This article will discuss whether an Agency can propose or use an appraisal format that omits some of the “standard” approaches to value.

An Agency may structure an appraisal format in the scope of work for the appraiser which limits the approaches to value to those it feels best reflect the valuation of the property (see § 24.103(a), Appendix A). An appraiser may accept such work and remain compliant with the Uniform Standards of Professional Appraisal Practice (USPAP) by using the Supplemental Standards Rule and the Jurisdictional Exception Rule of USPAP.

The appraisal industry generally considers there to be “three approaches” to value. These approaches are: 1) the sales comparison approach (also known as the market approach); 2) the income approach; and 3) the cost less depreciation approach (also known as the cost approach). Within the USPAP there is an emphasis on using all three approaches such that all possible views of value are examined. In fact, an appraiser must justify why a particular approach is not used if one is omitted, according to the USPAP. (The USPAP document sets the standards for appraisals and appraisers, which are enforced through the state licensing boards. A violation of USPAP may result in penalties to the appraiser.)

However, in eminent domain work, the courts have long set another standard. That standard simply says that the best measure of a parcel’s value is that amount of money that a willing buyer and willing seller would mutually agree upon. In other words, the courts have traditionally favored the simplest way to look at value, which is generally felt to be the sales comparison approach. In many instances

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the other approaches add nothing to the valuation question. For example, if one were appraising a 50-year old home, the cost less depreciation approach is highly speculative since depreciation is difficult to estimate. Further, if these homes were not typically bought for their income potential, then the income approach is likely not a good measure of value.

Statements in the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA, the “yellow book”) are supportive of the importance of the sales comparison approach. For example, page 37 states that “the federal courts recognize that the sales comparison approach is normally the best evidence” [compared with the other approaches]. On that same page, the text quotes from a 1961 case opinion, “[t]he best evidence of such value is a like and comparable sale…”

Therefore an Agency may propose an appraisal format that limits the approach to just sales comparison (or some other combination). For example, a large airport noise project might propose to acquire one-hundred single-family older residences. It would be prudent to require only a sales comparison approach and this approach would likely lead to the best conclusions at to value. The single approach should lower appraisal costs and speed the work product. It will also facilitate the appraisal review.

However, care must be taken to recognize that if any other approach would likely result in a useful indication of value, then it should be included in the appraisal. If an appraiser is asked to omit an approach that he or she feels is needed, the issue should be resolved as a part of the development of the Scope of Work between the Agency and the appraiser. An appraiser may also choose to supplement their own file with any data they feel is pertinent.

Note: This article is from ORC’s Knowledge Database which is available online to all ORC employees as a source of technical reference. If you are interested in knowing more about our Knowledge Database, please contact Lisa Barnes at lbarnes@orcolan.com.

ORC Begins Research Study About Reverse Mortgages in Relocation Assistance

By Lisa Barnes, VP, ORC Training, LLC

FHWA has awarded ORC a contract to conduct “A Study of Reverse Mortgages in Relocation Assistance.” What is a reverse mortgage? It is a financial instrument, also known as Home Equity Conversion Mortgage (HECM), that allows homeowners 62 years or older to take advantage of the equity they have invested in their homes. The homeowner can draw down their equity position through various means including a lump sum payment, monthly payments for life,
monthly payments for a defined time period, a home equity line of credit, or combinations of several types of payments. Rather than making a payment to a lender, the homeowner is receiving some type of payment from a lender. Obviously a reverse mortgage is different from the one displacing agencies normally encounter where the displaced homeowner is typically paying a monthly mortgage payment to a lender. The challenges associated with reverse mortgages in relocation assistance can be complex, depending on the variables and scenarios presented.

The purpose of this research is to collect, analyze and organize the information needed to explain reverse mortgages, and also describe the impacts to both displacing agencies and persons displaced by Federal or federally-funded projects in accordance with the Uniform Act. ORC will provide an analysis of calculation models or methods that can be used to calculate a replacement housing payment.

The goal of the research study is to provide the FHWA with the technical expertise on reverse mortgages so it can develop guidance for establishing a fair and effective method of addressing reverse mortgages encountered when displacing persons in accordance with the Uniform Act. The timeline for this study is aggressive since FHWA would like to include regulatory guidance for reverse mortgages with its regulation revisions targeted for summer 2013.

Bob Merryman, Lisa Barnes, Dick Moeller and Bob Kleinburd are working on this important research study.

