject properties.

This is an upscale, rural/suburban neighborhood where the typical purchaser is seeking private, quiet enjoyment of their property, free from adverse influences.

Zoning is R-40 which requires a minimum, spacious lot size of 40,000 sq ft. The homes are set apart and typically provide mature landscaped buffers, further enhancing the feel of peaceful solitude.



Neighborhood Segmentation/Characteristics

As currently improved then, the subject neighborhood is exclusively an upscale residential neighborhood with dwellings of various ages, styles and configurations, in good to very good overall condition, and appeal; the only exception of course is the church situated at 5100 Ridge Road, which is proposed to be converted and expanded, or with the construction of a private school complex comprising aggregate gross building area of 18,985 sq ft of one and 2-story buildings, and on a site of 2.97 acres.

Mr. Hunter in his paired sales analysis uses the sales of a property at 61 Bailey Road as the "impaired" property. First of all, zoning here is R-20 (minimum lot size of 20,000 sq ft) which allows for significantly denser development. Secondly, properties in this area typically sell for half or less than half that of those in the subject neighborhood. Most significantly, the typical purchaser of a property in the subject neighborhood is not the same as the typical purchaser of Bailey Road.

To be sure, the purchasers of properties along Bailey Road did not first consider properties in the subject neighborhood as a purchase alternative and vice versa. The motivations of these purchasers are as different as the neighborhoods. That is, purchasers along Bailey Road did not choose that location because they desired quiet solitude and rural/suburban ambiance nor did purchasers along Ridge Road choose that location because they desired proximity to a school.

The mere fact that the current owners of the subject properties (AKA the "typical purchaser" in this neighborhood since they already purchased there) consider the proposed school to be an element that is adverse to their property value is proof that most future purchasers in this neighborhood would feel the same.

If the current owners did not feel that way, they would not object to it! As such, Mr. Hunter's paired sales analysis may be pertinent for other properties in the Bailey Road neighborhood but they are assuredly not pertinent to properties in the subject neighborhood resulting in findings that are questionable at best. The foregoing is also true as pertains to 46 Hall Street in Hamden, the second "impaired" property in his paired sales analysis.



I have attached (Addenda Section of this Report) an article that speaks to the use of analyzing residential properties on a per square foot basis. I will not belabor the point but suffice it to say that the article supports the contention that the use of a per square foot analysis is not only acceptable but in some cases, such as in a paired sales analysis, is preferable. Mr. Hunter questioned this methodology however, I am unsure as to why. I offer this as I have used this method in analyzing Mr. Hunter's findings.

One of the most important elements in residential appraisal is the selection of recent and truly comparable sales. Another is to analyze the data in a manner that results in a credible estimate of value. That being said, I have analyzed the computations performed by Mr. Hunter using a metric of "sale price per square foot", the results of which are on the following grid as pertains to Bailey Road.

PAIRED SALES ANALYSIS (North Haven)

Address	Date	# Rooms/ Baths	Sale Price (\$)	Age	GLA ±	Site Size ± Acres	SP/SF (\$)
61 Bailey Road, Impaired subject property	10-29-18	6/1.5	361,000	2018	1,408	0.54	256.39
Sale # 1: 88 Half Mile Road	8-15-18	6/2.0	371,800	2018	1,371	2.30	271.19
Sale # 2: 59 Half Mile Road	4-4-18	6/2.0	354,000	2018	1,317	1.09	268.79
Sale # 3: 180 Manomet Avenue	11-27-17	8/2.5	365,000	1967	1,248	0.28	292.47

Without any adjustments, the sale price/sq ft of "Gross Living Area" GLA is as follows:
61 Bailey Road (Impaired Subject Property) = \$256.39/SF of GLA to include the land and all of the site improvements

Sale #1: \$271.19/SF (+5.8% higher than the subject without any adjustments)

Sale #2: \$268.79/SF (+4.8% higher)

Sale #3: \$292.47/SF (+14.1% higher)

Please note that all three comparable sales utilized in the Hunter's report prior to any adjustment have sold per higher unit basis, or \$/sq ft of GLA. Moreover, two comparable sales (No's 1 and 2) have higher overall sale price than the subject property. As a result, it is reasonable to assume that the variation in pricing and/or per unit value is the result of a superior comparable sales location characteristics.



