



APPRAISING THE PLAINS

of Kansas



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IAAO 2013



Kansas Appraisers Take Center Stage at IAAO Annual Conference: (L) Rick Stuart, CAE, received the Verne W. Pottorff, CAE Award. (R) Allen Todd, RES, and Stephen Throckmorton, RES, received their designation at the awards breakfast. Read more about the IAAO conference beginning on p. 5.

Also in this Issue. . .

Worth Mentioning	2	Another Model Variable	7
In Memoriam.....	2	Welcome New County Appraisers	8
Board Meeting Highlights	3	Kansas County Appraisers 2013–2017	9
KCAA @KAC Conference Agenda... 3		Handling Disasters	10
Oil & Gas Update.....	3	Well, Fellow Appraisers	10
The Director’s Update.....	4	Oil Notes of Interest.....	11
IAAO Annual Conference 2013	5	Valuation of Barndominiums.....	11
Kansans Recognized at IAAO Conference	5	Beer Can House	11
Erik Preston, AAS.....	5	The Evolution Continues for the Old Wichita Mall	12
The Benefits I Received From Attending the 2013 IAAO Conference	6	BTK Murder-Scene House Sells at Auction for \$35,000.....	14
Craziness in the Oil Fields.....	6	The Saga Continues.....	14
IAAO Member News.....	7	I find this weird.....	14
KCAA @ KAC PVD Session.....	7	Real Estate Notes of Interest.....	15



Worth Mentioning

Not only have there been changes in personnel, but there have been many topics requiring attention in procedure and policy.

Steve Miles, RMA , Douglas County Appraiser
KCAA President

It seems like I took the fast track to get here! Normally I would not be writing this article for another year or two. But circumstances are what they are. As Texas Bix Bender says, "Don't worry about biting off more than you can chew. Your mouth is probably a whole lot bigger'n you think." Thanks to all of you who have helped me get my bearings.

This summer seemed like someone upset the cart. In my home office we had staff changing positions or retiring. Hiring and training seemed to be the order of business. Then I looked around at the community and seemed to see similar things happening elsewhere. All of a sudden, I hear of shifts happening all over the state in the county appraisers. I sent an e-mail out to several members and several bounced back! I thought, "OK, I typed it in wrong." (I've been known to do that.) Retype, hit send and BAM! It almost hit me coming back. Good thing I ducked!

So I start checking around and I find out that this one has retired, that one moved several counties away. Someone else has taken another job. I think you get the picture. I guess the cycle finally turned over. If you haven't done so already, I would encourage everyone to check the KCAA website and get their current information in to Cindy as soon as possible. I'd sure like to know where everyone landed and how to get in touch.

Not only have there been changes in personnel, but there have been many topics requiring attention in procedure and policy. PVD has been working with KCAA over the past year or two to

update policies, develop new courses, provide support and training. One area is in the Maintenance Specifications. You should be aware by now that the annual report of how we plan to proceed has expanded to include a Scope of Work statement. The template developed by PVD is a bit more detailed than we may have had to produce in the past, but it does keep us more in line with appraisal standards and practices.

Our Maintenance Specs committee met with PVD staff as this was being drafted and felt that many of the concerns we expressed to them were acted on. If you haven't gotten yours delivered to the Director of PVD, please do so as soon as possible.

Another issue that has been in the works for sometime is Oil & Gas. I noted in David Thornton's 2008 inaugural president's column that this was a topic of great concern then and probably for a while before that. Most of you are aware that the KCAA ordered a review of the *Kansas Oil & Gas Guide* in late 2012. Capitol Appraisal Group LLC gave a report at our June conference in Wichita. The full report was delivered to me toward the end of July. You can view the report as a protected document on our website.

Since then, the executive board and the Oil and Gas Committee have read through it and had some discussions about the results. We have made some suggestions for possible changes to PVD based on the report and those discussions. As I write this, I do not know how those suggestions were acted on. There will probably be a full report on that at a later date.

Well, as this note comes to an end, it's back to the work that we are all anxious to do and get done. It should be an exciting year. Keep an eye on the legislature. I hear there may be some issues brewing up again. So keep your eye on the goal and your nose to the grindstone. Remember, "Nobody ever drowned themselves in their own sweat." Lastly, I'll heed this advice, "Never miss a good chance to shut up."

In Memoriam

Terry Lee Henning, age 53, passed away Sunday, July 14, 2013, at the Ness County Hospital, Ness City. He was born on Sept. 11, 1959, in Ransom, Kan., the son of Julius and Melva Rose Weber Henning. Terry was a member of the Ransom High School, 1977 graduating class. He was a member of Sacred Heart Church, Ness City, and he was a Third Degree Knight of Columbus in Ransom, Kan. Terry worked in the oil field with CarMac Oil Service until 1987 then began work in the appraisal field. He was a county appraiser for Hodgeman, Rush, and Wilson counties and was an appraisal consultant with McCully and Associates.

On April 27, 1985, he married Joby Wendler in Ness City. She survives. Other survivors include two sons, Nick Henning, Manhattan and Ben Henning, Pratt; two brothers, Kenny Henning (Traci), Hays and James Henning (Tami), Kingman; two sisters, Donna Bollig (Delbert) and Carol Nemechek (Dick) all of WaKeeney and his father Julius Henning, Ransom and numerous nieces and nephews Terry was preceded in death by his son, Jonathan; his mother, Melva Rose; and a brother, Joseph Henning.

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

Board Meeting Highlights

■ Tuesday, August 13, 2013, Office This, Wichita

Attendees: Dean Denning, Gene Bryan, Lisa Reeder, Sandra Drake, Steve Miles, Mike Borchard, Craig Clough, Greg McHenry, Della Rowley
Previous meeting minutes approved.

Financial Report: Cindy will send new spreadsheet since there was an error for July.

Treasurer's Report: Lisa gave report. Both accounts balance. Report is approved as stated.

Oil & Gas Report: Rick Batchellor said committee will meet later this month. Based on Capitol research, there is only a 7% variance between appraised value and guide. We are nowhere near fair market value based on statute. Price per barrel is one factor. Five barrel exemption, according to Dean, is a contributing factor. Guide based income, actual expenses is an issue. It should be guide based both income and expenses or actual on both. Equipment values are low according to the report.

The Oil & Gas committee is to meet to come up with recommendations, hopefully the first week in September. KCAA would like a document that outlines what are the facts that keep us from market value from Capitol Appraisal.

Education: Instructor would like to increase fees to IAAO rate for IAAO

classes, which is \$3,500 for the 5-day class. Moved to increase course fee to \$425, \$450 late and \$3,500 for instructor.

Legislation: Greg McHenry will be head of Legislative committee again this year. He will be legislative liaison with KAC.

Annual Business Conference: Lawrence, Kansas, on 6/22–25 at the Holiday Inn, Holidome. Severed and non-severed mineral class was requested. Updates on IAAO/Appraisal Foundation. PVD compliance requirements were other suggestions.

RMA Requirements: Change in requirements for RMA. PVD would like to propose adding hours to the requirements from 180 to 200 to incorporate Course 400 or equivalent. It has been proposed that an Associates degree become part of the requirements by phasing it in by 2015, and by 2020 a four-year degree. The majority of responses are that it should not be a requirement. This requirement is being implemented in other entities such as IAAO and Appraisal Institute. This will not be implemented this year, so we will continue to discuss.

Other Business: New COTA member, Arlen Siefreid, has been appointed. KAC conference is in October this year.

Meeting adjourned.

Oil & Gas Update

By Richard Batchellor, RMA ,
Kingman County Appraiser

The Oil & Gas committee met with Kenneth Hitt of Capital Appraisal Group via telephone on September 4th to discuss the results of the critique performed by his firm and to get clarification on several items. One point the critique revealed was basically on economic life for oil leases throughout the state isn't going to achieve an adequate appraised value. There are several formations with proven economic lives in excess of 10 years, and that have been in production in excess of 34 years.

Another point discussed is recommending the requirement of actual income to be utilized when actual excess expenses are requested by the producer. This generally accepted appraisal methodology is utilized with all other investment-type properties and just makes good appraisal sense to incorporate into the guide.

Verbiage at the beginning of the guide allowing alternative methodology to be used when the guide may not reasonably reflect the situation to the lease was again requested. This change will be particularly important when doing horizontal leases.

Finally, consideration should be given to royalty owners as there is an increasing disparity between working and royalty interests. Royalty owners, according to the report, are being treated unfairly, and ways to equalize that situation were discussed.

The Oil and Gas Guide meeting being held on October 2nd in Garden City should reveal numerous recommendations which the guide and the association hopes will be considered.

KCAA @ KAC Conference Agenda (tentative)

Tuesday, October 29, 2013

- PVD Sessions*: 12:30 p.m.–2 p.m.
3 p.m. – 4:30 p.m. (repeated)
- (See *Property Valuation in Kansas*, p. 7)

Wednesday, October 30, 2013

- 1 p.m.– 2 p.m. KCAA Business Meeting
- Financial Report
 - Treasurer's Report
 - Audit Report
 - Legislative Report
 - Installation of Officers
 - 2013 Budget
 - Committee Appointments
 - 2 p.m. – 2:30 p.m. Break
 - 2:30 p.m. – 3 p.m. Speaker TBA



KAC 38th Annual Meeting
October 29–31, 2013
Wichita, Kansas



The Director's Update...

