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| Highest and Best Use Analysis |

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As If Vacant

In determining the highest and best use of the property as if vacant, we examine the potential for: 1) near term development, 2) a subdivision of the site, 3) an assemblage of the site with other land, or 4) holding the land as an investment.

Legally Permissible

The subject site is zoned by the City of ${city} as ${zoning\_code}, ${zoning\_desc} (${grossacre} gross acres / ${netacre} net developable acres), the primary legally permissible use net developable land comprising the subject site would be for detached single-family residential housing, as defined under the code’s regulations. The likelihood of a zoning change in the foreseeable future is considered remote. Given the constraints of the current zoning, the subject's primarily residential neighborhood location along a residential arterial, development would mostly likely be limited to a detached and attached residential uses. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered.

The subject site has a ${shape} shape and a net developable land area of ${netacre} acres. The site has a ${topography} topography and primary arterial corridor frontage with good dual street access points. Overall, there are no items of a physical nature that would materially limit appropriate and likely development.

Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment based on a cost/benefit analysis or through direct market observation. The market demand for the development of the subject site is considered good. New detached single-family development is considered financially feasible.

Maximally Productive

With respect to the ${netacre} net developable acres zoned ${zoning\_code} would have a minimum average lot size of 10,000 SF. Assuming a low-end efficiency ratio of 75% (20% deducted for road circulation and 5% for shape irregularities within the subdivision), this would result in a net total lot yield area of 4.25 acres or rounded to 185,000 SF. Divided by 10,000 SF each, this equates to a probable lot yield rounded to 19 lots (3.4 lots per net developable acre / 4.5 lots per “city defined” net acre). This would comply with city density requirements.

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for detached single-family development to its maximally profitable lot yield.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is for detached single-family development of a subdivision with detached lots to its maximally productive use (reflecting a total of 19 lots; and a density of 3.79 lots per net acre; or / 4.9 lots per “city defined” net acre).

Analysis of Highest and Best Use as Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: 1) continuation of the existing use, 2) modification of the existing use, or 3) demolition and redevelopment of the land.

Retaining the improvements as they exist meets the tests for physical possibility, legal permissibility and financial feasibility. The improvements are in average, well maintained condition, and any alternative use of the existing improvements is unlikely to be economically feasible. The current use as a church property is legally permitted. The improvements are physically possible, financially feasible, and maximally productive.

Overall, the market value of the property as improved exceeds the combination of vacant site value plus cost of demolition of the improvements. Therefore, demolition and redevelopment of the site is not maximally productive.

Conclusion of Highest and Best Use As Improved

The highest and best use of the subject property, as improved, is the existing single-tenant church facility

Most Probable Buyer/User

Based on the subject’s good suburban highway corridor location, single-tenant configuration, current and historic owner-user status, and moderately large size for the immediate market, the subject is considered to compete well as a church / religeous facility. Hence, the most probable buyer would be an owner-user seeking to expand into a larger church for a growing congregation. The most probable user is a single owner with the same needs.