

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.