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APPRAISING THE PLAINS

of Kansas



A Publication of the Kansas County Appraisers Association

Volume 24, Issue 2

APRIL 2020

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Representative Tom Burroughs (D-Kansas City), Wyandotte County Appraiser Kathy Briney, and Senator David Haley (D-Kansas City)

Kansas appraisers and lawmakers gathered in Topeka in January for KCAA's annual legislative reception. There were many issues to discuss with lawmakers this year, as Sean Roberson, KCAA's president-elect, reports in his Legislative Review (page 6). Our thanks to all who participated in this important annual event. Read more about it on page 5.

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Stay safe everybody!



The Bauman Briefing

Steve Bauman, RMA, Shawnee Co. Appraiser
2020 KCAA President

This article started off in a much different direction, but the fluidity of the coronavirus (COVID-19) outbreak and the response to it has taken over much more than this article. We have never seen anything like this before. Canceling March Madness, the rest of the NBA season, and even closing Disney theme parks right before spring break will let you know how serious this is regarded. The hit to the economy and the real estate market will be unknown for some time, but hopefully this virus will be snuffed out and many lives will be saved.

This is sure to affect many of our offices during the appeal season as well. I am assuming most, if not all, counties are in the process of department head meetings to try and deal with the quickly moving issues and plan for the potential of the vastly unknown. PVD Director David Harper and the powers at the state level are also in the planning stage to assist us where necessary.

The hypersonic speed in which the reaction to the pandemic has progressed will likely leave this article sounding as old news by the time you are reading it, but certainly worth mentioning. I can't help but hope this is all an over-exaggerated, knee-jerk reaction that is causing panic through our society, clearing our store shelves of toilet paper for some reason. But if the plan to quash the social spread of this virus works, we will never know if it was in fact just emotional contagion or genius attack planning.

The Statehouse has been tempo-

rarily closed to visitors and tours as well. We are not sure yet how this will affect the ability to attend the sessions and meetings to defend this assault on our profession. This legislative season has brought with it a storm of activity squarely aimed at tearing down the appraisal system built to be one of the best in the nation. But thank you to all of those involved in attempting to limit the damage. We can't say how it's going to turn out just yet, but I'm certain it would have been much worse without this dedicated effort.

Our 2020 annual conference is planned for June 7th through the 10th in Topeka, *assuming the pandemic is contained by then.*** Special thanks to those working on the conference, from those putting together our Sunday events to those putting together a premium education program. I encourage all appraisers to attend this event to network and discover the latest the profession has to offer.

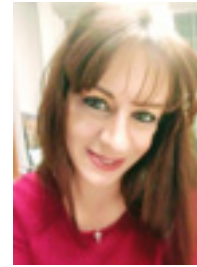
Don't forget about getting registered for the IAAO Conference in Denver. Kansas should have a strong showing with its close proximity and the ability to show our support for our local leaders: IAAO President-Elect Greg McHenry and Director David Harper.

So, stay safe, wash your hands. I hope to see you all at both conferences virus free. ❖

****Conference UPDATE:** The KCAA board will make a decision at the end of April about the KCAA annual conference. *See box right.*

Burson Receives RES

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Anna Burson, RES

Anna Burson, RES, deputy appraiser, Cowley County Appraiser's Office, Kansas, earned the IAAO Residential Evaluation Specialist professional designation. Ms. Burson has been

in the profession for six years, most of which were with the Sedgwick County Appraisers Office. In August 2019, she moved to the Cowley County Appraiser's Office and to her current position, which she has been in for five months. She has an Associate of Fine Arts degree and a Bachelor of Fine Arts degree from Wichita State University. She is a Registered Mass Appraiser with the Kansas Department of Revenue Division of Property Evaluation. Anna is president of the South-Central Regional Chapter of IAAO. ❖

IMPORTANT NOTICE

KCAA Conference & Education Update:

The KCAA board will meet at the end of April to determine if the KCAA Annual Conference will be canceled or rescheduled.

Education Calendar Changes

The USPAP Update and USPAP courses scheduled for April in Wichita have been rescheduled as follows:

- September 8: USPAP Update
- September 9-11: USPAP

The board will make a decision on rescheduling the May USPAP Update and USPAP course when they meet the end of April.

KCAA Appraising the Plains of Kansas is a quarterly publication of the Kansas County Appraisers Association. KCAA invites readers to submit articles or topics of interest for inclusion in Appraising the Plains. Send them to Cindy Brenner, KCAA, PO Box 988, Meade, KS 67864. Ph. (620) 873-7449. Fax (620) 873-2237. Email: kcaa@sbcglobal.net. Visit KCAA online at www.kscaa.net



IAAO has compiled a list of COVID-19 Resources:

<https://bit.ly/2Utw8zn>. There are also several open forums on IAAO Connect: <http://connect.iaao.org/home>

COVID-19 Update

By Heather Poore, RES, AAS, RMA, Rooks County Appraiser

As this situation is fluid, please check your e-mail and KCAA website for updates.

Closings: PVD will be closed to the public March 23–April 3, 2020. There will be essential staff, and work will still continue. PVD will be sending an e-mail to update the contact list during this time.

