



Is Section 3.3.5 of the IAAO Mass Appraisal Standard a Paradigm Shift?

By George Donatello, CMS, Principal Consultant, TEAM Consulting

In my opinion there have been three major events in assessment history that have fundamentally changed the way we do business—paradigm shifts! Those changes being the founding of the IAAO more than 75 years ago, advent of computer-assisted mass appraisal systems (CAMA) in the late 60s and early 70s, and the revision to Section 3.3.5 of the IAAO Mass Appraisal Standard.

Section 3.3.5, *Alternative to Periodic On-Site Inspections*, now says:

Provided that an initial physical inspection has been completed—and the requirements of a well-maintained data-collection and quality-management program have been achieved, jurisdictions may employ a set of digital imaging technology tools to supplement field inspections with a computer assisted office review. These imaging tools should include:

- Current high-resolution street-view images (at a sub-inch pixel resolution that enables quality grade and physical condition to be verified).
- Orthophoto images (minimum 6" pixel resolution in urban/sub-

urban and 12" resolution in rural areas, updated every 2 years in rapid growth areas, or 6–10 years in slow growth areas).

- Low level oblique images capable of being used for measurement verification (four cardinal directions, minimum 6" pixel resolution in urban/suburban and 12" pixel resolution in rural areas, updated every 2 years in rapid growth areas or, 6–10 years in slow growth areas).

Effective tool sets validate CAMA data and incorporate change detection techniques that compare building dimension data (footprints) in the CAMA system to georeferenced imagery or remote sensing data from sources and identify potential CAMA sketch discrepancies for further investigation.

Those few words from the IAAO Mass Appraisal Standard have literally changed our world. What those words really say is that there is finally a faster, better and less costly method of verifying and correcting assessment data than the walk-around method that so many of us

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TEAM and Pickett New Business Partners

TEAM Consulting is pleased to partner with Pickett & Co., Inc., longtime appraisers of complex properties including industrial facilities, public utilities, gaming/resort real estate, petroleum reserves, and other special purpose properties. With more than 85 years of continuous experience, Pickett offers ad valorem taxation appraisals on behalf of schools, towns, counties, and states.

Pickett's valuation engineering is also used for insurance, risk management, condemnation and financial planning. Pickett's experience spans Texas, Oklahoma, Kansas, Wyoming, Mississippi, North Dakota, and other states.

This partnership recognizes that the two companies are different in the services they provide the customers but are in totally related fields. The companies will offer marketing exposure and appropriate referrals to prospective and existing clients.



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have done in the past.

The real game changer allowing the use of Section 3.3.5 is inexpensive oblique imagery that allows us to see under the “eves” of buildings, but more importantly, accurately measure vertically and horizontally. This oblique imagery combined with inexpensive mega-pixel digital cameras, GIS, and CAMA data allows us to sit at our workstations and literally bring the field to the office.

The high resolution oblique (sub-foot) imagery allow us to verify, measure and list building improvements that we were never really able to do with certainty using ortho photography or even a walk around viewing in some cases. Also, because of the method of oblique image capture, you can change perspective and see 360 degrees around any feature and accurately measure to within inches or feet (depending on the scale of the imagery). This 360 degree or “bird’s eye view” of structures not only allows for accurate measurement but provides the vantage point to features that you may never be able to see from the ground (even in a traditional walk around review).

Street view imagery is sub-inch pixel, usually taken from the public right-of-way on a moving terrestrial platform. The imagery can be one or many shots of the same property all designed to give the viewer enough information to be able to determine the construction materials and quality, age, condition, and style of the improvement. The higher the resolution of the imagery, the more detail you can see in the review process. During the collection of this data, everything possible should be done to keep as much extraneous information from the image (home owners, cars, pets and open garage doors) as possible.

What is really exciting about all of this remote sensing (imagery) is that with some existing software programs we are able to integrate all

of this improved imagery with your existing CAMA data, and very accurately compare your tax roll with what we can actually see on the ground (reality).

