PROXI WHERE



BY LARSON EDGE

The value for the ideal distance in your market can only be obtained by study of the conditions in your target market.

DAMAGE DRAW THE LINE?

Most appraisers who deal with eminent domain assignments endeavor to develop a practical and equitable estimation of proximity damage, especially when the project includes residential parcels. This article is intended to demonstrate a market-derived methodology to estimate proximity damages to residential properties.

CASE STUDY: THE PUBLIC AGENCY PROJECT

A public agency project in northeast Alabama involved the widening of a busy rural artery. The proposed right of way came within various distances of several dwellings. My employer, Volkert & Associates, Inc., a right of way turnkey firm headquartered in Mobile was the appraising firm for this project. Assisting me on the project was Volkert associate Sandra Harmening, Certified Residential Appraiser. In eminent domain appraising, it is necessary to perform a "before and after" comparison of the property to be appraised. If proximity damage is measured from a point, either 50-feet, 100-feet, or whatever the market indicates, there will be some cases where proximity damage exists in the before valuation as well as the after valuation.

THE "SAFE LINE THEORY"

The beginning premise is simple: the closer the proposed right of way line, the greater the proximity damage. "Where does the line of no damage exist, the 'safe line'?" Our conclusion was the safe line had to be a typical setback width of existing and new houses along the highway. We felt that newer homes were especially pertinent since no developer was going to intentionally build "external depreciation" in his or her product. To calculate this safe line, we took a large sampling of homes along the project area, which had been constructed after the present right of way was in place. After our analysis of the information, the apparent safe line was 100-feet for this project.

We believed that any dwelling built after the new acquisition with this safe line distance suffered no proximity damage. Dwellings within this 100-feet safe line were damaged 0.5 percent per foot until 50-feet where the damage increased to 1.5 percent per foot. The rationale for this tiered approach is that there would be greater impact the closer the acquired right of way came to the improvements. Logic, experience and the data collected suggested that there was not always a purely linear impact.

Appraisers by nature attempt to gather discernible trends from the market that are measurable, but ultimately judgment and experience leads the appraiser to the conclusion. A mathematical procedure was sought so as to assure the fair and equitable treatment of the property owners for whatever rights are being acquired. The methodology developed to calculate the damage is applied in the cost approach as external obsolescence. In the sales comparison approach, the damage is applied as a direct dollar adjustment to the sales after all other adjustments are made. The damage adjustment, everything else is considered to be equal.

In cases where there are before and after damages, caution must be employed. In applying depreciation, it is necessary to take the percentage adjustments in sequence; first, the before damages, and second, calculate the after damages as shown in the following example.

EXAMPLE NUMBER 1

In the following example, the safe line is found to be 100-feet. The subject property is 150-feet from the existing right of way in the before and 30-feet after the acquisition.

Damages begin at 100-feet at a rate of 0.5 percent per foot until a distance of 50-feet when they increase to 1.5 percent per foot to a distance of 30-feet where the acquired right of way will be located.