Although it is not unusual to make adjustments to the sales data, I did not do so as the more adjustments that are made, the greater chance that subjectivity may influence the final value estimate. Mr. Hunter has 15 elements (size, data of sale, condition, etc.) in his adjustment grid that he considered in adjusting the sales to the property at 61 Bailey Road. His adjusted values and adjusted per square foot sale price for each comparable property are as follows:

Paired Sales Analysis "After Adjustments" (North Haven) As Per (Hunter Study Report)	
Adjusted Sales	Percentage Difference
Sale # 1; \$361,170/1,371 sq ft/\$263.44 per sq ft	Subject; \$256.39/sq ft = +2.7%
Sale # 2; \$359,080/1,317 sq ft/\$272.65 per sq ft	Same as above; +6.3%
Sale # 3; \$365,690/1,248 sq ft/\$293.02 per sq ft	Same as above; +14.3%

As is evident when the data is viewed on per sq ft basis, the "impaired" property sold at the lowest per sq ft sale price in comparison to all of the comparable sales and more importantly, this holds true both before any adjustments were made and after all adjustments were made. I have to stress that the adjustments are those of Mr. Hunter and not my own.

In viewing his analysis in this manner all indications are that there actually was a diminution in value to the "impaired property" and, since no adjustments were made for location, that the diminution is attributable to its location across from the school.

The same holds true for the "impaired property" located at 46 Hall Street. Again, I have analyzed the computations performed by Mr. Hunter using a metric of "sale price per square foot", the results of which are on the following grid as pertains to Hall Street.

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PAIRED SALES ANALYSIS (HAMDEN), continued

By John Lo Monte, CCIM

Address	Date	# Rooms/ Baths	Sale Price (\$)	Age	GLA±	Site Size ± Acres	SP/SF (\$)
46 Hall Street (impaired subject property)	7-26-19	8/1.5	325,000	1924	2,304	0.47	141.06
Sale # 1: 73 Helrose Street	6-19-19	8/2.0	300,000	1940	1,766	0.21	169.88
Sale # 2: 245 Blake Road	5-31-18	8/3.0	319,000	1950	2,538	0.45	125.69
Sale # 3: 37 Woodstock Road	5-29-18	8/3.0	319,000	1935	1,973	0.31	161.68

Without any adjustments, the sale price/sq ft of GLA is as follows:

45 Hall Street (Subject): \$141.06/SF GLA to include the land and all of the site improvements

Sale #1: \$169.88/SF (+20.43% higher than the subject without any adjustments)

Sale #2: \$125.69/SF (-10.90% lower)

Sale #3: \$161.68/SF (+14.62% higher)

In my analysis of Mr. Hunter's report, I additionally screened comparable sales for 46 Hall Street, Hamden. In my opinion, a much better comparable sale than 245 Blake road, Hamden, is 125 Blake Road, Hamden.

This is a Colonial style single family home built in 1936 on a 0.29 acres parcel; the dwelling consists of 11-rooms, 4-bedrooms and 2.5 bathrooms. Obviously the location and curb appeal of this comparable sale is identical of Comparable Sale No. 2 chosen by Mr. Hunter at 245 Blake Road, and actually, this comparable at 125 Blake Road is much closer in terms of distance to 46 Hall Street.

This home was sold on March 1, 2018, as opposed to Mr. Hunter's comparable sale No. 2 which was sold on May 31, 2018. The Sale price is \$360,750 (Volume 4493, Page 320) of the Hamden Land Records. The dwelling GLA is 2,454 Sq Ft above grade. The resulting sale price on a per square foot basis is: \$147.00/SF of GLA.

