



Hotels For Coronavirus Housing

By Rick Stuart, CAE, FIAAO

There have been considerable news articles concerning the possible use of empty hotel/motel space for housing those who are deemed non-critical but have the coronavirus. In fact, some of this has already occurred. Some headlines are shown below:

- Sheraton Hotel In Pomona, California To Be Used To Quarantine Coronavirus Patients <https://cbsloc.al/396SDOZ>
- New York City to Convert Hotels Into Hospitals For Non-coronavirus Patients <https://bit.ly/3dn1I9u>
- Florida hotels, convention centers may be used for future patients <https://binged.it/3achySu>
- King County, Washington officials bought this motel to hold coronavirus patients. Working-class neighbors are enraged <https://lat.ms/33BhYPG>

I applaud the creative thinking on how to best serve those in need and believe this could be a common theme for a period of time.

Although I like the concept, the appraiser in me is going,

"Great, another appraisal problem." My mind automatically went to valuation, appeal, exemption and legal issues.

Not that we will have all the answers, but TEAM has decided to start addressing what we perceive as potential issues and problems. If you have questions or comments, please send them to Rick Stuart at r17stuart@gmail.com.

Please understand you will not receive an immediate response to any questions. We will collect all questions and comments in developing one or more related articles in upcoming TEAM newsletters. The next issue will be in July. ❖

Quit-Rent: The Rest of the Story

By Richard Norejko, CMS

If you asked most assessment personnel what a quit-rent was, you would probably get a quizzical look. If you gave them a hint that it was part of land ownership, you might see an expression of confusion.

Quit-rent was a minor detail of the American colonial land system. This often-overlooked feature of colonial land tenure would be a contributory cause of discontent, which resulted in the American Revolution. However, by the time of our Declaration of Independence, quit rent was already a relic of feudalism.

Black's Law Dictionary defines quit-rent as a payment to a feudal lord by freeholders or copyholders, so-called because upon payment, the tenant goes "quit and free" (discharged) of all other services. We can trace the English version of those services to a Viking prince of French descent known as William the Conqueror.

In 1066 A.D., William of Normandy led an army across the English Channel conquering England. All lands previously under English rule were then considered the property of King

William I. William carried out a systematic confiscation of English lands and redistributed them to his Norman supporters. These favored supporters became grantees, one to whom a grant is made, in other words, "tenants." Since all grants from the King were made in return for services, the term of the holdings under which each tenant possessed the land was called "seisin." Therefore, each possessor was a tenant of the King, and his continued possession (his tenure) depended on his continued

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Quit-Rent continued

performance of services for the King. Those services included:

- **Tenure by knight-service.** This was the most popular free tenure. It obligated Norman's barons, the tenant-in-chief, to furnish a specified quota of men for military service when required by the King. (At the time, it was fixed at 40 days each year.)
- **Spiritual tenure.** This form of tenure was granted to religious bodies and ecclesiastical officials in Frankalmoign (free alms), subject to purely religious duties such as saying masses or prayers for the king, queen, or members of the royal family.
- **Tenure in free and common socage.** This tenure eventually displaced the other free tenures. Those individuals who held their land by this kind of service were freemen who were obligated to

render services, other than military, in the form of labor, money, food, or attendance at the lord's court.

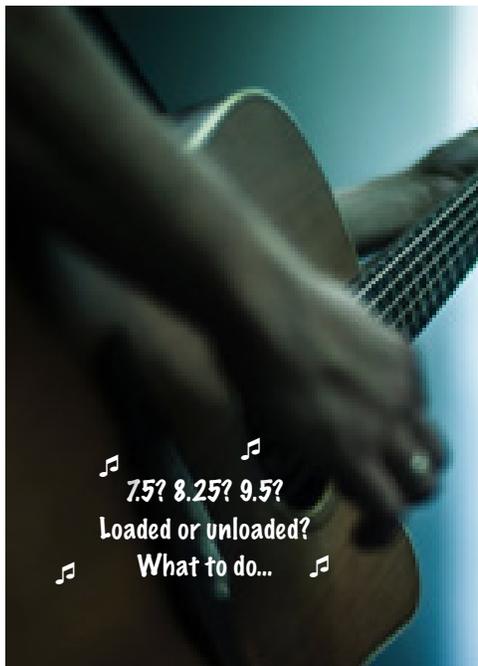
- **Tenure by serjeanty.** Serjeanty meant to serve. Only a few tenants-in-chief held it. This form of tenure obligated tenants to provide essential services to the king. Examples of this service were: carrying the king's banner or his lance, or acting as his butler.

