

## **Appendix F**

**NHDOT memo from James T. Minichiello, Staff Appraiser,  
to Harry C. Hadaway, Jr., Chief ROW Appraiser, entitled  
“Appraisal Consulting Assignment, Real Property Value Loss Estimate.....”  
dated May 20, 2009.**



Rec'd 7/19/09

**STATE OF NEW HAMPSHIRE  
INTER-DEPARTMENT COMMUNICATION**

**DATE:** May 20, 2009  
**FROM:** James T. Minichiello  
Staff Appraiser  
**SUBJECT:** **Appraisal Consulting Assignment  
Real Property Value Loss Estimate in the  
Taylor River Estates Neighborhood, Hampton, NH and the River Willow  
Neighborhood, Hampton Falls, NH due to conversion of the Taylor River  
Pond impoundment to its original Tidal Estuary  
Located in Hampton and Hampton Falls, NH**  
**TO:** Harry C. Hadaway, Jr., Chief ROW Appraiser  
**THRU:** Barry Moore, MAI, Appraisal Supervisor

**Assignment Function:**

This memo constitutes a summary report on a consulting assignment on the above referenced subject neighborhoods. The purpose of this study is to determine if there would be any value diminution incurred to the properties that currently have water frontage on the very shallow, 55 acre Taylor River Pond, which was formed when the Taylor River tidal estuary was dammed during the construction of I-95 in 1950. This pond is classified as being a Eutrophic body of water, or a "warm water" body of water. This classification means that the water has low clarity, and has a large amount of marine vegetation being mostly algae and being weed choked during the warm months. There is a proposal to remove this dam and fish ladder, releasing this impoundment/pond and restoring it to its original tidal marsh/estuary state. The Taylor River in the Before Situation provides limited recreational amenities due to its small size and shallow depth. There is small boating and warm water fishing plus the water view amenities.

In the After situation the pond will be removed leaving the original small tidal river or estuary, which is very shallow and narrow with contiguous mud flats. This river might provide some limited canoeing or kayaking at best. A good example of how this will look in the After Situation can be seen on the Tidal Marsh photograph Page 10 of this report.

Salt estuaries like the Taylor River are primarily located east of I-95 and Route 1 in the Seacoast Region. Very few are found west of I-95.

The intended recipients and those requesting the report are officials, employees, and agents of the New Hampshire Department of Transportation, Bureau of Right of Way.

**Purpose of this Consulting Assignment :**

The purpose of this study is to estimate the percentage loss in value to those properties in these pertinent neighborhoods, if any, due to the change in the waterfront amenity from a freshwater impoundment to that of a saltwater tidal estuary and salt marsh, in the Towns of Hampton and Hampton Falls.

**Intended Use/User:**

The intended use of this report is to assist the client, the New Hampshire Department of Transportation (NHDOT) in providing a reasonable and supportable market value loss, if any, for the pertinent properties as of May 19, 2009, the date of the exterior inspections. This consulting assignment report's only intended user is the NHDOT.

**Definition of Market Value:**

Market value is defined in the Uniform Appraisal Standards for Federal Land Acquisitions, Fifth Edition (Section A-9, Page 13) as:

*“Market value is the amount in cash, or terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal”.*

**Scope of the Assignment:**

My investigations and research included an on-site inspection of the subject neighborhoods on April 7, 2009 and May 20, 2009 with Barry Moore, MAI, Appraisal Supervisor during which time the subject’s two primary affected neighborhoods, adjoining land uses and the pertinent waterfront amenities were noted and investigated. Also, at this time photographs were taken of the subject water body. Interviews were conducted with the Town assessor in Hampton. The most relevant sales data for residential waterfront and tidal estuary sales were investigated and analyzed as they pertained to the subject’s existing impoundment waterfront in the Before Situation and the tidal marsh/tidal river in the After Situation. Due to the limited number of comparable sales with similar amenities in the subject neighborhoods, additional sales research was conducted throughout the Seacoast Region in order to estimate the average loss in value for each neighborhood. Sources other than Town sources included various real estate services such as MLS, and sales from the appraisal office files obtained and verified from previous assignments conducted by the appraiser, other staff appraisers and outside brokers.

