

Kitsap County Assessor

Narrative for Converted SFR – SFR-IU Valuation

Appraisal Date 1/1/2009, Tax Year 2010

Updated 6/18/09 by CM20

Valuation Summary

Approach Used – Income Approach. Cost values derived from Marshall & Swift are loaded into the Income Approach.

Analysis and Conclusion Summary - Single Family Residences (SFRs) located in commercially zoned areas fall into three categories. Those that are still used as homes and are classified as **SFR**, those that are associated with other income producing properties and used as rentals (usually with limited income) and have a limited interim use are classified as **SFR-IU**, and those properties that still have an outward appearance of a house, but the interior has been remodeled to the extent it will never be used as a residence again (no kitchens, no full baths, reconfiguration of some interior rooms) and are classified as **Conv-SFR**.

For the **SFR-IU** classification, a cost value was loaded into the income tables so these multiple use properties could be valued using the income approach. These houses have limited income potential and economic life. This value is used to capture the minimal interim use of the structure. The value does not include any land value.

Property Type Overview

Population – Bremerton has a large population of single family residences (SFRs) located in commercially zoned areas. Most are stand alone, but some are incorporated with other income producing properties.

Economic Conditions – The recent downturn in the economy was evident in limited number of sales from 2007 and 2008 when compared to 2006.

Rating System – Four levels of value were developed. Choose the classification and value that most adequately reflects the value returned by Marshall & Swift cost tables as calibrated in our mass appraisal computer system.

	Valuation Approach	Land Value	A	B	C	D	E
SFR-IU	Income Approach	Commercial	No Rate	Returns value of \$55/sq ft	Returns value of \$40/sq ft	Returns value of \$25/sq ft	Returns value of \$15/sq ft

Land value is not included in these rates. If the parcel would have excess land if the SFR was not present, pick up excess land in the income approach in addition to the value of the SFR. If there is no excess land, even if the SFR was removed, then just pick up the value of the SFR using the income approach.

Model Calibration

Preliminary Ratio Analysis – Insufficient sales improved solely with this property type existed to develop a ratio analysis.

Market Sales Approach Data and Analysis

Regional Sales - Range of Sales Dates – No sales were available developed solely with this property type.

Current Sale Listings – Numerous listings, both as potentially commercial properties and as residential use properties.

Market Sales Rates – Not developed.

Income Approach Data and Analysis

Rent Data – Insufficient income documentation to develop an actual income approach. Values from Marshall & Swift were used to calculate a cost approach which was loaded into the income table. This cost does not capture the value of land.

Vacancy Data – Insufficient data documented to develop an actual income approach.

Expense Data – Insufficient data documented to develop an actual income approach.

Cap Data – Insufficient data documented to develop an actual income approach. Korpacz 4th Qtr 2008 quoted 7.56%, Marcus & Millichap 2008 quoted 7.60%. Used 7.56%.

Current Lease Listings – None documented.

Income Rates – The income rate developed for the model was based on cost values from Marshall & Swift for average, fair and low quality ramblers dating between 1920 and 1945.

Model Validation

Final Ratio Analysis – Insufficient sales improved solely with this property type existed to develop a ratio analysis.

Model: 302009
Nbrhd: 8100501

Prop type: Converted SFR
Sub-type:
Label: SFR-IU

Expense: An arbitrary expense value was loaded into the income tables so these multiple use properties could be valued using the income approach. Resulting NOI reflects cost approach.

A	0%
B	40%
C	40%
D	40%
E	40%

Cap: Korpacz 4th Qtr 2008 quoted 7.56%, Marcus & Millichap 2008 quoted 7.60%. Used 7.56%.

A	0.00%
B	7.56%
C	7.56%
D	7.56%
E	7.56%

Sale: A cost value was loaded into the market tables so these multiple use properties could be valued using the market approach.

A	0.00
B	55.00
C	40.00
D	25.00
E	15.00

Cost: