



Rights-of-Way Manual
Policy 1471

Endowment Land Valuation Guidelines

In accordance with [Executive Order 2020-02, Transparency in Agency Guidance Documents](#), guidance documents promulgated by the department are not new laws. They represent an interpretation of existing law, except as authorized by Idaho Code or incorporated into a contract.

Agency Contact

Right-of-Way Program Manager

For assistance on a right-of-way related project, please contact your local Idaho Department of Lands Supervisory Area: <https://www.idl.idaho.gov/about-us/supervisory-areas/>.

Purpose

To assist in determining the methods to value Endowment Lands for Rights of Way Issuances.

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Short Form Valuation

Qualified Idaho Department of Lands (IDL) Area Staff shall use the Short Form Valuation (SFV) tool when the value of Endowment Lands encumbered by an easement are estimated to be less than \$10,000 and a non-complex valuation. Reminder: the IDL Staff Appraiser must review all SFV's. The SFV cost to the applicant is \$500.

IDL Staff Appraisal

For valuation considerations estimated to be greater than \$10,000 but less than \$100,000, or a complex assignment (i.e., damages to the remainder resulting from the grant of easement) brief the IDL Staff Appraiser, who will then present the appraisal project to the Asset Management Steering Committee with a recommendation. The cost to the applicant for an appraisal performed by the IDL Staff Appraiser is \$1,000.

Third Party Appraisal

- It is the preference of IDL for the easement applicant to provide the appraisal. An appraiser specializing in Rights of Way (ROW) corridor valuation can be selected, and the turnaround time for the selected appraiser can conform to the applicant's business. These are termed as "Third Party" appraisals.
- An easement applicant may elect to provide an appraisal, at the applicant's expense.
- Additionally, at the Director's direction, the ROW Program Manager may request the easement applicant provide the appraisal, at the applicant's expense.
 - When the IDL Staff Appraisers' time, workload, or priorities are restricted; or
 - If the appraisal assignment is outside the competency of IDL's Staff Appraiser.
- Prior to "Third Party" appraisals, the appraisal instructions are to be drafted by the applicant, and must be approved by the IDL Staff Appraiser.
- All Third Party appraisals will list IDL as an intended user of the appraisal report.
- All Third Party appraisals must comply with USPAP and IDAPA 20.30.08.
- All Third Party appraisals must be reviewed by the IDL Staff Appraiser.
- If the Staff Appraiser deems the appraisal acceptable, the appraisal shall be used in processing the easement application.

At the discretion of the ROW Program Manager.

An updated or new valuation may be required, to replace an SFV or appraisal older than 90 days. Alternatively, if recommended by the ROW Program Manager, and upon agreement by the easement applicant, an escalator or index (e.g., Consumer Price Index) may be used to adjust the outdated valuation on a monthly basis, adjusting for easement applications experiencing long processing times, such as complex projects encompassing many segments of easement, pipelines, or transmission lines.

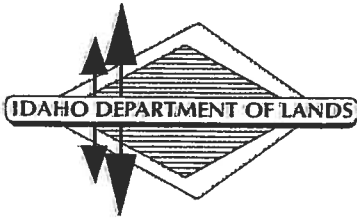
References

IDL Department Policy #12 – Use of Staff Appraisers

Current edition of Uniform Standards of Professional Appraisal Practice (USPAP)

Idaho Department of Lands Short Form Valuation

IDAPA 20.03.08 – Easements of State-Owned Lands



USE OF DEPARTMENT STAFF APPRAISERS

1. REFERENCES:

- A. Idaho Code § 58-133: Acquisition, Sale, Lease, Exchange or Donation of Public Lands;
- B. Idaho Code § 58-301: Appraisalment – Fee – Reappraisalment – Appropriation for Appraisalment;
- C. Idaho Code § 58-313 Chapter 3: Appraisalment, Lease, and Sale of Lands;
- D. Idaho Code § 54-4101, *et seq.*, Idaho Real Estate Appraisers Act;
- E. IDAPA 24.18.01 – Real Estate Appraiser Board; and
- F. Land Board approved December 2015 Governance Structure.

