

**Report and
Analysis**

**SURVEY OF APPRAISERS
FORT WORTH & DALLAS
EFFECTS OF LAND USES ON
SURROUNDING PROPERTY VALUES**

Submitted to

CITY OF FORT WORTH, TEXAS

Submitted by

duncan | associates

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Introduction

CONSULTANT TEAM

The City of Fort Worth retained Duncan Associates, in association with Cooper Consulting Company, Inc., to undertake a study of certain effects of sexually oriented businesses. Specifically, a survey of Fort Worth and Dallas appraisers was undertaken to determine the potential impacts sexually oriented uses, as well as other land use types, may have on residential and businesses property values. Project manager for the study is Eric Damian Kelly, Ph.D., FAICP, vice-president with Duncan Associates. Teamed with Eric, is Connie B. Cooper, FAICP, co-author, with Kelly, of the American Planning Association's Planning Advisory Service Report *Everything You Always Wanted to Know About Regulating Sex Businesses*. We were assisted in the survey design and the analysis of results by David C. Keuhl, Ph.D., an Assistant Professor of Urban Planning at Ball State University. The work was performed under the supervision of the Office of the City Attorney, providing background for the City Council in its consideration of amendments to the zoning regulations for sexually oriented businesses.

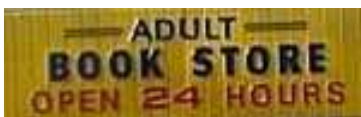


REGULATING SEXUALLY ORIENTED BUSINESSES

Regulation of sexually oriented businesses has become one of the more challenging tasks facing communities today. Regulations must balance legitimate community concerns about the businesses with the First Amendment rights of the business owners and customers.

Courts increasingly demand that local governments base their zoning regulations of sexually oriented businesses on documented land-use effects of those businesses. Recent court decisions indicate that a local government representing a jurisdiction of significant size is in a better position legally if it conducts its own study of those impacts, rather than relying on published studies or studies conducted in other communities.

Most regulations of sexually oriented businesses are directed at nude or topless bars, XXX video stores and other establishments devoted almost entirely to sexually oriented activities. However, many well-regarded merchants include in their stock a measurable proportion of arguably sexually oriented material; such businesses include the video rental stores with "adults only" backrooms, news dealers with isolated racks of adult magazines and a variety of specialty stores that may include certain sexually oriented items.



Although those who take the most negative view of sexually oriented activities and materials would lump all such businesses together, this creates an impossible situation, legally and politically. First, any broad limitation on any business with any "sexually oriented" materials or activities would ultimately apply to every bookstore, every movie rental store, every news dealer and, arguably, a variety of other merchants, such as Victoria's Secret, which trades on the fringes of this market in some of the nation's most upscale malls. Although those who would like to see such materials and activities eliminated completely from a community, the fact remains that there are technically x-rated scenes in major works of literature, brief nudity and sexual activity in Academy award-winning motion pictures.

Regulation of sex businesses is one of the most litigated areas of land-use law today. Communities that have tried to bar most or all sex businesses have generally lost court challenges to their regulatory schemes. In that context, a community must make reasonable provision for the existence of some sexually oriented businesses; on the other hand, it is also clear that a community need not necessarily allow every such establishment to offer the full range of sexually oriented products or activities that its proprietors might like to offer. Courts have also recognized that a sexually oriented business (such as a book store) is different from other businesses offering similar products that are not sexually oriented. Detroit can adopt and implement different zoning regulations for such businesses, provided that the effect is not a complete ban on all such businesses.

Regulations that attempt to censor specific messages or that otherwise target the message itself are subject to “strict scrutiny” in the courts, a standard which places a heavy burden on a government to show a “compelling state interest” that justifies the regulations. See, for example, *Boos v. Barry*, 85 U.S. 312, 108 S. Ct. 1157, 99 L. Ed. 2d 333 (1988). But where the regulations are aimed at the secondary effects of sexually oriented businesses, they will be treated as “content neutral” and subject only to “intermediate scrutiny,” a far less burdensome standard for local governments to meet. See *City of Los Angeles v. Alameda Books, Inc.*, 152 L. Ed. 2d 670, 122 S. Ct. 1728 (U.S. 2002).

In response to concerns of residents about the secondary effects of certain sexually oriented businesses, particularly in parts of the community where there were multiple such businesses, the City of Fort Worth began to consider amendments to its zoning regulations affecting sexually oriented businesses and sought our advice on the extent of those secondary effects. The focus of this study has been on the secondary effects of those businesses on property values.