Deadlines: As of now, Director Harper is able to extend deadlines for hearings and certification. These extensions will be considered on a case-by-case basis for real estate and oil/gas. Please apply for extensions through PVD. Sales inspections and re-list inspection rules have been relaxed at this time due to the uncertainty. PVD and KCAA will continue to keep on top of the situation.

BOTA/Small Claims: In-person hearings taking place through March 27th have been postponed at this point and will be rescheduled. Phone hearings will continue as scheduled. The situation will be reviewed after that date. Please check the calendars

on the website to see if meetings have changed. If no contact has been made from BOTA/SMALL CLAIMS, call to find out.

Oil/Gas: The price will be changing and PVD will be making a decision soon. Please apply for extensions on mailing date and hearing dates as needed.

It is important to have conversations with commissioners, financier/treasurer and clerk to see what extensions they are comfortable with at this time in regards to pushing back certification. Please send what your county is planning to do to Steve Bauman, KCAA president, at Steve.Bauman@snco.us, so PVD is kept up-to-date on what to expect from the counties. Counties are also encouraged to start conversations on the effect this will have on PUPs this fall.

This is a difficult and stressful time for everyone, but PVD and KCAA will try their best to make this trying time workable. ❖

PVD Classes Postponed

Note: This is from the original notice from Nikki Larson, PVD education program manager. Phone: 785-296-1770. Nikki.Larson@ks.gov. **Please check with PVD for updates.**

As of now, we are postponing our classes through April 17th. This is subject to change. This will have an effect on these 4 classes:

- Orion Introduction (El Dorado) March 31-April 2
- Reading Legal Descriptions (Topeka), April 7-8
- Kansas Property Tax Law Update (Hays) April 9
- Orion Introduction (Topeka) April 14-16

We understand a need for these classes and will reschedule them as soon as possible. Students currently enrolled in these courses will have first access to transfer to the new dates. Also if you were needing Orion Introduction to fulfill a prerequisite requirement for another class, please email me and let me know. I will work with the instructors to get approval to attend without for the time being. ❖

COVID-19: PVD Updates (as of 3-25-20)

1. CAMA support is still available. Please don't hesitate to contact them. 785.368.7095 or KDOR_Orion@ks.gov. Rae and Jim are checking their e-mails for technical issues.

2. Extensions were discussed. KSA 79-1448 allows for the county appraiser may extend the time in which the taxpayer may informally appeal from the classification or appraisal of the taxpayer's property for just and adequate reasons.

3. There is no indication at the State level at this time that the May 10th deadline for property tax payments will be extended.

4. Motor vehicle registrations and driver's license expirations have been extended 60 days past the expiration of the emergency declaration. (See Governor's Executive Order 20-12).

5. If someone initiates the hear-

ing but will not do a phone interview, typically you may not do a PUP. Some flexibility is needed here, two options include sending a "no change" so the taxpayer has the option to go to the next level or simply letting them go to a PUP.

6. Work from Home solutions:

- Phone: *67 to hide your number if an appraiser is using their personal phone from home.
- Google Voice that allows you to make phone calls from your phone through a different phone number.
- Computer: To My PC and Log-MeIn are options to consider for remote access.

7. It is premature to shift dates on market value at this time. January 1 should be the market date, any changes in the market will be revealed in the 2021 for [sic].

8. Kansas legislature is looking at meeting April 27th with the primary goal being the budget; however, this is being played by ear due to COVID-19.

9. Enhancement committee is considering moving ORION conference to KCAA. It wouldn't take place this year, but it is being considered. Going to continue to have county presentations during the meeting. Several updates are being explored that will benefit both large and small counties. Stay tuned.

10. If you would like to see how other counties are handling the challenging times, e-mail rookscoapp@gmail.com and a packet will be sent to you.

11. Next call will be next Wed, 9am watch your e-mail.

12. STAY SAFE AND HEALTHY ❖

Board Meeting Highlights

KCAA Executive Board Meeting, 2 p.m., Nov. 13, 2019, Wichita Hyatt Regency, Osage Room 207, Wichita

Present: Steve Bauman, Sean Robertson, Melinda Latham, Maria Castillo, Kathy Briney, Ryan Michaelis, DeLinda White, Cindy Magill, Lori Reedy, Rachelle Standley, Kelly Deslauriers, Barb Konrade, Ryan Janzen

Previous meeting minutes: Motion made and passed with no dissent.

Financial Report: Total KCAA operating funds of \$181,370.30. Total funds of \$305,224.70 with \$128,854.40 being earmarked Orion funds.

Treasurer Report: Lori reconciled with secretary figures.

Futures Workshop: Ryan Janzen presented information about this workshop. August next year is target date. Motion approved to offer this course.

Shawnee County Demo: If DAASC is housing everyone's database, then the Shawnee County search engine can be overlaid and access all the data. DAASC has contract with PVD, so no cost to counties. Who would be the support personnel for this if there are issues? Would it be DAASC? McCully piece could be an add-on analytical tool. Board members agreed that they just want the data, not the analytical aspect. This is free. Use this as Commercial Sales Database option motion made and approved.

