



**GREEN ACRES**  
**LOCAL AND NONPROFIT ASSISTANCE PROGRAM**

## **Changes in Acreage**

*Revised 5/10/2024*

It is fairly common for the surveyed property acreage (“Area of Encumbrance”) to differ from the acreage that was appraised and on which the Certified Market Value or Average Appraised Value was based (for simplicity, identified in this document as “CMV Acreage”). In those instances, the change in acreage may impact Green Acres’ funding for a property. An acreage change may also necessitate the revision and resubmission of project deliverables, particularly for cooperative acquisitions. This document will describe the process by which Green Acres evaluates the change and how applicants may be able to address such possible changes in their negotiations and purchase contracts.

When there is an acreage discrepancy, Green Acres considers two questions:

(1) *For acreage reductions only:*

Does the reduced acreage affect the per-acre or total CMV?

(2) *For acreage reductions or increases:*

Does the reduced or increased acreage affect the payment calculation?

### **CMV Amendments** (*Acreage reductions only*)

1. First, we look at why the acreage has decreased.

- a. If the reduction in acreage is due only to one or more of the following issues, the smaller acreage will **not** result in a change in the per-lot or per-acre CMV and your Project Manager does not need to consult with the Appraisal Review Section (ARS):
  - Existing road rights-of-way (ROWS) shown on tax maps;
  - Open water; or
  - Tidelands areas incorporated into the appraised value (i.e., shown on Project Reference Map).In this case, skip #2 and go straight to Payment Calculation (#3 below).
- b. However, if the reduction in acreage is due in part or whole to one or more of the following reasons, the CMV **may** need to be amended:
  - Anticipated future widening of road ROWs identified post-appraisal

- Areas excepted out post-appraisal (e.g., land cut out for a non-recreation or conservation purpose). (**Note:** *Local governments must use general funds (not open space funds) to purchase these areas to avoid an open space encumbrance and future diversion issue.*)
- Overlaps, gores, and encroachments identified by the property survey
- Inaccurate official tax map configuration (change in property shape)
- Reduction in acreage with no other changes (e.g., tax map acreage was inaccurate, but no other differences are identifiable)

In this case, go to #2 below, which will discuss if your Project Manager needs to consult with ARS.

2. If the CMV may need to be amended, the next step is to determine if the acreage change rises to the level necessitating a consult with the ARS:
  - a. If the appraisal used a per-lot value for the CMV calculation, the Project Manager **must** consult with ARS about whether the total property value will change.
  - b. If the appraisal used a per-acre value for the CMV calculation, ARS must review whether the per-acre value will change **only if** one or more of the following applies:
    - The reduction in acreage would create a non-conforming lot. To assess this, we look at the per-acre zoning listed in the appraisal reports.

*Example:* 10-acre property with 5-acre zoning = potential of 2 lots; surveyed acreage is only 8.5 acres = potential 1 conforming and 1 non-conforming lot.

- The reduction results in a significant loss of road frontage, e.g., loss is more than 25% of frontage or the loss creates a non-conforming lot based on frontage requirements.
- The reduction results in a significant loss of uplands (to assess, we compare any configuration change with wetlands mapping on the Project Reference Map)
- The property is less desirable to a potential buyer due to the change, based on the Highest and Best Use, e.g., by cutting out an attractive feature of the property (viewpoint, stream access, etc.).
- For an easement, the acreage reduction results in a reduction of the public access area (Bureau Chief approval required)

If any of the above applies, the Project Manager must review the matter with the ARS. If none applies, the project can move forward using the original CMV without consulting with ARS.

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#### **Payment Calculation** (*Acreage reductions and increases*)

3. Once the Project Manager has confirmed whether the CMV has changed, and obtained the amended CMV (if necessary), the next step is to determine the appropriate payment calculation.
  - a. If the appraisal used a per-lot value for the CMV calculation, the payment continues to be based on the total CMV, as confirmed by ARS, and the following formula is used to calculate land payment:

$$\text{Land Payment} = [\text{Amended}] \text{ Total CMV} \times \text{Grant Ratio}$$

- b. If the appraisal used a **per-acre** value for the CMV calculation, the next step is to figure out if the acreage discrepancy is eligible for the 5% acreage waiver:

*In the event that the surveyed acreage of the Property deviates from the assumed acreage by 5% or more, the Purchase Price shall be adjusted downwards or upwards, as the case may be, at the rate of [per acre CMV, amended if necessary] for the difference between the assumed and surveyed acreages. This adjustment clause is subject to an Adjustment Cap Note (see below).*

To figure out if the difference between the CMV acreage and the surveyed Area of Encumbrance is less than 5%, the following formula is used:

If the acreage has decreased:

$$\frac{\text{Original CMV acreage} - \text{Area of Encumbrance acreage}}{\text{Original CMV acreage}} \times 100 = \% \text{ Change in Acreage}$$

If the acreage has increased, this formula is used:

$$\frac{\text{Area of Encumbrance acreage} - \text{Original CMV acreage}}{\text{Original CMV acreage}} \times 100 = \% \text{ Change in Acreage}$$

- 1) If the % Change in Acreage is less than or equal to 5%, the original CMV acreage is used for the payment calculation, with one exception (see below). This formula is used to calculate payment for the land:

$$\text{Land Payment} = \text{Original CMV Acreage} \times [\text{Amended}] \text{ Per-acre CMV} \times \text{Grant ratio}$$

- 2) If the % Change in Acreage is greater than 5%, the Area of Encumbrance acreage is used for the payment calculation:

$$\text{Land Payment} = \text{Area of Encumbrance Acreage} \times [\text{Amended}] \text{ Per-acre CMV} \times \text{Grant ratio}$$

**Adjustment Cap Note:** If there has been an acreage reduction, the formula in 1) above cannot be used if the value of the difference is greater than \$50,000. To calculate this difference, subtract the result of the formula in 2) from the result of the formula in 1). If the difference is greater than \$50,000, the formula in 2) is used to calculate the Land Payment.