

Guideline #5

5. Gross Living Area (GLA) is the calculation of the total living area in the residence, expressed in square footage. This is calculated using exterior measurements (except condominiums and cooperatives), and is generally limited to the habitable above-grade living area only. Basement and attic areas (finished and unfinished) are not included in GLA, room and bath counts. However, they may make a valuable and significant contribution to the property value, and should be calculated and shown separately in the report.

Gross Living Area

General Guideline #5 defines the gross living area calculation to provide standardization. In the calculation, exterior measurements are to be used - except for condominiums and cooperatives. Since the homeowner only owns the interior space of their unit in a condominium or cooperative complex, interior measurements should be used when calculating gross living area (GLA) for these properties.

The GLA calculation also should only include habitable, above-grade areas. In determining habitable areas, the appraiser should consider the heating, lighting and ventilation of the area, which would typically eliminate spaces such as garages and porches in the calculation. (There are line items in the Sales Comparison Analysis grid on page 5 of the form for any value contributed by such spaces if appropriate.)

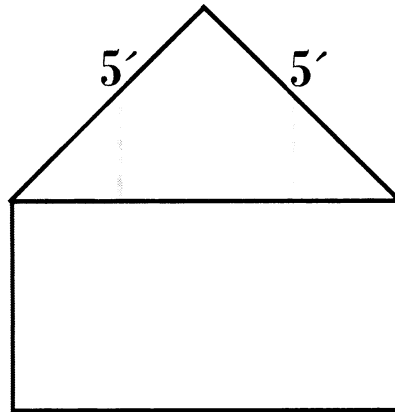
As also indicated in Guideline #5, basements and attics, whether finished or unfinished, are generally not to be included in the gross living area, although they still may make a significant contribution to value, which would be reflected in appropriate line items in the Sales Comparison Analysis grid.

If a room, which meets Guideline #5 and should be included in GLA, has a sloping ceiling, the appraiser should consider the 5-foot height rule for calculating livable space. Included in the calculation would be only that floor area for which there is a vertical distance of 5 or more feet between floor and ceiling (see Figure 5).

Bear in mind also that the gross living area calculation determines the room counts reported in the appraisal; counts are based only on those areas in GLA. (See page 71.)

The information below provides additional insights on the GLA calculation.

Figure Five



This 5' rule is applicable to rooms in the GLA calculation.
Attics are not included in the GLA.

Partially Below-Grade-Living Areas

When areas that are 50 percent or more above grade are fully finished and equipped with a design and arrangement of windows adequate to provide the “look and feel” of an above-grade-living area, the appraiser can opt to include these areas in the gross living area calculation.

If this approach were followed, this area would be considered the first level on the Room Count grid (page 3 of the form) and not considered the basement. When exercising this option, care must be taken to ensure consistency throughout the analysis. The method of handling partially below-grade areas in the subject property must be similarly applied to the competing properties and comparable sales. To alert the reviewer, the approach used must be documented and explained under the Relevant Characteristics subsection of the Description of Improvements on page 3.

Attics

The utility of finished attic areas frequently differs from that of main-level living areas due to differences in accessibility and energy efficiency. Thus, the contributory value can differ substantially from that of main-level living areas.

In order to deal with this situation more effectively, this guideline states that attic areas (finished or unfinished) are not to be included in gross living area calculations.

Instead, such areas should be reported and considered separately in the Description of Improvements and Sales Comparison Analysis sections (report pages 3 and 5, respectively). When completing the Room Count subsection on page 3, do not include any attic rooms in the totals or gross living area calculation. In the Sales Comparison Analysis on page 5 of the form, finished attic areas should be considered for adjustment under the “significant features” line item.

This approach must be applied uniformly to the subject property, competing listings, and comparable sales to ensure consistent treatment within the valuation analysis.

Two-story Living Areas

The approach to accounting for the upper portion of two-story living areas, which are sometimes referred to as “vaulted,” “cathedral” or “volume” ceilings, has caused some confusion as to whether the open area in the second story should be included in the gross living area.

ERC guidelines specify that the contribution to gross living area of any “open two-story” area should be calculated on the basis of floor area only. (See Figure 6 on the following page.) However, the area of stairways and landings is included in the GLA calculation for each level. Should a two-story area have any impact on the Anticipated Sales Price (positive or negative), the appraiser should make the appropriate market-based adjustment on the “interior appeal/décor” line in the Sales Comparison Analysis grid on page 5 of the form.