



Downtown Revitalization

Appraisal Challenges in Areas of Changing
Economics



AAAO District Meeting Spring 2022

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Topics

- Where revitalization is occurring
- Why revitalization is occurring
- Funding
- Appraisal Challenges
- Possible Solutions



Sources of Information

- ADECA
- The Montgomery Advertiser
- USDA
- Montgomeryal.gov



Downtown Revitalization Areas

- Who invests in revitalization areas?
 - Local Governments
 - Federal Governments
 - Non-profits
 - Private investors
 - Individuals with community pride



Downtown Revitalization Areas

- Why invest in these areas?
 - Heart of the city
 - Historic value
 - Tourism
 - Economic opportunity
 - Tax breaks
 - Trendy



Government Involvement

- Typically initiate revitalization
- Choose the areas
- Approve specific projects
- Grants



Revitalization Areas

- Areas suffering economically
- Residential areas with lower incomes
- Historic areas
- Rural and Urban
- Opportunity zones



Opportunity Zones

- Established by Congress in 2017
- Low-income census tracts
- At least 20% poverty rate
- Median income of less than 80% state or area wide income
- Provide federal tax incentives to investors
- 629 of the 1181 census tracts qualified
- Governor Ivey was authorized 158 opportunity zones
- At least one zone per county



Opportunity Zones Interactive Map



Residential Problems Created

- Values increase in low-income areas
 - Incomes don't increase
 - Elderly on fixed income
- Area economics change
- Government determines highest and best use
- Inconsistency in appraisals



Possible Solutions

- Inform homeowners of exemptions they may qualify for
- Research the appraisal areas
- Review the areas
- Physically inspect properties being renovated
- Use resources available to verify remodeled structures
- Maintain Equity



Economics and Government

- Highest and best use
- Zoning
- City planning
- Historic designations
- Economic obsolescence
- Economic revitalization
- Mixed use properties



Proposed Mapco, Cottage Hills



Mapco Concerns

- In an area that has undergone much revitalization
- Historic district
- Economic obsolescence
- Decrease home values
- Change the look of the community



Downtown Commercial Revitalization

- Montgomery
- Over \$244 million invested between 2014 and 2020
- 16% of the total city-wide investment
- Largest project cost near \$24 million

- So, We have an additional \$244 million in taxable value?



Taxable Value

- NO, there is not an additional \$244 million in value added to the tax roll
- Government projects
- Non-profit exempt properties
- Differences between cost and value
 - Replacement cost
 - Reproduction cost



Taxable Value

- Progression
 - Regression
 - Supply
 - Demand
 - Anticipation
-
- Montgomery Examples



The Kress Building

Mixed use

33 residential units

32,000 gross leasable

\$19+ million reno cost

Retail mix with added features

City owned property sold to investor

Sold with preservation criteria set by City



79 Commerce Building

Mixed use

New construction

Occupies an historic location

Approved by the City's
architecture/review board

Predominately apartments

Retail on the bottom floor



National Memorial for Peace and Justice, Memorial Garden and Memorial Center

Equal Justice Initiative (EJI)

