

Kitsap County Assessor

Narrative for Converted SFR - SFR Valuation

Appraisal Date 1/1/2009, Tax Year 2010

Updated 6/18/09 by CM20

Valuation Summary

Approach Used – Market Approach, or Cost Approach when land value exceeds Market 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 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** classification, the market approach was derived from sales of properties that were still being used as residences even though the zoning has been changed to commercial use. Sales appear to reflect residential or very limited commercial values.

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 – **SFRs** located on the main corridors were valued using the market approach with a commercial land value. **SFRs** located off of the main corridors (secondary streets) were valued using the market approach, but had an underlying residential land value. This residential land value was adopted from the nearest residential zoning to the subject property.

Location of SFR	Valuation Approach	Land Value	A	B	C	D	E
SFR Secondary Streets	Market Approach	Residential	No Rate	Good condition 1920 and newer	Average condition 1920 and newer	Fair condition 1920+, Average condition 1919 and older.	Poor condition 1920+, fair to poor condition 1919 and older.
SFR Main Corridor	Market Approach	Commercial	No Rate	Good condition 1920 and newer	Average condition 1920 and newer	Fair condition 1920+, Average condition 1919 and older.	Poor condition 1920+, fair to poor condition 1919 and older.

Model Calibration

Preliminary Ratio Analysis – Thirteen sales returned a median ratio was 66% with a COD of 29.58.

Market Sales Approach Data and Analysis

Regional Sales - Range of Sales Dates – 03/30/06 – 08/04/08

A total of fifteen sales were identified. Two sales were removed from analysis; one was waterfront with the majority of the value in the land, the other returned a negative improvement value from the market sales model.

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

Market Sales Rates – These rates were developed from sales and are based on the finished size of the house in square feet. Oddly configured or limited use second levels can be valued at one grade lower than the main floor of the house, or value as storage only. Attached and detached garages are valued as warehouse or storage areas based on condition. Attics and basements can be valued as storage or auxiliary storage depending on ceiling height and type of access.

SFR's			
MARKET APPROACH	Class	\$/SqFt	
Good Condition	B	150.00	
Average Condition	C	105.00	
Fair Condition or Prior 1920's Average Condition	D	90.00	
Poor Condition or Prior 1920's Fair-Poor Condition	E	70.00	

Income Approach Data and Analysis

Rent Data – Rent data documented from income questionnaires was insufficient to develop and income approach.

Vacancy Data – Vacancy data documented from income questionnaires was insufficient to develop an income approach.

Expense Data – Expense data documented from income questionnaires was insufficient to develop an income approach.

Cap Data – Not researched.

Current Lease Listings – Not researched.

Income Rates – Not researched or developed.

Model Validation

Final Ratio Analysis – Upon application of the new model, the same thirteen sales returned a median ratio is 88% with a COD of 9.91.

CONVERTED SFR's

DESCRIPTION	Valuation Approach	Land Value	A	B	C	D	E	
SFR	SFR's in commercial zoning but located OFF of a main commercial corridor (Montgomery one block off Callow) should be moved to a 9000000 neighborhood and valued as residential using a market approach. No adjustments for location or additional depreciation is required. If land value exceeds income or market approach, use the cost approach. Rates are calibrated for average quality homes. If quality is less than average a lower class grade may be more appropriate.	Market Approach	Residential	No Rate	Good condition 1920 and newer	Average condition 1920 and newer	Fair condition 1920+, Average condition 1919 and older.	Poor condition 1920+, fair to poor condition 1919 and older.
SFR	SFR's in commercial zoning located ON the main commercial corridor (Callow, Wheaton) are valued using the market approach and commercial land values. No adjustments for location or additional depreciation is required. If land value exceeds income or market approach, use the cost approach. Rates are calibrated for average quality homes. If quality is less than average a lower class grade may be more appropriate.	Market Approach	Commercial	No Rate	Good condition 1920 and newer	Average condition 1920 and newer	Fair condition 1920+, Average condition 1919 and older.	Poor condition 1920+, fair to poor condition 1919 and older.
SFR-CONV	If sufficient remodel has occurred to irrevocably change the identity of the building from residential to commercial, then value the property on an income approach for office or retail and use commercial land values. Sufficient remodel would entail removal of the kitchen, upgraded electrical, plumbing, HVAC and be compliant with ADA access requirements (wheelchair ramps, wider doors, etc.) If land value exceeds income or market approach, use the cost approach.	Income Approach	Commercial	Very good quality	Good quality	Average quality	Fair quality	Poor quality
SFR-IU	If the SFR is on income producing property, (offices, retail, etc.) and an income approach is necessary, an income value is loaded, but does not include land value. 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.	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

Oddly configured or limited use second levels can be valued one grade lower OR value as storage only

Value attached and detached garages as storage units based on condition.

Attics and basements can be valued as storage or auxiliary storage depending on ceiling height and type of access.