By David Harper, RMA, Director, Property Valuation Division

Here is a summary of the most frequently asked questions about the scope of work document.

In August of this year PVD offered six workshops on procedural compliance guidelines and the scope of work document. In total, 152 individuals from county appraisers' offices attended the workshops. From these workshops we received a number of questions concerning the scope of work. Below is a summary of the most frequently asked questions; I hope the responses may help in clarifying the purpose and procedures for the scope of work document for Kansas county appraisers.

Q What is the purpose for requiring a scope of work document?

A The scope of work document is a project planning and reporting tool which, when completed fully and accurately, should enable the appraiser to meet the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for mass appraisal development for ad valorem tax purposes in Kansas. It is intended also to assist the county appraiser in reviewing past appraisal results and in developing a plan for the upcoming appraisal cycle in compliance with Kansas law and regulation as well as provide details of the process to users of the appraisal reports.

Q Why the sudden emphasis on USPAP from PVD?

A The USPAP requirement is longstanding. State law requiring the county appraiser to comply with USPAP (K.S.A. 79-506) has been in place since 1992. Appraisal directive #92-006 stating the county appraiser shall perform all appraisal functions in conformity with USPAP was enacted in November 1992 by then-PVD Director David Cunningham.

Q Does a county now have to complete a scope of work and a

maintenance plan?

A No, the scope of work document replaces the maintenance plan.

Q For what year does the current scope of work apply?

A Appraisals as of the January 1, 2015, valuation date.

Q Which sections of the document are due in October and which are added and submitted with the final document in March of 2015?

A In the sample document PVD provided as part of the workshops, pages 1–19 would be completed and submitted in October, at the beginning of the planning phase. References to added exhibits, corrections and addendums would be included when submitting the final document.

Q How can an appraiser include an exhibit if it has yet to be created?

A In the scope of work document created during the planning phase, only reference to the exhibit, work file or document name which will be developed is recommended.

Q What ratio study performance measures should be used for the preliminary testing?

A This is the choice of the appraiser. The most current official ratio study PVD will have available will be the mid-year report. It may prove most useful for a county to develop its own ratio study to allow for stratification by neighborhood, specific valuation models, property types, characteristics, market area, etc.

Q The scope of work example provided by PVD does not address

in detail personal property appraisals—should discussion of personal property the appraiser deems relevant be included in the scope of work?

A Yes, discussion of personal property would be included in the same document. The scope of work should include discussion of the work the appraiser performs to develop credible results for real and personal property. The scope of work should meet or exceed the expectations of those who are regularly intended users for similar appraisals and meet or exceed what an appraiser's peers would provide.

Q How closely should the county scope of work follow the template provided by PVD?

A The scope of work is the product of the county appraiser. It is the appraiser's responsibility to determine and perform the appropriate scope of work. The template was provided as a guide to highlight key elements which we believe should be included in a USPAP compliant scope of work for Kansas county appraisers. It is based upon a template developed by IAAO for mass appraisers. The 2012–2013 USPAP Edition states, "Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal...."

However, it must contain sufficient detail to allow intended users to understand the research and analysis performed. It is our hope the template proved to be a useful tool for the county appraisers in developing the scope of work applicable for their jurisdiction.

PVD plans to continue offering the compliance workshops annually. We hope many of the questions which have surfaced and recommendations for fine-tuning of the procedure will be shared with us at the future sessions.



Greg McHenry, AAS, and wife Tawny at the IAAO President's dinner.

IAAO Annual Conference 2013

By Greg McHenry, AAS, RMA
Riley County Appraiser

The IAAO Conference in Grand Rapids, Mich., was the fifth that I've attended. Each one has been different and they've all been very worthwhile. The folks from Michigan and Grand Rapids were great hosts, and the hotel and conference center were good also.

There were three highlights to the conference for me. The first was provided by our opening speaker, Steven Ford, actor and son of former U.S. President Gerald Ford. His presentation included many photos and stories of life as the President's son. It also included personal insights of Gerald and Betty Ford. I gained a greater appreciation for the leadership President Ford humbly displayed during tough times in our nation's history, trying to do what he felt was best even at the expense of his political future. Current politicians should take note.

The second highlight of the conference for me was the opportunity to attend some very good workshops. One of the sessions I attended, Social Media 101, gave me some ideas for practical applications that assessors can use social media for. I'm not a Facebooker, but after attending this workshop I've realized it's probably time I accept reality and implement some sort of social media applications for my office.

A workshop titled "Managing a Successful Appeals Process" proved to

Kansans Recognized at IAAO Conference

Congratulations to Allen Todd, RES, from Riley County and Stephen Throckmorton, RES, from Sedgwick County for having the opportunity to be recognized by their peers for receiving their designation. Both were present at the IAAO Annual Awards Breakfast and walked across the stage to receive their designation certificate from IAAO President Rob Turner. (See photo of Allen and Steve on page 1.)

Congrats also to Rick Stuart, CAE, who received the Verne W. Pottorff, CAE Award. This award was named in honor of the late Verne W. Pottorff, CAE, former Executive Board member, and is presented to the IAAO Professional Designee who has most effectively promoted the interests and mission of the IAAO Professional Designation Program. Rick was also recognized by IAAO President Rob Turner with a Presidential Citation for "outstanding service and dedication to the International Association of Assessing Officers." (See photo of Rick on page 1.)

Kansas tied for second for the Virginia Cup, which recognizes "the state with the most members receiving an IAAO Professional Designation since the previous Annual Conference is awarded the Virginia Cup." Kansas won this prestigious award in 2012, was part of a three-way tie in 2007 and tied for the Cup in 2003. Seems like 2014 would be a good year to win again!

"[A]fter attending this workshop I've realized it's probably time I accept reality and implement some sort of social media applications for my office."

be very timely and valuable. Seems like our COTA caseload continually grows and never goes away!

Kevin Ternes, CAE, gave an entertaining and informative presentation about "Property Taxes in the North Dakota Oil Boom." I also appreciated the "How to Successfully Lobby for Assessment Law Changes" workshop. I could have used that information during last spring's legislature. It looks like I'll need it next spring too...Those are a few of the many great workshops that were available this year.

The third conference highlight for me was the awards banquet. It's always neat to see good people from our profession awarded for their accomplishments and achievements, especially those from Kansas. I took great pride in seeing one of my co-workers, Allen Todd, receive his RES designation. Once again Kansas was in the running for the Virginia Cup, which is awarded annually to the state having the most IAAO designations. We finished in second place, one designation below the winning state. It was great to also see Rick Stuart, CAE, recognized as

the Designee of the Year. With his many IAAO awards, Rick may need to consider enlarging the trophy case...

This year's conference proved to once again be a valuable and worthwhile experience. I'm looking forward to next year's conference in Sacramento!



Erik Preston, AAS

Erik Preston, AAS, received the Assessment Administration Specialist designation in May 2013. Preston serves as a commercial appraiser

III for the Sedgwick County Appraiser's Office in Wichita, Kan. He has held that position for nine years. Preston is a member of the South Central Kansas Regional Chapter of IAAO. Preston is a registered mass appraiser (RMA) in the state of Kansas. He has 11-year-old twins—a boy and a girl. Preston loves to paint in his free time. He joined IAAO in 2006.

—Reprinted with permission from IAAO and Chris Bennett

The Benefits I Received From Attending the 2013 IAAO Conference in Grand Rapids

By Della Rowley, RMA , Geary County

Due to the scholarship that I received from IAAO and one from KCAA Grant in Aid, I was able to attend the 2013 IAAO Conference in Grand Rapids, Mich. It was a great conference and I appreciate the opportunity to attend. Thank you to the IAAO Scholarship Committee and KCAA for giving me the scholarship. Yes, I am on the IAAO Scholarship Committee, but I did not take part in the acceptance of my scholarship. The Committee did receive almost 20 requests this year and we granted almost all of them.

For the most part, I followed the Management and Personal Development track during the conference. These sessions enabled me to address areas that need improvement. Some areas I found I was doing well in, and other areas I hadn't thought about approaching in the way they were presented. I can take the information that I received from these sessions and apply it to my everyday work.

I was reminded in "The FISH Philosophy in the Assessment Bowl"

I can take the information that I received from these sessions and apply it to my everyday work.

that you can have fun in the workplace. Starting in a new jurisdiction, I will implement a practice from my prior workplace of having a stuffed fish and a frog in order to help keep fun and communication between staff and myself. Our jobs are sometimes hectic, but having fun and smiling should be part of our environment.

In "5 Tips for Managing Your Career and Performance," I learned that using talents and drawing those talents from ourselves as well as our employees makes for a more efficient atmosphere in your office. When people have a good feeling about themselves and the people they work with, they get more work done. Happy people produce a better quality of work.

In the other sessions I learned about how to communicate in the electronic age by making sure that I proofread myself as well as having others do it for me. Making sure that

you proofread emails and text messages is also important. I also enjoyed hearing how other jurisdictions work to bring out the best and brightest in their current employees by working with the positive and not the negative side of their natures.