2. DEFINITIONS:

"Appraisal" or "real estate appraisal" means an analysis, opinion or conclusion relating to the value, nature, quality, or utility of specified interests in, or aspects of, identified real estate.¹

"Real property" or "real estate" means and includes leaseholds as well as any other interest or estate in land, whether corporeal, incorporeal, freehold or nonfreehold and whether situated in this state or elsewhere.²

"Real estate appraiser" or "appraiser" means a person who for a fee or other valuable consideration or the expectation thereof, develops and communicates real estate appraisals or otherwise gives an opinion of the value of real estate or any interest therein.³

"Real estate related financial transaction" means any transaction involving: The sale, lease, purchase, investment in or exchange of real property, including interest in property or the financing thereof.⁴

"Staff appraiser" means a state certified general real estate appraiser who is employed by and performs appraisals for the Idaho Department of Lands for real estate related financial transactions.

"State certified general real estate appraiser" means a person who is certified to appraise all types of real property.⁵

3. PURPOSE:

This policy identifies the dollar threshold to use IDL's staff appraiser and certain identified conditions when third-party appraisers shall be contracted.

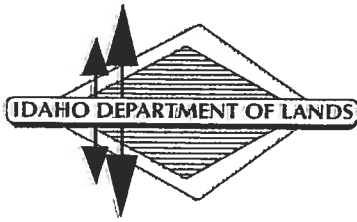
¹ I.C. §54-4104(1)

² I.C. §54-4104(11)

³ I.C. §54-4104(9)

⁴ I.C. §54-4104(10)(a)(b)(c)

⁵ I.C. §54-4104(12)



4. APPLICABILITY:

For IDL's staff appraiser to appraise real estate subject to acquisition and disposition.

5. POLICY:

A. SCOPE. For the acquisition and disposition of real estate that is valued less than \$100,000.⁶

- a. This dollar limit includes land and improvements.
- b. The use of IDL's staff appraiser will be brought before the Asset Management Steering Committee for recommendation. (Whether to use the IDL staff appraiser will be a topic during the AMSC's review and approval of the acquisition and disposition project.)
- c. If, during the course of the appraisal, it appears the value will exceed \$100,000, the IDL staff appraiser will consult with the Real Estate Bureau Chief on whether to continue.

B. USE OF THIRD PARTY APPRAISERS. As a general rule, the IDL staff appraiser will perform appraisals with the following exceptions:

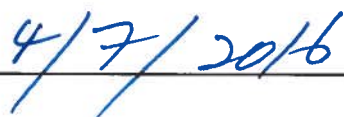
- a. At the Director's discretion, if the real estate under appraisal is highly complex or controversial in nature or has the appearance of a perceived conflict of interest, a third-party appraiser will be contracted.
- b. When IDL's staff appraiser's time, workload, or priorities are restricted, a third-party appraiser will be contracted.
- c. When the appraisal assignment is outside the competency of IDL's staff appraiser, a third-party appraiser will be contracted.
- d. **Exceptions:** IDL's staff appraiser may appraise any lands under USPAP in an emergency or time-critical situation; when a subpoena is served; or in regard to an active legal case/issue they are working on with an attorney.

6. REVISIONS AND REVOCATION:

This is a new Department Policy.



THOMAS M. SCHULTZ, JR.
Director



Date

⁶ The dollar limit aligns with the December 2015 Land Board approved Governance Structure for transactions of less than \$100,000 and those identified as "non-routine" investments (e.g. land disposal, land acquisition, new tenant improvements).



Short Form Valuation How-to Tutorial

Introduction: Remember to always begin with the Short Form Valuation *template*. Do not cut & paste from older reports as the form will change from time to time.