This DeskTop Review (DTR) process is currently being used by a hundred or more jurisdictions and appraisal companies to reduce cost and improve tax rolls. Not because it’s necessarily better than the old way, but because budgets and resources are forcing us to do things differently.

We are now at the point technologically where appraisers in Kansas, California, and Florida or on the moon, for that matter, can help you review and suggest changes to your CAMA data using the DTR as accurately as you can (well, almost).

The big question is always cost, right? Some of the components of the process are less than \$1 per parcel. But generally speaking with all of the cost of imagery, software, and equipment you would be in the range of \$5-\$10 per parcel, depending on size and condition of existing data. The technology is always cost effective and can provide returns on investment (ROI) in the 5% to 20% range. With these kinds of returns, combined with a better tax roll, better utilization of staff and the myriad of other benefits, I’m always wondering why more jurisdictions have not joined the paradigm shift.

The innovative wording in the Standard leaves room for us to dream about other technologies that may just be around the corner that will help us count fixtures, determine room layout, use, and square footage, and tell us if the basement is finished to base living quality. Ultimately, we may actually be able to understand why buyers and sellers do what they do, and what a property is actually worth!

Now, beam me up, Scotty! ❖

Reprinted from the Spring 2011 issue of the AAP Journal, a publication of the Assessors’ Association of Pennsylvania.



New Workshop: Valuation of Self-Storage Properties

A new one-day workshop, *The Valuation of Self-Storage Properties*, is now available. This workshop will discuss the history of self-storage properties, the three approaches to value, market trends, and information from publications that deal with these properties. Actual market data from throughout the U.S. will be shown in Excel spreadsheets, and a sample Excel template for the valuation of these properties by the income approach will be provided.

Workshop Overview

The purpose of this workshop is to provide some guidance and suggestions on the process of analysis and valuation of self-storage properties, using information from various areas of the U.S. Images and property characteristics of sales and listed properties will be used. Topics discussed include:

- Section 1 Introduction of instructor and workshop topic
- Section 2 USPAP Review
- Section 3 History of Self-Storage Industry
- Section 4 General Self-Storage Information
- Section 5 Market Value Definition
- Section 6 Highest and Best Use Analysis
- Section 7 Land Valuation
- Section 8 The Cost Approach
- Section 9 The Sales Comparison Approach
- Section 10 The Income Approach
- Section 11 Data Sources

Want **TEAM** to present this workshop or want to present it using an instructor of your choice? Contact Rick Stuart, CAE, at rstuart17@cox.net or at 785.259.1379. ❖

The Real Ed Crapo

In our last issue we asked George Donatello to share a few things about himself that most of us are not aware of as well as what he is doing outside his professional life. This issue we asked Ed Crapo to share some similar insights about himself. The following is what we learned from Ed.



Edward Crapo,
CFA, ASA, AAS

There are many things that come to mind that most people are unaware of about me. The first is that along with all the letters I am entitled to list behind my name, I also have several that I am entitled to list in front of my name. The most recent is "Capt." Last year I completed the requirements and testing to become a licensed United States Coast Guard Captain. Admittedly, it is what is commonly referred to as a "six pack" license (limited to six paying guests at a time), but it does leave the following mish mash of letters for a complete business card: Mr., Hon., Capt. Ed Crapo CFA, ASA, AAS. It looks like someone who can't make up their mind about what they are or what they want, but at least they are in balance—three to the fore and three to the aft.

The second thing many people do not realize is that there is a golf tournament named after me. For the past eight or nine years the Ed Crapo Golf Classic has raised money to benefit Junior Achievement of Alachua County, Fla. Many IAAO friends as well as family members have travelled from very far away to play in the tournament and help raise money to give the youth of Alachua County a basic business and economic understanding of how our financial markets work.

Although I could keep droning on about things you may not know, I'll spare everyone and just quickly mention two other items. The first is that up until about two months ago, I have served as the president of the Arts Association of Alachua County. I have been an advocate for the arts locally as well as a supporter, patron, sponsor and volunteer. And lastly, my great-great-grandfather, Henry Howland Crapo, was governor of Michigan from 1865 to 1869.