50 Linear Feet	@ 0.5%	25%
20 Linear Feet	@ 1.5%	30%
Total Damages		55%

Estimated Replacet	nent Cost New						
Residence	1949	SaFt @	\$48 54	per	SaEt -	\$94 595	
Front Dorch	26	SqFt@	\$73.07	per	SqFt =	\$500	
Carport	20	SqFt@	\$23.02	per	SqFt =	\$9.530	
Second Floor	414	SqFt@	\$23.02	per	SqFt =	\$7,950	
Second 11001	554	Sqrte	φ23.00	per	5q11 =	φ/,002	Total Estimated PCN \$112.606
Schedule of Dep	Physical Curable					\$0	Total Estimated RCIV \$112,000
30.00%	Thysical Culabic	Dhusical	Incurable			\$0 \$33.787	
0.00%		Function	al Curab	le	\$0	Ψ.J.J.,/ 02	
0.00%		Function	nal Incura	ble	\$0		
0.00%		Econom	ic Obsoles	scence	ΨΟ	\$0	
Total Estimated Ac	crued Depreciation	Leonom	10 0000000	Jeenee		φο	\$33,782
Value Building C							
value Building Co.	ntributes to Property						\$78,825
STRUCTURE NO	ntributes to Property						\$78,825
STRUCTURE NC	ntributes to Property D. 1 AFTER nent Cost New						\$78,825
STRUCTURE NC Estimated Replacer Residence	ntributes to Property D. 1 AFTER nent Cost New 1949	SaFt @	\$48.54	per	SaFt =	\$94,595	\$78,825
STRUCTURE NC Estimated Replacer Residence Front Porch	ntributes to Property D. 1 AFTER nent Cost New 1949 26	SqFt @ SqFt @	\$48.54 \$23.02	per	SqFt = SqFt =	\$94,595 \$599	\$78,825
STRUCTURE NC Estimated Replacer Residence Front Porch Carport	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414	SqFt @ SqFt @ SaFt @	\$48.54 \$23.02 \$23.02	per per	SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530	\$78,825
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882	\$78,825
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882	\$78,825 Total Estimated RCN \$112,606
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprece	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334 Ciation	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882	\$78,825 Total Estimated RCN \$112,606
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334 Ciation Physical Curable	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882 \$0	\$78,825 Total Estimated RCN \$112,606
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00%	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334 Ciation Physical Curable Physical Incurable	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882 \$0 \$33,782	\$78,825 Total Estimated RCN \$112,606
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00% 0.00%	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334 Ciation Physical Curable Physical Incurable Functional Curable	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882 \$0 \$33,782 \$0	\$78,825 Total Estimated RCN \$112,606
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00% 0.00%	ntributes to Property D. 1 AFTER nent Cost New 1949 26 414 334 Ciation Physical Curable Physical Incurable Functional Curable Functional Incurable	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.02 \$23.60	per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882 \$0 \$33,782 \$0 \$0	\$78,825 Total Estimated RCN \$112,606
STRUCTURE NC Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00% 0.00% 0.00% 55.00%	ntributes to Property D. 1 AFTER ment Cost New 1949 26 414 334 ciation Physical Curable Physical Incurable Functional Curable Functional Incurable After Damages	SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.02 \$23.60	per per per	SqFt = SqFt = SqFt = SqFt =	\$94,595 \$599 \$9,530 \$7,882 \$0 \$33,782 \$0 \$0 \$43,353	\$78,825 Total Estimated RCN \$112,606

Note that the *after* damage is calculated after the physical incurable depreciation. For the purposes of simplification, only improvements affected by the right of way proximity are included in the above example.