2020 Education & Legislative Reception: Legislative reception is January 28, 2020, at Ramada in Topeka. Cindy presented 2020 education calendar and discussed the need for new instructors for RMA Reviews. Cindy will work with Melinda to get this going.

Steve made a motion to pay Heather Poore \$100 a month commencing in 2020 to help with the newsletter. Motion

was made and approved.

Executive Secretary Contract: Secretary salary increased to \$40,400 (\$3,370 a month)

2020 Budget Approval: Add secretary increase in salary. DeLinda suggested more money in scholarship fund. Cindy will look back to see how much might be available for special project Grant In Aid

2020 Conference: Melinda reported on education—Compliance Workshop again, Sales Ratio Appeal Process, and PR workshop. v

KCAA Executive Board Meeting, 11 a.m., Jan. 28, 2020, Shawnee County Annex, Topeka

Present: Lori, Ryan, Lisa, Rachelle, Kelly, Melinda, Sean, Kathy, Steve, Cindy, Anna, Wendy.

Previous Meeting Minutes: Minutes approved, no dissent.

Financial Report: Moved and seconded to approval financial report. No dissent.

Treasurer's Report: Reconciled and no discrepancy.

2020 Education

(a) Marshall Swift Class: Steve made a motion and all in favor that we pursue the class with CoreLogic.

(b) Futures Workshop: No additional information from Heather & Ryan on this class.

(c) Community College Course Path: Board of Regents and PVD and IAAO met and were discussing a career path through community colleges. Bill 266 (?) put a stop to this.

Kathy offered to put on a Public Relations seminar at conference. It with be Kathy & Janae.

Sales Ratio Appeals, Preparing for BOT, Compliance Workshop

David Harper: Focusing on communication this year. Sales Ratio is top of the list. Most agreed that midyear is helpful with August timeframe. David will be meeting with his staff next week and will report to KCAA Ratio (Special Projects) committee. Contact Ratio/Special Projects committee with any complaints/compliments. Rachelle brought up there needs to be hard-set dates for guides, etc. It was requested a new phone list with email be sent out.

2020 Conferences

KCAA Conference: Plans are finalizing for the conference, education



Past President Lisa Ree receiving her president's plaque. (l-r) Cindy Brenner, KCAA executive secretary; Lisa Ree, RMA, Ellis Co. appraiser; and KCAA President Steve Bauman, RMA, Shawnee Co. appraiser.

Minutes, continued

is set, and evening events are being planned.

Tyler Conference: Allen Todd, Enhancement Committee chair, will attend this conference.

IAAO Conference: Cindy and Steve will attend IAAO conference.

Orion Conference: Planning to have the event in Wichita in November but not in conjunction with KAC.

Legislative Update & Legislative Reception:

Sean discussed bills still in the works or are new. House Bill 2440—elected appraisers beginning in 2022. Senate Bill 262—time to request a complete decision. SB 265—email of notification. SB 263—estimated tax on CVN (choices put a number that is knowingly wrong and estimate, or wait until the correct number is available as is). SB 264—appraiser removed from eligibility list if terminated from a county. SB 266—removes IAAO designation as option for eligibility & removes IAAO classes from the RMA designations. SB 272—disallow an increase during a hearing. SB 273—allowing taxpayer to appear by phone or video (taxpayer yes but county no?)

SB 279—not-for-profit LLC out of Saline County is not getting exemption because it is not considered a corporation. This bill changes “corporation” to “organization.” SB 295—disallow increase in value due to “routine” maintenance. SB 309—burden of proof at District Court is on the county. SB 301—3-year valuation cycle, which no appraiser wants, but whether it should be 1 or 2 is really split. David thinks it is really time to consider a 2-year cycle. Across the country we are in the minority doing it every year. Rachelle would like grain elevators to be state assessed.

Grant in Aid Special Project: Additional money will be available for scholarships this year. Hopefully this will increase attendance at the IAAO conference, which is in Denver this year.

Other Business: No other business Meeting adjourned. ❖

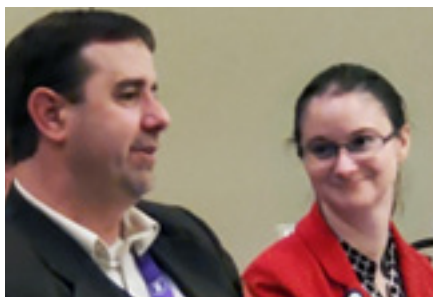
Kansas Appraisers Host Annual Reception

By Heather M. Poore, RMA, AAS, RES, Rooks County Appraiser

The Kansas County Appraisers Association held the annual legislative reception at the Ramada Inn Downtown in Topeka on January 28.

The reception was represented by 39 county appraisers and staff from across the state. Forty-five legislators attended the event. Topics at the event ranged from opinions on elected appraisers to setting values every other year. It was a great event with good discussion all around.

If you missed this year’s event, be sure to watch for it again early next year. The annual event is a good time to visit with lawmakers whose decisions directly impact Kansas appraisers.❖



KCAA President-elect Sean Robertson and PVD attorney Shelly Woodard



Sen. Vic Miller, former PVD director, checks in with Cindy Brenner (r) and Mindy Harting, Norton Co.