SFR's and CONVERTED SFR's in COMMERCIAL/INDUSTRIAL ZONINGS - MARKET APPROACH

Trended 2006 sales only 7.70%													Building Information											
0	Nbhd	LRSN	Acres	LAND SF	Excise#	Sale Date	Price	Trended Price	VC	E-W	Z	New Land Val	Main	Attic, Bsmt or 2nd Flr	Qual	Eff Year	Cond	BLDG SF	\$/sf of SFR	Market TAV	Other Value	Proposed Market TAV	Ratio	Dev Med
1	8100506	1131820	0.19	8,276	06EX06106	07/10/06	178,000	184,609	V	EB	CC	150,630	900	900	F	1940	A	1,800	103	189,000		189,000	1.02	0.15
2	8100503	2189579	0.20	8,712	06EX07665	08/25/06	242,500	249,150	V	WB	CC	158,560	888	888	A	1932	A	1,776	140	186,480		186,480	0.75	0.13
3	8100504	1159045	1.12	48,787	06EX10422	11/17/06	338,500	341,785	V	WB	HT	186,370	2,574	-	A	1949	A	2,574	133	270,270	41,300	311,570	0.91	0.04
4	8100502	1467299	0.08	3,485	06EX02815	04/06/06	158,500	167,561	V	WB	GB	80,460	999	999	A	1922	P	1,998	84	139,860		139,860	0.83	0.04
6	8100504	1671817	0.37	16,117	08EX02095	04/11/08	118,000	118,000	V	WB	I	66,720	948	-	F	1945	F	948	124	85,320		85,320	0.72	0.15
7	9100541	1438290	0.16	6,970	06EX09633	10/24/06	213,500	216,653	V	WB	CC	62,670	1,677	192	A	1922	A	1,869	116	196,245	609	196,854	0.91	0.03
8	9100541	1438324	0.11	4,792	06EX02528	03/30/06	182,500	193,203	U	WB	CC	59,400	806	806	F	1937	A	1,612	120	169,260		169,260	0.88	-
9	9100541	1438357	0.07	3,049	06EX09754	10/27/06	170,000	172,403	U	WB	GB	56,790	940	940	A	1918	A	1,880	92	169,200		169,200	0.98	0.11
10	9100541	1439066	0.07	3,049	06EX06945	08/04/06	178,300	183,980	V	WB	S3	56,790	528	528	F	1935	G	1,056	174	158,400		158,400	0.86	0.02
11	8100504	1156769	0.35	15,246	07EX03561	05/15/07	302,500	302,500	V	WB	FC	65,560	1,571	896	F	1955	A	2,467	123	259,035		259,035	0.86	0.02
12	8100504	1432368	0.18	7,841	08EX03768	06/30/08	275,000	275,000	V	WB	R20	63,970	4,712		FAF 2-1912-1	FAF	4,712	58	329,840		329,840	1.20	0.32	
13	8100504	1126606	0.13	5,663	08EX04529	08/04/08	275,000	275,000	V	WB	NB	142,750	1,300	1,300	F	1942	A	2,600	106	253,500		253,500	0.92	0.05
14	9100541	1467406	0.14	6,098	08EX04379	07/29/08	100,340	100,340	V	WB	DCC	61,360	1,044	504	F	1902	P	1,548	65	108,360	(28,630)	79,730	0.79	0.08

		85%
Quartile4	174	148
Quartile3	133	113
Quartile2	120	102
Quartile1	103	87
Quartile0	84	71

Median	0.88
Mean	0.90
Count	13.00
AAD	0.09
COD	9.91

Good Condition	B	150.00
Average Condition	C	105.00
Fair Condition or Prior 1920's Average Condition	D	90.00
Poor Condition or Prior 1920's Fair-Poor Condition	E	70.00

15	8100505	1917590	0.55	23,958	07EX04941	06/29/07	500,000	500,000	U	EB	PO	464,300	840	840	F	1935	F	1,680	298	Value carried in waterfront				
16	8100505	1490838	0.32	13,939	07EX07647	10/12/07	185,000	185,000	R	EB	GB	225,120	1,056	-	F	1975	G	1,056	175	Market results in negative improvement value				

Rate Development Comments

Model: 302009 **Prop type:** Converted SFR

Nbrhd: 8100501 **Sub-type:**

Label: SFR

Entered by: CM20

Entered dt: 6/24/2009

General note:

Single Family Residences (SFRs) located in commercially zoned areas that are still being used as housing. On main corridors use commercial land, for secondary streets use nearest available residential zoning and value.

Rent: Rent rates represent market rates and are to be used only if property has multiple commercial uses which dictate an income approach.

A	0.00
B	150.00
C	105.00
D	90.00
E	70.00

Vacancy:

A	0.0%
B	0.0%
C	0.0%
D	0.0%
E	0.0%

Model: 302009
Nbrhd: 8100501

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

Expense:

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

Cap:

A	0.00%
B	100.00%
C	100.00%
D	100.00%
E	100.00%

Sale: The market approach was derived from fifteen sales of properties that were still being used as residences even though the zoning has been changed to commercial use.

A	0.00
B	150.00
C	105.00
D	90.00
E	70.00

Cost: