



Town of North Salem Land Co-op Procedure

Per advisement of the ORPTS legal team, despite the fact that the co-op is for the land ONLY, we calculated an income value of both the land and the privately-owned structures thereon. It was a multi-step process developed by Tyler, Haberman & Associates, ORPTS and the assessor for the Town.

It should be understood that the income approach requires rentals of comparable properties. Rentals of single family homes are not as plentiful as apartments and there are even fewer, if any, that allow for the development of market-based adjustments for size, seasonal use, or proximity to the water.

We were prepared to value the land co-op using land site rentals. The co-op itself is not an income-producing entity and so the shares paid by the individual owners do not equate to a market rent. Mobile home park rentals are site rentals that allow the lessee to place a dwelling they own on the site and were deemed by the team to be comparable for our purposes. The income value to the land was calculated using these comparable site rents. The value of the amenities (clubhouse, outbuildings, etc) is intrinsic to and therefore reflected in the land income value allocated to each parcel of land.

Since the dwellings varied so greatly in size and quality, we felt a per bedroom rent was not a fair way to allocate value, so we used a rent per square foot. The income approach was further developed using reasonable market-based vacancy and expense rates for single family rentals. Included in this value estimate would be an assumed land value.

Since we did not have the % common interest from all the cooperatives, and to capture as much difference in amenities as we could between the different sites, we developed a "contribution percentage" for each site that is based on the cost value for each dwelling divided by the total cost of all dwellings for the co-op. This captures differences in size, quality and somewhat for the location of the dwelling in relation to the water.

The steps in the process are as follows:

1. Calculate the income value for the land using mobile home site rental comparables. See Income Land Value tab of the spreadsheet. Monthly rentals between \$650-\$850 per month were used.
2. Calculate the income value of the entire property using single family home rental comparables. See individual co-op tabs of the spreadsheet. Rentals of \$25-\$28/sf were used applied to the total square footage of all dwellings.
3. Subtract the Land Income Value from the Total Income Value to calculate the Building Income Value.

4. The Land Income Value is allocated amongst the commonly held parcels of land (see Land Income Tab).
5. The Building Income Value is allocated amongst the individually owned dwellings based on the contribution percentage.