APPRAISING THE PLAINS of Kansas

If you build it, we will come

A Publication of the Kansas County Appraisers Association

Volume 17, Issue 2 APRIL 2013

Mike Borchard, CAE, RMA, Sedgwick County appraiser; Sen. Les Donovan (R-Wichita); and Paul Welcome, Johnson County appraiser.

KCAA Legislative Reception

The KCAA hosted its annual Legislative Reception in January 23. Numerous legislators and county appraisers took time out of their busy schedules to meet at the Ramada Inn in Topeka to discuss issues and legislation for the 2013 session. Our thanks to all who attended. See more pictures from the event on page 8. You can also read more about the issues we are facing this year on page 5 as well as one commissioner's take on House Bill 2285, the fixture exemption bill, on page 6.

Also in this Issue. . .

1998 • 1999 • 2001 • 2002 • 2005 • 2007 • 2008 • 2010 Winner of the IAAO Zangerle Award for Outstanding Periodical Publication

Well, it's certainly turning out to be an interesting year. For the third year now the values in my county have been flat or slightly declining. Our hearing numbers are so low that hearings don't hardly qualify as a phase on the phase delineation chart anymore. I almost feel like the Maytag repairman. Spring is here, or at least I thought it was, till it snowed…again. Oh, and did I mention, the Legislature is in session? It truly is March Madness, and I'm not talking about basketball.

Our chief legislative guy, Greg McHenry, with the assistance of Gene Bryan and Paul Welcome and sometimes myself, have been working very hard to get our bill (HB 2042) passed, and to try to limit the damage from several other pieces of legislation. You may recall that HB 2042 will require owners of leased commercial property to submit I&E information within 30 days after the informal hearing or the burden of proof will not shift to the county appraiser. It will also fix the escaped tax problem that came out of the Court of Appeals several years ago. This bill has passed the House and is waiting to be sent to the Senate.

The trade fixture issue is still there, although it is not sailing as fast as we might have thought. I think our efforts have caused some legislators to have second thoughts. There are several others out there that are not good for us, and I would encourage you to read HB 2134, SB 10, HB 2047, and the newest offering that just came out today, SB 238. Things will be changing quickly and we will try to keep everyone informed.

Also, I would encourage you to make reservations now for our conference coming up in June. We will be at the Drury Place Broadview Hotel in downtown Wichita, June 2 – 5. We will have a good time!

See Annual Business Conference registration form on page 22.

"Our hearing numbers are so low that hearings don't hardly qualify as a phase on the phase delineation chart anymore. I almost feel like the Maytag repairman."

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, P.O. Box 988, Meade, KS 67864. Ph. (620) 873-7449. Fax (620) 873-2237. Email: kcaa@sbcglobal.net. Visit KCAA online at www.kscaa.net

Oil & Gas Guide Critique Has Begun

By Richard E. Batchellor, RMA, CKA, Kingman County

The process of determining the reasonableness and relative accuracy of values for oil and gas leases in the state of Kansas will be completed by the end of June, according to contract negotiations that was completed with Capital Appraisal Group out of Texas.

The first wave of requested data was sent out in the middle of March to approximately 54 counties requesting copies of renditions and other pertinent data. According to information received from the KCAA association secretary, the response from those counties was quick and concise. Thanks to all who took the time to provide the information.

At our upcoming business meeting in June it is my understanding that Capital Appraisal Group will be conducting one of the education seminars explaining the process. This should be very informative and help in determining what direction needs to be taken, if any, to bring these properties into compliance with state law and valuation methodologies as it pertains to fair market value and generally accepted appraisal practices. It is hoped that everyone who has these types of properties will be present at the seminar so that the process will be understood by all.

It is understood that everyone is busy this time of year. However, as the process of valuing these properties for 2013 begins, it is hoped that additional information may be obtained regarding recent sales of leases and equipment. If we all take a moment to contact new owners of leases, this documentation can be forwarded to our contractor and utilized in the critique process.

The seminar provided by Capital Appraisal Group at our June business meeting will be informative and lively, to say the least. We hope to see everyone there! ***Note:*** See KCAA Annual Business Conference registration form on page 22 or register online at www.kscaa.net.

Board Meeting Highlights

■ Tuesday, November 13, 2012, Wheat Room, Topeka Capitol Plaza

Attendees: Greg, Mike, Rod, Lisa, Barry, Della, Lori, Dean, Sandra

Previous Meeting Minutes: None

Financial Report: Total funds of $180,618.19. Orion accounts of $88,910.35.

Treasurer Report: Lisa gave Treasurer's report. Accounts balances with Cindy's figures.

2013 Budget: Budget approved.

Oil & Gas Guide & Contract: Contract has been signed for the Oil & Gas Guide review. Capitol will be in contact with PVD for information. Capitol will be contacting David Harper at PVD for information. Greg asked David if the Secretary and Governor were aware of this project and yes, the administration is aware of the project. Two equal payments with one April and June, 2013. Rick requested putting the announcement in January newsletter. It will include information about education as well.

Secretary Review: Executive session. Cindy will receive a 2 % raise. Reviews were collected and tabulated by Greg.

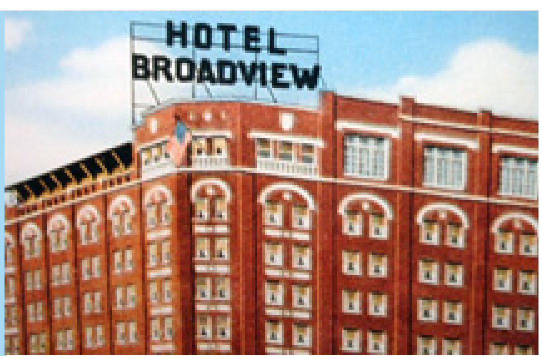
Other Business: Trade Fixture Legislation—Greg, Gene, Rod met with David and PVD staff. Melissa from KAC also was included. It was to get information from PVD. Rod has data from all counties except 3.

Post Audit: They will be in Sedgwick county. All board members have received the survey.

Cindy would like to do check signature/approval via email. She will get procedures out to board to approve.

Meeting adjourned.

2013 KCAA Annual Business Conference



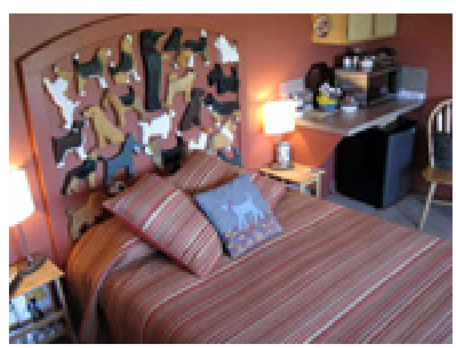
This year's KCAA Annual Business Conference will be held June 2–5, 2013, at the historic, newly renovated Drury Inn Hotel Broadview, 400 W. Douglas, in Wichita. The conference registration form is included in this newsletter (see page 22) or you can go to www.kscaa.net to print a registration form or register online. The golf and bowling tournaments are already set (see details on registration form), and education sessions and evening entertainment are in the works. You can access the following link to make your hotel reservations: http://www.druryhotels.com/Reservations.aspx?groupno=2154403

This is shaping up to be a conference you won't want to miss! Stay tuned for more details.

Interesting Bed & Breakfast

Submitted by Ron Funke, Idaho County, ID

"Dog Bark Park Inn is a bed and breakfast guesthouse inside the World's Biggest Beagle. Guests enter the body of the beagle from a private second-story deck. Some of the dog's decorative furnishings are carvings by Dog Bark Park chainsaw artists Dennis & Frances. Inside and up another level to the head of the dog is a loft room with additional sleeping space plus a cozy alcove in the muzzle." This property is outside Cottonwood, ID and you can find out more at http://dogbarkparkinn.com/index.html.



The Director's Update…

By David Harper, RMA, Director, Property Valuation Division

The number of notices mailed on or before March 1, 2013, increased by nearly 25% from 2012.

I recently spent most of an evening browsing over columns of past presidents of the Kansas County Appraisers Association (KCAA) published in the Appraising the Plains of Kansas newsletters and archived on the KCAA website. I learned several things from the review: (1) I believe in recent years PVD has addressed and made improvements related to several of the "suggestions" offered by KCAA, (2) some questions which existed over five years ago still exist, and (3) I really need to find a more exciting way to spend my evenings.

From past newsletter columns, the date of mailing for valuation notices and the need for extensions to the mailing date prescribed by K.S.A. 79-1460 appears repeatedly to have been an area of discussion this time of year and remains a relevant subject in 2013. Concerns were expressed in newsletters over delays in the mailing of notices due to circumstances beyond the appraiser's control, such as the dates of delivery of agricultural use values to the counties and issues with the new computer assisted mass appraisal system, Orion.

I believe it should be our goal, PVD's and the counties', to improve on the number of notices mailed annually on or before March 1. Over the past year it was announced several times that extension requests would be more carefully reviewed by PVD beginning in 2013, and that was the case. As much as I would like to document specific rules outlining what circumstances will warrant an extension approval, I cannot. I believe the requests must be evaluated on an individual basis.

PVD field staff team leads were required this year to follow up with counties on all extension requests and then provide their findings and recommendations to me. The results: no extension requests were denied completely, but following PVD discussions with the counties, some extensions were shortened from the original request. From the review, I also gained a better understanding of the problems some counties face in meeting the March 1 deadline and believe we have identified some areas PVD and counties can collaborate on to help counties remain on pace throughout the annual appraisal cycle. The number of notices mailed on or before March 1, 2013, increased by nearly 25% from 2012, and without inopportune snow storms shutting down county and state offices, the number would have increased more.

