

WILDLIFE CONSERVATION BOARD
APPRAISAL REVIEW AND DISCLOSURE POLICY
(AMENDED MARCH 2013)

The Wildlife Conservation Board (WCB) is authorized by statute to acquire, and make grants for the acquisition of, interests in real property to preserve and protect fish and wildlife and provide suitable recreation throughout the State. The purchase price for the real property must not exceed fair market value as established by an approved appraisal.

To ensure public confidence in amounts paid and procedures used for the acquisition of real property, while also ensuring that transactions can proceed efficiently and expeditiously, before approving an acquisition project where an agency proposes to spend more than \$25 million of State funds WCB must also have the appraisal reviewed by a qualified independent appraiser and make the independent review report available to the public.

Chapter 394, Statutes of 2012 (SB 1266) extends the independent appraisal review requirement to any acquisition for which one or more agencies propose to spend more than \$15 million of State funds and makes other changes to existing law, all of which became effective on January 1, 2013.

To continue to ensure public trust and confidence in the WCB acquisition process, provide additional transparency in the purchase of real property, and conform to the requirements of SB 1266, independent review and disclosure of appraisal information as provided for in the following policy is deemed appropriate.

Therefore, it is the policy of the Wildlife Conservation Board that:

For proposed projects involving a “Substantial Acquisition” (as defined below) or a “major acquisition” of “conservation lands” (as defined in Public Resources Code section 5096.501¹),

1. WCB staff shall contract for an independent appraisal of the fair market value of the property or interest to be acquired (unless the project is a proposed grant under the California Rangeland, Grazing Land and Grassland Protection Program²).

¹ As of January 1, 2013, a “*Major acquisition*” is defined in Public Resources Code section 5096.501 (c) as an acquisition for which one or more agencies propose to spend more than fifteen million dollars (\$15,000,000.00) of state funds. “*Conservation lands*” is defined in Public Resources Code section 5096.501 (b) as any land or interest therein to be acquired by an acquisition agency, or that is owned by the state. (“*Acquisition agency*” is defined in Public Resources Code section 5096.501 (a) as the Wildlife Conservation Board, the Department of Parks and Recreation, or a state conservancy.)

² Under Public Resources Code section 10338 (b) each application for a grant under the California Rangeland, Grazing Land and Grassland Protection Program must include “an independent and impartial appraisal prepared by a real estate appraiser who is licensed pursuant to the Real Estate Appraisers’

The independent appraisal must:

(a) be prepared by a licensed appraiser³ in good standing pursuant to the Real Estate Appraisers' Licensing and Certification Law⁴ who does not have a financial interest in the property being appraised and is qualified to appraise the specific property⁵; and

Conform to the Uniform Standards of Professional Appraisal Practice (USPAP); the Department of General Services ("DGS") regulations in California Code of Regulations, Title 2, Section 1880; and any other applicable State laws and policies including, without limitation, any applicable requirements of Chapter 1.695 (beginning with Section 5096.500) of Division 5 of the Public Resources Code (together, "Applicable Requirements").

For purposes of this policy, "Substantial Acquisition" means the grant or use of State bond funds to acquire an interest in real property for which the WCB proposes to allocate five million dollars (\$5,000,000.00) or more of State funds.

2. WCB staff shall contract for an independent technical review ("independent review") of the appraisal for each Substantial Acquisition and major acquisition of conservation lands unless, in the opinion of staff, the appraisal fails to meet Applicable Requirements. The independent review must be performed by a qualified independent appraiser who is licensed pursuant to the Real Estate Appraisers' Licensing and Certification Law,⁶ did not conduct the appraisal under review and has no financial interest in the proposed project.⁷

The independent review must include a field review⁸ and meet the requirements of Standard 3 of USPAP and written instructions issued by staff.

The written instructions shall call for an independent review consistent with this policy that includes the reviewer's opinions about the quality of the entire appraisal report under review (without the reviewer's own opinion of value), the reasonableness of the fair market value conclusion and whether or not the appraisal conforms to Applicable Requirements, all of which must be provided in a written narrative report. The narrative review report shall contain at least the information and opinions in Appendix A to this policy, including a summary of the appraisal, a statement of the basis on which the value of the land was established, the conclusion of highest and best use, a description of the

Licensing and Certification Law (Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code)."

³ Fish and Game Code section 1348.2

⁴ Public Resources Code section 5096.517(b)

⁵ Public Resources Code Section 5096.510 (b)(3) and (c)

⁶ Public Resources Code section 5096.512 (a)(2)

⁷ Public Resources Code section 5096.512 (a)(1)

⁸ A "field review" must include a field inspection of the subject property (and, if improved, an inspection of the exterior and interior of the improvements) as well as independent verification and analysis of the appropriateness and completeness of market and other data. Such verification and analysis may also require field inspection of properties used as comparable sales.

standards used to prepare the appraisal, and a determination of whether or not the appraisal meets the relevant standards established under USPAP.⁹

3. WCB staff shall provide the independent review report to the DGS during its review and evaluation of the appraisal for any Substantial Acquisition or major acquisition of conservation lands that staff anticipates recommending to the WCB for approval. If DGS approves the appraisal and staff will be recommending the proposed project to the WCB for approval, then not less than 30 days in advance of the WCB holding a public hearing to consider such recommendation, staff shall post the independent review report on the WCB website (www.wcb.ca.gov). The independent review report may omit any proprietary information provided by or on behalf of the seller or that is otherwise exempt from public disclosure pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

Public Resources Code section 5096.511 - 5096.513.