All in all, the conference education was a win/win situation for me. Not only did I learn, but I also realized that some of what I already do is the correct way, a confidence booster of sorts.

The networking with others started on the shuttle ride from the airport to the hotel. As one of my fellow passengers stated, "If this is all I get from the conference, it was money and time well spent." That wasn't even the beginning of the conference, just a ride and a discussion! I came home with contacts and many conversations with vendors and fellow appraiser/assessors that will be of value to me in the next year as well as years to come.

Craziness in the Oil Fields

By Rick Stuart, CAE

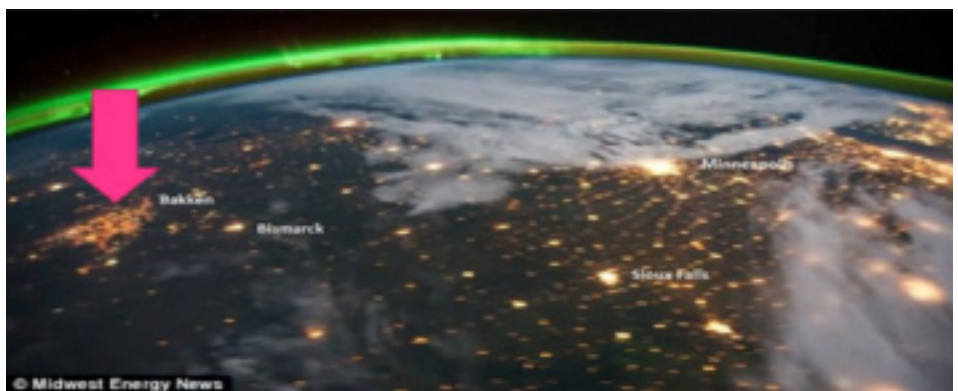
The title of the presentation by Shawna Gooch-Egge was really "Crew Housing," but I think mine really says it all. Shawna is the equalization director at Williams County in Williston, ND. Her jurisdiction is in the middle of The Bakken oil field, and things have been nuts for the last two to three years.

The Google image on the right really says it all. Google contacted the county to see if there was some new large city developed recently in the area. What is shown is all the natural gas burn-off at the well heads. This is truly an amazing image.

Shawn also showed the next image and it relates to the house across the alley from hers.

So, how many guys can you fit in a two bedroom bungalow? The answer is 12.

Shawna was kind enough to send



me her PowerPoint presentation. Although not having the discussion that accompanies it gives it less impact, I think you will be staggered by what you see.

You can view the PowerPoint presentation on the KCAA website at <http://www.kscAA.net/links/>.

How many guys can you fit in a 2 bedroom bungalow???





IAAO Member News

IAAO Member News
Thanks to all of you
for your support of the
IAAO. What a great number of names!

40-year Member

Michael Goodwin, CAE, Goodwin & Associates, Topeka

20-year Member:

Jeanie Gee-Fraser, RMA, Kearny County; and Della Rowley, RMA, Geary County

15-year Member:

Claire Chase, Centurylink Communications

5-year Member:

Stacy Berry, RMA, Osage County; and Allen Todd, RES, Riley County

To learn more about membership in IAAO, see <http://www.iaao.org/membership/>

KCAA @ KAC Conference

Tues., Oct. 29, 2013, PVD Session: Property Valuation in Kansas... Trends, Policy & Ratios

With the assessed value of real and personal property in Kansas nearing \$31 billion, property valuation remains a vital cog in the property tax equation. The appraisal of all real estate and personal property in Kansas is the product of an on-going process involving both counties and state. In this session, the Division of Property Valuation (PVD) will share data on valuation trends and the compliance study procedures and results for the appraisal process in Kansas. Discussion of the valuation of land devoted to agricultural use, recent changes in the law governing the assessment of watercraft and commercial vehicles and other current topics relevant to the appraisal of property in Kansas will be included. See *KCAA @ KAC agenda on page 3*.

Another Model Variable

By Elizabeth Daigneau, www.governing.com, July 2012

Submitted by Steve Miles, RMA, Douglas County

Not all green spaces are green," says Michael C. Farmer, an associate professor of agricultural and applied economics at Texas Tech University. It's his way of saying that not all green spaces are created equal. But figuring out what makes one space greener than another can be difficult because "land use decisions operate under short timelines and modest budgets."

Four years ago, Farmer and his Texas Tech colleagues Mark C. Wallace and Michael Shiroya began looking for a way to differentiate between green spaces, a tool that would enable officials to easily pinpoint which landscapes have richer ecosystems, or simply put, which green spaces are more green. So they started counting birds.

What the researchers found was that the number of birds on a given plot of land—and the number of diverse species—not only indicated eco-diversity, it also related to property values. In a survey published late last year, Farmer and his colleagues collected information on home sales in Lubbock, Texas, in 2008 and 2009, and then conducted bird counts near the recently sold properties. The presence of "less ubiquitous" species, such as blue jays, mourning doves and western kingbirds, correlated with higher home prices. Just a single additional species could add about \$32,000 to a home's value.

The study also showed that a more diverse avian population meant a more diverse tree canopy. Think of the children's song, "Head, Shoulders, Knees and Toes," Farmer says. "If you have all those height variations, you have more diversity."

While the findings may not surprise ecologists—who have long found that a varied, layered landscape encourages diversity in urban wildlife—the "deliberately simple and inexpensive tool" designed by Farmer, Wallace and Shiroya might. "If the ecologist, economist and planner



seek ecological economic outcomes, [then] the analysis here points to ... where landscape design contributes to ecological outcomes and to economic development," the three wrote in the study. In other words, the tool identifies "even stronger gains to housing values, environmental footprint and urban wildlife that might otherwise go unnoticed in a quick-paced development cycle."

For practical purposes, "this variable gives a little more heft to urban ecologists' observations," says Farmer. Planners consult urban ecologists all the time. If planners want to know what the value of a creek is to a new development, for example, "urban ecologists can go out there over the course of a few weeks and get a good sense," he says.

The value of the variable goes beyond home values and economic development. Yes, higher home values mean higher property tax revenues and even sales taxes, but bird diversity and diverse tree canopies are also valuable to public green spaces, such as local parks. The tool suggests a new way to think about building and managing urban parks, and could even be useful to landscape architects and forest ecologists. "If you create a park that isn't worth anything, you just add expense," Farmer says. "If you do it right, you add more value."

Ultimately, the model has the potential to help economists, planners and ecologists build better urban neighborhoods, ones that "pollute less and increase healthy lifestyles," Farmer says.

Welcome New County Appraisers

We have some new county appraisers (see next page), and hopefully the information they provided will get us more familiar with them. Please make sure and welcome them to the easy, hassle-free, no politics, taxpayer-happy position of county appraiser. This issue we introduce Ryan Michaelis, RMA; Greg Wellbrock, RMA; and Debra Studbaker, RMA. More new county appraisers will be spotlighted in the January 2014 issue.



**Debra Studbaker,
RMA
Butler County**

Why and how did you get started in the appraisal profession?

I started working for the Butler County Appraiser's office in December of 1995. Prior to working for the county, I worked at a bank and was seeking better benefits. I was about to be married and a friend of my fiancé was Clark Allemang's secretary; she told me a position was opening at the county. When I started in the office, I worked as a mapping clerk in the morning and a data entry clerk in the afternoon.

What did you want or intend to be when you grew up?

Like many young people, it changed depending on what I was into at that moment.

If you could change one thing associated with appraisal, what would it be?

A completely automated way to value watercraft now that they will only be assessed at 5% of market value in 2015. It seems like a lot of work for very little value.

What person(s) has had the most effect upon your personal and professional life?

I have met so many great people in the time that I have been in this profession that it is difficult to narrow it down to just one.

What personal and/or professional goals do you have for yourself?

I would like to continue my education.

What are your hobbies or ways you like to spend your spare time? (Okay, pretend you have spare time!)

Most of my spare time is spent with my family. I have two boys, one is in fourth grade and the oldest is a freshman in high school this year. Depending on the season, I can usually be seen cheering them on at a motocross race or running them around to or from basketball practice and games.



**Ryan Michaelis, RMA,
Waubesa County**

Why and how did you get started in the appraisal profession?

My wife made me go get a job. Started out as data collector and worked my way up.

What did you want or intend to be when you grew up?

Rancher, cattle is my first love.

If you could change one thing associated with appraisal, what would it be?

I would like to see the inside of more places, but thanks to Anna, she has taught me how to do that.

What person(s) has had the most effect upon your personal and professional life?

After the first answer, I better say my wife, Tonia. She is a true professional herself.

What personal and/or professional goals do you have for yourself?

I always try to be fair and treat every person that comes into the office the same.

What are your hobbies or ways you like to spend your spare time? (Okay, pretend you have spare time!)

I like watching my two daughters in their many activities; we show cattle as a family, and an occasional round of golf.



**Greg Wellbrock,
RMA
Grant, Haskell,
Morton, Stanton,
and Stevens
Counties**

Why and how did you get started in the appraisal profession?

In 1989 I was hired by CLT to work in Ellis County digitizing soils and ag use.

What did you want or intend to be when you grew up?