SCOPE AND DESIGN OF STUDY

This study consisted of a survey of MAI and SRA real estate appraisers in Fort Worth and Dallas. There have been earlier surveys of real estate appraisers and professionals regarding this subject, including those incorporated in studies for Indianapolis, Indiana, Austin, Texas, Garden Grove, California, and Rochester, New York.¹

The most commonly cited secondary effects of sexually oriented businesses on communities relate to incidence of crime and effects on surrounding property values. The incidence of crime was well documented in the Garden Grove study,² a study that would be difficult and expensive to replicate. Efforts to model the effects of particular uses on property values have proven to be very difficult to carry out effectively. The typical method, followed in sections of both the Indianapolis and Austin reports, is to compare trends in property values in an area with a sexually oriented business to trends in property values over the same period of time in a similar area without a sexually oriented business. There are multiple levels of comparison in such a study. One major challenge is trying to find “similar” areas. There will always be differences other than the sexually oriented business, and, without a large enough sample size that allows testing for other variables, it is difficult to determine how those other variables may be increasing or offsetting the apparent secondary effects of sexually oriented businesses. One area may have a park, while the other does not. One may have three small religious institutions while another has only two such institutions, but one of them turns out to be very large, with activities several days a week. The area with the sexually oriented business may also have a

pawn shop or a salvage yard or another use that may also have a negative effect on property values.

Even if researchers are able to identify truly comparable areas for the study, there is a further problem in tracking trends in property values. A study may use values assessed for tax purposes, a methodology that is itself fraught with problems and that often includes a number of factors other than market value. Tracking the values of properties that actually sell may make sense, but there is no guarantee that similar properties will sell in the two similar areas over any reasonable study period. The sale of one deteriorated home in one area or of a couple of upscale homes in another can distort study results. Understanding those problems is not particularly difficult. Solving them in the context of a specific study in a specific community is very difficult indeed.

Given the above, we believe that the opinions of appraisers provide an excellent and reliable measure of the effects of any kind of use or activity on property values. First, certified appraisers are experts in their fields, people who follow professional standards in making judgments about property values. Second, appraisers familiar with a local market look at the values of many properties every year and thus have a substantial data set not only in their files but also in their heads. Third, and perhaps most important, the opinions of appraisers are essentially self-fulfilling prophecies. The vast majority of real estate transactions that take place in this country involve mortgage loans. The amount available for a mortgage loan on a particular property depends on the value of the property, as determined by an appraiser. The mortgage value of a property is typically closely correlated with the market value of the property, because few buyers are willing to pay more for a property than mortgage lenders believe that it is worth. Thus, to take an overly simple example, if most appraisers in a community believe that pink and green houses are worth, in general, 10 percent less than similar houses painted beige, the practical effect of that opinion will be to reduce the market value of pink and green houses.

We elected to survey only appraisers who have met the professional standards of the Appraisal Institute³ as Members (holding the MAI designation) or as Senior Residential Appraisers (SRA designation). The Institute is considered by many to be the leading organization setting the standards for appraisers in the United States.

Previous surveys of appraisers have been criticized because the purpose of the survey was made obvious, either in a cover letter or in the narrow focus of the instrument itself. We thus designed a survey that asked the opinions of the appraisers about both positive and negative effects of a variety of land uses on surrounding properties – uses including religious institutions, parks, libraries and shopping centers, as well as uses often carrying a negative connotation, such as sexually oriented businesses, pawn shops and homeless shelters.

We mailed the surveys to all appraisers meeting the above qualifications. We used follow-up letters and e-mails to ask survey recipients to respond. A discussion of the response rates follows at the end of this report.

In our report below, we include summaries of responses to the questions in which we were most interested. The survey instrument and responses to all questions are included at the end of the report. Although we have grouped sexually oriented businesses together in reporting the responses, the survey instrument mixed various land uses in the questions.

Findings

Question 3: How would the listed land uses located within **500 feet** of a **Single- Family Home** likely affect the home's appraised value?