**ORC Provides Relocation Services for Project Neon**  
*By Ted Pluta, Project Manager*

ORC is currently working on Project NEON in Las Vegas Nevada as a team member with CH2MILL. NDOT is overseeing the entire NEON project. Project NEON is a corridor program that re-designs I-15 through downtown Las Vegas between the Spaghetti Bowl and Sahara Avenue. This is a $1.5 billion project that includes more than 13 lane miles of new bridges, new HOV connectors, direct access ramps and local traffic improvements.

ORC’s responsibility in this program is to handle the relocation of commercial/industrial facilities that must be moved as a result of the acquisition of properties required for the project. This project includes some very unique businesses as well as the moving of approximately 1,200 storage units. ORC is handling the northern most public storage facility that contains 800 units. NDOT obtained title to the storage units on September 1, 2012 and all units will be moved by December 20, 2012. This has been a very intensive process to clear a large volume of units and coordinate all proper relocation notices that must be given to all displaces in each unit.
In order to accommodate people who are required to move their personal property, ORC has maintained on site office hours seven days a week. Keep in mind that the initial stages of these move outs were happening in the summer here in Las Vegas when temperatures were reaching 115 degrees! Another challenge in clearing the units has been tracking down tenants who have personal property in the units but cannot be located with the information that has been provided by the prior operator of the facility.

Overall, this process has gone smoothly and this can be directly attributed to the planning team members from ORC, CH2MHILL and NDOT did prior to the acquisition of the fee parcel. As we instruct in our NHI classes, planning is a must on projects of this size. In order to meet deadlines and clear dates, early planning is essential. ORC had weekly meeting with team members and NDOT in Carson City, NV for about 6 weeks leading up to the actual implementation of the move process. These meetings established the procedures, forms that would be utilized, move cost claim and payment process and anticipated potential problems that could arise. The meetings proved to be crucial in formalizing procedures that have been highly effective in moving such a large number of displacees in a short amount of time.

ORC is in the final stages of completing relocation claims for an antique mall that had 45 tenants, an automobile collision shop, a coffee shop and several other retail stores. Examples of relocations that are in the initial stages include a nationally recognized medical transportation service center that services the entire Las Vegas Valley, a printing shop, bakery, concrete batch plant, outpatient drug and alcohol rehab center and several other businesses. It is anticipated that over 70 businesses will be moved in the initial stages of the project.

ORC’s team on Project NEON includes Ted Pluta as the Project Manager and Donna Neeley and Walt Gibson as relocation agents. Steve Rabel was also on the project to help out with the initial stages of the project.

...inspiring confidence in progress
The National Highway Institute (NHI) recently recognized Ted Pluta, Bob Merryman, Lisa Barnes and Bob Kleinburd as Instructors of Excellence for fiscal year (FY) 2011. Ted Pluta has received this award 5 consecutive years since FY 2007, Bob Merryman and Lisa Barnes have been acknowledged in multiple years, and Bob Kleinburd was recognized in his first year as a Certified NHI Instructor.

The Instructors of Excellence Award recognizes exemplary service and dedication to providing high quality instruction of critical training to the transportation workforce. To earn this distinction, instructors must be nominated by a training program manager, consistently achieve an average satisfaction ranking of 4.5 or above (on a 5-point scale), have successfully completed the NHI Instructor Development Course, achieved or be in the process of achieving NHI Instructor Certification, and teach at least two sessions during the fiscal year.

This award demonstrates the recipient’s exemplary skill in instruction, a commitment to NHI’s adult learning philosophy, and the ability to share real-world experience in the classroom. NHI has more than 500 instructors and presented 74 Instructors of Excellence Awards in FY 2011.
Clean Line Energy Partners is building a transmission line across Oklahoma and Arkansas to bring wind power from the panhandle of Oklahoma to connect to the grid in Tennessee for use in the eastern United States. ORC was recently selected by Clean Line to provide right of way services for the 750 mile Plains & Eastern Corridor Project. Clean Line has had more than 1400 meetings with stakeholders in three states (Oklahoma, Arkansas and Tennessee) to build public support for the project which will deliver approximately 3,500 megawatts to the Mid-South and Southeast, providing enough energy to power over one million homes.

The environmental benefits of wind energy are enormous. No water is required for wind generation and there will be no hazardous emissions of mercury, nitrogen oxide, sulfur dioxide or carbon dioxide. The addition of this clean energy to the nation’s energy grid is an important and viable step in the solution of the complex environmental problems facing our nation.

