

APPENDIX C: FORMULA FOR ESTIMATED VALUE

Note: This information also appears above in the Spreadsheet Key.

The formula is: Estimated Value = Estimated Square Footage x Historic Multiplier Based on Current Condition/Status.

1. Determine the estimated square footage (livable space) of the building.¹²
2. Multiply Square Footage by one of the following current condition factors:
\$300 for a Currently Restored building;
\$200 for a Currently Stabilized building;
\$150 for a Currently Endangered building; and
\$75 for an outbuilding (Note: This factor overrides its condition and is used as the multiplier when applicable)

The multipliers are based on the Historic Preservation Section's prior experience restoring several historic structures. In addition, the National Trust Insurance Services group, the entity that insures all of the National Trust for Historic Preservation's historic properties, reviewed these multipliers.¹³ Its representative noted that historic building multipliers can sometimes reach up to \$1,000 per square foot for the most impressive historic buildings.

The multipliers do not exactly conform to standard cost estimating practice, but they can be compared to other figures. Square footage multipliers for new house construction, for example, run typically in the range of \$100 per square foot, the figure indicated in the Government Accounting Standards Board (GASB) Audit of 2001. Using the \$100 multiplier, however, would undervalue the cost of a restored historic house, especially given the fact that historic buildings have proved that their lifespan outlasts that of typical new park construction, such as a restroom or a maintenance building. As for the multiplier of \$150 for an endangered building, this matches the GASB cost per square foot assigned to a nature/visitor center. The \$75 multiplier is similar to the GASB cost for a shelter/restroom.

Estimated Value is not technically the same as Market Value, Assessed Value, Replacement Cost, or Restoration Cost. The Estimated Value is almost always higher than both assessed and market values. This difference is due to the fact that the value of historic buildings with specialty or long-life durability materials is not widely recognized in the tax assessors' market. This is because buildings constructed of these materials have a greater repair/replacement value than new buildings made with less durable materials. Estimated Value may be similar to the replacement cost and/or the restoration cost when a structure is endangered and/or dilapidated. For example, a severely endangered log slave quarter may require \$20,000 for restoration and its Estimated Value, as derived by the formula above, may be \$20,000 as well.

¹² In the future, square footage should be determined by a more precise formula, based on measuring the exterior perimeter then multiplying it by the "living area floors," with finished attics counting as a half.

¹³ Brian Phoebus, of the National Trust Insurance Services group, said that \$200-\$250 per square foot was a reasonable starting point for historic buildings that were in decent condition; namely, that had a fairly new roof and the systems of which were all in working order (electricity, plumbing, HVAC, etc.). Since most of the park structures have had little to no maintenance, a slightly higher multiplier was used for the "restored buildings" category. Mr. Phoebus agreed that the \$300 multiplier for this condition of park buildings was "very realistic."