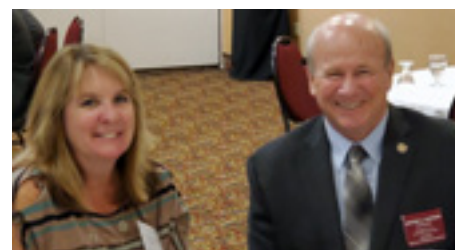
Greg McHenry, Riley Co., with Rep. Sydney Carlin.



Sen. Caryn Tyson and KCAA President Steve Bauman, Shawnee Co. appraiser



Rep. Barbara Wasinger (l) visits with Lisa Ree, Ellis Co. appraiser



Kelly Deslauriers with Rep. Leonard Mastroni



Sen. Pat Pettey, Rep. Kathy Wolfe Moore, and KCAA Vice President Kathy Briney, Wyandotte Co.

Legislative Review

By Sean Robertson, RMA, KCAA President-Elect, Saline County Appraiser



Sean Robertson

When the Governor's Council on Tax Reform met late in 2019, it appeared any legislation about property tax and/or appraisal would be sparse and measured. Well, apparently some members of the Legisla-

ture have had other ideas, particularly on the Senate side.

As of the middle of March, here is what to pay attention to so far:

- ▶ **HB2440** provides for the election of appraisers. It was evident during the committee hearing that there is not a lot of support for this. Although the underlying tone of the hearing was that legislators understand people are frustrated with appraisers in general across the state. This bill had a hearing, but the committee has not yet taken action on it.
- ▶ **HB2615** does away with the small claims division of the Board of Tax Appeals and replaces that step with mediation. Hearings would be conducted by a professional mediator who would broker an agreement to value between the parties. Some legislators feel that there are too many taxpayers going through the hearing process, and this will help cut down the number of hearings. This bill had a hearing, but the committee has not yet taken action on it.
- ▶ **SB263** requires an estimated tax be printed on the annual value notice. This seemed to fall to the wayside with the introduction of **SB294**, which is a truth in taxation bill not directly affecting appraisers. This bill had a hearing, but the committee has not yet taken action on it.
- ▶ **SB264** originally started out as removing an appraiser from the eligibility list if they have been terminated in a county. The bill has since been amended to simply read that PVD must be notified of the reason for dismissal of an appraiser. This bill passed the full Senate and will be heard by the House tax committee.
- ▶ **SB266** places the approval of education for the RMA designation and continuing education in the hands of the Kansas Real Estate Appraisal Board as well as removing IAAO designations from the list of alternative way to be a county appraiser. This bill was born out of the idea that IAAO is teaching appraisers a way to appraise big box store properties that is contrary to Kansas law, and therefore IAAO needs be removed from the appraiser education process. This bill is the most controversial and most debated of any introduced this year, but it passed the full Senate and will be heard by the House tax committee.
- ▶ **SB272** disallows an increase in value during the hearing process. Though raising a value in a hearing is not generally done anyway, this could run into constitutional questions under the right circumstances. This bill has passed the full Senate and will be heard by the House tax committee.
- ▶ **SB273** allows parties to appear at the Board of Tax Appeals by phone or video. It was explained to the committee that taxpayers already have that option at up to two other steps previous to BOTA. Also, keeping a record of the proceedings would be very difficult if the hearing was not done in person. This bill passed out of committee but has not yet been heard by the full Senate.
- ▶ **SB295** disallows any increase in value due solely to routine maintenance or repairs, and the bill explains that remodeling or renovation is not routine maintenance or repairs. Obviously, appraisers look at the overall condition of a property and the market at the time of valuation but do not raise values based solely on paint or siding or landscaping, or the like. Since the reality is that appraisers already do not do what the bill says they can't do, it is inconsequential. It may be interpreted by a taxpayer that if they do some repair or maintenance then their value won't increase for any reason, but that is not the case. This bill passed the full Senate and will be heard by the House tax committee.
- ▶ **SB301** provides for a three-year valuation cycle rather than an annual cycle. There are many logistical hurdles in this bill that likely could not be overcome. This bill had a hearing, but the committee has not yet taken action on it.
- ▶ **SB309** puts the burden of proof on the county for matters in district court. Though appraisers should always be able to justify a value placed on a property, it defies logic that the burden of proof be placed upon an entity who is not allowed to bring the appeal to the court in the first place. This bill passed out of committee but has not yet been heard by the full Senate.
- ▶ **SB457** requires the use of the web soil survey dated September 16, 2019 when valuing agricultural properties. It is unclear why appraisers would be required to use a certain version in perpetuity when a more current, and ostensibly more accurate, version may become available. This bill had a hearing, but the committee has not yet taken action on it.

What will be the final outcome of these bills? How will it affect what Kansas appraisers do? That is still unclear at this time. However, it is abundantly obvious that legislators have been listening to taxpayers complain about appraisers and are trying to do something about it.

