

fast FACTS...

about Sedgwick County Government



August 2005

Property Acquisition

Although the use of the power of eminent domain by government entities is much in the news these days, the truth is most property required for public improvement projects is acquired by purchase. Sedgwick County anticipates this trend will continue with the arena projects and that most of the tracts required for the Arena Project will be acquired through a voluntary purchase with the landowner.

Sedgwick County Will Offer Fair Market Value:

Sedgwick County will offer fair market value for all property it seeks to acquire for the downtown arena. The term "fair market value" as defined by state law means:

the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion.

The use of the concept of fair market value is an attempt to pay an amount equal to the price that would have been paid for the property in a transaction between two private individuals. Sedgwick County seeks no variance from what the landowner would have received for his or her property in the normal course of business.

One's focus must then turn to the means to determine fair market value.

Fair Market Value Will Be Determined By Independent Appraisers.

Sedgwick County anticipates that it will have each tract of property required for the arena project appraised and will offer each owner the appraised value of the property.

In order to do arrive at the fair market value to be offered to the landowners, Sedgwick County will first retain qualified, independent appraisers by soliciting bids for the required appraisal work from certified appraisers. The solicitation will announce that Sedgwick County is seeking the appraisers with the experience, training and judgment required to independently value each of the required tracts of property.

Although specific guidelines for the appraisal work have not been established, it is anticipated the guidelines will address the following:

1. The State of Kansas provides certification for appraisal professionals who have completed educational requirements, demonstrated knowledge of the standards of the appraisal profession and who have demonstrated a standard of competence in the actual practice

Sedgwick County
Manager's Office

525 N. Main, Suite 343

Wichita, Kansas

67203

316-660-9393

www.sedgwickcounty.org



Sedgwick County...
working for you

Property Acquisition

Page two

of the appraisal profession. These individuals are then required to meet certain professional standards referred to as the Uniform Standards of Professional Appraisal Practice (USPAP) in all appraisal work they do. It is anticipated the appraisals done for Sedgwick County will meet these standards and will be completed by, or under the direction of State certified appraisers.

2. The appraisal profession recognizes three general methods to value real estate: (a) the sales comparison approach which relies on sales of comparable property, (b) the income capitalization approach which values property based on the income producing potential of that property, and (c) the cost approach which arrives at a value by estimating the cost to replace the property and then subtracting depreciation. Sedgwick County will ask that all appraisals consider all three approaches when valuing each tract of property.

It is anticipated the appraiser(s) working on behalf of Sedgwick County may inspect each tract of property to confirm the size, type and general condition of all improvements. The appraisers will also be interested in general information about the property. For these reasons, the appraisers may contact the landowner or tenants or both.

The information gathered in this process will be used only for the acquisition of the property.

Landowners Will Be Offered The Full Appraised Value of Their Property.

Once the appraisal of a tract of property is completed, Sedgwick County will seek to purchase the property for the full amount of the appraised value. Representatives from Sedgwick County will attempt to provide each owner with a summary of the appraisal information and will disclose the full amount of the appraised value.

As stated above, Sedgwick County seeks to continue the practice of purchasing the majority of the required tracts. Indeed at this time, Sedgwick County's efforts are directed toward purchasing 100% of the land required for the arena project.

However, in the unlikely event Sedgwick County is unable to purchase all tracts, Sedgwick County will consider use of the power of eminent domain in order to acquire property. The power of eminent domain assures a government entity that it can acquire private property but demands that the landowner receive just compensation for his or her property.

The law defines "just compensation" as the fair market value of the property. If property is acquired through the condemnation process, Sedgwick County will continue to rely on qualified, independent appraisers to insure a landowner receives the full just compensation allowed them by law.