Shifting gears to what I'm doing, we could just say it is a lot, but I'll give you a taste of what is going on in my life. This year is filled with many planned activities with family and friends, including the graduation of our grandson Dominick from high school and a white Christmas in Massachusetts. The big travel event in our lives is a 12-day trip to Ireland with Edye and John McCarthy. But, like most people, the bulk of my time is still consumed by my responsibilities at the Alachua County Property Appraisers Office and TEAM Consulting. The current economic times have forced everyone to look at their business model and ask the hard questions. Is it still working? Is it efficient? Will it do for me tomorrow what it has done in the past?

Like a lot of people in this world today, I am in the middle of trying to reinvent my office and myself to some extent. That is a 24/7 task, believe me. One of the things that I am concentrating on is identifying assessment tasks and/or services that really don't require "feet on the ground" in this digital, virtual world of ours. We are all going to be looking for savings, and if we can perfect systems and procedures where we can get something done our way by hiring someone just for Tuesdays while our neighbors (either physically or virtually) hire that same expertise for the rest of the week, most of us would be as well or better off than we are today. I'm looking for those solutions that can benefit us all, large or small jurisdiction, and create a better day and better way. ❖

TEAM Nebraska bound

TEAM Consulting, LLC, has signed a contract with the Scottsbluff, Nebraska, County Assessor, Amy Ramos, to provide professional assistance for her staff. The contract will consist of classroom and hands-on training of residential properties in the following areas: (1) quality, (2) depreciation, (3) effective age, and (4) development of a quality guidebook. We are looking forward to working with Amy and her staff. ❖

Voss speaks at tax seminar



Ken Voss,
MAI, SRA,
CAE

Ken Voss, MAI, SRA, CAE, presented a paper on "External Obsolescence" at the Advanced Tax Seminar for the joint ABA (American Bar Association) and IPT (Institute of Professionals in Taxation) conference in New Orleans on March 24. The program described the session as: "Nationally known valuation experts will discuss the key indicia of external obsolescence and the most credible techniques for estimating economic obsolescence consistent with generally accepted appraisal practice and in compliance with the Uniform Standards of Professional Appraisal Practice."

Ken's paper can be found under the Presentations & Articles tab of the TEAM website at:

<http://www.teamconsulting.cc/presentationsarticles.html> ❖

Mark Your Calendars

Sept. 18 – 21, 2011, Phoenix, AZ
77th International Conference on Assessment Administration
International Association of Assessing Officers (IAAO). <http://www.iaao.org/events/AnnualConference.cfm>.

A number of TEAM members will be there, and we would love to visit with you about any projects, problems you may be encountering or your education needs.

The AAS good news continues

More successful AAS candidates who used **TEAM's AAS Case Study Review** can be found in the April, May, June and July 2011 issues of *Fair and Equitable*. There are a large number of new AAS designees—*and almost all of them used TEAM's new AAS Case Study Review material.*

Does using the material guarantee success? Of course not. But it appears it was very beneficial to some.

Congratulations to: Stephanie Smith, Louisiana; Dennis Eaton and Samuel Walker, Indiana; Deanna Scott, Kansas; Robert Kohman, Illinois; Marcus Kincade and Jeffrey Weisner, North Carolina; and Andrea Weaver and Dennis DeCamillo, Ohio. This brings to 13 the number of successful AAS candidates that used the **Study Review** prepared by Fred Chmura, AAS, and Rick Stuart, CAE.

The purpose of this 2 ½ day workshop is to provide a review of materials and an understanding of the composition of a case study to help prepare for the AAS Case Study Exam. This is a guide emphasizing the most prevalent items to study for but cannot be all-inclusive of what may actually be on the exam. (See list of topics discussed above.)

