Real Estate Tax Assessments
The Impact of Coronavirus

April 21, 2020

Presented by:
Laurence A. Hirsh, CRE, MAI, SGA, President, Golf Property Analysts

Moderated by:
Joe Trauger, Vice President of Government Relations, National Club Association

Visit nationalclub.org/coronavirus for more information
Henry Wallmeyer

President and CEO
National Club Association

Visit nationalclub.org/coronavirus for more information
Connecting clubs with local hospitals to activate a network to provide critical resources and support for frontline hospital workers.

350 clubs (representing over 15,000 members) and 200 hospitals in the network.

Join in by visiting ClubsHelp.org to donate or find a hospital in your area to help.

Follow Clubs Help on Twitter, Instagram or Facebook #CLUBSHELP

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Joe Trauger

Vice President of Government Relations
National Club Association

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NCA in Action

• NCA Letter to House/Senate Leadership
• NCA Letter to House/Senate Small Business Committees
• Contact Congress
• Outreach by NCA to key House/Senate Offices
• Coordination with We Are Golf Coalition
• NCA joined US Chamber on letter to include all 501(c)

• Supplemental funding bill
  • $310B PPP
  • $75B Hospitals
  • $50-60B EIDL
  • $25B Testing

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Laurence A. Hirsh, CRE, MAI, SGA

President
Golf Property Analysts

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Real Estate Tax Assessments

The Impact of Coronavirus

- A webinar sponsored by NCA and presented by:
  - Laurence A. Hirsh, CRE, MAI, SGA
  - President – Golf Property Analysts
  - Philadelphia, PA
  - www.golfprop.com
  - Larry@golfprop.com

- April 21, 2020
- 11:30 AM EDT
• Elements of RE Taxes
• Definition of Value
• Approaches to Value
• Process/Jurisdictional
• Highest and Best Use
• Cost vs. Value

Impact of Coronavirus
• Buyer’s Market
• “Snapshot” Values
• Determinants of Value
• Long Term/Short Term
• Distressed Clubs/Capital Needs
• Personal Financial Stress
• Future Prospects
• Market Value of Club
  • Assessment to Value Ratio / Equalization Ratio
  • Millage Rate
  • Tax Liability
The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Presumes a sale!!!
Approaches to Value

• Income Approach
• Sales Comparison Approach
• Cost Approach
• Discounted Cash Flow
• Bridge Model
• Stock & Debt Approach
• Market Rent Method
Jurisdictional Differences

- Process
- A/V Ratios
- Accepted Approaches
- Highest and Best Use
- Town vs. County vs. State
Jurisdictional Differences

- New York
- Florida
- South Carolina
- Illinois
- Pennsylvania
Jurisdictional Differences

- New York
- Maryland
- Ohio
The Appeal Process

• File Appeal Paperwork (deadlines in each state)
• Appear at Appeal Board Hearing
• Appeal Board Decision in:
  • Local Court
  • County Court
  • State Court
• Refund?
• Negotiate?
Highest and Best Use & the Impact on Club Assessments

- Four Tests
  - Physically Possible
  - Legally Permissible
  - Financially Feasible
  - Maximally Productive
- Continued Use
- Alternative Use
- Interim Use
- Clean & Green
- Conservation Easements
Cost is what you pay. Value is what you get.

Warren Buffet
Coronavirus Impact

- Buyer’s Market
- “Snapshot” Values
- Determinants of Value
- Long Term/Short Term
- Distressed Clubs
- Capital Needs/Deferred Maintenance
- Personal Financial Stress
- Future Prospects
Buyer’s Market

- Downward Pressure on Values
- Distressed Motivated Sellers
- Club Failures
“Snapshot” Values

- “Trailing” 12 months
- “First Year Forward”
- Perceived Risk of Buyers
- Long-term (lack of) use of banquet facilities
Determinants of Market Value

- Presumes a sale! – To whom
- Declines in membership/play
- Fewer/smaller gatherings/functions
- Cash flow impacted
- Hesitant buyers
- Neglected capital items
- Deferred maintenance
- Economic fears
- Lower interest rates
• Duration of Impact
• Long term vs. short term fallout
• Recovery Cost
• Recovery Period
• Status of Competition
• 25% of clubs believed to be distressed
• Which competitors might not make it?
• Depth of Market
• Maintaining or increasing market share
• Ability to invest capital/Address Def. Maint.
• Club Culture
Members Personal Financial Stress

• How many members might not be able to continue?
• Forbearance of dues?
• Duration of potential leave?
• Resignations?
• Alternatives (Competition)
Future Prospects

• Time to broaden membership appeal?
• Necessary Capital to compete?
• Entrance Fee Financing?
• Club Culture?
• New Activities/Cost?
Book

Golf Property Analysis and Valuation
A Modern Approach

by Laurence A. Hirsh, MAI, CRE, SGA

www.appraisalinstitute.org/golf
Articles of Interest


https://golfprop.com/?s=Coronavirus
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Questions

Visit nationalclub.org/coronavirus for more information
"I need to do my part in supporting NCA the way you are supporting everyone else."