



CITY OF GROSSE POINTE WOODS

MEMORANDUM

Date: November 2, 2022
To: City Council
From: Eric Dunlap, City Assessor
Subject: Appraisal for an MTT Appeal

The property at 900 Cook Road, known as The Rivers, is under appeal at the Michigan Tax Tribunal. I am requesting approval to proceed with the attached appraisal retainer agreement. WCA has worked with John Widmer on several appeals. We have a high level of confidence in his work and his ability as an expert witness at the Tribunal. Also attached is a list of similar properties appraised by Mr. Widmer for the MTT.

He structured this agreement in two phases. Phase one includes a thorough market analysis and his estimate of true cash value for \$8,500. This will give us the information we need to determine if we want to proceed with the full appraisal report (phase 2) for an additional \$8,500.

Funds are budgeted in fiscal year 2022-2023 from account 101-210-801.301, MTT Appraisals and Other Consultants.

Thank you for your consideration.

Frank Schulte, City Administrator

Shawn Murphy, Treasurer/Comptroller

APPRAISAL RETAINER AGREEMENT

DATE: October 26, 2022

CLIENT: **City of Grosse Pointe Woods**
% Mr. Aaron P. Powers, MMAO, Managing Director
Contact e-mail: apowers@wcaassessing.com
% Mr. Eric Dunlap, MMAO, Assessor
Contact e-mail: edunlap@wcaassessing.com
WCA Assessing
38110 Executive Dr.
Westland, Michigan 48185

APPRAISER: John R. Widmer, Jr., MAI
FROHM & WIDMER, INC.
33966 West 8 Mile Road, Suite 108
Farmington Hills, Michigan 48335
Phone: (248) 471-6767, ext. 11
Contact e-mail: jwidmer@frohmwidmer.com

PROPERTY: The Rivers Grosse Pointe
900 Cook Road (Parcel No. 82-40-014-99-0004-001)
Grosse Pointe Woods, Wayne County, Michigan 48236
DRSN Real Estate GP, LLC v. City of Grosse Pointe Woods
MOAHR Docket No. 21-001599-TT (As Consolidated)





In general, the subject is a mostly rectangular shaped parcel, located along the north side of Cook Road, east of Mack Avenue in the city of Grosse Pointe Woods. The site is estimated to provide a total of ± 8.84 acres, and the multi-sectional building includes a gross building area (GBA) of $\pm 211,065$ square feet. The project is a luxury Continuing Care Retirement Community (CCRC), and includes a total of 77 Independent Living (IL) cottages, 65 Assisted Living (AL) units, 44 Memory Care (MC) units and 80 licensed Skilled Nursing/Rehab beds, for a total of 266-units. The parcel under appeal excludes the IL cottages along the east and north perimeter of this property. The Appraisal Report will establish a contributory value for the real property only, which will exclude any non-realty items, including tangible and intangible assets.

SERVICES: This agreement represents a proposal to provide real property appraisal services, related to the requirement of establishing True Cash Value (TCV) for a pending ad valorem appeal, with the valuation retrospective to December 31, 2020 (Tax Year 2021).

All market analysis and appraisal reporting will be prepared and reported in conformance with the **Uniform Standards of Professional Appraisal Practice (USPAP) 2020-2021 Edition**, as extended through December 31, 2023 by the **Appraisal Foundation**, as well as all **Professional Appraisal Standards** and **Code of Professional Ethics** of the **Appraisal Institute**. For each appraisal assignment, an appraiser must:

- 1.) identify the problem to be solved;
- 2.) determine and perform the scope of work necessary to develop credible assignment results; and,
- 3.) disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and,
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal assignment. Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use. An Appraisal Report requires the following items:

- (i.) State the identity of the client, or if the client requested anonymity, state that the identity is withheld at the client's request, but retained in the Appraiser's Workfile.
- (ii.) State the identity of any other intended users by name or type.
- (iii.) State the intended use of the appraisal.
- (iv.) Contain information, documents, and/or exhibits sufficient to identify the real estate involved in the appraisal, including the physical, legal and economic property characteristics relevant to the assignment.
- (v.) State the real property interest appraised.
- (vi.) State the type and definition of value and cite the source of the definition.
- (vii.) State the effective date of the appraisal and the date of the report.
- (viii.) Summarize the scope of work used to develop the appraisal.
- (ix.) Summarize the extent of any significant real property appraisal assistance.
- (x.) Provide sufficient information to indicate that the appraiser complied with the requirements of Standard 1, by:
 - Summarizing the appraisal methods and techniques employed
 - Stating the reasons for excluding the sales comparison, cost or income approach(es) if any have not been developed
 - Summarizing the results of analyzing the subject sales, agreements of sale, options and listings in accordance with Standards Rule 1-5
 - Stating the value opinion(s) and conclusion(s)
 - Summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches.
- (xi.) State the use of the real estate existing as of the effective date and the use of the real estate reflected in the appraisal.
- (xii.) When an opinion of highest and best use was developed by the appraiser, state that opinion and summarize the support and rationale for that opinion.
- (xiii.) Clearly and conspicuously, state all extraordinary assumptions and hypothetical conditions; and, state that their use might have affected the assignment results.
- (xiv.) include a signed certification in accordance with Standards Rule 2-3.

The appraisal will be prepared in conformance with Standard Rule 2-2(a) of the **Uniform Standards of Professional Appraisal Practice (USPAP)**, and will be presented as an Appraisal Report. With regards to the above noted reporting requirements, the breadth of discussion will be predicated upon the extent to which each component would impact the true cash value

conclusion. For factual data, a summarized presentation will be included. For factors that have a more influential impact on value, a more detailed discussion will be presented.

The general scope of work for this assignment will include the following:

- Identification of the subject property by its legal description and real property tax identification number.
- Inspection of the subject property, by viewing the property from the interior and exterior, to be accompanied by a representative of ownership.
- Consider property specific data related to the physical and location characteristics of the subject site, including but not limited to, shape, topography, availability of utilities, road frontage, access and surrounding developments.
- Consider data related to the physical characteristics of the site and building improvements.
- Perform research pertaining to market supply and demand factors, market conditions and operating trends impacting the subject's property type.
- Consider the subject's competitive position in the sub-market.
- Analyze property-specific data related to the subject property's functional utility, marketability and potential absorption profile.
- Identify relevant demographic, social, economic, political and governmental factors affecting the subject's sub-market.
- Review occupancy and operating performance of the subject property and each CCRC segment.
- Conduct market research relative to industry trends relating to CCRC communities in the subject's competitive sub-market.
- Conduct market research into rental data for similar CCRC properties located in the competitive sub-market, including existing, under construction and proposed projects.
- Conduct market research into recent sales of similar CCRC properties located in the competitive sub-market.
- Conduct market research into recent sales of vacant land located in the competitive sub-market, and analyze the property relative to establishing appropriate replacement cost measures relying mainly upon reported construction costs for each building, applying **Marshall Valuation Service (MVS)** as a test for replacement cost.
- Inspect all local market data relied upon in the appraisal.
- Analyze market data and concluded to a reasonably probable highest and best use for the property.
- Consider the application of the three traditional approaches to value (i.e., **Income, Sales Comparison and Cost Approaches**) in light of: (i) the subject property's physical and economic characteristics; (ii) market conditions; and (iii) valuation criteria typically employed by the likely segment for this type and class of property.
- Prepare a retrospective fee simple true cash value (i.e., effective December 31, 2020 - Tax Year 2021) considering a Cost Approach, Income Approach and Sales Comparison Approach.
- Reconcile the valuation analysis into a final true cash value conclusion for the real property only.

FEE: For this proposal, the appraisal process has been determined to comprise two (2) phases, initially comprising market research and conclusion of value, followed by preparation of the Appraisal Report for submission to the Michigan Office of Administrative Hearings and Rules (MOAHR). As such, this proposal will be provided in phases, and will specifically provide a ***not to exceed (NTE)*** estimate for the following:

Phase 1 (Research & Preliminary Value Conclusion): Market research, which will comprise compilation of market conditions, market comparables, and analysis of subject property specific data. The information compiled initially will be analyzed and true cash value will be reported. In maintaining conformance with USPAP, a Restricted Appraisal Report will be prepared. In this instance, a NTE fee has been estimated at \$17,000. Time expended will be billed at \$200 per hour and maintained and reported in the invoice for services rendered.