Within the material will be multiple problems associated with the assessment and valuation processes, and the workshop concludes with a four-hour case study exam followed

Topics discussed in **TEAM's AAS Case Study Review**:

- USPAP
- Rates and levies
- Effective tax rates
- Economic principles
- Property definitions
- Ownerships and rights
- Three approaches to value
- Attributes in an effective tax system
- Role of the assessor
- Ratio studies
- Tax policy

by a review of the answers.

This is not an IAAO workshop but one developed by TEAM Consulting, LLC. It has become very popular with those seeking their AAS designation. To set up the workshop, contact Rick Stuart at rstuart17@cox.net or 785.267.6752.

Or you can use a local instructor to present the workshop. You can order the complete workshop as a self-study guide on **TEAM's** website: www.teamconsulting.cc/images/AAS_Order_Form_2010.pdf ❖

More new workshops on the way!

Work has begun on a new one-day workshop yet to be titled. The general topic is the valuation of small, low-end value, difficult, junky and generally-a-mess homes. (Probably not true appraisal terms, but you get the idea.) It is not unusual that these types of properties when sold have a sales ratio considerably higher than 1.00 and a very regressive PRD (Price-Related Differential).

The property types being considered are:

- Older, economically challenged areas
- Heavy mix of rental properties—do rentals sell for less?
- Extreme deferred maintenance/physical deterioration
- Functional obsolescence
- External obsolescence
- Old manufactured homes
- Manufactured homes connected to each other
- Manufactured homes connected to stick-built homes
- What are the roles of seller financing and foreclosures?

If you have any suggestions for additional types of property to consider and if you have any data that may be helpful, please contact Rick Stuart, CAE, at rstuart17@cox.net or 785.259.1379. ❖



That's a lot of years!

By Rick Stuart, CAE

A recent listing in *IAAO Fair & Equitable* magazine congratulated one of our members, Ron Schultz, as a 35-year member. That got me thinking about the total number of years of IAAO membership in **TEAM**. I am impressed myself!

TEAM Consultants' Years of IAAO membership: Ron Schultz,

35 years; Rick Stuart, CAE, 29 years; George Donatello, CMS, 34 years; Ken Voss, MAI, SRA, CAE, 38 years; Dan Muthard, 35 years; Ed Crapo, AAS, ASA, 30 years; Lynn Gering, 25 years; Fred Chmura, AAS, 33 years; and Rick Norejko, CMS, 21 years; and Marion Johnson, CAE, 29 years.

Year-to-date, that's 309 years—and counting! ❖



Find more **TEAM** workshops at www.teamconsulting.cc.

TEAM members present at NCRAAO Conference

Several TEAM members were presenters at the 2011 North Central Regional Association of Assessing Officers (NCRAAO) Conference that was held June 13–15 in Topeka, Kan.



George Donatello, CMS

George Donatello, CMS, presented a three-hour session titled “IAAO Mass Appraisal Standard and How Our World Has Changed.” Topics of his presentation were:

- What’s new with the IAAO Standards?
- IAAO Standard on Mass Appraisal of Real Property
- Change Detection
- High resolution street-view and oblique imagery
- Latest Desk Top Review process—bringing the field to the office
- What is the cost?
- What is the return on the investment?
- What is new on the horizon?



Marion Johnson, CAE

Marion Johnson, CAE, presented a three-hour session based on his one-day workshop, **Valuation of Fast Food Restaurants:**

The purpose of this workshop is to provide guidance and suggestions on the valuation process of fast food restaurant properties. Information from actual appraisals of fast food properties will be utilized to help illustrate some processes and procedures.

Another presenter also gave a three-hour presentation based on Marion’s one-day workshop **Valuation of Lodging Properties:**

The purpose of this workshop is to provide guidance and suggestions on the valuation process of hotel/motel properties. The workshop will look at the different classifications of hotel/motel properties, lodging terminology and how all three

approaches to value can be used to value these types of properties. The workshop will also provide some Internet websites where additional information on the hotel/motel industry can be discovered. Also included is some information on what authorities in the field say lies ahead for the industry in the upcoming year or two.