ORC participated in 22 Open Houses over the last two months where the public was invited to see the routing process and provide input. The next phase will be public meetings held by the Department of Energy as part of the environmental process. The right of way acquisition phase is planned for 2015 and will require negotiations for more than 4000 easements. Once the easements are in place, construction will begin. The plan is to have the transmission line operational by 2018.

Pictured at the left is Gary Brown of ORC showing property owners one of the corridor alternatives at the Open House on Monday evening, December 3rd in Osceola, Arkansas.

The project will provide opportunities for local businesses, including hundreds of construction jobs. ORC will be seeking to hire local talent to assist with the negotiation of easements as part of Clean Line’s commitment to enhance the economies of the communities involved.

If you are interested in participating on the ORC right of way team, please contact Cathy Muth at cmuth@orcolan.com.

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On the Road with Bob: Visiting Presidential Libraries

By Bob Merryman, Senior VP, O. R. Colan Associates/ORC Training, LLC

There are thirteen Presidential Libraries associated with the United States National Archives and Records Administration. These libraries are privately constructed but maintained by the Federal Government. The Archives is involved with the libraries since the libraries serve as the repository for the documents of the various presidential administrations. (http://www.archives.gov/presidential-libraries/)

Visiting a library may not seem like an exciting thing to do when on a trip. However, these thirteen libraries, scattered across the United States, are not libraries in the conventional sense, but history museums. And the best part of this history is that many of us were alive for some of the events recorded at these library-museums. These are the Presidential Libraries.

The concept of building a library to house the president’s documents is a fairly recent idea. The Herbert Hoover Library in West Branch, Iowa holds documents from the earliest president in this group. The newest library is the George W. Bush Library in Dallas, Texas which will open in spring 2013. There are other museums and libraries such as the Lincoln Library in Springfield, Illinois which are unofficial repositories and not maintained by the National Archives.

If you view a map of the location of the libraries, you can see they are spread across the U.S. The State of Texas has the most sites with three libraries- Lyndon Johnson, George H.W. Bush, and George W. Bush. I recall walking to the Johnson Library on the grounds of the University of Texas in Austin; walking into the building; and looking up at the huge glass wall enclosing red file boxes of documents from the Johnson administration. It was impressive, and it was the first presidential library I had ever visited. I have now been back a couple times and still find it amazing to see all of the detail presented on topics such as the Great Society programs and the Vietnam War- topics which are fading in history.

Which library is the best? That is a tough question. But certainly one of the nicest and most interesting is the Ronald Reagan Library in Simi Valley California, just a short trip out of Los Angeles. One of the offbeat asides to this visit is looking for rattlesnakes! There are signs as you walk up to the library to keep an eye out for the snakes which are supposedly prevalent in the area. I saw none.

Besides the usual Oval Office replica, the Reagan library has a unique feature. It has the Air Force One Pavilion which houses a retired Boeing 707 that was actually used by the President in his travels. You can walk through it and see how it provides a flying office and residence for the traveling president. It is truly first class travel.

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Another library I visited was the George Bush Library in College Station, Texas. I was involved in a project with the Texas Transportation Institute on the campus of Texas A&M. It was getting late in the day, and someone from the Institute called over to the library, which is located on the campus to get me a personal tour. The elderly woman that led me through the library was so proud of “her president” and his son, the governor of Texas that she pointed out the library site reserved for the President’s son (George W. Bush) who was then running for election. Her prediction was correct about the outcome of the election; however, the younger Bush opted to site his library in Dallas instead of College Station.

Here is a list of the current National Archives associated Presidential Libraries:

- Herbert Hoover, West Branch, IA
- Franklin Roosevelt, Hyde Park, NY
- Harry Truman, Independence, MO
- Dwight Eisenhower, Abilene, KS
- John Kennedy, Boston, MA
- Lyndon Johnson, Austin, TX
- Richard Nixon, Yorba Linda, CA
- Gerald Ford, Ann Arbor, MI
- Jimmy Carter, Atlanta, GA
- Ronald Reagan, Simi Valley, CA
- George Bush, College Station, TX
- William Clinton, Little Rock, AR
- George W. Bush, Dallas, TX

I have visited all of the libraries except for Hoover, Roosevelt, and Eisenhower. The Gerald Ford library is technically in Ann Arbor and his museum is in Grand Rapids, Michigan, so I have to admit I have seen only the Grand Rapids museum. If you are near any of the library locations, a visit is worthwhile.

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