

**Vermont Housing and Conservation Board
Farm Project Appraisal Standards
(October 2009)**

In view of the very detailed USDA/NRCS/FRPP standards to which all appraisals for VHCB farm projects must comply, VHCB has suspended its own appraisal standards, except for those pertaining to VHCB supplemental reports.

Appraisers of VHCB farm projects must familiarize themselves with USDA's most recent appraisal standards for FRPP easement acquisitions by NRCS. These standards are mandatory for all appraisals of farms that will become subjects of VHCB applications for the purchase of development rights. The standards are found in NRCS Policy 440-V-CPM, Part 519.62.

The overarching requirement of the FRPP standards promulgated in June 2009 is that appraisals must adhere to either USPAP or to UASFLA (Yellow Book) standards. Appraisers must choose one or the other and for the purposes of an FRPP appraisal must not blend these two standards in any given report, nor attempt to make one appraisal comply with both.

Furthermore, the subject property for an FRPP appraisal done to USPAP standards must be limited to only the area encumbered by the proposed easement. This must be the case in both the before and after scenarios. Enhancement of excluded land cannot be reported in a USPAP appraisal done to FRPP standards. Instead, enhancement must be considered and reported in a VHCB supplemental report.

In an FRPP appraisal done to UASFLA (Yellow Book) standards, the larger parcel methodology must be employed.

Additionally, values specifically required by VHCB, which are not part of the primary FRPP compliant appraisal, must be reported in a supplemental report, of which USDA/NRCS/FRPP is not an intended user.

The standards for VHCB supplemental appraisal reports are as follows:

VHCB Standards
For Supplemental Appraisal Reports for Farm Conservation Projects
October 19, 2009

Title Page

- Include the same information as on the original appraisal report.
- Label the report as a “Supplemental Appraisal Report.”

Summary of Salient Facts

- Property Identification
- Owner
- Client: The Vermont Housing and Conservation Board
- Intended Users: The Vermont Housing and Conservation Board and VLT/UVLT/VAAFMM as applicable
- Intended Use of the Appraisal: VHCB and relevant land trust/Agency will use the appraisal in negotiating with landowners for the purchase of development rights. VHCB and relevant partner will also use the appraisal to establish a base value in the Option to Purchase at Agricultural Value (OPAV). VAAFMM will use the appraisal to support a database of values used in setting Act 250 mitigation payments.
- Identification of the Appraisal Report for which this Supplemental Report is intended
- Effective Date of the Appraisal
- Date of the Report
- Real Property Interest Appraised
- Highest and Best Use, Before Acquisition
(If the Highest and Use Before Acquisition has not changed from the Appraisal Report, merely restate it. If Highest and Best Use has changed based on additional property considered in this appraisal, develop an analysis of Highest and Best Use based on the four tests. The analysis may be in summary form.)
- Highest and Best Use, After Acquisition
(If the Highest and Use Before Acquisition has not changed from the Appraisal Report, merely restate it. If Highest and Best Use has changed based on additional property considered in this appraisal, develop an analysis of Highest and Best Use based on the four tests. The analysis may be in summary form.)
- Extraordinary Assumptions
- Hypothetical Conditions

Restricted Use Report

- This restricted use report is intended for the use of the client only. The appraiser's conclusions set forth in the report may not be properly understood without additional information in the appraiser's workfile, or contained in the original appraisal identified above.

Scope of Work

- Definition of market value
- Source of Definition
- Explain the reason for the supplemental report.
- The scope of work will be based on one of the two following sets of appraisal problems:
 - A. In a supplemental report for a USPAP appraisal, the client has requested:
 - (1) Consideration of enhancement of exclusions. Usually these would be exclusions specified in the scope of work, such as contiguous exclusions owned by the same family. We are not interested in all the land owned by the same family as defined by IRS within a large radius, only the most obvious contiguous parcels in view of each other.
 - (2) Consideration of any effect on value of the excluded parcels as a result of the right-to-farm covenant.
 - (3) The contributory value of the land only (not improvements) to be conserved in the after scenario as encumbered by the OPAV. This value is needed to provide the base value for the OPAV.
 - (4) The per acre value of the easement as if encumbered by a traditional (non-OPAV) easement, with housing excluded (if applicable). This is for the Act 250 mitigation program and is used by the Ag. Agency in setting Act 250 mitigation payments in a specific region.

Or

- B: In a supplemental report for a Yellow Book appraisal, the client has requested:
 - (1) The contributory value of the land only (not larger parcel) (not improvements) to be conserved in the after scenario as encumbered by the OPAV. This value is needed to provide the base value for the OPAV.
 - (2) The per acre value of the easement as if encumbered by a traditional (non-OPAV) easement, with housing excluded (if applicable). This is for the Act 250 mitigation program and is used by the Ag. Agency in setting Act 250 mitigation payments in a specific region.
 - (3) The before value of the land and buildings to be covered by the easement (not larger parcel). This is used in calculating the extinguishment percentage in the standard easement.

Methodology

- Identify the appraisal problem and summarize the steps taken to develop credible appraisal results.
- Summarize the methods used to develop the supplemental opinions of value.
- Summarize the evidence and/or analysis that supports the supplemental values for:

- (1) Enhancement and/or damages (original report USPAP): Develop an opinion of value for exclusions as specified in the scope of work, using methodology necessary to provide a credible opinion based on the appraisal problem. For determination of enhancement/damages, a paired sales analysis is acceptable .
 - (2) Contributory value of land only as conserved with the OPAV (original report YB or USPAP): Use methodology necessary to provide a credible opinion based on the appraisal problem.
 - (3) Before value of land and buildings covered by the easement (original report YB): inclusion of supporting documentation not necessary, but may be requested by intended users.
 - (4) Per acre value of traditional easement (original report YB or USPAP): no supporting evidence or analysis need be included in report
- Refer to any sales cited in the original report for further supporting details.

Summary and Reconciliation

Certification

Qualifications