By the year 1290, keeping track of those services and obligations became so cumbersome that the reigning monarch, King Edward, instituted a statute that made it possible for tenants to sell their property outright with no obligation to ask their "lord" for permission to sell their parcel. This statute also codified the acceptance of money rents or dues instead of labor services (knight-service, spiritual tenure, common socage, and serjeanty) as was required by

feudalism. Land ownership tenure, therefore, became tenure in fee simple, the terms of which were fealty and fixed rent.

During medieval times, fealty was the bond between the lord and his tenant. Part of that bond was an oath of allegiance. Rent was the bond between the lord and the land, a symbol of territorial ownership, which was called quit rent. In other words, the land was held in fee simple subject to the payment of an annual quit-rent.

This feudal notion that the soil belonged to the crown, therefore eligible for quit-rents, was carried to the British colony in America. Beginning with the grant of Maryland in 1632, including the subsequent grants of Maine, the Carolinas, and Pennsylvania, the proprietary charters of these colonies expressly transferred the right of the English crown to reserve a quit-rent. They would hold their land by socage tenure, and though



Got the Cap Rate Blues?

One of the most challenging aspects of the income approach is developing market-supported capitalization rates. TEAM Consulting, LLC can help. We can develop capitalization rates for most commercial property types.

In the last year, we have established local capitalization rates for:

- Hotel/Motels
- Apartments
- Workforce Housing
- Self-Storage
- RV Parks

Additionally, GIM's (Gross Income Multipliers) have been established for duplex, triplex and fourplex properties.

Let TEAM help you determine accurate cap rates. Contact Rick Stuart, CAE, at r17stuart@gmail.com or 785.259.1379.

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their charters demanded no rent, the proprietors believed that these rents conformed to the terms of land tenure for any subsequent purchaser. Therefore several proprietors in the colonies looked upon quit-rents as a fundamental source of personal income upon the sale of their chartered land to private individuals.

For instance, in the Carolina colony, the land was purchased from the Lords Proprietors of Carolina. Landowners then had to meet an annual obligation of a quit-rent by payments ranging from a penny an acre to as low as two shillings (\$.48 of an American dollar) for 100 acres. Quit-rent was not a heavy financial burden, although requirements that payment is made in species (silver coins) rather than food, livestock, or tobacco were challenging to meet, owing to the scarcity of hard money. It was not a tax as we define the term, bearing a value proportionate to the value of the land; it was a fixed annual sum, which remained the same whether the value of the land increased or decreased.

The first breakdown of the quit-rent system occurred in New England. Colonists there, often radical in temperament, adamantly opposed the distinction between lord and tenant and were determined to be lords of their land. Colonists did not resent paying for the support of the government; they just resented payments made for the personal comfort and pleasure of the Massachusetts Bay Company stockholders.

Quit-rents disappeared in America with her Declaration of Independence. Their collection had become so complicated that in many places only half-hearted endeavors to collect them were attempted. After the signing of the Declaration of Independence, individual state constitutions recited the abolishment of quit-rents. Those recitals would be similar to



Where TEAM Instructors Reside *By Rick Stuart, CAE, FIAAO*

I was recently asked if all our instructors were from Kansas. The answer is no—we have instructors from 10 states and Ontario, Canada. See the map above by Keith Cunningham, PhD. ❖

Continued Silliness *By Rick Stuart, CAE, FIAAO*

In the January issue I found an old video in my saved file about the traveler and his suitcase. Several of you responded that it gave you a good laugh. Well, here's another one from my file of "why do we keep this stuff?" I have used this in the past when teaching a class on basic math.
<https://www.youtube.com/watch?v=Bfq5kju627c>

The North Carolina declaration of rights, which was incorporated in the state constitution, asserting that the "property in the soil belongs to the people." This declaration was followed by the prohibition of perpetuities and the dismissal of all suits for quit-rents in arrears "said to be due" from lands held of the King.

