create customized reports; and FILELink, which allows the user to download selected information from the database into an ASCII file. The information can then be uploaded into a word processor, a spreadsheet, or another database.

Update disks for COMPSLink arrive monthly. The maintenance menu includes an option with which you can easily install and update files.

I am not in love with the manual for this program. It provides accurate information on what to do but does not tie things together well. Fortunately, the COMPS staff has never failed to come to my rescue quickly and effectively. Good support staff is more important to me than a perfect manual.

As I write this, COMPS Inc. and MetroScan have just announced a joint access agreement that will allow users to move freely between databases in a seamless manner. When COMPS files reside on a user's disk, they may be directly accessed from a MetroScan CD-ROM query with the press of a button.

Vendor:
COMPS Inc.
5414 Oberlin Drive, Suite 300
San Diego, CA 92121
(800) 521-1573

System requirements:
PC, XT, AT, PS/2 or compatibles; hard disk; 512K RAM

Price:
Varies depending on what other COMPS services are chosen; call for quote.

Reviewed by:
Ché Norman
Betts & Assoc.
2030 Addison St., Suite 640
Berkeley, CA 94704

A Checklist for Selecting A Subdivision Analysis Program

by John A. Simpson, MAI

John Simpson is an independent appraiser in New Jersey. He specializes in residential subdivision analysis.

Seldom does subdivision analysis lend itself to a boilerplate model. You'd be hard-pressed to find two developments that are almost exactly alike. A development can contain single-family units, townhouses, condominiums or be a planned unit development, which can also include retail, industrial and office space. The land can be in an unapproved state, preliminary approved, final approved, final approved and subdivided, subdivided with site improvements, have partially completed units, units unsold in inventory, model units, or some combination of these. It can have low- and moderate-income components or be senior restricted. It can even have sections which sell to various market tiers, such as entry-level, mid-level or semi-custom. An appraiser rarely has a chance to reuse a model for another subdivision assignment without making a lot of changes.

You should understand that valuation software is either general or specific. Programs that are general in nature can be used for the valuation of different property types, such as hotels, office buildings, shopping centers, subdivisions or others. A program that is specific can be used for the valuation of only the type of property for which the program was written. Don't bother with programs designed not to accommodate subdivisions freely.

To select the best subdivision software, first answer the following questions about the way you appraise subdivisions:

How precise do you want to be? The degree of precision of your subdivision analysis depends on you the appraiser, your client and the purpose of the appraisal. If the report is being prepared for court, a

> *When performing subdivision analysis, don't bother with programs designed not to accommodate subdivisions freely.*

rudimentary analysis may be insufficient because presenting cursory information can give the opposition an advantage. For instance, if you incorporate rollback taxes on an unsubdivided project or sewer tap fees in your valuation but fail to include them in the report, your analysis would lose credibility. You must decide if a superficial or an in-depth analysis will be performed. Your decision will determine how much information you'll need to know about the software.

What kind of variables will you encounter and how would you handle them? Think about the particular circumstances of the transaction and the variables that you might encounter. Then decide how the software should help you.

Variables that you can expect in subdivision analysis include the developer's periodic tax liability, which decreases with every unit sold; the construction cycle for building the individual units; various site improvement costs; the contributory value of partially finished

inventory or model units; construction interest; option revenue; option costs; and other items. Because many of these variables are not calculated in the same way, ask the vendor how the program will handle each of them. For instance, because the developer's tax liability declines as units are sold, you must calculate the tax liability based on a declining sum. The construction cycle, base unit revenues and option revenues require you to tie the sales schedule to the construction and closing schedules. Construction interest is tied to a loan draw and repayment schedule, further complicating the necessary internal tracking. The more complex the analysis, the more important customizing an application becomes.

How much customization is possible? The degree of customization is the key to selecting good subdivision software. Most valuation software are written by programmers who are not appraisers. Even if they have appraisal knowledge, they may not realize an advanced appraiser's requirements. Customization lets you overcome some of the program's limitations. If the program is freely customizable, almost any situation or variable can be modelled, even if it is not as efficient as you may wish.

Efficiency is also important. For instance, setting up individual schedules for various expenses is tedious, creating potential for error. Creating separate schedules for construction, closing, the balance of real estate taxes and construction loan draw is efficient if the program can tie a variable easily to the appropriate schedule. If this type of customization is available, you can set up a template model incorporating these relationships and then modify the schedules, not the individual expense items. It is also easier to print out the schedule rather than burying it in an expense item.

How much referencing can you do on the program? Cross-referencing ability prevents key-punch errors and other problems resulting from changes made to the original cash flow. For instance, it is inconvenient to have to enter the number of units sold each month of the projection within the base sales price revenue, option revenue and closing cost items. It is much easier to set up a sales table and then tie the base sales price, options and closing costs to this schedule. Placing the monthly sales projection separately into each of these categories invites calculation errors, particularly if you make changes to the original cash flow and forget to update one or more of these categories.

Will you receive any examples of files and manuals describing the preparation of a subdivision analysis? Most software companies provide examples of files for offices, shopping centers, apartments and other existing properties as well as extensive documentation for setting up cash flows for improved properties. But few companies offer sufficient, if any, information on setting up a land development model. A software support hotline is very important, especially if you are inexperienced at performing subdivision cash flow analysis.

Is the software user friendly? If you have not appraised a particular property type for a while, will you be able to do so without making mistakes? You should be spending your time appraising, not learning the software. Ask other appraisers familiar with the software if it really is user friendly and try a demo disk.

How often does the company upgrade its software? This may seem to be a minor issue, but it's very important that you understand whether the company is committed to its users. If a company seldom upgrades its software, any upgrades you suggest will not benefit you immediately. The more upgrades a program has undergone, the better and faster it will be. Also, the software is more likely to keep pace with the advances of the profession and its software competitors. QB