Land Uses	Affect on Single Family Home's Appraised Value (%)			
	Decrease	No impact	Increase	No Opinion
Adult Arcade/Peep Booths	97.5	0.0	0.0	2.5
Adult Novelty/Media Store (Retail only)	97.5	0.0	0.0	2.5
Gentleman's Club/Cabaret	95.0	2.5	0.0	2.5
Homeless Shelter	95.0	2.5	0.0	2.5
Bar/Lounge	87.5	7.5	0.0	5.0
Pawn Shop	87.5	10.0	0.0	2.5
Convenience Store (beer/wine license)	80.0	12.5	2.5	5.0
Gas Station	60.0	32.5	2.5	5.0
Office Building	52.5	40.0	0.0	7.5
Grocery Store	47.5	25.0	25.0	2.5
Fire station	27.5	50.0	20.0	2.5
Bookstore	23.1	59.0	15.4	2.6
Religious Institution	15.4	61.5	17.9	5.1
Public Library	15.0	45.0	32.5	7.5
Neighborhood Park	5.0	15.0	77.5	2.5

Appraisers were nearly unanimous in responding that adult-oriented businesses of any kind (arcades, stores, or cabarets) would decrease single-family home property values. Other uses deemed similarly detrimental to property values included homeless shelters, bars, and pawnshops. Interestingly, a convenience store with a beer and wine license was viewed as decreasing values by 60% of the respondents.

Question 4: If you selected “Decrease Value” or “Increase Value” for any of the land uses in Question 3, at what distance would the land use likely have **No Impact** on the appraised value of the **Single-Family Home**?

Land Uses	Distance Before There Is No Impact on Single Family Home’s Appraised Value (%)						
	Over 500 ft.	Over 1000 ft.	Over 1500 ft.	Over 2000 ft.	Over 2500 ft.	Over 3000 ft.	Average Feet
Homeless Shelter	0.0	0.0	5.7	5.7	2.9	85.7	2800
Adult Arcade/Peep Booths	0.0	0.0	5.7	5.7	5.7	82.9	2800
Gentleman’s Club/Cabaret	0.0	2.8	8.3	2.8	2.8	83.3	2700
Adult Novelty/Media Store (Retail only)	0.0	2.7	2.7	5.4	10.8	78.4	2700
Pawn Shop	0.0	3.0	9.1	15.2	9.1	63.6	2600
Bar/Lounge	0.0	9.1	12.1	9.1	12.1	57.6	2400
Gas Station	3.4	6.9	13.8	13.8	17.2	44.8	2300
Convenience Store (beer/wine license)	3.2	12.9	25.8	0.0	16.1	41.9	2100
Office Building	3.6	7.1	21.4	21.4	14.3	32.1	2100
Fire station	5.6	11.1	22.2	11.1	11.1	38.9	2100
Public Library	13.0	4.3	21.7	4.3	26.1	30.4	2000
Grocery Store	7.4	11.1	25.9	18.5	3.7	33.3	2000
Neighborhood Park	12.9	16.1	19.4	25.8	0.0	25.8	1800
Bookstore	11.8	17.6	23.5	17.6	5.9	23.5	1700
Religious Institution	13.3	20.0	26.7	13.3	6.7	20.0	1700

More than 78% of the appraisers judged the negative influence of adult-oriented businesses on property values to extend beyond 3000 feet (or approximately 6 blocks). While a few suggested the influence was not felt quite so far, even the lowest estimates put the distance at 1000 feet. The average distance was between 2700 and 2800 feet. Other than sexually oriented uses, only homeless shelters were considered to influence property values that far away. Pawnshops, bars, and gas stations were next (2600 to 2400 feet).

Question 5: How would the listed land uses located within **500 feet** of a **Community Shopping Center** likely affect the community shopping center's appraised value?

Land Use	Affect on Community Shopping Center's Appraised Value (%)			
	Decrease	No impact	Increase	No Opinion
Adult Arcade/Peep Booths	92.3	2.6	2.6	2.6
Gentleman's Club/Cabaret	89.7	2.6	5.1	2.6
Adult Novelty/Media Store (Retail only)	82.1	12.8	0.0	5.1
Homeless Shelter	82.1	12.8	2.6	2.6
Pawn Shop	53.8	35.9	5.1	5.1
Bar/Lounge	35.9	46.2	12.8	5.1
Convenience Store (beer/wine license)	7.7	59.0	25.6	7.7
Grocery Store	7.7	53.8	35.9	2.6
Bookstore	2.7	62.2	32.4	2.7
Fire station	2.6	76.3	18.4	2.6
Neighborhood Park	2.6	82.1	10.3	5.1
Religious Institution	2.6	82.1	10.3	5.1
Office Building	2.6	64.1	30.8	2.6
Gas Station	2.6	64.1	30.8	2.6
Public Library	0.0	89.7	7.7	2.6

The appraisers considered the property values of community shopping centers to be equally detrimentally affected by the proximity of adult-oriented businesses. More than 82% considered adult-oriented uses to decrease commercial property values. The only use considered to be comparable in its decreasing of property values was homeless shelters. Pawnshops and bars were next but only 54% and 36%, respectively, of the appraisers thought they would decrease property values.