I didn't have a certain profession in mind growing up. I knew I didn't want to be confined to an office and liked how the appraisal business allowed for many different working environments.

If you could change one thing associated with appraisal, what would it be?

I leave changes associated to the appraisal business up to the boards and politicians.

What person(s) has had the most effect upon your personal and professional life?

I have been lucky to have many great mentors though out my life, naming just one would be very difficult.

What personal and/or professional goals do you have for yourself?

My personal and professional goals center around attempting to keep work and family needs in perspective.

What are your hobbies or ways you like to spend your spare time? (Okay, pretend you have spare time!)

My hobbies are golf, traveling, camping, ATV trail riding, and mountain biking.

Editor's Note: Based upon the number of counties, not sure there was a reason to ask this question about spare time!!

Kansas County Appraisers 2013–2017

(as of Sept. 18, 2013)

Red = No current appointment Blue = New appraiser

Allen	Sandra Drake	Greeley	Tom Scott	Osage	Stacy Berry
Anderson	Marion Johnson	Greenwood	Jamie Clark	Osborne	Charles Latham
Atchison		Hamilton	Thomas Scott	Ottawa	Truette McQueen
Barber	Karen Spencer	Harper	Lori Reedy	Pawnee	Carl Miller
Barton	Barbara Konrade	Harvey	Craig Clough	Phillips	Alan Hale
Bourbon	Judith Wallis	Haskell	Greg Wellbrock	Pottawatomie	Lois Schlegel
Brown	Paula Jones	Hodgeman		Pratt	D. J. McMurry
Butler	Debra Studebaker	Jackson	Larry Reynolds	Rawlins	Terry Ballard
Chase	Vicki Waggy	Jefferson	Tanya Erichsen	Reno	Michael Brooks
Chautauqua	Jeremy McCully	Jewell	Charles Latham	Republic	Barry Porter
Cherokee		Johnson	Paul Welcome	Rice	Gayla Godfrey
Cheyenne	Bruce Webb	Kearny	Thomas Scott	Riley	Greg McHenry
Clark	Sherry Pike	Kingman	Richard Batchellor	Rooks	Jolene Karlin
Clay	Stephen McAnally	Kiowa	D. J. McMurry	Rush	
Cloud	Barry Porter	Labette	DeLinda White	Russell	Kenton Lyon
Coffey	Connie Lawrence	Lane	John Reeder	Saline	
Comanche	Leon Reimer	Leavenworth	Robert Weber	Scott	John Reeder
Cowley	Lance Leis	Lincoln	Rhonda Wright	Sedgwick	Michael Borchard
Crawford	Mike Montgomery	Linn	Steve Thompson	Seward	Angela Eichman
Decatur	Alan Hale	Logan	Randall Sangster	Shawnee	Mark Hixon
Dickinson	Bruce Wright	Lyon	Gary Stapp	Sheridan	David Stithem
Doniphan	Marion Johnson	Marion		Sherman	Shirley Soellner
Douglas	Steven Miles	Marshall	Janet Duever	Smith	Kathy Hansen
Edwards	Cindy Craft	McPherson	Dianna Carter	Stafford	Carl Miller
Elk	Jeremy McCully	Meade	Leon Reimer	Stanton	Greg Wellbrock
Ellis	Dean Denning	Miami	Stephanie O'Dell	Stevens	
Ellsworth	Carl Miller	Mitchell	Melinda Latham	Sumner	Cindy Magill
Finney	Maria Castillo	Montgomery		Thomas	Bruce Webb
Ford	Patricia Israel	Morris	Heather Finney	Trego	John Reeder
Franklin	Phillip Dudley	Morton	Greg Wellbrock	Wabaunsee	Ryan Michaelis
Gearly	Della Rowley	Nemaha	Elizabeth (Betty)	Wallace	Shirley Soellner
Gove	David Stithem	Roeder		Washington	Francine Crome
Graham	Mark Neihaus	Neosho	David Thornton	Wichita	Randall R. Sangster
Grant	Greg Wellbrock	Ness	Ray Cook	Wilson	Mark Low
Gray	Jerry Denney	Norton	Alan Hale	Woodson	Jerry Mentzer



Handling Disasters

By Della Rowley, RMA
Geary County

NCRAAO was held in Fargo, ND, this year, and one of the sessions I attended was the "Natural Disaster Roundtable." The panel was comprised of Kevin Ternes, CAE, assessor of Minot, ND; Harvey Kistler, deputy director of Equalization, Pennington Co., SD; and David Doolan, Providence of Winnipeg, Canada. The main topic was flooding and how it impacted their local real estate markets.

Kevin spoke about how it flooded in Minot and the river runs right through the middle of town. The water was up to five to six feet deep at times and destroyed property. After the water receded, he went in and they established percentages of how much the property value decreased based upon the damage. He stated they also then removed any out-buildings and/or attachments to the buildings that were gone or no valued at that point.

FEMA came in and bought out some of the property, but some owners chose to stay in the flood zoned area. They rebuilt and then the properties were valued. Houses were selling for a lot even if they had flood damage because of the oil and gas boom in the area. When asked if this might have had an impact on the market, Kevin said yes, he thought it did.

David spoke about a different type of flood in an area where the lake is like a bowl with a low basin and the water was rising and "cottages," as he called them, were damaged and or washed away. Even after the initial flooding, the water continued to rise and more damage occurred because of the low-

Well, Fellow Appraisers

By Jami L. Clark, RMA, Greenwood County Appraiser

Well, fellow appraisers, I am one of three NCRAAO Directors for Kansas. I have been attending NCRAAO Conferences for the last three years. My first one was in Minnesota, where my husband, Robert, and I attended and stayed across from the Great Mall. What's not to like about that! Well, the following year it was in Kansas and that was fun. After all, it is Kansas—how could it not be fun? Then the following year was in Kansas City, Mo. That conference, Kansas was greatly represented.

Throughout the last few years, I have gained some very special friendships with other assessors, as they call themselves. The education sessions at these conferences are very interesting. I have attended many good topics throughout the regions. For example, on the oil boom in South Dakota and how a McDonalds has to pay \$16/hour to get help—and it could take an hour in the drive-through to get your meal deal. Housing is a problem also. Supply and demand plays a role there.

I have seen many assessors having to run for office and hoping they can win the election. One thing about that, they have a bigger pool than Kansas, we hope for three or five) commissioners to elect us.

In June we went to Fargo, North Dakota, and that is a very pretty place

lying area and wind. They did similar to what Kevin and his staff did, putting percentages on structures until they were replaced and/or repaired. Because of the bowl shape of the lake, some of the newer "cottages" currently on the shore line now own property under water. When the water recedes, as expected, there will be owned land between the current dwellings and the shore line. David said this will be interesting to see what property values are affected for those dwellings when there is no way to reach the water without going across someone else's property.

Harvey spoke about a different type of flooding, flash flooding in 1972

to visit. The conference attendance was very good. The banquet was fun and entertainment was good. I took Robert to the river that separates Minnesota and North Dakota. The river runs north, which is very unusual. Downtown Fargo is an old town and they have really worked to fix it up. Fargo is a college town so there is a lot of night life.

I attended several educational breakout sessions, and the one they asked me to talk about is the "Technology in Assessing" with speaker Mel Obbink. This was interesting, especially to see all the states/counties that have tablets for data collection and field work. Greenwood County is in the Dark Ages, and I can only wish. Also, "Communication Skills, Coaching, and Counseling for Managers" with speaker Mary Beth Burns. I enjoyed this session, for we had hands-on problems and how to handle them, with most of the problems that we face in our everyday life as managers.

I would encourage all of you to attend the next NCRAAO in Deadwood, South Dakota, next June. What a place to attend a conference. I am sure there will be several educational sessions, something for everyone. I hope I have not bored you, but I do enjoy being your Kansas director for NCRAAO.

in an area that typically does not have flooding: Rapid City, SD. Rain had fallen in the mountains, but then came in fast and killed 238 people. It was determined that some of the area that flooded wouldn't be rebuilt on and is now a golf course and park area. Some of the area was rebuilt on because as Harvey said, "People have short-term memory and just want to live near water".

All three panelists agreed that people just want to live by water and are willing to take the risk of floods. They figure they will deal with flooding issues when they happen and in the meantime pay for the privilege of living close to water!

Oil Notes of Interest

By Rick Stuart, CAE

■ Ryan Tracy, *The Wall Street Journal*, June 21, 2013. The EPA has dropped an on-going investigation of groundwater contamination in Wyoming that was reportedly caused by chemicals from fracking.

■ Charles Taylor, www.naco.org, July 1, 2013. The fracking issues are not just confined to the states where large pools of oil and gas exist. The article referenced below, 'Frac sand' mining sparks debate in upper-Midwest counties," is about mining the sand to be used in the fracking process. <http://bit.ly/GzvCHz>

■ Russell Gold, *The Wall Street Journal*, Aug. 14, 2013. "Antero Resources Inc., an energy company backed by New York private-equity firms, plans to spend more than half a billion dollars on a pipeline. But the 80 miles of pipe won't transport oil or gas: They will carry water from the Ohio River to fracking sites in West Virginia and Ohio."