Also, Deb Loiselle, River Restoration Coordinator, NHDES, Water Division-Dam Bureau, supplied additional pertinent neighborhood data relevant to the impoundments description. Bob Landry of the NHDOT provided the Louis Berger Group Report on the Taylor River Pond, which described the water quality and recreational aspects of the pond. Saltmarsh and tidal estuary properties are in greater demand than small residences with small-pond frontage according to Curt Touche, a Portsmouth broker who specializes in water front properties. He further stated that this is the case only with tidal estuary properties that have deep water or ocean access. The sales and information were compiled, analyzed and my value loss estimates summarized for the subject neighborhoods.

This report is a Real Property Appraisal Consulting report that is in compliance with Standards Rules 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP) (2008-2009 Edition). Please reference my Certification and General Assumptions and Limiting Conditions at the end of this report that forms the basis of this current valuation analysis.

**Subject Neighborhood and Identification:**

**Hampton:** This neighborhood (Taylor River Estates) is comprised of modest single-family residences that range in value from \$195,000 to \$295,000. This neighborhood is a condominium where the underlying fee simple interest in the land is owned in a condominium form of ownership. There is common access to the Taylor River Pond and the many of the residences have actual water frontage on the water. The topography of the shoreline is gentle and also has a southern exposure. Access to the water in this subdivision is good and many of the homes have docks on the waterfront.

**Hampton Falls:** This upscale development known as the River Willow Subdivision also has pond frontage, which is steeply sloping and has a northern exposure. Waterfront access is poor due to the sloping topography of the waterfront. This neighborhood has home values in the \$700,000 to \$800,000 range and it is an equestrian neighborhood having a large horse facility on its easterly section next to I-95. The focus of this neighborhood is on horses not the limited waterfront amenities. The shoreline has a hotwire fence for the horses since most of the shoreline is steeply sloping.

### **Study Methodology- Paired Set Analysis:**

The amenities of water frontage, water frontage rights, water views and access are among the strongest value considerations in real estate acquisition. The type and quality of water frontage (lake, pond, ocean, tidal estuary ease of access to the water, etc.) are highly valued amenities that are a large component/factor influencing price levels. Even a specific subdivision that has locational commonality, the price difference between similar lots can be substantial if the waterfront amenity is different, all other factors being similar. These differences can be only obtained or extracted from the market by thorough study and using analytical tools such as Paired Sales or Set Analysis, which is further described as follows.

In order to isolate an item or factor of value, sales may be paired or matched to identify or isolate specific differences on market price. If two sales are closely comparable except in one respect, an analysis may indicate a reasonable market adjustment for the specific difference. The value difference that is being in this case is the difference between a property that has water frontage on a pond of limited recreational desirability due to its Eutrophic Class before the dam removal and a property that in the After Situation has tidal estuary frontage with its associated mud flats and marsh.

Application of this technique is complicated by the fact that the improved properties have differences in the time of sale (market conditions), size, location, and physical characteristics, etc. In order to get a meaningful pairing, the matching properties have to be closely comparable in all factors excepting the difference that is being isolated, which is in this case, the difference between low grade pond frontage and a tidal marsh/estuary. Adjustments also have to be made if necessary for changes in market conditions in order to obtain the most accurate value consideration extraction. The typical market units of comparison are usually the price per square foot of gross living area (GLA), for an improved property and the price per lot for land.

These were the units utilized for this analysis.

Comparable sales having water frontage on impoundments and sales on tidal estuaries or rivers were obtained in the Seacoast Region in order to get sufficient data for this extraction of the locational difference on the subject. Approximately 170 Seacoast Region, waterfront sales were researched and out of these 50 were similar to the subjects Before and After Situations. These 50 sales were utilized for this analysis in order to determine the price differences between pond and estuary properties on a negative percentage basis.+

These are the following matches:

#### **Matched Sets Analysis**

**1. Dover:** 2 samples, Match between Bellamy Reservoir and Barbadoes Pond to the Cocheco River. This set indicated a -39% and -49% difference between pristine ponds and a pristine freshwater river.