APPLICATION IN BEFORE SALES COMPARISON APPROACH

MARKET APPROACH BEFORE

ADJUSTMENT FACTORS	SUBJECT	SALE 33		SALE	SALE 30		4A
Address							
Adjustment Factors							
Sales Price			\$26,000		\$57,500		\$42,900
Property Rights	Fee	Fee	\$0.00	Fee	\$0.00	Fee	\$0.00
Cash Equivalency	CTS	CTS	\$0.00	CTS	\$0.00	CTS	\$0.00
Condition of Sale	AL	AL	\$0.00	AL	\$0.00	AL	\$0.00
Date of Sale	Oct/28/01	Jul-00		Apr-00		Oct-01	
Time Adjustment		3.74%	\$972.90	4.53%	\$2,606.05	0.15%	\$65.73
Adjusted Sales Price			\$26,973		\$60,106		\$42,966
Land Parcel Size	2.6 Ac	0.47 Ac		2.42 Ac		0.40 Ac	
Estimated Unit Value		\$6,500 /Ac	\$3,055	\$6,500 /Ac	\$15,730	\$7,500 /Ac	\$3,013
Contrib. of Improvements			\$23,918		\$44,376		\$39,953
Sq.Ft. of Improvements	1,949 SqFt	1,008 SqFt		1,569 SqFt		1,260 SqFt	
Unit Contribution \$/SF		\$	\$23.73 SqFt		\$28.28 SqFt	\$	31.71 SqFt
Location	Rural Residential	Similar	\$0	Similar	\$0	Similar	\$0
Size	1,949 SqFt	1,008 SqFt	\$23,978	1,569 SqFt	\$9,683	1,260 SqFt	\$17,556
Age/Condition (Eff.Age)	15 years	30 years	\$14,677	15 years	\$0	15 years	\$0
Quality of Construction	Average	Similar	\$0	Similar	\$0	Similar	\$ 0
Restroom	2.0	1.0 Baths	\$1,000	2.0 Baths	\$0	2.0 Baths	\$0
Heating & Cooling	Central	W/U	\$500	Central	\$0	Central	\$0
Other	None	Similar	\$0	Similar	\$0	Similar	\$0
Car Storage	1 Car CPT	None	\$1,500	1 car CPT	\$0	1 Car CPT	\$0
Outbuildings	Storage Buildings	None	\$12,000	Storage	\$10,000	None	\$12,000
Net \$ Adjustment			\$53,655		\$19,683		\$29,556
Indicated value of subject			\$77,573		\$64,059		\$69,509
			\$0		\$0		\$0
			\$77,573		\$64,059		\$69,509
Indicated SqFt Value							
For Subject		5	\$39.80 SqFt		\$32.87 SqFt	\$	35.66 SqFt
Estimated Land Value			\$16,191		\$16,191		\$16,191
Total Indicated Value							
For Subject			\$93,764		\$80,250		\$85,700



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APPLICATION IN AFTER SALES COMPARISON APPROACH

MARKET APPROACH (AFTER VALUE)

ADJUSTMENT FACTORS	SUBJECT	SALE 33		SALE 30		SALE 34A	
Address							
Adjustment Factors							
Sales Price			\$26,000		\$57,500		\$42,900
Property Rights	Fee	Fee	\$0.00	Fee	\$0.00	Fee	\$0.00
Cash Equivalency	CTS	CTS	\$0.00	CTS	\$0.00	CTS	\$0.00
Condition of Sale	AL	AL	\$0.00	AL	\$0.00	AL	\$0.00
Date of Sale	Oct/28/01	Jul/21/00		Apr/14/00		Oct/09/01	
Time Adjustment		3.74%	\$973	4.53%	\$2,606.05	0.15%	\$65.73
Adjusted Sales Price			\$26,973		\$60,106		\$42,966
Land Parcel Size	2.4 Ac	0.47 Ac		2.42 Ac		0.40 Ac	
Estimated Unit Value		\$6,500 /Ac	\$3,055	\$6,500 /Ac	\$15,730	\$7,500 /Ac	\$3,013
Contrib. of Improvements			\$23,918		\$44,376		\$39,953
Sq.Ft. of Improvements	1,949 SqFt	1,008 SqFt		1,569 SqFt		1,260 SqFt	
Unit Contribution \$/SF		:	\$23.73 SqFt		\$28.28 SqFt	\$	31.71 SqFt
Location	Rural Residential	Similar	\$0	Similar	\$0	Similar	\$0
Size	1,949 SqFt	1,008 SqFt	\$23,978	1,569 SqFt	\$9,683	1,260 SqFt	\$17,556
Age/Condition (Eff.Age)	15 years	30 years	\$14,677	15 years	\$0	15 years	\$0
Quality of Construction	Average	Similar	\$0	Similar	\$0	Similar	\$0
Restroom	2.0 Baths	1.0 Baths	\$1,000	2.0 Baths	\$0	2.0 Baths	\$0
Heating & Cooling	Central	W/U	\$500	Central	\$0	Central	\$0
Other	None	Similar	\$0	Similar	\$0	Similar	\$0
Car Storage	1 Car CPT	None	\$1,500	1 car CPT	\$0	1 Car CPT	\$0
Outbuildings	Storage Buildings	None	\$12,000	Storage	\$10,000	None	\$12,000
Net \$ Adjustment							
Before Damages			\$53,655		\$19,683		\$29,556
Indicated Value for Subject			\$77,573		\$64,059		\$69,509
			\$0		\$0		\$0
Indicated Value for Subject			\$77,573		\$64,059		\$69,509
After Proximity Damages	55.00%	(5	\$42,664.91)		(\$35,232.35)	(\$	38,229.98)
Indicated Value for Subject			\$34,907.66		\$28,826.47	:	\$31,279.07
Indicated SqFt Value							
For Subject		:	\$17.91 SqFt		\$14.79 SqFt	\$	16.05 SqFt
Estimated Land Value			\$14,868		\$14,868		\$14,868
Total Indicated Value For Sub	oject		\$49,776		\$43,694		\$46,147