The water will be used in the Marcellus Shale area. Other information mentioned in the article is:

- Average amount of water used to hydraulically fracture a single well is 4.2 to 5 million gallons

- 4.2 million gallons is enough water for a town of 42,000 people for one day

- Number of wells drilled in 2005 through July 2013 equals 8,700

- Water used is 90% freshwater and 10% recovered

■ Tom Fowler, *The Wall Street Journal*, Aug. 27, 2013. "So much oil and water is being removed from South Texas' Eagle Red Shale that the activity has probably led to a recent wave of small earthquakes, according to a study that appears in the online edition of the journal *Earth and Planetary Science Letters*. The authors suggest that taking oil and water out of the ground allows surrounding rock and sand to settle, triggering small tremors that are typically too weak to be noticed on the surface."



Beer Can House

Submitted by Lisa Ree, RMA
Ellis County

If you were prone to not throwing anything away and you drank a 6-pack of beer a day, what would you do with all those empty beer cans? Keep them, of course, so you could cut them open, flatten them and use the pieces as siding for your house.

That's what John Milkovisch decided to do in the 1970s to his bungalow home in Houston. Different pieces of cans were used as garlands, wind chimes and part of fencing and sidewalks. The original owners of the home are deceased, but the home is being preserved as folk art by Orange Show Center for Visionary Art and is open to the public. For the complete story and more pictures visit: <http://homes.yahoo.com/news/beer-beer-houston-home-morphs-145824020.html>



KCAA Education

Valuation of Barndominiums

Authors: Marion Johnson, CAE & Rick Stuart, CAE
Nov. 26, 2013, Wichita • Dec. 6, 2013, Manhattan



The KCAA will be offering a one-day "Valuation of Barndominiums" class (tested-PVD approval is pending) on 11/26 in Wichita and 12/06 in Manhattan. The class description is below. You can register online at: <http://www.kscas.net/education/online-education-registration/>

The course fee is \$100. The minimum number of students for each offering will be 10. Based on a recent survey, there should be no problem with both classes being held. Deadline for registration is 7 days prior to class date. Thanks and let me know if you have any questions!
Cindy Brenner, kcaa@sbcglobal.net.

Valuation of Bardominiums:

Purpose of this workshop is to provide some guidance and suggestions on the process of analysis and valuation of metal buildings converted to living areas. What we call Barndominiums. These are structures that appear to be metal clad farm buildings but part or all the structure has been finished on the interior and used as living area. Some are used as temporary living area while the owners construct a new stick-built home, while others are built as a permanent residence. The framing can be pole or steel.

The Evolution Continues for the Old Wichita Mall

By Todd Reynolds, AAS, Education Coordinator, Sedgwick County Appraiser's Office

Many of you have traveled to Wichita to take appraisal courses in the building that currently houses the Sedgwick County Appraiser's Office. The location, formerly known as Office This, has been a landmark in the city through its many incarnations for over sixty years. It's also become a significant part of the city's history.

To many of the area's Baby Boomers, the location at 3833 East Harry Street was known as the amusement park Kiddieland. What started off as a driving range with miniature golf in 1946 expanded to include a skating rink, swimming pool, and amusement rides the following year. The park known for its beloved "Comet" roller coaster continued to operate until the early 70s.

In August of 1965, developer Melvin Simon and Associates from Indianapolis proposed plans to construct what would become Wichita's largest shopping mall. In June of 1968, construction for the Wichita Mall began on the 29-acre site. The mall's anchor, Montgomery Ward, vacated its downtown store to move into the Wichita Mall the following year. After holding grand openings for more than 30 new stores at its launch, the mall also added the 800-seat Mall Cinema in March of 1970.

The mall initially played a key role in the city's economy development; however, it would later serve as a backdrop for one of the nation's nightmares. On the night of December 8, 1977, 25-year-old Nancy Fox closed the Helzberg jewelry store in the Wichita Mall and headed home. It would be the last time she was seen alive. Years later Dennis Rader, better known as the serial killer "BTK," confessed to sizing up Fox at the mall days before he killed her in her home. The tragedy would serve as omen to the mall's impending decline.

Commerce at the Wichita Mall tapered in the early 80s due largely to the development of an even larger shopping mall located only minutes away.

Throughout the 80s and 90s the Wichita Mall's revolving door of tenants failed to sustain the struggling establishment. The coup de grâce came in March of 2001 when the mall's anchor since its inception, Montgomery Ward, went out of business.

Towne East Square became the city's premiere shopping center shortly after its completion in 1975. In addition to being anchored by an 182,000-square foot Dillard's department store at the north end, it was also bolstered by a 200,000-square foot Sears department store at the south end.

Throughout the 80s and 90s the Wichita Mall's revolving door of tenants failed to sustain the struggling establishment. The coup de grâce came in March of 2001 when the mall's anchor since its inception, Montgomery Ward, went out of business. When OfficeMax left three months later, the 360,000-square foot mall lay virtually desolate. Of the eight remaining busi-

ness, only three were pure retailers.

In August of the following year, Simon Properties sold the Wichita Mall to local investor Max Cole for approximately \$1 million. The Wichita native initially planned to turn the mall inside out by giving each store a parking lot entrance. In the summer of 2003 Cole signed his first tenant, Big Lots. The closeout discount chain took up residence in the 31,000 square feet located at the east end of the property. Over the next couple of years, several other retailers would join.

In 2005 the mall was taken in a different direction as its owner decided to appeal to the area's self-employed professionals. The mall, renamed



Renovations have begun to transform the former mall once again.

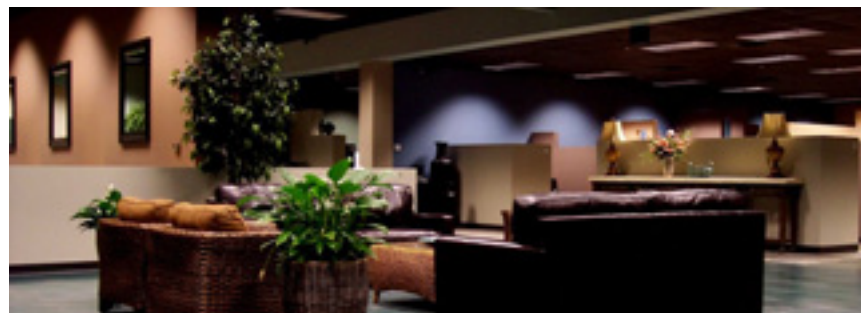
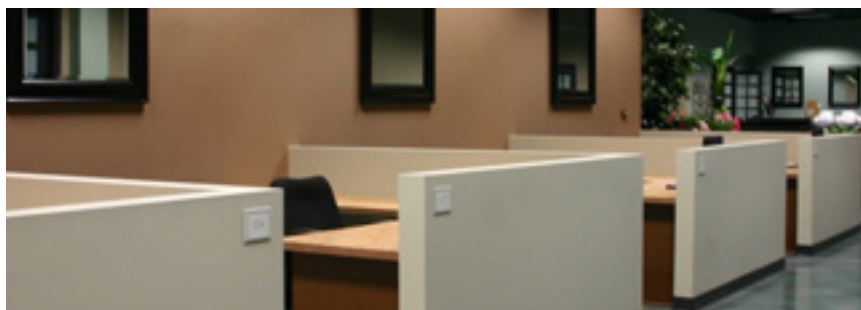
Wichital Mall, cont.

Office This, shifted its focus from retail to leasable office and training space. There are three photos that show what the interior was converted to. In the summer of 2009, the Sedgwick County Appraiser’s Office relocated their Market St. office into the property, bringing its occupancy up to 75%. Over the next year, several other county departments would follow suit.

It was announced this past spring, that the building would no longer operate as “Office This.” Over the past several months, major renovations, as shown by some photos, have taken place to accommodate new tenants. The most notable of the new occupants is Starwood Hotels & Resorts. The hotel giant will utilize the space for its largest call center in the country.

As it currently waits to be renamed, the site which began as a sports center continues to evolve with the city of Wichita. The former economic cornerstone will undoubtedly continue its service to the community for years to come.

Above right: In 2005, under the new name Office, the mall was transformed into office and training space.



In the summer of 2009, the Sedgwick County Appraiser’s Office relocated their Market St. office into the property, bringing its occupancy up to 75%. Over the next year, several other county departments would follow suit.

New occupants will include Starwood Hotels & Resorts call center.

BTK Murder-Scene House Sells at Auction for \$35,000

By Tim Potter, *The Wichita Eagle*, Aug. 28, 2013. Reprinted with permission

The Park City house where BTK serial killer Dennis Rader strangled his neighbor in 1985 has sold at auction for \$35,000. The 960-square-foot house, in the 6200 block of North Independence, sold at an auction Tuesday night attended by 25 to 30 people, auctioneer Jack Newcom said Wednesday. The high bid of \$35,000 is a little over half of the tax appraisal value. The ranch-style house, built in 1954, has a Sedgwick County property tax appraisal value of \$59,400.

Newcom said the house sold for about what he expected. The buyer will also pay a buyer's premium of \$3,500, in addition to the \$35,000 bid, for a total of \$38,500, he said. Newcom said he couldn't provide information about the buyer and didn't ask about the buyer's plans for the property.