At PVD we frequently discuss how to best balance our multiple and occasional conflicting duties of auditing, statistical and procedural compliance review, and support and assistance for Kansas county appraisers. Timely mailing of valuation notices is an example of this. For compliance, we review mailing dates of valuation notices, but we are well aware this depends on the timely performance of many tasks completed by PVD. Counties rely on PVD CAMA support and a properly functioning system, on the timely receipt of agricultural use values and guides, and on the accurate and timely assistance of PVD to help resolve problems.

A concern expressed in a newsletter column was that PVD might not be holding ourselves to the same expectations for compliance with deadlines as we expect of others. Please be assured we have had this discussion on numerous occasions recently to make sure this perception is not a reality. PVD is updating and clarifying deadlines we expect to meet. We plan to publish an updated annual checklist of task dates for all parties with the revised maintenance specifications.

The delivery date of agricultural use values and an explanation of value changes from the prior year was also a concern I read in a KCAA newsletter. I hope in the past two years counties have noticed improvements in this area. This year values went out later than we hoped but still earlier than in many of the past years. The delay was due to the later-than-anticipated receipt date of survey results by Kansas State University, delaying their computation and delivery of values to PVD. PVD has already begun reviewing the process and exploring all options on the development of surveys and reports needed for 2014 values in attempt to ensure timely distribution to counties. We will share with counties any changes made and provide an anticipated delivery date for 2014.

Concerning annual agricultural use value summaries, Zoe Gehr has provided a number of documents in the past two years detailing the value changes, which we hope have been useful (see "Why Are Ag Values Increasing?" on page 7). We plan to continue to provide this documentation and welcome suggestions on possible modifications (if any) to improve its usefulness for counties and taxpayers.

PVD is continuing to make an effort to attend regional appraisers meetings and keep abreast of concerns, successes and challenges of all county appraisers and KCAA. The Appraising the Plains newsletter is a great tool to help do this. My compliments to Cindy Brenner; Rick Stuart, CAE; Lisa Ree, RMA; the KCAA Newsletter Committee and the others who put the newsletter together, and my thanks for letting PVD participate. It is a quality newsletter and valuable resource.

We hope to meet with all counties at the 2013 KCAA Annual business conference. Regardless of the outcome of the 2013 legislative session, we will have a lot to discuss. As time permits, we hope to schedule meetings with the appropriate KCAA committees before the annual conference to update and discuss on-going projects.

Legislative News

By Greg McHenry, AAS, RMA

Several bills have been introduced into the Legislature which would impact us this year, with most of them originated in the House Taxation Committee. As of the writing of this article, HB 2042, HB 2057, HB 2134, HB 2285, and SB 165 are the only bills that have been passed out of committee. HB 2042 was passed by the House and has been sent to the Senate for consideration. HB 2057 is on the House Calendar and will likely be passed sometime March 18–22. HB 2285, the fixtures exemption bill, is also on the House Calendar and will be voted on by the House sometime March 20–21. SB 165 is on the Senate Calendar and will likely be voted on by the end of March.

SB 165: This bill would allow county commissions to abate property taxes for properties damaged by catastrophe (fire, tornado, flood, etc.). The bill goes further to say the taxes could be abated for up to three years. A substitute bill which includes minor changes in language was passed by the Senate Committee on Assessment & Taxation and recommended for approval by the Senate.

HB 2042: This bill clarifies escaped property to include improvements, and it would mandate I&E data be provided by the property owner (or representative) no later than 30 days from the date of the informal hearing for leased commercial properties. This bill was passed by the House Taxation Committee and passed by the House. It will be sent to the Senate for consideration, likely the Senate Assessment & Taxation Committee or Local Government Committee.

HB 2057: This bill would allow counties to appoint interim appraisers for up to six months pending appointment of an eligible county appraiser. PVD sponsored this bill. It was passed by the House Taxation Committee and recommended for approval to the House.

HB 2134: This bill states that the valuation of a property must be held for three years if the valuation is reduced due to an appeal. Counties would also be forced to pay for taxpayers' attorney fees and costs if/when the taxpayer provides a fee appraisal and/or the valuation is reduced due by COTA. Appraisers would also be mandated to provide comp sheets to property owners at least 48 hours in advance of their appeal.

An amended version of this bill was passed by the House Taxation Committee and recommended for approval by the House. The amended version removes the payment of attorney fees/costs. It also states that taxpayers' fee appraisals must be used by the county appraiser if/when the fee appraisal is made for ad valorem purposes and has been made in the 12 months preceding the appeal. Appraisers would have the burden of proof if the fee appraisal was not given preference. This is still a bad bill, just not as bad with the amendments. Due to the three-year rollover provision, this bill would likely raise issues of constitutionality if/when tested in the court system.

HB 2244: This bill would reduce the assessment rate for watercraft to 20% in 2014, 10% in 2015, and 0% thereafter. Owners of watercraft would need to apply to COTA for exemption starting in year 1016. This bill was heard in the House Taxation Committee and subsequently assigned to a subcommittee for study. Several House Taxation Committee members questioned why watercraft should be exempted. My guess is they'll amend or rewrite this bill into something that keeps watercraft on the tax rolls, possibly a class code system. The subcommittee will recommend any potential changes before further discussions or a vote take place.

HB 2245: This bill would allow county commissions to exempt mineral interests from taxation in their county. It was heard by the House Taxation Committee and no further action had been taken as of the writing if this article.

HB 2285: This is the fixtures exemption bill. It's slightly better than the one proposed last spring…maybe. After much debate this bill was passed by the House Taxation Committee and recommended for approval to the House.

The debate over HB 2285 has fueled much discussion about the fiscal impact if the bill is passed into law. Estimates vary widely depending on the source. Mysteriously, the state budget director revised his projected fiscal note for the bill without consulting with local government groups. This has caused quite a stir as reported in a recent *Topeka Capital-Journal* article, which can be accessed at their website: http://m.cjonline.com/news/2013-03-14/officials-upset-budget-chief-obscured-impact-tax-bill. The debate over the fixtures exemption will likely continue long into this session. Stay tuned.

Editor's Note: I think the article link above is a must read to adequately grasp the challenges that face anyone dealing with state government this year. *See also* "Legislators: Stop 'tightening the noose' on next page.

Legislators: Stop 'tightening the noose'

By Daniel Holub, Marion County commissioner
Salina Journal, Thursday, March 14, 2013, 6:18 AM
Reprinted with permission

On March 8, the House Taxation Committee voted to go forward with HB-2285 to remove certain types of business fixtures from the tax rolls. Under the pretext of clarifying the law that has existed for more than 100 years, they are redefining fixtures on behalf of two companies.

This bill was introduced after being requested by two companies (registered in Delaware but doing business in Kansas; Delaware has no corporate taxes) whose 10-year property tax abatements had expired. Within three months of losing their appeals to the Kansas Court of Tax Appeals, they had enough clout to get legislation introduced to "clarify" the law, which will result in a large portion of their property being nontaxable.

The bill, as rewritten, will benefit about 30 businesses that will receive a significant tax break. Local governments will lose approximately $75 million of tax revenue statewide that can be compensated for only with levy increases on residential and small business property owners.

A bill under similar circumstances was passed in 2006 with the stated purpose of "encouraging business expansion and business relocation to Kansas." This bill also cost local governments millions of dollars. Research has indicated that no one at the state level seems to be monitoring to see if the stated purpose of this bill was achieved.

According to the Kansas Labor Information Center, the mass layoffs (50 or more people) by Kansas businesses have dramatically increased and to this day are above the 2006 levels.

These exemptions and others have done nothing but shift the tax base and thus the burden. In 1996, residential real estate properties constituted 37.9 percent of the tax base. This has grown to 48.02 percent in 2012 and will exceed 50 percent if this new bill passes. It can be argued the federal government is spending this country into debt, but Kansas is "exempting" its citizens into debt by accommodating large and powerful companies.

Rep. Kasha Kelly, R-Arkansas City, a tax committee member, was quoted as saying, "Counties should reduce spending and tighten their belts."

I think Kansas citizens would be better served if the Legislature stopped "tightening the noose."

In 1996, residential real estate properties constituted 37.9 percent of the tax base. This has grown to 48.02 percent in 2012 and will exceed 50 percent if this new bill passes.

Top 5 Reasons Why It's Great To Be An Assessor

(Oldies but still goodies!)
Submitted by Linda Cwiek, Rhode Island

5 Dazzle your friends with your knowledge of external obsolescence.

4 See places in people's houses that usually require a search warrant to access.

3 Arouse the suspicion of an entire neighborhood when inspecting comparable sales.

2 See that some people really do hang those black velveteen pictures of Elvis on their living room walls.

1 Be one of a handful of people who know that USPAP is not a medical term.

New IAAO Designees

Two Sedgwick County appraisers receive Residential Evaluation Specialist (RES) designation

IAAO Fair & Equitable, March 2013
Reprinted with permission


Stephen Throckmorton

Stephen J. Throckmorton, RES, received the Residential Evaluation Specialist designation in December 2012. Throckmorton serves as a Residential/Agricultural Field Operations Supervisor for the Sedgwick County Appraiser's Office in Wichita, Kan. He has held that position for two and one half years and previously served as a Residential Appraiser. Throckmorton holds a bachelor's degree from Howard Payne University and a master's degree from Austin Presbyterian Theological Seminary. He has taught personal growth and development classes at National American University. Throckmorton enjoys spending time with his family, including two wonderful granddaughters. He joined IAAO in 2012.


Jack Manion

Jack Manion, RES, received the Residential Evaluation Specialist designation in December 2012. Manion serves as a Residential Appraiser II for the Sedgwick County Appraiser's Office in Wichita, Kan. He has held that position for five years and is a former staff sergeant with the Kansas Department of Corrections. Manion states he and his wife have been blessed with three sons and one daughter. Now they have eight grandchildren to spoil. He joined IAAO in 2012.

Great job, gentlemen!

Why Are Ag Values Increasing?