With their newfound independence, states began to assume more and more responsibility for the governance of its citizens. Quit-rents as a form of income to a sovereign would reemerge as a property tax levy to meet the needs of local jurisdictions. Therefore, local property tax, as we know them today, as a source of revenue in which governments finance their expenditure by imposing charges on citizens and corporate entities, evolved from quit-rents after the Declaration of Independence. ❖



Rick Norejko as Thomas Jefferson

Rick Norejko, CMS, has over 40 years of experience in all aspects of cadastral mapping. He is a nationally recognized speaker, lecturer, author and teacher in the field of cadastral mapping. Learn

more about Rick and the classes he teaches on the TEAM website at <http://teamconsulting.cc/instructors.html>

Editor's Note: Anytime Rick Norejko writes an article for the newsletter, I receive emails about how they enjoyed the article and/or they learned something. How about telling Rick directly instead of me. Everyone loves compliments. Contact Rick at richardnorejko@bellsouth.net.

TEAM Workshops in Idaho

TEAM was well represented at the Idaho Assessor's Annual Winter School in January. TEAM instructors participating were Marion Johnson, CAE; Rick Norejko, CMS; Keith Cunningham, PhD; Scott Johnson, RES; and Rick Stuart, CAE. Students gave high ratings to the TEAM workshops that were presented. (A 5.0 is the highest rating.)

Workshops presented:

- **Drones** (4.7 rating): "It was very interesting and informative. A great introduction to what drones can do."

- **Future Technology** (4.7 rating): "I liked that it introduced me to new technology without being too techy."

- **History of Mapping, including the Cadastre** (4.8 rating): "There was a large amount of interesting history."

- **Today's Surveying** (4.9 rating): "The whole class was very interesting. I enjoyed the whole day."

- **Residential Quality, Condition and Effective Age** (4.9 rating):

"This course gave me several ideas for implementation in our data analysis."

- **Development of Capitalization Rates** (5.0 rating): "I liked the real-world examples."

- **How to be a Better Manager** (5.0 rating): "Although I am not a manager and don't want to be one, I felt like this was a great class."

If you would like to book any workshops or have any questions concerning our educational offerings, please contact Brad Eldridge, MAI, CAE, at eldridge.brad@gmail.com or (785) 550-0945.

All the TEAM workshops can be found on our website at <http://www.teamconsulting.cc/workshops/workshopoverview.html>.

Don't forget that TEAM has a series of classes on mapping, GIS, drones, etc., written and taught by Rick Norejko, CMS and Keith Cunningham, PhD. Find them at <http://www.teamconsulting.cc/workshops/mappinggisworkshops.html> for more information. ❖

Always Learning New Things

By Rick Stuart, CAE, FIAAO

As an instructor you are always learning something new. When teaching in Idaho recently, a student stated that a large number of "renegade homes" were being built. Are these a brand of manufactured/modular homes? Is this a local builder? Before I could ask, another student did. This was the definition that was provided:

"The County has no zoning. The renegade homes are ones that literally pop-up overnight or within a few days. They are of low quality and often with multiple types of material."

An additional new term was "theft-a-crat." Apparently, a property owner was telling an employee in the assessor's office they were just stealing people's money through property tax—just like all other bureaucratic government offices.

On to the state of Washington:

Some jurisdictions are having requests for values to be lowered because of close proximity to legal marijuana grow fields. The complaints focus on smell and traffic.

I think my question would be: Does this fall under air pollution in the IAAO Standard on the Valuation of Properties Affected by Environmental Contamination?

An additional discussion was about "illegal tent cities" on private land. A vacant tract with river view was suddenly taken over by approximately 100 tents of homeless people. The property owner requested a lowering of value because of the cost to evict uninvited people from the property and the cost of cleanup for the trash and human waste. What a nightmare for the property owner!