Recent *Eagle* advertisements about the auction noted that the home is linked to a murder committed in 1985 by the serial killer known as BTK, initials that stood for bind, torture and kill. Rader sneaked into the home of Marine Hedge, his 53-year-old neighbor just down the street, and strangled her, he told a judge after his capture in 2005.

Rader's house sold at an auction in 2005 that was held around the time he pleaded guilty to 10 murders from 1974 to 1991. His small home sold for \$90,000—\$33,000 more than the appraised value. But the sale fell through, and Park City bought the house from Rader's former wife for a little less than \$60,000. The money came from an anonymous donor. The city then demolished the killer's house to keep curiosity-seekers away.

The Saga Continues

A brief recap of this on-going appeal is shown below. In case you have not seen this, the entire decision can be found on the KCAA website under "Coffeyville Resources Appeal": <http://www.kscaa.net/cota-decisions/>

Not Designated For Publication
No. 107,705

In The Court of Appeals of The State
of Kansas

In The Matter of The Equalization
Appeal of Coffeyville Resources
Nitrogen

Fertilizers, L.L.C. For The Year Of
2008 In Montgomery, Kansas

Memorandum Opinion

Appeal from Court of Tax Appeals.
Opinion filed August 9, 2013. Affirmed
in part, reversed in part, and remanded
with directions.

I find this weird...

By Rick Stuart, CAE

Okay, this is weird! I am reading the Sunday, Honolulu Star-Advertiser and the article dateline is Atchison, Kan. It was written by Bill Draper, Associated Press, June 23, 2013. The article is about someone purchasing underground caverns close to Atchison and developing them into survival shelters. These are former Army-used caverns.

The Kansas caverns are 100 to 150 feet below the surface and have a constant natural temperature in the low 70's. They are supported by thick limestone pillars six times stronger than concrete and will have blast doors built to withstand a one-megaton nuclear explosion as close as 10 miles away. The shelter will have enough space for more than 1,000 RV's and up to about 5,000 people. Members will be charged \$1,000 for every linear foot of their RV to purchase their space, plus \$1,500 per person for food. That means a person who plans to park a 30-foot vehicle in the shelter with four people inside will pay \$30,000 for the space and \$6,000 for the food.

According to an email I received from Jim Lampe, "the new owner has a contract to sell about 2/3 of the cave to Vivos Group. No money transferred at this time as far as I can tell. There is a second PRC, but it does not have the caves, jus the main gate to the property.

First sale, government auction for \$1,700,000 did not close, final sale on PRC.

Jim also forwarded a copy of the email from MO-KAN Underground on June 14, 2013, announcing the facility's sale to The Vivos Group. *See box right.*

Many of you that have taken tours of our underground facility have asked about our future plans.

The "West Cave" has a contract to sell and the agreement is with The Vivos Group. Here is a link that details their plans: <http://www.terravivos.com/secure/kansas.htm>

The remaining "East Cave" and above ground structures will continue to be owned by MO-KAN Underground. The remaining available square footage is around 500,000 usable square feet. To date we are in talks with several area companies and we expect to have our first tenants beginning on July 1, 2013. We have also opened up the underground for boat, RV and vehicle storage. The storage is operating under the name "Citadel Caverns." There is still plenty of room available at this time.

We also currently have 4 full-time maintenance personnel that are working to maintain the facilities and give it a "face-lift." Great things are happening!



Real Estate Notes of Interest

By Rick Stuart, CAE

■ Megan Hart, *The Topeka Capital Journal*, June 24, 2013. "Kansas home sales in May reached their highest levels since 2007 and climbed faster than the national average. Statewide, 3,727 housing units were sold in May, up 14.2 percent from 3,265 units in 2012, according to the Kansas Association of Realtors. Nationwide sales rose 12.9 percent. The median sales price statewide was \$156,000, up from \$144,850 in May 2012."

■ Jed Kolko, *truliablog*, June 25, 2013. **Editor's Note:** I do not remember ever seeing this type of article

where the urban values are rising faster than the suburbs.

"The suburbs may have faster population growth, but urban neighborhoods have faster home-price growth nationally and in 16 of the 20 Case-Shiller metros. Furthermore, home prices are climbing most steeply in high-rise neighborhoods and areas with large gay and lesbian populations." See *chart below*.

■ *Reuters*, June 21, 2013. "After decades of renting, companies with offices in the world's major cities are seeing more financial sense in buying

their own buildings, prompted by a mix of cheap debt, stockpiled cash and new accounting rules. There was a fivefold increase in the value of occupier deals in London last year versus 2011, a tenfold increase in New York and a sevenfold increase in Hong Kong, data produced for Reuters by the research company Real Capital Analytics (RCA) shows." <https://www.rcanalytics.com/article/1553/An-Escalating-Trend-Businesses-Choosing-To-Buy-Not-Rent-Their-Buildings.aspx>

■ Nick Lehnert, *www.customhomeonline.com*, June 10, 2013. This article is about the top 15 design trends for new homes. "From spa-like master baths to super-large kitchens and beautiful outdoor spaces, a range of consumer preferences is driving home design. My newly compiled list of lifestyle and design trends details what consumers want in a home now and in years to come." The one that caught my attention was #15 titled "Dogs." http://www.customhomeonline.com/architects/top-15-design-trends-in-single-family-living.aspx?utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=BBU_070113&day=2013-07-01

■ Jennifer Goodman, *www.builderonline.com*, June 27, 2013. "A versatile sleeping porch helps a Texas home connect with its site while it achieves high levels of energy and water efficiency." Just reading the above headline makes you wonder how successful that could be for a home in the San Antonio area. The article is an interesting read. http://www.builderonline.com/energy-efficientconstruction/texas-home-boasts-extreme-water-and-energy-savings.aspx?utm_source=newsletter&utm_content=jump&utm_medium=email&utm_campaign=BBU_070113&day=2013-07-01

■ *www.ccim.com*, June 28, 2013. "Commercial real estate remains a very attractive investment option for both domestic and inbound investors, due in large part to the continued low

U.S. Metro*	Urban home price change Y-o-Y	Suburban home price change Y-o-Y	Difference: urban minus suburban
Detroit	28.8%	22.0%	6.8%
Phoenix	27.2%	22.1%	5.1%
Miami	18.1%	13.1%	5.0%
New York	7.3%	2.7%	4.6%
Boston	10.1%	6.1%	4.0%
Las Vegas	33.8%	30.0%	3.8%
San Diego	20.8%	17.3%	3.5%
Los Angeles	20.6%	17.6%	3.0%
Cleveland	7.8%	5.0%	2.8%
Tampa	15.1%	12.4%	2.7%
Portland	15.7%	13.1%	2.5%
Chicago	8.8%	6.6%	2.2%
Atlanta	20.2%	18.1%	2.1%
Washington DC	7.7%	6.8%	0.9%
Denver	11.6%	11.1%	0.6%
Charlotte	9.5%	9.0%	0.5%
Seattle	12.8%	13.2%	-0.5%
Dallas	9.3%	11.2%	-2.0%
San Francisco	18.9%	21.4%	-2.5%
Minneapolis	9.1%	11.7%	-2.7%

Source: <http://trends.truliablog.com/2013/06/home-prices-rising-faster-in-cities/>

REAL ESTATE NOTES, continued

interest rates and lack of comparable alternative risk-adjusted investment options, according to PwC's 2Q13 Real Estate Investor Survey. Among the 34 markets highlighted, the combined overall capitalization rate fell to 6.91 percent in 2Q13, according to the report." <http://www.ccim.com/news-center/323082/2013/06/28/cap-rates-continue-decline>

■ John O'Neill, *www.hotelnewsnow.com*, July 1, 2013. Hotel values are expected to register a healthy 7.4% growth rate in 2014 following a 9.1% increase in 2013, according to the latest edition of the Penn State Index of U.S. Hotel Values. <http://www.hotelnewsnow.com/Article/10770/PSU-Index-Hotel-values-project-growth-in-2014>

■ Walter Molony, *www.nar.org*, June 27, 2013. "Pending home sales rose in May to the highest level since late 2006, implying a possible spark as mortgage interest rates began to rise, according to the National Association of Realtors®." <http://www.realtor.org/news-releases/2013/06/may-pending-home-sales-reach-highest-level-in-over-six-years>

■ Dawn Wotapka, *The Wall Street Journal*, July 3, 2013. "The average vacancy rate at U.S. retail property in the second quarter fell to its lowest level in more than three years to 10.5%, down from 10.6% in the first quarter, according to Reis, Inc."

■ Meghan Hoyer and Julie Schmidt, *USA Today*, July 9, 2013. "In April, institutional investors bought 10% of the houses sold in the nation's 100 busiest real estate markets, up from 5% the year before, says real estate tracker Radar Logic." The locations where the largest amount of purchases by investors are as follows.

