

LAND VALUATION – UNDERSTANDING THE DEVELOPMENTAL APPROACH

2 HOURS - CEU # SUBMISSION

- I MOST COMMON METHODS OF VALUING LAND USED BY APPRAISERS – 5 MINUTES**
 - A. SALES COMPARISON APPROACH**
 - B. EXTRACTION (AKA ABSTRACTION)**
 - C. ALLOCATION**

 - II MOST COMMON METHOD USED BY A DEVELOPER – 10 MINUTES**
 - A. DEVELOPMENTAL APPROACH**
 - 1. DETERMINING COSTS OF CONSTRUCTION**
 - a. HARD COSTS**
 - b. SOFT COSTS**
 - 2. DETERMINING & APPLYING AN ABSORPTION RATE**
 - 3. VALUE REMAINING TO THE LAND**
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- III FROM IDENTIFICATION OF THE LOT AND THE VALUE ADDED BY EACH STEP IN THE PROCESS**
1 HOUR 30 MINUTES AL
 - A. CONFIRMING THE LOT IS BUILDABLE**
 - 1. SURVEY & TOPOGRAPHICAL MAPS**
 - 2. ENGINEERING REPORTS**
 - 3. PERC TEST(S) IF REQUIRED**
 - a DRY WEATHER**
 - b WET WEATHER**
 - 4. IF NOT ON PUBLIC WATER, CONFIRMING WATER SUPPLY**
 - a DRILLING IF REQUIRED**
 - b POTABILITY TESTS**
 - 5. IF ON PUBLIC UTILITIES**
 - a COST OF OBTAINING ELECTRIC/GAS/WATER SERVICE**
 - b COST OF HOOKING INTO SEWER – CAN SEWER ACCOMMODATE ANOTHER HOME OR MUST ITS CAPACITY BE EXPANDED**
 - 6. IS STREET WIDE ENOUGH OR DOES IT NEED WIDENING**

7. IS STREET DRAINAGE ABLE TO HANDLE ADDITIONAL DEVELOPMENT

B. OBTAINING PERMITS

1. SUBDIVISION POSSIBILITIES IF LARGE SITE

2. PERMITS TO BUILD (WITH ARCHITECTURAL DRAWINGS)

3. TIME CONSTRAINTS

C. PRELIMINARY PLANS

1. ALWAYS MUST COMPLY WITH SUBDIVISION MAP ACT

2. IS SUBDIVIDED LANDS LAW COMPLIANCE REQUIRED

(SUBDIVISION IS INTO 5 OR MORE PARCELS – BRE INVOLVED)

D. NAVIGATING THE PLANNING PROCESS

1. PERMITS PENDING?

2. PERMITS PULLED? IF SO, HOW LONG ARE THEY GOOD FOR?

D. CONSTRUCTION STARTED

1. GRADING

2. RETAINING WALLS IN IF NEEDED?

3. FOUNDATION FRAMED/POURED?

4. IS THIS TECHNICALLY A REMODEL?

IV FINANCING CONSIDERATIONS AND ITS AFFECT ON THE PROJECT - 10 MINUTES

A. BANK FINANCING AVAILABLE

B. SELLER FINANCING OR PARTICIPATION NEEDED

1. SUBORDINATION CLAUSE

2. SELLER TAKES SHARE OF PROFITS

V IS THE PROJECT FEASIBLE OR UNFEASIBLE? – 5 MINUTES