Land Buy-Back Program for Tribal Nations Listening Session

Albuquerque, New Mexico
March 3, 2016

Written remarks are invited, and may be emailed to: buybackprogram@ios.doi.gov

www.doi.gov/buybackprogram
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<tr>
<th>Time</th>
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<tbody>
<tr>
<td>1:00 pm</td>
<td>Invocation</td>
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<tr>
<td>1:10 pm</td>
<td>Opening Remarks</td>
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<tr>
<td>1:40 pm</td>
<td>Program Presentation</td>
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<tr>
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<td>Oral Comment period</td>
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<td>2:45 pm</td>
<td>Break, Resource Tables open</td>
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<td>3:15 pm</td>
<td>Remarks</td>
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<td>Tract Appraisal Presentation</td>
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<td>3:35 pm</td>
<td>Oral Comment period</td>
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<td>4:30 pm</td>
<td>Listening Session ends</td>
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T R I B A L  N A T I O N S

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T R I B A L  N A T I O N S

Appraisal Presentation

Alberto Ugás, Office of Appraisal Services

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Our Mission
To provide our clients, the BIA and OST, with high quality, independent & objective appraisal services, prepared in accordance with national and federal appraisal standards. The highest quality appraisal services are the foundation for sound real estate business decisions, made by or on behalf of trust beneficiaries.

Our Vision
To be the finest appraisal organization in the federal government, through the professionalism of our appraisal staff. To be a Center of Excellence for Appraisal Services.
What is the Land Buy-Back Program and why OAS?

• The Land Buy-Back Program for Tribal Nations was created to implement the land consolidation component of the Cobell Settlement, which provided $1.9 billion to purchase fractional interests in trust or restricted land from willing sellers at fair market value (FMV).

• FMV is determined by OST’s Office of Appraisal Services (OAS).
  • FMV is an appraiser’s estimate of what a property would sell for, in an open and competitive market.
What is the Land Buy-Back Program and why OAS?

- Appraisals are completed by OAS for each tract of land.
- Appraisals are used to provide professionally derived and impartial estimates of fair market value.
- An appraisal is required by law, to provide both the beneficiary and the government, information on the value of the land to support trust land transactions.
What is the Land Buy-Back Program and why OAS?

- All appraisal work performed by OAS conforms to the Uniform Standards of Professional Appraisal Practice (USPAP).
- All staff appraisers from OAS are certified, holding the highest level of appraisal licenses.
- To ensure a credible, impartial and responsible appraisal process, LBBP worked with The Appraisal Foundation to obtain an independent review of our valuation methods and systems.
What is the Land Buy-Back Program and why OAS?

- At a subsequent review of LBBP work performed by The Appraisal Foundation last September, the following findings were made: “The team has done an outstanding job managing the … appraisal processes” and further “In the appraisal profession, this is a major accomplishment that should make OAS and the Department very proud.”

- This accomplishment is only possible through the close cooperation of the tribes, in the appraisal process.
How is my property being appraised?

• At its most basic level, an appraisal is defined as “the act or process of developing an opinion of value.”¹ For LBBP purposes, all property is appraised ‘as though vacant,’ meaning that only the land is valued and not any surface improvements.

¹ Uniform Standards of Professional Appraisal Practice (USPAP)

• There are three (3) primary methods to develop that opinion of value: COST, INCOME or SALES COMPARISON. These three can be used independently, but they are most typically combined in a variety of ways.
How is my property being appraised?

- The COST APPROACH is based on the cost to replace the property (i.e., rebuild) after deducting for accrued depreciation.
How is my property being appraised?

- The INCOME APPROACH is based on the income the property generates, capitalized to determine its present worth.
How is my property being appraised?

• The **SALES COMPARISON APPROACH** is based on what similar properties in the vicinity have sold for recently.
How is my property being appraised?

Irrigated Cropland
How is my property being appraised?

Irrigated Cropland
How is my property being appraised?

Dry Cropland
How is my property being appraised?

Open Range
How is my property being appraised?

Open Range
How is my property being appraised?

Recreational
How is my property being appraised?
How is my property being appraised?

Rural Commercial
How is my property being appraised?

Rural Residential
How is my property being appraised?

• Depending on the property type, the number of properties needing to be appraised, the number of available sales, and the complexity of the assignment, the final appraisal may be conducted in one of three (3) different ways:

  • Mass Appraisal
  • Project Appraisal
  • Individual Property Appraisal
How is my property being appraised?

How many appraisals have you completed to date?

• As of the end of calendar year 2015, OAS has completed appraisal work for LBBP on 20 reservations across 9 states.

• This represents 22,271 appraisals, comprising 4,229,272 acres.
Understanding Appraisals and the Valuation Process in the Land Buy-Back Program

**PURPOSE OF THE APPRAISAL:** To determine the fair market value of the parcel of land to be acquired by the Indian Land Tenure Foundation (ILTF) for the purpose of developing affordable housing for American Indian communities.

**APPRaisal VALUE:**

- To determine the fair market value of the parcel of land.
- To assess the impact of development activities on the value of the land.
- To determine the appropriate compensation for the landowner.

**FAIR MARKET VALUE:**

- It is the price that would be paid in an arm's-length transaction by a willing buyer and a willing seller.
- It is based on the highest and best use of the land.

**MARKET DATA:**

- Sales of similar properties in the same area.
- Current trends in the real estate market.
- Economic factors affecting the area.

**COMPARABLE PROPERTIES:**

- Properties that are similar in size, location, and condition.
- Properties that have recently sold.

**ADJUSTMENTS:**

- Adjustments may be made for differences in size, location, or condition.
- Adjustments may also be made for market trends or economic factors.

**OFFICE OF APPRAISAL SERVICES (OAS):**

- Responsible for appraising land to determine its fair market value.
- Provides technical assistance and training for appraisers.
- Ensures the accuracy and reliability of appraisals.

**Minerals and the Mineral Valuation Process**

- The Minerals Management Service (MMS) is responsible for the valuation of minerals.
- Minerals are valued based on their estimated value or by negotiation with the minerals owner.
- The process involves an assessment of the minerals' value and the minerals owner's interests.

**Common Definitions for Land Valuation**

- **Future Market Value:** The value of land that is expected to exist in the future.
- **Cash Flow:** The income generated by a property over a period of time.
- **Development Potential:** The potential for the land to be developed for a particular purpose.

**Resources**

- **Land Buy-Back Program**
  - Visit the ILTF website (
  - See our program at landbuyback.org
- **Indian Land Tenure Foundation**
  - Visit the ILTF website (
  - Contact us at 1-800-700-7800
  - See more information at indianlandtenure.org
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