

HIGHEST AND BEST USE

EXAMPLE

Highest and best use is defined by "Real Estate Appraisal Terminology" as follows:

"That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use."

In my opinion, the highest and best use of the subject land (assuming it is unimproved) is as a single family site with the balance of the land either operated as a hobby farm or rented out to a commercial farmer. My reasons for this are that these uses are permissible under the zoning ordinance and that there is substantial demand for a residential use because of the subject's location on the west side of the Lake Minnetonka area residential districts.

The highest and best use of the buildings is a difficult question. The subject is being operated as a fire training center and for boat storage, while a similar nearby facility is reportedly being operated as a munitions factory.

Because of the number and peculiar character of the buildings, and because the Western Fire and Training Association has apparently made use of as much of the improvements as can reasonably be expected, it has been concluded that this is the highest and best use.

This, of course, presumes that no military use is feasible. It also assumes that, after the acquisition, the Corps of Engineers will not establish a use on the acquired property which will be detrimental to the continued "fire training" use of the property.

Of course, a fire training use cannot generate value of a magnitude that a military use might for the improvements. However, since military use reportedly is longer feasible, and since I am not aware of a use which will generate any more value than a fire training center, this is the highest and best use of the improvements, in my opinion.

Since there is considerable improvements value in excess of land value, the highest and best use for the whole property is as a fire training center.