

Bell, Tammi [DOT]

From: Bell, Tammi [DOT]
Sent: Tuesday, March 18, 2008 7:50 AM
To: Bell, Tammi [DOT]
Subject: Appraisal Waiver Provision in Iowa

TO: County Engineers
Tammi Bell Iowa DOT - Local Systems tammi.bell@dot.iowa.gov

CC: District Local Systems Engineers, Service Bureau,
Doug Bates, and Office of Local Systems

FROM: Office of Local Systems

SUBJECT: Appraisal Waiver Provision in Iowa

DATE: March 18, 2008

Recently the Iowa DOT requested input concerning Appraisal Waiver limits. We asked counties to respond to four questions:

1. Has your agency valued right of way through a compensation estimate in the last two years? If so, approximately how many parcels?
2. How has the current \$10,000 limit impacted the ability of your agency to value right of way using a compensation estimate?
3. What limit would you believe is appropriate for valuing property through the Appraisal Waiver Provision? Why?
4. Any additional thoughts or comments?

We received 32 responses to the survey. 27 responses stated the current \$10,000 limit had created no impacts, or slightly impacted their ability to use the Appraisal Waiver Provision. However 26 responses felt the limit needed to be increased. The most common reason we received for increasing the limit cited land values continuing to rise and the ability to value uncomplicated tracts of two to three acres.

49 CFR, part 24.102(2) (C) authorizes FHWA to approve appraisal waiver processes exceeding the \$10,000 threshold to a maximum of \$25,000, *if the acquiring agency offers the owner the option of having the property appraised*. If the owner elects to have an appraisal the acquiring agency **must** comply. The present process allows the acquiring agency to determine if an appraisal waiver is appropriate. If the threshold were to be increased the property owner would have the right to demand an appraisal. As a result the number of required appraisals may actually increase as a result of an increase to the current threshold. The acquiring agency would be responsible to document this requirement has been met. Acquiring

agencies should recognize the additional training, implementation, and compliance requirements of an increase in the threshold.

The Iowa DOT would be required to request a change of rules found in 761 Iowa Administrative Code, paragraph 111.102(3) (c) to implement an increase in the current threshold. This rule may be found at <http://iowadot.gov/rightofway/2005rules.pdf>

Rule changes require specific procedures and the proposed changes may or may not be approved.

While the majority of responses (26 of 32) recommended an increase in the present limit, the majority of the responses (27 of 32) acknowledge the present limit has not impacted their ability to implement the Appraisal Waiver Provision. At the present time 34 states have opted to remain at or below the \$10,000 threshold. The Iowa DOT will continue to review the benefits and challenges of requesting an increase of the present threshold. The information received from your organizations is essential in developing and maintaining a process that best serves the acquiring agencies of the State of Iowa. We may submit another survey in the future for your consideration, but we ask that you forward any opinions, comments, or suggestions at any time to Doug Bates at doug.bates@dot.iowa.gov.

Thank you for your cooperation and involvement.

Doug Bates
Office of Right of Way, Iowa DOT
800 Lincoln Way
Ames, Iowa 50010

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Mailings are available at the Local Systems Weekly Mailing web address http://www.iowadot.gov/local_systems/mailling/main_mailing.htm