

Wisconsin Department of Transportation

Real Estate Valuation

Improvement Summary



Project Summary

There are currently over 400 limited* and non-marketable** parcels smaller than three fourths ($\frac{3}{4}$) of an acre on the Division of Transportation System Development (DTSD) surplus land inventory. Most of these parcels require an appraisal in order to be sold. The majority of these parcels are likely to be valued at less than \$15,000.

The average appraisal cost for each of these parcels is \$2,000. The average time for an appraisal to be completed is two months.

The goal of this improvement project was to reduce appraisal costs and the lead time associated with real estate valuation.

Improvements

- Reduced appraisal costs by \$600,000 over a 3-5 year period
- Reduced annual maintenance costs on maintenance parcels
- Reduced time in preparing parcels to be sold
- Returned more parcels back to local tax rolls
- Improved customer (buyer) service

MAPSS Core Goal Area

- Accountability
- Service

Statewide Goal Area

- Cost of government
- Customer satisfaction
- Government work culture

Issue

There are currently over 400 limited and non-marketable parcels smaller than three fourths ($\frac{3}{4}$) of an acre on the Division of Transportation System Development's (DTSD) surplus land inventory. Most of these parcels are likely to be valued at less than \$15,000. The average appraisal cost for each parcel is \$2,000. The average time for an appraisal to be completed is two months.

*Limited marketable surplus – Parcels lacking characteristics necessary to be developed independently and to be of interest to the public, but have potential for use by more than one single adjacent property owner. Parcels in this category include tracts with two or more abutters who may have an interest in acquiring them for assemblage.

**Non-marketable surplus – Parcels abutting only a single property and of potential interest only to the adjacent landowner and not the general public. These parcels are typically small, of irregular size, landlocked or unbuildable. However, their value as assemblage can be substantial. Non-marketable parcels are disposed of through private sale.

Improvement Methodology

Use the assessed value of abutting parcel(s) to place a value on limited and non-marketable parcels that are less than \$15,000 in value. This method replaces the appraisal method for the majority of parcels. The assessed valuation method would be capped at \$15,000. Parcels valued at or over \$15,000 would still require an appraisal.

Real Estate staff in DTSD determine if a property is likely to be valued less than \$15,000. If it is expected to be less than \$15,000, staff will then determine the assessed value of the abutting property or properties. If there is more than one abutter, the property values would be averaged. Real Estate staff will calculate a value of the surplus parcel using these assessed values.

The assessed values for municipal and county property taxes are applied at 90 to 100 percent of total value in Wisconsin.

Results

Cost of government: Over a three to five year period, the department expects to sell 300 of the current 456 limited and non-marketable parcels within the surplus land inventory that are less than \$15,000 in value. At an average appraisal cost of \$2,000, the equalized valuation process would save the department \$600,000.

Customer (buyer) satisfaction: The assessed valuation method will be easier for abutting property owners to understand and more difficult to dispute.

Government work culture: The assessed valuation process takes an average of 30-60 minutes to complete and eliminates the two month lead time needed to complete an appraisal. The time savings reduces preparation time and will return parcels back to the local tax rolls more efficiently.