Mean difference is -44%

**2. Durham:** 9 samples, Matched between

Mill Pond, Lamprey River Pond to Beard's Creek, Wiley Creek and Bunker Creek. These matches are very comparable to the differences between and impoundments and tidal estuaries with no ocean access being very similar to the subject's before and after situations. This set indicated the following percentage differences.

-2%, -7%, -14%, -18%, -21.5%, -23%, -25%, -26%, -30%. Range is -2% to -30%.

Mean difference is -18.5%. The best match as far as similarity is the -21.5% set, which is close to the mean.

**3. Portsmouth:** 9 samples, in a high-end land residential subdivision matched between lots that had waterfront on Sagamore Creek and interior lots with no frontage. Waterfront access from the individual lots is poor due to the sloping, rocky shore-line and the tidal nature of Sagamore Creek. Some lots have a better shoreline topography being more conducive to dock construction and water access than others as indicated by the large difference in the price range in this subdivision. The Portsmouth location is also a factor in price levels in this Tucker Cove /Sagamore Creek neighborhood.

-7.7%, -14.6%, -22.4%, -29.3%, -36%, -54%, -62%, -70%, -80%. Range is -7.7% to -80%.

Mean difference is -41.78%. Ocean access and water view influence is apparent due to its proximity to the ocean, which could lead to greater percentage differences between waterfront and non-waterfront lots.

**4. Hampton Falls:** 2 samples, in rural, small land subdivision (Starvish Lane) between one lot on a small pond and two lots across the street located on wetlands. This subdivision is located in the subject community but is a lower priced development from River Willow not compared to the River Willow neighborhood..

-13.42%, -14.9%.

Mean difference is -14.2%.

**5. Hampton (near subject):** 1 sample, located on the Taylor River Pond on Towle Farm Road compared to a property located on Towle Farm Road off the river. The indicated difference is:

-10.7%

**6. Hampton Falls:** 2 samples, this match consists of comparing a property on the Taylor River to two properties that do not have any waterfrontage of any type.

-13%, -17.8% Indicated Mean is -15.4%.

**7. Hampton Falls (Taylor River Estates) Subject Neighborhood:** 12 matches located in the subject neighborhood comparing similar properties, some with waterfrontage on Taylor River Pond to properties without Taylor River Pond waterfrontage. This condominium development has common area land on the pond. The properties closest to the easterly end of this neighborhood are within sight distance of the southbound lane of I-95. There could possibly be some negative impact on values due to this highway's proximity due to traffic noise and visibility.

-7%, -10%, -10.7%, -12%, -12.5%, -14.7%, -16.4%, -18%, -21%, -25%, -29%, -31.8%

Range is -7% to -31.8%. Indicated Mean is -17.3%, Indicated Median is -15.6%.

**8. Hampton Falls (River Willow Subdivision) Subject Neighborhood:** 2 matches, one property located on the Taylor River Pond and 2 properties located away from the river. This \$700,000 to \$800,000 neighborhood can be defined as an equestrian neighborhood. The greatest

amenity in this subdivision is the focus on horses not the Taylor River water frontage. The common area is improved with stables riding rinks and trails, being located in the easterly portion of this development. The waterfrontage on this side of the Taylor River Pond is steeply sloping and it is fenced off with "hot wire" to protect the horses. The two matches are as follows:

-2.6%, -3.2% indicating a mean of -2.9%

**Conclusions of Value Diminution**

**River Willow Neighborhood**

*This neighborhoods data is limited because this is a neighborhood of only several homes with the major amenity being the equestrian amenities such as the indoor facilities, riding rink, trails and stables. The above referenced sets in the subject neighborhood indicate a mean of*

*-2.9% for a difference between the waterfront property and the properties located away from the water. A reasonable percentage difference would be a -5% loss in value for the water front properties if the pond is drained and the water-frontage is transformed into a tidal estuary salt marsh.*

Therefore, based upon the above-discussed analysis, an average -5% Value Diminution seems reasonable for those properties in the River Willow neighborhood due to loss of pond water frontage. The inferior quality of this neighborhoods steep shoreline and less emphasis being placed on the waterfront amenity warrants a smaller percentage loss in value.