For example: ES/AE/Name of road segment/location of proposed easement

Project Name/Description:	
Legal Description of the subject:(attached if lengthy)	

Line appropriated for the legal description of the subject. If the survey runs long, attach in the addenda of the Short Form Valuation (SFV).

Subject Larger Parcel:

Subject Larger Parcel (Acres):	<input type="text"/>	Larger Parcel
Intended Use of Report:	To determine the market value of the proposed Term Easement	
Owner of Record:	Idaho Department of Lands	
Description of the Subject Property:		
Purpose of the Valuation:	To determine the appropriate compensation	
Number of acres in proposed use:	<input type="text"/>	Proposed use of Right-of-Way: Buried Utility Line
Real Property Interest Being Valued:	Fee Simple subject to any outstanding reservations or encumbrances	
Highest and Best Use of the Subject:	Dry Native Rangeland	Zoning: <input type="text"/>

Insert the total acres of the larger parcel you determined. Your larger parcel will be the foundation for your comparables sales selection. (size & use)

Highest & Best Use is used in conjunction with the larger parcel concept. Question to ask yourself: Are there different leases on the land? For example, there might be a grazing lease and a mining lease on the subject. If this is the case, there are two larger parcels; the area of the grazing use and the area of the mining use.

Zoning plays an important role in the Highest & Best Use of the subject. Insert the local zoning ordinance here. You can find the current zoning of the subject on county or city websites. You can always find the current zoning by talking with a county or city planning & zoning official. Chances are the Highest & Best Use is the current zoning. (But not in every case)

Things to remember when defining the Larger Parcel: 1.) Unity of ownership, 2.) Unity of contiguity (are all the pieces touching), and 3.) Unity of use (highest and best use). Larger Parcel is a Valuator's opinion, and remember to always support your determination of the larger parcel. If the Valuator needs guidance for the Larger Parcel, contact the IDL Staff Appraiser.





Short Form Valuation How-to Tutorial

Intended Use of Report:	To determine the market value of the proposed Term Easement
Owner of Record:	Idaho Department of Lands

Intended Use of the report is to determine the market value of the proposed Right-of-Way. Use the arrow button to select the appropriate Intended Use.

For ES: select IDL. For AE: type in the owner of the subject parcel(s) which a Right-of-Way is required, i.e. Grantor(s), servient estate. You have the freedom to type in this field.

Description of the Subject Property:

4 lines appropriated for the description of the subject property. Description includes, but are not limited to: size of the larger parcel (total land size that is adjacent, same use, and ownership), location, current zoning, existing easements, land classification, topography, access, water rights, neighborhood (what is going on to the north, south, east, west of the subject), existing improvements, etc. Below is an example:

Description of the Subject Property:	The subject property is located in Boise County less than a mile from the Ada County Border directly northwest of salmon Gulch. The subjects' larger parcel is comprised of 800 acres of dry rangeland with native brush and moderate pine cover located approximately 15 miles from Anywhere, Idaho. The area has rural residential appeal due to it's remote seclusion and close proximity to the Idaho River. The topography varies moderate to steep. Access is provided by Highway 315 to Seasonal Canyon Rd to a narrow two-track dirt road (Mountain Road).
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Things to think of when writing the Description of the Subject Property: Look for characteristics that you believe the market would recognize, such as access, or live water, or what is the location to in comparison to nearby cities or towns. Is the topography flat or rolling? Are there any utilities to the subject? Is merchantable timber on the subject? Are there any easements on the subject? Is the subject adjacent to federal lands? Is it next to a landfill? The thing to remember; is know your subject and know it well. The characteristics of the subject will be important, because those characteristics will be compared to the subject by comparable sales from the market. The Valuator should have a valid reason to not inspect the subject and comparable sales. Always inspect the subject and comparables unless inclement weather limits access.



Read-only fields: Purpose of the Valuation and Real Property Interest Being Valued serve the principle for all Right-of-Ways.