Question 6: If you selected “Increase Value” or “Decrease Value” for any of the land uses in Question 5, at what distance would the land use likely have **No Impact** on the appraised value of the **Community Shopping Center**?

Land Uses	Distance Before There Is No Impact on Community Shopping Center's Appraised Value (%)						
	Over 500 ft.	Over 1000 ft.	Over 1500 ft.	Over 2000 ft.	Over 2500 ft.	Over 3000 ft.	Average Feet
Homeless Shelter	0.0	3.6	10.7	17.9	3.6	64.3	2500
Adult Novelty/Media Store (Retail only)	0.0	14.3	10.7	10.7	3.6	60.7	2400
Adult Arcade/Peep Booths	2.9	8.8	11.8	11.8	5.9	58.8	2400
Gentleman's Club/Cabaret	0.0	14.7	14.7	5.9	5.9	58.8	2300
Pawn Shop	9.5	9.5	19.0	4.8	14.3	42.9	2100
Bar/Lounge	5.0	10.0	35.0	20.0	0.0	30.0	1900
Grocery Store	23.8	4.8	28.6	14.3	4.8	23.8	1700
Office Building	11.1	11.1	33.3	22.2	0.0	22.2	1700
Fire station	18.2	9.1	27.3	18.2	0.0	27.3	1700
Gas Station	31.3	6.3	25.0	0.0	0.0	37.5	1700
Bookstore	17.6	17.6	29.4	5.9	5.9	23.5	1600
Religious Institution	18.2	27.3	27.3	9.1	0.0	18.2	1500
Convenience Store (beer/wine license)	25.0	18.8	31.3	6.3	0.0	18.8	1400
Public Library	20.0	30.0	30.0	10.0	0.0	10.0	1300
Neighborhood Park	22.2	44.4	22.2	0.0	0.0	11.1	1200

Approximately 60% of the appraisers felt adult-oriented businesses have an impact on the value of shopping centers' values beyond 3000 feet. As compared to single-family homes, the distance at which appraised values would no longer be affected by an adult use was somewhat less. Respondents felt that it took from 2300 to 2400 feet before an adult use had no impact on the appraised value of a shopping center. Only homeless shelters were suggested to have a further reach (2500 feet). Again, pawnshops and bars were next with an influence on property values 2100 and 1900 feet, respectively.

Question 7: Is there a greater negative impact on property values if there is a **concentration of land uses that have a negative impact** on appraised values?

Does a Concentration of Negative Uses Create a Greater Impact?					
Yes	82.9%	No	9.8%	No opinion	7.3%

The vast majority of appraisers agreed that a concentration or cluster of detrimental uses had a greater negative impact on property values than isolated uses.

Question 8: If you answered “YES” to Question 7, which of the following **factors are important in determining whether there is a "concentration"** of uses with a possible negative impact?

Factors Determining a Concentration	
Number of uses within a specified area?	3 + (uses)
Distance between uses measured in feet?	430 feet (average)
At what separation distance would the impact of the concentration cease to be a consideration?	3,340 feet (average)

A concentration of three or more negative uses was considered by most appraisers to be the level at which the impact is greater. The grouping was considered to occur if uses were within approximately 400 feet of each other. Respondents felt concentration ceased to have an impact at an average distance of 3,340 feet (as compared to approximately 2300 to 2800 feet for single uses listed earlier.)

Question 9: General comments on other issues related to Question 8.

- Survey did not consider condition or level of public use for several items.
- Variable that affects survey is the price range of house and size of community. In Dallas, \$300,000+ houses like to be secluded. In small towns people are happy to have a choice in uses, have growth and acceptance of it.
- Concentration depends on size of the defined area.
- Grouping of uses may be beneficial such as West End, Deep Ellum, or Sundance Square; however, DFW does not group their sexually oriented businesses into a single "red-light" district so it is difficult to measure. Although all of the clubs near Buchman Lake had a negative effect on the area; so it may be un-wise to cluster such uses near a residential area.
- Adult sexually oriented businesses need to be concentrated and located low-end industrial areas, otherwise they will gradually drive down the population and desirability of the area.
- Shopping centers benefit from defined agglomerations of retail if they have high architectural and signage standards; residential amenities within walking distance (5 - 6 blocks) are positive.