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PAIRED SALES ANALYSIS (HAMDEN), continued
By John Lo Monte, CCIM

Hence, if I substitute Sale No. 2 from Mr. Hunter's study located at 245 Blake Road with my Sale No. 2 located at 121 Blake Road, the spread before any adjustments between the Impaired Subject at 46 Hall Street and the new comparable sale, i.e. Sale # 2, is as follows:

45 Hall Street (Impaired Subject): \$141.06/SF GLA to include the land and all of the site improvements.

Sale #1: \$169.88/SF (+20.4% higher than the subject without any adjustments)

Sale #2: \$147.00/SF (+4.2% higher)

Sale #3: \$161.94/SF (+14.8% higher)

Mr. Hunter's adjusted values and adjusted per square foot sale price with resulting percentage (%) calculation for each comparable property are as follows:

Paired Sales Analysis "After Adjustments" (Hamden, CT) As Per (Hunter Study Report)	
Adjusted Sales & S.F.	Percentage Difference
Sale # 1; \$330,780/1,766 S.F = \$187.30 per sq ft	+32.8%
Sale # 2; \$322,160/2,538 S.F. = \$126.93 per sq ft	-10.0%
Sale # 3; \$326,050/1,973 S.F. = \$165.26 per sq ft	+17.2%

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PAIRED SALES ANALYSIS (HAMDEN), continued
By John Lo Monte, CCIM

Again, as is evident when the data is viewed on a per square foot basis, the "impaired" property sold at the lowest per square foot sale price in comparison to all of the comparable sales (except No. 2), and more importantly, this holds true both **before** any adjustments were made and **after** all adjustments were made.

Once more I need to stress that the adjustments are Mr. Hunter's and not my own. Then, in viewing his analysis in this manner all indications are that there actually was a diminution in value to the "impaired property" and since no adjustments were made for location, that the diminution is attributable to it's location across from the school.

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PAIRED SALES ANALYSIS (HAMDEN), continued
By John Lo Monte, CCIM

Conclusion:

In summary, I again state that the subject properties, next to and/or near the proposed Slate High School complex, will suffer a diminution in values, please refer to the table below, as a result of the proposed construction of the Slate School and that this conclusion is supported not only with my appraisals reports, but also with Mr. Hunter's report.

Impact on Market Values			
Address	Current Value	Post Value	% Reduction
5036 Ridge Road	\$1,000,000	\$800,000	-20.0%
5051 Ridge Road	\$730,000	\$560,000	-23.29%
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5200 Ridge Road	\$730,000	\$535,000	-26.71%
Averages	\$809,000	\$634,000	-22.4%

Respectfully Submitted,

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Real Estate Appraiser and Broker
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ADDENDA

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Paired Sales Using Percentage Adjustments and No Recent Sales

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Paired Sales Using Percentage Adjustments and No Recent Sales

by Phil Spool, ASA

Have you ever had a subject property, with no recent comparable sales, with a characteristic considered to be vital to the overall property value? Here's what to do.

I had an interesting appraisal assignment where the subject needed a view adjustment, since a significant part of the value was due to the view. It was a condominium unit in Miami Beach that faced the Atlantic Ocean. All of the most recent sales faced the city and the most recent sale of a similar ocean/beach view like the subject occurred in September 2016. My date of valuation was March 2018, or 18 months after the sale. How do you handle a situation like this?

Before I get into the particular methodology, I feel compelled to briefly explain paired sales analysis, as many appraisers include only a boilerplate statement that their adjustments are based on a paired sales analysis, but when their workfile is reviewed, there turns out to be no support in either their workfile or their appraisal report.

Paired Sales Analysis

Ideally, comparable sales used for analysis in the sales comparison approach are identical to the subject

property, thus no need for any adjustments. But this rarely happens. Theoretically, the subject property is compared to comparable sales, and adjustments are made to the comparable sale for their differences. The most common method used for supportable adjustments is paired sales analysis. The easiest support for an adjustment is when there is only one feature that is different between two comparable sales, which sold around the same time. The more paired sales that are analyzed, the more supportable the adjustment. Adjustments are made to the comparable sale, not the subject. This is a simple and logical statement and usually an exam question in a beginner appraisal course.

Either a dollar adjustment or a percentage adjustment can be made. A simple example of a dollar adjustment would be that the subject single family residence has a swimming pool. One sale similar to the subject with a swimming pool recently sold for \$400,000 while another sale without a swimming pool recently sold for \$375,000. The dollar difference of \$25,000 would reflect the contributory value of the swimming pool. But how do you handle a paired sales analysis if there were no recent sales to use for comparison?

No Recent Sales for Comparison

Percentage adjustments are best used when the sales are not recent and market conditions may or may not have changed from the date the sales occurred to the date of valuation. This article will discuss three scenarios that require an adjustment with no recent sales similar to the subject's attribute.