Unfortunately, that puts appraisers in a seemingly perpetually defensive position. The Kansas County Appraiser's Association has been able to present the county appraisers' take on things to many legislators during this session, and the hope is to see some benefit from those discussions at the session's end. ❖

Save Big Exhibits for Menards

By Brad Eldridge, MAI, CAE, Douglas County



Brad Eldridge

Defending values at BOTA has never been easy. Overcoming the burden of proof is the primary challenge for the county. This article takes a look at what strategies resulted

in success for Douglas County on a 2018 Tax Year Menards value appeal before BOTA, as well as other appeal suggestions.

Property Under Appeal

The property in question is a large retail (big box) building in Lawrence, Kan., that was built in 2014 and contains a gross building/net leasable area of 174,366 SF. The building is owner-occupied by Menards. Building has an Average quality ranking consistent with Marshall & Swift criteria for Discount Warehouse Stores.

The property is designated an Investment Class A property based on the following features:

- Actual age of less than 10 years (essentially new)
- Primary frontage on/in a Major Strip/CBD, and secondary frontage on a Secondary Artery
- Site access has two or more vehicular points and corner location
- Location in a submarket that has occupancy and rental rates above typical for general market area
- Good condition
- Location in area of high-density commercial development
- Contemporary design
- First-generation user

Three Main Issues

Our brains are designed to easily

3

THINGS

The conventional presentation model is to tell the audience a very brief summary of the three things to be presented, then present the three things in detail, and conclude by telling them the three things they just learned.

digest things in groups of three. The conventional presentation model is to tell the audience a very brief summary of the three things to be presented, then present the three things in detail, and conclude by telling them the three things they just learned. This format helps the audience remember the main points that need to be made.

Prior to testimony, the county's counselor presented the "County's Three Main Issues" with seven PowerPoint slides:

1. County has already adjusted the value to acknowledge taxpayer's lower opinion of value
2. Primary difference between county and taxpayer's valuation is the cap rate
3. Taxpayer's appraisal for the 2018 Tax Year is not USPAP compliant

The county's testimony was structured around these three main ideas. As information was presented, reference was made back to where it fell in the three main issues. Concepts that fell outside of these three main issues were minimized.

Background

The Menards building was completed at the end of 2015. The 2016 tax year was its first tax year on the tax roll as a completed building. The taxpayer appealed the 2016 value and provided an appraisal indicating a value of \$12,500,000. The county's value was \$12,988,690 for the 2016 tax year. Given the small difference and acceptability of both value opinions, the coun-

ty stipulated to a value of \$12,750,000 for the 2016 tax year.

Consistent with the interpretation of the tax law at the time, the value was held at \$12,750,000 for the 2017 tax year. A cost and income approach was developed by the county for 2018. Given the minimal difference between the county's 2018 income approach value and the prior value supported by the 2016 appraisal on file, the value was held at \$12,750,000 for the 2018 tax year (even though 2018 tax law does not require the county to freeze values from prior appeals).

Exhibit Outline – Business in Front, Party in the Back

Have you ever had the fun task of reading a commercial lease or legal contract? Attorneys typically put the most important details in the first few pages and then as the document proceeds through page 316, the less important items are in the back (like who is responsible for replacing the windows in the event of a zombie attack).

Douglas County uses a similar approach with its exhibits. After the table of contents, the first section is titled *Appeal and Key Factual Information Summary*—the meat and potatoes of the exhibit. In five pages or less, the county summarizes the subject property under appeal, provides an oblique aerial image, the approach to value relied upon, any adjustments made during the appeal process, and tests of reasonableness using sales and equity value from the jurisdiction (using charts).

The remainder of the exhibit contains documents from the CAMA

continued on next page

Big Exhibits, continued

system, and supporting market studies are in the back of the exhibit. Document labeling utilizes “Market Analysis,” as the use of *market data* results in *market value*.

Douglas County uses the Appeal Packet Designer in Orion to bundle all of the exhibit documents. It’s a good idea to include local market data and facts that may need to be referenced in the testimony. You may not need all of it, but best to have it available for reference if need be. “Be Prepared,” as they teach in Boy Scouts.

The county’s BOTA exhibit outline for the Menards appeal included the following:

- Cover Sheet
- Table of Contents
- Appeal and Key Factual Information Summary
- Exhibit Summary
- Valuation and Appeal History
- Aerial Location Maps—City, Neighborhood, and Subject Parcel Perspectives
- Oblique Aerial Images
- Property Photo
- Appraisal Card
- Property Sketches
- Income Valuation Report
- Land Valuation Summary
- Cost Valuation Report
- Neighborhood Summary
- Dg Co Market Analysis—Large Retail Properties
- Dg Co Market Analysis—Market Rent

- Dg Co Market Analysis—Large Retail Sale Data
- Dg Co Market Analysis—Large Retail Articles from Lawrence Journal World Newspaper
- Dg Co 2018 Cap Rate Study Summary
- Dg Co 2018 Cap Rate Study Data
- Real Estate Appraisal Terminology
- Appraiser Qualifications

Testimony – Just the Facts, Ma’am

The time allocated for the county’s testimony can range from 15 minutes to several days. What is said in the first five minutes is the most important. It should be spent stating why the county’s value is accurate and appropriate, while making eye contact with those judging you.