- Uses such as pawnshops, peep booths, etc, obviously effect single-family value. It is an open question as to effect on commercial properties; but as always, the developer must exhibit some common sense as to locations, area, etc., in both residential and commercial.
- The adverse land uses should be located outside the defined neighborhood in order for an adverse use to have little or no impact.
- Certain uses tend to increase crime rates and probably push values downward.
- Concentrating SOBs in industrial areas is reasonable as I support the business owners' rights to do business. Homeless shelters strike me as a big problem due to the number of panhandlers, bums, psychotics, etc. that leave the shelter each day. These need to be close to police stations and city services.
- It depends – Type of uses. Type of high-rise. Type of low rise. Ugly stuff in air. Blah Blah Blah.
- It depends on various factors primary are owner's expectations for the environment they are purchasing close to their house. Urban area negative use not a factor; suburban - everything can be an issue. Could get more usefulness by designing a questionnaire from an appraiser's perspective. I really think you can't understand factors without a socio-economic context.
- All of the above factors are relevant in that the noise level and traffic need to be minimal, although services need to be still relatively close by.
- Obviously some uses detract from value but number of uses is subjective.
- Marketing time (for property) would need to be extended.
- There would be other factors to be considered such as a major street or intersection as a screening characteristic, a larger building that blocks, a green belt or distances between uses, etc.
- Typically, no single adverse use causes a negative impact but a negative impact use causes other negative impact uses to move into certain areas and the combination of all negative uses creates negative property values.
- Single-family uses should be "family" oriented - not pornographic oriented. Lower demand would result in lower prices. Community shopping tends to be "A, B, or C" tenants etc. Generally pawnshops and adult entertainment are the lower rents, thus in lower value areas.
- SOBs generally have a negative affect on single family uses; lesser impact on retail.

Question 10: Do you believe that your personal, moral, or ethical beliefs about certain land uses have affected your responses to any of the questions in this survey?

Do Personal Beliefs Affect Response?	
Yes	19.5%
No	80.5%

Slightly less than 20% of appraisers felt that the answers they gave to the previous questions might be influenced by their “personal, moral, or ethical beliefs.” The most commonly mentioned uses where this occurred were in the case of adult-oriented businesses. This means the findings may be slightly skewed negatively towards adult-oriented businesses.

Analysis of Response Rate

We mailed 186 surveys to appraisers holding the SRA or MAI designation in the cities of Fort Worth and Dallas. After follow-ups by mail and e-mail, we received 41 completed forms. Another 34 persons responded by indicating that they did not wish to complete the survey. Conservatively, that gave us a response rate of 22 percent, which is a margin of error of 13.7 percent. In some surveys – such as those of voters for President of the United States, where margins are typically narrow – that margin of error would substantially impair if not eliminate any validity of the survey.

In this case, however, the major findings were supported by 82 to 97 percent of the respondents. Even if the entire margin of error were applied negatively and the resulting responses were thus directly reduced (which is a worst-case example of possible error, not a statistically valid technique), the results would drop to 68 to 83 percent of the respective respondents, still a very strong and firm finding on all of the issues on which we have reported.

An argument can certainly be made that the response rate was greater than that in a typical survey in which a response rate of 22 percent is reported; in such a survey, typically only 22 percent of the people respond in any way. In this case, 40 percent actually responded in some way, although 18 percent were simply responding to say that they did not wish to participate.

It is also useful to compare the response rate in this study to response rates in other surveys of appraisers. A search of the literature on appraiser's response rates to surveys revealed a range as follows:

Author	Year	Response Rate
Chan ⁴	2000	21.0%
Claurette, Bible, et al. ⁵	1989	23.9%
Diskin, Lahev, et al. ⁶	1988	30.0%
Dotterweich and Myers ⁷	1995	41.5%
Fisher, Lentz, et al. ⁸	1993	33.0%
Kinnard and Worzala ⁹	1999	43.0%
Lahey, Ott, et al. ¹⁰	1993	40.4%
Smolen and Hambleton ¹¹	1997	36.5%
Waller ¹²	2000	50.0%
Wolverton and Epley ¹³	2000	25.7%
Wolverton and Gallimore ¹⁴	1999	31.7%
Wolverton and Gallimore ¹⁵	1999a	31.8%

Although at the low end of response rates among surveys of appraisers on a variety of subjects, the results in this survey were of the same order of magnitude. Further, most of the other

surveys asked appraisers questions about their profession or practices, not hypothetical questions about property values. As experts and consultants, we certainly understand the reluctance of experts to respond to hypothetical questions in their area of expertise for a non-client, without compensation and with no firm understanding of how the material will be used. When all of those factors are considered, we believe that the response rate is understandable. Further, as noted above, the findings are so clear that the relatively high margin of error resulting from the lower response rate has no effect on the substantive findings of the study.