**River Willow Neighborhood, Hampton Falls; -5% Value Diminution**

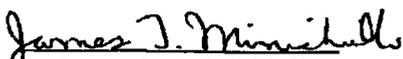
**Taylor River Estates Neighborhood**

Arranging and listing all the above sets indicated a mean of -23.44% and a median of -17.8%. Discarding the 9 lowest samples and 9 highest samples indicates a range of -12% to -29.3% with 21 samples. This refined sampling indicates a mean of -19.12% and a median of -17.8%. The Durham sampling, which closely represents the subject's Before and After Situations, indicates a mean of -18.5% and a median of -21.5%. These figures correlate very closely the Taylor River Estates mean of 17.3%, which is given the greatest weight being the subject neighborhood.

For this lower priced neighborhood, an average loss in value is estimated to be 10% to 20%. For those properties with direct frontage on the Taylor River Pond, this was estimated to be 20%. For those properties within the Taylor River Estates development with a shared common interest in the water amenity, an average loss in value of 10% is estimated to be reasonable.

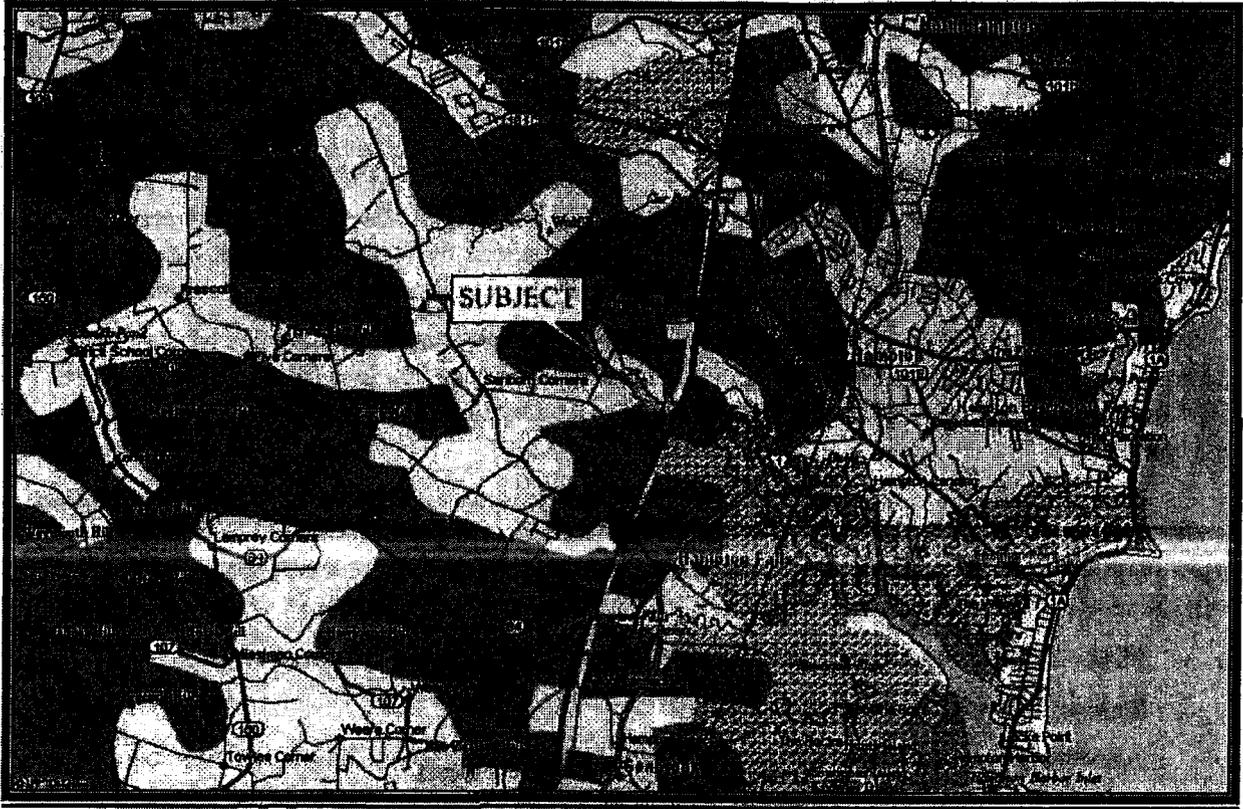
**Taylor River Estates Neighborhood, Hampton; -20% Value Diminution**

