

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS  
II. CLASSES AT THE UNIVERSITY OF WISCONSIN--MADISON  
O. Business 935: Seminar--Urban Land Economics (MBA  
and MS)  
1. Syllabi (1966-7, 1972)

COMMERCE 935  
Appraisal Seminar Part I

First Semester 1966-67

Instructor: J. A. Graaskamp

I. Objectives

The purpose of this course is to acquaint the student with the basic literature and historical development of appraisal theory and practice, with appraisal institutions, and with appraisal logic applicable to a variety of real estate appraisal problems.

The subject matter is divided into four basic sub-topics, traditional appraisal literature, a critique of current methods, the application of other disciplines to appraisal techniques, and student research reports on individual problems of appraisal technique as discussed in the literature. Field work application of technique to case problems is reserved to the second semester.

The broad objective of the course is to relate acceptable appraisal technique to the parameters of time, budget, data sources, and skill levels of the practitioner as well as to introduce the student to the theoretical implications of a contemporary appraisal theory consistent and compatible with real estate investment theory. It is best that the real estate investment seminar, 937, section 2 be taken simultaneously or prior to this appraisal seminar.

II. General Course Format

The first seven weeks will be given to development of traditional appraisal theory followed by two weeks of critique. Following a two hour evening essay exam approximately three weeks will be spent on readings in non-commercial disciplines on elements affecting real estate value. The balance of class room sessions will be devoted to student reports on appraisal techniques and rationales applicable to specific appraisal problems selected in conjunction with the instructor. (A partial list of suggested topics is offered on page 2.) Each student will be expected to provide approximately a 50 minute oral report and a written report on his subject. A second one hour exam will be given covering all the oral reports as presented in class.

III. The Written Report

Each student shall prepare a written report of not more than 20 typed pages, including possible diagrams and bibliography. Format, spelling, and general appearance shall be appropriate to a dry copy duplicating process so that each student's report may be distributed to fellow classmates by the end of the semester. The rough draft shall be shown to instructor prior to final typing. The paper and oral presentation will represent 50% of the semester grade.

#### IV. The Written Exams

The two-hour written exam will provide the student with an optional selection of essay questions in the style of a comprehensive exam at the master's level. The first exam will count 35% of the grade and cover appraisal theory as found in the literature and treated in lecture. The second exam of one hour duration will provide student with an optional selection of questions based on the oral reports of classmates (and not his own topic) and will count 15%. A habit of thorough outlining of reading assignments and classroom discussion will greatly facilitate preparation for these exams.

#### V. Reading Materials

There is no single text for this course. Reading assignments are available on the reserve shelf in the Business School Reading Room or in professional texts and periodicals that may also be available in the Madison Public Library or the University Memorial Library. As there may be a limited supply of some items, it is advisable to read assignments well in advance of exams lest pre-exam demand exceed supply. Any defacement or overextension of withdrawal times will adversely affect the grade of all classmates.

#### VI. Suggested Individual Topic Areas (partial list only)

The appraisal of vacant land acreage  
The appraisal of farm land  
The appraisal of church properties  
The appraisal of trucking terminals  
The appraisal of motels  
Reuse appraisal for urban renewal  
The appraisal of supermarket sites  
The appraisal of 2-4 family rental units  
The appraisal of downtown commercial frontage  
The appraisal of multi-story loft buildings  
Appraisal consideration of the influence of good management and good will of real estate value  
Appraisal consideration of the influence of possible rezoning on value  
Appraisal consideration of the influence on value of percentage lease overages  
Appraisal systems for real estate tax assessment purposes  
Appraisal of the single family residence  
Appraisal for resale of a single family condominium unit  
Appraisal of property for a date 20 years or more in the past  
Appraisal of nursing homes

#### VII. Timetable

Week	Class Topic
Sept. 12-16	Introduction
Sept. 19-23	The appraisal process and traditional report
Sept. 26-30	Economic forecasting and the appraiser