Summary

- ❑ Appraisers were nearly unanimous in responding that adult-oriented businesses of any kind (stores, arcades, or cabarets) would decrease single-family home property values. Other uses deemed similarly detrimental to property values included homeless shelters, bars, and pawnshops.
- ❑ More than 70% of the appraisers judged the influence of adult-oriented businesses on property values to extend beyond 3000 feet (or approximately 6 blocks). While a few suggested the influence was not felt quite so far, even the lowest estimates put the distance at 1000 feet. The average distance was between 2700 and 2800 feet. Only homeless shelters were considered to influence property values that far away. Pawnshops, bars, and gas stations were next (2300 to 2500 feet).
- ❑ The appraisers considered the property values of community shopping centers to be equally detrimentally affected by the proximity of adult-oriented businesses. More than 75% considered adult uses to decrease commercial property values. The only use considered to be comparable in its decreasing of property values was homeless shelters. Pawnshops and bars were next in their impact on lowering appraised values for community shopping centers but to a much lower degree (53% and 32%, respectively).
- ❑ Approximately 50% of the appraisers felt adult-oriented businesses impact shopping centers' appraised values beyond 3000 feet. As compared to single-family homes, the distance at which appraised values would no longer be affected by an adult use was somewhat less. Respondents felt that it took from 2200 to 2300 feet before an adult use had no impact on the appraised value of a shopping center. Only homeless shelters were suggested to have a further reach (2400 feet). Again, pawnshops and bars were next in their influence on property values within 2000 and 1900 feet, respectively.
- ❑ The vast majority of appraisers agreed that a concentration or cluster of detrimental uses had a greater negative impact than isolated uses.
- ❑ Three negative uses grouped together was considered by most appraisers to be the level at which the impact was greater. The grouping was considered to occur if uses were within approximately 1000 feet of each other. They felt the concentration ceased to have an impact at an average distance of 3800 feet (as compared to approximately 2300 to 2800 feet single uses).
- ❑ Slightly more than 20% of appraisers felt that the answers to the survey questions might be influenced by their "personal, moral, or ethical beliefs." This means the findings may be slightly skewed negatively towards adult-oriented businesses.

Survey Instrument



c/o ION DESIGN GROUP
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SUITE 100
DALLAS, TX 75206
PH: 214-228-0211 FAX: 214-370-3083

August 15, 2004

Dear MAI and SRA Designated Appraisers,

We are writing to request your assistance. Duncan Associates is conducting a **survey on whether property values are affected by certain types of nearby land uses**. We are sending this **10-question survey** to MAI and SRA designated appraisers in Dallas and Fort Worth to gain additional insight into better ways to regulate land uses and protect neighborhood amenities.

Please be assured that your response to this survey in no way implies that you are undertaking an appraisal of a property. It is simply to ascertain your views on the potential impact on property values created by certain types of land uses. **Your responses are completely confidential**. We use a mailing code to follow up on surveys that have not been returned. This is on the envelope and is discarded upon tabulation of the returned survey.

Enclosed with the survey is a stamped, self-addressed return envelope. Please use it to return the survey. We ask that you return the survey by **Monday, August 30**. If you would like to receive a copy of the tabulated survey results, please provide your name and address in the informational block found at the end of the survey.

We thank you in advance for your participation. If you have any questions, comments, or concerns please contact me at the number above or my associate, Connie B. Cooper, FAICP, via phone at 214-228-0211, or via e-mail at ccconniecooper@cs.com.

Sincerely,

Eric Damian Kelly, FAICP

SURVEY OF MAI AND SRA DESIGNATED APPRAISERS

DEADLINE: MONDAY, AUGUST 30, 2004

Purpose of the Survey: This survey asks Dallas and Fort Worth MAI and SRA designated appraisers your views of the impact certain land uses have on the appraised value of single-family homes and commercial businesses. Again, your response to this survey in no way implies that you are undertaking an appraisal of a property. It is simply to ascertain your views on the potential impact on property values created by the presence of certain types of land uses. We recognize that it may be difficult to respond to the questions related to specific distances; your best effort is appreciated. Thank You!

