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Neighbors' Effect on Appraisals

By LISA PREVOST

You may be able to ignore the knee-high grass in your neighbor's yard, but a home appraiser won't.

When calculating the value of a property, an appraiser also factors in surrounding conditions. Neighborhood nuisances like an overgrown yard or a persistent odor could in some cases bring down the value of adjacent homes by 5 to 10 percent, said Richard L. Borges II, the president of the [Appraisal Institute](#).

What a homeowner might refer to as a bad neighbor, the appraisal industry calls "external obsolescence" — depreciation caused by factors off the property and beyond the homeowner's control.

"There are a number of different things that can be going on, from a nasty, cranky neighbor to a sloppy neighbor to lots of barking dogs," said Diane Saatchi, a real estate broker at Saunders & Associates in Bridgehampton, N.Y.

Some issues are not always apparent, "and you can kind of get away with them," she said. But an obvious eyesore like a yard cluttered with old boats may be enough to prevent a neighboring property from selling.

Of course, the perception of what's unsightly varies by neighborhood. The old boats are more likely to be problematic in [the Hamptons](#) than in less luxurious coastal communities. It's possible that even a roof covered with large solar panels might be considered obtrusive in some areas, though the impact on nearby homes would be far less negative than if the property was run-down, Mr. Borges said.

"It's very much case by case," he added. "This is why the appraiser should be geographically competent, with a knowledge of how significant the external factors are in that particular market segment and on that particular property."

Not all nuisances noticed by an appraiser are quantifiable, either. "I've never seen an adjustment because of barking dogs or loud teenagers," said Richard J. Ward, a residential appraiser who works in central and northern [New Jersey](#). "The appraiser is able to provide some sort of evidence for that adjustment. The lender requires



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them with a comparable property with a similar external obsolescence.”

The external factors that Mr. Ward deals with most frequently have to do with proximity to infrastructure — power lines, commuter rails, highways. But over the last five years, he said, “the ‘bad neighbors’ have tended to be lenders or government agencies that have foreclosed on a property but haven’t maintained it that well.”

Some next-door annoyances may potentially be mitigated with help from the local municipality. Unregistered vehicles in a yard, for instance, or a chicken coop and thumping late-night music, may violate local ordinances.

Then again, what a neighbor finds objectionable may be perfectly legal under local zoning. Mr. Borges, who lives in Indiana, gave the example of a homeowner in a subdivision there who caused a commotion by building a long but officially permitted garage to house a recreational vehicle.

In a co-op or a condominium, noted Neil Garfinkel, a real estate lawyer in [Manhattan](#), house rules are likely to prohibit habits that interfere with neighbors’ quiet enjoyment of their property. In his experience, the habits that most frequently cause disputes in such close surroundings have to do with noise, smoking and other odors.

He advises approaching a neighbor directly before making a complaint to a board. An official complaint can backfire if the complainer later puts his unit on the market. A potential buyer might very well review the board’s meeting minutes — Mr. Garfinkel does this routinely when representing buyers — then learn of the offending neighbor and reconsider.