Oct. 3-7	The cost approach
Oct. 10-14	The traditional capitalization approach
Oct. 17-21	The traditional market approach
Oct. 24-28	Synthesis and the appraisal report
Oct. 31-Nov. 4	The Ratcliff critique on traditional valuation methods
Nov. 7-11	Investor simulation and market analysis
Nov. 14-18	Time, risk, and decision making theory
Nov. 21-25	The anthropology and psychology of land ownership
Nov. 28-Dec. 2	Urban environment and value
Dec. 5-9	Political forecasting and real estate value
Dec. 12-16	Class reports
Jan. 3-6	Class reports
Jan. 9-13	Class reports

#### VIII. Assignments

Week	Reading
Sept. 12-16	Wendt, <u>Real Estate Appraisal</u> , Chap. 1-3 Weimer, <u>The Appraisal Journal</u> , October 1966, "History of Value Theory for the Appraiser," pp. 469-483 AIREA, <u>The Appraisal of Real Estate</u> (1964 edition), Chap. 3 Ring, TAJ, January 1965, "The Labyrinth of Value"
Sept. 19-23	Schmutz, <u>The Appraisal Process</u> , Chap. 1-3 Babcock, <u>The Valuation of Real Estate</u> (McGraw-Hill, 1932) Chap. or <u>FHA Appraisal Manual</u> , Part III, "The Valuation System" (written by Babcock)
Sept. 26-30	Schmutz, <u>The Appraisal Process</u> , Chap. 26 AIREA, <u>The Appraisal of Real Estate</u> (1964 edition), Chap. V Smith and Tschappat, TAJ, January 1966, "Monetary Policy and Real Estate Values," pp. 10-26 ---, <u>The New Housing Industry</u> , "The Federal Puppeteer," Chap. IV ASREC, Case Study #11, "Market and Land Use Study"

Business 935

Appraisal Seminar - Part I

First Semester 1972

Instructor - J. A. Graaskamp

I. Objectives

Purpose of this course is to provide the student with a thorough and critical review of the basic literature and historical development of appraisal theory and methodology, with appraisal institutions, and with topical appraisal reforms applicable to a variety of real estate appraisal problems.

II. Textbooks:

Income Property Valuation, by William Kinnard, Heath Lexington Books 1971  
The Appraisal of Real Estate, 5th edition by the American Institute of Real Estate Appraisers, 1968 Chicago  
Ellwood Tables, 2nd edition by the American Institute of Real Estate Appraisers 1968 Chicago

Many readings for this course will be from periodicals and real estate services and will be provided as mimeographs or found on reserve for this course number or Business 528 in the School of Business library.

III. General Course Format

There will be weekly reading assignments and one 2-hour written exam on this material. In addition there will be two property appraisals: a short form single family home appraisal and financial appraisal of a rental investment property. There will also be short written exercises which can only count as satisfactory or unsatisfactory. Exam equals 50%; income property 30%; single family 20%.

IV. Course Timetable

Week of August 8-28 Introduction to the Appraisal Process  
September 9-11 Basic Premises and Assumptions of the Appraisal Report  
9-18 Market Comparison Approach  
9-25 Basic Income Capitalization Approach  
October 10-2 The Ellwood System  
10-9 Appraising Income Properties  
10-16 The Cost Approach to Value  
10-23 Correlation, Synthesis, and the Appraisal Report  
10-30 Critical Review of Appraisal Theory by Ratcliff  
November 11-6 Critical Review of Appraisal Theory by Others  
11-13 Implications of Value Inference by Simulation  
11-20 Income Property Appraisal Due  
11-27 Single Family Home Appraisal  
December 12-4 Statistical Models for Market Comparison Approach

NOTE: ALL PAPERS AND EXERCISES TO BE HANDED IN SHOULD BE STAPLED AT UPPER LEFT HAND CORNER AND GIVEN A TITLE PAGE BUT LEFT WITHOUT PLASTIC BINDERS OR OTHER SIMILAR COVERS.

