

AN ANALYSIS OF RIGHT OF WAY APPRAISAL PROBLEMS

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AN ANALYSIS OF RIGHT OF WAY APPRAISAL PROBLEMS

Introduction

Purpose and Objectives of Study

This research effort was conceived to deal with both the causes of discrepancies in and between appraisals as well as the difficulties of appraisal review. A thorough and proper appraisal review can determine whether the appraisal estimates are reliable and accurate, thus assuring the fair market value to the owners of a particular parcel. By the same token, knowledge of the major causes of discrepancies between appraisals should aid the fee and review appraisers in arriving at better estimates of market value for each parcel with minimized difficulty.

It was with the above views in mind that the THD asked for a study satisfying the following specific objectives:

1. To identify the types of appraisals and the elements of value which most commonly are associated with appraisal inconsistencies.
2. To analyze, in terms of their basic causes, variations in two or more independent appraisals of the same parcel and of highly similar parcels.
3. To recommend programs and procedures whereby appraisal difficulties may be minimized.

Under agreement with the study Advisory Committee (sponsors' representatives) the third objective was eliminated during the course of the study. This omission was founded on the belief that the conception of "programs and procedures" is more properly an administrative function.

Data Collection

To identify the types of appraisal and elements of value most commonly associated with appraisal inconsistencies, absolute and percentage variations between two or more independent appraisals were studied from eight THD projects. The data

used were those already punched on IBM cards for THD records.

Care was taken to select projects in the four major urban areas of the State (Houston, Dallas, Fort Worth and San Antonio). In addition, one project was selected in each of the Tyler, Beaumont and El Paso areas. Although this resulted in a small number of projects and parcels as compared to the totals for the State, the projects were carefully selected to give representation of properties in urban versus rural areas. Although the results cannot be expanded to represent the whole universe (the State), they can serve as an indication of the findings which might be generated from a random sample of all completed THD projects in the State.

The above project data furnished only a limited look at the appraisal information on each parcel contained in the THD files, because only the total appraised values from each appraisal are punched on the IBM cards. THD's approved values of the elements of value are reproduced on these cards, but not the appraised values of the elements. Thus, to study the differences in the appraised values assigned to each element of value would have required a long and difficult look into the full record of each appraisal of a parcel. It was thought that the fruitfulness of such an effort might be suggested from the findings generated from the eight THD projects analyzed.

To cast further light on the appraisal discrepancies and appraisal review problems, a carefully structured questionnaire was designed and placed in the hands of THD personnel whose jobs require them to be familiar with right of way appraisal procedures. Copies of the questionnaire were distributed to 11 of the 24 districts, to the Houston Urban office, and to the D-15 Austin office. All sections of the State were represented in this endeavor except the Panhandle area.

Appraisal Inconsistencies

Analysis of Appraisal Data

The study was restricted to only those parcels in the eight THD projects which had at least two fee appraisals. These parcels were classified according to method of acquisition, type of taking, and type of property. This was done in an effort to show which of the above attributes are related to the greatest differences between appraised values and in turn the greatest variation between appraised and approved values.

As a first step, it was thought desirable to compare the approved values with the two appraised values placed on each parcel. The results of this comparison are shown in Table 1. Prior to this investigation, it was believed that the approved values tended to be at or near the higher of the two appraised values. Table 1 shows that, with one exception, the majority of the parcels in each property type conformed to this pattern. This was the case regardless of the type of acquisition or type of taking. The exception was that of numerous vacant lots in one right of way project in which the approved value corresponded to the low appraised value with greater frequency than to the high value. This also occurred for vacant lots regardless of the type of acquisition

or type of taking, except in the case of condemned partial takings. Of the 817 total parcels used for Table 1, the high appraisal was approved for 59 percent and the low appraisal for 19 percent; in 15 percent of the cases approved values were between the high and low appraisals; for seven percent the values were the same in both appraisals.

The low values were approved with relatively greater frequency for whole takings than for partial takings. Although much of this difference is accounted for by vacant lots, it also can be seen in other comparisons. This suggests a degree of liberality in approved values when the possibility of damages to remainders is present; higher approved values would cover damages, if any.

The high value was selected with about the same frequency for negotiated parcels as for those later condemned.

Residential properties show the greatest tendency toward the high value, regardless of the type of acquisition or type of taking.

As a second step, the absolute dollar and percentage differences between the two original

TABLE 1
Approved Values in Relation to Original Appraised Values, Number of Parcels by Method of Acquisition, Type of Taking and Type of Property From Eight Selected THD Projects¹

Type of Property ²	Negotiated Parcels				Condemned Parcels			
	High Value	Low Value	Between High and Low Value	Appraised Values Equal	High Value	Low Value	Between High and Low Value	Appraised Values Equal
Whole Taking								
All Parcels	134	62	68	29	21	18	6	6
Acreage	0	0	0	0	0	0	0	0
Vacant Lot	24	40	54	11	4	11	0	2
Residence	54	8	1	8	6	1	1	2
Commercial Residence	21	4	5	4	2	1	2	0
Commercial Business	31	10	8	6	9	5	3	2
Industrial	4	0	0	0	0	0	0	0
Partial Taking								
All Parcels	240	61	37	13	86	16	12	8
Acreage	105	12	7	8	43	3	9	7
Vacant Lot	16	17	6	0	5	4	0	0
Residence	50	10	6	0	14	1	0	0
Commercial Residence	17	2	0	0	2	1	0	0
Commercial Business	50	20	17	4	20	7	3	1
Industrial	2	0	1	1	2	0	0	0
Total								
All Parcels	374	123	105	42	107	34	18	14
Acreage	105	12	7	8	43	3	9	7
Vacant Lot	40	57	60	11	9	15	0	2
Residence	104	18	7	8	20	2	1	2
Commercial Residence	38	6	5	4	4	2	2	0
Commercial Business	81	30	25	10	29	12	6	3
Industrial	6	0	1	1	2	0	0	0

¹Easements and cases where the approved value was canceled or was higher or lower than the high or low appraised value, respectively, were not counted.

²The classification of properties is that of the Texas Highway Department and is used in its right of way data recording system. The commercial residence class includes apartments, motels, hotels and similar rental property. "Commercial business" refers to all other commercial classes of property and is synonymous with "business" property.

TABLE 2

Differences Between the Two Original Appraised Values by Method of Acquisition, Type of Taking and Type of Property, From Eight Selected THD Projects¹

Type of Property ³	Average Difference Between Appraisal Values ²			
	Negotiated Parcels		Condemned Parcels	
	Dollars Per Parcel	Percent of Low Appraised Value	Dollars Per Parcel	Percent of Low Appraised Value
		Whole Taking		
All Parcels	\$1,505(305)	32.9%	\$ 1,490(55)	15.5%
Acreage				
Vacant Lot	1,426(136)	62.1	191(18)	7.2
Residence	578(71)	6.7	869(10)	8.6
Commercial Residence	2,064(34)	15.7	3,410(5)	16.4
Commercial Business	2,480(60)	9.3	2,397(22)	25.2
Industrial	1,294(4)	4.2		
		Partial Taking		
All Parcels	\$1,642(363)	23.6%	\$ 3,132(136)	20.6%
Acreage	356(132)	22.9	297(66)	8.6
Vacant Lot	1,313(44)	63.5	292(9)	41.6
Residence	656(70)	15.2	598(15)	12.7
Commercial Residence	1,137(16)	10.1	969(7)	5.4
Commercial Business	4,024(97)	15.3	10,266(37)	43.6
Industrial	9,255(4)	9.0	4,043(2)	8.2
All Parcels	\$1,580(668)	27.9%	\$ 2,659(191)	19.1%

¹Does not include easements.

²Number of parcels is in parentheses.

³For explanation, see Footnote 2, Table 1.

appraised values were compared. The results of these comparisons are shown in Table 2. Again, vacant lots stand out with respect to percentage differences compared to other types of properties. These have the highest percent differences in the case of negotiated parcels. On the other hand, they have much lower dollar and percentage differences in the case of condemned parcels, especially for whole takings.

Negotiated partial takings of acreage and commercial residences had greater dollar and percentage differences than those of condemned partial takings. Among commercial business parcels condemned partial takings had the highest dollar and percentage differences.

Overall, Table 2 shows that generally the percentage differences for negotiated parcels are greater than those for condemned parcels. This is true for both whole and partial takings. As for the greatest dollar differences, the pattern shifts somewhat toward condemned parcels. Commercial business partial takings that subsequently were condemned show rather large dollar and percentage appraisal differences.

Third, it was thought desirable to present the range of dollar and percentage differences between the two original appraised values. These data are shown in Table 3. Negotiated vacant lots show much greater dollar and percentage ranges than do condemned vacant lots, especially in the case of whole takings.

TABLE 3

Range of Differences Between the Two Original Appraised Values by Method of Acquisition, Type of Taking and Type of Property From Eight Selected THD Projects

Type of Property ²	Range of Differences Between High and Low Appraised Values			
	Negotiated Parcels		Condemned Parcels	
		Whole Taking		
Acreage				
Vacant Lot	\$ 0 to 44,679	0.0 to 1,400.0%	\$ 0 to 801	0.0 to 31.8%
Residence	0 to 3,650	0.0 to 46.2	0 to 3,275	0.0 to 32.0
Commercial Residence	0 to 9,500	0.0 to 94.0	1,000 to 8,600	9.5 to 26.0
Commercial Business	0 to 25,119	0.0 to 54.1	0 to 14,985	0.0 to 100.3
Industrial	0 to 5,000	0.0 to 15.9		
		Partial Taking		
Acreage	0 to 12,052	0.0 to 1,207.6	0 to 3,834	0.0 to 67.5
Vacant Lot	5 to 30,085	0.1 to 576.2	0 to 854	0.0 to 280.9
Residence	15 to 3,380	0.1 to 169.1	20 to 2,980	0.5 to 30.1
Commercial Residence	1 to 4,815	0.2 to 77.8	40 to 4,150	0.4 to 14.0
Commercial Business	0 to 42,185	0.0 to 161.1	45 to 103,168	0.1 to 555.0
Industrial	0 to 33,984	0.0 to 27.3	2,659 to 5,427	8.1 to 8.3

²For explanation, see Footnote 2, Table 1.