Memorial, garden, art/architecture

Promotes tourism

Brings awareness and healing

National and local history

\$10+ million

May spur more revitalization

Image provided by Montgomeryal.gov



Surprising Opportunities

Building collapsed

Negative impact on surrounding properties

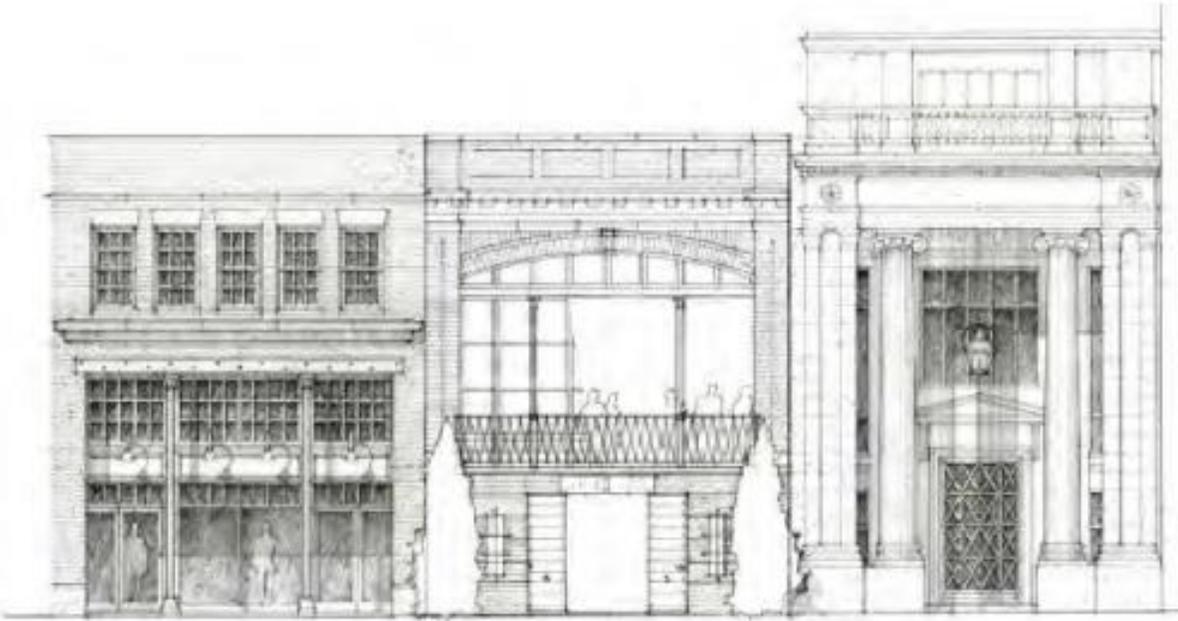
Safety hazard

What's left to restore/revitalize?

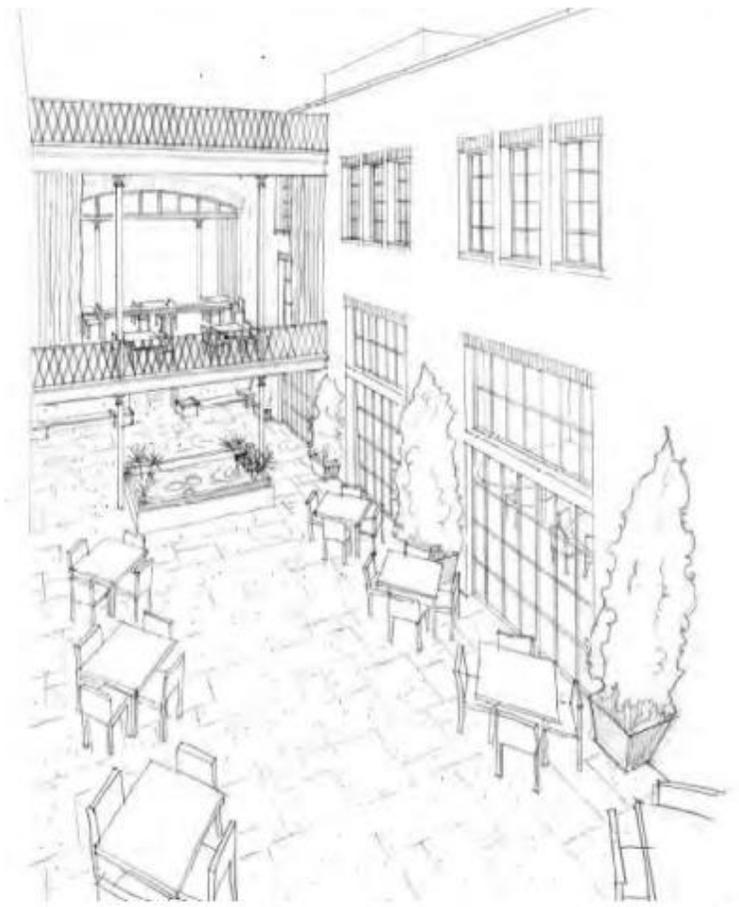
Similar to City Federal Building project



City Federal Building



PROPOSED COMMERCE STREET ELEVATION



City Federal Building

- Prior images are of renderings on Montgomeryal.gov
- Two buildings
- Open air atrium for dining and events
- Restoration and remodel
- Est. \$3.9 million cost



Downtown Trends

HGTV *Home Town Takeover*

Company Street Wetumpka

Variety of shops

Multiple restaurants

Deferred maintenance corrected

Economic opportunities lead to demand

Values increase



Downtown Revitalization Recap

- Will likely happen in your county
- Due to economic opportunities and government involvement
- Will be funded by a diverse group of investors with different goals
- Will likely cause some appraisal challenges
- Hopefully, we have addressed some appropriate appraisal challenges