1. Rate the following amenities as to their potential influence on a **Single-Family Home's** appraised value. (circle response)

2. Rate the following amenities as to their potential influence on a **Community Shopping Center's** appraised value. (circle response)

Amenities	1 = No Influence 5 = Very Positive Influence					No Opinion
	1	2	3	4	5	
Low Traffic Volumes	1	2	3	4	5	N/O
Tree-Lined Street	1	2	3	4	5	N/O
Nearby Elementary School	1	2	3	4	5	N/O
Close to Local Shopping	1	2	3	4	5	N/O
Sidewalks	1	2	3	4	5	N/O
Near Neighborhood Park	1	2	3	4	5	N/O
Underground Power Lines	1	2	3	4	5	N/O
Street Lights	1	2	3	4	5	N/O
On-street Parking	1	2	3	4	5	N/O
Curb and Gutter	1	2	3	4	5	N/O

Amenities	1 = No Influence 5 = Very Positive Influence					No Opinion
	1	2	3	4	5	
Low Traffic Volumes	1	2	3	4	5	N/O
Tree-Lined Street	1	2	3	4	5	N/O
Nearby Elementary School	1	2	3	4	5	N/O
Close to Local Shopping	1	2	3	4	5	N/O
Sidewalks	1	2	3	4	5	N/O
Near Neighborhood Park	1	2	3	4	5	N/O
Underground Power Lines	1	2	3	4	5	N/O
Street Lights	1	2	3	4	5	N/O
On-street Parking	1	2	3	4	5	N/O
Curb and Gutter	1	2	3	4	5	N/O

3. How would the listed land uses located within **500 feet** of a **Single-Family Home** likely affect the home's appraised value? (Check only ONE box for each land use)

Land Use	Impact on Single-Family Home's appraised value due to the listed land uses located within 500 feet			
	Decrease Value	No Impact	Increase Value	No Opinion
Neighborhood Park				
Religious Institution				
Convenience Store (beer/wine license)				
Public Library				
Bar/Lounge				
Gentleman's Club/Cabaret				
Grocery Store				
Bookstore				
Adult Novelty/Media Store (Retail only)				
Office Building				
Homeless Shelter				
Fire station				
Pawn Shop				
Adult Arcade/Peep Booths				
Gas Station				

4. If you selected "**Decrease Value**" or "**Increase Value**" for any of the land uses in Question 3, at what distance would the land use likely have NO IMPACT on the appraised value of the **Single-Family Home**? (Check only ONE box for each land use).

Land Use	Distance at which land use would have NO IMPACT on Single-Family Home's appraised value					
	Over 500 ft.	Over 1000 ft.	Over 1500 ft.	Over 2000 ft.	Over 2500 ft.	Over 3000 ft.
Neighborhood Park						
Religious Institution						
Convenience Store (beer/wine license)						
Public Library						
Bar/Lounge						
Gentleman's Club/Cabaret						
Grocery Store						
Bookstore						
Adult Novelty/Media Store (Retail only)						
Office Building						
Homeless Shelter						
Fire station						
Pawn Shop						
Adult Arcade/Peep Booths						
Gas Station						

5. How would the listed land uses located within **500 feet** of a **Community Shopping Center** likely affect the community shopping center's appraised value? (Check only ONE box for each land use)

Land Use	Impact on Community Shopping Center's appraised value due to the listed land uses located within 500 feet			
	Decrease Value	No Impact	Increase Value	No Opinion
Neighborhood Park				
Religious Institution				
Convenience Store (beer/wine license)				
Public Library				
Bar/Lounge				
Gentleman's Club/Cabaret				
Grocery Store				
Bookstore				
Adult Novelty/Media Store (Retail only)				
Office Building				
Homeless Shelter				
Fire station				
Pawn Shop				
Adult Arcade/Peep Booths				
Gas Station				

6. If you selected "**Increase Value**" or "**Decrease Value**" for any of the land uses in Question 5, at what distance would the land use likely have NO IMPACT on the appraised value of the **Community Shopping Center**? (Check only ONE box for each land use).

