

0-7053: Quantify the Valuation of Right-of-Way

Background

The Texas highway network and its associated right-of-way present a vital asset to the Texas Department of Transportation (TxDOT) and the citizens of Texas. Public and private parties use the right-of-way for a variety of purposes, such as installation of utility facilities, renewable energy production, and parking facilities, among other uses. When third parties access the right-of-way, they need either a permit or lease that stipulates the requirements for the use of the right-of-way.

The goal of this research was twofold. First, researchers sought to develop a valuation framework for the right-of-way that could be used to assess fees for leases with private parties. The fees must consider different types, lengths, durations, and locations of installations by third parties. The second goal was to determine the prevalence of third parties violating the terms of their permits by leasing facilities to private parties.

What the Researchers Did

The researchers performed the following activities:

- Conducted a literature review of terms, applicable laws and regulations, valuation methodologies, and practices at other public agencies. The report discusses details, rights, and requirements of different types of right-of-way uses.
- Gathered and summarized information gathered from TxDOT stakeholders responsible for the right-of-way leasing process. The report describes the assessment of available TxDOT data, based on a sample of permits and leases the research team received from TxDOT.
- Collected and summarized industry stakeholder feedback from stakeholders that lease TxDOT right-of-way for various purposes.
- Developed valuation frameworks and a valuation methodology to assess lease rates on TxDOT property.
- Presented the valuation frameworks and methodology at regional workshops throughout Texas and summarized participant feedback

received. The details of the valuation frameworks are documented in the research report.

- Assessed TxDOT appraisal data and provided recommendations for improvements to TxDOT Connect.
- Developed a detailed discussion of research findings, including conclusions and recommendations.

What They Found

The valuation framework displays and assesses property valuations in Texas. The framework consists of two tools, a spreadsheet-based valuation tool and a map-based valuation tool. The spreadsheet-based valuation tool allows a user to query a database of lease and valuation information (Figure 1).

The database also serves as the backbone of the map-based valuation framework. Users can select which county for which they want to view valuations and lease rates, which are displayed on the screen (Figure 2).

The valuation frameworks are populated with data from several local appraisal districts and could be populated with additional data as the data become available.

What This Means

The research report contains methodology details about how to implement the framework at TxDOT and how to update the valuation framework in the future. Researchers processed some of the available appraisal data for several Texas counties to demonstrate the

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functionality and usefulness of the framework tools. TxDOT could purchase and process additional data to allow statewide queries using the framework tools. Following implementation of the tools, TxDOT should update the valuation data on an annual basis using skilled internal staff or an external consultant. Alternatively, TxDOT could implement the categorical approach outlined in Chapter 5 of the research report. This approach, which divides the state into rural, mid-sized urban, and large urban categories, is closest to

TxDOT's current practice but adjusts particularly urban values upward based on average land values. Furthermore, the categorization of counties and the average land values used in this method come from analysis by the Texas A&M Real Estate Center. Assuming that the Real Estate Center continues to perform these studies and release similar figures on land value in future years, TxDOT would be able to update the categorization of counties and the lease values with relatively little data analysis.

ROW Valuation Spreadsheet Tool

This spreadsheet contains valuation data for TxDOT maintained highways in each county
 Select below to calculate lease rates for various ROW uses

County	Highway	Rural Land Value per Acre	Urban Land Value per Acre
Anderson	SH0019	2,102.54	\$ 356,947.28

Lease Type	Urban or Rural	Length or Area*	Duration of Lease (Years)	Total Lease Cost	Annualized Lease Cost if Applicable
Small Cell Node	Urban	1	1	\$ 122,915.73	\$ 122,915.73

*Enter length in feet for temporary pipelines and buried pipelines.
 *Enter area in acres for property leases.
 *Enter 1 for small cell node.

Figure 1. Spreadsheet Tool.

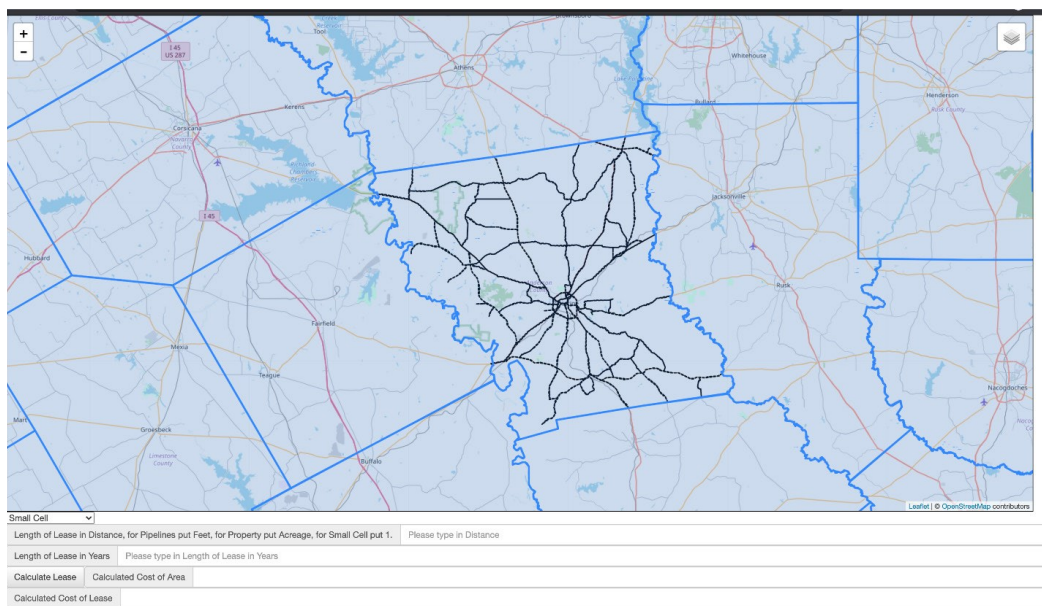


Figure 2. Zoomed-In View of County Highway Network.

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