By Zoe Gehr, PVD

Understanding some of the causes for the current increase in agricultural land values is helpful in assessing the situation. Ag land values are directly correlated with the landlord's income. As landlord net income continues to increase, so will ag land values. In 2003, the average price for soybeans in Kansas was $4.72 per bushel; in 2011, the average price was $11.70. Corn prices changed from $2.31 to $5.98 over the same time period.

In addition to higher commodity prices, there has been considerable change in cropping practices in recent years. The adoption of no-till or direct planting has led to both an increase in cropping intensity, fewer acres in summer fallow, and increasing yields. Both of these changes contribute to the growth seen in the landlord's net income.

Which crops are being planted also plays a role in the valuation increase. Production acres are moving away from wheat, sorghum, and sunflowers to corn and soybeans, which tend to have higher grossing net incomes.

While not all counties, or even all regions, may experience the effects of every one of these influences, any mix will continue to push landlord net incomes higher. Only time will tell how long these current trends will continue, but the short-term outlook is very positive.

The past two years I sent via email to all Kansas county appraisers several documents to assist appraisers in understanding the changes in agricultural use values from the prior year. For 2013, documents sent included:

- 2013 Average Value Change — details of change in the average value for each use type by crop reporting district
- 2013 Landlord Net Income Summary document for 2013 Ag Values — details the changes in net income by use type
- Answers to Commonly Asked Ag Questions
- A map depicting the 2013 Percent Change

All the documents may be found on the PVD website. http://www.ksrevenue.org/pvdaguse.html

IAAO Member News

Thanks to all of you for your support of the IAAO.

20-year Member:
Phillip Dudley, RES, RMA, Franklin County

15-year Member:
Clint Anderson, Reno County

10-year Member:
David Knight, RES, Johnson County

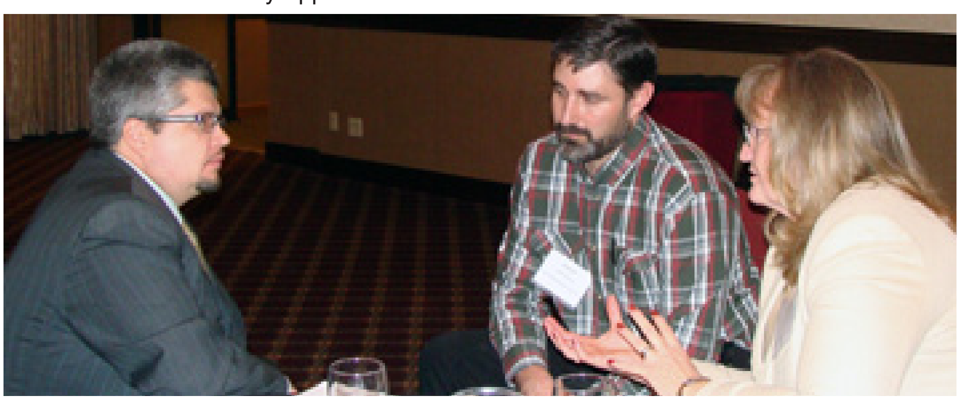
Snapshots

KCAA Legislative Reception

County appraisers gathered in Topeka to meet with state legislators about issues this session.

Right: Gene Bryan, Wyandotte County appraiser

Left: Leavenworth County Appraiser Bob Weber



Della Rowley, Sumner County appraiser (right) and Lance Leis, Harper County appraiser (center)

Right: Pam Palmer, Cowley County appraiser

NAHB Calls for Overhauling the Appraisal System

Its "blueprint" for reform focuses on streamlining standards and their enforcement, expanding education and training, and upgrading real estate data.

By John Caulfield, senior editor, Builder magazine, www.builderonline.com, Feb. 1, 2013

A "dysfunctional" appraisal system can be fixed only if its regulatory framework is streamlined, its credentialing standards are made uniform, and the criteria used to ascertain real estate valuations are based on a combination of cost, income, and sales comparisons.

Such are the findings of a white paper released by NAHB on January 24, which spells out the association's "blueprint" for appraisal reform including a host of recommendations formulated last year by a working group comprised of builders and officials from the financial and appraisal sectors.

The goal of reform, NAHB states, is to "rebuild the nation's housing finance system…, restore confidence in the real estate market, and establish a foundation for sustainable growth in the U.S. economy."

The working group broke down its recommendations into four areas:

- **Regulatory framework and oversight.** The appraisal industry is regulated by several federal and state agencies that oversee standards and their enforcement, as well as education and examination requirements for an appraiser to obtain certification. This "jumble of existing entities," according to NAHB, is "inefficient," and lacks coordination and accountability. NAHB also points to a January 2012 report by the U.S. Government Accountability Office that identified the agencies' weak enforcement tools and inconsistent statutory requirements.

NAHB's solution is to integrate and

continued on next page

NAHB continued

streamline these regulatory entities, develop more transparent appraisal reports, and improve the effectiveness of state oversight in certifying and monitoring appraisers. That last reform would include prohibiting states from commingling appraisal license fees with general funds.

- **Data and technology.** "It is astounding that so little is known" about U.S. real estate, asserts the NAHB, which recommends creating a registry of all real property with a unique identifier. That registry—which NAHB dubs Terra.gov—would be accessible online to all stakeholders. NAHB also recommends the creation of a valuation repository, a public/private exchange for real estate transactions, and a standards body for setting guidance for data and technology.

- **Professional standards.** Right now, the Uniform Standards of Professional Appraisal Practice, or USPAP, is what appraisers must comply with in all federally related transactions. USPAP is what trade associations and state certification and licensing boards use, too, as a compliance guide.

The problem, says NAHB, is that USPAP changes every two years, and isn't fully understood by most appraisers. So the builder group wants USPAP's key principles reaffirmed but streamlined and made clearer.

NAHB would like to see more colleges and universities offer programs that would satisfy appraiser certification. It would also like to see the creation of certification programs for each area of an appraiser's practice—such as new construction—each with its own education and exams; and a "clear path" to obtaining a license with mandatory re-certification every five years, "which would address the complaint that the current stock of appraisers is not well trained or well educated."

- **Practices, processes and procedures.** Most residential appraisers use form reports developed by Fannie Mae and Freddie Mac. "These forms have transformed appraisers into form fillers," states NAHB, and the forms' requirements "tend to short-circuit the flexible application of USPAP standards."

Borges observes that many of the reforms NAHB has put forth already exist, but their enforcement slipped through the cracks during the recent housing boom and bust periods.

NAHB's gripe here is that appraisers' approach to appraise real estate value relies too frequently, and often solely, on sales comparisons, whereas NAHB wants appraisers to also use cost and income approaches. It also believes that asking appraisers to produce a single point of value, rather than a range, "is fundamentally flawed."

Reform here would include establishing a single set of rules, using all three valuation approaches, that produce a range of value, which would be supported by statistical analyses of large data sets; and setting standards that best match the appraiser to the assignment.

Richard L. Borges II, president of the Chicago-based Appraisal Institute, whose membership includes nearly 23,000 valuation professionals in 60 countries, was part of the NAHB Appraisal Working Group. While he doesn't concur with all of the report's findings, Borges nevertheless says the white paper can only elevate the conversation about how the practice of appraising real estate might be improved.

He points out that the number of appraisers has shrunk by more than 15%, to about 83,400, since its peak in 2007; based on current trends, the number could fall by another 25% to 35% over the next five to 10 years, so efforts that help to rebuild that workforce, through education and training, are welcomed.

Borges observes that many of the reforms NAHB has put forth already exist, but their enforcement slipped through the cracks during the recent housing boom and bust periods. "What we need is respect for the requirements that are out there." And nowhere in the white paper is there any discussion about how the reforms that NAHB proffers would be paid for.

More to the point, Borges takes issue with NAHB's focus on broadly reforming the appraisal system when, in his opinion, what specifically needs reform is the residential mortgage finance appraisal system.

Borges also believes the quality of appraisals would benefit greatly if the system were less driven by parties that have financial stakes in an appraisal's outcome. "What's important is for appraisers to be free to follow our best practices," says Borges. "We still think there's an important role to be played by getting an independent opinion about a house's value from a trained professional."

This article can be found at http://www.builderonline.com/articles/appraisal/nahb-calls-for-overhauling-the-appraisal-system.aspx?utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=BBU_020113&day=2013-02-01


KCAA

APPRAISING THE PLAINS

KCAA Welcomes New Board

Read the current or past issues of Appraising the Plains online

http://www.kscaa.net/newsletter-2/

Outside My Box

By Jan Hull, Incoming County Treasurer, Reno County

I am an introvert, a recluse. I absolutely hate being the center of attention, so when the residents of this county asked me to run for county treasurer, I would smile and politely say no. I agreed that office needed to improve for the sake of our county image. I knew I had the ability to do it, but did I have the psychological fortitude to put myself out there against an incumbent who is known to be rather out spoken.

Surely, someone else would take up this challenge. I'm a busy person! I have three children, four grandchildren, three dogs, a cat, three elderly parents and a full-time job. I was raised in an Irish Catholic, Democrat, Union strong family; we were taught to be invisible.

But alas, no one did. After a long discussion with my husband over dinner, we decided to give it a shot. I changed my affiliation from Unaffiliated to Republican. He found "How to Run for Local Office" by Robert J. Thomas, and I bought two books by Sarah Palin—"Going Rogue" and "America by Heart"—loaded them onto the Kindle, and read them cover to cover multiple times.

Now, before you groan at the Sarah Palin choice, she successfully campaigned for local offices while juggling family on a tight budget, exactly what I was about to attempt. Robert Thomas' book was beneficial in learning how to make contacts and where to research campaign and finance laws and stay sane. A county commissioner contacted me to offer his assistance and warned me this would become an all-consuming project. He was correct.

