Nebraska Rent-Restricted Housing Projects Valuation Committee

LB 356 – 2015
LB 228 - 2017
Committee’s Purpose

• To develop a market-derived capitalization rate to be used by county assessors in determining the assessed valuation for rent-restricted housing developments.
Composition of the Committee

- A representative of county assessors appointed by the Tax Commissioner.
- A representative of the low-income housing industry appointed by the Tax Commissioner.
- The Property Tax Administrator or a designee of the Property Tax Administrator.
- An appraiser from the private sector appointed by the Tax Commissioner.
Current Committee Members

- County Assessor Representative: Patricia E Sandberg
  Hamilton County Assessor

- Low-Income Housing Representative: John J. Wiechmann
  President/CEO
  Midwest Housing Equity Group (MHEG)

- Property Tax Representative: Bryan Hill
  Appraiser
  Nebraska Department of Revenue

- Appraiser Representative: Lori L. Johnson, MAI
  Certified General Real Property Appraiser
  Great Plains Appraisal, Inc.
Committee Duties

• Meet annually in November
• Solicit information on the sale of any such housing development.
• Calculate a market-derived capitalization rate on an annual basis using the band-of-investment technique or other generally accepted technique.
• Report rate(s) to Property Tax Administrator no later than December 1.
Historical Rates Determined by Committee

• 2016 – 6.5% Statewide
• 2017 – 6.5% Statewide
• 2018 – 6.5% Statewide
• 2019 – 6.5% Douglas & Sarpy Counties
  6.1% Lancaster County
  6.4% All other Counties
Common Issues

- Data reported for some developments is insufficient and credible results cannot be derived.
  - Mortgage/Equity does not equal 100% of reported development costs.
  - Entire terms of all loans are not provided (term/interest rate)
  - Incomplete income and expense information (pose issues for counties)
Historical Trends of Data

• Developments reporting a capital stack of 100%. (Mortgage/Equity)
  • 2017 – 125 or 40.7%
  • 2018 – 126 or 41.0%
  • 2019 – 131 or 42.7%

• Developments reporting adequate mortgage compositions.
  • 2017 – 185 or 60.3%
  • 2018 – 226 or 73.6%
  • 2019 – 223 or 72.7%
Looking Ahead

• Different property types.
• Continue to improve data acquisition process.