**Instructions - Price Differential Report**

**Purpose and Procedures**

This form is used to compute the price differential as well as the amount that the owner occupant actually qualifies to receive. The form must be completed even if line 3 or 8 is zero. The residential carve-out should be utilized to level the playing field of displaced displacees who are situated on a site either larger than typical for residential purposes, or whose property is actually occupied by or used for other purposes, or has a major exterior attribute not typical of the area.

Step 1 - Complete lines 1 through 3 or 4 through 8 of the form. Upon completion, the Relocation Specialist will sign and date the report. The report plus the housing comparison worksheet (HCW) is then sent to the Region Relocation Supervisor for review and approval. Then the price differential report, housing comparison worksheet, photos of the subject and comparables, along with any other necessary documentation is forwarded to HQ for review and approval.

Step 2 - When the displacee is ready to claim the price differential payment, the Relocation Specialist completes lines 9 through 13 on a copy of the original. The completed report and supporting documentation is forwarded through the Region Relocation Supervisor to HQ for review, approval, and processing.

**Rules**

Certain situations require the Relocation Specialist to determine what portion of the acquired property is attributable to residential purposes. The Relocation Specialist must “carve out” this amount from the information contained in the appraisal and/or the reviewing appraiser’s determination of value (DV). The area used for residential purposes includes a pro-rata portion of the land and on-site improvements.

Situations that may require a “carve out”:

* Mixed use
	+ Part of a property that contains another dwelling unit.
	+ Contains space used for non-residential purposes.
* Excess land
	+ Lot on which the dwelling is situated is larger than typical for residential purposes.
* Major exterior attribute
	+ Feature is not present in the comparable used to compute the price differential.
	+ Shop, swimming pool, waterfront, view.

If there is a partial taking, the Relocation Specialist must include any damages to the residential portion of the remainder property. Damages to outbuildings, such as a detached garage must be included in the appraised value (line 2 or 5). If the remainder is considered an uneconomic remnant and the displacee sells the property to WSDOT, the value of the remnant must be included in the appraised value (line 10). If the remainder is buildable and WSDOT offers to purchase it, the fair market value of the remainder attributable to the residential portion is added to the acquisition price (line 2) of the displacement site.

If the replacement property is on a larger than typical site, or is a mixed use property, only that portion of the property used for residential purposes may be used in calculating the actual price differential payment.

Note: If a carve-out is required and the parcel is encumbered by a lien, the lien must be prorated for the purposes of calculating an increased mortgage interest differential payment.

*Refer to WSDOT R/W Manual Chapter 12-6.3 for additional information.*