



# United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.

Washington, D.C. 20240

IN REPLY REFER TO:

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(2410)

## Memorandum

To: Regional Directors

From: Director

Subject: Waiver of Requirement of Obtaining Appraisals and Approval of Alternate Valuation Methodology and Process for Estimating

This memorandum waives the requirement for appraisals contained in Reference Manual 38 on Leasing (RM-38) for certain types of property and establishes a policy that allows regions and parks to obtain fair market value rents through market rent studies in lieu of appraisals.

Staffs from the Department of the Interior Office of Valuation Services (OVS) and the Commercial Services Program have determined that the cost to conduct an appraisal to obtain a fair market rent value often exceeds the fair market value for certain types of property. They further concluded that use of an alternative valuation methodology, as outlined in this memo, will result in reasonably reliable estimates of fair market value rent.

In order to allow units of the National Park System to efficiently lease properties and protect resources while garnering a fair return, I hereby waive the requirement to obtain a fair market value appraisal for Leases of Uncomplicated Real Property and Short Term Leases, as those terms are defined herein, using the processes explained below.

The term "Uncomplicated Real Property" includes the following residential and commercial property types:

- Residential- The property requires only standard modifications and routine maintenance. The lease normally has a term of 1 to 10 years but also includes seasonal rentals of short duration, typically 1 week to 4 months.
- Commercial- Typically a store front type business, requiring only standard modifications and routine maintenance. This type also may include residential-type properties used for a business, such as law offices.

A "Short Term Lease" is a lease of Eligible Property for Special Events with a term of 60 days or less. Eligible Property includes NPS assets not normally used by visitors or available for use outside of normal

operating hours. Special events include private parties, banquets, wedding receptions, meetings, public events such as festivals and concerts, and other similar appropriate uses of Eligible Property.

The OVS and the Commercial Services Program have determined that a Market Rent Study considering similar rental properties used for similar purposes in reasonably comparable will be the Alternative Valuation Methodology for Leases of Uncomplicated Real Property and Short Term Leases. For Leases of Uncomplicated Real Property, the NPS will obtain a Market Rent Study prepared by a licensed real estate professional, either a NPS realty specialist or a licensed private sector real estate professional. For Short Term Leases, NPS staff at the regional or park level will prepare a Market Rent Study.

The OVS and the Commercial Services program are developing a Guide for Alternative Valuation Methodology for Uncomplicated Real Property Leases and Short Term Leases (Guide) which will outline how Market Rent Studies are to be conducted. The Guide will also explain when NPS must consult with OVS on Short Term Leases for more complex or unique events.

For all Market Rent Studies, the NPS must create an administrative record through the use of the standard processes and forms contained in the Guide. The NPS must modify a Market Rent Study, as appropriate, to reflect changes in lease terms and/or market conditions. A NPS realty specialist must review and approve all Market Rent Studies for compliance with the Guide including adjustments reflecting changes in lease terms and market conditions. The NPS will develop and maintain a database and inventory of all Market Rent Studies and provide OVS access to this information to allow OVS to fulfill its oversight and compliance responsibilities. The Guide will provide direction on how to maintain the database and submit Market Rent Studies to the WASO Commercial Services Program.

The Associate Director, Business Services, will issue the Guide upon its completion. If you have any questions, please contact Ben Erichsen, Chief, Commercial Services Program, at (202) 513-7156.