



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

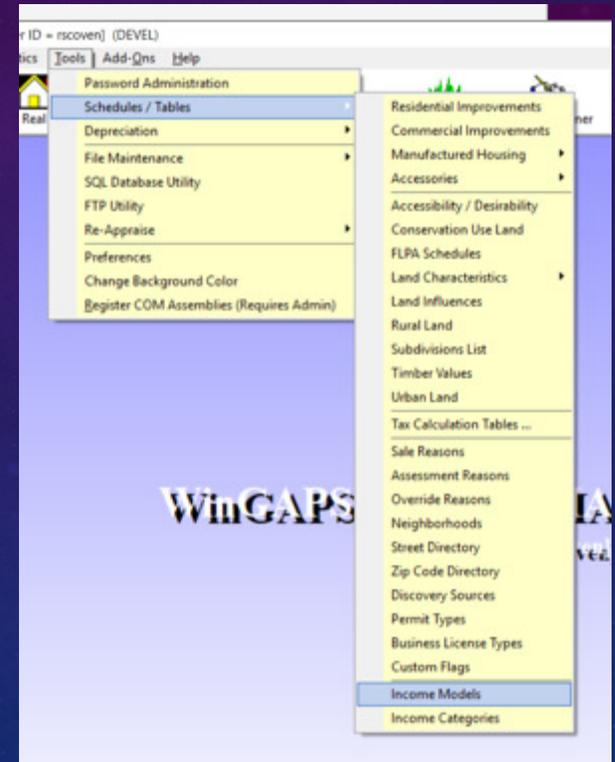
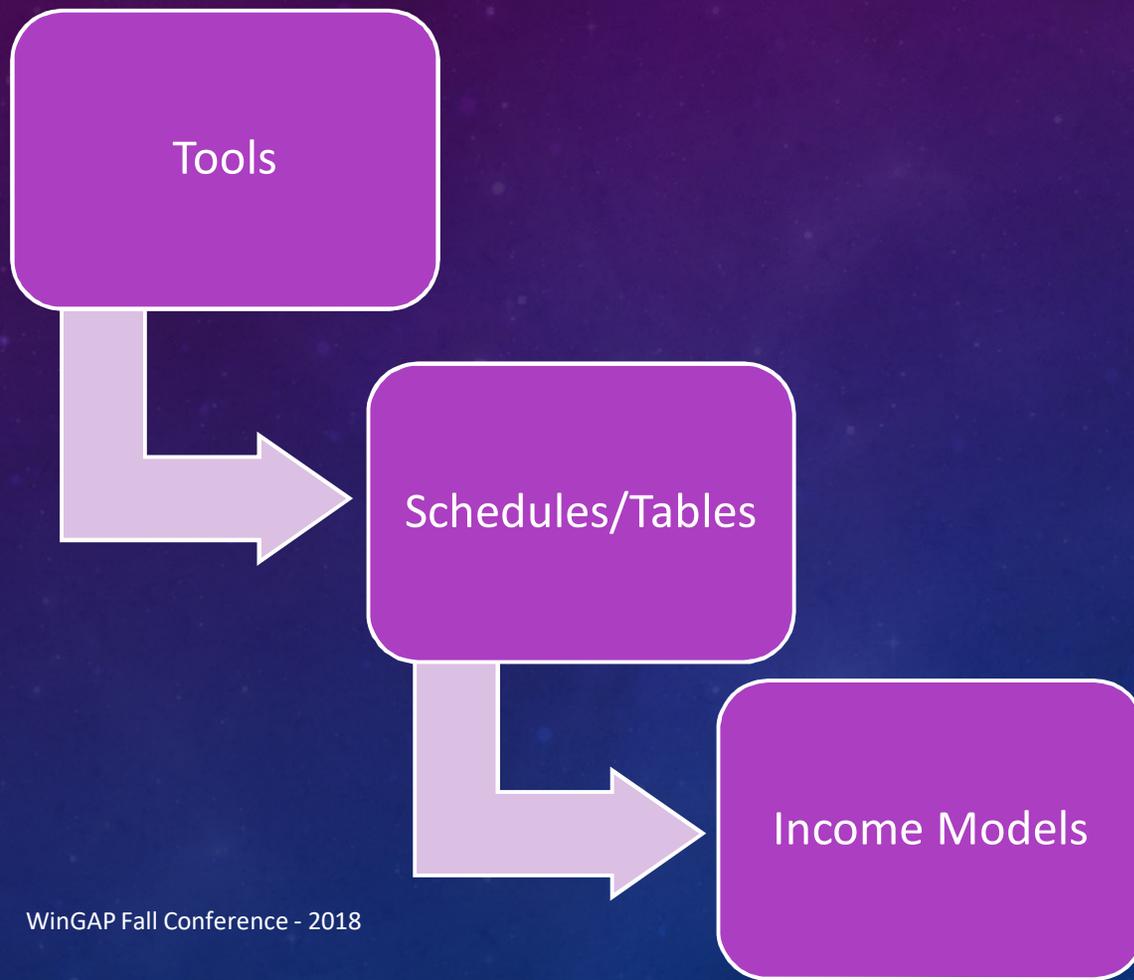
WHERE DO I GET THE INCOME TO USE IN MY MODEL