The first scenario is a condominium unit with no recent sales with a similar ocean/beach view. However, there was a recent sale with an inferior (city) view and two older sales, one with an ocean/beach view and the other with a city view. The second and third scenarios involve valuing a vacant golf course lot with no recent lot sales on the golf course. A successful paired analysis for this required looking back in time and finding two lot sales that we can compare—one being a golf course lot and the other a non-golf course lot. All three scenarios are similar in that there is only one variable (characteristic) that needed an adjustment.

The methodology of percentage adjustments is the same for all three scenarios. The procedure is to look for the most recent sale with the same attribute (feature) as the subject. Once that sale is found, find a corresponding sale with a different attribute that was close in date of sale. If not available, then search further back in time until you come across the next sale with the same attribute as the subject. Look for a corresponding sale with a different attribute that is close in date of sale. If unable to obtain corresponding sales within a similar time frame, repeat this process until you find a sale with the same attribute as the subject, with a corresponding sale without the same attribute but very close to the date of sale. Once this is found, determine the percentage difference between the two sales (one with and the other without the same attribute as the subject).

When applying a percentage adjustment, time is not a factor when the paired sales are analyzed with the same month/year or close to the same month/ year. A dollar amount adjustment is not appropriate as the market may fluctuate over time, whereas the percentage difference at one time period is carried over to other time periods.

Scenario One: Ocean View vs. Non-Ocean View

Your assignment is to arrive at a current market value as of June 2018 for a 1,250 square foot condominium unit with an ocean/beach view. In researching for comparable sales, you come across a sale of a city view unit that sold in May 2018 for \$385,000 or \$308.00 sales price per square foot (SP/SF) (Sale 1). However, there were no sales of an ocean/beach view unit that sold close to the date of sale of the city view unit. Additional research resulted in one unit with an ocean view that sold in June 2016 for \$400,000 or \$320 SP/SF (Sale 2) and one unit with a city view that sold in May 2016 for \$300,000 or \$240 SP/SF (Sale 3). These two sales have to be very similar but not necessarily exact to each other in other attributes such as floor level, condition of unit and similar renovations, if any. The analysis can be done with a dollar amount comparison instead of price per square foot, assuming your sales are the same or very similar in size to each other and to the subject unit. If not similar in size, the analysis must be performed on a sale price per square foot. In either case, the paired sales analysis conclusion is calculated on a percentage basis.

Ocean View Unit					Non-Ocean View Unit					
Sale #	Date of Sale	Sales Price	Unit Sq. Ft.	SP/SF	Sale #	Date of Sale	Sales Price	Unit Sq. Ft.	SP/SF	% Difference
-	-	-	-	-	1	05/18	\$385,000	1,250	\$308.00	n/a
2	06/16	\$400,000	1,250	\$320.00	3	05/16	\$300,000	1,250	\$240.00	33.33% 1

Figure 1

Figure 1

Feature:

Ocean View vs. Non-Ocean View

- Appraisers E&O Insurance
- Home Inspectors E&O Insurance
- RE Agents / Brokers E&O Insurance
- Mortgage Field E&O Insurance
- Energy Raters / Auditors E&O Insurance
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Date of Value: June 2018
See Figure 1.

The difference in the ocean view unit (Sale 2) at \$400,000 and the non-ocean view unit (Sale 3) at \$300,000 is \$100,000. The \$100,000 is divided by the \$300,000 sales price, which equates to a 33.33 percent difference due to the view.

(story continues below)



(story continues)

The dollar adjustment for an ocean view unit (subject) would be based on the non-ocean view unit sale in May 2018 (the most recent sale) of \$385,000 x 33.33 percent or \$128,320 (rounded to \$128,000). Therefore, the subject unit with an ocean view would be \$513,000 (\$385,000 + \$128,000). Keep in mind that this would be a supportable adjustment assuming there are no other differences between the sales, such as renovations, etc. All other differences have to be adjusted in order to determine the correct view adjustment.