4. This policy is intended to provide additional appraisal review and public disclosure of appraisal information for 6 – 10 percent of the total number of acquisition projects approved by WCB, representing 40 – 50 percent of the acquisition funding allocated by WCB. If implementation of this policy does not meet these goals, subject to approval of the Board, the Executive Director may recommend changes to assist in achieving these policy goals.

WCB staff shall report to the WCB on the effectiveness of the appraisal review process after this policy has been in effect for at least 12 months, but no longer than 18 months. At a minimum, the report shall include data such as the number of projects impacted by the policy represented as a percentage of WCB acquisition projects approved during the 12 – 18 month time period and the WCB dollar allocations impacted by the policy represented as a percentage of the total dollars allocated by the Board during the 12 –18 month time period.

The report shall also include a cost benefit analysis of the policy and include at a minimum, such information as the cost associated with implementing the policy, any impact the policy has had on staff workload necessary to complete a project, any impact the policy has had on the appraisal industry and availability of WCB to commission appraisers and independent reviewers and any indicators of public satisfaction or dissatisfaction with the nature of the appraisal reviews.

⁹ Public Resources Code section 5096.512 (b)

Appendix A

Appraisal Review Report Contents

The independent review report shall be a written narrative report that meets the requirements of Standard 3 of USPAP, including certification, and contains at least the information and opinions set forth in this Appendix A. The independent review report shall also include an explanation or supporting rationale for any opinions rendered by the reviewer.

1. **IDENTIFICATION OF APPRAISAL PROBLEM:** Identification of the appraisal report under review, the appraiser who performed the appraisal under review, the property and ownership interests appraised, the date of the report under review and the effective date of the value estimate reported.
2. **REVIEW APPRAISER QUALIFICATIONS:** Statement of the knowledge and experience that qualifies the review appraiser to perform the scope of work performed in the review. These qualifications may include, depending on the review assignment's scope of work and without limitation, familiarity with the specific type of property or asset, regional real estate market, geographic area, analytic method, appraisal process and laws, regulations and guidelines.
3. **REVIEWER'S SCOPE OF WORK:** Description of the scope of work performed in the independent review and a reasoning for why the scope of work is sufficient to produce credible assignment results in accordance with USPAP Standards Rule 3-1 (c).
4. **APPRAISAL SUMMARY:** Summary of the appraisal report.¹⁰ The summary shall be a synopsis that addresses significant data, facts and conclusions, including the conclusion of the highest and best use and the opinion of fair market value in the appraisal under review. If the appraisal under review includes proprietary information provided by or on behalf of the seller (e.g., trade secrets or confidential income, lease or other financial data) or information that is otherwise exempt from public disclosure pursuant to the California Public Records Act, the review report may omit such information.
5. **COMPLIANCE WITH STANDARDS:** Description of the standards used to prepare the appraisal under review¹¹ and the reviewer's opinion as to whether or not the appraisal under review meets the relevant standards established under USPAP¹²; the Department of General Services regulations in California Code of Regulations, Title 2, Section 1880; and any other applicable State standards.

¹⁰ Public Resources Code § 5096.512 (b)(1)

¹¹ Public Resources Code § 5096.512 (b)(3)

¹² Public Resources Code § 5096.512 (b)(4)

6. **APPRAISER'S ANALYSIS:** The reviewer's opinion as to whether or not the appraiser properly identified and inspected the subject property, researched sufficient relevant data, and analyzed and applied the data to arrive at credible and reasonable opinions or conclusions.
7. **APPRAISAL METHODS:** The reviewer's opinion as to the appropriateness of the appraisal methods and techniques used, including an explanation of the reason(s) for any disagreement(s).
8. **ADEQUACY AND QUALITY OF APPRAISAL:** Within the scope of work applicable to the appraisal review assignment, the reviewer's opinion as to the adequacy and quality of the entire appraisal report under review, including the completeness of the appraisal report under review, given the laws, regulations, and client instructions and specifications applicable to the report under review. The independent review report shall include a copy of the client instructions and specifications for the appraisal under review.
9. **SPECIALTY INTERESTS:** An appraisal report that attributes more than a nominal value to specialty interests, such as but not limited to timber, water or minerals, may require a separate review prepared and signed by a certified or registered professional qualified in the field of the specialty interest.
10. **DATA QUALITY:** The reviewer's opinion as to the comprehensiveness and accuracy of the comparable sales, lease and other data on which the appraiser's estimate of fair market value was based, including the accuracy of mathematics.
11. **BASIS OF VALUE:** Statement of the basis on which the value of the land or interest was established, including the conclusion of highest and best use and the actual comparable sales data (including ranges for sales price and acreage and other comparable sales information the review appraiser deems appropriate and necessary) but excluding any matrices or tables showing adjustments to comparable sales.
12. **APPRAISAL CREDIBILITY:** The reviewer's opinion as to the appropriateness, reasonableness and credibility of the analysis, opinions and conclusions in the appraisal report including the reason(s) for any disagreement(s).
13. **AREAS OF DISAGREEMENT:** Discussion of any area(s) of disagreement including the reason(s) for any disagreement(s).
14. **CONTACT WITH APPRAISER:** Discussion of any contact with the appraiser to answer any questions the independent reviewer may have.
15. **CHANGED CIRCUMSTANCES:** If during the appraisal review process the independent reviewer became aware of circumstances arising after the date of value of the appraisal under review that might have changed the actual current value of the subject property, the review report should note the outcome of any

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communications between the review appraiser and the appraiser (either directly or through the client) regarding such circumstances and possible impacts to the opinion of value as well as any additional analysis on the part of the appraiser that was performed or might be needed to revise or update the appraisal as a result of any such changed circumstances.

Adopted: 05/31/2012