



## POLICY FOR DETERMINING THE MARKET VALUE FOR EXISTING STRUCTURE

**PURPOSE:** To clearly establish the basis and methodology for determining market value for existing structures for the purpose of determining substantial improvement.

**POLICY/PROCEDURE:** The “**MARKET VALUE**” of an existing structure may be obtained from one of the following resources:

- A current, independent appraisal by a certified professional appraiser. The appraisal must exclude the value of the land and not use the “income capitalization approach” which bases value on the use of the property, not the structure.
- Detailed estimates of the structure’s “actual cash value” – the replacement cost of a building, minus a depreciation percentage based on age and condition.
- Property appraisals used for tax assessment purposes with an adjustment recommended by the tax appraiser to reflect market conditions (adjusted assessed value).
- The value of buildings taken from NFIP claims data (usually actual cash value).
- Qualified estimates based on sound professional judgment made by the staff of the Building Division or tax assessor’s office.

### Market Value Determination by City of San Mateo

**MARKET VALUE = (FLOOR AREA) x (VALUE FACTOR) x (BUILDING QUALITY FACTOR)**

where:

- **FLOOR AREA** is the total existing gross floor area contained within the exterior walls of a structure measured in square feet.
- **VALUE FACTOR** is the minimum construction cost per square foot as set forth by the city that is used to determine the building permit fee.
- **BUILDING QUALITY FACTOR** is a RELATIVE QUALITY FACTOR for each structure based on the age, relative quality of building materials, visual appearance, level of repair, and maintenance of the physical building improvements as follows:
  - 0.95 = ABOVE AVERAGE quality material, visual appeal, repair and maintenance (photo).
  - 0.90 = AVERAGE quality material, visual appeal, repair and maintenance (photo).
  - 0.85 = BELOW AVERAGE quality material, visual appeal repair and maintenance (photo).
  - 0.80 = POOR quality materials, visual appeal, repair and maintenance

#### REFERENCES:

SMMC 23.33.020 Definitions (oo) Floodplain Management Regulations

Building Division (650) 522-7172 • Code Enforcement Division (650) 522-7150  
Housing Division (650) 522-7220 • Planning Division (650) 522-7212 • General (650) 522-7200