**Direct Water-frontage Properties  
-10% Value Diminution Common  
Area Water Access Properties**

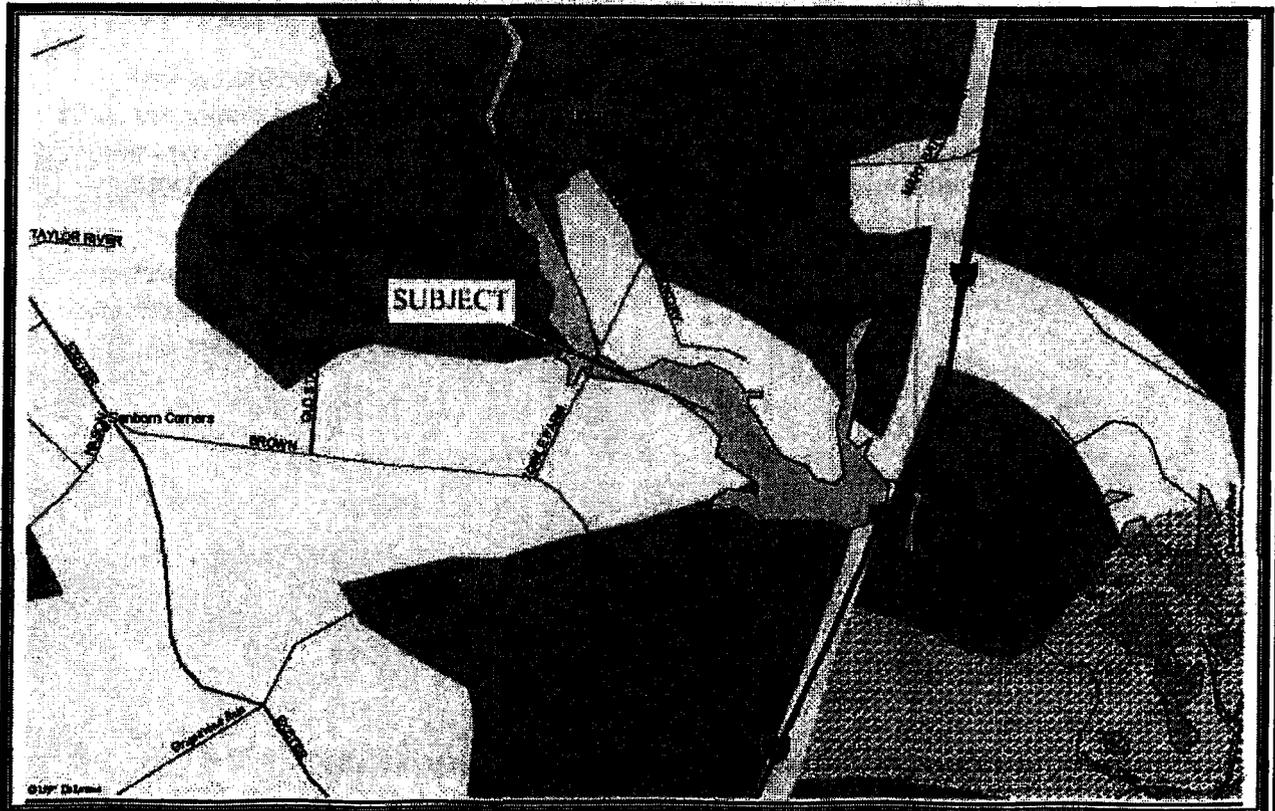
  
James T. Minichiello  
Staff Appraiser

If you have any questions, please do not hesitate to contact me at #271-1630.

