Course 201 – Appraisal of Land

Course Description

Appraisal of Land is designed to provide the students with an understanding and working knowledge of the procedures and techniques required to estimate the market value of land. This course concentrates on the skills necessary for estimating land value primarily using the sales comparison approach.

Chapter 1: Introduction to Land Valuation is designed to provide students with a basic understanding of the principles, factors, and processes that determine the value of land. Special emphasis is placed on the core principles that determine Highest & Best Use because of the inter-relationship they have with all other aspects of determining land value. This chapter will outline how residential, commercial, industrial and rural land values are affected differently by environmental, economic, social and governmental factors.

Chapter 2: Land Description and Maps is designed to provide students with an understanding and working knowledge of land description and land valuation. The major methods of land description are given special emphasis as well as mapping, assessment maps and map scale. Accurate mapping and land description are vital for appropriate appraisals of land. Assessors must make sure all necessary steps are taken to assure up-to date mapping and land description information is maintained and utilized in the valuation process.

Chapter 3: Highest & Best Use is designed to provide students with a more in-depth understanding of the role and purpose of Highest & Best Use in land valuation. Emphasis is placed on the four criteria in Highest & Best Use analysis and that the analysis is to be conducted in the order set forth in this chapter. The discussion will then cover the two primary applications of these four criteria in Highest & Best Use analysis – the property as though vacant and the property as improved. Finally, there will be an overview of the unique situations that arise in Highest & Best Use analysis.

Chapter 4: Single Property Land Valuation Methods discusses the collection and analysis of data that is required for the valuation of a single parcel of land. It discusses the accepted methods for land valuation – sales comparison, allocation, abstraction, anticipated use or development, capitalization of ground rents and land residual capitalization.

Chapter 5: Mass Appraisal of Land shows how appraisal of groups of properties (in contrast with single properties) are incorporated into the assessment process. The most common use of mass appraisal is to perform fair and equitable appraisals of all properties within a jurisdiction, using valuation models that are capable of replicating supply and demand forces within a market area. The assessor must develop standardized adjustment factors among use classes, construction types, neighborhoods, and other property groups. This chapter will focus on the data collection and statistical analysis of the mass appraisal system.

Chapter 6: Mass Appraisal Land Valuation Methods demonstrates applications of the sales comparison approach as the primary methods of land valuation for mass appraisal. The sales comparison approach is always the preferred approach when an adequate amount of sales data is available. When sales data is lacking or insufficient, the assessor must use alternative methods. This chapter deals with the two principal applications of the sales comparison approach to mass appraisal of land values: comparative unit method and base lot method. It will also address adjustment techniques and alternative valuation methods.

Chapter 7: The Role of Soil in Land Valuation is designed to provide students with a more in-depth understanding of soils and how their productivity affects land valuation. It will also assist students in how to read and utilize a soil survey.

Objectives

Upon completion of Chapter 1, you will learn:
- What defines and describes land from an appraisal standpoint.
- The primary attributes of land.
- Value characteristics of land
- What qualifies as unimproved and improved land?
- The importance of accurate land values.
- The basic aspects and rights of land ownership.
- The governmental and private restrictions on land ownership.
- The role precise land valuation plays in total property value.
- The core principles used to determine Highest and Best Use and how they are integrated into various land valuation concepts and models.
- The primary factors that influence land value.
- How shifts in supply and demand affect land values.
- The traditional theories and models used in the valuation of land.
- The contrast between single property and mass appraisal methods of land valuation.

Upon completion of Chapter 2, you will learn:
- Cadastral maps and what is typically displayed with these maps.
- The role of assessment / cadastral maps in valuing land.
- How to identify the various components of different types of maps.
- The basics of Geographic Information Systems (GIS).
- How to recognize and understand the appropriate application of different map scales.
- Parcel identification systems.
- The three land description systems.

Upon completion of Chapter 3, you will learn:
- The fundamentals of Highest & Best Use.
- The four criteria for Highest & Best Use.
- How to test the Highest & Best Use as though vacant.
- How to test the Highest & Best Use as improved.
- Special considerations such as single use, interim use, non-conforming use, multiple uses, and special purposes use.

