



DEB Notice 113020

(Effective: 11/30/2020)

Market Value for a Building (Executive Order 45)

I. Purpose of this Notice:

Executive Order 45 (2019) *Floodplain Management Requirements and Planning Standards for State Agencies, Institutions, and Property* prohibits the construction, reconstruction, purchase or acquisition of state-owned buildings within the 100-year floodplain and/or the 500-year floodplain unless a variance is granted by the Director of DGS. For proposed renovation work to existing buildings located in the 100-year and/or the 500-year floodplain, the Market Value of the existing building relative to the proposed cost of renovations must be determined. This DEB Notice provides agencies with a clarified methodology for determining the Market Value of existing buildings using the Virginia Building Construction Cost Database and M-R FIX.

II. Related Construction & Professional Services Manual (CPSM) Revisions:

Replace Section 4.7.1 of the 2020 Edition of the CPSM, dated July 1, 2020, in its entirety as follows:

4.7.1 Market Value for a Building (Executive Order 45)

Options to determine the market value for a building as it stands, based on location, and in its current condition are as follows:

1. Appraisal: Determine the fair market value of the subject building through performance of a real property appraisal and preparation of an Appraisal Report in accordance with the current edition of the Uniform Standards of Professional Appraisal Practice (“USPAP”) issued by the Appraisal Standards Board of the Appraisal Foundation. Such appraisals shall be performed by persons licensed by the Real Estate Appraiser Board of the Commonwealth of Virginia as either a Certified General Real Estate Appraiser or Certified Residential Real Estate Appraiser and who are in good standing.
2. Virginia Building Construction Cost Database (VBCCD)/M-R FIX: Determine the fair market value utilizing the Virginia Building Construction Cost Database (VBCCD) and M-R Fix data as follows:
 - a. Utilize the CR-1 Form from the Forms Center for this valuation method.
 - b. Select the unit cost from the Virginia Building Construction Cost Database ([VBCCD](#)) published on the DEB website that most closely matches the building use of the subject

building and adjust for time and location per instructions in the CR-1 under the HCI tab (Historical Cost Index).

c. Based upon the existing condition data in M-R Fix, estimate the costs of the systems that have exceeded their life span, or need to be replaced, and itemize those costs in the "Modifications" section as a negative value.

d. Submit the completed CR-1 to DEB for evaluation/approval.