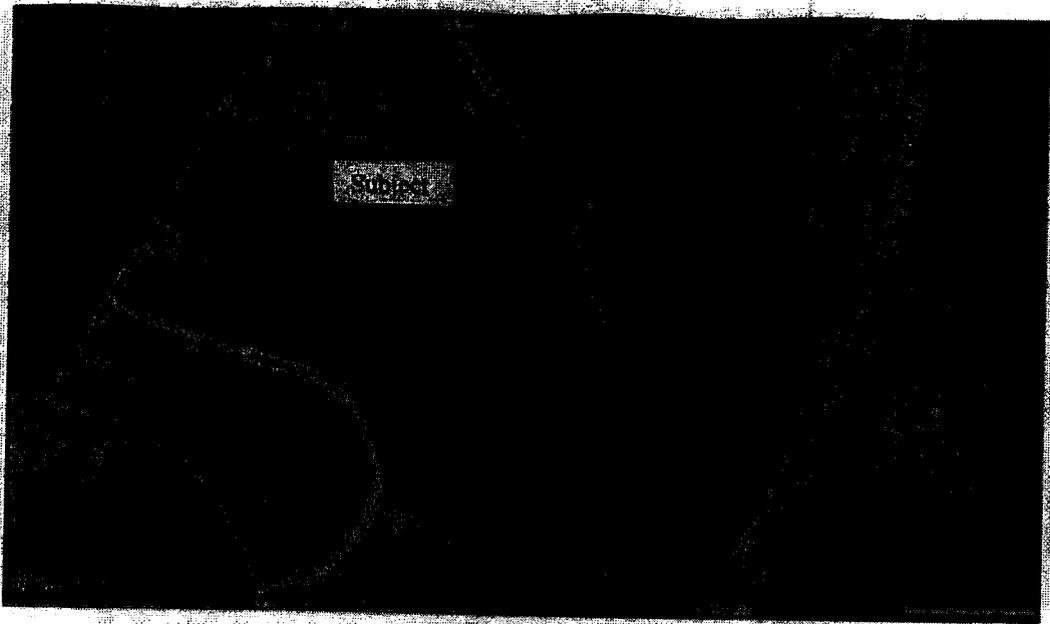
**Subject Location Map**



**Subject Neighborhood Map**



Subject Aerial Map



Subject Topographical Map

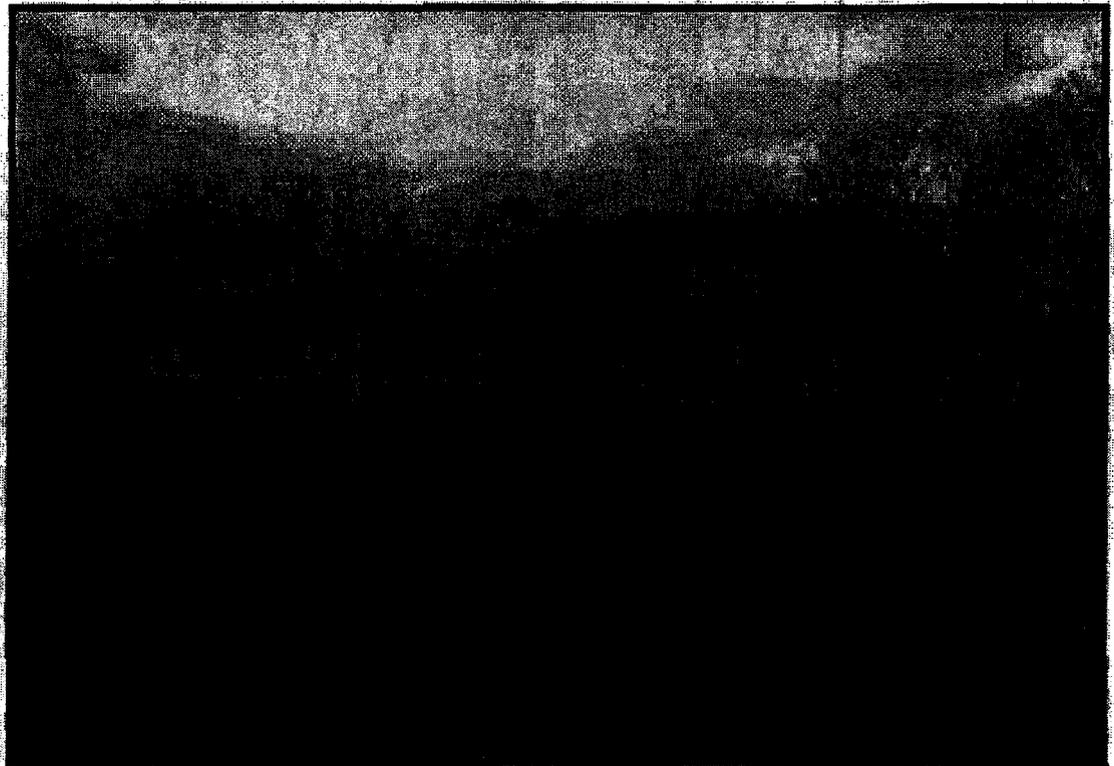


