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## Understanding what an appraisal easement is

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Now is the time to expand an appraisal business by adding a new dimension by adding the appraisal of easements. The first and most important issue with the appraisal of easement is to understand what is being appraised. The appraisal of an easement is not an appraisal of the fee simple ownership rights. An easement does not convey ownership rights. In granting an easement, a property owner has given up a portion of the bundle of rights that come with fee simple ownership.

An easement is an agreement that allow the use of part or all of a property or it can prohibit or limit the use of part or all of the property. The terms and conditions of the easement should be spelled out in a recorded document. All easements are not created equal. The specific terms and conditions have a significant impact on value and the appraiser must be aware of them. The easement rights can be transferred for a limited or specific time period or they can be conveyed in perpetuity. The easement may involve surface, air, or sub-surface rights. A typical easement may convey a right to pass and re-pass over a specified portion of a property. The easement may allow for storage of equipment and materials or the construction of high tension wires. Sub-surface easements may allow for public utilities and subways or tunnels. Air rights may be created for bridges.

Conservation easements restrict the use of land. The agreement is typically between a property owner and a municipality or a qualified land protection organization. It is intended to restrict development of the land beyond certain specified uses or levels.

A historic preservation easement is a conservation easement where the principle purpose is to protect a property that has historic, architectural, or archaeological significance. This type of easement typically protects improvements. However, when the land is considered significant to protecting the property in its natural setting the easement may include the land.

The purpose of the appraisal of an easement may involve an estimation of the value added by the easement. This may be the value to the beneficiary (the entity that has the right to use the easement). It may, alternatively involve an estimate of the loss in value suffered as a result of an easement (the impact on the land on which the easement exists). Careful communication with the client is required to determine exactly what is being appraised.

A property owner donating a "qualified" conservation easement to a "qualified" protection entity under the regulations established by 170(h) of the Internal Revenue Code may be able to receive a federal income tax deduction that is equal to the value of the donation. The value of the donation of the easement is the value indicated by a qualified appraiser.

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