AAP Journal
Assessors' Association of Pennsylvania

AAP
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CCAP
COUNTY COMMISSIONERS Association of Pennsylvania
An affiliate of the County Commissioners Association of Pennsylvania

COVID Impacts Require Support

Richard J. Drzewiecki, MAI, CPE, President, PA General Certified Appraiser
Appraisal & Marketing Associates, Inc.

Contrary to the thoughts of many taxpayers, the market value of all property types in Pennsylvania has not been negatively impacted by the COVID crisis. Almost all residential realtors quoted in published articles across the state identify the market conditions as very active with fewer homes for sale, many active buyers, and homes selling above the listed price. "The housing market is well past the recovery phase and is now booming with higher home sales compared to the pre-pandemic days," said Lawrence Yun, National Association of Realtors' chief economist.

During the period of time from March 2020 to the current day, somewhat limited sales transactions have occurred across the non-residential spectrum of property types in Pennsylvania. This lack of transaction data for properties over $1 million causes speculation about the market value of non-residential property especially in terms of valuations prepared for property tax assessment appeals. It appears as though property types hit hardest by shut down impacts are trading less frequently post COVID. For example, the hospitality sector statewide since April 1, 2020, reported hospitality volume this year is $9.3 million in four transactions. Compared to the same time period in 2019, the volume was $163 million in 26 transactions and in 2018 the volume was $112 million in 15 transactions.

The lack of transactions is due in part to business and government closure requirements and the inability of parties to settle during this time. Uncertainty about the investment in non-residential real estate during the initial phases of the crisis also led to decreased transactions. The picture for many non-residential property types is still unclear; some are clearly negative. Although it is apparent that many property types have suffered decreased occupancy, increased collection losses, increased expenses, and generally decreases in net operating income, the impact on market value is in many cases yet unproven. Buyers and sellers consider the present value of future benefits rather than simply cash flow decreases in the recent past to determine asking and selling price points.

Although most non-residential appraisals are based at least in part on the income approach, we should all be reminded that the net operating income capitalized into value in direct capitalization is at market; and the capitalization rate is adjusted for perceived increases or decreases in cash flow and market value change over the life of the investment. If market data to support overall rate is not taken from post-COVID transactions, then that rate may not be adequately supported for a post-COVID valuation. Asking rates may be all that is available to understand the market for certain

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AAP Events Calendar

October 23
Via Zoom
AAP Board of Governors' Meeting

November 6
Via Zoom
AAP Membership Meeting and Awards Ceremony

2020 Fall Conference
All classes will be held via Zoom
November 16 – 19

USPAP and Act 28
Via Zoom
November 23 and 24

CPE Refresher Course
Via Zoom
November 30 – December 2

January 22, 2021
Via Zoom
AAP Board of Governors' Meeting

Spring 2021 CPE Classes
Intro - March 15 – 19
Site and Market - March 22 – 26
Cost - April 12 – 16
Income - April 19 – 23

** Check the AAP website, www.paassessors.org, for more details!*

What's Inside

President's Message, Legislative Update, Update on AAP Education, AAP People, County Corner

AAP OFFICERS

Robert Roland, CPE
Bedford County
President
(814) 623-4842
rroland@bedfordcountypa.org

Susan Miller, CPE
Adams County
President Elect
(717) 337-9837
sbmiller@adamscounty.us

Jennifer Pettina, CPE
Centre County
Vice President
(814) 355-6721
jkpettina@centrecountypa.gov

Joshua Zeyn, CPE
Tioga County
Treasurer
(570) 724-9117
jzeyn@tiogacountypa.us

Rita Yannayon, CPE
Erie County
Secretary
(814) 451-7619
ryannayon@eriecountypa.gov

Mark Kellerman, CPE
Centre County
Immediate Past President
(814) 355-6721
mjkellerman@centrecountypa.gov

AAP COMMITTEE CHAIRS

Jonathan Schuck, CPE
Chester County
Government Information Chair
(610) 344-6147
jschuck@chesco.org