**Subject Photographs**

**All Photographs taken by James T. Minichiello on 4/07/09.**



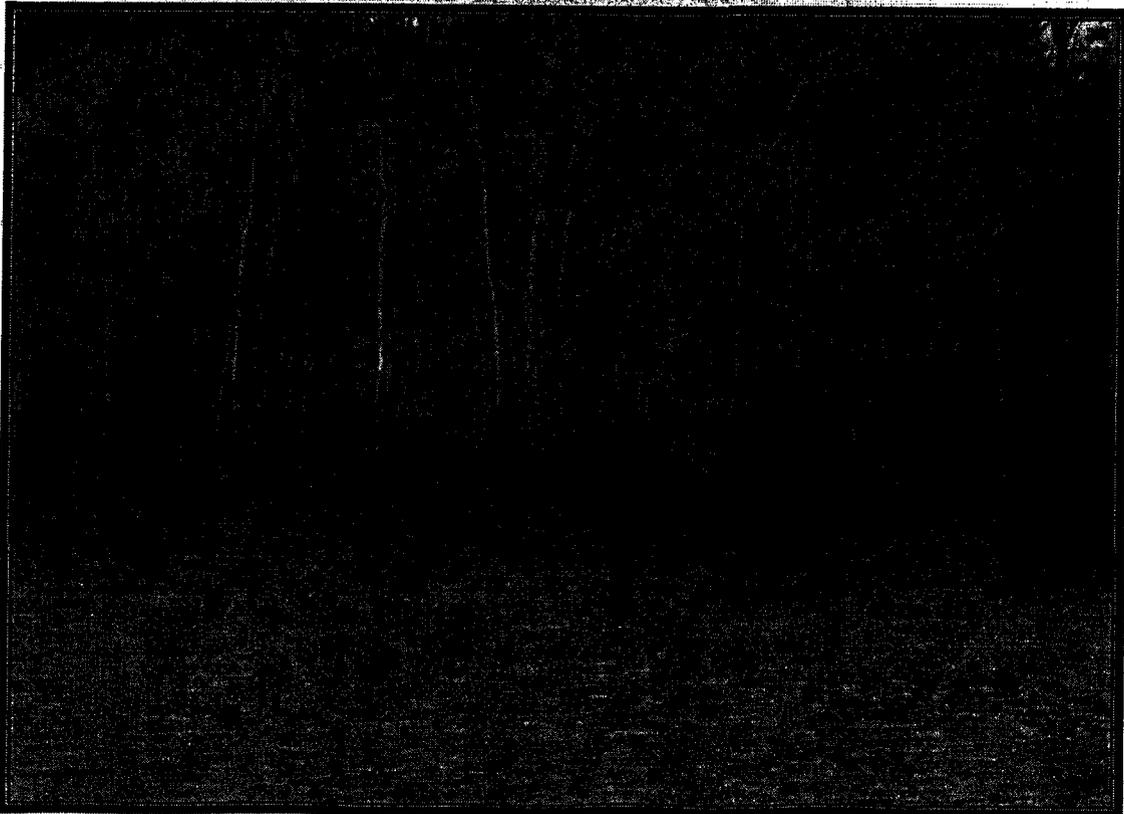
**Looking northerly from the River Willow subdivision portion of the subject at the I-95 dam.**



