

# VALUATION OF MIXED USE PROPERTY



# What is Mixed Use?

- ▣ **Mixed-use development** is – in a broad sense – any urban, suburban, rural or village development, or even a single building, that blends a combination of residential, commercial, cultural, institutional, or industrial uses, where those functions are physically and functionally integrated. The term may also be used more specifically to refer to a mixed-use real estate development project – a building, complex of buildings, or district of a town or city that is developed for mixed-use by a private developer, (quasi-) governmental agency, or a combination thereof.

# What are the Benefits of Mixed Use

- ▣ greater housing variety and density
- ▣ reduced distances between housing, workplaces, retail businesses, and other destinations
- ▣ more compact development – urban infill
- ▣ stronger neighborhood character
- ▣ pedestrian and bicycle-friendly environments

# VALUATION CONSIDERATIONS FOR MIXED USE PROPERTY

- CURRENT ZONING
  - What Are the Allowed Uses? Are We Legal, Legal Non-Conforming or Illegal?
  - Lot Size & Setback Requirements
    - What Happens if Taking Reduces Below Minimum?
    - Is a Variance Required?
  - Landscape Requirements
    - Contributory Value or Cost to Cure
  - Parking Requirements
    - Very Common Form of Damage
- FUTURE LAND USE
  - Can We Consider in the Condemnation Process?
    - COMPREHENSIVE PLANS – KRS 100.183
    - FUTURE LAND USE MAPS
    - PRELIMINARY DEVELOPMENT PLANS
    - RECORDED SUBDIVISION PLATS

# VALUATION CONSIDERATIONS FOR MIXED USE PROPERTY

- ❑ LEGAL - DEED RESTRICTIONS/COVENANTS, ETC.
  - ❑ CONDEMNATION CLAUSES
    - ❑ Do We Consider Them in the Valuation Process?
- ❑ PHYSICAL CHARACTERISTICS
  - ❑ Lot Size & Shape
  - ❑ Access (Reasonable or Not?)
  - ❑ Topography & Flood Plain
  - ❑ Building Improvements
  - ❑ Site Improvements (SLI)
- ❑ ECONOMIC FEASIBILITY
  - ❑ Market Supply & Demand - Timing
  - ❑ Availability of Financing
- ❑ MAXIMALLY PRODUCTIVE

**HIGHEST AND BEST USE**

# ZONING CONSIDERATIONS

- SPLIT ZONING ON SAME PROPERTY
  - More Often Than Not Requires Use of Multiple Sets of Comparable Sales
  - Different highest and best use
  - Different types of improvements
  - Different income characteristics
  - Parking requirements
    - Different uses require different amounts of parking.
    - Cross parking considerations – Can You Use Other Parts of Property Which Are Zoned Different for Parking?
    - Off-site parking considerations – can we consider this in condemnation?
    - Effects of Lost Parking on Improvement Functional Utility

# ZONING CONSIDERATIONS

- MIXED USE ZONING
  - Contemporary Form of Zoning
  - Often Will Have Specific Requirements for Residential and Commercial Components
  - Best to Use Similar Zoned Land For Comp Purposes
- LEGAL NON-CONFORMING USE
  - What Happens if Taking Results in the Loss of Legal Non-Conforming Status?
- CONDITIONAL USE PERMITS
  - What Happens if Taking Alters the Permitted Conditional Use?

# RWUMS

HOW DOES RWUMS HANDLE  
MIXED-USE/ZONED PROPERTY?



