



# Douglas County Kansas

# Appraisal Newsletter

Steven Miles, RMA  
County Appraiser

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## **2015 SALES DATA REPORTED**

Market activity has certainly picked up this year. During August of 2015, staff members in the appraiser's office who work with real estate sales were busy. During that time, staff handled 176 sales validation questionnaires involving 180 parcels. During August of 2014 a total of 180 sales validation questionnaires involving 183 parcels were worked by the appraiser's office.

For the year, the number of sales is running a bit ahead of the number for the same time last year. So far in 2015 the staff has handled 1,686 sales validation questionnaires involving 1,850 parcels compared to 1,463 sales with 1,672 parcels involved in 2014.

As of the 26<sup>th</sup> of August the appraiser's staff had reviewed 870 valid existing residential home sales. The average sale price for those residential sales is \$214,119 compared to \$210,291 in 2014; \$212,094 in 2013; \$200,890 in 2012; \$173,040 for 2011; \$194,860 in 2010; \$189,800 in 2009; \$191,100 in 2008; \$186,900 in 2007; \$184,600 in 2006; \$176,500 in 2005; \$165,700 in 2004; \$165,200 in 2003; \$148,800 in 2002; \$137,600 in 2001; \$132,500 in 2000; \$125,900 in 1999. The current median sales ratio for residential property in 2014 is 96.7 percent compared to a sales ratio of 97.6 for this time in 2014; 98.7 in 2013; 102.8 percent for 2012; 101.3 for 2011; 101 in 2010 and 2009; 102 percent in 2008; 2007, 2006, 2005, 2004, 2003 and 2002 of 97 percent; 96 percent in 2001; 94 percent in 2000 and 95 percent in 1999.

On the commercial side a total of 48 sales have been recorded. The median sales ratio for 31 valid or potentially valid sales thus far in 2015 is 90.4 percent compared to 95.9 in 2014; 94.3 percent in 2013; 91 in 2012; 96 for 2011; 94 in 2010; 93 percent in 2009; 92 percent in 2008; 87 percent in 2007; 90 in 2006; 91 percent in 2005; 94 percent in 2004; 96 percent in 2003 and 2002; 89 percent in 2001; 97 percent in 2000 and 91 percent in 1999.

## **BUILDING PERMIT DATA REPORTED**

Through August of 2015 the City of Lawrence has issued a total of 105 building permits for single family residential

property. By comparison for the same time period in 2014 there were 55 new single family dwelling permits issued. In August 2015 alone there were 12 new single family permits issued.

In addition to the single family building permits, the City of Lawrence has issued 8 multi-family permits, 13 commercial building permits and 64 duplex permits to date in 2015.

Eight (8) single family permits and one new commercial permit have been issued in Eudora since the beginning of 2015.

## **COUNTY IN COMPLIANCE FOR 2014**

The Division of Property Valuation in Topeka is currently finalizing the review to determine if the appraiser's office has met the requirements for valuation of real and personal property. Douglas County is expected to be in substantial compliance for the year 2014. PVD conducted the statistical and procedural compliance review during the first six (6) months of 2015.

The compliance review consists of two parts. The first part is the state sales ratio study that is conducted annually by PVD. As noted in a previous newsletter the county was in compliance in this area for both residential and commercial property.

The second part is the procedural review which is designed to see if the county's appraisal procedures follow state guidelines and PVD directives. Items that are reviewed include:

- The county's maintenance plan.
- The county's sales file.
- Land valuation procedures.
- Cost index analysis.
- Depreciation documentation.
- Income approach data.
- Comparable sales approach procedures.
- Maintenance and quality control numbers.
- Final review process.
- Agricultural use valuation.
- Mapping procedures.

- Statutory compliance.
- Hearing procedures.
- Personal property.
- Certification of values to the county clerk.
- Preservation of county records.

### ***PERSONAL PROPERTY***

There have been huge changes in the personal property section, primarily in the personnel area. As mentioned in a prior newsletter, we are very happy to welcome Maria Najarro and Kelly Greenwood to our office. Maria started with the Appraiser’s Office on May 26 and Kelly began July 6. They have both been to some training classes to get them acclimated to the appraisal process as well as being immersed in the daily office procedures. They have done a great job of learning all the laws, duties and technicalities needed to discover and assess personal property in Douglas County. The personal property section is very lucky and glad to have them join us.

Current 2015 values				
Property Type	No. of Accounts	Appraised Value	Assessed Value	Assessed Penalty
16/20M Trucks	589	\$4,654,061	\$930,793	\$72,785
Personal *	4,679	\$106,846,790	\$24,037,228	\$1,398,697
(*includes 2,860 individual, 1,618 commercial & 201 oil/gas accounts)				
Watercraft	2,814	\$13,879,348	\$680,519	\$71,627
<b>TOTAL</b>	<b>8,082</b>	<b>\$125,380,199</b>	<b>\$25,648,540</b>	<b>\$1,543,109</b>

The personal property section mailed 2,295 failures to file notices on June 19. After working the failures that have been returned, but also adding many more failure accounts due to the discovery process on manufactured houses and watercraft, there currently are 2,181 failures to file accounts included in the above totals.

### ***SALE PRICE VS. FAIR MARKET VALUE***

The question often arises of why the county’s appraised value is different than the property has sold for. While sales often are a good indicator of value there are often sales that occur in which the sale price does not represent the true fair market value. When the sale price does not represent the typical fair market value for that type of property there are often issues involved that are not readily apparent. Only valid, arms-length sales are considered in determining the typical fair market values for properties. K.S.A. 79-503a states, in part, “...Sales in and of themselves shall not be the sole criteria of fair market value but shall be used in connection with cost, income and other factors...” The Appraiser’s Office attempts to look at things in much the same manner as a typical buyer would. Residential property value is best arrived at by the sales comparison approach. For most income producing property most buyers would be interested in paying a price that they could realize some return on their investment.

Fair market value is defined by Kansas statute, K.S.A. 79-503a as ‘the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion’. A typical buyer, as defined above, is someone who is knowledgeable about the market they are looking in and is not influenced by extraordinary circumstances such as a need to find housing quickly and other circumstances. By the same token, a seller must be well informed about the market they are selling in and also not have any extraordinary circumstances influencing their actions such as a relocation move or pending foreclosure. There are many other reasons a seller might be willing to accept a lower than typical price for their property and a buyer might be willing to offer more than the typical price that need to be considered.

Most property will sell within a given range of prices. If a property sells for more or less than that range there are probably some influences involved that affected the decisions of either party. Depending on those influences the sale price may not actually be representative of the fair market value. An example might be the instance of a seller needing to sell a property quickly to liquidate an estate. In order to facilitate a quick sale, the price accepted is far below what that property would typically sell for and does not represent a fair market value. The county’s opinion of value more accurately reflects the true fair market value as defined by K.S.A. 79-503a.

The County Appraiser and staff try to take all of those circumstances into consideration before forming an opinion of the value range for any category or type of property and ultimately the final opinion of value for a specific property.

### ***STAFF ACCOPMLISHMENTS***

Several of the appraisal staff have been participating in continuing education courses offered by the Kansas County Appraisers Association or Kansas Property valuation Division. As a professional staff that endeavors to continually improve their knowledge and skills, they are eager to take courses that will heighten their understanding of the appraisal techniques, guidelines and laws. This translates to improved valuations within the rules and guidelines of the state of Kansas.