Purpose of the Valuation:	To determine the appropriate compensation
Number of acres in proposed use:	<input type="text" value=""/> Proposed use of Right-of-Way: Buried Utility Line
Real Property Interest Being Valued:	Fee Simple subject to any outstanding reservations or encumbrances

Enter the area of the ROW in acres. This field defaults to .00 of an acre. This field also auto-populates below as part of the compensation.

Select the actual use of the proposed ROW by using the drop-down



Short Form Valuation How-to Tutorial

Comparable Data: Below is an example SFV with the required blue fields filled in.

Comparable Data: (Minimum of 3 sales)						
	Subject	Comp 1	Comp 2	Comp 3	Comparable data range (unadjusted)	
TOTAL PRICE	N/A	\$ 320,000	\$ 99,999	\$ 300,000	LOW	\$ 3,750
SIZE (ACRES)	40.00	40	10	80	AVERAGE	\$ 7,185
PRICE / ACRE	N/A	\$ 8,000	\$ 9,804	\$ 3,750	HIGH	\$ 9,804
SALE DATE	N/A	4/16	9/15	1/12		

Comparable market sales data is the most important part of the Short Form Valuation. Contact local Brokers & Real Estate Professionals for comparable data like your subject. Enter the total sales price here. Remember, the **use** of the comps must be the same as the subject.

The low, mean, and high are auto-populated (per/acre). This will assist with the analysis portion

Attempt to "bracket" the comparables to the subject's larger parcel size if possible.

Sale Date: It goes without saying; use the most current comparables as possible. The real estate market is always changing and typically newer sales offer better support of the market. You can use a listing, however, keep in mind a listing is not a closed transaction, and often the price of a sale is negotiated differently than the listing price. You cannot use three listings to form an opinion of value for this "Short Form Valuation" SFV. The Simple Market Analysis (SMA) is the tool to use if listings are to be used to formulate your opinion of value. SMA valuation is only for non-complex valuations under \$5,000.

Analysis Grid: This is the process of adjusting the comparables to your subject. Size is an important adjustment factor for vacant land, so always adjust for size. Remember, size typically has an inverse relationship per-acre.



Analysis Grid				
ADJUSTMENTS	Subject	Comp 1	Comp 2	Comp 3
Size (ACRES)	40.00	Similar	Superior	Inferior
Location	N/A	Similar	Superior	Inferior
Access	N/A	Superior	Similar	Superior
TOTAL ADJUSTMENTS	N/A	Slightly Upward A	Downward	Upward Ac

Choose from drop-down menus for property characteristics. These are the items for comparison you described in "Description of the Subject Property" above.

Compare each Comp to the subject for each selected characteristic using the drop-down menu tabs.

Compare the total adjustments for each comp. For example, in the above Analysis Grid for Comp 1; a "Slightly Upward" adjustment is warranted, as a Total adjustment. There are two (2) "inferior's" & one (1) "similar", which point the Valuator to adjust Comp 1 "Slightly Upward". In other words, the subject is worth slightly more than Comp 1. Proceed with adjustments for Comp2 & Comp 3.



Short Form Valuation How-to Tutorial

Final Range of Value Summary: This is the reconciliation used to conclude a final per-acre value for the subject. Below is an example with the same 40-acre subject larger parcel and 3 Comps used above in the Analysis Grid:

Final Range of Value Summary	
The subject is worth less than:	\$9,804
The subject is worth more than:	\$8,000
I have concluded a value near the:	
lower-en	of the range of value.

What are the Comps "telling you?" In this example, the range of value just got smaller. The adjusted range of value is now from \$8,000/acre to \$9,804/acre from the adjustments you made.

Use the drop-down menu to select the range of value. The selection of the narrowed range of value requires judgment on the Valuator's part. In this example the lower-end of the range was selected because of the current date of sale and similar size for Comp 1.



