**WAIVER VALUATION GUIDELINES FOR MUNICIPAL PROJECTS**

**INTRODUCTION**

Transportation projects often require the acquisition of land and/or real property rights (easements) from property owners adjacent to the project area in order to construct the project. All property owners have a constitutional right to be paid compensation for the conveyance of land and/or rights to a municipality. This compensation is always referred to as “just compensation”.

**THE ACQUISITION PROCESS AND WAIVER VALUATIONS**

Just compensation is a dollar amount established by appraisal or waiver valuation. The property owner may be asked early in the acquisition phase of the project if they wish to donate land and rights for a project. If they say yes, a deed is prepared for signature with the Donation Clause inserted therein. If they say no, then a waiver valuation or appraisal must be prepared and a written offer to purchase, based on that waiver valuation or appraisal is provided to the property owner.

If the property owner who agreed to donate changes their mind about donating or asks what they would receive for just compensation at any time before delivery of the deed, then a written offer to purchase must be provided to that Property Owner. If a waiver valuation or appraisal was not done, then that must be done before the written offer is provided. Even if the Property Owner is about to sign that deed, then says “wait…”, this is what must be done.

Also, it is important to remember that an eminent domain proceeding cannot be brought to acquire land and/or rights from a property owner unless that property owner has first been provided with a written offer to purchase based on a waiver valuation or appraisal. Waiver valuations are an integral part of the acquisition process.

**WHEN ARE WAIVER VALUATIONS USED?**

A waiver valuation is always used when the total value for project-related real property acquisitions (land or easements) is under $10,000.00 for a Parcel.  A waiver valuation may be used for parcel acquisitions totaling $10,000.00 - $25,000.00, but the property owner has to be given the opportunity to request an appraisal instead of the waiver in such circumstances.   If the property owner requests an appraisal in such circumstances, it must be prepared and an updated written offer to purchase based on the appraisal must be provided to the property owner. Any total parcel acquisitions in excess of $25,000.00 always require an appraisal.

Waiver valuations are calculated by:

1. Using current Grand List values for land only (no improvements);
2. As adjusted by a Town’s common level of adjustment (aka CLA, as determined on an annual basis by the VT. Tax Dept.) to reach the Equalized Land Value (Assessed Land Value divided by CLA equals Equalized Land Value);
3. Next, the value per square foot and the value per acre are calculated by using the Equalized Land Value and the property’s total square footage/acreage (Equalized Land Value divided by the square footage land size of the affected property equals the value per square foot) (Value per square foot times 43,560 (sf in an acre) equals the value per acre);
4. The value per square foot is then multiplied by the square footage of each individual easement/land acquisition.  That easement/land acquisition square footage measurement is found on the Detail Sheet and/or Table of Acquisitions of the ROW Plans and the Plans should be the basis for the square footage of each easement/piece of land;
5. If land is being acquired, then the valuation is 100% of the derived number.  If a temporary easement is being acquired, then the easement value is discounted to 10% to 25% of the derived number. This means the property owner would receive 10% to 25% of the derived number for that temporary easement. If a permanent easement is being acquired, then the permanent easement is discounted to 75% to 95% of the derived number.  This means the property owner would receive 75% to 95% of the derived number for that permanent easement. The percentage used for both temporary and permanent easements is based upon factors such as the intensity and duration of use of the easement to be acquired.

You can see these calculations at work in the following examples:

Temporary Easement #1 – Slope (T)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ROW Parcel No.** | **Parcel ID** | **Lot Size****(SF)** | **Assessed Value (Land)** | **Equalization Factor (Common Level of Appraisal)** | **Equalized Value (Land)** | **Easement Size (sf)** | **Discount Factor** | **Cost per Square Foot** | **Easement Value**  |  |
| 1 | F114 | 174,240 (4 acres) | 49,000.00 | 96.42 | 50,819.33 | 374 | 0.25 | 0.29166 | $27.27 |  |
|  |  |  |  |  |  |  |  |  |  |  |

Permanent Easement #1 – Install & Maintain (P) Box Culvert

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ROW Parcel No.** | **Parcel ID** | **Lot Size****(SF)** | **Assessed Value (Land)** | **Equalization Factor (Common Level of Appraisal)** | **Equalized Value (Land)** | **Easement Size (sf)** | **Discount Factor** | **Cost per Square Foot** | **Easement Value** |
| 1 | F114 | 174,240 (4 acres) | 49,000.00 | 96.42 | 50,819.33 | 230 | 0.90 | 0.29166 | $60.37 |

1. Nominal values are always used for both temporary and permanent easements when needed.  If a temporary easement has no square footage, or if after calculations the value is under $100.00, a value of $100.00 will be given to that temporary easement. If a permanent easement has no square footage, or if after calculation the value is under $250.00, a value of $250.00 will be given to that permanent easement.  For the easements with square footage under nominal value, the calculations must be done and shown on a worksheet, with the nominal value then assigned;
2. If the total value of all of a Parcel’s easements/land acquisitions is not a nice round number, it is then rounded up (never down) to a nice round number (i.e., total value of $315.63 rounded to $320.00 or $325.00); and
3. When the waiver valuations are submitted for review/approval, the municipality needs to submit the following for each project parcel:  1) Proposed waiver valuation; 2) Calculations worksheet; and 3) Assessor’s Card for the property.

This is just a starter primer to the wonderful world of waiver valuations.  If anyone has any questions about the process, please do not hesitate to contact VTrans personnel such as the applicable Project Supervisor or the ROW Agent assigned to the project. Suggestions on how to improve these guidelines are always welcome.