

# She wields a mean tax ax to trim property assessments

## Appeals specialist helps property owners fight high valuations

At home, MaryJane Stone practices Tae Kwon Do. She's a black belt.

At work, sparring with county property appraisers around the state, she's equally dangerous. They've taken many falls at her hands. At other times, though, she's been hired by them to fend off assessment appeals.

Stone, 39, is senior vice president of Appraisal and Real Estate Economics Associates Inc. (AREEA), a Dade County research firm, and president of one of its affiliates, AREEA Assessment Consultants Inc.

She won about 45 of 50 appeals statewide last year, by her count, taking properties valued at a total of \$255.6 million and getting their assessments reduced to \$214.2 million. That came down to tax savings of \$1.03 million, including \$282,000 on one office building.

This year, she says, given the real estate slump, the pace should quicken. "As the economy goes down, my division gets busier," says Stone, who is known in the business as M.J.

Her division of five appraisers and an administrative assistant draws on the specialized expertise of AREEA's 30 appraisers and data bank.

The appeal procedure in Dade, where she does much of her work, calls for a hearing before a special master, who

forwards a recommendation to the Valuation Adjustment Board. There's plenty of room for successful appeals, say private and public appraisers, given the state of the economy and the sheer weight of the county's appraisal workload — Dade has 600,000 residential and commercial properties.

The county agrees that commercial property values have been dropping, but disagrees that it's doing little about it. "We're trying to respond to it as quickly as we can," says Robert Perez, Dade County's senior property appraiser supervisor.

Perez acknowledges that the county's workload necessitates a mass assessment approach, relying on general market trends and spotty information submitted by commercial property owners. That reality leaves many assessments subject to debate. "We have a limited staff, and with the number of parcels we have to cover, there are going to be mistakes made," he says.

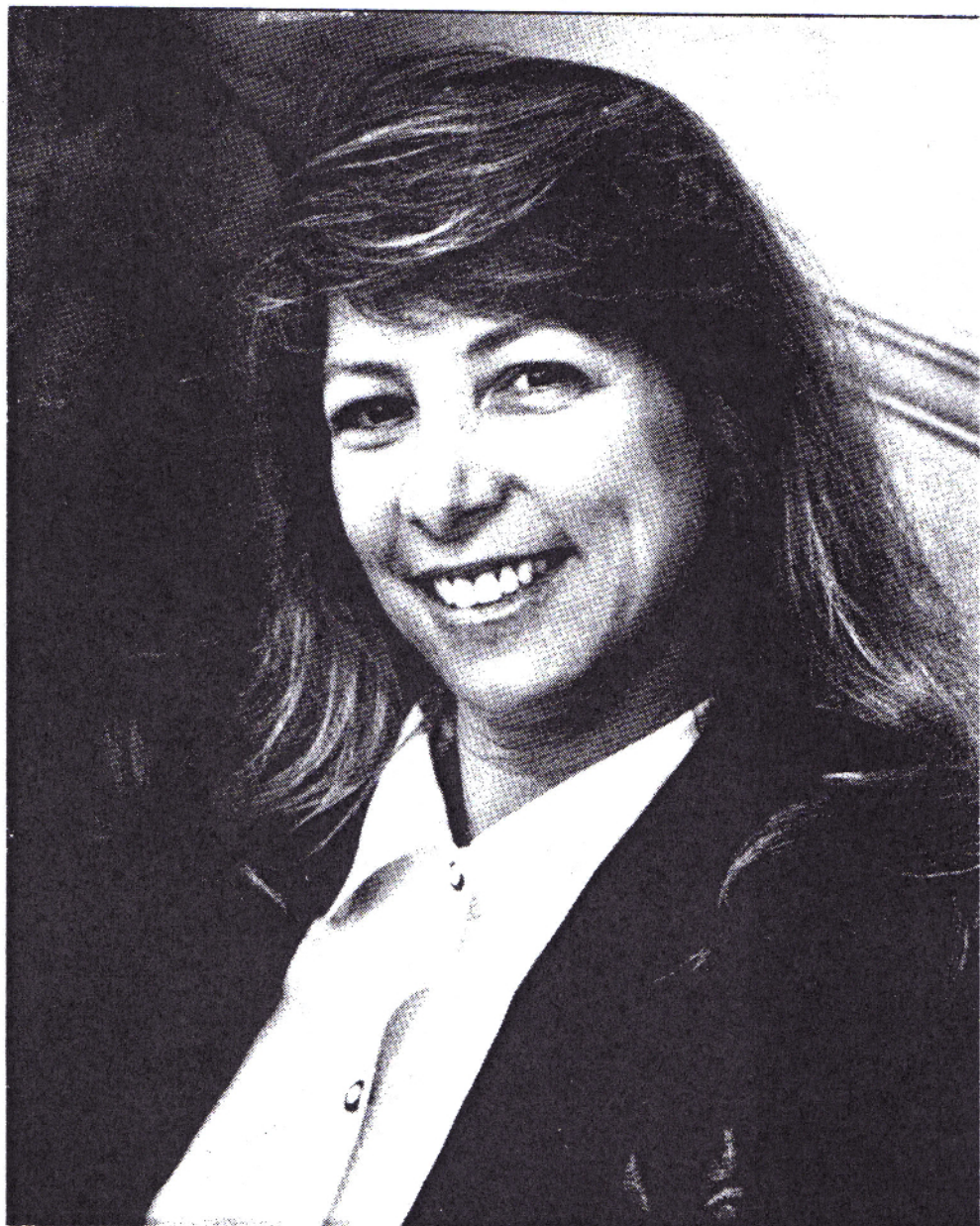
Stone, on the other hand, might spend four weeks analyzing one complicated building. When she presents her case, she has at her fingertips analyses of leases, nuances of architecture and location, and many other factors the county might have overlooked or underestimated.

