



# SET-UP OF INCOME MODELS 2019

## INTRODUCTION

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## WHY AN EMPHASIS ON INCOME?

- Revised definition of FMV
  - Code Section 48-5-2(3)

**(3) 'Fair market value of property' means the amount a knowledgeable buyer would pay for the property and a willing seller would accept for the property at an arm's length, bona fide sale. The income approach, if data is available, shall be considered *utilized* in determining the fair market value of income-producing property, and, if actual income and expense data are voluntarily supplied by the property owner, such data shall be considered in such determination.**

## WHERE DO I START?

- Income models must be setup before valuation can begin
  - As with other schedules, Income Models are maintained by county
  - Should be reviewed on a regular (at least, annually) basis

## WHERE DO I GET THE INCOME TO USE IN MY MODEL

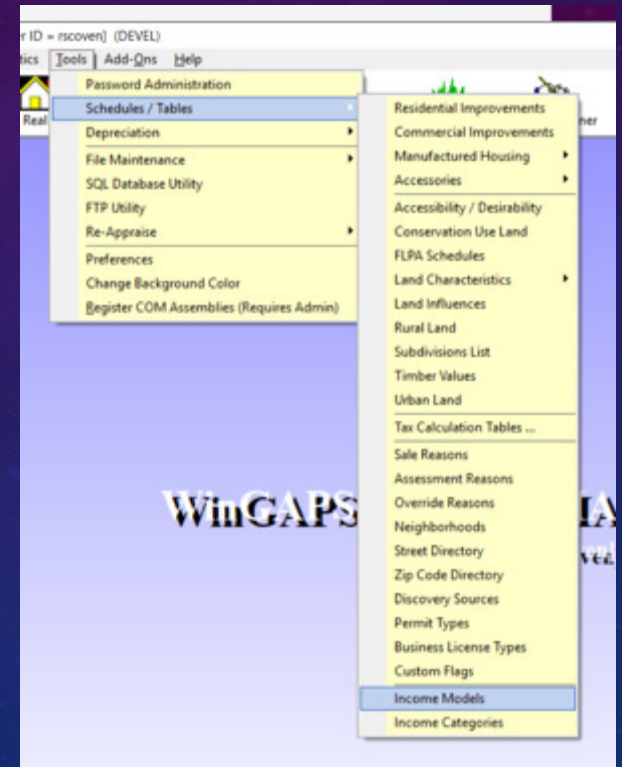
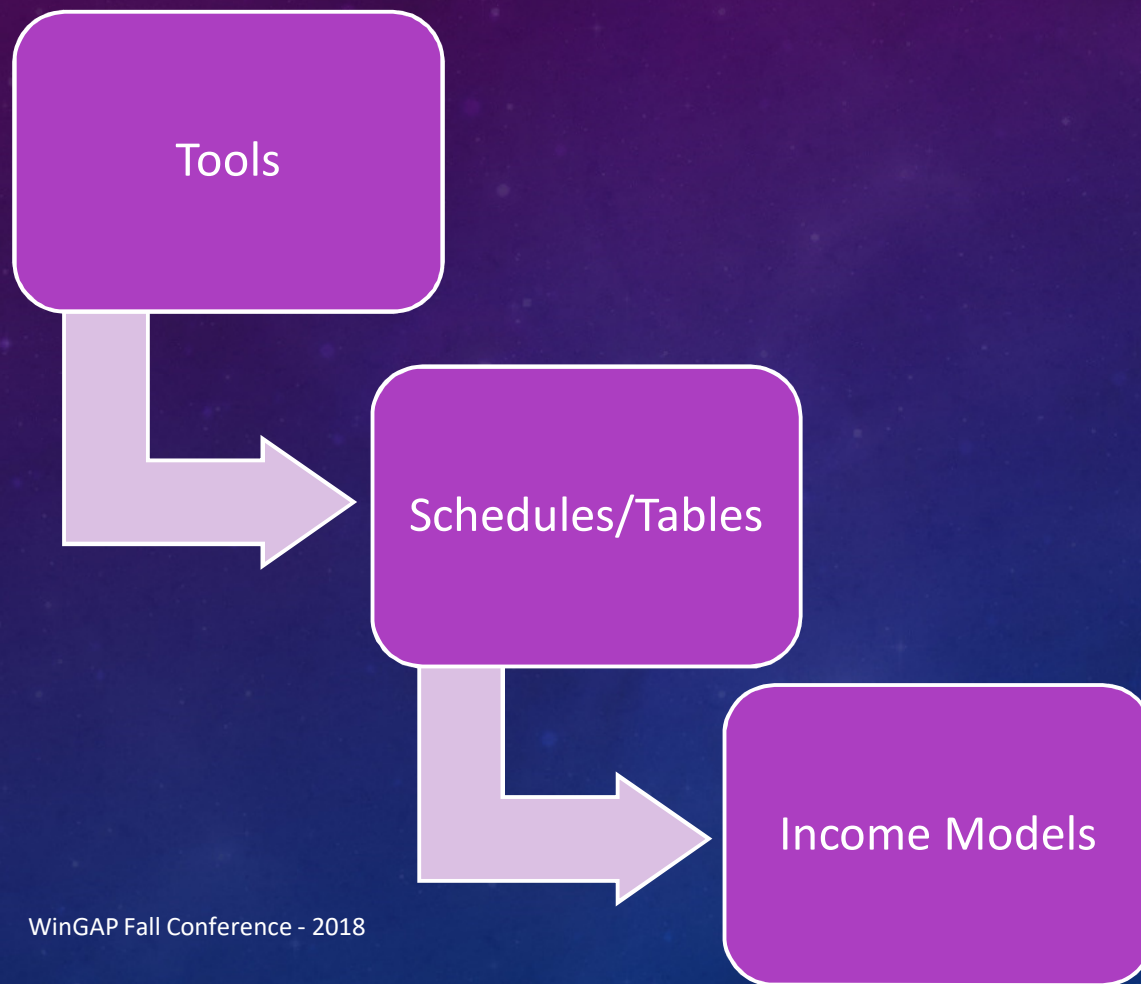
The appraiser will use the information from the owner's operating statement and reconstruct an income statement for the property, **based on the current market rents and typical proper expenses**