Note that calculation of after damages is performed last after all other adjustments are made.

THE "SAFE LINE THEORY" USING BEFORE AND AFTER DAMAGE

In Example No. 2, to calculate the safe line we took a large sampling of homes along the project area, which had been constructed after the present right of way was in place. After our analysis of the information, the apparent safe line was 50-feet for this project.

Our opinion was that any dwelling built after the new acquisition with this safe line distance suffered no proximity damage. Dwellings within this 50-feet safe line were damaged 2.0 percent per foot. In this example, the data collected suggested that there was a purely linear impact.

The methodology developed to calculate this damage is applied in the cost approach as external obsolescence. In the sales comparison approach, it is applied as a direct dollar adjustment to the sales after all other adjustments are made. This adjustment is made last because of the premise that as you isolate one adjustment, everything else is considered to be equal. In cases where there are before and after damages, these percentage amounts are not additive but are cumulative. As with applying depreciation, it is necessary to take the percentage adjustments in sequence; first, the before damages, and second, calculate the after damages as shown in the following example.

EXAMPLE NO. 2

In the following example, the safe line is found to be 50-feet. The subject property is 45-feet from the existing right of way in the before and 30-feet after the acquisition.

Damages begin at 50-feet so there are 5-feet of before damages calculated at 2 percent per foot. After the acquisition there is an additional 15-feet of proximity, as the acquired right of way line will be 30-feet from the residential improvements.

DAMAGE

DISTANCE FROM R/W

Before	45 linear feet	5 linear feet	@2%	10%
After	30 linear feet	15 linear feet	@2%	30%