### Credibility based on research

"She's usually very articulate, very thorough," says Steven Weintraub, a real estate appraiser who serves as a Dade special master for assessment appeals. "She definitely does her research."

That preparation gives her credibility, says Lee Waronker, another Dade special master. "She's not going to give something that's pie in the sky. A lot of people go in there [to appeals hearings] just trying to play the law of averages."

That doesn't mean Stone always gets what she wants. Generally, a special master or valuation board settles on a number between her appraisals



MaryJane Stone says she saved property owners \$1.03 million on their tax bills last year.

and the county's. And in Dade, when she wins a reduction of more than 10 percent, the county can counterappeal in court.

One case of Stone's currently under litigation — an appeal filed in August 1990, involves an apartment complex near downtown Miami that the county assessed at \$12.5 million — demonstrates her methods. Stone, who declines to identify the property at the owner's request, says that after studying the owner's income and expense statements, she realized the property was worth only \$8.2 million.

The county estimated that the complex's expenses, not including taxes, amounted to 31 percent of gross income. But in fact, she says, the property's expenses, bloated by high security costs because of the inner-city location, swallowed 40 percent of its income, substantially reducing its market value.

In addition, although the building's 90 percent occupancy rate seemed high to the county, she says, turnover also was extraordinarily high.

BY TONY DORIS

With many tenants moving out after two or three months, there were extra costs and an unstable income stream that also reduced market value.

### Inflated figures

Furthermore, Stone says, the county miscalculated the apartments and their rental rates, overestimating the property's income — arguably the most important factor in determining the value of such a complex. The county had gotten its numbers by calling a rental agent on the site, Stone says. The agent gave out greatly inflated rental rates in hopes of boosting the property's income, Stone says.

When the various factors were added up, the county's estimate of the property's income was \$2.8 million — much higher than the actual income of \$1.9 million, and substantially skewing the assessment, Stone says.

A special master decided the truth lay somewhere between the county's numbers and Stone's \$10.8 million. That amounted to a savings for Stone's client of \$50,900, plus

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\$13,150 for early payment.