I met with the director of HR, the county counselor and county administrator to learn my boundaries. I was positive there were rules. Turns out there weren't very many: (1) No campaigning during office hours, and (2) Please keep it clean. The other rules I learned about as I broke them.

I learned that as an hourly county employee I am accountable for my actions 24/7. I would also strongly suggest never using social media sites for campaigning purposes if you are a non-elected official with a government agency. If you do feel the need to use social media, never express your opinions! I was told I was too visible, I was out there everywhere and administration did not like it. Apparently, the concept of campaigning was beyond what some employees could comprehend.

We decided to get the 600-plus signatures to avoid the $776 filing fee. I had six months to collect the signatures. That was plenty of time. How hard could it be?

Throw in family and weather, and it turned out to be a bit more difficult than we anticipated. I did meet some very interesting people during the door-to-door petition gathering. I met many of my opponent's family members. Who knew he had so many cousins in this town? I met many who congratulated me on taking on this challenge but were not hopeful an unknown would win against the incumbent. I met an elderly gentleman who invited me into his home then tried to destroy my petition sheet. He was a Democrat and hated Republicans. I met people who said they would vote for me, but were hesitant about putting their name on a document available to public inspection.

We found we could collect 25 signatures in a four-hour time frame, but after five months of walking up and down streets knocking on doors or ringing doorbells, we still did not have enough signatures. We finally made the decision to just pay the filing fee. I waited until the last day to file, hoping someone else would step up. No one did and I paid the filing fee. The race was on.

Media personnel I had listened to or read their stories were now asking me questions. They allowed me to use my lunch hour and after 5 p.m. to record radio spots, and the email exchanges were constant. Many of the scripts written for me had to be rewritten several times to avoid conflicts at work. During some of the meetings, they would question me on my current job. Taking the time to explain to them how their homes were valued, their cars were taxed and who to contact for information gave me an edge and built confidence with voting public. Suddenly, my opponent did not have the positive relationship with the local media. Increasing media coverage resulted in more meetings at work to discuss rules.

I found myself giving speeches at Patriot Freedom Alliance meetings, Republican meetings and other political district meetings. I walked in the Independence Day parade, and my ultra-liberal Democrat son walked alongside me instead of walking with the Demo-

Taking the time to explain to them how their homes were valued, their cars were taxed and who to contact for information gave me an edge and built confidence with voting public.

Outside My Box, continued

crat candidates he campaigned for in Wichita. For me this was huge!

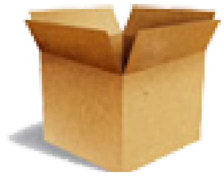
I met other candidates running for state and federal offices, not just Republicans but other parties as well. If you really want to know more about a candidate, sit with them during a meeting or event where they are not the guest of honor. One-on-one conversation with a candidate sometimes allows them to relax their campaign persona and you get a glimpse of the real person.

It dawned on me during all this time I was involved in a three-month-long job interview with thousands of potential employers I had to impress. I had to overcome so many fears and habits during this time. Before standing in front of a room full of strangers, I literally had to force myself to stand up, not mumble, not pass out or throw up. I had to initiate a conversation with complete strangers. My usual wardrobe of sweatshirt or t-shirt with faded baggy jeans, boots, pony tail and baseball hat had to go. Make up on a weekend? Never! I had to coordinate clothing, a gene I was not born with.

By the time the primary came around, I was physically and emotionally exhausted. We had to move two of the parents into nursing homes, my son-in-law came back from Afghanistan, and we helped move my oldest daughter and her three children back to Texas. My youngest daughter and her husband moved to a new home, which we also helped with, and my place of work had become the most stressful eight hours of every day I spent during a week.

My treasurer, campaign manager and I were barely speaking to each other, which would have been okay if they both weren't my husband. We had spent almost $7,000 in campaign expenses, and I had not lost one stinkin' pound from all the walking I had done. The day of the primary we had two phone calls of concern from nursing homes, and all plans to attend election night gatherings with other Republican candidates were cancelled.

We made it home by 7 p.m. so we



I had to overcome so many fears and habits during this time. Before standing in front of a room full of strangers, I literally had to force myself to stand up, not mumble, not pass out or throw up. I had to initiate a conversation with complete strangers.

could track election results. Greg was in his Rams room, I sat in the living room with my phone and laptop watching the results. The first hour was tense as I was only ahead by about 50 votes. As more precincts came in, I pulled a bit further ahead; the text messages, instant messaging, social media posts and phone calls started increasing. By the end of the evening, I was ahead by over 900 votes. I had won.

I was reluctant to acknowledge the win until after final canvassing was over. Even though I was running unopposed in the general election, I still was not convinced of a total victory until after the general election canvassing was over in November.

After 11 months of being consumed by campaigning, I had won an election, a promotion and a chance to help turn those departments under that one office into something our community can be proud. Would I do it all again knowing what I know now? Probably not. I think it would have been easier to apply for jobs in a foreign county with an unfamiliar language and relocate the entire family. Then I remember: this is my home and I have been granted an opportunity to improve a small part of our community.

The positives I noticed were my family became more interested in people running for office. They started to pay attention to what the candidates said and their plans. Voting became an individual decision instead of just an affiliation follower. I made so many new acquaintances with some of the nicest people I have ever met. Many have been residents of this county for years, and even though I had heard stories about them, I never met them. I was pleased to discover the stories were not true and these people truly cared for the future of this county and state.

After years of hearing complaints and listening to people of this county speak out on how things needed to change, I stepped up and attempted to make a change. I became a doer instead of a listener or complainer. I learned I did have what it takes—quite the personal accomplishment!

Between now and the second Tuesday in October, I will continue my current job in the appraiser's office, sit in my corner being quiet and unseen, while still being reminded of all the rules I am unaware existed.

After years of hearing complaints and listening to people of this county speak out on how things needed to change, I stepped up and attempted to make a change.

Public Relations Corner

By Dianna Carter, RMA, McPherson County

Part of good public relations start with how you orient your staff to issues and problems they may encounter while working for the County Appraiser's Office. The pool for employees includes many we may not have considered in years past, with tatoos, piercings, and phones attached to their fingers and ears. Now and in the future, we will have to view diversity in our employees as viable, exciting, and necessary. Training these employees is the key to good public relations: in phone assistance; how to act in a public office; how to act when in the field, especially when going door-to-door interviewing and measuring properties; and how to interact with other employees and offices. Below is an article with some helpful tips.

Ensuring New Employees' Success: Best Practices for Employee Onboarding

To position a new hire for success, it is important that an organization prepares in advance and continues to support the new employee throughout the first several months (and beyond). This article explores some tried-and-true best practices for employee onboarding.

Before the First Day:

Preparing for a new hire's start date is the first step. Start by completing an agenda for the employee's first week on the job. Schedule times for the new hire to meet with key staff members.

Provide staff members with the new employee's résumé and job description and advise them to follow a meeting format that includes sharing a description of their own positions, how their roles interact with that of the new hire, and how they might expect to work together in the future.

This is also a good time to assign a mentor or buddy to the new hire as an immediate resource for any questions, help him or her build a network, educate the new employee about resources, and give him or her key information about organizational culture and goals.

Next, create a comfortable workstation for the new employee. Stock his or her workstation with the tools needed to hit the ground running, such as paper, pens, computer, phone, keys, and business cards, passwords. Make sure that voice mail and e-mail accounts are set up. Leave a copy of an organization chart, staff list, and phone directory on the new hire's desk. If your organization has a new employee handbook, leave it on the desk as well.

Finally, make sure all administrative forms—such as employment, direct deposit, and benefits—are ready to be completed on day one.

The First Day:

The first day of a new job can rattle the nerves of even the most experienced professional. The better prepared you are to welcome the new hire on his or her first day, the easier this transition will be for everyone.

Schedule a particular staff member to be available to greet the new employee and give an office tour. During the office tour, introduce the new hire to all staff members as well as point out the copy machine, mail room, employee mailboxes, lunch room, and restrooms. Remember that new hires are asked to absorb a lot of information in a short amount of time, so they will likely have questions about these things later.

Balance the first day's schedule between orientation, meetings, and less formal gatherings. Arrange for a group of staff members to treat the new hire to lunch on the first day.

Schedule a meeting with the employee's supervisor for the first afternoon. During this meeting, the supervisor should review the responsibilities of the position and give an overview of what the first 30–90 days in the position will look like.

The First Three Months ... and Beyond:

Effective employee onboarding continues past the first week. Throughout the first three months, stay mindful of opportunities to integrate new hires into their work groups and into the organization as a whole.

After 90 days, have the supervisor provide formal feedback on the new hire's performance and also solicit feedback from the employee. Depending on the organization's culture and policies, this meeting could involve a representative of the Human Resources Department. During this meeting, any issues of concern should be addressed and accomplishments noted so that all parties are confident that the new hire is poised for success in his or her role.

Finally, remember to build opportunities for feedback into the onboarding process. Encourage the new hire to note any ideas that he or she has for improving the operations, strategy, or culture of the organization. The new hire may or may not feel comfortable sharing these suggestions immediately, but it is important that the organization be open to the impressions of someone who is coming in with fresh eyes. Allow employee onboarding to be an iterative process, one that evolves with your organization's growth.

Although all of these steps require an investment of time and resources, it is an investment that will pay enormous dividends for your organization for years to come.

Source: http://www.guidestar.org/rxa/news/articles/2007/ensuring-new-employees-success.aspx

The new hire may or may not feel comfortable sharing these suggestions immediately, but it is important that the organization be open to the impressions of someone who is coming in with fresh eyes.

Public Relations Corner, cont.

"I hate to criticize, but you've only been employed here for two days and you're already three weeks behind in your work."

Act Like a New Employee Every Day

• New employees are always psyched about the opportunity—they see the glass half-full, brimming with potential.

• New employees don't yet know "that's the way it's always been done here"—they see processes and limitations with fresh eyes.