Percentage Adjustment on a Per Square Foot Basis

Certain analyses are better performed on a per square foot basis. The best example of this would be valuing a vacant lot, as lot sizes vary and size might matter, especially if the subject lot is several thousand square feet different than your comparable sales. When valuing a lot, an analysis on a per square foot of lot size is best due to the varying lot sizes. Regarding the second and third scenarios, the paired sales analysis procedure is to:

- Determine the difference in the SP/ SF of a golf course lot sale and a non-golf course lot sale;
- Take this difference and divide by the non-golf course lot sale SP/ SF—the result would be the percentage difference between the two properties;
- Take this percentage difference and multiply it by the most recent non-golf course lot sale per square foot, and add that to the non-golf course lot sale SP/SF.

Scenario 2: Golf Course Lot vs. Non-Golf Course Lot Adjustment

Imagine you are given an appraisal assignment to value a vacant 15,000 square foot lot that is located on a golf course with a current date of value (June 2018). The following analysis would be considered if there were no recent golf course lot sales (or any other individual feature that makes it distinct from other sales).

Just like the analysis of Scenario 1 with the condominium unit, you first look for vacant lot sales on a golf course. If there are no current sales, the next step is to look for the most recent vacant lot sale on a golf course. It may be anywhere from one to three years from the date of value before you find your first golf course lot sale. Once you find a sale, look for a non-golf course lot sale of similar lot size in the subject's neighborhood that sold around the same time period. If you cannot find a non-golf course lot sale around the same time as that golf course lot sale, move on to the next golf course lot sale and look for a non-golf course lot sale with a corresponding time period. The purpose is to perform a paired sales analysis with a golf course lot sale compared to a non-golf course lot sale, that sold around the same time (preferably one to three months apart in a stable market).

In researching for comparable sales, you came across a golf course lot but it sold in September 2017, nine months prior to your valuation date. Additional research resulted in a current sale not on the golf course that sold in May 2018, and another in August 2017.

Scenario # 2: Golf Course Lot vs. Non-Golf Course Lot Adjustment—

without difficulty matching a golf course lot with a non-golf course lot that sold around the same time.

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Golf Course Lot					Non-Golf Course Lot					
Sale #	Date of Sale	Sales Price	Unit Sq. Ft.	SP/SF	Sale #	Date of Sale	Sales Price	Unit Sq. Ft.	SP/SF	% Difference
-	-	-	-	-	1	05/18	\$385,000	14,000	\$27.50	n/a
2	09/17	\$500,000	12,500	\$40.00	3	08/17	\$375,000	12,500	\$30.00	33.33%

Figure 2

Figure 2

Feature: Golf Course Lot Vs. Non- Golf Course Lot

Lot Size: 15,000 sq.ft.

Date of Value: June 2018

See Figure 2.

- Take the sales price for the golf course lot of \$40/SF (Sale 2) and subtract the non-golf course lot of \$30/SF (Sale 3), which is \$10/SF.
- Divide the \$10/SF by the non-golf course lot PPSF (\$30), resulting in a percentage difference of 33.33 percent.
- Multiply 33.33 percent times the recent non-golf course lot sale of \$27.50/SF (Sale 1), resulting in \$9.17 SPSF. (\$27.50/SF x 33.33 percent = \$9.17).
- Add the \$9.17 to the \$27.50, which results in a current value for the subject lot of \$36.67/SF.
- Multiply \$36.67 /SF x subject's 15,000 SF lot size, which results in a value for the subject at \$550,050 or \$550,000 rounded.

The three most important things to remember are:

- Convert the sales price to a sales price per square foot;
- Do a paired sales analysis based on the most recent sale of a feature similar to the subject with a sale that is very close to that date that does not have that feature;
- Round your concluded value after all of your mathematical analysis.

If you value the subject on a dollar amount conclusion instead of a sales price per square foot conclusion, you can possibly get a different result. For the above chart, the dollar difference would be \$125,000 (\$500,000 less \$375,000) divided by \$375,000, which also results in a 33.33 percent difference. But don't apply the 33.33 percent to the \$385,000 amount. Instead, apply the 33.33 percent increase by multiplying it by the \$27.50/SF amount. The increase should be \$9.17/SF. If you mistakenly apply the 33.33 percent difference to the sales price of \$385,000, the result would be \$128,320 (\$385,000 x 33.33 percent). This would result in an incorrect value of the subject in the amount of \$513,320 (\$385,000 plus \$128,320). Remember, the subject's lot size is 15,000 square feet. Be sure to apply the percentage difference to the price per square foot, not the dollar amount of the sale.