COST APPROACH	I (BEFORE VALUE) STRU	CIUKE NO. I					
Estimated Replacer	nent Cost New						
Residence	1949	SqFt @	\$48.54		per	SqFt =	\$94,595
Front Porch	26	SqFt @	\$23.02		per	SqFt =	\$599
Carport	414	SqFt @	\$23.02		per	SqFt =	\$9,530
Second Floor	334	SqFt @	\$23.60		per	SqFt =	\$7,882
						Total Estimated RCN	\$112,606
Schedule of Dep.		Physical Curable	2	\$0			
30.00%		Physical Incurab	le	\$33,782			
0.00%		Functional Cur	able	\$0			
0.00%		Functional Incu	ırable	\$0			
10.00%		Economic Obso	lescence	\$7,882			
Total Estimated Ac	crued Depreciation						\$41,664
Value Building Con	ntributes to Property						\$70,942
Value Building Co	ntributes to Property						\$70,942
Value Building Con	ntributes to Property nic obsolescence is calculated of	after the physical inci	urable depreci	ation.			\$70,942
Value Building Con Note that the econor COST APPROACH	ntributes to Property nic obsolescence is calculated (H (AFTER VALUE) STRUC	after the physical inci FURE NO .1	urable depreci	ation.			\$70,942
Value Building Con Note that the econor COST APPROACH Estimated Replacer	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New	after the physical incl TURE NO .1	urable depreci	ation.			\$70,942
Value Building Con Note that the econor COST APPROACH Estimated Replacer Residence	ntributes to Property nic obsolescence is calculated a I (AFTER VALUE) STRUC nent Cost New 1949	after the physical incl IURE NO .1 SqFt @	urable depreci \$48.54	ation.	per	SqFt =	\$7 0 ,942 \$94,604
Value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch	ntributes to Property nic obsolescence is calculated d I (AFTER VALUE) STRUC nent Cost New 1949 26	after the physical inco FURE NO .1 SqFt @ SqFt @	urable depreci \$48.54 \$23.03	ation.	per per	SqFt = SqFt =	\$7 0 ,942 \$94,604 \$599
Value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414	after the physical inco FURE NO .1 SqFt @ SqFt @ SqFt @	48.54 \$48.54 \$23.03 \$23.03	ation.	per per per	SqFt = SqFt = SqFt =	\$70,942 \$94,604 \$599 \$9,534
Value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per per	SqFt = SqFt = SqFt = SqFt =	\$70,942 \$94,604 \$599 \$9,534 \$7,882
Value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per per	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619
value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprece	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 :iation	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per per	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619
value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 :iation Physical Curable	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per per	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619
Value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00%	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 :iation Physical Curable Physical Incurable	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per per \$0 \$33,786	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619
Value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00% 0.00%	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 tiation Physical Curable Physical Incurable Functional Curable	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per per \$0 \$33,786 \$0	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619
value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00%).00%	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 tiation Physical Curable Physical Incurable Functional Curable Functional Incurable	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per \$0 \$33,786 \$0 \$0	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$7 0,9 42 \$94,604 \$599 \$9,534 \$7,882 \$112,619
value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00%).00%).00% 10.00%	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 tiation Physical Curable Physical Incurable Functional Curable Functional Incurable Before Damages	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per \$0 \$33,786 \$0 \$0 \$0 \$7,883	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619
value Building Con Note that the econor COST APPROACE Estimated Replacer Residence Front Porch Carport Covered Porch Schedule of Deprec 30.00%).00%).00% 10.00% 30.00%	ntributes to Property nic obsolescence is calculated of I (AFTER VALUE) STRUC nent Cost New 1949 26 414 334 diation Physical Curable Physical Incurable Functional Curable Functional Incurable Before Damages After Damages	after the physical inco TURE NO .1 SqFt @ SqFt @ SqFt @ SqFt @	\$48.54 \$23.03 \$23.03 \$23.60	ation.	per per per \$0 \$33,786 \$0 \$0 \$7,883 \$21,285	SqFt = SqFt = SqFt = SqFt = Total Estimated RCN	\$70,942 \$94,604 \$599 \$9,534 \$7,882 \$112,619

Note calculation sequence; physical depreciation; then before damages; then after damages.

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Environmental

Services

right of way + JANUARY/FEBRUARY 2003

Airport Services

The beginning premise is simple: the closer the proposed right of way line, the greater the proximity damage.

