

TREE APPRAISAL¹

by Robert Felix

As most of you know, for many years the NSTC, the ISTC, and now the ISA has had a Shade Tree Evaluation Committee. The principal function of this Committee had been to devise and then update a method for establishing the value of shade trees. The most recent guide was published in 1975, entitled *A Guide to the Professional Evaluation of Trees, Specimen Shrubs, and Evergreens*. This is available to you from ISA for \$5.00. However, the Committee recognized some years ago, that in addition to its original function there were other needs within the scope of its responsibility. Tree values have important tax and insurance implications.

Other horticulturally oriented groups have a profound interest in the activities of this Committee. The National Arborist Association has been involved in the Committee since the beginning. It was obvious that the American Association of Nurserymen, the Associated Landscape Contractors of America, and the American Society of Consulting Arborists also have a profound interest.

Two things then became very evident: 1) public awareness of the value of trees was and is of paramount importance, and 2) the Committee needed a more descriptive identity in order to fulfill its functions. To deal with the latter, the Council of Tree and Landscape Appraisers was formed. This Council consists of ISA, NAA, AAN, ALCA, and ASCA. Each group has a duly appointed representative. To deal with the former, a slide/cassette program on tree and landscape values has been developed. It is available for purchase from the Council for \$65.00 or for rent for \$10.00.

The content of the slide/cassette program entitled *Tree Value* produced by CTLA, emphasizes the following:

Ever since people have lived on this earth, trees and other green, growing gifts from nature have been respected, admired, and valued. When we began building houses to live in, and then land-

scaping the property around them, we knew, somehow, that trees, shrubs, lawns, bushes, and plants made everything better. We knew all those growing things added beauty, and we appreciated that. When we sat out in the yard with trees and shrubs around us, the air seemed cleaner, fresher, and that was good. If we had a hedge between our yard and the street, the traffic noise didn't seem as nerve-wracking, and we enjoyed the quiet. When cold winters came, we discovered that houses sheltered by a windbreak of evergreens were warmer, with less fuel use. And when hot days came, the shade from trees kept houses cooler.

*If we **Sold** a house, the real estate people seemed to get a better price from those with trees and other landscape additions. If we **Bought** one, we paid more for one with trees. And then if we **Lost** a part of that landscape, a tree, shrub, or whatever because of some casualty, like a storm, automobile accident, pollution, or any other sudden, unexpected event, we knew we had lost some value, but we never knew just how much, or what to do about it.*

Yet, at least three important jobs are still to be done. 1) Insurance companies must be fully informed of the progress that has been made in evaluating trees and other landscape items in case of loss. So far, a few states have raised the maximum coverage per tree to \$500. The rest continue at the lower \$250 level. Insurance companies must be reminded that tree and landscape appraisers are best equipped to evaluate losses to trees and the landscape. Most of them know this, and policies cover the costs.

2) The Internal Revenue Service has rulings which must be revised. Right now, you can claim a casualty loss for the cost of replacing a damaged or destroyed tree or other landscape item. But the replacement cost is usually much lower than the actual value of a tree or shrub. The value of a mature tree is measured in all sorts of ways, and

¹Presented at the annual ISA Convention in Philadelphia, Pennsylvania in August 1977.

replacing it may be the least applicable of these. There are steps underway to encourage a change in the IRS rulings so property owners can recapture the true value of lost trees.

3) Property owners must know all they need to know in order to get the most value from their landscape now and full compensation should it be damaged or destroyed.

Almost everyone knows that trees and other living plants are valuable. They help beautify our surroundings, purify our air, manufacture our precious oxygen, act as sound barriers, and even help us save energy. But what many people do not realize is that trees and other landscape plants are worth money. Trees and other plantings can add as much as 20 percent to the value of a piece of property. That's according to a recent study by the U.S. Forest Service. But landscape plantings have a dollar value of their own apart from buildings or the property as a whole. And that is important for you to know! Because if your trees or shrubs are damaged or destroyed by casualty, you may be able to recapture your loss through an insurance claim or a deduction from your federal personal income tax return.

And it is important for you to know the value of your trees and landscaping when you buy or sell a house. Since your trees and shrubs are such valuable assets, the professional men and women of the tree, landscape, and nursery industries want you to know how to plan your landscaping to get the most value, how to get your trees and shrubs evaluated, and what to do if you do suffer a loss from casualty damage.