Charles 'JR' Hardester, CPE
Lawrence County
Education Co Chair
(724) 656-2191
chardester@co.lawrence.pa.us

Randy Waggoner, CPE
Perry County
Education Co Chair
(717) 582-2131
rwaggoner@perryco.org



President's Message

Hello Everyone,

It's great to speak with you again as we move into the fall season. It has been a most unusual year. COVID-19 is still in our midst and continues to disrupt our plans and activities. As I submit this letter, our chapter (Laurel Mountain) has just finished the USPAP class with Steve Howe via Zoom. I think many of us are becoming familiar and comfortable with this technology. The class went well, and although, in my opinion, these virtual meetings can't replace the interaction that is experienced at in-person conferences and gatherings, it's the next best thing. These are the times in which we are all living. Everyone wants to be safe and practice the best mitigation efforts possible. On that point, let me say I thoroughly enjoyed our editor's comments in the last issue about the availability of hand wipes, hand sanitizer, cleaning supplies, etc. Thanks, Kristin!

The months of September and October bring our offices into the assessment appeal season. This is the first year assessment appeals board members in our counties are sitting to hear appeals having satisfied the requirements of Act 155. It's my understanding that most board members have received the training and certification. Regarding appeals, there has been a good deal of conversation over the last several months about the impact of COVID-19 on market value for various property types. This latest issue of the *AAP Journal* features an article, written by Richard Drzewiecki, MAI, CPE, on this topic. Also, in this issue Scott Maas introduces all of us to Erie County in the County Corner segment. Both are great articles!

We held our summer Board of Governors' meeting via Zoom on July 17th. It was decided at that meeting to cancel our Fall Conference in State College due to COVID-19 issues. Of course, our main concern moving forward is the AAP's ability to offer continuing education credits for CPE license renewal given that we have cancelled both 2020 conferences. Randy Waggoner, one of our liaisons to the State Board of Certified Real Estate Appraisers (SBCREA), reported that the SBCREA has given the AAP permission to offer distance education to CPEs until December 31, 2020. Everyone should have received notification of the AAP's "virtual week of classes" during the week of November 16th. It's an opportunity to obtain up to 24 continuing education credits as part of this cycle's requirement. Hopefully, many of you will be able to attend. Please see the feature in this issue of the *Journal* for more information. I do want to thank our Conference Planning Committee along with the Education and Training Committee for all the work in putting this together, and as always, Terry and Lori - our AAP staff. I think it's well worth mentioning again how invaluable so many of you are to this association. I'm privileged to serve as our president for this year, but more importantly, from where I sit, I can see the dedication and commitment of so many of you. In a year when everything has been turned upside down, we're more positive and determined to make it work for our members.

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Legislative Update

By Jonathan B. Schuck, Chair
Government Information Committee and
Director of Assessment/Tax Claim, Chester County

Greetings fellow assessment professionals throughout the Commonwealth of Pennsylvania. By the time you receive this issue of the AAP Journal, we should be enjoying the relative coolness of early fall weather. I hope this season is filled with events and memories that refresh you both professionally and personally.

Twenty months (or about 85%) into the 2019/2020 Session, the following legislation has been introduced: 2751 House bills, 983 House resolutions, 1236 Senate bills and 357 Senate resolutions. Of these totals, 62 pertain to assessment-related matters and 19 pertain to tax claim-related matters.

Since the prior Legislative Update as of June 4, 2020, there has been limited assessment and tax claim-related activity due to ongoing COVID-19 impacts and emergency legislation relating to same. Also, pre-November 3 election issues have commanded significant attention in the General Assembly during the past three months.

Two bills of possible interest were enacted during July, as well as incremental movement on another bill that originated from the work of the Local Government Commission's Property Assessment Reform Task Force during the 2017/2018 Session.