Business 935

Appraisal Seminar - Part I

First Semester 1972

Prof. J. A. Graaskamp

Week

- 8-28 INTRODUCTION TO THE APPRAISAL PROCESS
- A. AIREA, The Appraisal of Real Estate (1967 edition), Chap. 1-4 BLR
  - B. Weimer, The Appraisal Journal, October 1960, "History of Value Theory for the Appraiser", pp. 469-483 Mimeo
  - C. Kinnard, Income Property Valuation, Chapters 1-3 Text
  - D. "How to Tell Value From Value From Value", Marshall & Stevens Incorporated Handout
- 9-11 BASIC PREMISES AND ASSUMPTIONS OF THE APPRAISAL REPORT
- A. Kinnard, An Introduction to Appraising Real Property Chapters 5, 6, & 7 BLR
  - B. Crouch, William, "Highest and Best Use", The Appraisal Journal April 1966, pp. 166-176 Mimeo
  - C. Wendt, "Highest and Best Use - Fact or Fancy", The Appraisal Journal, April 1972, pp. 165-174 Mimeo
  - D. Tischler, "The Importance of the Highest and Best Use Analysis", The Real Estate Appraiser, May-June, 1972 pp. 35 & 36 Mimeo
- 9-18 THE MARKET COMPARISON APPROACH
- A. Ring, The Valuation of Real Estate, 2nd edition, Chapters 8, 9, & 10 BLR
  - B. Shenkel, "A Naive Theory of Sales Comparability", College of Business Administration, University of Georgia, February 1963 Mimeo
  - C. Ratcliff, "Don't Underrate the Gross Income Multiplier", The Appraisal Journal, April 1971, pp. 264-271 Mimeo
- 9-25 BASIC INCOME CAPITALIZATION APPROACH
- A. Kinnard, Income Property Valuation, Chapters 4-11 Text
  - B. American Institute of Real Estate Appraisers, Capitalization Methods and Techniques Handout

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Week

10-2 THE ELLWOOD SYSTEM

- A. American Institute of Real Estate Appraisers, Mortgage-equity Capitalization: Ellwood Method Handout
- B. Akerson, "Ellwood Without Algebra, The Appraisal Journal, July 1970, pp. 325-335 Mimeo
- C. Hodges, "Investment Market Valuation" worksheets Mimeo
- D. Ellwood, Ellwood Tables, 3rd edition Part I, pp. 75-102, pp. 121-134 (scan for review 1-78, particularly 17-50) BLR
- E. Ellwood, Ellwood Tables, 4rd edition, Part II, Tables C, Ca, Cp, Cy, PLB4, PIB5 BLR
- F. Ellwood Problem Worksheet

NOTE: AN ADDITIONAL 2-HOUR LAB WILL BE SCHEDULED AS AN EVENING SESSION DURING THIS WEEK WITH ACCESS TO TERMINAL AND ELECTRONIC CALCULATOR.

10-9 APPRAISING INCOME PROPERTIES

- A. Kinnard, Income Property Valuation, Chapter 12-16, Chapter 18, 19 Text
- B. American Institute of Real Estate Appraisers, A Student's Appraisal Report on an Apartment House BLR
- C. American Institute of Real Estate Appraisers, Ellwood Supplement to a Student's Appraisal Report Mimeo
- D. Appraisal Staff of Bell Federal Savings & Loan Assoc., "A Demonstration of the Three Approaches to Value of a Low Rise Apartment Building", Real Estate Appraiser July-August 1970, pp. 18-26 Mimeo

10-16 THE COST APPROACH TO VALUE

- A. Kinnard, Income Property Valuation, Chapter 17 Text
- B. Sackman, "The Limitations of the Cost Approach", The Appraisal Journal, January 1968, pp. 53-64 Mimeo
- C. Allison, "Fundamental Appraisal Thinking", The Appraisal Journal, October 1964, pp. 579-589 Mimeo
- D. The Boeckh Service, Problems to be assigned by Mr. Michael Rooney BLR