Similar to the exhibit verbiage, language in the testimony utilizes “Market Analysis” and “Market Data,” which results in market value. An emphasis on the local market is made—the old adage “location, location, location” matters in appraisal. References should be made to personal interviews the appraiser has conducted in the local market.

The county’s testimony focused on local market data within the jurisdiction, such as sales, rents and the supply/demand of large retail property in Lawrence. The taxpayer’s appraisal utilized data that was mostly located outside of Lawrence and beyond the state of Kansas.

As of January 2018, there were no vacant single-tenant large retail buildings in Lawrence. A developer filed plans with the city in 2017 to build a 585,000 SF retail center a few blocks away from Menards. Several single-tenant, large retail users such as Academy Sports, Old Navy, Designer Shoe Warehouse, a specialty grocer and others had expressed strong interest in the project.

In other words, even if the Menards were “hypothetically vacant,” there was enough pent-up retail demand in the lo-

cal market to fill three Menards stores. These facts were emphasized in the testimony and references made to the local newspaper articles contained in the exhibit on the proposed 585,000 SF retail project.

During cross-examination, the county’s witness is usually asked to comment on issues or concepts beyond what is contained in the exhibit or previous testimony. The county focuses on the known facts and refers to them as such. If you haven’t studied the issue, say so and move on. Don’t distract the audience from the three main issues.

Rebuttal Exhibit 1 – Third-Party Review of the Taxpayer’s Appraisal

To avoid a conflict of interest by doing an internal review of the taxpayer’s report, the county contracted a review of the taxpayer’s appraisal with a third party. The credentials of the third-party reviewer included: experience appraising the subject property type in question, review appraisal experience for the Kansas Real Estate Appraisal Board, being a USPAP certified instructor, and being an expert witness in various court venues.

The conclusion and comments from the review were:

- The taxpayer’s appraisal was not USPAP compliant.
- The value opinion was not reliable or in compliance with K.S.A. 79-503a.
 - This statute says that the appraisal shall be for fair market value and that generally accepted appraisal procedures and standards are to be utilized, but the appraiser’s methodology is not generally accepted.
 - The premise of this appraisal is that on the date of valuation the occupant, Menards, will vacate the property and based upon this erroneous assumption, the appraiser has deducted for excessive vacancy and unnecessary lease-up costs.
 - The property does not need new

tenant improvements and it is not vacant. It is not logical, and most importantly, it does not reflect the market to say that the value of their ownership should be discounted by one or more year’s vacancy and lease-up costs while market occupancy is 94%, but that is the premise of the appraisal.

- Other significant deficiencies include inadequate analysis of highest and best use, poor selection of comparable sales and comparable rentals, and inadequate analysis of the data used in the report.

The review appraiser provided testimony highlighting these issues in the taxpayer’s appraisal.

Rebuttal Exhibit 2—County’s Three Main Issues and Supplement Documentation

County Rebuttal Exhibit 2 began with documentation of the County’s Three Main Issues, including a reconciliation of differences between the taxpayer’s and county’s income and expense approaches.

Supplement documentation included factual information that was obtained from the assessment jurisdictions for each sale utilized in the taxpayer’s appraisal. Nine sales were utilized in the taxpayers appraisal—four from Kansas, plus five from other states. Three of the sales had deed restrictions reported and one of the sales was a “valid” sale per the jurisdiction. One sale included tax incentives that paid for all but \$195,000 of the property’s sale price.

Additional documentation on 10% cap rates in Douglas County was included to address the taxpayer’s appraisal that utilized a 10% cap rate. The Douglas County cap rate study of 442 sales revealed that 65 properties sold with a cap rate of 10% or higher were on average 40–50 years old and on average occurred in mid-2013. The property appealed was four years old, and cap rates have decreased from 2013 to 2018.

Other observed characteristics of 10%+ cap rates were:

- Lower investment class (B, C, and D)
- Older buildings with physical and/or functional issues
- Roughly 1/3 (19 of 65) in rural locations
- Underperforming or vacancy issues
- Bankruptcy/foreclosure sales
- Going through a change in use

The rebuttal exhibit included citations from the *Appraisal Institute’s Appraisal of Real Estate, 14th Edition* regarding economic principles, such as supply, demand, equilibrium and their influence on price (value), as well as external obsolescence.

Due to the lack of large retail supply present and documented pent-up demand with developer intent to build without financial incentives, new development is financially feasible and therefore external obsolescence should not be present. The taxpayer’s appraisal applied a \$7,800,000 deduction for external obsolescence, or 46% of the replacement cost new.

The county’s rebuttal exhibit concluded with a copy of the paper, *Setting the Record Straight on Fee Simple*, written by IAAO’s Fee Simple Task Force.