## GENERAL VS PARCEL SPECIFIC MODELS

- The use of uniform schedules and manuals should provide everyone with the uniformity and equality that are necessary in maintaining an equitable assessment system

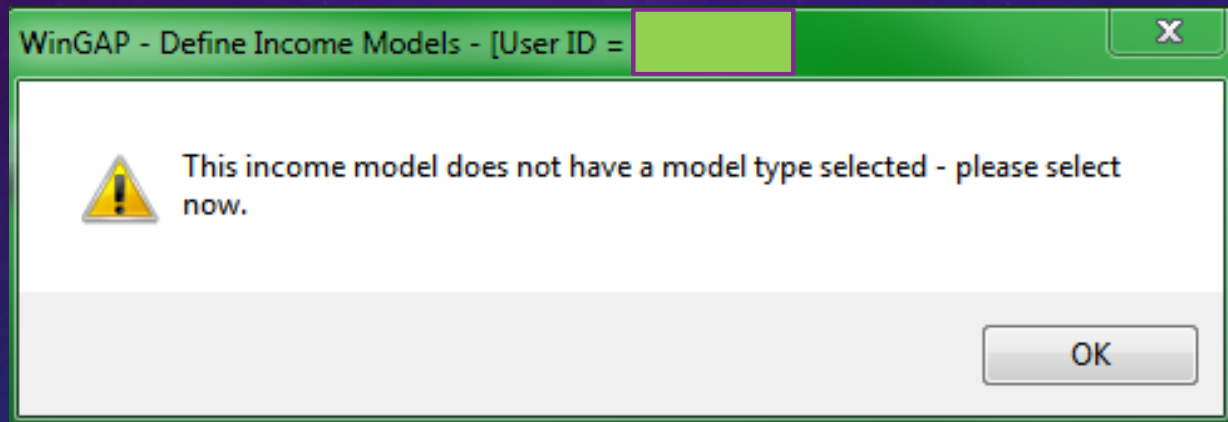
# INCOME MODELS – MENU ACCESS





# INCOME MODELS

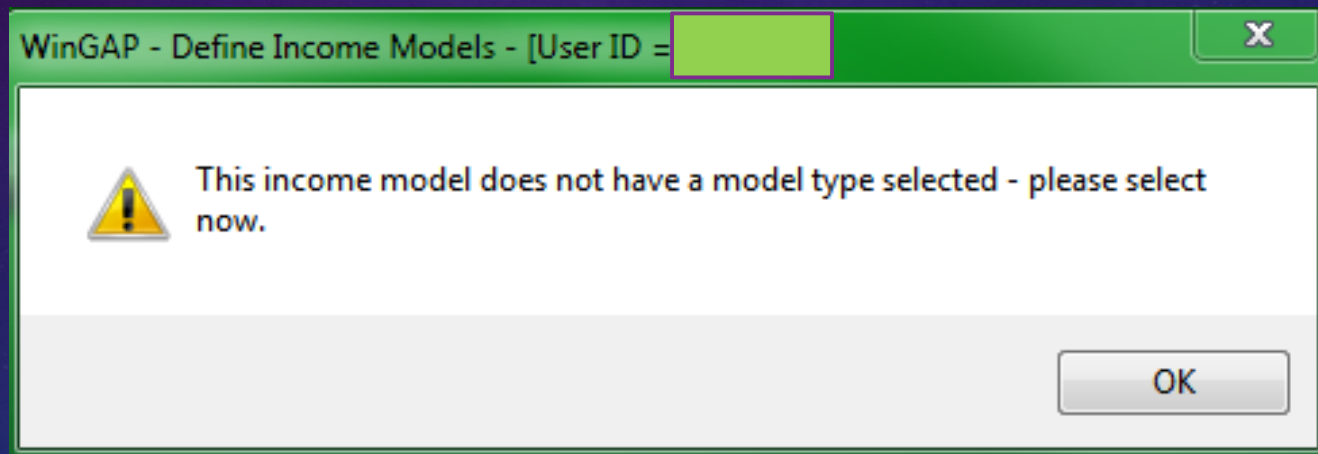
- You may see the following prompt



- Simple translation – *you got a lot of work to do, because you do not have anything*

# INCOME MODELS

- Clicking OK button on the prompt below displays the Income Model screen on the following slide



# INCOME MODELS

WinGAP - Define Income Models - [User ID = rscoven]

RECID	Modelkey	Modeltype	Descrip	Unit 1 Desc
(There are no records to view)				

Model Type

☐ \$ / SF  
☐ \$ / Room  
☐ \$ / Bedroom  
☐ GRM

☐ Monthly Rate

Comments

Model Description

Unit Description

Unit Rent

	0	\$ / SF	0.00
	0	\$ / Room	0
	0	GRM	0.00
	0	Vacancy %	0
	0	Expenses %	0
	0	Cap Rate	0.000

Buttons: Help, Cancel, Delete, New, Apply, OK

List box displaying models

Data Entry Area

Buttons



# INCOME MODELS

- The process of adding a model begins with clicking the **New** button
- Some gotcha's:
  - If no models exist & data entry begins before clicking **New**, information will not be saved
  - If models exist & data entry of a new model begins before clicking **New**, an existing model will be overwritten