APPLICATION IN BEFORE SALES COMPARISON APPROACH MARKET APPROACH BEFORE ADJUSTMENT FACTORS SALE 33 SALE 34A Address Adjustment Factors Sales Price \$26,000 \$57,500 \$42,900 Property Rights Fee Fee \$0.00 Fee \$0.00 Fee \$0.00 Cash Equivalency CTS CTS \$0.00 CTS \$0.00 CTS \$0.00 Condition of Sale \$0.00 \$0.00 ALAL AL \$0.00 AL Date of Sale Oct/28/01 Jul-00 Apr-00 Oct-01 Time Adjustment 3.74% \$972.90 4.53% \$2,604.75 0.15% \$64.35 Adjusted Sales Price \$26,973 \$60,105 \$42,964 Land Parcel Size 2.6 Ac 0.47 Ac 2.42 Ac 0.40 Ac Estimated Unit Value \$6,500 /Ac \$3,055 \$6,500 /Ac \$15,730 \$7,500 /Ac \$3,000 \$44,375 \$39,964 Contrib. of Improvements \$23,917 Sq.Ft. of Improvements 1,949 SqFt 1,008 SqFt 1,569 SqFt 1,260 SqFt Unit Contribution \$/SF \$23.73 SqFt \$28.28 SqFt \$31.72 SqFt Location Rural Residential Similar Similar \$0 Similar \$0 \$0 1,949 SqFt 1,260 SqFt Size 1,008 SqFt \$23,980 1,569 SqFt \$9,684 \$17,558 Age/Condition (Eff.Age) 15 years 30 years \$14,678 15 years \$0 15 years \$0 Quality of Construction Average Similar Similar \$0 Similar \$0 \$0 Restroom 2.0 1.0 Baths \$1,000 2.0 Baths \$0 2.0 Baths \$0 Heating & Cooling Central W/U \$500 Central \$0 Central \$0 Similar Other None Similar \$0 \$0 Similar \$0 Car Storage 1 Car CPT None \$1,500 1 car CPT \$0 1 Car CPT \$0 Outbuildings Storage Buildings None \$12,000 Storage \$10,000 None \$12,000 Net \$ Adjustment \$53,658 \$19,684 \$29,558 \$77,573 \$64,059 \$69,522 Indicated Value for Subject Proximity Damage Before 10.00% -\$7.758 -\$6,406 -\$6,952 For Subject \$69,817 \$57,653 \$62,570 Indicated SqFt Value For Subject \$35.82 SqFt \$29.58 SqFt \$32.10 SqFt Estimated Land Value \$16,191 \$16,191 \$16,191 Total Indicated Value \$86,008 \$73,844 \$78,761 For Subject Calculation of before proximity damages is performed last after all other adjustments are made.

We believed that any dwelling built after the new acquisition with this safe line distance suffered no proximity damage.

ADJUSTMENT FACTORS	SUBJECT	SALE 33		SALE	30	SALE 3	4A
Address							
Adjustment Factors							
Sales Price			\$26,000		\$57,500		\$42,900
Property Rights	Fee	Fee	\$0.00	Fee	\$0.00	Fee	\$0.00
Cash Equivalency	CTS	CTS	\$0.00	CTS	\$0.00	CTS	\$0.00
Condition of Sale	AL	AL	\$0.00	AL	\$0.00	AL	\$0.00
Date of Sale	Oct/28/01	Jul/21/00		Apr/14/00		Oct/09/01	
Time Adjustment		3.74%	\$972	4.53%	\$2,604.75	0.15%	\$64.73
Adjusted Sales Price			\$26,972		\$60,105		\$42,964
Land Parcel Size	2.4 Ac	0.47 Ac		2.42 Ac		0.40 Ac	
Estimated Unit Value		\$6,500 /Ac	\$3,055	\$6,500 /Ac	\$15,730	\$7,500 /Ac	\$3,000
Contrib. of Improvements			\$23,917		\$44,375		\$39,964
Sq.Ft. of Improvements	1,949 SqFt	1,008 SqFt		1,569 SqFt		1,260 SqFt	
Unit Contribution \$/SF			\$23.73 SqFt	_	\$28.28 SqFt	\$	31.72 SqF
Location	Rural Residential	Similar	\$ 0	Similar	\$0	Similar	\$(
Size	1,949 SqFt	1,008 SqFt	\$23,980	1,569 SqFt	\$9,684	1,260 SqFt	\$17,558
Age/Condition (Eff.Age)	15 years	30 years	\$14,678	15 years	\$0	15 years	\$0
Quality of Construction	Average	Similar	\$0	Similar	\$0	Similar	\$0
Restroom	2.0 Baths	1.0 Baths	\$1,000	2.0 Baths	\$0	2.0 Baths	\$(
Heating & Cooling	Central	W/U	\$500	Central	\$0	Central	\$0
Other	None	Similar	\$0	Similar	\$0	Similar	\$0
Car Storage	1 Car CPT	None	\$1,500	1 car CPT	\$0	1 Car CPT	\$0
Outbuildings	Storage Buildings	None	\$12,000	Storage	\$10,000	None	\$12,000
Net \$ Adjustment	0 0		. ,	0			
Before Damages			\$53,658		\$19,684		\$29,558
Indicated Value for Subject			\$77,575		\$64,059		\$69,522
Before Proximity Damages	10.00%		(\$7,757.50)		(\$6,405.90)	(\$6,952.20
Indicated Value for Subject			\$69,818		\$57,653		\$62,570
After Proximity Damages	30.00%	(\$	\$20,945.40)		(\$17,295.90)	(\$	18,771.00
Indicated Value For Subject			\$48,87.60		\$40,357.10	5	\$43,799.00
Indicated Sq. Ft Value							
For Subject		\$	25.08 Sa.Ft		\$20.71 Sa.Ft	\$2	22.47 Sa.F
Estimated Land Value			\$14.868		\$14.868	+-	\$14.868
Total Indicated Value For Su	hiect		\$62 7/1		¢55.005		AF0.(()