Act 61 (Senate Bill 352)

Approved by the Governor on July 14th, this act authorizes local taxing authorities to use tax exemptions to encourage revitalization of blighted buildings or areas through improvements or new construction. It provides a schedule that details how the exemption is phased out over a ten year period and details what rules and restrictions apply. The Act supplements LERTA and was effective on September 30, 2020.

Act 75 (Senate Bill 1125)

Approved by the Governor 7/23/2020, this Act provides COVID-related relief by allowing individual school districts the option to extend current year property tax discount and face payment periods, as well as remove penalties, through June 30, 2021.

Senate Bill 491/House Bill 1032/ House Bill 21

These three bills have been jockeying for primacy over the past year. Senate Bill 491 is the current leader and its provisions would increase the size of the State Board of Certified Real Estate Appraisers from eight to ten. Six of the members would be certified real estate appraisers, two would be certified Pennsylvania evaluators and two would be public members. An appointee can be both a certified real estate appraiser and a certified Pennsylvania evaluator but the appointment has to specify in which capacity the member is being appointed. Senate Bill 491 passed 48-1 on January 27, 2020, received its 2nd consideration in the House on July 8, 2020 and is currently in the House Appropriations Committee.

Terry Cochran
Executive Director
PO Box 60769
Harrisburg, PA 17106-0769
(717) 736-4734
fax (717) 526-1020
tcochran@pacounties.org

Lori Lawyer
Administrative Assistant
PO Box 60769
Harrisburg, PA 17106-0769
(717) 736-4712
fax (717) 526-1020
llawyer@pacounties.org

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Deadline for the Winter 2021 issue is December 4, 2020.

Article submissions are welcome.

Please send to:
Terry Cochran
AAP Executive Director

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AAP People & Chapter News

Clarion County

Congratulations **Zach Stiglitz**, the county's new chief assessor! Welcome, Zach!

Cumberland County

Congratulations to **Cathy Waters**, the county's new chief assessor!

Dauphin County

Happy retirement to **Paul Kreiser** who retired from the county on September 1!

Luzerne County

Congratulations to **Bill Kingsbury** who passed his CPE exam on June 30!

Tioga County

The county has had quite a few changes over the summer! **Josh Zeyn** was named the county's Chief Assessor in July. He replaces **Deb Crawford** who is now the county's Administrative Director of Assessment/Tax Claim/Planning. Congratulations to both Deb and Josh!

Venango County

Congratulations and best wishes to **Rob Agin** who retired after 13 years with the assessment office!

IAAO News

The current IAAO executive director, **Ron Worth**, will be retiring on September 30.

AAP News

Don't forget to send your county or chapter news to Terry Cochran for the Winter 2021 issue of the AAP Journal. Our next deadline is December 4.

Job Openings

The **Dauphin County Office of Tax Assessment** has an opening for a Residential Assessor/Appraiser. The ideal applicant would be a CPE with two years of experience.

Please complete the application which can be found online at *https://www.governmentjobs.com/careers/dauphincounty*.

The **Bucks County Board of Assessmen**t is hiring for an Appraiser I position.

If you have any questions about this job opportunity, please contact Susan Yahrling at (215) 348-6234.

COVID Impacts Require Support

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property types, however, combined with investor surveys, cost of funds, and equity yield analysis, an indication of a supported rate may be adequately proven.

For severely impacted property types, think of the market value of the property pre-COVID and the amount of time it may take for the property to rebound to that level. Think of the losses the property may incur during that time and apply rational consideration to the impact on current market value of those real or perceived net operating income losses. It is almost always untrue that if net drops 25% for a year, then the market value surely dropped at least that much. It may be more, it could be less, it depends.

Again, given the COVID impact, some property types decreased in market value, some did not, and, some increased. During the appeal process, it is up to the appraiser to prove the impact to any given property with credible evidence, not mere conjecture, and it is up to the assessor to assist their board in understanding whether or not adequate proof of the change in value is supported by the appraiser. An appraisal is a supported opinion and an appraisal without support is not credible.