# INCOME MODELS

- After clicking **New**, the data entry section of the screen will accept input
- Edits are built into screen to prevent saving models with missing or invalid entries

# MODEL TYPE FIELD ENTRY

- Model Types – 4 types to select from
  - \$/SF
  - \$/Room
  - \$/Bedroom
  - GRM (Gross Rent Multiplier)
- Selection is made by placing a check to the right of desired Model Type



# MODEL TYPE FIELD ENTRY

- \$/SF:

RECID	Modelkey	Modeltype	Descrip	Unit 1 Desc
1	1	4	North County 6 unit	upper unit
2	2	2	Mini Storage West	5 x 10
3	3	2	North County 12 unit	2b/1b

**Model Type**
☒ \$ / SF
 ☐ \$ / Room
 ☐ \$ / Bedroom
 ☐ GRM

☐ Monthly Rate  
 Comments

Model Category: Apartments\_AVG  
 Model Description:  
 Unit Description:

	0.00	\$ / SF	0.00
	0.00	\$ / Room	0
	0.00	GRM	0.00
	0.00	Vacancy %	0
	0.00	Expenses %	0
	0.00	Cap Rate	0.000

Unit Rent

Help

Cancel Delete New Apply OK

# MODEL TYPE FIELD ENTRY

- \$/Room:

RECID	Modelkey	Modeltype	Descrip	Unit 1 Desc
1	1	4	North County 6 unit	upper unit
2	2	2	Mini Storage West	5 x 10
3	3	2	North County 12 unit	2b/1b

**Model Type**
☐ \$ / SF  
☒ \$ / Room  
☐ \$ / Bedroom  
☐ GRM

Model Category: Apartments\_AVG  
 Model Description:  
 Unit Description:

Unit Rent:
 

	0.00	\$ / SF	0.00
	0.00	\$ / Room	0
	0.00	GRM	0.00
	0.00	Vacancy %	0
	0.00	Expenses %	0
	0.00	Cap Rate	0.000

