VA Lenders Handbook (VA Pamphlet 26-7), Chapter 11, Topic 5 — Room Additions and Car Storage Conversions

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5. Room Additions and Car Storage Conversions Change Date February 22, 2019 • This Chapter has been revised in its entirety. a. GLA Considerations Room additions and enclosures of garages and carports into the living area should be included in the GLA if the added space is: • accessible from the interior of the main dwelling in a functional manner, • has a permanent and sufficient heat source, and • is similar in design, quality of construction and appeal to the main dwelling. b. Non-GLA Areas Valued Separately Added space that does not meet the criteria listed above must be valued separately from the GLA on the market data grid. The appraiser must consider the effect on marketability of an inferior addition or conversion when arriving at the line item adjustment for the added space. When selecting and analyzing comparable sales, the appraiser should consider the differences in quality and utility of room additions and converted spaces when compared with originally constructed space. VA Pamphlet 26-7, Revised Chapter 11: Appraisal Report 11-10 6. Accessory Dwelling Unit Change Date February 22, 2019 • This Chapter has been revised in its entirety. a. Single Real Estate Entity An Accessory Dwelling Unit (ADU) is a living unit including kitchen, sleeping, and bathroom facilities added to or created within a single-family dwelling, or detached on the same site. A manufactured home on the site could be an ADU. The dwelling and the ADU together constitute a single real estate entity. b. Highest and Best Use As part of the highest and best use analysis, the appraiser must determine if the property is a single-family dwelling with an ADU, or a two-family dwelling. The highest and best use must be a legal use (see Topic 10). A two-family dwelling must be appraised on the Fannie Mae Form 1025, Small Residential Income Property Appraisal Report. c. ADU Valued Separately An ADU is usually subordinate in size, location, and appearance to the primary dwelling unit and may or may not have separately metered utilities and separate means of ingress and egress. The appraiser must not include the living area of the ADU in the calculation of the GLA of the primary dwelling. The ADU must be valued separately as a line item on the market data grid. d. Notify the Lender if More than One Unit The appraiser must notify the lender if a property has more than one ADU. e. Detached Buildings A manufactured home, shed, or other detached building on the property which does not have kitchen, sleeping, and bathroom facilities or cannot be legally used as a dwelling, may be valued as storage space if it does not present any health or safety issues. VA Pamphlet 26-7, Revised Chapter 11: Appraisal Report 11-11 7. Nuisances Change Date February 22, 2019 • This Chapter has been revised in its entirety. a. Effect on Value While nuisances do not make a property ineligible or require repair, the appraiser must describe any nuisances and consider any effect on value. b. Sales with Same Influence If available, comparable sales influenced by the same nuisance, should be used by the appraiser. c. Examples Examples of nuisances include heavy traffic, noise from a nearby highway, or odors from a factory in the vicinity. VA Pamphlet 26-7, Revised Chapter 11: Appraisal Report 11-12

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