



**MORRIS COUNTY OPEN SPACE, FARMLAND
AND HISTORIC PRESERVATION TRUST FUND**

REQUIREMENTS FOR APPRAISALS

Purpose:

To establish a policy for the requirements for appraisals and reports submitted by municipalities and non-profit organizations seeking funding through the Morris County Open Space and Farmland Preservation Trust Fund.

Applicability:

All applicants seeking funding shall have one appraisal that is documented by a written report which is prepared in compliance with this policy. All appraisals and reports must be prepared by an appraiser who is currently Certified or Licensed by the State of New Jersey and is on the current List of Approved Appraisers of the New Jersey Green Acres program. Two hard copies of the appraisal report shall be submitted to the Preservation Trust Division staff.

Definitions:

For purposes of this policy, “pre-appraisal estimated value” shall mean the anticipated appraised value for the subject property and is only for use in determining which type of appraisal to prepare. The applicant may consult tax records and/or the municipal tax assessor for assistance and guidance in this determination.

Informational Note:

For applicants who will also seek funding through the New Jersey Green Acres program, N.J.A.C. 7:36-8.3 requires an on-site meeting with Green Acres staff and the appraiser prior to commencement of the appraisal. Compliance with this Green Acres provision is not required by the County; however, applicants should be aware of this Green Acres requirement.

Policy:

Each funding year, the Preservation Trust Division staff shall set the deadline for appraisal submission. Applicants are required to submit one appraisal report; i.e., two hard copies of a written appraisal report. Any applicant that does not meet the appraisal submission deadline shall have its application deemed incomplete and not be eligible for consideration in that funding year. The Preservation Trust Division staff shall have the right to disqualify any appraisal that does not meet the criteria outlined in this policy.

All appraisals must specifically include the Morris County Open Space, Farmland and Historic Preservation Trust Fund as an Intended User of the appraisal and report.

For properties that have a pre-appraisal estimated value approaching the \$250,000 limit, the applicants are encouraged to have the Summary Appraisal Report or the self-contained appraisal report prepared. If the applicant chooses to prepare the Restricted Use Appraisal Report,

documentation must be provided with the funding application that substantiates the estimated value of the property at less than \$250,000. Based on the pre-appraisal estimated value, the following Appraisal Requirements shall apply:

APPRAISAL REQUIREMENTS

For property with an “estimated value” of \$250,000 or more (Fee Simple)

- The applicant’s appraiser shall prepare an appraisal of the subject property and submit a written report, commonly known as a **“Summary Appraisal Report,”** of its opinion of the market value of the subject property in accordance with the definition of “Market Value” as set forth in the most current edition of the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal and report must contain at a minimum the scope of work contained in the New Jersey Green Acres program’s “Scope of Work for Appraisal Services” (as updated through 10/26/11 or later). Alternatively, the applicant may submit a “Self-Contained Appraisal Report” prepared in conformance with the Green Acres scope of work.
- The “As of Date” of the appraisal shall be the application deadline of the application year or the date of the property inspection with the property owner, whichever date is more current to the date of the appraisal. If an appraisal and report have already been prepared, the “As of Date” must be more recent than August 1 of the year prior to making the application.
- The applicant’s appraiser shall separate the land value from the value of all structures or improvements for all properties that are the subject of the application, and shall provide a discrete land value separated from the value of all structures and improvements for properties under different ownerships.
- The applicant’s appraiser shall be provided with a report from the municipal engineer or licensed professional planner of the municipality in which the subject property is located, demonstrating the development potential of the subject property. This report shall include an evaluation of the development potential of the Subject Property including but not limited to: municipal land use ordinances and regulations, environmental restrictions; such as, wetlands, Category 1 streams, sub-soil conditions and steep slopes. A copy of this report, which is signed and sealed by the municipal engineer or licensed professional planner, shall be included and attached in the appraisal report. The Preservation Trust staff, at their sole discretion, shall have the right to disqualify any development potential report that does not contain sufficient detail.
- The applicant’s appraiser shall not prepare an appraisal or issue a report based on any unsubstantiated “extraordinary assumptions and/or hypothetical conditions” relative to the development potential or any environmental conditions of the subject property. The appraiser must rely upon the appraiser’s expertise as well as the information provided by the municipal engineer or professional planner in formulating their opinion of the Market Value of the Subject Property.

- If the municipal engineer or professional planner does not provide such analysis, the municipality or the non-profit must hire an independent consultant to prepare a report on the land's development potential for consideration by the appraiser.
- The applicant's appraiser shall provide a separate value in the appraisal and report segregating the value for any and all structures and improvements on the property.

For Less than Fee Simple purchases (Conservation Easements)

For less than fee simple purchases (e.g. a conservation easement), a "before" and "after" appraisal must be prepared utilizing the same standards outlined above. In addition, the easement's deed restrictions must be provided to the appraiser prior to preparation of the appraisal and report, with a copy of the easement language or document included in the appraiser's report.