Upon completion of Chapter 4, you will learn:
• The comparative sales approach for land.
• The methods for collecting comparative sales information.
• How to implement the various ways to confirm sales.
• The methods for adjusting comparables to achieve accurate subject values.
• How to apply the various methods of land valuation.
• The capitalization of ground rents for valuation of leased or rented land.

Upon completion of Chapter 5, you will learn:
• The methods for making sure the quality of land data is acceptable for valuation.
• The types of data items for use in data analysis (required and beneficial versus items not required).
• The components of a good data collection system.
• The role and criteria for stratification.
• The units to use in land valuation comparison.
• How to conduct statistical analysis of land data.

Upon completion of this Chapter 6, you will learn:
• How to use the Comparative Unit Method to stratify properties based on multiple criteria, such as market influences, zoning, location, etc., and develop standard unit values.
• How to apply the Base Lot Method of valuation in mass appraisal.
• How to determine and utilize appropriate land value adjustments.
• How to effectively resolve value when there are insufficient comparative sales.
• How to perform quality control to ensure defensible land valuations.
• How to support land valuations against a challenge.

Upon completion of Chapter 7, you will learn:
• The physical properties of soil.
• The layers of soil.
• The effects of organic matter on soil productivity.
• How air and water circulation impacts soil productivity.
• How to read and use a soil survey

Timetable

Topic	Time Requirement	Day Covered
Chapter 1		
Orientation	30 Minutes	Monday AM
Nature of Land	20 Minutes	Monday AM
Role of Land Classifications	20 Minutes	Monday AM
Principles that Determine Highest & Best Use	120 Minutes	Monday AM
Trends that Influence Land Value	20 Minutes	Monday AM/PM
Economic Influences of Supply and Demand on Land Value	20 Minutes	Monday PM
Land Valuation Theories/Models	20 Minutes	Monday PM

Topic	Time Requirement	Day Covered
Single-Property & Mass Appraisal Approaches to Land Valuations	20 Minutes	Monday PM
Chapter 2		
Overview	15 Minutes	Monday PM
Characteristics of Assessment (Cadastral) Maps	30 Minutes	Monday PM
Types of Assessment (Cadastral) Maps	15 Minutes	Monday PM
Parcel identification Systems	30 Minutes	Monday PM
Chapter 3		
Highest & Best Use Analysis	20 Minutes	Monday PM
Four Criteria for Highest & Best Use Analysis	60 Minutes	Monday PM
Application of Highest & Best Use Analysis	40 Minutes	Monday PM/Tuesday AM
Unique Situations in Highest & Best Use Analysis	60 Minutes	Tuesday AM
Land Description System	120 Minutes	Tuesday AM
Chapter 4		
Site Analysis	30 Minutes	Tuesday AM/PM
The Comparative Sales Approach	270 Minutes	Tuesday PM/Wednesday AM
Alternative Methods of Land Value	195 Minutes	Wednesday AM
Chapter 5		
Overview	15 Minutes	Wednesday AM
Components of Data Collection and Maintenance	30 Minutes	Wednesday AM
Statistical Analysis	195 Minutes	Wednesday PM
Chapter 6		
Introduction	30 Minutes	Wednesday PM
Comparative Unit Method	35 Minutes	Thursday AM
Base-Lot Method	35 Minutes	Thursday AM
Adjustment Techniques	40 Minutes	Thursday AM
Site and Situations Adjustments	40 Minutes	Thursday AM
Alternative Mass Appraisal Land Valuation Method	90 Minutes	Thursday AM/PM
Support of Land Values	30 Minutes	Thursday PM

Topic	Time Requirement	Day Covered
Chapter 7		
Soil Composition	15 Minutes	Thursday PM
Soil Horizons	15 Minutes	Thursday PM
Soil Physical Properties	10 Minutes	Thursday PM
Soil Organic Matter	10 Minutes	Thursday PM
Soil Drainage – Removal of Excess Water	10 Minutes	Thursday PM
Soil Surveys	15 Minutes	Thursday PM
Course Review	15 Minutes	Thursday PM