Land Use	Distance at which land use would have NO IMPACT on Community Shopping Center's appraised value					
	Over 500 ft.	Over 1000 ft.	Over 1500 ft.	Over 2000 ft.	Over 2500 ft.	Over 3000 ft.
Neighborhood Park						
Religious Institution						
Convenience Store (beer/wine license)						
Public Library						
Bar/Lounge						
Gentleman's Club/Cabaret						
Grocery Store						
Bookstore						
Adult Novelty/Media Store (Retail only)						
Office Building						
Homeless Shelter						
Fire station						
Pawn Shop						
Adult Arcade/Peep Booths						
Gas Station						

7. Is there a greater negative impact on property values if there is a concentration of land uses that have a negative impact on appraised values?

Yes: ____ No: ____ No Opinion: ____

Note: If you answered "No" or "No Opinion" skip to Question #9

8. If you answered "YES" to Question 7, which of the following factors are important in determining whether there is a "concentration" of uses with a possible negative impact?

Factors Determining a Concentration	✓	How Much or How Many?
Number of uses within a specified area?		
Distance between uses measured in feet?		
Distance between uses measured in driving time?		
At what separation distance, minutes or feet (indicate) would the impact of the concentration cease to be a consideration?		
No Opinion		

9. Provide any other comments regarding the potential impact the surveyed land uses might have on the appraised value of a single-family home or community shopping center.

10. Some of the types of land uses listed in this survey elicit strong responses from some persons, both positively and negatively. Although we believe that professionals are less likely than others to respond to these questions from emotional or moral positions, previous surveys of this type have sometimes been criticized because they did not include a question about the extent to which ethical, religious or other personal beliefs might have affected responses. In that context, we would appreciate your response to this final, two-part question.

	YES	NO
Do you believe that your personal, moral or ethical beliefs about certain land uses have affected your responses to any of the questions in this survey?		
If yes, which types of land uses?		

Please provide your name and mailing address if you would like a copy of the survey results:

Thank You for taking the time out of your business day to respond to our questionnaire. Again, if you have any questions or wish to provide comments, please include them with your questionnaire or give us a call / email at the numbers listed on the cover letter.

Eric Damian Kelly, FAICP

Connie B. Cooper, FAICP

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Rochester, New York: "Survey of Appraisers in Monroe County, New York," Summer 2000, results published in Kelly and Cooper, *Everything You Always Wanted to Know about Regulating Sex Businesses*, Planning Advisory Service Report No. 495-96. Chicago: American Planning Association, 2000; pages 51-57.

² McCleary and Meeker, op. cit.

³ <http://www.appraisalinstitute.org>

⁴ Chan, N. (2000). "How Australian appraisers assess contaminated land." *The Appraisal Journal* 68(4): 432-439.

⁵ Clauretje, T. M., D. S. Bible, et al. (1989). "Appraisal Regulation And Certification: Appraisers' Views." *The Appraisal Journal* 57(3): 317-326.

⁶ Diskin, B. A., V. M. Lahey, et al. (1988). "Appraisers' Utilization Of Computer Technology." *The Appraisal Journal* 56(2): 179-189.

⁷ Dotterweich, D. and G. Myers (1995). "Appraiser Attitudes toward Industry Changes." *The Appraisal Journal* 63(3): 291-297.

⁸ Fisher, J. D., G. H. Lentz, et al. (1993). "Effects of Asbestos on Commercial Real Estate: A Survey of MAI Appraisers." *The Appraisal Journal* 61(4): 587-599.

⁹ Kinnard, W. N. and E. M. Worzala (1999). "How North American Appraisers Value Contaminated Property and Associated Stigma." *The Appraisal Journal* 67(3): 269-279.

¹⁰ Lahey, K. E., D. M. Ott, et al. (1993). "Survey of the effects of state certification on appraisers." *The Appraisal Journal* 61(3): 405-413.

¹¹ Smolen, G. E. and D. C. Hambleton (1997). "Is the Real Estate Appraiser's Role Too Much To Expect?" *The Appraisal Journal* 65(1): 9-17.

¹² Waller, B. D. (2000). "A Survey of the Technology Astuteness of the Appraisal Industry." *The Appraisal Journal* 68(4): 469-473.

¹³ Wolverton, M. L. and D. Epley (2000). "National Survey of Residential Appraisers Shows SRAs Have More Earning Power." *The Appraisal Journal* 68(4): 395-405.

¹⁴ Wolverton, M. L. and P. Gallimore (1999). "Client feedback and the role of the appraiser." *The Journal of Real Estate Research* 18(3): 415-431.

¹⁵ Wolverton, M. L. and P. Gallimore (1999). "A cross-cultural comparison of the appraisal profession." *The Appraisal Journal* 67(1): 47-56.