10-23 CORRELATION, SYNTHESIS, AND THE APPRAISAL REPORT

- A. Ring, The Valuation of Real Estate, Chapters 23 & 24 BLR
- B. Dasso, "Economic Base Analysis for the Appraiser", The Real Estate Appraiser, July 1969, pp. 374-385 Mimeo
- C. Kinnard, Income Property Valuation, Chapter 20 Text
- D. Society of Real Estate Appraisers, A Guide to Narrative Appraisal Reporting on Income Producing Properties Handout

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<u>Week</u>	<u>Readings</u>	<u>Source</u>
10-30	CRITICAL REVIEW OF APPRAISAL THEORY BY RATCLIFF	
	A. Richard Ratcliff, <u>Valuation for Real Estate Decisions</u> , Chapters 1-5	Text or BLR
	B. Richard Ratcliff, <u>Valuation for Real Estate Decisions</u> , Chapters 8-10	Text or BLR
11-6	CRITICAL REVIEW OF APPRAISAL THEORY BY OTHERS	
	A. Paul Wendt, "Recent Developments in Appraisal Theory", <u>The Appraisal Journal</u> , Oct. '69	Mimeo
	B. Frederick Babcock, "The Three Approaches", <u>The Real Estate Appraiser</u> , July, Aug. '70	Mimeo
	C. M. B. Hodges, "Babcock Revisited: A Return to Fundamentals", SRA cassette script '71	Mimeo
	D. Smith and Racster, "Should the Traditional Appraisal Process be Restructured?", <u>The Real Estate Appraiser</u> , Nov.-Dec. '70	Mimeo
11-13	IMPLICATIONS OF VALUE INFERENCE BY SIMULATION	
	A. Wm Kinnard, "New Thinking in Appraisal Theory", <u>The Appraisal Journal</u> , Aug. '66	Mimeo
	B. Daniel Yankelovich, "New Criteria for Market Segmentation", <u>Harvard Business Review</u>	BLR
	C. Bauer & Buzzell, "Mating Behavioral Science and Simulation", <u>Harvard Business Review</u>	BLR
	D. Fred Case, "Computer Applications in Real Estate Appraisal" speech	Mimeo
11-20	KENNEDY HEIGHTS APARTMENT MARKET STUDY DUE	
11-27	STATISTICAL MODEL FOR MARKET COMPARISON APPROACH	
	A. Gene Dilmore, <u>The New Approach to Real Estate Appraising</u> , Chapters 14, 15, 16	BLR
	B. Robert Gustafson, "E.S.P. and the Appraiser", speech	Mimeo
	C. Robert Gustafson, "Data Banks and Computerized Annual Updating of Assessment Rolls", speech	Mimeo
	D. Jack Lessinger, "A 'Final' Word on Multiple Regression and Appraisal", <u>The Appraisal Journal</u> July '72	Mimeo
12-4	REVIEW	
12-11	FINAL EXAM	

Business 856 (935)  
Appraisal Seminar - Semester I

First Semester 1973

Professor J.A. Graaskamp

<u>Week</u>	<u>Readings</u>	<u>Source</u>
8-31	#1 INTRODUCTION TO THE APPRAISAL PROCESS & ASSUMPTIONS	
	A. "History of Value Theory for the Appraiser," Arthur M. Weimer, <u>The Appraisal Journal</u> , Oct. 1960	Mimeo
	B. <u>Approaches to Value</u> , American Institute of R.E. Appraisers	Handout
	C. <u>Income Property Valuation</u> , William Kinnard, Chap. 1-3	Text
	D. "How to Tell Value From Value From Value," Marshall & Stevens Inc.	Mimeo
	E. "Appraisal: Is It Measurement or Prediction?" Richard U. Ratcliff, <u>The Real Estate Appraiser</u> , Nov.-Dec. 1972	Mimeo
9-7	#2 THE MARKET COMPARISON APPROACH (RESIDENTIAL)	
	A. <u>An Introduction to Appraising Real Property</u> , Wm. Kinnard, Chap. 5-14	BLR
	- B. "Highest and Best Use," William Crouch, <u>The Appraisal Journal</u> , April 1966, pp. 166-176	Mimeo
	- C. "Highest and Best Use - Fact or Fancy," Paul Wendt, <u>The Appraisal Journal</u> , April 1972, pp. 165-174	Mimeo
	- D. "The Importance of the Highest and Best Use Analysis," Paul Tischler, <u>The Real Estate Appraiser</u> , May-June 1972	Mimeo
	E. Scan for examples: <u>The Valuation of Real Estate</u> , 2nd edition, Ring, Chap. 8-10	BLR
9-14	#3 THE COST APPROACH TO VALUE (RESIDENTIAL)	
	A. <u>Income Property Valuation</u> , William Kinnard, Chap. 17	Text
	B. "The Limitations of the Cost Approach," Sackman, <u>The Appraisal Journal</u> , January 1968, pp. 53-64	Mimeo
	C. "Fundamental Appraisal Thinking," Allison, <u>The Appraisal Journal</u> , October 1964, pp. 579-589	Mimeo
	D. "Building Cost Estimating," Arthur J. Washa and Michael A. Rooney	Mimeo
	E. <u>Kahn on the Entrepreneur</u> , Sanders A. Kahn	Mimeo
	F. Boeckh and Marshall Valuation Worksheet Form	Handout