• New employees aren't aware that "it's been tried before and failed" so they are able to surface the things you should be doing but struggled to execute.

• New employees introduce themselves to everyone, because, well, they're new and there's no social stigma to it at all.

• New employees don't have any political baggage—they give their colleagues the benefit of the doubt.

You get the picture. Why do we wait for the new employees to show up or let them have all the fun? What if you behaved like a new employee all the time? What if you dedicated the first day of each month to refreshing yourself for the next 30 days by saying "what am I going to do differently than I did last month?" What if you put yourself through your company's orientation program once a year in order to immerse yourself in the energy, optimism and nervousness of the new hires? (It's worth a try!)

Source: http://www.linkedin.com/today/post/article/20121111043707-7298-act-like-a-new-employee-every-day

Oil Notes of Interest

By Rick Stuart, CAE

■ Daniel Gilbert, *The Wall Street Journal*, Dec. 26, 2012. Three of the biggest oil field services are converting their pumps and drilling-rig motors to use natural gas. The converting to natural resulted from better technology developed and implemented by Caterpillar, Inc. As much as 70% of the fuel use can be natural gas on the converted pumps and rigs.

■ Zachary Mider, *www.businessweek.com*, Jan. 24, 2013. Now this article may cause you to wonder how this could happen. "Kinder Morgan Energy Partners (KMP) and its related companies now control 75,000 miles of pipelines, enough to circle the globe three times. It's the third-largest energy business in the U.S., behind ExxonMobil and Chevron (CVX).

Richard Kinder owes a good part of his fortune to a little-known provision in the tax code—sure to be scrutinized if Congress tackles corporate tax reform this year—that allows energy companies to structure their businesses to avoid most or all corporate taxes." They are set up as master limited partnerships (MLP's) and thus the tax is to each shareholder.

"Take Tennessee Gas Pipeline, which for more than 60 years has linked natural-gas wells in Texas to customers up north. Until last year, it paid corporate income taxes—$107 million in 2011. Last August, Kinder Morgan bought the pipeline. Tennessee Gas's tax bill dropped to zero."

If you really want to, see the article "It Pays to Own an Energy Pipeline. Thanks, Tax Code" at http://www.businessweek.com/articles/2013-01-24/it-pays-to-own-an-energy-pipeline-dot-thanks-tax-code#r=hpt-fs.

■ Chip Brown, *www.nytimes.com*, Jan. 31, 2013. This article on North Dakota's oil boom is several pages, but I found it fascinating. Read "North Dakota Went Boom" at http://www.nytimes.com/2013/02/03/magazine/north-dakota-went-boom.html?pagewanted=1&_r=2&ref=magazine.

■ Jack Nicas, *The Wall Street Journal*, March 1, 2013. Oil boom equals oil divisions. Some of the Native American tribes in North Dakota are now being sued by their members, and some tribal members being investigated by the IRS. One tribe leased 85,800 acres in 2007 and 2008 for $949 million, and some members are claiming it was too low by $100 million. To go from almost no money to these amounts, how much is enough?

■ Russell Gold, *The Wall Street Journal*, March 13, 2013. Three of the largest oil-field-service companies have increased their research and development budgets by 24% from 2010 through 2012. "Much of the oil-field companies' research is focused on understanding shale rocks better and developing improved tools to get more oil and gas from these formations."

Richard Kinder, CEO of Morgan Energy Partners, the third-largest energy business in the U.S., owes a good part of his fortune to a little-known provision in the tax code…that allows energy companies to structure their businesses to avoid most or all corporate taxes.

KCAA Education Calendar

Course	Date	Location*	Instructor	Cost
RMA Residential Review ENROLLMENT DEADLINE WAS MARCH 15	April 8-10	Wichita, KS	Marion Johnson	$300
RMA Commercial Review ENROLLMENT DEADLINE IS APRIL 16	May 7-9	Wichita, KS	Rick Stuart	$300
IAAO 191 Uniform Stds of Prof. Appr. Practice Update **Students will be responsible for bringing the USPAP 2012-13 Publication*	May 28	Wichita, KS	Barry Couch	$115
IAAO 101 Fund. of Mass Appraisal	July 8-12	Wichita, KS	Rick Stuart	$410
RMA Residential Review	July 30-Aug 1	Topeka, KS	Marion Johnson	$300
Residential Quality, Condition & Effective Age	Sept. 4-5	Manhattan, KS	Rick Stuart	$200
Valuing Mobile Home Parks	Sept. 6	Manhattan, KS	Rick Stuart	$100
IAAO 260 Valuation of Ag Land	Sept. 24-26	Manhattan, KS	Kevin Bradshaw	$225
RMA Commercial Review	Oct. 22-24	Topeka, KS	Marion Johnson	$300

KCAA Class Locations:

*Topeka
Shawnee County Annex Bldg.
1515 NW Saline
Topeka, KS 66618

*Wichita
Office This
4031 E. Harry St.
Wichita, KS 67218

*Manhattan
Public Works Bldg.
6125 Tuttle Creek Blvd.
Manhattan, KS

Register Online
http://www.kscaa.net/education/online-education-registration/

Print a Registration Form
http://www.kscaa.net/kcaa/regform.pdf

Real Estate Notes of Interest

By Rick Stuart, CAE

■ Nick Timiraos, T*he Wall Street Journal*, Dec. 19, 2012. The Federal Housing Administration is tightening the standards on homeowners using their reverse mortgage program. The agency will instead use the Home Equity Conversion Mortgage Saver, which works like a home equity loan and limits the amount of cash that borrowers can receive.

■ Nick Timiraos, *The Wall Street Journal*, Dec. 21, 2012. Here comes that supply and demand principle. Existing home sales in November were at the highest level in three years and the number of homes for sale fell to the lowest level since the end of 2001.

■ Nick Timiraos, *The Wall Street Journal*, Dec. 27, 2012. Demand is up and supply is down – sounds like prices will increase. "Home prices are on track to notch their first yearly gain since 2006, the strongest performance since the housing bust and a development that could accelerate the real-estate rebound even as the broader economy stutters."

■ Nick Timiraos, *The Wall Street Journal*, Dec. 28, 2012. "After a soft 2011, the luxury home market made a comeback in 2012, driven by growing buyer confidence, strong foreign demand, low mortgage rates, more realistic sellers and sharp drops in the number of home listings. Sales of homes priced at $1 million and above rose by 9% in the first nine months of 2012 compared with the same period one year ago to the highest level in four years, according to DataQuick MDA. Sales are strongest at the $1 million to $2 million level, and sellers can expect more sluggish demand at higher price levels."

■ Paul Emrath, Ph.D, *www.nahb.org*, Jan. 4, 2013. "NAHB last published an article on how long buyers remain in their homes in early 2009. The 2009 article showed that, based on a long-run calculation that averaged the available data over the years 1985 through 2007, the typical buyer could be expected to stay in a single-family home roughly 12 years before moving out.

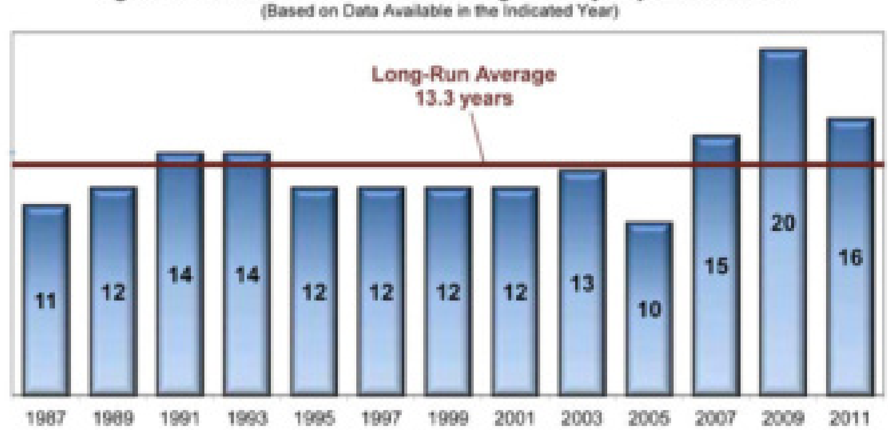
Since then, the economy has gone through a severe recession, with homes and home buyers subject to historically unusual changes and stress, making this a logical time to revisit the data and see if things may have changed.

This article revisits the length of time buyers are expected to remain in their homes, using data that has recently become available from the 2011 American Housing Survey (AHS) funded by the Department of Housing and Urban Development and conducted in odd-numbered years by the Census Bureau. The new data show that homeowner mobility has generally declined since 2007, and—if based only on mobility rates calculated from the most recent data—the expected length of stay in a single-family home would be about 16 years."

http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=194717&channelID=311

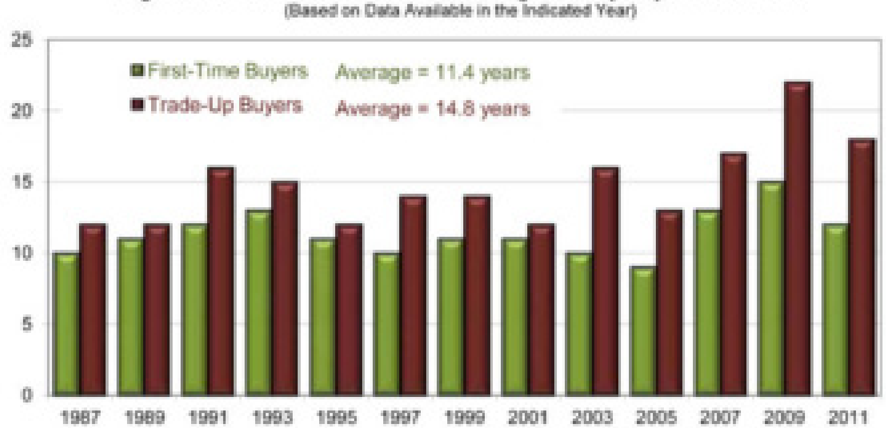
continued on next page

Figure 1. Estimated Time Till Half of Single-Family Buyers Move Out
(Based on Data Available in the Indicated Year)



Source: NAHB tabulation of data from the American Housing Survey, U.S. Census Bureau and HUD

Figure 2. Estimated Time Till Half of Single-Family Buyers Move Out
(Based on Data Available in the Indicated Year)



Source: NAHB tabulation of data from the American Housing Survey, U.S. Census Bureau and HUD

REAL ESTATE NOTES, continued

■ Todd Woody, *www.forbes.com*, Jan. 2, 2013. "On the corner of a congested Dallas intersection the umpteenth 7-Eleven is being built or, rather, assembled. The construction site consists of tidy stacks of flat-packed, prefabricated wall units, roof panels and other jumbo components trucked from Michigan and labeled and numbered like parts for a giant Ikea Akurum cabinet. What look like supersize bento boxes contain neatly packaged plastic bags of bolts, clips and other hardware. A pair of bathrooms, complete with toilet-roll dispenser and baby-changing table, is being lowered by crane into the 3,000-square-foot store's shell, where they'll be plugged in to the plumbing.

