



HOUSTON PUBLIC WORKS REAL ESTATE SERVICES LAND ACQUISITION - SCOPE OF SERVICES

In preparing appraisals for Houston Public Works, appraisers will adhere to the following basic guidelines and requirements set forth within this scope, the Land Acquisition Appraisal Template, and the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

Format and Presentation:

1. The appraisal must be clearly and accurately set forth in a manner that is not misleading. The appraisal must contain enough information to enable the Intended Users to properly understand the appraisal. The appraisal must clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions utilized in the appraisal process.
2. The appraisal report must be prepared utilizing the HPW, CP, Real Estate Services' Land Acquisition Appraisal Template.
3. The Appraiser must provide the appraisal report via email in PDF (Portable Document Format) and a minimum of two signed, printed, unbound (use only a binder clip) originals of the appraisal report. Appraisals assembled with glue, binding combs, or other permanent binding of any kind will not be accepted.
4. Even though cost to cure represents curable damages, the Appraiser must report cost to cure separately from damages.
5. The Appraiser must indicate the amount of damages, if any, attributed to material impairment of direct access on or off the remaining property that affects the market value of the remaining property.

Primary Content:

1. Include a transmittal letter and cover page as set forth in the HPW, CP, Real Estate Services' Land Acquisition Appraisal Template.
2. State all extraordinary assumptions and hypothetical conditions and state that their use might have affected the assignment results.
3. Include a clear and accurate description of the "Appraisal Process" including the appraisal methodologies applied (including a description of the Larger Parcel Concept, if applicable), approaches used, and the reasoning that supports the analyses, opinions, and conclusions. Exclusion of the Sales Comparison Approach, Cost Approach, or Income Approach must be explained.
4. Clearly state the client (i.e., City of Houston), intended users (i.e., City of Houston and its representatives), and the intended use of the appraisal.
5. Identify the subject property including the physical and economic property characteristics relevant to the assignment.
6. State the real property interest(s) appraised (fee simple estate and/or easement) for the subject parcel.

7. Include the approved definition of market value per the Texas Supreme Court, *City of Austin v. Cannizzo*, 267 S.W.2d 808 (Tex. 1954).
8. The appraisal MUST include a clear and conspicuous Scope of Work. Do not solely state the scope is established throughout the appraisal report.
9. State the date of report, date of site visit, effective date of value, and a reasonable exposure time.
10. Include a market area analysis consistent with the HPW, CP, Real Estate Services' Land Acquisition Appraisal Template.
11. State the subject property's use (both the parent tract and the parcel acquisition) as of the effective date of value and provide a summary of the rationale for the appraiser's opinion of highest and best use.
12. Consider access damages in accordance with Section 21.042(d) of the Texas Property Code.
13. Include a signed and dated CERTIFICATION.
14. Include a signed notice by the Owner/Representative offering to arrange an appointment to meet with the property owner/representative and to accompany the Appraiser on a site visit of the property.
15. Include a copy of the Return Receipted delivery of the notice to Owner/Representative.

Subject Property Content:

1. Provide a detailed description of the subject property's (both the parent tract and the parcel acquisition) location to include any physical address and area description clearly identifying the subject property (whole property, larger parcel, etc. as appropriate, hereinafter referred to as the subject). Provide a description of the subject parcel's location, if applicable.
2. Include legal description of the subject parent tract and the parcel acquisition per the field notes provided. The survey/drawing must be included or, if none is provided, a sketch of the site should be rendered. The sketch should depict all improvements on the site and most importantly within the acquisition parcel. All dimensions and size descriptions must be expressed in square footage or acreage.
3. Provide a clear description of the subject's site data, site access, physical characteristics (topography, soil/subsoil conditions, shape, frontage/depth, etc.), nuisances, zoning/restrictions, utilities availability and capacity, off-site improvements, easements, flood zone, adjacent land uses, and presence of environmental hazards.
4. Include a detailed description of the subject parent tract and the improvements upon the acquisition parcel, if applicable.
5. Provide a five-year ownership history of the subject.
6. Provide a three-year history of the subject's assessed values and a discussion of the appraised land value and whether it is in line with, greater or lower than the current assessed value and why.
7. Provide the ad valorem taxes for the most recent three-year period.

Highest and Best Use Content:

The Highest and Best Use – As Vacant, and The Highest and Best Use – As Improved must be reported for the subject and parcel (if applicable). The Highest and Best Use analysis must be specific and must be based upon subject market data. In the Highest and Best Use Analysis, four criteria must be considered and reported: Legal Permissibility, Physical Possibility, Financial Feasibility, and Maximum Productivity.