# RWUMS – PAGE 2

## STEP 1 - ADD MULTIPLE LAND CLASSIFICATIONS TO DESCRIPTION ON PAGE 2

<b>Land Classification</b>					
	Name	Rating Factor	Area	UOM	Composite
<u>Select</u>	COMMERCIAL	Good	0.6600	AC	
<u>Select</u>	INDUSTRIAL	Good	0.5000	AC	

Composite Total:  Area Total (in Acres):

Subject's Land Class Rating: (If Applicable)

Note: Subject's Land Class Rating Equals Composite Total / Area Total

# RWUMS PAGE 5

## Appraisal Sheet 5 - Cost Approach Before Value - TC 62-20.5

Parcel Number: 0056

Appraiser's Name: WILL BERKLEY

1 Show LV Justification

Add LV Justification

### Land Value Justification

\* H & B Use: COMMERCIAL

\* Land Size: 0.6600  AC  SF

Indicated Unit Value: \$660,000.00

Subjected Estimated Land Value: \$435,600.00

Subjected Estimated Land Value Rounded: \$435,600.00

### Comparable Sales Data

Add Comp Data

Edit/Delete Comp Data

Save Adjustments

Field Description	Comp #	Comp ##	Comp ###
Sale Number	16	20	21
H & B Use	Commercial	Commercial	Commercial
Land Size	0.7180 AC	0.4413 AC	1.2190 AC
Sale Date	11/2/2007	8/11/2010	2/15/2012
Sale Price	\$429,000.00	\$300,000.00	\$750,000.00
Time Factor	1.000000	1.000000	1.000000
Adjusted Sale Price	\$429,000.00	\$300,000.00	\$750,000.00
Price per Acre/Sq Ft	\$597,493.04	\$0.00	\$615,258.41
Adjustment Factors			
SIZE	\$15,000.00	(\$15,000.00)	\$45,000.00
Net Adjustment	\$15,000.00	(\$15,000.00)	\$45,000.00
Indicated Unit Value of Subject per Acre/Sq Ft	\$612,493.04	\$664,809.65	\$660,258.41

# RWUMS PAGE 5

## ADDING A LAND CLASSIFICATION ADJUSTMENT GRID

### Appraisal Sheet 5 - Cost Approach Before Value - TC 62-20.5

Parcel Number:

Appraiser's Name:

#### Land Value Justification

\* H & B Use:

\* Land Size:   AC  SF

Indicated Unit Value:

Subjected Estimated Land Value:

Subjected Estimated Land Value Rounded:

#### Comparable Sales Data

Field Description	Comp #	Comp ##	Comp ###
Sale Number	16	20	21
H & B Use	Commercial	Commercial	Commercial
Land Size	0.7180 AC	0.4413 AC	1.2190 AC
Sale Date	11/2/2007	8/11/2010	2/15/2012
Sale Price	\$429,000.00	\$300,000.00	\$750,000.00
Time Factor	1.000000	1.000000	1.000000
Adjusted Sale Price	\$429,000.00	\$300,000.00	\$750,000.00
Price per Acre/Sq Ft	\$597,493.04	\$0.00	\$615,258.41
Adjustment Factors			
SIZE	<input type="text" value="\$15,000.00"/>	<input type="text" value="(\$15,000.00)"/>	<input type="text" value="\$45,000.00"/>
Net Adjustment	\$15,000.00	(\$15,000.00)	\$45,000.00
Indicated Unit Value of Subject per Acre/Sq Ft	\$612,493.04	\$664,809.65	\$660,258.41

