County Roads as an Economic Factor on Land and Property Values

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My work for the past 29 years has had to do largely with making appraisals of farm properties for the extension of credit. We are also called upon to make appraisals for partial releases, condemnation cases for right-of-ways, flood control, and setting values on property for resale that has been acquired through foreclosure.

What is an appraisal? It is an informed opinion. An appraisal without information to back it up is of little value. The better the information the better the appraisal. I am reminded of a real estate man from Cleveland who promised about 80 owners in the Scioto Ordinance area near Marion, Ohio, that for so much per farm he would get them more money. They revoked their options that had already been signed. These cases then had to be tried in the U. S. District Court of Toledo. The attorney for the government got this gentleman to claim that he didn't have to know what other farms were selling for to tell what a farm was worth. He claimed that he could be picked up in a plane, flown to California, let down on a farm, and, without knowing what other farms were selling for, he could tell what it was worth. After this statement his testimony was of little value and most of the cases were dismissed.

We do not make values. The people make the values. We are continually trying to find out what they are willing to pay for these properties.

There is no formula prescribed to make appraisals. It is a matter of judgment and comparison. No two farms or properties are alike.

There are several factors of value:

a. LAND—topography—productivity—ease of operation—drainage, etc.

b. IMPROVEMENTS—adequacy, condition, desirability, and appropriateness.

c. EARNING POWER OF FARM.

d. LOCATION—roads, community, markets, churches, schools, conveniences.

1. Kind of road—hard surface or secondary.
2. Home desirability. Being on a hard surface road or being close to one contributes largely to the desirability of the property. This is especially true in areas of part-time farms where the owner is dependent upon outside income.

Hard surface roads are usually kept freer of snow and are in better condition during extreme wet weather for the sale and transportation of farm products to market. This might mean dollars to the farmer because of fluctuations in prices and his being able to put products on the market when it is too wet to do other farm work.

The better the road the more conveniences are available: R. F. D., milk route, electricity, school bus, telephone, bread and meat routes, etc. Most of us are accustomed to all these conveniences but we have areas today where they are not all available, largely because of poor roads.

Roads open up new areas for development into part-time farms and subdivisions. We have seen areas of very cheap and undesirable land that had little or no earning capacity transformed into very desirable building sites and small farms by being made accessible to a good road.

Owners take more pride in their properties when they are located on a hard surfaced road. One old gentleman was heard to comment "If that new road goes past my place, I'm going to have to clean it up." We have noticed this to be true; when the road is improved, the adjoining properties take on a new look as to being cleaned up, painted, and improved. This in turn attracts more prospective buyers and results in a better community with better schools, churches, and community spirit.

As a community develops, better roads are demanded. This puts more property on the tax duplicate with higher valuations. This in turn lowers the tax rate for this taxing unit or provides more tax money for public improvements.

It is therefore seen that roads and community development go hand-in-hand. I am sometimes amazed to see the difference in roads going from one county to another. You can almost tell where the county line is located.

A review was made of all loans made by the Federal Land Bank of Louisville in 1961 on farms of 40 acres or more in one of our better agricultural counties in Indiana. The present market value established by the appraiser on 18 farms located on hard surfaced roads averaged $347 per acre. On 19 farms located on secondary roads the average was $314 per acre, making a difference of $33 per acre in favor of the hard surfaced roads.

It can be seen by this that recognition is given to the type and condition of road on which properties are located as it is a direct influence on the development and economic growth of the community.

The Federal Land Bank of Louisville loaned $64,342,000 on farms in the four-state area in 1961. Of this amount, $19,809,000, or approximately 30 per cent of the total, was loaned in Indiana.

There are others extending credit on farm properties, such as insurance companies, local banks, savings and loan associations, and individuals. I am sure that all of these recognize roads as a very important factor of value.