Concluded Value/Acre (fee simple): Think of the valuation process like a funnel. The comparables are put into the top of the funnel. After adjustments, the range of value is getting smaller. The concluded value per-acre is one value that you opined for the subject. Remember, your concluded value cannot be outside the original range of value (comp selections).

Concluded Value/Acre (fee simple)
\$ 8,000

Insert your concluded per-acre value here. Once inserted, auto-population will begin for the Total Compensation pending one last field (ROW term (years)).



Concluded Value/Acre (fee simple)	Easement Size (Acres)	Subtotal	% of Rights Transferred	Factor	Easement Term (Years)	Factor	Total Compensation
\$ 8,000	1.00	\$ 8,000	75%	0.75	30 year Te	0.95	\$ 5,700

This 1.00 acre is only an example. This field is auto-populated from above. The area of the ROW will be determined by survey or centerline description. If you have questions, please contact Land Records.

Insert the ROW term from the drop-down menu. This will conclude the analysis for Total Compensation. Remember, this can be adjusted to best suit the endowment.

*Total Compensation (\$):	\$ 5,700
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Total Compensation will auto-populate as "read-only. Remember, the minimum compensation is \$500. Maximum compensation is \$10,000 for a SFV. Short Form Valuations are for non-complex valuations. If there are damages to the remainder or any uncertainty, contact the Staff Appraiser, who will perform an appraisal. All SMA's & SFV's will be reviewed by the Staff Appraiser.



Short Form Valuation How-to Tutorial

Type your name here. By writing your name and transmitting electronically, you are certifying you are competent, and to the Valuator's Independence. Valuator's Independence definition is located at the bottom of the SFV.

Value Estimator:			
Date of Value:		Date of Report:	

This is the last date of your subject and comp inspections.

This is the date you send the report for review.

References:

ROW Guidelines

ROW Procedures

IDAPA 20.03.08 Easements on State-Owned Lands



Short Form Valuation

Prepared for Idaho Department of Lands

Project Name/Description:							
Legal Description of the subject:(attached if lengthy)							
Subject Larger Parcel (Acres):			Larger Parcel test: Same use, ownership, & contiguity				
Intended Use of Report:							
Owner of Record:							
Description of the Subject Property:							
Purpose of the Valuation:			To determine the appropriate compensation				
Number of acres in proposed use:			Proposed use of Right-of-Way:				
Real Property Interest Being Valued:			Fee Simple subject to any outstanding reservations or encumbrances				
Highest and Best Use of the Subject:			Zoning:				
Comparable Data: (Minimum of 3 sales)							
	Subject	Comp 1	Comp 2	Comp 3	Comparable data range (unadjusted)		
TOTAL PRICE	N/A				LOW		
SIZE (ACRES)					AVERAGE		
PRICE / ACRE	N/A				HIGH		
SALE DATE	N/A						
Analysis Grid							
ADJUSTMENTS	Subject	Comp 1	Comp 2	Comp 3	Final Range of Value Summary		
Size (ACRES)					The subject is worth less than:		
	N/A				The subject is worth more than:		
	N/A				I have concluded a value near the:		
OVERALL ADJUSTMENTS	N/A				of the range of value.		
Concluded Value/Acre (fee simple)	Easement Size (Acres)	Subtotal	% of Rights Transferred	Factor	Easement Term (Years)	Factor	Total Compensation
*Total Compensation (\$):							
Value Estimator:							
Date of Value:					Date of Report:		
*Short Form Valuation is only for non-complex valuations under \$10,000.00. Minimum compensation is \$500. Attachments: Map of the proposed Right-of-way of the subject.							

VALUATOR'S INDEPENDENCE

Valuator cannot agree to provide a value opinion that is contingent on a predetermined amount. Valuator cannot guarantee the outcome of the assignment in advance. Valuator cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by IDL or others or advance any particular cause. Valuator's opinion of value will be developed with independence, impartiality and objectivity.