



nerrej

Another look at conservation easement: Part 2

February 08, 2008 - Appraisal & Consulting

Some other recent innovations have been developed with respect to using state funds to purchase conservation easements. Waterfront property has become much more valuable for residential development than for commercial fishing operations all along the coast, but particularly in southern Maine. Fishing operations are not the highest and best use of waterfront property, but for many local fishermen and fishing cooperatives, this is their only source of income and only desired livelihood.

Commercial operations depend on access to the water and waterfront facilities for buying the catch, selling fuel and supplies and mooring fishing boats in deep water near the shore. The Working Waterfront Access Pilot Program has evolved in Maine to meet this concern.

Property in commercial use is encumbered with easements to restrict its use in perpetuity to commercial fishing operations. While the highest and best use may be residential development, it may also be considered to have an interim use as commercial fishing, depending on the local economy and demand for waterfront locations. After encumbrance with a conservation easement, the future conversion of the working waterfront property to residential use is extinguished. The appraiser values the property before and after this change in use is eliminated to determine a diminution in value as a result of the easement.

These appraisals also involve special challenges. The appraiser confronts the pervading smell of "fish gurry" (the after leavings of preparing fresh caught fish for shipment). And the bouquet of semi-rotten bait fish (the most desired by lobsters, I was told) is something that must be experienced to be appreciated. Also maintaining solid footing to measure fish guts and ice coated loading docks and wharfs, in 10 below conditions in winter, is always a treat. The appraisal I did last summer of a commercial fishing operation was many times more odiferous so perhaps these appraisal assignments are best done in winter after all.

While conservation easements, be they for agricultural or other special use restrictions, are challenging to appraise for many diverse reasons, not the least of which is environmental, they are becoming a more frequent type of appraisal assignment. Qualified appraisers will need to learn and keep current on the regulations, standards and methodologies (and the art) of valuing these.

A new course has been designed by the Appraisal Institute and the Appraisal Qualifications Board to address the special challenges of conservation easement appraisal. To find out more about appraising conservation land, visit the website of the Appraisal Institute at www.appraisalinstitute.org.

Robert Amidon is a principal at Amidon Appraisal Co., Portland, Me.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540