

Cost Approach
Problem Packet-Level I Answers

For problems 1, 2, and 3, assume the base rate for the lots is \$100.

- 1.) The standard lot for Neighborhood 1254 is 100 feet by 132 feet. Lot # 7 is 100 feet wide by 175 feet deep. What is the adjusted base rate and the estimated value of the lot?

Look at Table 2-7: The factor for 175 feet on the 132 foot table is 1.12. Multiply 1.12 by the base rate of \$100. The new adjusted base rate is now \$112. Multiply that by the frontage of 100 (112×100). The estimated value is \$11,200.

- 2.) The standard lot for neighborhood 781 is 100 feet by 150. Lot #12 is 125 feet wide by 175 feet deep. What is the adjusted base rate and the estimated value of the lot?

From Table 2-7: The factor for 175 feet on the 150 foot table is 1.07. Multiply 1.07 by the base rate of \$100. The new adjusted base rate is then \$107. Multiply that by the frontage of 125 feet ($\$107 \times 125$). The estimated value is \$13,375 or \$13,380 which then rounds to \$13,400 to the nearest \$100.

- 3.) The Standard lot for Neighborhood 832 is 100 feet by 200 feet. Lot #61 is 100 feet wide by 175 feet deep. What is the adjusted base rate and the estimated value of the lot?

From Table 2-8: The factor for 175 feet on the 200 foot table is .95. Multiply .95 by the base rate of \$100. The new adjusted base rate is \$95.

For problems 4, 5, and 6 use Table 2-11 on Page 57, of Chapter 2

- 4.) A .70 acre tract is located in a neighborhood where 1 acre tracts are valued at \$25,000 per acre. What is the estimated value of this parcel?

Going to Table 2-11, the factor for .70 acres is 1.32. Multiply the factor times the rate per acre and then multiply that answer by the amount of acreage: $1.32 \times \$25,000 = \$33,000$. $\$33,000 \times .70 = \$23,100$. Estimated Value

- 5.) A .94 acre tract is located in a neighborhood where 1 acre tracts are valued at \$55,000 per acre. What is the estimated value of this parcel?

Going to Table 2-11, the factor for .94 acres is 1.06. Multiply the factor times the rate per acre and then multiply that answer by the amount of acreage: $1.06 \times \$55,000 = \$58,300$. $\$58,300 \times .94 = \$54,800$. Estimated Value

6.) A .28 acre tract is located in a neighborhood where 1 acre tracts are valued at \$40,000 per acre. What is the estimated value of this parcel?

Going to Table 2-11, the factor for .28 acres is 1.91. Multiply the factor times the rate per acre and then multiply that answer by the amount of acreage: $1.91 \times \$40,000 = \$76,400$. $\$76,400 \times .28 = \$21,400$. Estimated Value

7.) Commercial/Industrial land that is held for future investment should be classified as what land type?

Chapter 2, page 62 shows that this should be classified as Usable Undeveloped - Type 13

8.) Fill in the blank: _____ factors are applied to base rates to account for atypical conditions such as adverse topography and other conditions.

Influence factors account for atypical conditions such as excess frontage, shape or size, mis-improvement, and other influences on the land.

For problems 9, 10, and 11, assume a Homesite value of \$10,000, an excess acreage value of \$2,500 per acre and a farmland value of \$2,120 per acre with a productivity factor of 1.05.

9.) A residential parcel contains 4 acres and is vacant. What is the estimated value of this parcel?

Since this parcel is vacant, you multiply the excess acreage rate of \$2,500 by the number of acres. ($\$2,500 \times 4$). The estimated value of the parcel is \$10,000.

10.) A residential parcel contains 10 acres and has a dwelling. Seven of the acres are being farmed. What is the estimated value of this parcel?

		A	B	C	D	E		
Land Type	Soil ID	Meas Acres	Prod Factor	Base Rate	Adj Rate	Ext Value	Infl Factor	Land Value
4	RAH 1	7	1.05	\$2,120	\$2,226	\$15,580		\$15,580
								\$0
1 acre for homesite		1			\$10,000	\$10,000		\$10,000
2 acres excess		2			\$2,500	\$5,000		\$5,000
GRAND TOTAL								\$30,580
								\$30,600

B TIMES C EQUALS D

A TIMES D EQUALS E

