



United States Department of the Interior

AS-Policy Management and Budget
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Memorandum

Date: July 30, 2013

To: Jack Howard, Manager
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National Park Service

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From: Edward B. Stehouwer, MAI
Special Projects Manager

Subject: **Valuation Compliance Report Summary**
New York Brooklyn Bridge Park Conversion
Stateside Conversion Property and Replacement Property Appraisals

I reviewed the above captioned appraisals for compliance Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) including whether they conclude credible market value opinions. 36 CFR 59.359.3(b)(2) requires conversion appraisals to comply with uniform Federal appraisal standards, which the LWCF State Assistance Program Manual, Chapter 4(D)(7)(c) specifically identifies these standards as the UASFLA.

The compliance of these appraisals has vastly improved from the 2011 submissions. The area and neighborhood analysis and property descriptions are well done. The zoning analysis, including the potential for a zoning change, is mostly complete. The appraisers select appropriate methodology for highest and best use estimation, larger parcel determination, and conduct of appropriate valuation approaches.

They fall short in a number of non-critical elements (such as incomplete description of comparable data), but the following deficiencies are the most serious to my compliance opinion:

Conversion Property

- Incomplete reporting and application of parking requirements in the valuation
- Incomplete zoning lot analysis with respect to the larger parcel
- Concluding an analysis of highest and best use as improved that is inconsistent with highest and best use as if vacant in estimating office feasibility in the Empire Stores redevelopment

- Due to the improper highest and best use estimate, failing to consider on-site parking alternatives in the Tobacco Warehouse portion in the larger parcel determination
- Improper use of sales with different highest and best use in the Sales Comparison Approach
- Failing to reconcile widely divergent value indications by the income and sales comparison approaches to value
- Use of unreliable regression analysis for market conditions adjustments (that in turn form the basis of very large size regression adjustments)

Replacement Property

- Failing to clarify the zoning consequence of the current integrated use of street bed parking with the existing building
- Improper use of sales with different highest and best use in the sales comparison approach
- Failing to specifically identify height and use (if any) restrictions (that exist now or would be imposed if privately owned) caused by the Manhattan Bridge and the consequences on highest and best use and valuation
- Use of unreliable regression analysis for market conditions adjustments (that form the basis of very large size regression adjustments)

These deficiencies leave the appraisals out of compliance with UASFLA and with market value opinions that lack credibility. The appraisals, however, have sufficient factual data and enough reliable analysis that the appraisers should be able to bring them readily into compliance and credibility.

I also reviewed the BHA revised appraisal of the conversion property. It substantially deviates from UASFLA, including improper larger parcel determination, violation of the unit rule, improper assumptions, lack of supporting analysis for the highest and best use estimate, unsupported quantitative adjustments, improper cost approach depreciation methodology, and lack of market support in income analysis. For these reasons, you should not rely on this appraisal, nor can it assist the State's appraisal gain compliance.