So, let's take a look at these points one by one. First, plan your landscape to get the most value from it. If you are putting in new landscaping, or caring for one already established, it's a good idea to get professional advice from an expert tree, landscape, or nursery person. A professional in the field knows how to help you develop and install a plan, or improve an existing one, so that your trees and plants will be worth more money.

The second important point for you to know is how to get your trees and shrubs evaluated. Evaluating trees, shrubs, and other landscape plants is the job of a professional. These professionals have developed a set of standards for

evaluating trees, specimen shrubs, and evergreens. These standards have been widely adopted in the field and are recognized by insurance companies, the courts, and, in certain cases, the Internal Revenue Service.

Let's look at how these standards are used in establishing monetary value for your landscape plantings. Oversimplified, there are four major factors a professional appraiser considers when evaluating trees and other plantings. In the case of trees, for example, he first considers the kind or classification of the tree, secondly its size, thirdly its condition, and fourth, the location of the tree. The appraiser has to use his professional experience and judgment in applying these standards.

The species should be chosen carefully for its utility and adaptability to the planting area. The value of the tree can vary according to region, hardiness zone, or even state and local conditions. The highest value trees are hardy, durable, and widely adaptable. They require little maintenance, have sturdy branching patterns, and have pleasing foliage.

The size of the tree also affects its appraised value. For example, this dogwood could not be replaced. It's too big to be transplanted successfully. Or take this magnificent white oak on Maryland's eastern shore. It is the largest of its kind in this country and is estimated to be over 400 years old. It's a historic treasure. If it were lost, the sheer size and age of it would make it impossible to replace. The monetary loss would be enormous.

On the other hand, an appraiser may consider size from the negative standpoint. For example, these lovely blue spruce trees were probably perfect when they were planted here 20 years ago, but now they're too big for this area and detract from the value.

When establishing the value of your plantings, the professional must also consider the condition of the tree, shrub, or other plant in addition to its size, location, and kind. Of course, the better the condition of the tree, the more valuable. The condition of the tree can also negatively affect the value, such as in the case of this girdling root. Proper treatment would help restore this tree's value.

The functional as well as aesthetic value of a specific tree must also be considered. This is where the fourth standard, location, comes into play. Trees growing in unimproved or wooded areas have a different value than those on residential property which are part of a definite landscape plan. Trees in parks, recreation areas, or along streets have even a different set of values. Very often a single tree on residential property has more value than one of the same size and kind which is part of a grouping of trees. If the particular tree or large shrub provides shade for cooling a house or patio or other outdoor area, or if it helps to screen-in a private area, block out noise or glare, or if it helps to regulate the temperature of a house in the summer and winter, then its value is enhanced.

Now that we looked at the importance of planning your landscape and how trees and shrubs are evaluated, let's look at the third thing you should know — what to do if you suffer loss or damage to your trees or other plantings. Remember, a casualty loss, in most cases, is defined as loss resulting from an identifiable event of sudden, unexpected or unusual nature. It could be from storms, lightning, or floods. It could be accidental, such as an automobile accident. It could be from vandalism, or from air or soil pollution, or erosion, or from some other phenomenon such as chemical damage.

If you suffer damage to your trees or landscaping from any type of casualty, call a professional in the field to help you correct the damage and establish the amount of your loss. The evaluation of the loss will involve the cost of repairing the lawn and ground as well as the removal of the debris. That's how the owner can establish all of his actual loss for insurance or tax purposes.

Let's look at some actions you can take to help benefit from all this and preserve your assets in trees. First, plan your landscaping for both aesthetic and functional value, protect and preserve your plantings so they maintain their value. Take pictures of your trees and shrubs now while they are healthy and happy. In case of a loss, before and after pictures as well as competent appraisal, help to substantiate any claims you make.

Check your insurance. In some states, the amount of an allowable claim for any one tree or shrub has been raised from \$250 to \$500. And finally, if you do have damage or loss to your trees or landscaping or if you want more information, consult your local tree, landscape, or nursery professional. You will find him listed in the yellow pages.

Trees have a value. Landscape has worth. Property owners must know this. IRS has rulings that must be revised. Insurance companies must be informed of the progress that has been made in evaluating trees and other landscape items in case of loss.

You have a part to play and that is helping to develop public awareness of the value of trees. You can do it by obtaining a copy of this program and showing it to local garden clubs, service clubs, in schools, etc.

Trees are your livelihood. The Council of Tree and Landscape Appraisers has developed this program for you.

*Executive Secretary
National Arborist Association
3537 Stratford Road
Wantagh, New York*