Summary

While it can be difficult to infer what part of a county’s presentation resonates with BOTAs, the best appeal defense begins with doing proper appraisal work up front and documenting it well so it can be communicated to others. These strategies and others will be presented by Brad Eldridge at this year’s KCAA conference session “Preparing for a BOTAs Hearing,” on June 9 in Topeka. ❖

County Appraisers

Kansas County Appraisers

Kansas County Appraiser’s Association

County Appraiser List 3/20

Current Appraiser List

Thanks to PVD Director David Harper, AAS, RMA, for providing a current list of county appraisers. You can find the list on the KCAA website at <https://www.kscAA.net/county-appraisers-2/county-appraisers/>.

The EXCEL file is at the top of the list of County Appraisers and is titled “County Appraiser List.” ❖



Registration is now open for the 2020 IAAO Annual Conference on, set for August 30 – September 2, 2020, at the Colorado Convention Center in Denver. A preliminary schedule of events has also been posted.

Find out more at www.iaao.org under the “Events” tab.



Real Estate Notes of Interest

By Rick Stuart, CAE

■ Ken Levy, *thestacker.com*, Nov. 8, 2019. **Editor's Note:** I found this article interesting, "States with the most farmland." Number 1 is Texas and number 2 is Kansas KS:

- Total cropland: 28,592,000 acres
- Cropland as a percent of all state land: 54.6% (#5 highest among all states)
- Cropland used for crops: 25,545,000 acres
- Idle cropland: 2,598,000 acres
- Cropland pasture: 449,000 acres
- Market value of agricultural products sold: \$18.8 billion (#5 among all states)
- Most valuable crops produced: corn (\$2.3 billion), soybeans (\$1.6 billion), wheat (\$1.4 billion)

<https://bit.ly/2UyQiam>

■ *www.builderonline.com*, Jan. 9, 2020. "Owning a median-priced, three-bedroom home is more affordable than renting a three-bedroom property in 455, or 53%, of the 855 U.S. counties, according to ATTOM Data Solutions 2020 Rental Affordability Report, out Thursday." <http://bit.ly/2tfhVeD>

■ Kelsi Maree Borland, *www.globest.com*, Jan. 13, 2020. "Master plan developers are seeing increasing demand for agrihood commu-

nities. These are spaces with community gardens where residents can grow their own. The trend is one of the latest in the race to provide unique amenities and create an experience in residential living communities." <http://bit.ly/35PlmpT>

■ *www.remodeling.hw.net*, Jan. 14, 2020. The latest version of Cost vs. Value is now available. "This site compares average costs for 22 remodeling projects with the value those projects retain at resale in 101 U.S. markets." <http://bit.ly/2ToQeux>

■ Kathleen Howley, *www.housingwire.com*, Jan. 8, 2020. "The value of all U.S. owner-occupied homes increased to a record \$29.2 trillion in the third quarter, according to a Federal Reserve report known as the Flow of Funds. That was a gain of 4.2% from a year earlier, the slowest annualized increase since 2012. The collective value of U.S. homes is now 21% higher than the bubble peak reached in 2006. Once that bubble popped, it was a decade before values recovered to the same level." <http://bit.ly/38a5f10>

■ *www.builderonline.com*, Jan. 27, 2020. "Since June 2019, paint and color companies have announced their predictions for what specific hue or trending colors will define 2020. The clear patterns for this year include nature-inspired hues, soft, cheerful pastels, and timeless basics to create inviting spaces intended for recharging to tackle the year ahead." <http://bit.ly/31dNBOb>

■ *Bloomberg*, Jan. 30, 2020. "The U.S. homeownership rate rose to a six-year high in the fourth quarter as low mortgage rates sparked a rebound in property sales across the country. The share of Americans who own their homes was 65.1%, the biggest since the end of 2013, according to a Census Bureau report Thursday. It was the second straight increase, climbing from 64.8% in the previous three months." <http://bit.ly/2ulaN10>

■ Cathy Hobbs, *Tribune News Service*, Feb. 6, 2020. "Last month Las Vegas hosted roughly 100,000 attendees for Design and Construction Week. The event, which included more than 1,400 exhibitors spanning more than 600,000 square feet, serves as the official kickoff to what's new in building and construction." Key items were as follows:

- Energy efficiency dominated new rollouts with HVAC, insulation and hot water systems.
- While not new for 2020, home automation seems to be a focus for many brands in expanding into more rooms of the home, especially in kitchens and bathrooms.
- Wood, especially reclaimed barn wood or responsibly harvested wood, was a popular material, as was porcelain.

■ "ATTOM Data Solutions' fourth-quarter 2019 U.S. Home Equity & Underwater Report shows that 14.5 million residential properties in the United States were considered equity-rich, meaning that the combined estimated amount of loans secured by those properties was 50% or less of their estimated market value. The count of equity-rich properties in the fourth quarter of 2019 represented 26.7%, or about one in four, of the 54.5 million mortgaged



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homes in the U.S. That percentage was unchanged from the third quarter of 2019." <http://bit.ly/2ut44SS>

■ *www.builderonline.com*, Feb. 6, 2020. "As the housing market returned to normal after a frenzied couple of years marked by intense bidding wars in many markets, the smallest share of homes sold for above their list price last year than in any year since 2016, Zillow reported Thursday." <http://bit.ly/37gesuk>

■ Lauren Dake, *www.opb.org*, Feb. 4, 2020. "According to Oregon Public Broadcasting, the state of Oregon has elevated housing policy to the top of the legislative heap. In 2019, the Oregon Housing and Community Services agency received a \$160 million budget boost in the previous two budget cycles and a staff increase of 53 positions. Last year, lawmakers passed a rent cap and ended single-family zoning. Next on the agenda is a \$120 million plan to combat homelessness via an emergency declaration that would ease restriction on siting shelters." <http://bit.ly/2OHCY1e>

■ *www.builderonline.com*, Feb. 13, 2020. **Editor's Note:** This would seem like a great tool to help determine what the largest contributor to market value would be—well, I guess you will have to decide if this article does that.