Value Approaches Content: (Exclusion of any of the approaches to value must be explained.)**Income Approach:**

1. Consider and apply the Income Approach, if applicable.
2. Provide a minimum of four rent comparables if Income Approach is applicable.
3. Provide and explain market support for the determination of capitalization rates. Include any calculations and the source of any market data used to support the capitalization rate estimate.
4. Provide and explain market support for income and occupancy estimates by comparing the subject to comparable rental properties. Expense estimates should be based upon the recent operating history of the subject and supported by expense comparables and/or expense estimates from real estate or trade journals. Property tax expense should be based upon the most recent tax assessment.
5. Provide reasonable and appropriate evidence from the subject market area to support projections of future rent and/or income potential and expenses.
6. Provide and explain market support for estimating replacement reserves and deferred maintenance.
7. If using a discount cash flow analysis model, provide and explain market support for income, expense, and occupancy projections.
8. Include a "Value Conclusion via the Income Approach" section wherein you state the value conclusion derived via this approach and provide rationale for said value conclusion.

Sales Comparison Approach:

1. Consider and apply the Sales Comparison Approach, if applicable.
2. Provide a minimum of four sale comparables if Sales Comparison Approach is applicable.
3. Form an opinion of value using current sales of properties similar to the subject with regard to highest and best use, transactional elements, and property elements.
4. Complete a Comparable Sale Summary Data Sheet for each comparable used. A three-year sales history for each comparable must be analyzed and reported. Any additional information relevant to the comparable must also be included on the Comparable Sale Summary Data Sheet. Confirm all comparable sales used and report data sources, including the source confirmation number, person contacted, contact phone number, and/or email address.
5. Provide a Sales Adjustment Grid as set forth in the HPW, CP, Real Estate Services' Land Acquisition Appraisal Template. Provide quantitative adjustments for measurable differences between the subject and comparables. The "per square foot" unit of comparison is preferred.

6. Provide an explanation of adjustments, supported by the sale data presented, fully described (with explanation of what, why, how much, and the method used to determine the adjustment amount).
7. Include a “Value Conclusion via the Sales Comparison Approach” section wherein you state the value conclusion derived via this approach and provide rationale for said value conclusion.

Cost Approach:

1. Consider and apply the Cost Approach, if applicable.
2. Form an opinion of land value using current sales of properties similar to the subject with regard to highest and best use, transactional elements, and property elements.
3. Provide a detailed description of the improvements, calculations for the depreciated cost of the improvements, and sources of the cost estimates (e.g., Marshall Valuation Service, private contractors). Explain depreciation estimates and address the physical, functional, and economic aspects as they apply to the property being appraised. These estimates should be consistent with the design, age, condition, and location of the improvements. If the source of the estimate is a cost manual, provide the name of the publication, section, and page number from which the cost estimate is taken. If the source is a private contractor, provide the company name, name of the person contacted, telephone number, and/or email address.
4. Include a “Value Conclusion via the Cost Approach” section wherein you state the value conclusion derived via this approach and provide rationale for said value conclusion.

Value Reconciliation Content:

1. MUST Include a reasoned “Reconciliation of Value” section.
2. Reconcile the approaches and methods used to arrive at the final opinion(s) of value.
3. Clearly state the logic applied in deriving the opinion(s) of value.

Summary of Just Compensation Content:

Include a “Summary of Just Compensation” section indicating the amount due the property owner for the acquisition of the subject parcel.

Addenda Content:

1. Photographs of the Subject Property – The appraisal must contain color photographs of the subject property clearly depicting the front, street scene, improvements included in the transaction, and all other features that impact value (positively or negatively).
2. Location Map – The appraisal must contain a location map with the subject clearly marked and a north arrow.
3. Field Notes – The appraisal must contain all field notes provided to the appraiser. If field notes have not been provided, some form of a description of the subject must be included.
4. Drawings – The appraisal must contain all drawings provided to the appraiser. If no drawings have been provided, the appraisal must contain some form of a valid drawing that describes the subject and its improvements.
5. Aerial Image – The appraisal must contain an aerial image clearly identifying the subject, and a north arrow.
6. FEMA Flood Zone Map – The appraisal must contain a flood map clearly showing the subject in its

FEMA Flood Zone(s) and a north arrow.

7. Comparable Sales Map – The appraisal must contain a map detailing the location of the subject, all comparables utilized in the appraisal, and a north arrow.
8. Comparable Sale Summary Data Sheets – The appraisal must contain all comparable sales data as required by the HPW, CP, Real Estate Services' Land Acquisition Appraisal Format.
9. Appraiser Qualifications and Current Copy of Certification - The appraisal must contain the appraiser's qualifications and a current copy of his/her TALCB certification.
10. Notice to Owner/Representative - The appraisal must contain a signed letter from the Appraiser offering to arrange an appointment to meet with the property owner/representative and to accompany the appraiser on an appraisal inspection of the property. The appraisal must also contain a copy of the Certified Return Receipt from delivery of the Notice to Owner/Representative.
11. Other, as required – The appraisal must contain any additional relevant information and any additional information that may be required for the specific assignment.