You can always learn something in the classroom. Have something weird going on? Let me know at r17stuart@gmail.com. ❖

Praise for AAS Case Study Review

I've just finished your AAS study guide and want to tell you how excellent I found the book. This book certainly serves the purpose of preparing me for the AAS Case Study exam. It is clear, concise, and complete. The problems and solutions encountered throughout this guide as well as in the practice exam, allows the student both a refresher on different techniques, as well as a method to pin-point any error in their calculations. I especially, like the chapter on calculating the confidence intervals for the median. Also, for individuals like me, who have never done quite well with items which require rote learning, I really appreciate the concise description of the concepts encountered in course 400. Excellent job, gentlemen! Thank you so much.

— Michael L. Brooks, RES

Travel Squad

We've been everywhere, man

TEAM associates continue to serve in teaching, consulting and speaking capacities. In the first quarter of 2020, we have been in Arkansas, Florida, Idaho, Indiana, Kansas, Louisiana, Missouri, South Carolina, Texas and Washington.

Looking for a workshop, series of workshops or professional assistance for your location? Visit our website at <http://www.teamconsulting.cc/>. ❖

Updated & New Workshops Available

UPDATED

Valuation of Historic Properties

This workshop has just been updated. The purpose of this workshop is to provide some guidance and suggestions on process of data collection and analysis of historic properties. Information from various sources and areas of the United States will be used to help establish some processes and procedures to determine if the market reacts differently to historic versus non-historic properties.

Topics discussed are: USPAP, background information on National Register of Historic Places, definitions and designation as an historic place, websites and data sources, highest and best use analysis, review of economic principles and the three approaches to value.

NEW

Half-Day Customer Service

A new half-day workshop on customer service is now available. This workshop is designed to assist in the development, implementation and review of a customer service program. The workshop gives examples of how to be successful, what to avoid, and how to be responsive to the customer. Through the introduction of these various topics, tips and guidelines on application, plus a blend of humor and some good participation, everyone will be reminded of the need for good customer service. Topics include: customer service objectives, public relations video, and handling real life situations.

This workshop would also be very effective as an educational session for a conference.

NEW

Valuation of Fast Food Restaurants (1 day)

The fast food industry continues to evolve with new designs and

changes in how the market perceives this property type. This workshop takes a look at Fast Food properties, also known as Quick Service Restaurants (QSRs), in the restaurant industry. Current trends in QSRs are provided, as well as real world case studies that address first-generation vs. second-generation users, build-to-suit, credit tenant/long-term lease, and property rights valuation issues. Workshop material addresses USPAP, highest and best use, the cost, sales comparison and the income approaches.

The workshop gives guidance on how to collect and analyze income/expense information, developing capitalization rates from market transactions, along with how to incorporate investor surveys and secondary data sources into the analysis.

The material outlines what to look for when applying comparable sales, as well as information on how different conditions of sale influence sale prices.

If you would like to book a workshop or have any questions concerning any of our educational offerings, please contact Brad Eldridge, MAI, CAE at eldridge.brad@gmail.com or (785) 550-0945.

Interesting Buildings

By Rick Stuart, CAE, FIAAO

Over the years I have collected a very large number of photos I call "interesting buildings." My intention is to publish a couple each issue. If you have picture(s) of buildings that have piqued your interest, email them to me at r17stuart@gmail.com. I will add to the newsletter.

Stacy and Barrie Salters of Salters Appraisal in Topeka, Kan., provided these photos. My questions are: (1) What is the house style and (2) Is that a second floor rec room (minimal finish)?



Great Compliment From a Peer

Paul Harrison CAE, RES, MAI, CCIM, of Carteret County, North Carolina, recently shared with me a portion of an email he sent to the new county tax administrator, which included a link to the January issue of the TEAM newsletter.

This is an interesting newsletter published by one of the most competent mass appraisal companies in the nation. The hyperlink to this issue is below. They have top-flight staffing including specialty folks in every conceivable mass appraisal area of business, including two PhD's, two of the nation's 28 MAI/CAE designees, and at least two individuals who have authored IAAO courses. If you ever want a second or third voice on an issue, any guidance on technology, programming, etc. these guys are always helpful.

