

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

I. Other Presentations In Which Either The Date And /
Or Sponsoring Organization Is Missing

5. Market Analysis/Urban Economics/Real Estate
Process

f. "Notes for Detroit - Future Shock", no
date

Notes for Detroit - Future Shock

- I. Introduction
 - A. The changing nature of equity
 - B. The changing function of the appraiser
 - C. Professional methods
 - D. Professional liability
- II. The Changing Nature of Equity
 - A. Public rights, private rights, and common rights
 - B. Equity is a residual defined by the scope of public rights
 1. First claim on productivity (real estate tax)
 2. First claim on decisions as to use (police power)
 3. Prerogative to reclaim (eminent domain)
 - C. Public share of common rights depends on their ability to defend and define for a court of law
 1. Detection
 2. Measurement
 3. Reasonable knowledge of cause and effect
 4. Ability to communicate evidence to the jury
 - D. Common sense can tell you how quickly aerial photography can detect and measure consequences, how it can instruct as to cause and effect, and how well it can communicate to judge, jury, and the public - remember the missile pictures for Cuba.
 - E. Computer mapping provides the possibility of a rational resolution of land planning and location determination which means location is no longer a matter of who can pay the most gets to use the site-- rather it becomes a matter of matching suitability of use to physical capacity.
 - F. August House & Home - Impact Zoning
- III. The Changing Function of the Appraiser
 - A. Any process or procedure should ask itself occasionally what was the question it was designed to answer
 1. What was the data?
 2. What is the theory by which data relates to the answer?
 3. What's the cost benefit ratio of the method?
 4. Does the client accept the answer as creditable?
 5. What are the limitations of the analyst relative to the professional standard for performance?
 - B. How many questions are answered, how many functions best served by the answer by the answer fair market value as defined.
- IV. Mike's presentation and the legal implications suggest some basic flaws in appraisal methods and terminology
 - A. Highest and best use of the site is a resource allocation resource concept which no longer applies as resource allocation is not one of the responsibilities of the appraiser. At the most you are talking about most profitable use for a site within the limiting constraints of the natural and external economic consequences of working on that site.

- B. If suitability to the site represents one complexity suitability to the consumer represents an even greater complexity. Consumer research is becoming quite sophisticated in measuring drawing power of different amenities and the impact buildings on behavior.
 - C. The information explosion creates a problem of making information accessible to all those who need it. The communication of vast amounts of data and methods which data can be selected and processed for making decisions is rapidly progressing through electronic data processing and time sharing methods. While the costs are dropping the value of the benefits are rapidly increasing as we become more knowledgeable in the consequences of our mistakes relative to land use and the profitability of serving consumer desires quickly and efficiently.
- V. Since the questions and the techniques are changing and the appraiser is presenting himself as the economic interpreter of events upon whom decision makers can rely it follows that he be:
- A. Knowledgeable and current in his technique.
 - B. At some point failure to progress becomes negligence
 - C. Reliance on negligent professional performance creates liability - professional malpractice as the report was unsuitable for the purpose intended
 - D. Should you statement of limiting conditions disclaim responsibility for all of the critical issues relative to land use so that your report is internally consistent and externally irrelevant?
 - E. As medicine, engineering, accounting, insurance, druggist, and bueaticians have discovered in the last 10 years the professional designation leads to professional liability. Of course, the boy scouts are not liable for any degree of expertise represented by a merit badge.
- E. Is the American Institute awarding merit badges or designating a professional?