

## Curtis D. Harris

---

**From:** Lambert, Leslie [llambert@cra.lacity.org]  
**Sent:** Tuesday, March 20, 2007 1:14 PM  
**To:** harris\_curtis@sbcglobal.net  
**Subject:** FW: appraiser info REPLY



CRA Appraisal  
Requirements.doc...

> -----Original Message-----

> From: Murray, Michael  
> Sent: Tuesday, March 20, 2007 1:05 PM  
> To: Lambert, Leslie  
> Subject: RE: appraiser info REPLY

>

>

> No being an MAI is NOT a requirement.

>

> Attached are the appraisal requirements.

>

>

> Michael

>

> > <<CRA Appraisal Requirements.doc>>

>

> -----Original Message-----

> From: Lambert, Leslie  
> Sent: Tuesday, March 20, 2007 1:01 PM  
> To: Murray, Michael  
> Subject: appraiser info

>

> I just got a call from an appraiser who is asking what our  
> requirements are for his performing an appraisal that is acceptable to  
> us. His name is Curtis Harris. Does he have to be an MAI?

>

> I know you've sent these appraisal specs out before, but could you  
> please send them to me again?



**Appraisal Requirements  
Community Redevelopment Agency of the City of  
Los Angeles, California (CRA/LA)**

## INTRODUCTION

Community Redevelopment Agency of the City of Los Angeles, CA (CRA/LA) solicits proposals from qualified firms for appraisal services concerning the fair market value, as defined, of an adequately described real property. Requested appraisal services are used by CRA/LA and their project managers for assistance in performing their due diligence regarding proposed acquisitions, joint developments, loans and other subsidies concerning the subject property. Interested appraisal firms must submit a comprehensive appraisals meeting the CRA/LA requirements.

### **Complete Subject Property Description**

The subject property must be described thoroughly including a physical description, common address, a legal description, zoning, and all improvements, including Improvements Pertaining to Realty (IPRs). Any items that are not included in the value such as fixtures or other non-realty items that might be construed, as being a part of the realty should be described. A description of any specific items of a real property nature contributing to the property value are to be adequately described. A location map and an Assessor's Plat Map should be included for illustrative purposes.

The current use of the property is to be sufficiently described as to leave no questions concerning its present use. The proposed use of the property is to be described.

### **Required Appraisal Services:**

Fair market value (FMV), as defined, of the "As Is" fee simple interest is to be appraised. Additionally, the FMV, as defined, of the property under the scenario of the proposed use. Note that a different FMV definition is typically required when the CRA/LA is acquiring property and when it sells property or contributes property to a project. A Re-use Value is the value that is typically required when the CRA/LA owns the subject property and is contributing the subject property to a proposed project as part of a joint development.

Subject property appraisals require a comprehensive appraisal strictly complying with the July 1, 2006 Uniform Standards of Appraisal Practice (USPAP), including the Scope of Work Rule. The appraisal performed is to be reported in an appraisal report, embodied in the form of five original report copies plus one copy in a pdf format on a CD or emailed to CRA/LA. There are three typical appraisal report formats that comply with USPAP. Those appraisal report formats are the Restricted Use Report, the Summary Report, and the Self-contained Report. CRA/LA has supplemented the USPAP requirements (an allowable or permissible action) to determine it's acceptable appraisal report

format.

For the purposes of a CRA/LA appraisal report, it is to be in the form of a Summary Appraisal Report as defined by the USPAP, and "Expanded". An Expanded Summary Appraisal Report (ESAR) is described as being in conformance with the following description: An Expanded Summary Appraisal Report (ESAR) that is inclusive of certain information normally required for a self-contained appraisal report, such as, but not limited to, complete comparable market data sheets, Assessor's Plat Maps, identified photographs of the subject property and comparables, analyses performed, an adjustment grid, and depiction of all mathematical operations used in analyses or for value determinations. The intent for the ESAR is that no relevant information will be excluded from the report that would be necessary for a reviewer, user or reader to understand the value conclusion without the necessity of requesting information retained in the appraiser's files.

**Fair Market Value (FMV) Defined for CRA/LA Property to be Acquired:**

The current Fair Market Value (FMV) as defined in the California Code of Civil Procedure, Section 1263.320. Said definition is as follows:

- a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
- (b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

**Market Value (MV) Defined for CRA/LA Property Proposed for Sale on the Open Market:** Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted

by anyone associated with the sale (from Title XI of FIRREA)

**Fair Market Value (FMV) Defined for CRA/LA Property Proposed for Participation in a Joint Development or Re-use Value (RUV):** The FMV as defined by the previously referenced California Code of Civil Procedure, Section 1263.320, and the valuation based on a use other than what currently exists, taking into consideration residual land value, as appropriate. Note: This is typically the best way to indicate the value of land for a specific project where all project costs are known or reliably estimated.

**Fair Market Value (FMV) Defined for CRA/LA Property Subject to Leased Fee:** The FMV as defined by the previously referenced California Code of Civil Procedure, Section 1263.320, and the valuation is based on the interests of the lessee and the valuation of the leased fee interests, if any.

#### **Purpose of the Appraisal**

Use of the appraisal and appraisal report will be to provide CRA/LA with a basis for establishing the fair market fee simple value for acquisition negotiations and for potential development or redevelopment of the property.

#### **MINIMUM APPRAISAL REPORT FORMAT REQUIREMENTS**

All submitted appraisal report copies must have: a front page that clearly identifies the subject property, a typical permanent appraisal report binding; a table of contents with corresponding page number references; an executive summary that briefly highlights the significant items concerning the appraisal; labeled report section tabs for rapid reference; some logical sequence (tells the appraisal story); be sequentially page numbered, including all exhibits contained within the narrative sections; all supporting documentation wherever located in the appraisal report must be clearly identified/labeled and referenced in the narrative sections; addenda that need not be page numbered but must clearly be identified/labeled and appropriately referenced in the narrative.

#### **APPRAISAL METHODOLOGY**

The appraiser should determine the appraisal methodology in conjunction with the USPAP Scope of Work Rule. Consideration at minimum, however, should be given to all three primary appraisal methods. These methods include the Cost Approach, the Market Comparison Approach, and the Income Approach. This does not preclude the use of other valuation methodologies that the selected appraiser may consider appropriate. The appraiser should explain the rationale for the use of a particular appraisal method and provide justification for the non-use of a typical appraisal method. Contributory site improvements, if any, must be considered as a part of the valuation process. Improvements and land value estimates should be shown separately in relationship to their particular contribution to the value as a whole. The Appraiser must separately identify any

furnishings, fixtures, or equipment that could be construed as real property, but is specifically excluded from the appraisal. Improvements Pertaining to Realty (IPR) as defined in the California Civil Code are to be separately identified and appropriately valued as a part of the appraisal.