Negotiated commercial business whole parcels show a much greater range of dollar differences than do condemned whole parcels. In contrast, the relationship is just reversed in the case of the partial takings. But in both cases, the dollar and percentage ranges are greater for partial takings than for whole takings.

In conclusion, the above tables show that for the eight projects analyzed, there are certain types of parcels which show larger dollar and percentage differences than others. For example, negotiated vacant lots and condemned commercial business partial takings stand out as having very high dollar and percentage differences. Yet it has been shown that the approved values for these types of properties, in the vast majority of cases, are one extreme or the other of the appraised values. The selection of low values for approval where the large differences exist (and where they are also primarily negotiated) literally holds the THD's right of way costs to a minimum. In contrast, if the approved values are the high appraised values, which are considerably removed from the low value, the right of way costs may be considerably more than they should be. But in any event, the selection of extremes in the majority of cases suggests that one appraiser is deemed to be right and the other wrong.

The fact remains then that there are some wide differences shown in the tables which are not strictly random. There is a need to delve into these appraisals further to determine why these wide differences in appraised values exist. The answers to some of the questions asked THD personnel on the questionnaire give some hints, but few categorical answers. They do suggest elements of value that cause frequent discrepancies between appraisal values as will later be seen.

Analysis of THD Questionnaires

A total of 119 questionnaires were distributed to the right of way sections of 11 districts, the Houston Urban office, and the D-15 Austin office. In the THD districts, administrators of appraisal sections, review appraisers, negotiators, attorneys, and miscellaneous personnel completed questionnaires. In the case of D-15, only review

TABLE 4

The Number of Questionnaires Distributed to and Returned From THD Personnel, by Type of Position

Position	Number of Questionnaires	
	Distributed	Returned
Review Appraisers		
District	49	32
D - 15	10	10
Negotiators	24	14
Administrators	17	9
Attorneys	10	8
Miscellaneous	9	5
	119	78

appraisers answered them. Table 4 shows the number of questionnaires distributed to and returned from the THD personnel according to type of position.

A total of 78 completed questionnaires were received to be analyzed. Of this number, five were filled out by miscellaneous personnel of the districts. Their answers to the questions indicated that they had very little to do with appraisal data. Therefore, it was decided to exclude these five from the tables presented in this report.

The questions asked cover such matters as the purpose and functions of appraisal review, appraisal review problems and procedures, personal data, and hypothetical appraisal problems. It is the last of these that attention is directed to for the moment. An attempt is made here to correlate the findings of the previous section with those of this section.

One of the hypothetical problems submitted for answers was as follows: Suppose two appraisers submitted the following values:

	Appraiser I	Appraiser II
Land	\$ 6,000	\$4,000
Improvements	4,000	5,000
Total	\$10,000	\$9,000

It was stated that both of these appraisals appear to have good documentation and reasoning. Then the question was asked: What will be your conclusions and recommendations? Table 5 shows the answers of the respondents, by type of job. A large proportion of review appraisers either answered that they would order a re-appraisal or that the question gave insufficient information to support a conclusion. Responses nevertheless indicated a tendency that the high rather than the low value should be recommended. This conforms to the results of actual appraisal data presented in Table 1. Yet, review appraisers and other personnel stated that they do not feel compelled to choose in toto the higher of two independent appraisals of a parcel, as is revealed by Table 6. In Table 7, their explanations for Table 6 responses are given. These explanations do not reveal a bias toward high approved values. Review appraisers stress that a higher value would be chosen only if properly supported.

As Table 1 showed, higher values most often were selected regardless of type of acquisition. This is partially supported by Table 8, which shows that THD personnel say they seldom recommend values higher than they believe to be justified by the appraised values in order to avoid condemnation cases. In other words, respondents ruled out type of acquisition as a reason for either high or low values being selected.

Considering the type of taking, there is some agreement between Table 1 and Table 9. The former revealed that even though the higher value was selected more frequently than the low value, regardless of type of takings, there was

TABLE 5
Responses to Question: To the Above Appraised Values, What Will be Your Conclusions and Recommendations?¹

Answers to Question	THD Right of Way Personnel					
	D-15	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
	Review Appraisers					
\$9,000	0	1	1	0	0	2
\$10,000	0	11	1	5	1	18
Order a re-appraisal	0	9	1	2	0	12
Insufficient information	1	10	3	0	1	15
Request district appraiser to reconcile differences	3	0	0	0	0	3
Depends heavily on district's recommendation	2	0	0	0	0	2
Take value more near market value	1	0	0	0	0	1
Both could be correct	1	0	0	0	0	1
Both could not be correct	0	0	0	1	0	1
Investigate differences	1	0	0	0	0	1
Differ on highest and best use	1	0	0	0	0	1
Not applicable, no response, or unknown	0	1	8	1	6	16
Total Responding	10	31	6	8	2	57

¹Two appraisals of same property, both well-documented and reasoned.

	Appraiser I	Appraiser II
Land	\$ 6,000	\$4,000
Improvements	4,000	5,000
Total	\$10,000	\$9,000

TABLE 6
Responses to Question: Do You Feel Compelled to Choose In Toto the Higher of Two Independent Appraisals of a Parcel?

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
No	7	29	5	8	2	51
Yes	0	3	0	0	0	3
Very often	2	0	0	0	0	2
Not applicable, no response, or don't know	1	0	9	1	6	17
Total Responding	9	32	5	8	2	56

TABLE 7
Explanations of Answers to the Question: Do You Feel Compelled to Choose In Toto the Higher of Two Independent Appraisals of a Parcel?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Would choose higher value only if properly supported	1	12	0	0	0	13
Take report that best represents market value	0	9	2	3	1	15
Take report with best documentation	4	7	0	1	1	13
Must maintain an independent opinion	0	3	0	0	0	3
Under threat of condemnation, owners are given benefit of doubt	2	1	0	0	0	3
Choice of higher would be more appreciated by supervisors	0	1	0	0	0	1
Being high has no relationship to being correct	1	0	0	2	0	3
Correlate two reports	0	0	1	0	0	1
Lower appraisal would be best	0	0	1	0	0	1
Other things equal, resolve in favor of owner	0	0	0	1	1	2
Might result in having no uniform value	0	0	0	1	0	1
Not applicable or no response	2	1	10	1	5	19
Total Responding	8	31	4	8	3	54
Total Answers	8	33	4	8	3	56

¹Some respondents gave more than one answer.

TABLE 8

Responses to Question: Do You Ever Recommend Values Higher Than What You Believe to be Fair Compensation (as Would be Justified by Appraised Value) in Order to Avoid Condemnation Cases?

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
No	6	27	3	6	2	44
Not for this reason	0	1	0	0	1	2
Only if in range of value	1	0	0	0	0	1
Possibly	0	1	1	1	0	3
Yes	0	2	0	0	0	2
Not applicable, no response, or unknown	3	1	10	2	5	21
Total Responding	7	31	4	7	3	52

one type of property for which this was not the case. For the vacant lots of one project, low values were selected more frequently than high values, especially for whole takings. Table 9 indicates that THD personnel think that the best type of taking to minimize over-compensation is the whole taking of bare land. The partial taking of bare land would be next best. When asked for an explanation, many of them said either that the whole taking of bare land was the easiest type to appraise and with more accuracy or that such type of taking removes the question of damages, enhancements, and improvements. Thus the two sources of information agree that whole takings, especially of bare land, tend to be more advantageous to the THD than partial takings.

In addition, the answers to another question point to improvements and damages as being two elements of value which are linked with major differences between appraisals. As shown in Table 10, THD personnel were asked to list the most unusual discrepancies or inconsistencies between two independent appraisals of right of way. The difference between improvement value estimates was the most frequent reply. Damage estimates were listed next. These responses suggest that properties with improvements as well as those which are partial takings (where damages are to

be considered) frequently cause discrepancies between appraisals. This conclusion is further supported by the answers when respondents were asked to check the statement that they believed to apply to the effects of applying the Carpenter Case formula (Table 11). The majority affirmed that differences between two independent appraisals are likely to be greater in the case of partial takings and that such takings lead to higher right of way costs.

So far as improved properties are concerned, there is some disagreement, perhaps, between the sources of information. Tables 2 and 3 suggest that generally the largest percentage differences and the greatest dollar range involve vacant lots and acreages and commercial business parcels. It might appear, then, that improved properties involve the fewer appraisal difficulties. Somewhat to the contrary, Table 10 points to improvements as a major source of discrepancy. Answers to another question, appearing in Table 12, shed some light on the matter. Here respondents were asked a speculative question as to why improved land might be easier to appraise than unimproved land. They gave as principal reasons: (1) the highest and best use is established, (2) more market data are available, and (3) more than one approach to value is feasible when improved

TABLE 9

Responses to Question: Relative to Minimizing Over-Compensation, Which Type of Taking Is Generally Most Advantageous to THD?

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Whole taking of bare land	9	24	4	5	5	47
Whole taking with improvements	0	0	4	3	0	7
Partial taking of bare land	0	3	1	0	0	4
Partial taking with improvements	0	0	1	0	0	1
Partial taking leaving two remainders (one with improvements)	0	0	0	0	0	0
No consistent differences	1	4	2	0	0	7
Not applicable or no response	0	1	2	1	3	7
Total Responding	10	31	12	8	5	66

TABLE 10

Responses to Question: What Are the Most Usual Discrepancies or Inconsistencies Between Two Independent Appraisals of Right of Way?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Improvement value estimates	2	12	3	1	1	19
Damage estimates	2	6	1	1	1	11
Unsupported personal opinions	0	6	1	0	0	7
Highest and best use	4	4	1	3	0	12
Adjustments of comparables	3	4	0	2	2	11
Choice of comparables	0	3	0	1	1	5
Depreciation estimates	2	1	0	1	1	5
Land value estimates	1	1	1	0	0	3
Math and mechanics	0	2	0	0	1	3
Final value estimates	0	2	2	1	0	5
Component parts value estimates	1	0	0	1	1	3
Reproduction cost estimates	1	0	0	1	0	2
Items on check sheet	0	1	0	0	0	1
Inclusion of personal property	0	1	0	0	0	1
Failure to view project as a whole	0	1	0	0	0	1
Omissions	0	0	0	0	2	2
Not applicable, no response, or unknown	1	2	7	1	1	12
Total Responding	9	30	7	8	7	61
Total Answers	16	44	9	12	10	91

¹Some respondents gave more than one answer.

properties are appraised. (It should be noted that in regard to this question respondents did not necessarily concur that improved properties are the easiest to appraise.)