APPRAISAL REQUIREMENTS

**For property with an "estimated value" of less than \$250,000
(Fee Simple)**

- The applicant's appraiser shall prepare an appraisal of the Subject Property and submit a written report, commonly known as a "**Restricted Use Appraisal Report**" of its opinion of the market value of the subject property in accordance with the definition of "Market Value" as set forth in the most current edition of the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal and report must contain at minimum the scope of work contained in the New Jersey Green Acres program's "Scope of Work for Appraisal Services" (as updated through 10/26/2011 or later). Alternatively, the applicant may submit a "Summary Appraisal Report" or "Self-Contained Appraisal Report" prepared in conformance with the Green Acres scope of work.
- The "As of Date" of the appraisal shall be the application deadline of the application year or the date of the property inspection with the property owner, whichever date is more current to the date of the appraisal. If an appraisal and report have already been prepared, the "As of Date" must be more recent than August 1 of the year prior to making application.
- The applicant's appraiser shall separate the land value from the value of all structures or improvements for all properties that are the subject of the application, and shall provide a discrete land value separated from the value of all structures and improvements for properties under different ownerships.
- The applicant's appraiser shall be provided with a report from the municipal engineer or licensed professional planner of the municipality in which the subject property is located, demonstrating the development potential of the subject property. This report shall include an evaluation of the development potential of the Subject Property including but not limited to: municipal land use ordinances and regulations, environmental restrictions;

such as, wetlands, Category 1 streams, sub-soil conditions and steep slopes. A copy of this report, which is signed and sealed by the municipal engineer or licensed professional planner, shall be included and attached in the appraisal report. The Preservation Trust staff shall have the right, at their sole discretion, to disqualify any development potential report that does not contain sufficient detail.

- The applicant’s appraiser shall not prepare an appraisal or issue a report based on any unsubstantiated “extraordinary assumptions and/or hypothetical conditions” relative to the development potential or any environmental conditions of the subject property. The appraiser must rely upon the appraiser’s expertise as well as the information provided by the municipal engineer or professional planner in formulating their opinion of the Market Value of the Subject Property.
- If the municipal engineer or professional planner does not provide such analysis, the municipality or the non-profit must hire an independent consultant to prepare a report on the land’s development potential for consideration by the appraiser.
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COUNTY APPRAISAL REVIEW

- All appraisals submitted for funding through the Morris County Open Space and Farmland Preservation Trust Fund shall be reviewed by an appraiser hired by Morris County (“Review Appraiser”) who is currently at a minimum a New Jersey State Certified Real Estate Appraiser (SCGREA) and is on the current List of Approved Appraisers of the New Jersey Green Acres program.
- The Review Appraiser shall review the appraisal in accordance with USPAP Standard 3 requirements. If applicable, the Review Appraiser shall develop questions regarding development of the opinion of value and transmit these to the applicant’s appraiser with copy to the applicant.
- The Review Appraiser shall contact the applicant’s appraiser (via e-mail, phone, or letter) to address any questions regarding the development of the opinion of value that are not addressed in the appraisal report or resolved via written correspondence from the applicant’s appraiser.

- It is the applicant’s sole responsibility to directly contact their appraiser to respond to the Reviewer’s questions regarding development of the value conclusion and the final value conclusion which may occur as a result of the appraisal review.
- The Review Appraiser shall develop an opinion as to the completeness, accuracy, relevance, adherence to appraisal guidelines and reasonableness of the analysis in the work under review given law, regulations and intended user requirements applicable to the work under review (USPAP Sec. 3-3).
- If the Review Appraiser concludes the applicant’s appraiser provides reasonable documentation to support the assumptions and analysis in the report and adequately addresses all questions raised, the value conclusion shall be deemed Morris County’s **accepted market value** (AMV) upon which Morris County may cost share for the project.
 - The AMV is not a certified value and is not a substitute or replacement for Green Acres’ Certified Market Value (CMV) or Average of Appraised Values.
 - Various program areas receive funding allocations from the Morris County Preservation Trust Fund. These are the Park Commission, Municipal Utilities Authority, Agriculture Development Board, Municipal/Non-Profit Open Space Program, Historic Preservation Program, and Flood Mitigation Program. Morris County’s maximum cost share participation on a project shall include sources of funds from all of these programs, not to exceed the AMV. Funding participation by other partners and the applicant is encouraged.
 - Morris County may cost share on a project up to the lower of either the contract value or AMV.
- If the Review Appraiser concludes the applicant’s appraiser does not provide reasonable documentation to support the assumptions, analysis and value conclusion in the report, and fails to adequately address all questions raised leaving significant issues unresolved, then the Review Appraiser shall, at the direction of the Committee, develop an independent opinion of value which shall be deemed the AMV for Morris County cost share participation.

Adopted:	Effective:	Revision #:	Last Revised:
4-30-07	4-30-07	5	12-10-12