The ruling, which the county has appealed, could have repercussions for four years' worth of assessments on the property and commensurate tax savings. That's because the property owner has appealed his assessments every year since 1988 and has been trying to reach a packaged settlement with the county on all the appeals. Since he has shown that the 1990 assessment was miscalculated, he can argue that the same principles apply to the 1988, 1989 and 1991 figures.

Stone didn't start out to be a number

### MaryJane Stone figures she's gotten reductions on 89 percent of the property tax appeals she filed.

cruncher. The native of Long Beach, N.Y., graduated from American University in Washington, D.C., in 1976, with a bachelor's degree in elementary education that she never has used to teach. She moved to Florida shortly thereafter for the sunshine.

At first, she worked in kiosks in the Dadeland and Westland malls, selling commemorative T-shirts, coins and other paraphernalia to raise money for the U.S. Olympic team. "I couldn't make any sales, so that's why I put on a running suit and told everybody I was [an Olympic] gymnast." Soon she was the top seller for the local effort.

Michael Cannon, president of AREEA, met Stone at the Dadeland kiosk, when she tried to sell him a T-shirt. "If you could sell something to Cannon," she says, "you could sell ice to the Eskimos."

She doesn't remember if he bought the T-shirt, nor does Cannon. He was sold on her, though, and offered her a job as a research associate. Learning on the job, she later moved into appraisals, which she has done for the

past 10 years.

Almost from the start, Stone has worked on major appeals. In one early case, she and Cannon took on an assignment for a major residential developer, helping value large subdivision tracts.

Because a developer of such tracts typically sells off individual pieces of land over a long period of time for much higher prices than he paid for them, it's hard to measure the value of remaining lots.

The key, recalls Stone, who declines to identify the location or developer, was to convince county appraisers that there was no market for parcels that were far from development; therefore, their values should be increased sequentially, as they neared development.

The introduction of that concept helped end a five-year lawsuit the developer had waged against the county and led to a \$5 million reduction in taxes for the developer, Stone says.

Stone is one of few people in her line of work who charges an hourly fee rather than working on a contingency basis and taking a percentage of tax reductions she wins. She says she could make much more money than she does if she worked on contingency, but that she has more credibility billing at hourly rates. She adds that many clients give her performance bonuses.

Sometimes, she explains, she might find in 15 minutes a misplaced decimal point that could save a client thousands of dollars. Still, she wouldn't feel right taking a contingency fee for doing so little.

She charges \$75 an hour for research, \$125 for analysis and \$150 for meetings, negotiations and depositions.

Stone says she'd have a lot of free time if only property owners would cooperate with county assessors in the first place and give out income information and other data needed to make accurate assessments. Instead, the owners withhold that information, end up unhappy with the assessments they get, and have to appeal.

That's an assessment with which Perez, Dade County's senior property appraiser supervisor, agrees. Fences, guard dogs and uncooperative property

owners make it hard for the county to do anything other than take its best shot at an accurate appraisal, he says.

"People don't have to wait until the appeal process" to provide the county with the information it needs, he adds. Without that cooperation, a high number of appeals is the inevitable result. "If somebody is dissatisfied, they should come in," Perez says. "If they can present us with factual information, we're more than happy to look at it."

There were 3,400 commercial and industrial property appeals filed last year, according to the county. About 58 percent resulted in tax reductions, which totaled \$11.6 million.

By Stone's figures, she beat the odds by far, scoring reductions on 89 percent of the appeals she filed. But she says her goal is to educate the owners about the process and to encourage cooperation and communication with the county, so they can avoid having to appeal. "I like to work my way out of a job."

At times, she frets that people think what she does for a living is boring. Even her 8-year-old son, Bobby, she says, wishes he could tell his pals she's something exciting — a mailman, for instance, like his friend's father.

But for her part, even aside from the money she saves clients, she finds her work creative and stimulating. As Stone puts it: "I get pumped!"