The fee is due and payable upon consummation of this agreement, wherein the client shall submit payment of \$8,500 on an Appraisal Retainer Invoice to be provided. Upon confirmation that the terms of this agreement are acceptable, an invoice for payment of the retainer will be submitted to the client.

Phase 2 (Appraisal Report for submission to the MTT): This phase of the agreement contemplates preparation of an Appraisal Report (i.e., including all conclusions rendered in the Phase 1 Restricted Appraisal Report), to be submitted to the Michigan Tax Tribunal. The NTE fee for this segment of the agreement is \$8,500. Should this assignment proceed through Phase 2, the total NTE fee will be \$17,000.

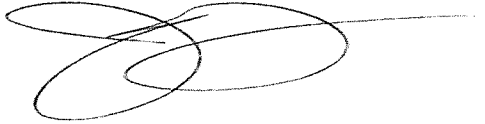
Phase 2 of the agreement will survive final preparation and delivery of the Appraisal Report, however, excludes subsequent services rendered, including but not limited to meetings, other conferences, depositions, hearings, trial preparation, attendance and testimony at trial, or any other dissemination or defense of the assignment and its conclusions. These post-appraisal services, if applicable, will be billed at a rate of \$200 per hour. These additional expenses are not intended to cover review and/or questions concerning the appraisal, upon receipt and review of same by the client.

DELIVERY: Contingent upon receipt of information, to be submitted to the client should the terms of this agreement be acceptable, the preliminary analysis (Phase 1) will be targeted for completion by mid-December 2022. If the agreement reaches Phase 2, delivery dates will be established so to meet the current Valuation Disclosure scheduling order of January 18, 2023.

CONFIDENTIALITY: Frohm & Widmer, Inc. considers all work done in connection with this assignment to be confidential. By acceptance of this engagement, it is understood that any private, confidential, or proprietary information provided during the course of this assignment will be kept strictly confidential. The appraiser will maintain the confidentiality and privacy of customer information obtained in the course of this assignment in compliance with the Ethics Rule of USPAP and the Appraisal Institute Code of Professional Ethics. Valuation assumptions, value conclusions, and/or related issues will ***NOT*** be discussed with any party other than the client and authorized parties as directed by the client. This will also pertain to any protective order entered into between Petitioner and Grosse Pointe Woods.

ACCEPTANCE: If the terms of this agreement are acceptable, please formally acknowledge your acceptance of these terms.

Frohm & Widmer, Inc.



BY: John R. Widmer, Jr., MAI	Vice President	10-26-2022
	TITLE	DATE

City of Grosse Pointe Woods

BY:	TITLE	DATE
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Docket	Property	Location	Type	Date
18-001495	Caretel Inns of Brighton	Brighton	AL & SNF	07/08/19
20-001280	Provision Living	W. Bloomfield Twp.	AL & MC	12/07/20
20-001402	Sunrise	W. Bloomfield Twp.	AL & MC	03/01/21
20-001121	Ashley Court	Brighton	AL & MC	06/29/21
20-001395	Sunrise	Bloomfield Twp.	AL & MC	07/14/21
20-003772	Balfour Senior Living	Ann Arbor	CCRC	09/24/21
20-001669	Fox Run Village	Novi	CCRC	10/18/21
20-001399	Sunrise	Grosse Pointe Woods	AL & MC	01/11/22
21-001321	Lockwood of Waterford	Waterford Twp.	IL & AL	02/18/22
20-001825	Sunrise	Bloomfield Twp.	AL & MC	03/17/22
20-001843	Windemere of Warren	Warren	CCRC	03/28/22
20-004463	Waltonwood	Canton Twp.	IL & AL	06/17/22
20-004463	American House	W. Bloomfield Twp.	IL & AL	06/20/22