# RWUMS PAGE 5

## Appraisal Sheet 5 - Cost Approach Before Value - TC 62-20.5

• Cost Approach BV - Updated

Parcel Number: 0056

Appraiser's Name: WILL BERKLEY

2 Show LV Justification

Add LV Justification

### Land Value Justification

\* H & B Use: INDUSTRIAL

\* Land Size: 0.5000  AC  SF

Indicated Unit Value: 252500

Subjected Estimated Land Value: \$126,250.00

Subjected Estimated Land Value Rounded: 126250

### Comparable Sales Data

Add Comp Data Edit/Delete Comp Data Save Adjustments

Field Description	Comp #	Comp ##	Comp ###
Sale Number	1	2	3
H & B Use			Light Industrial
Land Size	0.8780 AC	0.9080 AC	0.2780 AC
Sale Date	2/28/2011	6/1/2011	3/21/2013
Sale Price	\$177,000.00	\$230,000.00	\$89,000.00
Time Factor	1.000000	1.000000	1.000000
Adjusted Sale Price	\$177,000.00	\$230,000.00	\$89,000.00
Price per Acre/Sq Ft	\$201,594.53	\$253,303.96	\$320,143.88
Adjustment Factors			
LOCATION	\$50,000.00	\$0.00	\$0.00
SIZE/SHAPE	\$0.00	\$0.00	(\$70,000.00)
TOPOGRAPHY	\$0.00	\$0.00	\$0.00
Net Adjustment	\$50,000.00	\$0.00	(\$70,000.00)
Indicated Unit Value of Subject per Acre/Sq Ft	\$251,594.53	\$253,303.96	\$250,143.88

# RWUMS PAGE 9

## Appraisal Sheet 9 - Correlation & Allocation Before Value - TC 62 - 20.9

Parcel Number:

Appraiser's Name:

Note: At least one approach must be present to save Sheet 9. Only one Valuation Approach is required.

\* Indicated Value By Cost Approach:

\* Indicated Value By Income Approach:

\* Indicated Value By Sales Comparison Approach:

\* Correlation:

THE RESULT OF THE APPRAISAL PROCESS IS AN OPINION OF VALUE. DUE TO THE MINOR NATURE OF THE ACQUISITION THE CONTRIBUTORY VALUE OF THE BUILDING AND SITE IMPROVEMENTS HAS BEEN ESTIMATED PER DOT GUIDELINES. ALTHOUGH A DEPRECIATED COST ANALYSIS WAS NOT PERFORMED AS A PART OF THE ASSIGNMENT, THE VALUE OPINION IS PRESENTED UNDER THE COST APPROACH HEADING FOR THE REASON THAT THE REQUIRED LAND VALUATION IS A PART OF THIS APPROACH TO VALUE.



\* Estimated Fair Market Value:

### Land Classification

	Land Classification	Area	UOM	Unit Value	Allocated Value
Select	COMMERCIAL	0.6600	AC	\$660,000.00	\$435,600.00
Select	INDUSTRIAL	0.5000	AC	\$252,500.00	\$126,250.00

Total Land:

# LAND CLASS ADJUSTMENT

SUBJECT	
Cropland	6
Pasture	42.66
Woodland	5
Total	53.66

## PROOF OF LAND MIX ADJUSTMENT

### SALE NO.9

Land Class	Subject Acre Area	X	Sales Contribution	Total
Cropland	6	X	\$ 1,898	\$ 11,388
Pasture	42.66	X	\$ 1,609	\$ 68,642
Woodland/Creek	5	X	\$ 565	\$ 2,825
			Total Land:	\$ 82,855
Woodland Value	From Sale 10			

SUBJECTS INDICATED LAND VALUE ADJUSTED FOR MIX: \$ 82,855  
 PER ACRE: \$ 1,544  
 LESS: SALES UNADJUSTED LAND VALUE PER ACRE: -\$ 1,721  
**INDICATED ADJUSTMENT FOR LAND MIX: -\$ 176**

### SALE NO.10

Land Class	Subject Acre Area	X	Sales Contribution	Total
Cropland	6	X	\$ 1,927	\$ 11,563
Pasture	42.66	X	\$ 1,609	\$ 68,640
Woodland/Creek	5	X	\$ 565	\$ 2,826
			Total Land:	\$ 83,028
Pasture Value	From Sale 9			

SUBJECTS INDICATED LAND VALUE ADJUSTED FOR MIX: \$ 83,028  
 PER ACRE: \$ 1,547  
 LESS: SALES UNADJUSTED LAND VALUE PER ACRE: -\$ 1,894  
**INDICATED ADJUSTMENT FOR LAND MIX: -\$ 346**