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- 9-21 #4 SINGLE FAMILY HOME APPRAISAL PROBLEM
- A. Valuation for Real Estate Decisions, Richard U. Ratcliff, Chap. 1-7 Text
- B. Single Family Home Appraisal Problem due
- 9-28 #5 REFINEMENTS OF THE MARKET COMPARISON APPROACH
- A. "Economic Base Analysis for the Appraiser," Jerome Dasso, The Appraisal Journal, July 1969 Mimeo
- B. "A Naive Theory of Sales Comparability," William Shenkel, Univ. of Georgia, February 1968 Mimeo
- C. "Appraising the Integrated Neighborhood: The Appraiser's Obligations in a Changing Environment," Roger D. Ritley, The Real Estate Appraiser, March 1973 Mimeo
- D. Income Property Valuation, William Kinnard, Chap. 16 Text
- E. "Don't Underrate the Gross Income Multiplier," Richard U. Ratcliff, The Appraisal Journal, April 1971 Mimeo
- 10-5 #6 BASIC INCOME CAPITALIZATION APPROACH
- A. Income Property Valuation, William Kinnard, Chap. 4-15 Text
- B. Capitalization Methods and Techniques, American Institute of Real Estate Appraisers Handout
- C. "Graphic Aids to Capitalization," Robert C. Cantwell, The Appraisal Journal, July 1968 Mimeo
- D. "A Demonstration of the Three Approaches to Value of a Low Rise Apartment Building," Bell Federal Savings & Loan Assoc., The Real Estate Appraiser, July-Aug. 1970 Mimeo
- E. "Capitalized Income is Not Market Value," Richard U. Ratcliff, The Appraisal Journal, January 1968 Mimeo
- 10-12 #7 THE ELLWOOD SYSTEM
- A. "Mortgage-equity Capitalization: Ellwood Method," James Gibbons, The Appraisal Journal Mimeo
- B. "Ellwood Without Algebra," Akerson, The Appraisal Journal, July 1970, pp. 325-335 Mimeo
- C. "Investment Market Valuation," Hodges worksheets & problem 4 Mimeo
- D. Ellwood Tables, 3rd edition Part I, Ellwood, pp. 75-102, pp. 121-134 (scan for review 1-78, particularly 17-50) BLR
- E. Ellwood Tables, 4th edition, Part II, Ellwood, Tables C, Ca, Cp, Cy, PLB4, PIB5 BLR