Scenario # 3: Golf Course Lot vs. Non-Golf Course Lot Adjustment—with difficulty matching a golf course lot with a non- golf course lot that sold around the same time.

Golf Course Lot					Non-Golf Course Lot					
Sale #	Date of Sale	Sales Price	Sq. Ft. Lot Size	SP/SF	Sale #	Date of Sale	Sales Price	Sq. Ft. Lot Size	SP/SF	% Difference
-	-	-	-	-	1	5/18	\$385,000	14,000	\$27.50	
2	9/17	\$500,000	12,500	\$40.00	-	-	-	-	-	
-	-	-	-	-	3	5/17	\$350,000	12,500	\$28.00	
4	2/17	\$450,000	12,000	\$37.50	5	1/17	\$320,000	11,500	\$27.83	34.7%

Figure 3

Figure 3

Feature: Golf Course Lot Vs. Non- Golf Course Lot

Lot Size: 15,000 SF

Date of Value: June 2018

See Figure 3.

Again, the three most important things to remember are:

- Convert the sales price to a sales price per square foot;
- Do a paired sales analysis based on the most recent sale of a feature similar to the subject comparing it with a sale that is very close to that date that does not have that feature;
- Round your concluded value after all of your mathematical analysis.

(story continues below)

(story continues)

In researching for comparable sales, you found a current sale of a non-golf course lot sale that sold in May 2018 for \$385,000 or \$27.50/SF (Sale 1). Your most recent sale of a golf course lot sale was in September 2017 for \$500,000 or \$40/SF (Sale 2). Researching for a non-golf course lot to use for comparison to the September 2017 sale resulted in a sale in May 2017 (Sale 3), but it is too old for comparison to Sale 2. Additional research resulted in a golf course lot sale in February 2017 for \$450,000 or \$37.50/SF (Sale 4), and a non-golf course lot sale that sold in January 2017 for \$320,000 or \$27.83/SF (Sale 5). Both Sale 4 and 5 are considered good sales for a paired sales analysis to determine the percentage difference between a golf course lot sale and a non-golf course lot sale.

- Subtract PPSF of the non-golf course lot (Sale 5/\$27.83) from PPSF of the golf course lot (Sale 4/\$40).
- The \$9.67/SF difference is divided by the non-golf course lot PPSF(\$27.83), resulting in a percentage difference of 34.7 percent.
- The 34.7 percent is then multiplied by the recent non-golf course lot sale of \$27.50 PPSF (Sale 1), giving a dollar difference of \$9.54 PPSF ($\$27.50 \text{ PPSF} \times 34.7 \text{ percent} = \9.54), which is then added to the \$27.50 PPSF, resulting in a current value for the subject golf course lot at \$37.04 PPSF ($\$27.50 + \9.54).
- The \$37.04 PPSF is multiplied by the subject's 15,000 sq.ft. lot size, resulting in a value for the subject of \$555,600, rounded either to \$555,000 or \$556,000.

If you were to multiply the sales price of \$385,000 (Sale 1) x 34.7 percent and add the result of \$130,125 to \$385,000, you would get \$515,125. This does not represent the value of the subject golf course lot as the subject lot size is 15,000 SF and Sale 1 is 14,000 SF. That is why in some situations like Scenarios 2 and 3, the analysis has to be on a price per square foot basis.

Conclusion

Percentage adjustments are best used when the sales are not recent and market conditions may or may not have changed from the date the sales occurred to the date of valuation. Dollar adjustments would reflect that moment in time that your analysis is based on. For an analysis of sales much older than the date of value, the percentage adjustments would carry that percentage difference over time, whether market conditions have changed or not.

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About the Author

Scott Cullen is a Certified Residential appraiser from Eagan MN who is a partner in the development of the Solomon Adjustment Calculators, designed to quickly evaluate the trade-offs encountered by residential appraisers, including the depreciation / site value dilemma. There is a free 14 day trial and you are welcome to contact me for a demo over the phone using live examples from your market: www.solomonappraisal.com.

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