**Looking at the typical property in the Willow River equestrian development in Hampton Falls**



**Facing southeasterly from the Towle Farm Road looking at the sloping shoreline of the River Willow subdivision.**



**Facing northerly from equestrian neighborhood looking at the Taylor River Estates properties and a typical shoreline home.**



**Looking southeasterly Taylor River Estuary salt marsh from the northbound rest area on I-95 as how the subject pond might look in the After Situation after the dam removal.**

CERTIFICATE OF APPRAISER

I hereby certify:

That I have personally inspected the affected neighborhoods and that I have also made a personal field inspection of the comparable sales relied upon in making the paired set analysis. The subject is as represented by the photographs contained in this assignment.

That to the best of my knowledge and belief the statements contained in the assignment herein set forth are true, and the information upon which the opinions expressed therein are based is correct; subject to the limiting conditions therein set forth.

That I understand that this consultant assignment is to be used in connection with property that will be affected by the dam removal and subsequent draining of the Taylor River Pond by the State of New Hampshire.

That this assignment has been made in conformity with the appropriate State laws, regulations and policies and procedures applicable to appraisal of real property for such purposes.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the disposal of such property appraised.

That I have not revealed the findings and results of such appraisal to anyone other than the property officials of the Department of Transportation of said State or officials of the Federal Highway Administration and I will not do so until so authorized by State officials, or until I am required to do so by due process of law, or until I am released by this obligation by having publicly testified as to such findings.

Barry Moore, MAI, the appraiser's supervisor assisted me in the inspections of the subject neighborhoods and the paired sets analysis.

That my opinion of the average market value loss on the pertinent waterfront properties as of the 7th day of April 2009, is **-20% on the Hampton waterfront properties, -10% on the Hampton common access waterfront properties and -5% on the Hampton Falls properties** based upon my independent analysis and the exercise of my professional judgment.

5/27/09  
(Date)

James T. Minichiello  
James T. Minichiello Staff Appraiser

**General Assumptions And Limiting Conditions:**

**General Assumptions**

- ◆ the section areas given to me have been properly calculated based on the available maps;
- ◆ information from all sources is reliable and correct unless otherwise stated.

**Limiting Conditions**

- ◆ There are no hidden or unapparent conditions along the various neighborhoods, in the subsoil (including hazardous waste or ground water contamination), that would render the sections more or less valuable. I assume no responsibility for any of these conditions or the engineering that may be required to discover or correct them. If any contamination is found on the subject, this report becomes null and void.
- ◆ Possession of this report (or a copy) does not carry with it the right of publication. It may not be used for any purpose other than by the party to whom it is addressed without the written consent of the State of New Hampshire and in any event only with the proper, written qualification and only in its entirety. Neither all nor any part of the contents (or copy) shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the State of New Hampshire.
- ◆ Acceptance and / or use of this report constitutes acceptance of the foregoing underlying limiting conditions and underlying assumptions.

**Extraordinary Assumptions**

- The value loss estimates herein are based on the waterfront properties that will be affected by the draining of Taylor River Pond.