Richard J. Drzewiecki, MAI, CPE is a practicing real estate appraiser in Central Pennsylvania who frequently lectures for AAP.

President's Message

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Enjoy the upcoming fall season. It's always been my favorite time of the year. For some of us, we'll have to get used to Saturdays without Penn State football, or watch the Steelers and Eagles play in empty stadiums.

Most importantly, I wish everyone good health and safety.

Robbie

Robert Roland, CPE
AAP President

2020 AAP Education Update

To say the past seven months have been unusual and unprecedented for everyone is a major understatement. During this time the AAP Board of Governors and the Education and Conference Planning committees have been hard at work planning ways to continue offering education and ways to connect for our members. We'd like to update you on what has been happening over the last few months along with plans for the future.

Board of Assessment Appeals Training

As you know, the training had to be cancelled and was rescheduled as online classes in June. Those classes are now available on the CCAP website.

If anyone on your board still needs the training, please contact CCAP at *PACountiesTraining@pacounties.org*.

2020 CPE Classes

The state's emergency order in March interrupted our Spring CPE classes after just one week of the four-week course. The rest of the classes were rescheduled in July and August and finally finished in August as an online class.

Our Fall classes finished on October 9 and were offered as hybrid sessions with students attending both online and in-person.

Many thanks to both our instructors and students for their patience and dedication as AAP worked through all of the changes, rescheduling and new technology!

2020 Fall Conference

With both of our 2020 in-person conferences cancelled, AAP has turned the Fall Conference into a virtual event to be held via Zoom. We are offering the potential to take up to eight classes and earn 24 credits.

Registration for the Fall Conference is now open. Please download the information and conference registration form from the AAP website.

We are pleased to announce that the SBCREA approved AAP to allow members to view the virtual classes in a group setting for up to 12 people per camera. *Viewing the conference on a laptop with a camera and microphone is preferable but that may not be possible for all members or counties.*

Additional requirements and instructions for viewing the conference will be sent out to members in October.

Other SBCREA News

In other good news, with permission from the State Board of Certified Real Estate Appraisers (SBCREA), the AAP is able to offer online courses for our members until **December 31, 2021**.

Membership Meeting and Awards

Information will be released shortly to register for the **November 6** membership meeting and 2020 awards.

We hope you'll join us to vote on important AAP matters, get association updates and honor your colleagues for their accomplishments.

If you are a new CPE (passed your exam after May 2019), please let us know so we can recognize you at the awards ceremony. Please contact Lori Lawyer at *llawyer@pacounties.org*.

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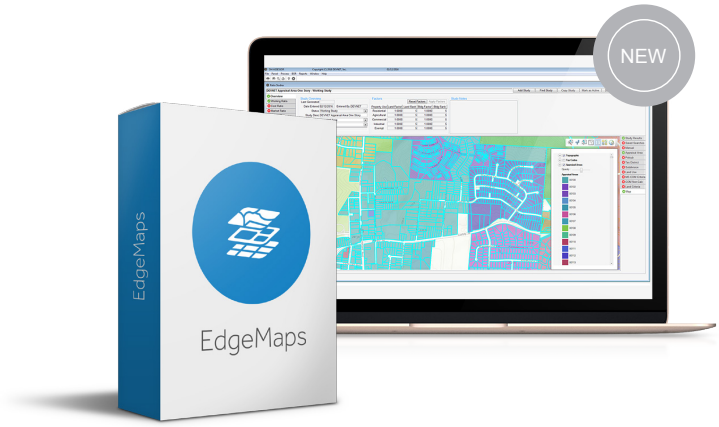
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County Corner - Erie County

Scott Maas, CPE, Director of Assessment, Erie County



U.S. Brig Niagara

Erie County, was originally part of Allegheny County known as the Erie Triangle until March 12, 1800 when the County of Erie was officially established. The county was named after the Eriez Native American Indian Tribe which was destroyed by the Iroquois Confederacy in the mid 1600's. There are 1558 square miles in the county of which 799 are land and 759 are water. There are 19 cities of which the City of Erie is the largest and also the third largest city in the state, 14 boroughs and 23 townships within the county.