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

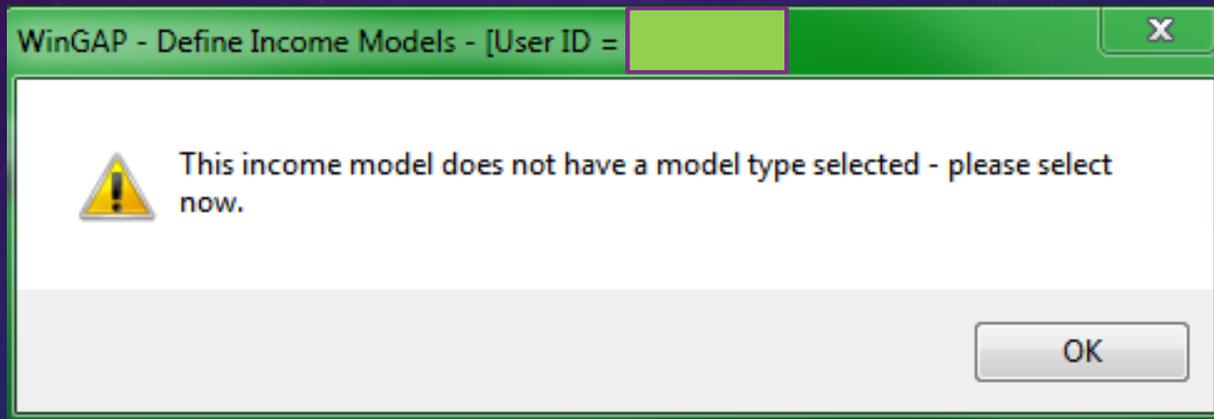
- The use of uniform schedules and manuals should provide everyone with the uniformity and equality that are necessary in maintaining an equitable assessment system

INCOME MODELS – MENU ACCESS



INCOME MODELS

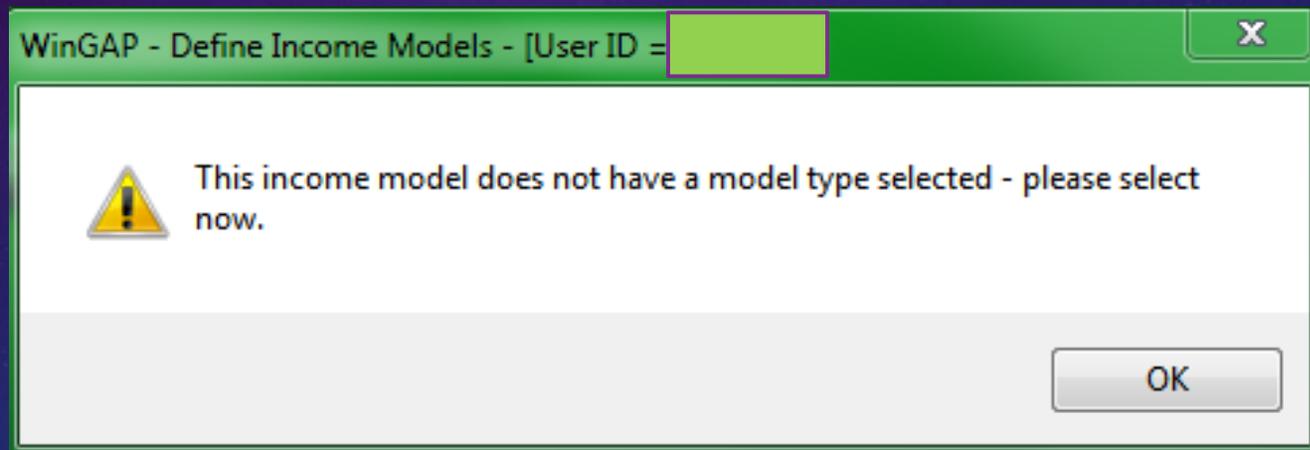
- You may see the following prompt



- 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

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

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

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

Buttons: 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

Monthly Rate
 Comments

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

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

Monthly Rate
 Comments

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

Buttons: 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

Monthly Rate

Comments

Model Category: Apartments_AVG

Model Description:

Unit Description:

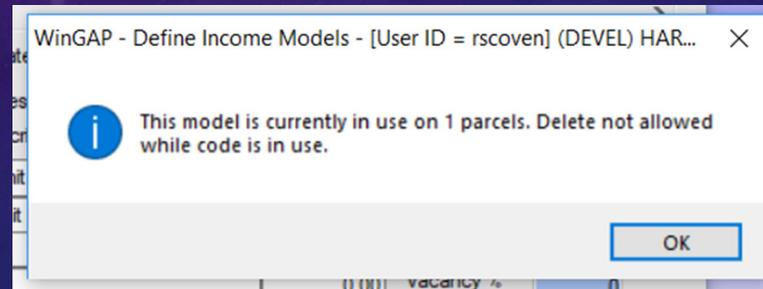
Unit Rent	\$ / SF	\$ / Room	GRM	Vacancy %	Expenses %	Cap Rate
<input type="text"/>	0.00	<input type="text"/>	0.00	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	0.00	<input type="text"/>	0	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	0.00	<input type="text"/>	0.00	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	0.00	<input type="text"/>	0	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	0.00	<input type="text"/>	0.00	<input type="text"/>	<input type="text"/>	<input type="text"/>

Help

Cancel Delete New Apply OK

INCOME MODELS - BUTTONS

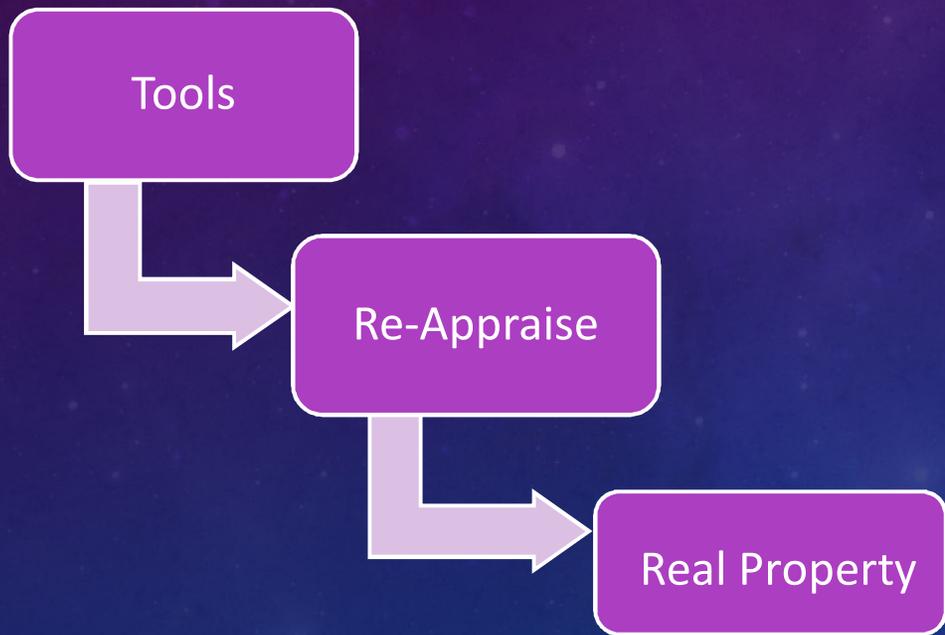
- **Cancel** – Discards any changes that have not been saved
- **Delete** – Removes the selected Model Type from the schedule.
 - **Caution:** Previously validation was not in place to insure that Model Type was not in use. A validation has been added to advise the user if a parcel is assigned to a model. **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 - Reappraise - [User ID = rscoven] (DEVEL) ...

Starting: 001 -000 -L001-
Ending: 101 -002 - -
Neighborhood: - -

Asmt Reason

Use ADV Query

Parcel Number

Property Type

Calculate Taxes

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

Urban Land
 Rural Land

Income

Records Processed:
Total Records
Percent Processed: 0%

Other Information
Appraiser Name: [dropdown]

Reappraise

Help Cancel Finished

BEFORE SCHEDULE UPDATE

Model Type

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

Monthly Rate

Model Description: **Apartments**

Unit Description: **Unit Rent**

1 bed 1 bath	2,400	\$ / SF	0.00
Two Bedroom	0	\$ / Room	0
Three Bedroom	0	GRM	8.00
Four Bedroom	0	Vacancy %	0
Five Bedroom	0	Expenses %	0
Six Bedroom	0	Cap Rate	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: **Apartments**

Unit Description

Unit Description	Unit Rent	\$ / SF	\$ / Room	GRM	Vacancy %	Expenses %	Cap Rate
1 bed 1 bath	3,000	0.00	0	8.00	0	0	10.000
Two Bedroom	0						
Three Bedroom	0						
Four Bedroom	0						
Five Bedroom	0						
Six Bedroom	0						

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			<input type="button" value="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		<input type="button" value="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