On behalf of TEAM Consulting, LLC, thank you Paul. —Rick Stuart, CAE



Real Estate Notes of Interest

By Rick Stuart, CAE

■ Ken Levy, *thestacker.com*, Nov. 8, 2019. **Editor's Note:** I found this article interesting, "States with the most farmland." Number 1 is Texas and number 2 is Kansas. See full article at <https://bit.ly/2UyQiam>

■ Vincent Salandro, Nov. 6, 2019, *www.remodeling.hw.net*. "Renovators in the U.S. are making space for larger showers in their master bathrooms, according to the 2019 Houzz Bathroom Trends Study. Four in five renovating homeowners upgrade their shower during bathroom projects and more than half increase the size of the shower during shower upgrades. Additionally, one quarter of renovating homeowners elect to remove their bathtub during renovations, with more than 80% of that cohort instead choosing to enlarge the shower rather than replace the tub." <http://bit.ly/2SAo8MO>

■ Vincent Salandro, Dec. 6, 2019, *www.remodeling.hw.net*. "As 2019 winds down, everyone is looking ahead to the year to come. This is no different in the world of design, where experts are making predictions about the trends that will define 2020 and the trends that will be left behind. To help designers stay ahead of the curve, design platform Houzz has shared top trends it predicts will dominate residential design in 2020." <http://bit.ly/2rzgYnt>

■ *www.builderonline.com*, Jan. 9, 2020. "Owning a median-priced, three-bedroom home is more affordable than renting a three-bedroom property in 455, or 53%, of

the 855 U.S. counties, according to ATTOM Data Solutions 2020 Rental Affordability Report, out Thursday." <http://bit.ly/2tfhVeD>

■ Kelsi Maree Borland, *www.globest.com*, Jan. 13, 2020. "Master plan developers are seeing increasing demand for agrihood communities. These are spaces with community gardens where residents can grow their own. The trend is one of the latest in the race to provide unique amenities and create an experience in residential living communities." <http://bit.ly/35PlmpT>

■ *www.remodeling.hw.net*, Jan. 14, 2020. The latest version of Cost vs. Value is now available. "This site compares average costs for 22 remodeling projects with the value those projects retain at resale in 101 U.S. markets." <http://bit.ly/2ToQeux>

■ Kathleen Howley, *www.housingwire.com*, Jan. 8, 2020. "The value of all U.S. owner-occupied homes increased to a record \$29.2 trillion in the third quarter, according to a Federal Reserve report known as the Flow of Funds. That was a gain of 4.2% from a year earlier, the slowest annualized increase since 2012. The collective value of U.S. homes is now 21% higher than the bubble peak reached in 2006. Once that bubble popped, it was a decade before values recovered to the same level." <http://bit.ly/38a5f10>

■ *www.builderonline.com*, Jan. 27, 2020. "Since June 2019, paint and color companies have announced their predictions for what specific hue or trending colors will define 2020. The clear patterns for this year include nature-inspired hues, soft, cheerful pastels, and timeless basics to create inviting spaces intended

for recharging to tackle the year ahead." <http://bit.ly/31dNBOb>

■ *Bloomberg*, Jan. 30, 2020. "The U.S. homeownership rate rose to a six-year high in the fourth quarter as low mortgage rates sparked a rebound in property sales across the country. The share of Americans who own their homes was 65.1%, the biggest since the end of 2013, according to a Census Bureau report Thursday. It was the second straight increase, climbing from 64.8% in the previous three months." <http://bit.ly/2ulaN10>

■ Cathy Hobbs, *Tribune News Service*, Feb. 6, 2020. "Last month Las Vegas hosted roughly 100,000 attendees for Design and Construction Wee. The event, which included more than 1,400 exhibitors spanning more than 600,000 square feet, serves as the official kickoff to what's new in building and construction." Key items were as follows:

- Energy efficiency dominated new rollouts with HVAC, insulation and hot water systems.
- While not new for 2020, home automation seems to be a focus for many brands in expanding into more rooms of the home, especially in kitchens and bathrooms.
- Wood, especially reclaimed barn wood or responsibly harvested wood, was a popular material, as was porcelain.