The county seat, located in the City of Erie, was originally built in 1808 and was located in Perry Square. In 1823 a fire destroyed the original courthouse and all of the county records were lost. A new structure was erected on almost the same site, but in the 1850s the ever-growing county had outgrown the building and a new courthouse was erected a block away. Over the years there have been many additions to the courthouse. In 1889 an east and north wing were added. In 1930 the current east wing was added and in 1977 a five-story addition was erected on the north end of the building. Since 1977 Erie County has expanded to many buildings outside of the courthouse that house all departments within the county as it continues to grow.

Erie County played an integral role in the War of 1812. Daniel Dobbins lobbied the U.S. Navy and President James Madison to build the American fleet in Erie's shipyard. The brigs Niagara and Lawrence were launched from the Dobbins' shipyard and under the command of Commodore Oliver Hazard Perry, secured a victory in 1813 in the Battle of Lake Erie. A replica of the U.S. Brig Niagara is docked on Presque Isle Bay at the maritime museum and sails on Lake Erie keeping a bit of Erie's history alive. Erie County quickly grew after the War of 1812 and was known for its shipping and manufacturing which cemented it in the nation's industrial heritage.

Erie County played a large role in the Underground Railroad. There are many houses where those looking to escape slavery would stay until they could be safely transported by boat across Lake Erie to Canada. Tours of some of these sites are available including Perry Memorial House and Dickson Tavern, where one can explore and get a better understanding of how desperate people were to have freedom.

Not only was the county a major part of the Underground Railroad, but it played an important role in the transportation of liquor during Prohibition. Since Erie is on the lake, it was easy for runners to use boats to bring in liquor from Canada to the City of Erie and outlying areas. Many speakeasies opened within the city and neighboring boroughs bringing with them violence, racketeering and houses of prostitution.

Erie County is also known for the discovery of the bones of a mammoth on a farm in Girard Township in 1880. There have also been many finds of other extinct species as well as many artifacts found within the county.

Erie County is probably most well-known for Presque Isle State Park, a 3,200 acre sandy peninsula. Presque Isle is considered a National Natural Landmark as it is a favorite spot for migrating birds due to the many ecosystems that are constantly changing. The park is open year round and offers many recreational activities such as: swimming, hiking, fishing, boating, biking and many more. The unique shape of Presque Isle creates a deep bay which makes Erie an important Great Lakes shipping port as freighters can access the port as well as major ship repair industries. When the lake levels are low, you can actually see some of the various ship wrecks that are by the neck of the Peninsula on the bay side.

Erie County has lush meadows, rolling hills, valleys, lakes, streams and other waterways. With the copious amounts of available water, Erie County is abundant with fertile farmland. Some of the more known crops grown are grapes, cherries, apples and peaches. The county is also known for its bountiful fish population; many anglers travel from all over to fish on the lake as well as the creeks and streams. Erie County is a popular spot for sport fishing, especially for steelhead trout, walleye and perch.

When visiting Erie County, you will not be bored as there is a plethora of things to do! There is skiing, Presque Isle State Park, swimming, Tom Ridge Environmental Center, boat tours, horseback riding, plenty of wineries (you have to try the ice wine), bird watching, local brewing companies, distilleries, several museums, drive in theaters, fishing, the Erie Zoo, Erie Playhouse, multiple sporting teams, canoeing, camping, biking, hiking, a wide variety of tours and food choices, many parks, hunting, Waldameer and Waterworld, Splash Lagoon, Presque Isle Casino and so much more.

If you are interested in visiting our beautiful county, check out *www.visiterie.com* for a more detailed list of things to do

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PO Box 60769
Harrisburg, Pennsylvania 17106-0769
(717) 526-1010
fax (717) 526-1020