Calculation of before damages is performed last after all other adjustments are made, then calculation of after damages is made. Ultimately, the application of various appraisal methods and techniques depends extensively upon the judgment and experience of the appraiser and should be carefully considered.

PROXIMITY DAMAGES IN ESCAMBIA COUNTY, ALA.

By observation and actual measurement a typical setback along Highway 29 was estimated. All improved properties on the project were measured from the present right of way. The use of newer homes indicated a "no damage" area within which builders, owners and developers select sites with no adverse conditions.

These conditions are well demonstrated on this project. Newer homes are all setback over 100-feet, while the older homes tend to be 50-feet to 100-feet from the existing right of way.



This study suggests a typical no damage setback of 100-feet. Encroachment within this area by the proposed right of way will adversely impact market value of dwellings. A reasonable and equitable measurement of damages would be on a percentage basis. In some cases, proximity damages exist in the before value scenario if the dwelling is currently located less than 100-feet from the right of way. The loss of value should be reflected in the before value.

Any further encroachment should be reflected in the after value. This market-supported analysis is a fair, consistent and reasonable method of measuring proximity or encroachment damages to the remaining buildings.

The severity of damage varied in relation to the proposed right of way. Such damage is not purely linear. It is demonstrated from the data that there is a first damage zone, the area nearest to the highway, from 100-feet down to 50-feet from the right of way. This zone will suffer 0.5 percent per foot. The second damage zone from 50-feet to the building will suffer damages at 1.5 percent per foot. All damages are to the dwelling structure and not land and/or outbuildings.

PROXIMITY DAMAGES IN COFFEE COUNTY, ALA.

By observation and actual measurement a typical setback along Highway 84 was estimated. All improved properties on the project were measured from the present right of way. The use of newer homes indicated a no damage area within which builders, owners and developers select sites with no adverse conditions.

These conditions are well demonstrated on this project. Newer homes are all setback over 100-feet while the older homes tend to be 50-feet to 100-feet from the existing right of way. All sampled homes were constructed after the present right of way was in place.



This study through the demonstration cluster of homes built after the present right of way was acquired, suggests a typical no damage setback of 50-feet. Encroachment within this area by the proposed right of way will adversely impact market value of dwellings. A reasonable and equitable measurement of damages would be on a percentage basis. In some cases, proximity damages exist in the before value scenario if the dwelling is currently located less than 50-feet from the right of way. The loss of value should be reflected in the before value. Any further encroachment should be reflected in the after value. This market-supported analysis is a fair, consistent and reasonable method of measuring proximity or encroachment damages to the remaining buildings.

The severity of damage varied in relation to the proposed right of way. It is demonstrated from the data that there is a damage zone; the area nearest to the highway, from 50-feet down to the building will suffer damages at 2 percent per foot. All damages are to the dwelling structure and not land and/or outbuildings. We plan to conduct further research and apply the textbook method of sales and re-sales. However, at this point, this is an equitable method of measurement.

Since this technique is based on a market derived math model, it can be applied uniformly in a given project, assuring fair and evenhanded treatment to all impacted by an acquisition.

It is our hope our findings will be of benefit to other appraisers and the citizens whose properties are impacted by right of way encroachments. *

Permission is granted by the author to employ this theory as long as the methodology used by others conforms to that contained in the article.

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