



# Douglas County Kansas

# Appraisal Newsletter

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## ***2016 SALES DATA REPORTED***

Market activity has certainly picked up this year. During August of 2016, staff members in the appraiser's office who work with real estate sales were busy. During that time, staff handled 250 sales validation questionnaires involving 255 parcels. During August of 2015 a total of 176 sales validation questionnaires involving 180 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 2016 the staff has handled 1,737 sales validation questionnaires involving 1,945 parcels compared to 1,686 sales with 1,850 parcels involved in 2015.

As of the 31<sup>st</sup> of August the appraiser's staff had reviewed 967 valid existing residential home sales. The average sale price for those residential sales is \$211,923 compared to \$214,119 in 2015; \$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 2016 is 94.11 percent compared to a sales ratio of 96.7 for this time in 2015; 97.6 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 43 sales have been recorded. The median sales ratio for 39 valid or potentially valid sales thus far in 2016 is 89.2 percent compared to 90.4 in 2016; 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 2016 the City of Lawrence has issued a total of 109 building permits for single family residential property. By comparison for the same time period in 2015 there were 105 new single family dwelling permits issued. In August 2016 alone there were 13 new single family permits issued with a total valuation of \$2,370,127. The total valuation of the residential permits issued thus far in 2016 is \$29,312,842.

In addition to the single family building permits, the City of Lawrence has issued 40 multi-family permits, 19 commercial building permits and 14 duplex permits to date in 2016. Total valuation for these permits is \$72,225,804.

Five (5) single family permits have been issued in Eudora since the beginning of 2016 with a total valuation of \$1,161,508.

The Douglas County Zoning and Codes office has issued six (6) new single family residential permits with a total valuation of \$3,408,925 during August of this year.

## ***COUNTY IN COMPLIANCE FOR 2016***

The Division of Property Valuation in Topeka has finalized the review to determine if the appraiser's office has met the requirements for valuation of real and personal property. Continuing our prior successes, Douglas County is, once again, in substantial compliance for the year 2016. PVD conducted the statistical and procedural compliance review during the first six (6) months of 2016.

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.
- Valuation appeal procedures.
- Personal property.
- Certification of values to the county clerk.
- Preservation of county records.

### ***PERSONAL PROPERTY***

Current 2016 values				
Property Type	No. of Accounts	Appraised Value	Assessed Value	Assessed Penalty
16/20M Trucks	543	\$4,321,346	\$864,226	\$71,842
Personal	4,530	\$101,187,862	\$22,716,348	\$1,142,411
Watercraft	2,795	\$14,293,742	\$705,193	\$82,180
<b>TOTAL</b>	<b>7,868</b>	<b>\$119,802,950</b>	<b>\$24,285,767</b>	<b>\$1,296,433</b>

The personal property section mailed 2,291 failure to file notices on July 13, 2016. 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 2,226 failure 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.