Rick Stuart, CAE

All three sessions were among the highest attended of the 14 sessions offered. **TEAM’s Rick Stuart, CAE**, was the conference’s educational chair.

Also presenting at the NCRAAO Conference was Randy Kobiella, CMS, from Sidwell. Sidwell is a business partner with TEAM. Randy’s presentation was titled “Legal Description Workshop”:

This is a “hands on” course for the beginner to the moderately-experienced user that covers the many aspects of legal descriptions. We will begin with a brief look at surveying methods, both past and present, followed by an overview of the Public Land Survey System and how it benefits us when working with legal descriptions. We will cover how a section of land is divided and the different types of descriptions used in legal documents. Our course day will end with an explanation and demonstration of bearings as they pertain to angular measurements. ❖



Need a presenter or material for your next conference?

Whether you need a presenter or you just need material to present, check out the information on the TEAM website, <http://www.teamconsulting.cc/>.

Upcoming TEAM Workshop Schedule

As of the publication date, the following TEAM Workshops are scheduled. If you are interested in any of these, please contact the class sponsor shown below or Rick Stuart at rstuart17@cox.net or 785.259.1379.

Date	Class	Location
Texas:		
October 14	Public Relations & Customer Service	Houston
October 31	Residential Quality, Condition and Effective Age Workshop	Round Rock
November 3	Valuation of Hotel/Motel Properties	Round Rock
November 4	Collection, Interpretation and Model Building of Income and Expense Data	Round Rock
<i>All Texas classes sponsored by the Texas Association of Appraisal Districts (TAAD), and the contact is Doris Koch dkoch@taad.org.</i>		
Illinois:		
October 25	Valuation of Manufactured Homes	Effingham
Oct. 26–27	Collection, Interpretation and Model Building of Income and Expense Data	Edwardsville

All Illinois classes sponsored by Illinois Property Assessment Institute (IPAI), and the contact is Erica Larkin planner@ipaionline.com.



What is TEAM Consulting All About?

TEAM Consulting is a network of experienced “problem solvers” who can offer cost-effective and practical solutions to both large and small assessment jurisdictions. The core of **TEAM Consulting** is our vision, mission and values. These items are the key elements that guide **TEAM** in creating innovative solutions and partnerships that have the potential to change assessment administration and property valuation today and in the future.

Our Vision

TEAM's vision is two-fold. First, our vision for the future of assessment administration and property valuation is to help build systems that are technologically efficient, cost-effective and valuable to the publics who depend on them for information. Secondly, our vision for **TEAM** is to become a recognized leader who can make a difference in assessment administration and property valuation by creating a link to all parties involved in this process. Third, **TEAM** is a strong advocate of education and will create or assist in the creation of specialty designed educational workshops and courses.

Our Mission

“To enable the emergence of a new technology and innovative concepts and ideas to improve the performance of assessment administration and property valuation processes for the benefit of our customers and taxpayers who we all work for.”

Our Values

TEAM's values are central to who we are as individuals and as a team. Following are our primary values:

Respect – appreciating and valuing diverse perspectives; building relationships based on trust; and relating to others as individuals, without regard to role, authority, skill, experience or compensation.

Creativity – comes from thinking progressively and being open to the new concepts and ideas that have the potential to work better in the future and bring us closer to our mission.

Performance – takes many forms, but at its essence, this value reflects our desire for achievement, quality, professionalism and success.

Growth – comes out of education, learning from the examples of others and reflecting on our experiences in order to gain insights into how we can improve.

Purpose – knowing why we are doing something, which results in being more effective in our work. When we have purpose for our individual efforts that connects to the purpose of our group and corporate efforts, we have consistency of purpose as an organization.

Service – focusing on others rather than purely on us. Service drives our mission to create something that is of value to others.

Ethics – we subscribe to a code of ethics and the highest standards of our profession.

Check us out at www.teamconsulting.cc