"You've heard of the big-box store. Get ready for the store in a big box. Prefab, long the province of double-wides and, more recently, eco-friendly designer homes, is going commercial. Project Frog, the San Francisco startup behind the 7-Eleven stores, is dragging a 19th-century industry into the future with stylish, energy-efficient buildings that can be built in less time and as much as 50% cheaper. The Dallas 7-Eleven was set to open in December, at least a month faster than would a conventional 'stick-built' store."

http://www.forbes.com/sites/toddwoody/2013/01/02/meet-the-startup-making-snap-together-office-buildings-schools-and-7-elevens/

■ Jim Butler, *www.trends.com*, Jan. 3, 2013. "According to statistics from Smith Travel Research, a research firm in Henderson, Tenn., nearly 2,500 hotels were reflagged in 2011. While that represents just a 5 percent sliver of all hotel properties in the United States, it was still a 39 percent increase from 2010."

"The reasons that hotel owners reposition hotel properties with a new flag are not new to us. Repositioning a hotel property is generally forced by the market: guest preferences and travel patterns change, owners' expectations are not met and ownership changes hands, cash flow decreases or mortgages come due, brand standards change. Hotels are reflagged when it can help solve a problem or take advantage of an opportunity (or both). Either way, the Great Recession forced major changes on the hotel industry, and the market is irrevocably different."

http://www.htrends.com/researcharticle68577.html

■ Ritchie King, *www.theatlanticcities.com*, Jan. 7, 2013. Based upon the most recent U.S. Census, this is what the typical American home looks like:

- Bedrooms: 3
- Baths: 2+
- Size: 1,800 square feet
- # of Stories: 2
- Lot Size: 0.26 acres
- Year Built: 1974
- Heating: Forced Air
- Cooling: Central Air
- Parking: Garage
- Hot Water: Gas Heated
- Appliances: Refrigerator, washer, dryer, dishwasher, electric stove and garbage disposal

http://www.theatlanticcities.com/housing/2013/01/what-prototypical-american-home-looks/4323/#

■ Christina Mlynski, *www.housingwire.com*, Jan. 7, 2013. "The share of surveyed Americans who believe home prices will tick-up in the next year reached the highest level to-date, at 43%, up 6 percentage points from November, according to Fannie Mae's December National Housing Survey results."

http://www.housingwire.com/news/2013/01/07/about-43-americans-expect-home-prices-rise

■ John Gittelsohn and Heather Perlberg, *www.bloomberg.com*, Jan. 9, 2013. "Blackstone Group LP (BX), the largest U.S. private real estate owner, accelerated purchases of single-family homes as prices jumped faster than it expected. Blackstone has spent more than $2.5 billion on 16,000 homes to manage as rentals, deploying capital from the $13.3 billion fund it raised last year, said Jonathan Gray, global head of real estate for the world's largest private equity firm. That's up from $1 billion of homes owned in October, when Blackstone Chairman Stephen Schwarzman said the company was spending $100 million a week on houses."

"The market is moving much faster than anybody thought possible," Gray said during an interview in Blackstone's New York headquarters. "Housing is much stronger than people anticipated."

http://www.bloomberg.com/news/2013-01-09/blackstone-steps-up-home-buying-as-prices-jump-mortgages.html

■ Eliot Brown, *The Wall Street Journal*, Jan. 7, 2013. Demand for office space remains weak, according to a national survey conducted by Reis, Inc. The vacancy rate ended the year 2012 at 17.1%. This is far above the peak office market in 2007 when the vacancy rate was 12.5%.

■ Dawn Wotapka, T*he Wall Street Journal*, Jan. 8, 2013. Reis, Inc. has reported that apartment vacancies is 4.5%, which is the lowest since the third quarter of 2001. Considering the economic principles of supply and demand, rents increased and were up 3.8% for 2012.

■ Editorial Opinion, *The Wall Street Journal*, Jan. 9, 2012. Across the country there is a rebound in the prices for residential housing. "Even more noteworthy is that the rebound is strongest in states that let lenders enforce contracts. We're referring to the difference between non-judicial states that have streamlined foreclosure procedures and the 23 judicial states that force lenders to go to court to enforce mortgage contracts.

"The Mortgage Bankers Association's latest National Delinquency Survey, which ended September 30, showed that of the top five states with the highest share of loans in foreclosure, four were judicial: Florida (13.04%), New Jersey (8.87%), Illinois (6.83%), and New York (6.46%). The other was Nevada."

■ Kris Hudson, *The Wall Street*

Journal, Jan. 9, 2013. Reis, Inc. reports that mall vacancy has declined for five straight quarters, with the current rate at 8.6%, down considerably from the high of 9.4% in the third quarter of 2011. Strip centers saw a small decline to a vacancy rate of 10.7%.

■ The new comparisons are here! This site compares the average cost for 35 popular remodeling projects with the value those projects retain at resale. http://www.remodeling.hw.net/2013/costvsvalue/national.aspx

■ Nick Timiraos, *www.online.wsj.com*, Jan. 23, 2013. "U.S. existing-home sales last year rose to their highest annual level in five years and registered their largest annual jump since 2004, the latest sign that more housing markets hit bottom last year amid ultralow interest rates and strong investor demand. The National Association of Realtors reported Tuesday that an estimated 4.65 million previously owned homes were sold in 2012, up 9.2% from 2011."

■ Ruth Simon, T*he Wall Street Journal*, Jan. 26, 2013. Home equity loans appear to be back. "Overall, the number of home-equity loans originated increased by 39% in the fourth quarter versus the same period a year earlier."

■ *www.crenews.com*, Jan. 24, 2013. "Revenue per available room for hotels in the United States this year will increase 5.7 percent to $68.86, exceeding the peak hit in 2007, predicts STR." Read more at http://www.crenews.com/general_news/general/hotels-2013-revpar-to-exceed-peak-reached-in-2007.html.

■ *www.ccim.com*, Jan. 24, 2013. "The hospitality industry is expected to maintain, and in some instances surpass, the record-breaking growth it saw in 2012, according to Marcus & Millichap's 4Q12 National Hospitality Report. Occupancy will jump 70 basis points to nearly 62 percent this year, marking the sector's fourth consecutive year of expansion."

The article can be found at http://www.ccim.com/newscenter/272901/2013/01/24/hotel-sector-expansion-continues.

■ Randyl Drummer, www.costar.com, Jan. 30, 2013. "While overall leasing volume appeared to be somewhat lower in 2012 from the previous year, strong absorption and very limited new construction—combined with a significant number of demolitions/removals of antiquated buildings—helped to push the U.S. office vacancy rate down 50 basis points over the past year to 12.3% at the end of fourth-quarter 2012, according to CoStar analysts."

http://www.costar.com/News/Article/Recovering-Office-Demand-Sets-Stage-For-Rent-Growth-Across-The-US/145245?ref=100&iid=320&cid=7918A3A58F4CCADAD83D2484AB7C5D22

■ Mark Heschmeyer, *www.costar.com*, Jan. 30, 2013. ***Editor's Note:*** The Lightstone Group was much discussed group in the hotel industry with the very large purchase into an industry they had no history with. They soon lost the property and, you can see below, Blackstone did well on the sell-and-then-buyback application.

"The extended stay hotel market has morphed a great deal since Blackstone sold the largest chain of such hotels (680 of them) to the Lightstone Group at the peak of the market back in June 2007 for $8 billion, and then regained control of the chain two years later after the recession forced Lightstone to put the chain into chapter 11 bankruptcy. Blackstone and two other institutional funds ended up controlling the portfolio again, buying it out of bankruptcy for $3.9 billion, less than half the former sales price."

http://www.costar.com/News/Article/Blackstone-Does-It-Again-Extended-Stay-Hotels-Regain-Luster-After-Surprise-Twist/145213?ref=100&iid=320&cid=7918A3A58F4CCADAD83D2484AB7C5D22

■ Orest Mandzy, *www.crenews.com*, Jan. 30, 2013. "Freddie Mac last year originated a whopping $28.8 billion of multifamily loans last year, topping by an astounding 42 percent the $20.3 billion of originations in 2011. Last year's volume was driven by $10 billion of originations in the fourth quarter alone. The year easily topped the previous record of $24 billion, which it recorded in 2008.

A total of 54 percent of its activity last year was for refinancing, while 40 percent funded acquisitions. The remainder was for other purposes. The financing it provided, some through bond credit enhancements, funded more than 1,600 properties with 435,000 units."