This section has reported the types of appraisals and elements of value which are believed to cause the greatest or more common discrepancies between independent appraisals of the same property. Probably a more intensive analysis

of individual appraisals would cast more light on the elements of value that may be associated with frequent and large differences. However, the two sources of data generally reveal that (1) THD personnel tend to select the higher of two appraisal estimates for the approved value, regardless of method of acquisition or type of taking; (2) partial takings have larger discrepancies between appraisal estimates than whole

TABLE 11

Response to Instruction: Check the Statements That You Believe Apply to the Effects of Applying the Carpenter Case Formula¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Four appraisals are required (by one appraiser)	10	20	1	4	2	37
Property owners generally do not understand results	7	17	5	3	5	37
If appraisals are properly performed, land owners would never receive less than the difference between a "before" value of whole property and an "after" value of remainder	7	10	2	5	5	29
Partial takings lead to higher ROW costs than whole takings	8	16	6	5	5	40
There is a tendency for a land owner to "have his cake and eat it too" when he is subjected to a partial taking	8	14	4	5	2	33
Differences between two independent appraisals are likely to be greater than is the case for whole takings	7	16	4	8	3	38
Not applicable or no response	0	4	6	1	1	12
Total Responding	10	28	8	8	7	61
Total Answers	47	93	22	30	22	214

¹Some respondents gave more than one answer.

TABLE 12
Responses to Question: Why Might Improved Land be Easier to Appraise Than Unimproved Land?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Highest and best use is established	2	15	2	2	1	22
More market data available	5	13	1	6	5	30
Can use more than one approach to value	1	7	0	2	0	10
It isn't or shouldn't be	2	3	3	0	0	8
Can determine land value by land residual technique	0	2	0	0	0	2
Deal with tangibles in case of improved land	0	1	0	0	2	3
Not applicable or no response	0	1	8	0	1	10
Total responding	10	31	6	9	7	63
Total answers	10	41	6	10	8	75

¹Some respondents gave more than one answer.

takings; and (3) whole takings of bare land show large appraisal differences, but approved values favor the lower of the appraisals. In addition, the questionnaires revealed two troublesome elements of value which, in the opinion of the re-

spondents, result in the most usual discrepancies or inconsistencies between appraisal estimates. These were improvements and damage estimates. Commercial business, especially improvements, seem to present a major problem in evaluation.

Causes of Appraisal Inconsistencies

At the beginning of this study, it was assumed that there are many causes of appraisal inconsistencies. For this reason a two pronged attack was made on the problem, that is, studying appraisal data and asking questions to THD personnel to obtain some clues to the problem.

The analysis of appraisal data revealed that negotiated tracts had larger differences between appraisals than did condemned tracts. This suggests that the need for condemnation is not related to difficulty of appraisal. The data further showed that partial takings had larger differences than whole takings. By considering the specific property types, it was found that vacant lots and commercial business tracts showed wide dollar and percentage differences. Last, in the majority of cases, the approved values were found to be the same as the high appraisal for all property types, except vacant lots. This is a critical point, for the approved value will be, in many cases, what is ultimately paid for a parcel. The selection of the highest of two appraised values may reduce condemnation rates.

The analysis of the answers to questions asked THD personnel revealed that improvements and damages were elements of value especially difficult to appraise. It was confirmed that THD personnel are prone to select the higher appraisal estimate as the approved value.

To give more specific reasons why large or small differences may exist between two appraisal estimates and why the high or low value

is selected as the approved value, answers to other questions on the questionnaires are now summarized.

Biases

There were several biases suggested in answers to the questionnaire. First, some of the THD personnel say that fee appraisers are biased in favor of the landowner. To the extent that this is true, the appraisal estimates of such an appraiser may be unduly high. Thus, a bias would be built into the appraisal before the review appraiser had an opportunity to see it. Table 13 gives some indications of the above bias. Answers like "failure to consider both the buyer's and seller's viewpoint, damaging remainder without adequate support, tendency to appraise only value in use, or leaning toward the upper limit of value" are interpreted as evidences of this bias toward the owner's viewpoint.

Right of way personnel of THD were asked about the biases of THD staff appraisers in regard to right of way appraisal. Some believed that the most common bias is over-compensation to the landowner. This is revealed in Table 14. The probable result of such a bias is suggested in Table 15, which shows that almost one-third of the review appraisers think that over-compensation for right of way real estate is the general tendency.

Table 16 gives the respondents' definition of the THD's interpretation of fair market value.

TABLE 13
Responses to Question: What Are the Most Common Biases of Fee Appraisers?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Fail to consider both buyer's and seller's viewpoints	4	6	3	0	3	16
Damaging remainder without adequate support	4	3	0	2	0	9
Lengthy report	0	5	0	1	0	6
Fear of eminent domain	1	3	0	0	0	4
Nonacceptance of criticism	1	0	1	1	1	4
Tendency to only appraise value in use	0	2	0	0	0	2
Not recognizing purpose and function of the appraisal	0	2	0	0	0	2
Adjust efforts to the fee schedule	1	1	1	0	0	3
Feel that THD is too precise in determining future use and value of parcel	0	1	1	0	0	2
Lean toward upper limit of value	0	1	0	1	1	3
Think that THD wants lowest value	0	1	0	0	0	1
Hasty preparations	0	1	0	0	0	1
Not applicable, no response or don't know	1	8	8	4	3	24
Total Responding	9	24	6	5	5	49
Total Answers	11	27	6	5	5	54

¹Some respondents gave more than one answer.

TABLE 14
Responses to Question: What Are the Most Common Biases Shown by THD Staff Appraisers?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Overcompensation to the landowner	4	3	0	0	0	7
Follow too closely static point of view	2	2	2	0	2	8
Too conservative	0	3	1	0	0	4
Selection of poor comparables	1	2	0	0	0	3
Lengthy report	0	3	0	0	0	3
Not recognizing initial errors, purpose and function of the appraisal	0	2	1	0	1	4
Low salaries	0	1	1	1	0	3
Unwillingness to confer with fee appraiser about failure to comply with THD policies	2	0	1	0	0	3
Preconceived opinions of market value	0	2	0	0	0	2
Knowledge of fee appraisers' limitations and abilities	0	2	0	0	0	2
None	0	1	0	1	0	2
Penalize too heavily for topography	0	1	0	0	0	1
Outside influence	0	1	0	0	0	1
Fear of eminent domain	1	0	0	0	0	1
Knowledge that ROW must be speedily acquired	1	0	0	0	0	1
Nonacceptance of criticism	1	0	0	0	0	1
A few legal problems	0	0	0	1	0	1
Not recognizing bias of fee appraisers	0	0	0	1	0	1
Avoiding controversial areas to get quick approval of values	0	0	0	0	1	1
Depreciation because of supposedly over improvement	0	0	0	1	0	1
Enhancement to remainder	0	0	0	1	0	1
Not applicable, no response, or unknown	1	9	8	3	4	25
Total Responding	9	23	6	6	4	48
Total Answers	12	23	6	6	4	51

¹Some respondents gave more than one answer.

With few exceptions, it appears that THD's position is well understood.

Differences of Opinion

Normal differences of opinion very often cause variations between two fee appraisals. This is the judgement of more than one-third of the district review appraisers, as shown in Table 17.

Even a greater percentage of administrators and attorneys give this as their reason for discrepancies between independent appraisals. Note that they use the term "normal" differences of opinion. Thus, this is a perfectly acceptable difference, supposedly not tainted with bias. Obviously, it is difficult to separate just a normal difference of opinion from some distinct bias.

TABLE 15
Responses to Question: From Your Personal Experience and Knowledge, Which of the Following Statements Seems to Best Fit the Adequacy of Compensation for Right of Way?

	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Over-compensated for real estate but not necessarily enough to cover "non-compensables" such as costs, loss of value of personality, etc.	1	4	1	2	0	8
Over-compensated for real estate to an extent that all "losses" tend to be covered	0	5	2	1	1	9
Adequately compensated for real estate (neither over-nor underpaid)	8	20	5	0	3	36
Under-compensated for real estate	0	2	1	0	1	4
Not applicable or no response	1	1	5	6	3	16
Total Responding	9	31	9	3	5	57

TABLE 16

Responses to Question: As You Understand it, What Is the THD's Interpretation of "Fair Compensation" for Right of Way?

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Market value	5	14	5	4	3	31
Market value plus damages	0	7	1	0	1	9
Willing buyer and seller	4	2	6	3	3	18
Reimbursement in money for what is taken away	0	2	2	1	0	5
Upper limit of range of value	0	3	0	0	0	3
That which complies with Carpenter Case	0	1	0	1	0	2
Every penny the owner is entitled	0	1	0	0	0	1
Lowest possible amount that THD can get by with	0	1	0	0	0	1
Making owner whole again	1	0	0	0	0	1
Not applicable, or no response	0	1	0	0	1	2
Total Responding	10	31	14	9	7	71

In further discussion nearly all of the respondents stated that good documentation constitutes adequate evidence for appraisal opinions. A complete report also ranks high in the support of opinions. It was surprising to find that only about one-half of these review appraisers indicated that they usually fail to challenge an appraiser's judgement when not in agreement with him. As was shown previously, review appraisers listed unsupported personal opinions as the third most usual discrepancy between appraisals (Table 10).