■ "ATTOM Data Solutions' fourth-quarter 2019 U.S. Home Equity & Underwater Report shows that 14.5 million residential properties in the United States were considered equity-rich, meaning that the combined estimated amount of loans secured by those properties was 50% or less

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of their estimated market value. The count of equity-rich properties in the fourth quarter of 2019 represented 26.7%, or about one in four, of the 54.5 million mortgaged homes in the U.S. That percentage was unchanged from the third quarter of 2019." <http://bit.ly/2ut44SS>

■ www.builderonline.com, Feb. 6, 2020. "As the housing market returned to normal after a frenzied couple of years marked by intense bidding wars in many markets, the smallest share of homes sold for above their list price last year than in any year since 2016, Zillow reported Thursday." <http://bit.ly/37gesuk>

■ Lauren Dake, www.opb.org, Feb. 4, 2020. "According to Oregon Public Broadcasting, the state of Oregon has elevated housing policy to the top of the legislative heap. In 2019, the Oregon Housing and Community Services agency received a \$160 million budget boost in the previous two budget cycles and a staff increase of 53 positions. Last year, lawmakers passed a rent cap and ended single-family zoning. Next on the agenda is a \$120 million plan to combat homelessness via an emergency declaration that would ease restriction on siting shelters." <http://bit.ly/2OHCY1e>

■ www.builderonline.com, Feb. 13, 2020. **Editor's Note:** This would seem like a great tool to help determine what the largest contributor to market value would be—well, I guess you will have to decide if this article does that.

"In its endless quest to mine meaningful data from its search engine, Realtor.com has unearthed what it says are the features most sought after by home shoppers in each state. Interestingly, RV garages turn up as a desired characteristic in Idaho, but not in Manhattan. Realtor.

com analyzed keyword home search data in each U.S. state to determine regional must-have features among those searching for a home." <http://bit.ly/2OUGyF7>

■ www.builderonline.com, March 3, 2020. "CoreLogic (NYSE: CLGX) Home Price Index and HPI Forecast for January 2020, out Tuesday, shows home prices rose nationally by 4% from January 2019. On a month-over-month basis, prices increased by 0.1% in January 2020." <http://bit.ly/2Tlxm8j>

■ Lisa Brown, www.globest.com, March 4, 2020. "Proposition D was approved yesterday and it authorizes a vacant property tax on ground-floor commercial space in certain commercial districts with revenues dedicated to assisting small businesses." **Editor's Note:** For those of us that are into tax policy, this headline does not tell the entire story, but the concept in the article is interesting. <http://bit.ly/2lPvOec>

■ www.builderonline.com, March 10, 2020. "CoreLogic's monthly Loan Performance Insights Report, out Tuesday, shows that nationally, 3.7% of mortgages were in some stage of delinquency in December 2019, representing a 0.4 percentage point decline in the overall delinquency rate compared with December 2018, when it was 4.1%. This was the lowest for a December in more than 20 years." <http://bit.ly/38Kl1EY>

■ www.hotelnewsnow.com, March 16, 2020. Hoteliers expect a quick rebound: A new survey from the Lodging Industry Investment Council highlights that many expect a quick bounce back later in the year after the impact from the coronavirus pandemic settles. The LIIC survey shows 27% expect a full recovery in six months, while 48% anticipate "full normalization within six months

to a year" and 75% expecting that within a year. <http://bit.ly/3b6EEtF>

■ www.hotelnewsresource.com, March 18, 2020. "Hotel Asset Value Enhancement (hotelAVE) in a study released today, estimated that it will take the hotel industry in the United States approximately five years to achieve pre COVID-19 occupancies, revenues and profitability." <http://bit.ly/2wjMiIF>

Editor's Note: I am comfortable in stating that one of the last two sources will be wrong.

■ Katy McLaughlin, www.wsj.com, March 18, 2020. "In these tough times, a rare silver lining has come in the form of mortgage refinancings—an effect of the stock market sell off and flight to safety, which has pulled interest rates lower. Refi applications were up 79% the week ending March 6 compared with a week prior, according to the Mortgage Bankers Association." <https://on.wsj.com/2x9RMQk> ❖

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