Lakeland, FL	29%
Orlando-Kissimmee	19%
Las Vegas	22%
Charlotte	19%
Miami	22%

Tampa	18%
Memphis	20%
Bakersfield, CA	17%
Atlanta	19%
Phoenix	16%

■ *www.htrends.com*, July 10, 2013. "Jonathan Nehmer + Associates, Inc. (JN+A) and HVS Design have released the 2013 Hotel Cost Estimating Guide. The Guide is a comprehensive listing of capital expenditure construction and FF&E costs for hotel renovations. Now in its fifth year of existence, the 2013 Hotel Cost Estimating Guide evaluates costs in a variety of hotel tiers including Economy, Extended Stay, Midscale with Food & Beverage, Upscale, Upper Upscale, and Luxury. Within each tier, costs are separated into the categories of Guestrooms; Guest Bathrooms; Guestroom Corridors; Public Areas; Food & Beverage Outlets; Function Space; Recreational Facilities; and Infrastructure. The Hotel Cost Estimating Guide is available as a complimentary download." <http://www.htrends.com/researcharticle72627.html>

■ Dawn Wotapka, *The Wall Street Journal*, July 9, 2013. "Apartment landlords are continuing to raise rents, but there are signs the pace is slowing. Nationwide, landlords increased rents on average of 0.7% to \$1,062 in the second quarter, according to a report by Reis Inc."

■ *www.aia.org*, June 19, 2013. "The May ABI score was 52.9 and up dramatically from a mark of 48.6 in April. This score reflects an increase in demand for design services. The new projects inquiry index was 59.1, up slightly from the reading of 58.5 the previous month. As a leading economic indicator of construction activity, the ABI reflects the approximate nine to twelve month lag time between architecture billings and construction spending." <http://www.aia.org/press/releases/AIAB099230>

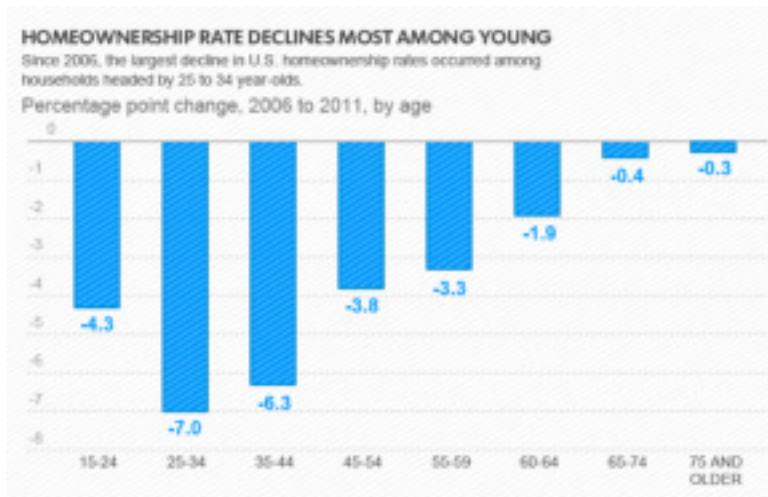
■ All state laws are different, but this hospital appraisal case in Indiana may be an interesting one to follow. See "Porter County assessor and hospital in court over appraisal" in the Chesterton

Tribune. http://www.chestertontribune.com/Porter%20County/porter_county_assessor_and_hospi.htm

■ *www.cnn.com*, July 24, 2013. "Although the housing recovery is just getting started, investors and homeowners alike can expect to see prices jump in the coming months, Richard Smith, the president and CEO of Realty Holdings, told CNBC. We are in the early stages," Smith said on "Squawk on the Street" on Wednesday. "This is a three-, four-, maybe even five-year correction process. ... We'll talk about stability when we get to that time frame. Prices are continuing to go up," he said. "Demand is outstripping supply, so pricing is reacting. You can listen to [the National Association of Realtors] that there's another 9 to 10 percent price increase between now and the end of the year."

■ Bill McBride, *www.calculatedriskblog.com*, July 24, 2013. "The Architecture Billings Index (ABI) remained positive again in June after the first decline in ten months in April. As a leading economic indicator of construction activity, the ABI reflects the approximate nine to twelve month lag time between architecture billings and construction spending. The American Institute of Architects (AIA) reported the June ABI score was 51.6, down from a mark of 52.9 in May. This score reflects an increase in demand for design services (any score above 50 indicates an increase in billings). The new projects inquiry index was 62.6, up sharply from the reading of 59.1 the previous month."

■ Randy Drummer, *www.coldstar.com*, July 24, 2013. "U.S. office occupancy growth and rental rates rose at a modest but steady pace during the second quarter of this year, while the national vacancy rate dipped closer to the 12% mark as new office construction remained at historically low levels in the first half of 2013." <http://www.costar.com/News/Article/UPSIDE-AHEAD-Office-Recovery-Accelerates-In-First-Half-Best-Yet-to-Come/150559?ref=100&iid=345&cid=7918A3A58F4CCADAD83D2484AB7C5D22>



Source: nwbd@bldr-media.com, July 20, 2013

■ Tim Mullaney, *USA Today*, July 25, 2013. "New home sales in June hit their highest level in more than five years, according to the Commerce Department. Sales rose 8.3%."

■ **Editor's Note:** This "National Tree Benefit Calculator" was provided to me by a student. I was not aware of the website and find it interesting. <http://www.treebenefits.com/calculator/>

■ Jeannette Neumann, *The Wall Street Journal*, July 31, 2013. "Two major Wall Street firms are in detailed discussions to create and sell the world's first bond, backed by home-rental payments, people familiar with the matter say." Blackstone Group LP is in the discussion phase with Deutsche Bank AG. Blackstone is the largest owner of single-family rental properties with around 32,000 and a total investment of \$5.3 billion.

■ www.appraisalinstitute.org, July 24, 2013. AI asks for 'Green' Revisions at White House Meeting. "During a July 18 meeting hosted by the White House and the U.S. Department of Housing and Urban Development, the Appraisal Institute asked that policy revisions be made to the Federal Housing Administration's lender guidelines as they relate to "green" and energy-efficient features. The meeting focused on appraisals and underwriting for green mortgages and the Appraisal Institute was invited by FHA Commissioner Carol Galante

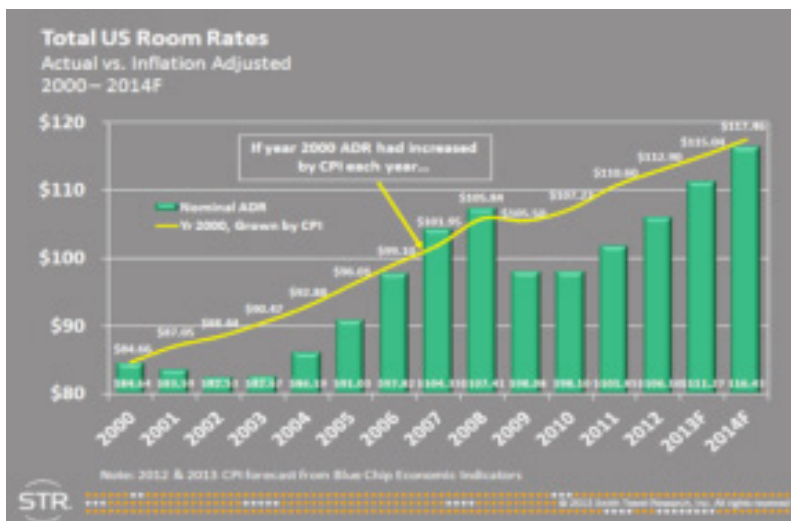
to discuss the connection between energy-efficiency and single-family housing finance. The Appraisal Institute was represented by President-Elect Ken P. Wilson, MAI, SRA, and Director of Government and External Relations, Bill Garber.

"AI told the meeting that some underwriters have asked appraisers to remove income approach adjustments for green or energy savings and to replace the information with comparable sales that do not exist in the market. AI expressed concern about how much authority underwriters have to question an appraiser's professional judgment when appraisals that include green or energy-efficiency adjustments are being reviewed, and recommended clarification on this important issue.

"Attendees generally agreed with AI's recommendations, and the FHA said it will review those and others related to lender participation in FHA energy-efficiency mortgage and rehabilitation loan programs that are a part of President Obama's Climate Change Initiative." <http://www.appraisalinstitute.org/ano/newsletter/DisplayNwsltrArticle.aspx?volume=14&numbr=13/14&id=20296>

■ www.appraisalinstitute.org, July 31, 2013. Borrowers with Modified Loans Re-defaulting at 'Alarming' Rates. "Borrowers who have received loan modifications on home mortgages are re-defaulting at an alarming rate, according to the special inspector general for the Troubled Asset Relief Program, which released its quarterly report to Congress July 24. Christy Romero, special inspector general for TARP, noted in the report that its programs have cost taxpayers billions of dollars and that the U.S. Department of the Treasury has failed to properly analyze its own data to determine which borrowers were most at risk of foreclosure after receiving a loan modification.

"The report noted that 46 percent of homeowners who received assistance through the Home Affordable Modification Program in 2009 have re-defaulted, and 38 percent who received loan modifications in 2010 have re-defaulted." <http://bit.ly/1aluACv>



Source: Patrick Mayock, www.hotelnewsnow.com, Aug. 2, 2013.

REAL ESTATE NOTES, continued

■ Kermit Baker, Hon AIA, *www.aia.org*, Aug. 13, 2013. “Nonresidential construction activity has gotten off to a slow start this year. Overall spending in the nonresidential sector barely budged between January and May, once seasonal adjustments are made. There have been declines in key building types over this period, including manufacturing facilities (down 7.4 percent), offices (4.7 percent), amusement and recreation (3.9 percent), and education (3.4 percent).”