Appraisal Preparation

Almost a third of the district review appraisers mentioned inadequate fee appraiser preparation as a reason for discrepancies between two independent appraisals. This is revealed in Table 17. Inadequate preparation may lead to the omission of important data that could change the final estimate of value. Unclear presentations may lead to misinterpretations by those who have the appraisal review responsibility. In fact, district review appraisers indicated that the most diffi-

TABLE 17

Responses to Question: Why Do Discrepancies Between Two Independent Appraisals of Right of Way Occur, in Your Judgement?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Normal differences of opinion	0	13	0	4	4	21
Inadequate preparation	1	10	4	0	1	16
Lack of market data	2	3	0	0	0	5
No definite procedures established as guide for appraisers	0	4	0	0	0	4
Lack of training and experience	0	3	0	0	0	3
Appraisal is not an exact science	0	2	0	1	1	4
Value estimates based on inexact data	0	2	0	0	1	3
Over-emphasizing the land value	0	1	0	0	0	1
Failure to recognize social, economic and governmental trends	0	1	0	0	0	1
Human error	1	0	0	1	1	3
Appraisers tend to predetermine values	1	0	0	0	0	1
Use of different highest and best uses	1	0	1	1	0	3
Improper interpretation of market data	1	0	0	0	0	1
Less emphasis on components of value than on over-all value	1	0	0	0	0	1
Lack of knowledge of replacement costs of improvements	1	0	0	0	0	1
Lack of knowledge of proper depreciation estimates	1	0	0	0	0	1
Difference in quality of developments	0	0	0	1	0	1
Not applicable, no response, or unknown	0	3	9	1	1	14
Total Responding	10	29	5	8	7	59
Total Answers	10	39	5	8	7	69

¹Some respondents gave more than one answer.

cult problem faced in appraisal review is that of properly interpreting the work of fee appraisers. Second to this is the difficulty in working with fee appraisers to resolve misunderstandings. (Table 18.)

Errors

Errors are closely akin to inadequate preparation. They can affect every facet of an appraisal and can be, of course, either errors of omission or of commission. The respondents were asked to name the most common error in right of way appraisals. Their responses are listed in Table 19. The leading error, mentioned by about half of the district review appraisers, was poor documentation. Most of those who listed this error indicated that it stemmed largely from inappropriate comparable sales data. Second to poor documentation, about a fourth said math errors were the most common error in appraisals. Poor quality work was also listed by about a fifth of the district review appraisers.

The respondents also were asked to name their own most common error or omission made in appraisal review (Table 20). Review appraisers were critical of themselves mainly in terms of their need to be more detailed and more thorough.

Most of the review appraisers reported that they take into account the consequences of their decisions being wrong. About a third of the district reviewers believe that the primary advantage of making a personal visit to the subject properties is to become familiar with them and check

for omissions and discrepancies in reports. While there, they can determine whether the appraisal conclusions are properly supported.

Inappropriate Comparable Sales

As reported in the previous section, poor documentation was considered the most common error of fee appraisers. By this, the district review appraisers frequently meant inappropriate sales data. In a specific question on comparable sales, almost all the respondents indicated that they sometimes disagree with the comparables selected for use by fee appraisers. When asked to explain why, the majority of them said that they differed with appraisers on the degree of comparability with the subject property. See Table 21. Lack of market data was the third most common reason given for differences between fee appraisals, as was seen in Table 17. Perhaps this is the reason why a fourth of the review appraisers said that they obtain market sales data from sources other than fee appraisal reports for use in appraisal review. Probably it is also the reason that almost all of them visit the comparables as well as the subject properties.

Improper Adjustments of Comparable Sales

Not only have district review appraisers found inappropriate comparable sales in many of the appraisals, they question that many of the comparables (whether acceptable or not) have not been properly adjusted to the subject property. Table 21 shows that more than one-third of the

TABLE 18
Responses to Question: What Is the Most Difficult Problem Faced in Appraisal Review?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District			Attorneys	
	Review Appraisers	Review Appraisers	Negotiators	Administrators		
Interpreting fee appraisers' work	6	7	0	1	0	14
Difficulties in working with fee appraisers	0	5	0	0	0	5
Market value to place on property	1	5	0	0	0	6
Establish a medium between extreme opposites	0	3	0	1	0	4
Choose between two competent appraisals	0	3	0	1	0	4
Measuring damages	1	3	0	0	0	4
Insufficient information or documentation of report	2	2	0	0	0	4
Difficulty in making views clear	1	1	0	0	0	2
Being reviewer first and appraiser second	0	1	1	0	0	2
Completing a 14 page appraisal form	0	1	0	0	0	1
Channel and temporary easement values	0	1	0	0	0	1
Values for fence	0	1	0	0	0	1
Making sure all facts on subject are considered	1	0	0	2	2	5
Keeping qualified personnel	0	0	0	1	1	2
Being biased in favor of state	0	0	1	0	0	1
Poor judgement and inconsistencies	0	0	1	0	0	1
Inspecting subject and comparables	0	0	1	0	0	1
Reconciling highest and best use	0	0	0	1	0	1
None	0	1	0	0	0	1
Not applicable or no response	0	0	10	2	5	17
Total Responding	10	32	4	7	3	56
Total Answers	12	34	4	7	3	60

¹Some respondents gave more than one answer.

TABLE 19
Responses to Question: In Your Experience, What Is the Most Common Error in Right of Way Appraisals?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Poor documentation (primarily inappropriate sales data)	1	15	0	1	2	19
Math errors	0	7	1	2	1	11
Poor work—due to hastiness and laziness	1	6	1	0	1	9
Omissions	1	3	0	3	1	8
Faulty conclusions	2	4	1	0	0	7
Lack of complete and honest appraisal of remainder	4	0	0	0	0	4
Selection of highest and best use	1	1	0	0	1	3
Inconsistent values on sequential tracts	0	0	2	0	2	4
Biased opinions	0	1	2	0	0	3
Tend to over-appraise plottage increment	1	0	0	0	0	1
Using appraiser not qualified to appraise specific types of property	0	1	0	0	0	1
Poor depreciation estimates	0	1	0	0	0	1
Taking low appraisal in most cases	0	0	1	0	0	1
Not checking property and talking to landowner	0	0	1	0	0	1
Too much variance in market value	0	0	1	0	0	1
Poor description and measurement of improvements	0	0	1	0	0	1
Other errors	0	0	0	1	2	3
Not applicable, no response, or unknown	0	0	3	2	0	5
Number Responding	10	32	11	7	8	68
Number of Answers	11	39	11	7	10	78

¹Some respondents gave more than one answer.

review appraisers say this is a reason why they sometimes disagree with the comparables selected.

The selection of adjustments suitable for comparables apparently gives some review appraisers trouble too. For example, one of the hypothetical problems presented them on the questionnaire posed this problem: Assume a sub-

ject property and three comparables all identical except that the comparables are 144 feet in depth and the subject is 169 feet in depth. All properties are suitable for the same commercial uses. What type of adjustment would be acceptable to you as a review appraiser? The answers to this question appear in Table 22. Most of them thought

TABLE 20
Responses to Question: What Is Your Most Common Error or Omission in Appraisal Review?

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Failure to be absolutely thorough	3	9	0	0	1	13
Insufficiently detailed comments to justify recommendations	1	7	0	1	0	9
Failure to demand good job from fee appraisers	0	3	0	0	0	3
Insufficiently familiar with subject property	0	3	0	0	0	3
Determination of highest and best use	0	1	0	0	0	1
Depreciation estimates	0	1	0	0	0	1
Assuming thinking of appraisers	1	0	0	0	0	1
Approving values based on damages instead of appraised value of remainder	1	0	0	0	0	1
Too wordy	0	0	1	0	0	1
Overlook utility problems	0	0	1	0	0	1
Failure to coordinate logic with common sense	0	0	1	0	0	1
Failure to project self into willing buyer or seller concept	0	0	0	1	0	1
None	0	4	0	0	0	4
Not applicable, no response, and unknown	4	4	11	7	7	33
Total Responding	6	28	3	2	1	40

TABLE 21
Explanations for Question: Why Do You Sometimes Disagree With the Comparables Selected for Use by Fee Appraisers?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Differ on their comparability with subject	8	16	8	3	4	39
Disagree on adjustments made on comparables	1	12	0	2	0	15
Normal differences of opinion	0	4	0	2	0	6
Differ on highest and best use	0	2	0	0	1	3
Lean to conservative side too often	0	0	2	0	0	2
Not applicable or no response	1	1	4	2	3	11
Number Responding	9	31	10	7	5	62
Number of Answers	9	34	10	7	5	65

¹Some respondents gave more than one answer.

that a depth adjustment was needed. They disagreed considerably on the method acceptable to them and it is natural that they should. Overall, local market conditions often dictate the type of adjustment to use. No doubt, however, many differences between appraisals can be traced to the adjustments applied to the comparables. When improvements are present, there is even more chance for disagreement on adjustments.

Inclusion of Noncompensable Items

About 40 percent of the district review appraisers reported that they sometimes find non-compensable items included in appraised values. Four said that they find them often, as shown in Table 23. The presence of such items greatly complicates appraisal review and may cause disharmony between fee and review appraisers.

Appraising Use Value Instead of Market Value

A question was asked to determine whether the respondents thought fee appraisers have difficulty in distinguishing between value in use and market value. Two-thirds of the district review appraisers indicated that fee appraisers do have some trouble in this regard. The D-15

review appraisers indicated this strongly by giving an unqualified yes as an answer. When asked to explain why, they responded as listed in Table 24. Influence by the landowner, over-emphasis of in use value of property, and lack of knowledge or experience were the most frequent reasons given.

It is very possible that large differences in appraisers' estimates of value can result from this problem. Certainly appraisal review is made more difficult when value in use clouds the market value estimate.

Failure to Distinguish Between General and Specific Benefits

Although two-thirds of the review appraisers indicate that fee appraisers are usually accurate in distinguishing between general and specific benefits, there seems little doubt that this matter confounds fee appraisers and review appraisers. It is a source of "normal" difference of opinion.

Almost half of the district review appraisers indicated that some confusion does exist between general and specific benefits and compensability and noncompensability. All but one of the D-15 reviewers thought this was the case. The ma-

TABLE 22
Responses to Question: What Type of Adjustment Would Be Acceptable to You (As a Review Appraiser?)

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Depth adjustment	3	14	2	0	0	19
Size or area adjustment	0	6	2	4	2	14
Not necessarily any	1	5	1	0	0	7
Depends on commercial depth being utilized	2	4	0	0	0	6
Need comparables same depth	3	0	0	1	0	4
Use 4-3-2-1 adjustment	0	1	0	0	0	1
Use depth table	0	0	0	0	1	1
Use SRE adjustment	0	1	0	0	0	1
Not applicable or no response	1	1	9	4	5	20
Number Responding	9	31	5	5	3	53

TABLE 23

Responses to Question: Do You Often Find That Values For Noncompensable Items Are Included in Appraisals You Review?