"In its endless quest to mine meaningful data from its search engine, Realtor.com has unearthed what it says are the features most

sought after by home shoppers in each state. Interestingly, RV garages turn up as a desired characteristic in Idaho, but not in Manhattan. Realtor.com analyzed keyword home search data in each U.S. state to determine regional must-have features among those searching for a home." <http://bit.ly/2OUGyF7>

■ *www.builderonline.com*, March 3, 2020. "CoreLogic (NYSE: CLGX) Home Price Index and HPI Forecast for January 2020, out Tuesday, shows home prices rose nationally by 4% from January 2019. On a month-over-month basis, prices increased by 0.1% in January 2020." <http://bit.ly/2Tlxm8j>

■ Lisa Brown, *www.globest.com*, March 4, 2020. "Proposition D was approved yesterday and it authorizes a vacant property tax on ground-floor commercial space in certain commercial districts with revenues dedicated to assisting small businesses." **Editor's Note:** For those of us that are into tax policy, this headline does not tell the entire story, but the concept in the article is interesting. <http://bit.ly/2IpxOec>

■ *www.builderonline.com*, March 10, 2020. "CoreLogic's monthly Loan Performance Insights Report, out Tuesday, shows that nationally, 3.7% of mortgages were in some stage of delinquency in December 2019, representing a 0.4 percentage point decline in the overall delinquency rate compared with December 2018,

when it was 4.1%. This was the lowest for a December in more than 20 years." <http://bit.ly/38K11EY>

■ *www.hotelnewsnow.com*, March 16, 2020. Hoteliers expect a quick rebound: A new survey from the Lodging Industry Investment Council highlights that many expect a quick bounce back later in the year after the impact from the coronavirus pandemic settles. The LIIC survey shows 27% expect a full recovery in six months, while 48% anticipate "full normalization within six months to a year" and 75% expecting that within a year. <http://bit.ly/3b6EEtF>

■ *www.hotelnewsresource.com*, March 18, 2020. "Hotel Asset Value Enhancement (hotelAVE) in a study released today, estimated that it will take the hotel industry in the United States approximately five years to achieve pre COVID-19 occupancies, revenues and profitability." <http://bit.ly/2wjMilF>

Editor's Note: I am comfortable in stating that one of the last two sources will be wrong.

■ Katy McLaughlin, *www.wsj.com*, March 18, 2020. "In these tough times, a rare silver lining has come in the form of mortgage refinancings—an effect of the stock market sell off and flight to safety, which has pulled interest rates lower. Refi applications were up 79% the week ending March 6 compared with a week prior, according to the Mortgage Bankers Association." <https://on.wsj.com/2x9RMQk> ❖



Kansas County Appraisers Association

To Educate, Support and Keep County Appraisers Informed of the Issues and Laws that Relate to Ad Valorem Taxation in the State of Kansas

www.kscaa.net

2020 KCAA Education (as of 3/30/20)

New dates in red. Register online for KCAA education classes at www.kscaa.net. Remember: Register for PVD classes on the Kansas Department of Revenue website, <https://www.ksrevenue.org/pvdindex.html>.

Course	Date	Location	Instructor	Cost
USPAP Update	Sept. 8 May 26	Wichita Manhattan	Barry Couch	\$150 (Bring Publication)
USPAP	Sept. 9-11 May 27-29	Wichita Manhattan	Barry Couch	\$255 (Bring Publication)
IAAO 402 Tax Policy	Feb. 24-28	*Topeka	Rick Stuart	\$450
AAS Case Study Review	March 2-4	*Topeka	Rick Stuart	\$350
RMA Residential Review	Sept. 9-11	Wichita	Marion Johnson	\$300
RMA Commercial Review	Oct. 14-16	Wichita	Marion Johnson	\$300
IAAO 101 Fund. of Real Property Appraisal	June 22-26	Wichita	Rick Stuart	\$525
IAAO 102 Income Approach To Valuation	July 6-10	Manhattan	Marion Johnson	\$525
IAAO 201 Appraisal of Land	July 27-31	Topeka	Shannon Hiss	\$525
IAAO 300 Fundamentals of Mass Appraisal	Aug. 17-21	Manhattan	Kara Endicott	\$525
IAAO 400 Assessment Admin.	Sept. 14-18	Manhattan	Rick Stuart	\$525
IAAO 331 Mass Appraisal Practice & Procedures	Oct. 19-23	Manhattan	Kara Endicott	\$525

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