☐ Monthly Rate  
 Comments:

Help

Cancel Delete New Apply OK

# MODEL TYPE FIELD ENTRY

- \$/Bedroom:

RECID	Modelkey	Modeltype	Descrip	Unit 1 Desc
1	1	4	North County 6 unit	upper unit
2	2	2	Mini Storage West	5 x 10
3	3	2	North County 12 unit	2b/1b

**Model Type**  
☐ \$ / SF  
☐ \$ / Room  
☒ \$ / Bedroom  
☐ GRM

Model Category: Apartments\_AVG  
 Model Description:  
 Unit Description:  
 Unit Rent:

	0.00	\$ / SF	0.00
	0.00	\$ / Room	0
	0.00	GRM	0.00
	0.00	Vacancy %	0
	0.00	Expenses %	0
	0.00	Cap Rate	0.000

☐ Monthly Rate  
 Comments:

Help

Cancel Delete New Apply OK



# MODEL TYPE FIELD ENTRY

- GRM:

RECID	Modelkey	Modeltype	Descrip	Unit 1 Desc
1	1	4	North County 6 unit	upper unit
2	2	2	Mini Storage West	5 x 10
3	3	2	North County 12 unit	2b/1b

**Model Type**  
☐ \$ / SF  
☐ \$ / Room  
☐ \$ / Bedroom  
☒ GRM

Model Category: Apartments\_AVG  
Model Description:   
Unit Description:   
Unit Rent: 

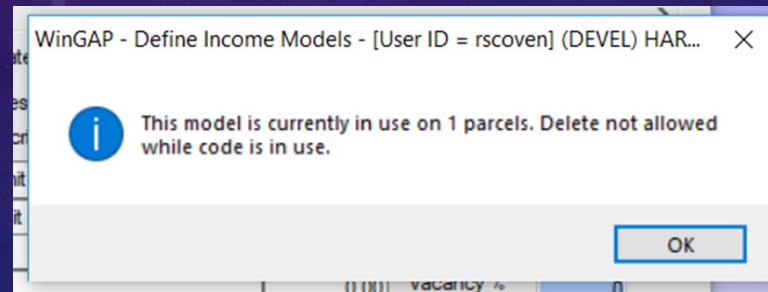
	0.00	\$ / SF	0.00
	0.00	\$ / Room	0
	0.00	GRM	0.00
	0.00	Vacancy %	0
	0.00	Expenses %	0
	0.00	Cap Rate	0.000

Monthly Rate:   
Comments:   
Help

Cancel Delete New Apply OK

# INCOME MODELS - BUTTONS

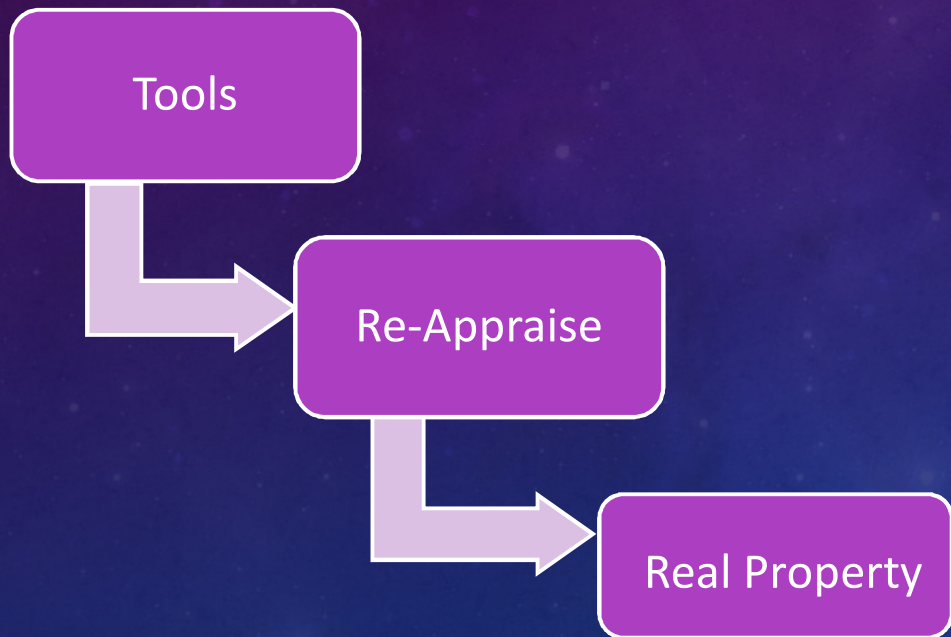
- **Cancel** – Discards any changes that have not been saved
- **Delete** – Removes the selected Model Type from the schedule.
  - **Caution:** Previously validation was not in place to insure that Model Type was not in use. A validation has been added to advise the user if a parcel is assigned to a model. **Do not delete if Model Type is assigned to a parcel.**