Answers to Question	THD Right of Way Personnel					
	D-15		District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
No	1	9	6	2	2	20
Seldom	7	10	1	3	1	22
To some extent	1	8	0	3	0	12
Often	1	4	0	0	0	5
Not applicable or no response	0	1	7	1	5	14
Number Responding	10	31	7	8	3	59

TABLE 24

Responses to Question: Why Might a Difficulty Arise in Distinguishing Between Value in Use and Market Value?¹

Answers to Question	THD Right of Way Personnel					
	D-15		District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Appraiser overinfluenced by landowner	4	6	0	0	1	11
Overemphasized in-use value of property	0	7	0	0	0	7
Lack of knowledge or experience	1	7	1	2	1	12
Lack of data to determine difference	2	3	2	0	0	7
Failure to determine highest and best use	0	2	0	1	0	3
Difference of opinion	0	2	1	0	0	3
Lack of analysis	0	1	0	1	0	2
Problem of estimating value for separate parts in a partial taking	1	1	0	0	0	2
Area of rapid change in use	0	0	0	1	0	1
Comparables fit zone regulation instead of actual use	0	0	0	0	1	1
None should arise	0	0	1	0	0	1
Not applicable, no response, or unknown	2	5	9	4	5	25
Number Responding	8	27	5	5	3	48
Number of Answers	8	29	5	5	3	50

¹Some respondents gave more than one answer.

majority of those who gave reasons say that it is very difficult to distinguish between them due to the lack of determining factors or that the difficulty is caused by attorneys and the courts. Actually benefits, either general or specific, usually relate only to one another and the same is true of compensable versus noncompensable items. The only relationship that benefits have to compensability is that compensable costs in the form of damages to the remainder can be offset by the special benefits.

Deciding Net Enhancements

The review appraisers were asked if they themselves zealously pursued the objective of deciding net enhancements when it is evident to them that enhancements are at least equal to damages. Table 25 shows that their response was about 50 percent negative for both D-15 and district reviewers. This omission is not unexpected since specific enhancements can be used only to offset damages in the settling of awards. However, it suggests that there may be a bias

TABLE 25

Responses to Question: If It Is Evident to You That Enhancements Are at Least Equal to Damages, Do You Zealously Pursue the Objective of Deciding Net Enhancements?

Answers to Question	THD Right of Way Personnel					
	D-15		District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
No	5	15	3	4	1	28
Yes	3	14	1	3	2	23
Yes and no	1	0	0	0	0	1
Not applicable or no response	1	3	10	2	5	21
Number Responding	9	29	4	7	3	52

TABLE 26

Explanations to Question: If It Is Evident to You That Enhancements Are at Least Equal to Damages, Do You Zealously Pursue the Objective of Deciding Net Enhancements?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Standard procedure	1	8	0	0	0	9
Only when eminent domain proceedings are required	2	6	1	2	0	11
Established by "before" and "after" remainder appraised values	2	2	0	0	1	5
Too difficult to find comparable sales	0	2	2	0	0	4
Not necessary, since enhancements don't offset compensation for part taken	0	4	0	0	0	4
Not sufficient time	0	2	0	0	0	2
Have District pursue this	2	0	0	0	0	2
Usually not enough data in appraisal to justify effort	1	1	0	1	0	3
If zealously pursued, will probably lead to condemnation	0	1	0	0	0	1
Too difficult to meet legal test	0	1	0	0	0	1
Damages are offset by enhancements	0	0	0	1	1	2
Usually use what is established by appraiser	0	0	0	1	0	1
Enhancements too easily found, just to satisfy D-15	0	0	0	1	0	1
Enhancements shouldn't completely offset damages to remainder	0	0	0	0	1	1
Not applicable or no response	2	7	11	3	5	28
Number Responding	8	25	3	6	3	45
Number of Answers	8	27	3	6	3	47

¹Some respondents gave more than one answer.

in review appraising causing enhancements to be given less attention than damages. Failure to determine accurately the "after" value of the remainder is a failure to substantiate (and complete) the appraisal process.

The respondents' explanations to the above question are shown in Table 26. Some indicated that this is most critical only when eminent domain proceedings are required. Others suggested that such is not necessary, since enhancements don't offset the compensation for the part taken.

Evidence of Damages

Almost two-thirds of the district review appraisers feel that comparable sales are sufficient evidence of damages to a remainder, as shown in Table 27. Not necessarily dissimilar, one-third mentioned that the appraisal of the remainder on a "before" and "after" basis provides sufficient evidence. Most of the other remarks relate to the specific elements of damage. It can be seen from these answers that the majority of the respondents recognize that comparable sales sup-

TABLE 27
Responses to Question: What Is Sufficient Evidence of Damages to a Remainder?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Comparable sales	0	19	0	4	0	23
Appraisal of remainder on a "before and after" basis	8	9	2	4	1	24
Disutility due to changes in size, shape, access, etc.	1	4	2	0	3	10
Highest and best use after taking	0	1	0	0	1	2
Estimated curative costs and income stream	0	2	0	0	0	2
Cash market price	0	0	1	0	0	1
Each remainder different problem	0	0	1	0	0	1
Not applicable, no response or unknown	1	1	8	1	3	14
Number Responding	9	31	6	8	5	59
Number of Answers	9	35	6	8	5	63

¹Some respondents gave more than one answer.

TABLE 28

Responses to Question: Which of the Five Situations Below Would You Prefer if You Were the Land Owner?¹

Answers to Question	THD Right of Way Personnel					
	D-15		District			All Respondents
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Partial taking leaving two remainders (one with improvements)	9	12	2	0	3	26
Partial taking bare land	0	10	2	1	0	13
Partial taking with improvements	0	5	3	4	1	13
Whole taking of bare land	0	4	3	1	1	9
Whole taking with improvements	0	4	1	2	2	9
No consistent difference	0	2	0	0	0	2
Not applicable, no response, or unknown	1	2	6	1	1	11
Number Responding	9	30	8	8	7	62
Number of Answers	9	37	11	8	7	72

¹Some respondents gave more than one answer.

ply the "key" for determining whether or not there are damages to a remainder. But some may be having some difficulty in this determination, because only half of them (as shown in Table 25) zealously pursue the objective of deciding enhancements beyond those that offset damages.

At this point, it should be recalled that a fifth of these respondents mentioned damage estimates as being the most usual difference between fee appraisals of the same property. They also designated partial takings as being the type of taking which involves the greatest differences in appraisals.

Preferred Land Owner Situation

A vast majority of the respondents would prefer to experience some kind of partial taking if their own property were to be subjected to right of way acquisition. The creation of two remainders (preferably one with improvements) was the favored type of partial taking. These results are found in Table 28. The answers reveal that right of way personnel are generally convinced that enhancements of remainders are an imminent possibility and/or that damages are over-compensated.

Frontage Road Effects

One hypothetical problem asked the respondents to assume the existence of two identical

400 acre farm tracts well removed from city influences, both having frontage and improvements on a FM road, both to be cut by an Interstate System route, and both to lose the same amount of land. The only difference between these two tracts was that one will have frontage roads and the other will not. In response to several questions asked about this situation, two-thirds of the district review appraisers thought that the tract without frontage roads would likely involve the highest right of way cost. At the same time, almost all of them considered that the tract having access to frontage roads would receive a special benefit. Therefore, they believed that they and the general public would consider the tract with frontage roads the best tract to own. Also, two-thirds of them felt that the tract having frontage roads would constitute the easiest appraisal.

Contributory Value

Another hypothetical problem asked respondents to suppose that a 100 acre farm has a well on the part to be taken in right of way. It was further specified that the well is obviously needed on the farm and is adequate. Also, it was assumed that one remainder would result from the taking. A question put forth in connection with this problem asked the respondents if it was likely that the remaining property would be damaged

TABLE 29

Responses to Question: Is the Contributory Value Related to the Part Taken or Rather to the Remainder?

Answers to Question	THD Right of Way Personnel					
	D-15		District			All Respondents
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Remainder	0	11	2	4	2	19
Part taken	5	4	1	0	0	10
Both, remainder and part taken	5	13	3	2	3	26
Depends	0	1	0	0	0	1
Not applicable or unknown	0	3	8	3	3	17
Number Responding	10	29	6	6	5	56

TABLE 30
Responses to Question: What Is Likely the Appraised Value of the Well?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
\$ 0 - \$ 999	0	3	1	1	0	5
\$1,000 - \$1,499	0	5	0	0	1	6
\$1,500 - \$1,999	0	2	0	0	0	2
\$2,000 less depreciation	5	6	1	3	0	15
\$2,000	4	9	6	0	3	22
Salvage value	0	4	0	1	0	5
Market value of 100 acres with and without well	0	1	0	0	0	1
Contributory value to part taken as severed tract	1	0	0	0	0	1
Not applicable, no response, or unknown	0	2	6	4	4	16
Number Responding	10	30	8	5	4	57

¹The well referred to was assumed to be located on a 100 acre farm, needed on the farm, adequate, 10 years old and with a current replacement cost (new) of \$2,000.

by the right of way. Over two-thirds of the district reviewers and over one-half of the D-15 reviewers answered in the affirmative. Thus, they recognized that the well contributed some value to the remainder which would be damaged if the well was taken. However, these respondents were divided over the question of whether the contributory value of the well should be related to the part taken or to the remainder. Table 29 shows that more of the district review appraisers think it should be related to either the remainder or the part taken than to both. The D-15 reviewers took a little different view with half of them thinking that the contributory value of the well applied to the part taken only. This variety of responses is quite understandable. Perhaps all respondents understand that the well can be evaluated by the cost approach (given the above stated assumptions) and a pro-ration of contributory value made to the taking and to the remainder. Suppose, however, that the remainder is enhanced by the road improvement. Second thoughts are a natural consequence.

In connection with the above problem, the respondents were asked to estimate the likely appraised value of the well, given that it was 10 years old, in good condition, and has a replacement cost new of \$2,000. Again, their opinion was widely divided (Table 30). The majority of review appraisers thought the market value of the well was less than \$2,000.

A similar pattern of responses was received in regards to what they thought the well's contributory value might be. (Table 31.)

Differences in Improvement Value Estimates

Improvement value estimates may cause large differences between appraisals. Some of the reasons for this have already been discussed. Table 10 touches on some of these. Determination of highest and best use, depreciation, and reproduction costs were mentioned as some of the elements which cause the two fee appraisals to differ. The first of these was listed more frequently than the other two.

