



**TABLE 3.1
HYPOTHETICAL APPRAISAL ANALYSIS FOR
SPOT BLIGHT TAKING**

BASELINE INFORMATION (ASSUMPTIONS)

- (1) Appraiser has determined that rehabilitation is the appropriate option for the property
 (2) Building square footage is 1800 SF
 (3) Appraiser has determined that costs in area are as follows:
- | | |
|--|------------------------|
| Rehabilitation costs (hard cost only) | \$80/SF |
| Soft costs | 25% of hard costs |
| Profit and developer fee | 10% of hard+soft costs |

STEP 1: CALCULATE COST TO REHABILITATE PROPERTY

Rehabilitation costs (1800 x \$80)	\$144,000
Soft costs (\$144,000 x .25)	\$36,000
Profit and developer fee (\$180,000 x .10)	\$18,000
TOTAL COST FOR APPRAISAL PURPOSES	\$198,000

STEP 2: CALCULATE MARKET VALUE AFTER REHABILITATION

Appraiser determines that market value after rehabilitation particular to the neighborhood in which the property is located is \$120,000.

STEP 3: DETERMINE FAIR MARKET VALUE FOR PURPOSES OF EMINENT DOMAIN

$\$120,000 - \$198,000 = -\$78,000$

CONCLUSION: SINCE THE RELATIONSHIP OF MARKET VALUE AFTER REHABILITATION TO COST IS A NEGATIVE NUMBER, THE PRESUMPTIVE VALUE FOR PURPOSES OF EMINENT DOMAIN IS ZERO.