- ***Verification through SSMS is possible (see next slide for verification procedures)***

# INCOME MODELS

- Updates to schedule are not passed to properties when schedule entry is complete
  - Income parcels will not change in value until Income Re-Appraise



WinGAP Fall Conference - 2018

WinGAP - Reappraise - [User ID = rscoven] (DEVEL) ...

Starting: 001-000-L001-  
Ending: 101-002 - -  
Neighborhood:   
☐ Use ADV Query

Asmt Reason

Parcel Number

**Property Type**

☐ Calculate Taxes

☐ Residential Improvements  
☐ Commercial Improvements  
☐ Accessory Improvements  
☐ Conservation Use  
☐ FLPA Use Value  
☐ FLPA Base Ind  
☐ Enterprise Zone  
☐ State Homestead

☐ Urban Land  
☐ Rural Land  
☒ Income

Records Processed:  
Total Records  
Percent Processed 0%

**Other Information**  
Appraiser Name

Reappraise

Help Cancel Finished



# BEFORE SCHEDULE UPDATE

**Model Type**

☐ \$ / SF  
☐ \$ / Room  
☒ \$ / Bedroom  
☐ GRM

☐ Monthly Rate

Model Description: **Apartments**

Unit Description: **Unit Rent**

Unit Description	Unit Rent	\$ / SF	\$ / Room	GRM	Vacancy %	Expenses %	Cap Rate
1 bed 1 bath	2,400	0.00					
Two Bedroom	0		0				
Three Bedroom	0			8.00			
Four Bedroom	0						
Five Bedroom	0						
Six Bedroom	0						10.000

**Valuation Details**

	Base	Adj	Final	Units	Income	Dig Class
1 bed 1 bath	2,400	0 %	2,400	10	24,000	
GRM	8.00	0 %	8.00	0	24,000	PGI
Misc. Income	0			<input type="button" value="Reset"/>	24,000	EGI
Vacancy %	0	0 %	0		24,000	NOI
Expenses %	0	0 %	0		240,000	Total Value
Cap Rate	10.000	0 %	10.000		0	Personal Value
Comments		<input type="button" value="Reset"/>			240,000	Real Value
					3,660	Land Value
					236,340	Imp Value

# AFTER SCHEDULE UPDATE

**Model Type**

☐ \$ / SF  
☐ \$ / Room  
☒ \$ / Bedroom  
☐ GRM

☐ Monthly Rate

**Model Description**  
 Unit Description

1 bed 1 bath 3,000  
 Two Bedroom 0  
 Three Bedroom 0  
 Four Bedroom 0  
 Five Bedroom 0  
 Six Bedroom 0

**Unit Rent**

\$ / SF 0.00  
 \$ / Room 0  
 GRM 8.00  
 Vacancy % 0  
 Expenses % 0  
 Cap Rate 10.000

**Valuation Details**

	Base	Adj	Final	Units	Income	Dig Class
1 bed 1 bath	3,000	0 %	3,000	10	30,000	
GRM	8.00	0 %	8.00	0	30,000	PGI
Misc. Income	0			Reset	30,000	EGI
Vacancy %	0	0 %	0		30,000	NOI
Expenses %	0	0 %	0		300,000	Total Value
Cap Rate	10.000	0 %	10.000		0	Personal Value
Comments		Reset			300,000	Real Value
					3,660	Land Value
					296,340	Imp Value

THE INCOME APPRAISAL APPROACH ESTIMATES THE CURRENT MARKET VALUE FOR A REAL PROPERTY BY PROJECTING AND ANALYZING THE INCOME THAT THE PROPERTY **SHOULD** GENERATE

### Specific

- **Contract rent** refers to the actual **rent** paid under existing **lease contracts** executed between owners and **tenants**

### General

- **Market rent** refers to the potential **rental income** a property could receive on the open **market** as of the effective date of an **appraisal**.



# INCOME & PARCELS

- How do I begin after income models are setup?



- Open a parcel where an income value is desired
- Click the **Income** button