TABLE 31
Responses to Question: What Is the Contributory Value of the Well?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
\$1,000 - \$1,500	0	7	0	0	0	7
\$2,000	2	10	3	2	1	18
\$2,000 less depreciation	6	6	0	1	0	13
Market value of 100 acres with and without well	0	3	0	1	0	4
Salvage value of well	0	3	0	0	0	3
Difference between the remainder value before and after	0	0	0	0	1	1
Not applicable, no response, unknown	2	3	11	5	6	27
Number Responding	8	29	3	4	2	46

¹See footnote in Table 30.

TABLE 32

Explanation to Question: How Imminent (Foreseeable) Does A Highest and Best Use Have to be for You to Accept It as Proper?

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Reasonable future Platted or existing development extending toward the property	3	10	1	3	1	18
Market transactions must indicate Economic conditions must indicate whether a change is imminent	0	5	0	1	0	6
Must be familiar with general area	1	5	0	2	1	9
Must be obvious to the reviewer	1	4	0	1	0	6
The present	1	2	0	0	0	3
Specific time can't be given	3	2	1	0	1	7
Not applicable or no response	1	0	1	0	0	2
	0	1	0	0	0	1
	0	3	11	2	5	21
Number Responding	10	29	3	7	3	52

Data from Table 12 presented earlier show that about half of the district review appraisers thought improved land might be easier to appraise than unimproved land because the highest and best use is already established. Yet, as indicated from their response to other questions, they disagree with the fee appraisers not only on the highest and best use of the subject, but also on the highest and best use of some of the comparables used.

In response to a question asking how imminent should the highest and best use have to be for them to accept it as proper, two-thirds of the respondents gave no specific time. The other third gave answers ranging from one to 10 years. Explanations of their answers appear in Table 32. As should be expected, there is quite a bit of vagueness in the reasons given. The problem is difficult and its solutions are likely to be based heavily on experience and judgement.

Bringing the discussion back more directly to bear upon improvements, the respondents were

asked to state the circumstances under which the value of improvements should be set at salvage. Varied answers are given in Table 33 and all are quite acceptable. One of the two most frequent answers involved the problem of highest and best use change. More than a third of the district review appraisers and half of the D-15 reviewers said the value of improvements should be set at salvage when a change in highest and best use is imminent. Obviously this is a difficult decision to make in many cases, and the improvement estimates of two fee appraisers may be quite different for this reason.

Depreciation estimates depend heavily on the decision concerning the highest and best use of an improved property. If it is decided that the highest and best use has changed and that succession is imminent, the present improvements will have to be depreciated severely, in many cases, even to the point of salvage value. Such depreciation would involve economic obsolescence. Although the respondents did not mention any

TABLE 33

Responses to Question: Under What Specific Circumstances Should the Value of Improvements Be Set at Salvage?*

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
When salvage is highest value	4	14	1	1	0	20
When change in highest and best use is imminent	5	12	0	5	0	22
When improvements are worn out	0	7	3	2	1	13
When improvements have no contributory value	1	7	2	0	2	12
When improvements are substandard	0	3	0	0	0	3
When improvements are to be restored	0	2	0	0	0	2
Impossibility of removal	0	1	1	1	0	3
Not applicable, no response, or unknown	0	1	7	0	5	13
Number Responding	10	31	7	9	3	60
Number of Answers	10	46	7	9	3	75

*Some respondents gave more than one answer.

specific type of depreciation as causing wide differences between appraisals, several did refer to depreciation estimates, in the general sense, as presenting a problem to appraisers.

Lack of knowledge of replacement costs of improvements apparently is not a frequent cause of large differences between appraisals. Only one review appraiser cited this as an important appraisal problem.

Legal Considerations

Some problems that stem from the laws of acquisition have already been discussed in previous sections. For instance, the problem of determining what is compensable, and the difficulty of distinguishing between specific and general enhancements have already been covered. But it seems appropriate to focus attention on the legal requirements that have been imposed on acquisition authorities by the Carpenter Case ruling. The answers to several questions directed toward this case indicate that the respondents differ concerning the effects of the application of these legal requirements in the acquisition of right of way. (The Texas Supreme Court ruled in the Carpenter Case that the part taken is to be valued as a severed tract, that damages to the remainder(s) are to be determined as the difference in the value of the remainder(s) before the taking and after the taking considering the use to be made of the part taken and that enhancements to the remainder(s) may be used only to offset damages to the remainder(s) and not to offset the value of the part taken.)

One of the most revealing questions submitted to the respondents asked their opinion on the most important consequences of a "before" and "after" ruling were substituted for the Carpenter Case. Table 34 shows that there was not general agreement in the pattern of answers. Three district review appraisers believe the results would be the same. Five feel that more condemnation would result. Others suggest some definite benefits from such a change. A few mentioned consequences bearing directly on the appraisal process.

Table 11 sheds additional light on the respondents' opinions or knowledge of the effects of applying the Carpenter Case formula. The closest they come to complete agreement is that four appraisals are required by each appraiser.

Another question, having some bearing on the application of the Carpenter Case, asked the respondents if there are circumstances where the sum of individual values might exceed the value of the whole property. Almost two-thirds of the district review appraisers answered in the affirmative and two-thirds of the D-15 reviewers answered in the negative. The reasons for their responses are quite varied, as shown in Table 35. Several say that the sum of individual values may exceed the value of the whole due to the consideration of damages and enhancements or if a remainder is involved.

The Carpenter Case ruling is a difficult concept, hard to follow in day to day appraising. The consequential Myers Case has shown what a most literal interpretation can cause. (In this

TABLE 34

Responses to Question: What in Your Opinion Would be the Most Important Consequences if a "Before and After" Ruling Were Substituted for the Carpenter Case?¹

Answers to Question	THD Right of Way Personnel					
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	All Respondents
Less confusion to the jury	0	6	0	0	0	6
More condemnation	1	5	1	1	0	8
Smaller awards	1	5	0	1	0	7
Establish better legal concepts and substantiated opinions	0	4	2	0	0	6
Aren't they the same?	0	3	0	0	0	3
Treat enhancements, damages and taking differently	0	2	0	0	0	2
Allow enhancements to offset value of part taken	4	0	1	1	1	7
Better measure of just compensation	2	1	0	0	1	4
Eliminate double compensation	0	0	0	0	2	2
Better understanding of appraising by all concerned	0	0	0	1	0	1
Require alternate hypothetical appraisal	0	0	0	1	0	1
Would deprive many owners their just compensation	0	0	0	2	0	2
Would be a tendency to ignore damages to remainder	0	0	0	0	1	1
Owners would have to pay state	1	0	0	0	0	1
Not applicable, no response, or unknown	1	7	10	2	3	23
Number Responding	9	25	4	7	5	50
Number of Answers	9	26	4	7	5	51

¹One respondent gave more than one answer.

TABLE 35

Explanation of Responses to Question: Are There Circumstances Where the Sum of Individual Values Might Exceed the Value of the Whole Property

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Where lease value is greater than present economic rent	1	7	0	1	1	10
Greater improvement value than area can support	0	5	3	1	0	9
Sum of parts can't exceed value of whole	7	2	1	1	1	12
With damages	0	3	0	0	0	3
If enhancements are considered	0	3	0	0	0	3
If high value for small tracts	0	2	0	0	0	2
Salvage value of water supply plus damages to remainder to restore water supply	0	1	0	0	0	1
For leased properties, enhancements to one interest can't offset damages to another interest	1	0	0	0	0	1
Where contributory value is less than depreciated value	0	1	0	0	0	1
Taking plus damage for unfenced condition on smaller remainder	0	0	0	1	0	1
A change in highest and best use	0	0	0	2	0	2
Under premises given appraiser, could happen	0	0	0	0	1	1
Not applicable, no response, or unknown	1	10	10	3	5	29
Number Responding	9	22	4	6	3	44
Number of Answers	9	24	4	6	3	46

¹Some respondents gave more than one answer.

case, damages to remainder were waived and attention was focused on the value of the part taken as a severed tract.) The Myers Case hearings revealed that there are several deviations in practice regarding the Carpenter Case. Responses to the questionnaire as well as verbal discussions with THD personnel suggest that much uncer-

tainty still prevails. If fee appraisers are plagued by the same problem, large differences between the appraised values of the partial takings that are analyzed in the study are to be expected. Review appraisers are faced with the dilemma of monitoring, with uncertainty, appraisals that have been performed in a state of uncertainty.

Other Survey Questions

Education and Experience of Review Appraisers

This study does not deal with the precise qualifications of THD right of way personnel. However, the questions asked reflect on their preparedness in terms of their levels of education and experience in the field of appraisal and appraisal review.

The educational level of the respondent review appraisers is reasonably high. All have a high school education, and only seven have not taken some college courses. Five of the latter have taken one or more special appraisal courses. In fact, only 10 of all the 42 review appraisers have failed to take special appraisal courses.

TABLE 36

Responses to Question: What Training, Experience or Reorientation of Your Work Would Make You More Proficient?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
Further education and training for THD purposes	2	14	5	1	1	23
Continue appraisal and public relation courses	3	12	1	3	3	22
More fieldwork and conducting appraisals	5	8	0	1	1	15
Closer association with fee appraiser	1	2	0	0	0	3
Better supervision	0	2	0	0	0	2
Study of complete projects	0	1	0	0	0	1
More realistic time tables to relieve undue pressure	0	1	0	0	0	1
More experience in administrative and managerial duties	0	1	0	0	0	1
Discussion sessions in section	1	0	0	0	0	1
Better command of English language	1	0	0	0	0	1
More time for reading	1	0	0	1	0	2
Not applicable, no response or unknown	0	0	8	4	5	17
Number Responding	10	32	6	5	3	56
Number of Answers	14	41	6	6	5	72

¹Some respondents gave more than one answer.