“On the positive side, spending on lodging facilities is expanding rapidly (up almost 20 percent between January and May), with more modest growth in public safety facilities and transportation. Other major building sectors—retail, healthcare, and religious—haven’t moved much in either direction since the beginning of the year.” <http://www.aia.org/practicing/AIAB099624>

■ David Crowe, *www.builderonline.com*, Aug. 13, 2013. “Home buyers, home builders, and the general public have renewed their confidence in the economy and in the housing market. This doesn’t necessarily mean everything is back to normal, but because consumers are more than two-thirds of the economy, a confident consumer is more likely to buy a home.

“The evidence of an improved outlook is widespread. Two organizations survey consumers on a monthly basis and their indexes are at levels last seen in early 2008 before the financial collapse and the beginning of the worst recession in more than 70 years. In addition, these national surveys also ask questions about attitudes toward home buying. The University of Michigan survey asks if it is a good time to buy a home, and more than 80 percent of those surveyed responded “yes,” which is the highest percentage since 2003.

“The Conference Board asks if the respondent intends to buy a home in the next six months, and affirmative responses are at the highest in the history of the index.” <http://bit.ly/1hiGO6m>

■ Dave Eisen, *www.hotelmanagement.net*, Aug. 14, 2013. “Hotel owners can breathe a little easier. Their investments aren’t likely to be affected, too much, by new hotels coming on the scene to take a piece of the pie. That’s according to Lodging Econometrics, which predicts new hotel openings of 739 projects/82,587 rooms for 2015, representing a growth rate for new supply of 1.6 percent.” <http://bit.ly/19fmvb8>

■ *Money Magazine*, September 2013. “When deciding on a great place to live, what’s most important to you?”

- 35% Affordable, nice housing
- 30% Top-ranked schools
- 21% Lots of stuff to do
- 14% Good, high-paying jobs

Other current notes about housing:

5.4%: Average increase in U.S. home values from May 2012 to May 2013

\$251,800: Typical price of a four-bedroom, up 6.9% from 2012

■ Siobrian Hughes, *The Wall Street*

Hot Spots

Metro areas with the largest percentage increase in the median sale price of existing single-family homes from a year ago



Source: Conor Dougherty, *www.wsj.com*. Aug. 8, 2013. <http://on.wsj.com/19mh0lf>

Journal, Aug. 13, 2013. I am not even sure what words you could use to describe this.

“A new law meant to stabilize the federal government’s money-losing flood-insurance program is starting to send rates sky high, prompting a growing backlash in coastal areas. The changes mean some owners must retrofit their homes or businesses—by raising buildings higher above the ground and taking other measures—to better guard against flooding, or pay rates that could surge to \$10,000 and higher per year.”

One homeowner in Plaquemines Parish, LA (an area widely covered by news agencies) built his house two feet above the required level 15 years ago. There is no grandfather clause and his house is now six feet below the required level. His insurance could go from an annual rate of \$633 to \$28,000.

■ Kelly Phillips Erb, *www.forbes.com*, Aug. 18, 2013. Okay, this will make you think.

“Spain has aggressively pursued the development of solar energy: over the past ten years, the government has made significant advances in press-

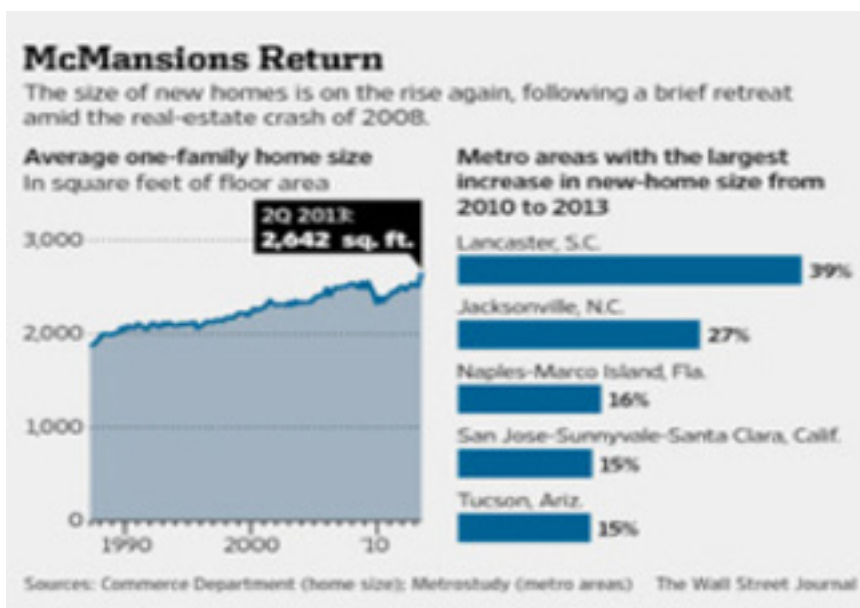
ing solar energy and is one of the top countries in the world with respect to installed photovoltaic (PV) solar energy capacity. Spain is generating so much solar power, according to its government, that production capacity exceeds demand by more than 60%.

Spain is now attempting to scale back the use of solar panels—the use of which they have encouraged and subsidized over the last decade—by imposing a tax on those who use the panels.” <http://onforb.es/152JWR4>

■ Smith Travel Research, Aug. 23, 2013. During July 2013, hotel occupancy in the Americas region increased 1.7 percent, average daily rate increased 3.8 percent, and revenue per available room increased 5.5 percent. The largest gainers in each category were Vancouver, Canada (occupancy), San Francisco (ADR and RevPAR).

■ Economist's Outlook Blog, NAR, <http://economistsoutlook.blogs.realtor.org>, Aug. 5, 2013. The graph below is a history and projection within this article on 30-year fixed rate mortgages. We continue to hear about how a large mortgage rate increase will kill the real estate market. If the projection is correct for 2016, it is still below the rates from 1980 – 2000.

■ Nick Timiraos, *The Wall Street Journal*, Sept. 2, 2013. “A recent rule



Source: Kris Hudson, wsj.com, Aug. 26, 2013. <http://on.wsj.com/1cgCRhY>

change lets certain borrowers who have gone through a foreclosure, bankruptcy or other adverse event—but who have repaired their credit—become eligible to receive a new mortgage backed by the Federal Housing Administration after waiting as little as one year. To be eligible for the new FHA loans, borrowers must show that their foreclosure or bankruptcy was caused by a job loss or reduction in income that was beyond their control.”

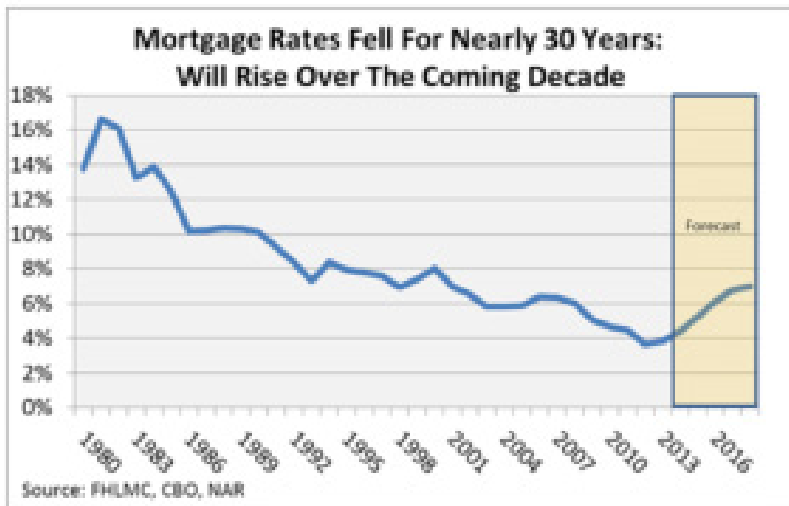
■ Eric McWhinnie, Wall St. Cheat Sheet, Sept. 3, 2013, published in *The*

Week magazine online. (<http://theweek.com/article/index/249013/top-10-cities-with-booming-house-prices>) Here are the top 10 real estate markets by city, according to yearly price gains from S&P/Case-Shiller.as of Sept. 3, 2013.

10. Seattle 11.8 percent
9. Portland, OR. 11.8 percent
8. Miami 14.8 percent
7. Detroit 16.4 percent
6. Atlanta 19 percent
5. San Diego 19.3 percent
4. Phoenix 19.8 percent
3. Los Angeles 19.9 percent
2. San Francisco 24.5 percent
1. Las Vegas 24.9 percent

Okay, if in a multiple-choice exam you would have picked Detroit anywhere in the top 10, you have my permission to run into the middle of your office and shout, “I am the best!” and then return to your chair. There will be no need to try and explain because no one will believe it!

■ Nick Timiraos, *The Wall Street Journal*, Sept. 5, 2013. “Interest rates on mortgages for pricey homes have dropped below those on smaller mortgages, an event that lending executives say has never happened.” These large loans are referred to as jumbo mortgages.



Source: Economics Outlook Blog, NAR