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to the most similar privately-owned housing in the nearest competitive or comparable neighborhood or community. Typical rental rates will be compiled, analyzed and tabulated, and subject properties identified and described in the same manner as prescribed above for Government quarters. The appraisal report should include a vicinity map showing location of rental units listed for comparison in relation to the location of the quarters being appraised.

(vii) *Comparative relationships.* The appraisal report will include a discussion of relative merits of Government quarters by comparison with private housing units. Rental rates of housing controlled by governmental agencies or subsidized by private industry will not be used as a basis for comparison.

(viii) *Correlation of rental units.* A discussion of basic reasoning supporting the final rental value unit for each distinctive rental bracket is imperative.

(ix) *Photographs.* Photographs of typical views of the quarters appraised and typical private housing units cited as comparable rentals will be included in each report.

(x) *Appraisal certificate.* Rental appraisal reports will not be considered acceptable without appropriate certification substantially in accordance with: ''I certify that the above rental values represent my unbiased opinion of the present fair market rental value of the quarters described. I am not now a tenant residing in such quarters nor do I have any intention of becoming a tenant therein.''

(2) Reappraisals of rental quarters are required every fifth year subsequent to previous appraisal. Rental rates will be adjusted annually between appraisals by application of the Consumer Price Index (CPI) maintained by the Bureau of Labor Statistics, Department of Labor, and as further required in accordance with Transmittal Memorandum No. 2, OMB Circular A-45, revised October 30, 1974.

§ 644.46 Easements.

(a) *Definition.* An easement is a property right of specified use and enjoyment falling short of fee ownership. It follows that the value of an easement is less than the market value of fee title to the same portion of property (exclusive of severance damages to residual portions).

(b) *Measure of value.* The measure of compensation for an easement is the amount by which market value of the ownership is diminished by the imposition of the easement. This should be developed by use of the ''before'' and ''after'' method of appraisal, the difference being the value of the taking.

(c) *Flowage easements.* (1) The appraisal of flowage easements will not be undertaken until flood frequency surveys have been completed and approved by proper authority. The flood frequency data will be made available to the appraisers with the definite understanding that it is to be accepted as one of the controlling factors in estimating the market value of the easements. The appraiser's certificate should be qualified to include the assumption that the frequency data is correct and that he has no responsibility therefore.

(2) The market value of fee simple title to each property over which a flowage easement is required will first be appraised in the usual manner. This estimate will be followed by appraisal of the market value of the property after imposition of the easement. The market value of the easement is then computed on the basis of the amount the market value of fee title is reduced by imposition of the easement. The appraiser will give full consideration to all factors having a bearing on the reduction in value of the parcel on which the easement is to be imposed. Each appraisal report will include complete information as to estimated flood frequency pertaining to each parcel appraised.

(3) The appraiser's major problem in appraising tracts having considerable value is the development of his value estimate after the imposition of the easement. The market data approach to value is limited in this phase of the appraisal to index sales of land reflecting the ''use adaptability'' of lands to a less profitable purpose. Typical of such change in highest and best use are the conversion of row crop land and orchard land to pasture and forestry. Likewise, the cost approach to value is applicable only to land improvements

and structures to be removed or destroyed. It is, therefore, considered essential that flowage easement appraisals reflect, in adequate detail, changes in utility by the development and use of the earnings approach to value before and after imposition in all cases involving lands capable of producing income. The ratios thus developed in ''before'' and ''after'' values for income producing lands should prove to be helpful in developing appropriate ratios for nonproductive lands.

(4) In those instances where the type of land, topography, flood frequency and duration data clearly indicate that a minimal change in value (not to exceed $100) will result from exercise of the required rights, a brief appraisal is authorized. The appraisal report will contain as a minimum a complete statement of pertinent facts, including information regarding flood frequency and duration data pertaining to the property appraised. In the event condemnation is required to acquire the necessary rights, an acceptable ''before'' and ''after'' appraisal will be prepared prior to the institution of condemnation proceedings.

(5) A tract map showing each contour level of varying flood frequency will be made a part of each appraisal report. This map should facilitate review of the appraisals and serve as an aid to the negotiator in his contacts.

(d) *Other easements.* It is recognized that many other types of easements, *i.e.*, road, pipeline, restrictive, borrow, transmission line, flight, spoil, etc. are to be appraised. In all instances, the measure of value is still the same, the amount by which the market value of the ownership is diminished by the imposition.

§ 644.47 Appraisal of other interests.

(a) *Minerals.* (1) In all cases, the value of the subsurface will be included or accounted for in the appraisal report in such manner that negotiations may be readily conducted to acquire or extinguish subsurface rights if they are outstanding in third parties or if it develops that the vendors desire to reserve them. In those instances where minerals are held separately in large blocks underlying several individual surface tracts, a statement to this effect should be included and the plan for appraising the mineral estate identified. Unless the person who is appraising the surface has had training and experience in appraising minerals, the subsurface appraisal should be made separately by an appraiser qualified to perform this service. Since the removal of certain minerals may destroy the usefulness of the surface, care should be exercised to avoid duplication of value.

(2) In the event that subsurface valuation is unfamiliar to the Division or District requiring same, HQDA (DAEN-REE) WASH DC 20314 should be contacted for advice and recommendations. Mineral valuation engineers within the Corps may be utilized on a cost reimburseable basis for furnishing gross or tract appraisals.

(b) *Timber.* (1) Where the land being appraised has only young trees or timber not of merchantable size, the value thereof will be included with the value of the land. If the timber is of merchantable size, a timber cruise will be made by a professional forester and the timber classified in the appraisal according to species, type, range of size, quantity, unit value, and total value. A discussion of logging, haulage, and market conditions will be given. The total value of timber shall be the amount by which the timber enhances the market value of the bare land.

(2) Extreme care must be exercised in the use of separate timber estimates for appraising timber land, so as to avoid ''doubling up.'' Where a timber cruise or estimate is used, comparable sales of recently timbered land should be used to support the remaining land value. Where such sales are not available, care must be utilized to extract the timber value from sales of timber land. The optimum situation would be to have sales that were also cruised; however, this does not often happen.

(c) *Growing crops.* (1) Crop appraisals will not ordinarily be necessary except in those cases where the Division or District has determined that possession of the cropland is necessary prior to the normal harvest period. Where the Division or District Engineer has determined that the landowner or his tenant cannot be permitted to harvest