TABLE 37

Responses to Question: What Changes in Appraisal Forms Might Improve or Facilitate Appraisal Review?¹

Answers to Question	THD Right of Way Personnel					All Respondents
	D-15	District				
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys	
More concise and brief	2	9	2	1	2	16
Adequate in present form	7	5	0	3	0	15
Omitting inappropriate approaches to value	0	3	0	0	0	3
More explanation on correlating adjustments of sales	0	3	0	0	0	3
Need a narrative appraisal form	0	2	0	0	0	2
Rearrange in the order that an appraisal is made	0	1	0	0	0	1
Make more scientific	0	1	0	0	0	1
More space for list of improvements on page 4 of form	0	2	0	0	0	2
Too big a problem to attempt	0	1	0	0	0	1
Change description of improvement on page 5 of form	0	1	0	0	0	1
Should add adjustment grid factors	0	1	0	0	0	1
Separate form for each type of property	0	2	0	0	0	2
Comparable data should be presented horizontally on page 7 of form	0	1	0	0	0	1
Use maps that make it easier to locate comparables on ground	0	1	0	0	0	1
Other recommendations	1	1	1	0	1	4
Not applicable, no response, or unknown	0	3	11	5	5	24
Number Responding	10	29	3	4	3	49
Number of Answers	10	34	3	4	3	54

¹Some respondents gave more than one answer.

As far as experience is concerned, three-fourths of them have had over two years experience in appraising or very closely related work. All but nine reviewers have made one or more independent appraisals in their career. Two-thirds of them have made 10 or more appraisals. A like percentage consider themselves to be qualified real estate appraisers. Several are members of, or candidates for membership in, professional organizations with all but five considering appraisal work as their careers.

Table 36 gives the respondents' answers to a question relating to training, experience or re-orientation of work that would make them more proficient. More formal classroom instruction and more actual appraisal experience ranked high on their list of suggestions. Thus, even with their current levels of training and experience, many of them feel a need for improvement.

Opinions on Appraisal Forms

Adequate appraisal forms are essential to good, well-documented appraisals and to a properly-structured appraisal review. Orderliness in the forms is, of course, highly desirable. More critical, however, is the assurance of an optimum amount of detail from data that by their nature vary greatly from parcel to parcel. Too much

detail is cumbersome and time-consuming. It also diverts the appraiser and the reviewer from the principal objectives of analysis and supporting evidence. Too little detail leaves the value unsubstantiated; the reviewer is stripped of central procedure, a follow-up on the correlation of information.

A precisely correct balance in a structured procedure is hard to achieve. For this reason, it is expected that right of way personnel should have numerous suggestions for changes in appraisal forms. Table 37 lists their several comments. It is of some interest that seven out of 10 D-15 review appraisers believe the appraisal forms to be adequate. Only four of the district review appraisers agree. Preponderantly, the latter suggest shorter (briefer) forms. Whether such less detail attains the proper balance is not known. There may be a general tendency to move to excessive detail, however, and this may be the major concern of those who call for brevity.

Only those questions and answers thought to be most revealing of appraisal difficulties and appraisal review problems have been selected for discussion. Responses to numerous other questions were obtained from the questionnaire. Some of the more meaningful of these are presented in tables in the Appendix.

Summary of Findings

One approach of the study analyzed differences between pairs of appraised values and in turn the final approved value as recorded for eight right of way projects. The principal findings of this endeavor may be briefed as follows:

1. Among the parcels studied, differences between fee appraisals of the same property appear to be relatively large whatever the method of acquisition, type of taking or type of property,

2. There seems to be strong tendency for the highest of two fee appraisal values to be selected as the approved value regardless of method of acquisition, type of taking and type of property; the major exception was that approved values of whole takings of unimproved land more often favored the lower appraisal but much of this occurred in one right of way project,

3. Partial takings demonstrated larger differences between appraised values than did whole takings,

4. Oddly perhaps, parcels obtained by negotiation appeared to have larger appraisal differences than did those eventually acquired through condemnation proceedings, and

5. Commercial business parcels showed the largest dollar and percentage differences in pairs of appraised values.

The second approach of the study attempted to reveal appraisal and appraisal review difficulties by asking a series of questions to THD right of way personnel. Generally, these latter findings confirm and extend those of the comparative analysis of appraisal differences. In summary, the major results of the second endeavor are:

1. Review appraisers in various proportions believe that:

a. Fee appraisers often are prejudiced in favor of landowners,

b. Normal differences of opinion cause much of the disagreement between fee appraisals but unsupported personal opinions (and biases) contribute to differences,

c. Low quality appraisals arise from poor documentation, poor adjustment (and perhaps selection) of comparables, insufficient market data and to some extent overt errors,

d. Fee appraisers have a tendency to include noncompensable items in their appraisals, and

e. Fee appraisers often confuse value in use and market value and have some difficulty with

specific versus general benefits; they seldom include personality in appraisals.

2. Review appraisers reveal some of their own problems by:

a. Demonstrating some confusion in handling questions regarding the Carpenter Case ruling, and

b. Endorsing more training and appraisal experience to improve themselves.

3. Errors in appraisal and appraisal review occur most often through incompleteness and omission, although obvious mathematical and logical errors are sometimes found. Commissions of such errors seem to be somewhat random and best preventable through general improvement programs.

In terms of day to day operational problems in appraisal and appraisal review, the conclusions set forth below appear to be justified.

1. Differences in the appraised values of the same parcel are wider for certain types of properties and takings than for others; appraisal review may be more difficult for these types of taking. A continuing awareness of trouble spots of this nature can be helpful. This report has furnished some definite indicators of unusual appraisal difficulties. Further study by THD personnel of appraisal differences from time to time should reveal whether problems are being minimized and also whether new problems are emerging.

2. Review appraisers have suggested that they need more training and experience in actual appraising. More intensified appraisal course work, directed toward actual appraisals, should be helpful to review appraisers. They should be given the opportunity and urged to take refresher courses periodically. In lieu of this, or perhaps in addition, frequent seminars within appraisal sections could be of great benefit in sharpening interest and improving proficiency. None of these programs offers a perfect substitute for experience in independent appraising. District review appraisers should be used in actual appraisal work at every opportunity.

By and large, review appraisers and other THD right of way personnel perform quite excellently a difficult job under sometimes adverse circumstances. Thus, the findings presented in this report should not be interpreted as overall criticism. Instead, they are only suggestive of the problems which may contribute to less than optimal performance.

Appendix

SUPPLEMENTARY TABLES

TABLE 38

Responses to Question: What Is Your Most Common Reason (the Statement You Use) for Explaining Differences in Appraisal Findings?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Differences of opinion	4	15	1	1	2
None	0	6	1	2	1
Differences in highest and best use	2	3	0	1	0
One appraisal better documented and substantiated	1	3	0	0	0
Such statement normally made by District	3	0	0	0	0
Variations in the components of value	0	2	0	0	0
Selected different comparables	0	1	0	2	0
Differences in experience	0	1	1	0	0
Contributory value of improvement	0	1	0	0	0
Adjustments of comparables	0	1	0	0	0
Patterns established for area	0	1	0	0	0
Within the range of value	0	2	0	0	0
Not applicable or no response	0	1	11	5	5
Number Responding	10	31	3	4	3
Number of Answers	10	36	3	6	3

¹Some respondents gave more than one answer.

TABLE 39

Responses to Question: What Constitutes Adequate Evidence for Appraisal Opinions?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Good documentation (principally comparable sales)	7	30	5	6	3
Complete report	1	9	1	2	0
Sound logic or experience	0	4	1	4	1
Use of proper approaches to value	3	2	0	1	2
Pictures and measurements of improvements	0	0	0	1	0
Not applicable, no response or unknown	0	2	9	0	4
Number Responding	10	30	5	9	4
Number of Answers	11	45	7	14	6

¹Some respondents gave more than one answer.

TABLE 40

Responses to Question: Do You Visit Comparables as Well as Subject Properties?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Yes	7	30	6	4	1
Sometimes	3	0	2	1	0
No	0	0	2	2	1
Not applicable or no response	0	2	4	2	6
Number Responding	10	30	10	7	2

TABLE 41
Responses to Question: What Are the Advantages of a Personal Visit by the Review Appraiser to the Subject Properties?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Become familiar with subject and its function in market place	6	13	2	2	2
Check for omissions and discrepancies in the reports	1	10	5	3	2
Determine whether appraisals are properly supported	3	6	0	2	0
Allows for a fairer review of appraisals	1	5	0	0	2
Can observe condition of improvements	0	4	0	2	1
Easier to form an opinion of value	0	2	1	2	1
Acquaints reviewer with appraisal problems	0	2	0	0	1
Other advantages	2	2	2	0	1
Not applicable or no response	0	0	4	2	0
Number Responding	10	32	10	7	8
Number of Answers	13	44	10	11	10

¹Some respondents gave more than one answer.

TABLE 42
Responses to Question: Do You Sometimes Disagree With the Comparables Selected for Use by Fee Appraisers?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Yes	9	28	10	6	5
No	0	2	0	0	0
Not often	0	1	0	1	0
Not applicable, no response or unknown	1	1	4	2	3
Number Responding	9	31	10	7	5

TABLE 43
Responses to Question: What Information Other Than in Fee Appraisal Reports Do You Take Into Account in Appraisal Review?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Knowledge of the area and its market conditions	2	22	1	2	1
Previously approved values	5	4	1	0	1
Other sales from various sources	0	8	0	3	0
Information obtained from owner	0	3	1	0	0
Discussions with pertinent people	0	3	0	1	0
All information affecting market value	2	1	0	1	0
Personal observations	1	1	0	1	0
Preappraisal reports	0	1	0	1	0
Replacements cost information	0	1	0	0	0
Right of Way manuals, maps, and engineering information	2	0	0	0	0
District reviewer's comments	7	0	0	0	0
None	0	3	0	0	0
Not applicable or no response	0	0	13	1	6
Number Responding	10	32	1	8	2
Number of Answers	19	47	3	9	2

¹Some respondents gave more than one answer.