■ AnnaMaria Andriotis, *www.marketwatch.com*, Feb. 1, 2013. E***ditor's Note:*** When teaching a class around the end of 2012, a student asked what I felt the housing loan market was going to do. When I stated I feared we are headed down the same track that got people and lending institutions in trouble before, there was some adamant disagreement. I sincerely hope I am wrong. See where you think this article fits in to that conversation.

"It's 100% financing—the same strategy that pushed many homeowners into foreclosure during the housing bust. Banks say these loans are safer: They're almost exclusively being offered to clients with sizable assets, and they often require two forms of collateral—the house and a portion of the client's investment portfolio in lieu of traditional cash down payment." http://www.marketwatch.com/story/no-money-down-home-loans-are-back-2013-02-01

■ Prashant Gopal, www.businessweek.com, Feb. 5, 2013. "A plunge in U.S. home listings to a 12-year low is driving up prices and preventing transactions from returning to historically normal levels. Many potential sellers are holding off until values rise more, while investors are snatching up distressed properties before they reach the market.

U.S. home prices rose 5.5 percent in November from a year earlier, the biggest annual gain since August 2006, the S&P/Case-Shiller index of values in 20 cities showed

REAL ESTATE NOTES, continued

last week." http://www.businessweek.com/news/2013-02-05/homes-sell-in-two-weeks-with-low-supply-for-spring-buyers#r=bloomberg

■ *www.htrends.com*, Feb. 6, 2013. "The Cornell index of hotel industry real estate transactions has identified a slowing of price increases for large hotel properties in the fourth quarter of 2012, while prices for small hotels were still rising at the end of last year. Moreover, as a result of the moderating price growth for high-end hotels, construction costs for new five-star hotels are now equal to the price of existing high-end hotels. Additionally, as income growth begins to decline, the price growth of both large and small hotels will continue to slow.

"These are the key points of an analysis found in the latest edition of the Cornell Real Estate Market Indices, which is available at no charge from the Cornell Center for Real Estate and Finance." http://www.htrends.com/researcharticle69181.html

■ *www.htrends.com*, Feb. 1, 2013. "LE (Lodging Econometrics) expects 500 projects/ 55,080 rooms to open in 2013 for a 1.1% increase in the nation's hotel supply. In 2014, New openings are forecasted to be 591 projects/ 66,102 rooms, a 1.3% supply increase. The Development Pipeline is expected to leap forward as lodging profitability continues to rise exceeding pre-recessionary levels, and because mortgage lending is in a near nirvana state, which should further accelerate the flow of New Project Announcements into the Pipeline." http://www.htrends.com/researcharticle69119.html

■ *www.builderonline.com*, Feb. 10, 2013. According to the latest survey, more than three-fourths of the builders expect building materials prices to be one of their significant problems expected in 2013. Second is cost/availability of labor, a significant problem 51 percent of builders expect to face in 2013, and nearly half of the builders expect cost/availability of developed lots to be a significant problem. This is also up from 24 percent who said they faced the problem in 2012 and 21 percent in 2011.

http://www.builderonline.com/builder-pulse.aspx?id=7902&utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=BP_021113&day=2013-02-11#7902

■ Kate Linebaugh and James Hagerty, *The Wall Street Journal*, Jan. 28, 2013. This only makes sense. As the amount of new construction and remodeling increases, so does the sale of products such as power tools, air conditioners, carpet, furniture and cement mixers.

■ Steven Jones, *The Wall Street Journal*, Feb. 2, 2013. Now, I find this interesting. "Several Idaho companies have become the subject of audits since a recent decision by the Idaho State Tax Commission that made subscription software delivered online subject to state sales tax. The ruling was a surprise because Idaho doesn't tax services." Otherwise stated, they are taxing "the cloud."

■ Ilan Brat, *The Wall Street Journal*, Feb. 9, 2013. Spanish tax authorities are now visiting businesses to ferret out tax evaders and delinquents and often confiscate and remove property to help pay for the taxes. In a recent visit to a restaurant, the authorities carried away contents from part of a wine cellar, a cigar humidor, tables and part of the cash from the day's earning.

■ C. William Barnhill, CCIM, and Ben Vestal, *www.ccim.com*, February 2013. "Despite the difficult economy and market challenges during the past four years, self-storage as an asset class has continued to provide solid performance and stable returns for investors. Once dominated by mom and pops, or small, independent owner/operators, the self-storage industry has evolved into a top-performing asset class during the past decade."

This is a good article and can be read at http://www.ccim.com/cire-magazine/articles/268193/2013/01/self-storage-steps.

■ A. D. Pruitt, The Wall Street Journal, Feb. 20, 2013. Storage Post and real-estate investment firm Hietman LLC just purchased 14 self-storage units in New York for $300 million, which reflects a cap rate of 5.5%. Storage Post is one of the largest closely held self-storage companies. This cap rate fits with a large purchase last August when a $500 million transaction indicated 5.7%.

■ Nick Timiraos and Conor Dougherty, *The Wall Street Journal*, Feb. 22, 2013. "The number of homes for sale fell to a 13-year low in January, leaving would-be buyers chasing a shrinking supply of homes just before the spring selling seasons." According to the National Association of Realtors, this represents the lowest level since December 1999.

■ Nick Timiraos, *The Wall Street Journal*, Feb. 22, 2013. "Five of the largest U.S. banks have provided $19 billion in mortgage debt write-downs to some 240,000 borrowers under the terms of a federal and state settlement of foreclosure-processing violations reached one year ago, according to a watch-dog's report."

■ Jim Carlton, *The Wall Street Journal*, Feb. 25, 2013. Demand for lumber for new home construction has reinvigorated some U.S. timber towns. Of course, with increased demand comes increased prices. "The composite price per thousand board feet of framing lumber more than doubled to $415 as of today from $190 in January 2009."

■ Lauren Hunter, www.remodeling.hw.net, Feb. 26, 2013. "The National Kitchen & Bath Association (NKBA) has released its annual report of the Top 10 trends to watch for in the coming year. As with last year's report, glass backsplashes and LED lighting remain popular. Interest in white-painted cabinetry has grown, as has gray as a foundation color for many designs. More designers are specifying hightech touch-activated faucets."

See the article at http://www.remodeling.hw.net/design/nkba-announces-2013-kitchen--bath-design-trends.aspx?rssLink=NKBA%20Announces%202013%20Kitchen%20&%20Bath%20Design%20Trends&utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=BP_022613&day=2013-02-26.

■ *National Home Builders Association*, Feb. 26, 2013. "Prices for certain building materials have moved up sharply. Gypsum prices rose 12% in January from December, mirroring a steep increase at the beginning of 2012, and are now 27% above year ago levels. The pattern of price increases for wood products has more closely reflected improvements in the housing market. Prices for softwood lumber rose 7% in January while OSB prices rose 9%. Lumber prices are up 25% from levels last year, but OSB prices have outpaced the housing market recovery, rising 77% since last year."

http://eyeonhousing.wordpress.com/2013/02/25/producer-prices-in-january-soft-prices-except-for-building-materials/.

■ Wanda Lau, *www.ecobuildingpulse.com*, Feb. 6, 2013. "PowerFlex, a flexible sheet of thin-film photovoltaic cells by Global Solar, adheres to membrane and metal-roof systems and can conform to many roof geometries. Capable of generating between 250W and 300W, the large-format module comes in 0.5m-by-5.7m rolls that can be laid out with minimal spacing. Weighing 0.7 lbs per square foot, the building-integrated photovoltaic system does not require additional structural reinforcement or mounting hardware for installation. PowerFlex's flat profile results in little or no wind uplift and can generate electricity in many light conditions.globalsolar.com."

■ Robbie Whelan and Conor Dougherty, *The Wall Street Journal*, Feb. 27, 2013. Here we go again! "In the past two years, more home builders have offered to pay closing costs and arrange home loans through in-house mortgage operations. They have hosted free credit-counseling sessions for buyers with bad credit scores, and made heavy use of government-backed mortgage programs that allow buyers to get a home with little or no down payment."

■ Dawn Wotapka, *The Wall Street Journal*, Feb. 27, 2013. There must be money in college housing. Some of the largest home builders in the country, builders like Lennar Corp. and Toll Brothers Inc., are purchasing land near universities and building off-campus college housing.

■ Nick Timiraos and Andrew Johnson, *The Wall Street Journal,* March 1, 2013. "Freddie Mac, buoyed by the housing market's rebound and an improving economy, reported an $11 billion annual profit for 2012—its largest ever annual gain and first profitable year since 2006.

■ Blaine Brownell, *www.builderonline.com*, March 7, 2013. Way cool! "Charged with sunlight by day, pavers with embedded lights deliver safe pathway illumination at night without added electricity. German-based manufacturer Kann has developed luminous concrete pavers called NightTec Leuchtsteine. Phosphorescent crystals embedded in the concrete surface capture diurnal energy and emit light every evening for about ten hours. Although the pavers appear white in sunlight, their nocturnal glow is either green or blue—depending on the selected coating."

http://www.builderonline.com/articles/products/german-company-makes-glow-in-the-dark-concrete.aspx?utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=BBU_031513&day=2013-03-15

■ Elaine Yelzer Simon, *www.hotelmanagement.net*, March 14, 2013. "The U.S. hotel development pipeline continues to collect projects, according to the Feb. 2013 STR Pipeline Report. The pipeline comprises 2,728 projects totaling 320,397 guestrooms, which is a 10.1 percent increase in the number of rooms compared with February 2012. It's also a 39.7 percent increase in the number of guestrooms under construction." *See chart below.*

http://www.hotelmanagement.net/industry-fundamentals/construction-pipelines-show-continued-gains-19710?utm_source=&utm_medium=newsletter&utm_campaign=_12311969&utm_content=19710

■ Conor Dougherty, The Wall Street Journal, March 19, 2013
Here is another good piece of news related to the rising home prices. "The number of underwater homeowners in the fourth quarter of 2012 has declined by 1.7 million from a year earlier, meaning 1.7 million U.S. households have regained home equity, according to CoreLogic, a research company." Underwater meaning the owner owes more on the property that the current market value.