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- F. Ellwood Problem Worksheet BLR
- G. Scan: "A Student's Appraisal Report on an Apartment House," BLR  
American Institute of Real Estate Appraisers
- 10-19 #8 THE INCOME APPROACH BY CASH FLOW SIMULATION
- A. Income Property Valuation, William Kinnard, Chap. 18-19 Text
- B. Valuation for Real Estate Decisions, Richard U. Ratcliff, Text  
Chap. 8-10
- C. "Monetary Policy and Real Estate Values," Halbert Smith and Carl J. Tschappat, The Appraisal Journal, Jan. 1966 Mimeo
- D. Investment Market Value Analysis Data Input Form Mimeo
- \* — E. "Development Analysis for the Valuation of Vacant Land," Mimeo  
Paul Fullerton, The Appraisal Journal, April 1965
- B — F. "A Basic Methodology for Estimating the Market Value of a Mimeo  
Subdivision Land Development," Dan L. Swango, The Real Estate Appraiser, Nov.-Dec. 1971
- 10-26 #9 CORRELATION, SYNTHESIS, AND THE APPRAISAL REPORT
- A. Income Property Valuation, William Kinnard, Chap. 20 Text
- f B. Writing Appraisal Reports, William C. Himstreet BLR
- f C. "How to Write a Poor Report," Charles B. Smith, Mimeo  
The Appraisal Journal, April 1973
- X D. "The Appraisal Report: Is There A Better Way?" T. C. Mimeo  
Hitchings, Jr., The Appraisal Journal, April 1972
- \* E. "Appraisal Review Committee: Its Purpose and Function," Mimeo  
Laurence Sando, The Appraisal Journal, April 1966
- 11-2 #10 CRITICAL REVIEW OF APPRAISAL THEORY BY RATCLIFF AND OTHERS
- A. Valuation for Real Estate Decisions, Richard U. Ratcliff, Text  
Chap. 11-15
- B. "Recent Developments in Appraisal Theory," Paul Wendt, Mimeo  
The Appraisal Journal, Oct. 1969
- C. "The Three Approaches," Frederick Babcock, The Real Estate Mimeo  
Appraiser, July-Aug. 1970
- D. "Babcock Revisited: A Return to Fundamentals," M.B. Hodges Mimeo
- 11-9 #11 RECONSTRUCTION OF APPRAISAL THEORY AND METHODOLOGY
- A. "Should the Traditional Appraisal Process be Restructured?" Mimeo  
H.C. Smith and R.L. Racster, The Real Estate Appraiser,  
Nov.-Dec. 1970

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- B. "New Thinking In Appraisal Theory," William Kinnard, Mimeo  
The Appraisal Journal, August 1966
- C. "Is There a 'New School' of Appraisal Thought?" Richard U. Mimeo  
 Ratcliff, The Appraisal Journal, October 1972
- 11-16 #12 NARRATIVE INCOME PROPERTY APPRAISAL REPORT DUE
- 11-23 THANKSGIVING VACATION
- 11-30 #13 STATISTICAL APPRAISAL TECHNIQUES
- 2- A. "Multiple Regression Analysis and The Appraisal Process," Mimeo  
 Jerome Dasso, The Real Estate Appraiser, Mar.-April 1973
- 1 - B. The New Approach to Real Estate Appraising, Gene Dilmore, BLR  
 Chap. 14-16
- 3 - C. "E.S.P. and the Appraiser," Robert H. Gustafson Mimeo
- 4 - D. "Data Banks and Computerized Annual Updating of Assessment Mimeo  
 Rolls," Robert H. Gustafson
- 6- E. "A 'Final' Word on Multiple Regression and Appraisal," Mimeo  
 Jack Lessinger, The Appraisal Journal, July 1972
- F. "FHA 236 Housing Projects; Some Thoughts on Valuation," Mimeo  
 William B. Jackson
- 5 - G. "A Case Study in Regression Analysis," Robert L. Foreman Mimeo
- 12-7 EXAM

NOTE: ALL PAPERS AND EXERCISES TO BE HANDED IN SHOULD BE STAPLED AT  
 UPPER LEFT HAND CORNER AND GIVEN A TITLE PAGE BUT LEFT  
 WITHOUT PLASTIC BINDERS OR OTHER SIMILAR COVERS.

- I. Market comparison problem--prices in file
- II. Hand out Ellwood problem sheet, due on Monday, Oct. 16
- III. Hodges Ellwood worksheet forms
- IV. Hodges IMV computer form
- V. Graphing market trends--Benedict
- VI. MKTCOMP--hand out manual sheets