TABLE 44

Responses to Question: Do Fee Appraisers Have Difficulty in Distinguishing Between Value in Use and Market Value?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
No	2	12	4	2	1
Yes	7	2	5	1	1
Seldom	0	6	0	4	0
To some extent	0	11	0	0	2
Not applicable or no response	1	1	5	2	4
Number Responding	9	31	9	7	4

TABLE 45

Responses to Question: To What Extent Are Right of Way Appraisers Generally Accurate in Distinguishing Between Specific (Special) and General Benefits?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Usually accurate	4	20	3	5	3
Seldom accurate	2	5	1	0	1
Not applicable, no response, or unknown	4	7	10	4	4
Number Responding	6	25	4	5	4

TABLE 46

Responses to Question: Is There Confusion Between General and Special Benefits and Compensability and Noncompensability?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
No	1	17	1	4	1
Yes	5	7	2	2	3
To some extent	3	3	1	2	1
Seldom	1	3	0	0	0
Not applicable or no response	0	2	10	1	3
Number Responding	10	30	4	8	5

TABLE 47

Responses to Questions: Assuming Two Identical 400 Acre Farm Tracts Well Removed From City Influences, Both Having Frontage and Improvements on a Farm to Market Road, Both to be Cut by an Interstate Route, and Both to Lose the Same Amount of Land,, Answer the Following Questions

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
a. Which is likely to involve the highest Right of Way Cost?					
Tract without frontage roads	8	23	8	6	5
Tract with frontage roads	0	5	1	1	2
Neither tract	1	2	2	2	0
Not enough information	1	2	0	0	0
Not applicable or no response	0	0	3	0	1
Number Responding	10	32	11	9	7
b. Which constitutes the "easiest" appraisal?					
Tract with frontage roads	4	21	8	4	5
Tract without frontage roads	1	2	0	1	2
Neither tract	4	8	1	4	0
Not enough information	1	0	1	0	0
Not applicable, no response or unknown	0	1	4	0	1
Number Responding	10	31	10	9	7
c. Which farm would the general public consider best to own?					
Tract with frontage roads	10	30	11	9	5
Tract without frontage roads	0	0	0	0	2
Not enough information	0	1	0	0	0
No response	0	1	3	0	1
Number Responding	10	31	11	9	7
d. As an individual, which farm had you rather own?					
Tract with frontage roads	10	30	11	9	6
Tract without frontage roads	0	0	0	0	2
Not enough information	0	1	0	0	0
No response	0	1	3	0	0
Number Responding	10	31	11	9	8

TABLE 48

Responses to Question: How Imminent (Foreseeable) Does a Highest and Best Use Have to be for You to Accept it as Proper?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
No specific time given	8	22	2	6	3
1 to 5 years	0	5	0	0	0
5 to 10 years	1	4	0	2	0
10 to 20 years	1	0	0	0	0
Not applicable or no response	0	1	12	1	5
Number Responding	10	31	2	8	3

TABLE 49

Responses to Question: Again, Disregarding THD Policy, Do You Believe That Net Specific Benefits to Remainders Should be Allowed to Offset the Value of the Part Taken in Deciding "Fair Compensation?"

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
No	8	21	9	6	5
Not on new locations	0	0	0	1	0
Not unless adjoining landowner is required to pay for benefits	0	0	0	0	1
Yes, if required by law	1	0	0	0	0
Yes, in specific instances	0	0	0	1	0
Yes	1	8	2	0	1
Not applicable, no response, or unknown	0	3	3	1	1
Number Responding	10	29	11	8	7

TABLE 50
Responses to Question: Do You Consider Appraisal Work as Your Career?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Yes	10	25	0	1	0
Perhaps	0	2	2	1	0
No	0	5	12	7	8
Number Responding	10	32	14	9	8

TABLE 51
Responses to Question: Your Formal Education (Including Special Courses)?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
High school graduate	0	2	0	0	0
High school graduate and special appraisal courses	0	5	0	1	0
Some college	1	2	6	0	0
Some college and special appraisal courses	0	3	3	0	0
College graduate	0	6	2	3	0
College graduate and special appraisal courses	8	10	0	4	0
Graduate school courses	1	0	1	0	0
Graduate school courses and special appraisal courses	0	3	0	0	0
Graduate of law school	0	0	0	0	8
No response or none	0	1	2	1	0
Number Responding	10	31	12	8	8

TABLE 52
Responses to Question: Do You Regularly Read THD's Remainder Study Reports?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Yes	8	21	9	4	2
Sometimes	2	4	1	2	0
No	0	4	4	1	5
Not applicable or no response	0	3	0	2	1
Number Responding	10	29	14	7	7

TABLE 53
Responses to Question: Years of Your Experience in Appraisal Review Work?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
0 - 12 months	1	6	8	4	7
13 - 24	0	4	0	1	0
25 - 36	2	4	0	0	0
37 - 48	1	2	0	0	0
49 - 60	0	4	1	0	0
Over 60 months	6	12	2	3	0
Not applicable or no response	0	0	3	1	1
Number Responding	10	32	11	8	7

TABLE 54
Responses to Question: Years of Your Experience in Appraising or Very Closely Related Work?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
0 - 12 months	0	4	1	2	2
13 - 24	1	3	0	1	1
25 - 36	0	2	0	1	1
37 - 48	1	0	1	0	0
49 - 60	0	2	5	0	0
Over 60 months	8	20	2	2	2
Not applicable, no response or none	0	1	5	3	2
Number Responding	10	31	9	6	6

TABLE 55
Responses to Question: On What Grounds Do You Feel That D-15 Should Challenge Reports From the Districts?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Errors	3	11	1	1	0
Lack of documentation	5	8	1	3	2
Conflict in reports	0	6	1	0	0
Incompleteness or omissions	0	5	0	0	0
Any and all reasonable grounds	1	5	0	0	0
Inappropriate procedure	2	5	0	2	0
Only on extreme views	1	2	0	0	1
Misinterpretation of policy and law	0	3	0	2	0
If can't follow reasoning of fee appraiser or reviewing appraiser	1	2	0	1	2
Correctness of recommended value	0	1	0	1	0
None	0	0	1	0	1
Not applicable, no response, and unknown	0	0	10	1	2
Number Responding	10	32	4	8	6
Number of Answers	13	48	4	10	6

¹Some respondents gave more than one answer.

TABLE 56
Responses to Question: What Is Your Specific Responsibility as You See It?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Recommend a well supported estimate of value	2	21	0	3	0
See if appraisal is well documented and within the range of fair market value	7	1	0	0	0
Review other appraisals for completeness, accuracy, and proper value	3	5	2	0	0
To estimate market value of Right of Way parcels	0	3	0	0	0
Carry out the THD policies and procedures	2	1	0	4	0
Trace all steps taken by appraiser	1	1	0	0	0
Get approved values	0	1	0	0	0
Resolve differences between appraisals	1	0	0	0	0
Maintain good relations with fee appraisers	0	1	0	0	0
To function as part of a unit in establishing proper THD-landowner relationships	0	1	0	0	0
To do all types of work that comes through office	0	1	0	0	0
Negotiate for Right of Way with landowner	0	0	6	0	0
Employ adequate and qualified staff	0	0	0	1	0
Deal with legal aspects peculiar to appraisals	0	0	0	0	6
Become familiar with appraisal and property	0	0	1	0	0
Not applicable, no response, or none	0	0	5	1	2
Number Responding	10	32	9	8	6
Number of Answers	16	36	9	8	6

¹Some respondents gave more than one answer.

TABLE 57

Responses to Question: When You Are Reviewing Two Appraisals of the Same Right of Way Parcel, Do You Check Them Independently and Then Compare Them Item by Item?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Yes	7	28	4	4	2
Sometimes	1	2	0	0	0
No	2	1	0	0	0
Not applicable or no response	0	1	10	5	6
Number Responding	10	31	4	4	2

TABLE 58

Explanations of Answers to the Question: When You Are Reviewing Two Appraisals of the Same Right of Way Parcel, Do You Check Them Independently and Then Compare Them Item by Item?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Standard procedure	2	26	3	3	2
Separately for judgements and compare for accuracy	4	0	0	0	0
It helps you know if all items are considered	0	1	0	0	0
Independent check helps avoid bias and helps concentration	1	0	0	0	0
Prefer to review appraisals at same time	1	1	0	0	0
Reviewer is already familiar with property, so this procedure is not necessary	0	1	0	0	0
Only true when reports received about the same time	0	1	0	0	0
More essential to district reviewers	1	0	0	0	0
Many other things come in	1	0	0	0	0
Not applicable, no response, or unknown	0	2	11	6	6
Number Responding	10	30	3	3	2

TABLE 59
Responses to Question: What Kind of Guidelines Would be Most Useful to You as a Review Appraiser?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Experience and knowledge	0	4	1	0	0
Guidelines to explain legal rules and policy	3	3	0	0	0
Comparable sales and knowledge of market	0	3	0	0	0
Periodic training classes	0	2	0	0	0
Thorough statewide checklist	1	2	0	1	1
Guidelines that don't slow down appraisal process	1	1	0	0	0
Guidelines for handling fencing and other controversial items	0	1	0	0	0
Guidelines of common analysis	0	1	0	0	0
Explanations of compensables and the severed land concept	0	1	0	0	0
Interchange of procedure among districts	0	1	0	0	0
Require a complete and adequate report	0	1	0	0	0
Worksheet where data are compiled for comparison	0	1	0	0	0
Other responses	4	6	1	0	1
Not applicable, no response, or unknown	1	5	12	8	6
Number Responding	9	27	2	1	2

TABLE 60
Responses to Question: Do You as a Review Appraiser, Actually Perform Many of the Steps of an Appraisal When You Visit the Subject Property?

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Yes	7	29	1	4	1
No	2	1	0	2	0
Usually	0	2	0	0	0
Not normal procedure	1	0	0	0	0
Not applicable or no response	0	0	13	3	7
Number Responding	10	32	1	6	1

TABLE 61
Responses to Question: What Do You Consider Your Main Incentive for Continuous Improvement in Your Work?¹

Answers to Question	THD Right of Way Personnel				
	D-15	District			
	Review Appraisers	Review Appraisers	Negotiators	Administrators	Attorneys
Personal desire to learn and improve	1	16	0	2	1
Better salary	5	10	2	0	2
Satisfaction of a job well done	3	6	2	0	1
Establish a good foundation for a better position in industry	0	3	2	1	0
Enjoy the work	1	1	1	0	0
To better serve people of state	0	1	0	0	0
Constant study	0	1	0	0	0
More contact with people	0	0	1	0	0
Successfully negotiating for Right of Way	0	0	1	0	0
Meeting Right of Way purchase schedule	0	0	0	1	0
Supervising position	0	0	0	2	1
Not applicable or no response	0	0	5	3	5
Number Responding	10	32	9	6	3
Number of Answers	10	38	9	6	5

¹Some respondents gave more than one answer.