U.S. pipeline by Chain Scale segment (number of rooms and percent change February 2013 versus February 2012):

Chain Scale	Preliminary Existing Supply (as of February 28, 2013)	% Change	In Construction	% Change	Total Active Pipeline	% Change
Luxury	106,740	-0.6%	4,731	+477.7%	7,665	+66.8%
Upper Upscale	551,799	-0.1%	6,757	-15.1%	17,841	-10.6%
Upscale	589,255	+2.6%	26,392	+66.9%	89,198	+23.8%
Upper Midscale	868,318	+1.0%	20,699	+24.3%	90,997	+9.5%
Midscale	478,812	+1.7%	3,296	+2.9%	19,423	-18.6%
Economy	769,245	-1.2%	1,044	+9.1%	3,957	-13.8%
Unaffiliated	1,538,048	+1.0%	11,133	+46.4%	91,316	+10.3%
Total	4,902,217	+0.7%	74,052	+39.7%	320,397	+10.1%

Source: STR

REAL ESTATE NOTES, continued

■ Jed Kolko, *trends.truliablog.com*, March 13, 2013. "Even though asking home prices rose 7.0% in the last year, outpacing rent increases of 3.2%, the gap between buying and renting has narrowed only slightly. One year ago, buying was 46% cheaper than renting. Todays it's 44% cheaper to buy versus rent. In fact, homeownership is cheaper than renting in all of America's 100 largest metros. That's because falling mortgage rates have kept buying almost as affordable, relative to renting, as it was last year.

"According to Freddie Mac, between February 2012 and February 2013 the 30-year fixed rate dropped from 3.9% to 3.5%, though rates have been rising in March." Interesting read at http://trends.truliablog.com/2013/03/rent-vs-buy-winter-2013/.

■ *www.pantagraph,com*, March 20, 2013. Construction of new homes started in February throughout the U.S. was the largest in the last four and one-half years.

■ Peter Loftus, *The Wall Street Journal*, March 20, 2013. Philadelphia has completed its first reappraisal in a very long time. Some properties, but not all, were reappraised in 2004. "Pennsylvania is among a handful of states that don't require local governments to conduct thorough property revaluations at fixed intervals, meaning some buildings go decades without meaningful updates."

Preferential treatment was previously provided for residential properties, but "the state constitution has been interpreted by courts to require all property be taxed at the same rate—residential and nonresidential."

It is easy to see that the commercial sector will be happy. Some interesting numbers from the article are shown below.

2013 Taxable Value: $36 billion
2014 Taxable Value: $98
2013 Tax Rate: 9.77%
2014 Tax Rate: 1.32%

■ Beth Braverman and Amanda Gengler, *Money Magazine*, April 2013. Each spring *Money* devotes an issue to real estate. This year's issue is titled, "Housing is back."

"During the past year, home prices increased in 92 of the country's 100 largest metropolitan areas, according to data provider Corelogic."

Some interesting recaps for residential properties are shown below.

- How will your home's value change this year? 25% say it will increase more than 5%, 22% say it will stay the same, 6% believe it will decline and 47% believe it will increase between 1% and 5%.
- 6.3% value rise in 2012 and expected to be 5.6% in 2013
- 18 consecutive months that year-over-year home sales have increased
- $180,000 median home price in December 2012 vs. $221,000 in 2006
- $87,000 average equity per homeowner in 2011 vs. $170,000 in 2006
- 31% of renters expect to buy within the next two years, up from 22% in January 2011
- 75% of sellers think their home is worth more than their agent's recommended listing price

■ Brian Duggan, *USA Today*, March 21, 2013. The U.S. Postal Service for the last two years has been selling off some post offices that are no longer in use or are going to be closed. Asking prices range from $55,000 to $8.3 million. They should not expect this to be easy. Some of the facilities are old with functional problems, and a large number are on the National Register of Historic Places. The National Trust for Historic Preservation named the post office as one of the United States' 11 most endangered historic places.

ZipRealty

Most Affordable Housing Markets

3 Months Ending 2/01/13, Year-Over-Year

METRO AREA	Median Household Income	Median Home Price (3 Months Ending 2/01/2013)	Home Price/Median Income Ratio	Median Home Price (3 Months Ending 2/01/2013)	Home Price/Median Income Ratio
Dallas-Fort Worth	$ 47,418	$ 240,000	5.06	$ 249,950	5.27
Houston	$ 44,761	$ 234,275	5.23	$ 243,000	5.43
Minneapolis	$ 54,304	$ 272,000	5.01	$ 298,642	5.50
Orlando	$ 41,871	$ 241,100	5.76	$ 246,503	5.89
Las Vegas	$ 42,468	$ 225,000	5.30	$ 254,000	5.98
Raleigh	$ 48,845	$ 279,945	5.73	$ 294,500	6.03
Austin	$ 48,950	$ 285,000	5.82	$ 300,000	6.13
Denver	$ 51,088	$ 311,000	6.09	$ 322,616	6.31
Nashville	$ 44,223	$ 275,000	6.22	$ 286,000	6.47
Phoenix	$ 44,752	$ 265,000	5.92	$ 295,000	6.59
Richmond	$ 46,800	$ 301,623	6.44	$ 310,000	6.62
Chicago	$ 51,046	$ 344,500	6.75	$ 340,000	6.66
Long Island (New York)	$ 89,060	$ 565,325	6.35	$ 610,000	6.85
Sacramento	$ 46,106	$ 285,000	6.18	$ 337,500	7.35
Philadelphia	$ 47,528	$ 340,000	7.15	$ 348,000	7.32
Tampa	$ 37,406	$ 262,500	7.02	$ 274,963	7.35
Portland	$ 46,090	$ 340,000	7.38	$ 350,500	7.60
Palm Beach, Fla.	$ 45,062	$ 360,000	7.99	$ 360,000	7.99
Seattle	$ 50,733	$ 390,000	7.69	$ 416,000	8.20
Tucson	$ 36,758	$ 285,000	7.75	$ 305,750	8.32
Baltimore	$ 39,386	$ 331,000	8.40	$ 337,000	8.56
Westchester (New York)	$ 79,619	$ 707,500	8.89	$ 740,000	9.29
Boston	$ 52,792	$ 489,950	9.28	$ 500,000	9.47
Orange County (California)	$ 74,344	$ 720,000	9.68	$ 790,000	10.63
Miami	$ 38,632	$ 465,000	12.04	$ 468,000	12.11
Los Angeles	$ 55,476	$ 750,000	13.52	$ 750,000	13.52
San Diego	$ 47,067	$ 610,000	12.96	$ 640,000	13.60
San Francisco Bay Area	$ 63,024	$ 789,000	12.52	$ 870,250	13.81
Brooklyn, N.Y.	$ 43,567	$ 668,000	15.33	$ 722,500	16.58
Washington, D.C.	$ 61,835	$ 950,000	15.36	$1,037,500	16.78

Source: ZipRealty, MLS, U.S. Census Bureau

KANSAS COUNTY APPRAISERS ASSOCIATION

Annual Business Conference ❖ June 2–5, 2013 ❖ Drury Plaza Hotel Broadview ❖ Wichita

Golf Tournament: Monday, June 3, Auburn Hills Golf Course, 443 S. 135th St. (between Maple and Kellogg on 135th) Tee times start at 7:30 a.m. Cost is $65 per player, which includes green fee, cart, continental breakfast, beverages, lunch, and prizes. Format is a 4-person scramble. Lunch will follow golf at W. Millbrook Park (half-mile east of Auburn Hills on Millbrook Rd.). Pairings will be set by Sean Robertson and Chuck Latham or if you have a team, please list names below:

____

____

Bowling Tournament: Sunday, June 2, starting at 6 p.m. at Seneca Bowl, 1909 Seneca St. Three games of bowling (shoe rental included), snacks, drinks and prizes. Tournament is co-ed and for all levels of bowlers. Trudy Kamphaus is the Bowling Tournament Coordinator.

REGISTRATION & FEES

REGISTRATION FEES	BY MAY 17	AFTER MAY 17
❑ Full Registration	_____$250	_____$260
❑ Education Only	_____$150	_____$160
❑ Golf Tournament	_____$ 65	**No registrations after May 23**
❑ Bowling Tournament	_____$ 17 (Includes 3 games, shoes, prizes)	**No registrations after May 23**
❑ Monday Night Dinner/Entertainment	_____$ 35	_____$ 38
❑ Tuesday Night Dinner/Entertainment	_____$ 35	_____$ 38
❑ Tuesday Awards Luncheon	_____$ 25	_____$ 28
Total Enclosed	$________	$________

Name ______________________________ County or Company ______________________

Address ______________________________ City/State/ZIP ______________________

Phone ____________________ Fax ____________________ email ____________________

SPOUSE/GUEST REGISTRATION

REGISTRATION FEES	BY MAY 17	AFTER MAY 17
❑ Golf Tournament	_____$65	**No registrations after May 23**
❑ Bowling Tournament	_____$17 (Includes 3 games, shoes, prizes)	**No registrations after May 23**
❑ Monday Night Dinner/Entertainment	_____$35	_____$38
❑ Tuesday Night Dinner/Entertainment	_____$35	_____$38
❑ Tuesday Awards Luncheon	_____$25	_____$28
Total Enclosed	$________	$________

Spouse/Guest Name ______________________________________

HOTEL INFORMATION:

Drury Plaza Hotel Broadview
400 W. Douglas Ave.
Wichita, KS 67202
Ph. 316-262-5000
Room Rate: $99 + tax (hot breakfast & parking included)

Send Forms to:

KCAA
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