

The Importance of Tree Appraisal

By James Komen

I found myself talking with a fellow arborist the other day about tree appraisal. He told me he felt that too many people care about tree appraisals, given the number of arborists who actually perform them on a regular basis. He asked me, “Why put so much effort into a process that affects so few arborists?” I was struck by this comment because of the underlying assumption that tree appraisal methodology is only important to those who perform appraisals. So I offer this response in defense of the importance of tree appraisal.

Tree appraisal is relevant to arborists because the determination of tree value is the very justification of their profession. If trees had no value, arborists would not be demanded by the marketplace in the same way.

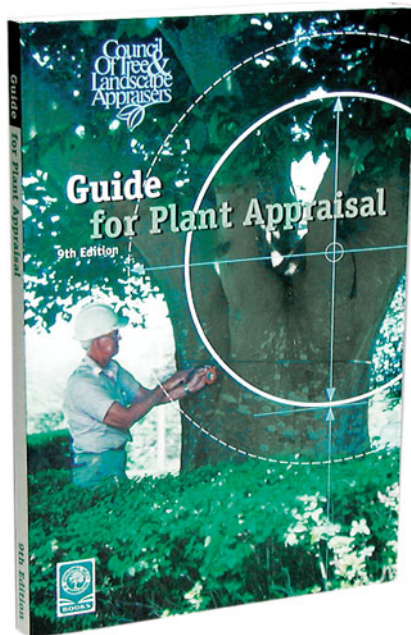
A commercial arborist must justify the value of his proposed scope of work. Why should a client spend the extra money to hire a certified arborist? Why should a client pay to keep a tree manicured and inspected when the maintenance liability could just as easily be removed permanently?

A municipal arborist must justify his maintenance expenditures to a city. What value do the trees create for the community? Why should that community pay to keep them maintained? Why not just remove the trees to cut costs? Why should a certified arborist be kept on a city staff?

A consulting arborist must justify the value of his words alone. If trees had little or no value, why would someone pay to have a consultant write about how to preserve them?

Why? Because trees have value. The amount of value that trees create justifies their maintenance expenses. Tree managers are willing to spend more to preserve more valuable trees.

So how does tree appraisal affect this value? Tree owners and managers have their own personal opinions of the value



Changes are coming for the next edition of the the Guide for Plant Appraisal.

of their trees; why does the opinion of an appraising arborist matter? There are three key ways that appraisals affect non-appraising arborists: anchoring, comparables and definition of self-worth.

Anchoring

I was once taught about the importance of anchoring in the process of negotiation with an insightful exercise. My teacher asked, “What’s the probability that the population of Japan is greater than 50 million people?” Not knowing the population of Japan, we all scratched our heads and then wrote down our answers. He then asked, “What is the population of Japan?” Again, we gave our best guesses. He then performed the same exercise in a different class, but he changed his first question, “What’s the probability that the population of Japan is greater than 150 million people?” Then he asked them, too, “What is the population of Japan?”

When we compared our answers, the first class wrote down population guesses that were between 50 million and 100 million. The second class wrote down an-

swers that were between 100 million and 250 million. By asking that first critical question, our teacher had anchored our idea of the population with a number, so our best guesses tended to be near that anchor number. (Author’s note: The actual population of Japan is 127 million.)

Appraising a tree is similar. An appraising arborist may turn in a report stating his opinion of the value of a tree, and readers may feel that the tree is more or less valuable than the report states. But once that appraisal has been prepared, the value is usually anchored around it, and all future assessments are made relative to that original value.

Research and experience show that tree value is nebulous. Even experienced appraising arborists cannot come to consensus on tree value (Komen and Hodel 2013, Watson 2002). There is a wide range of possible solutions to the appraisal problem, leaving a gray area of acceptable results. The mantra among appraising arborists is, “Your appraisal is correct if you can defend it well.” This leaves room for differing opinions and resulting consequences.

When tree value is required to justify maintenance expense, anchoring opinions with higher values can have a dramatic effect on the chosen maintenance outcome. When an appraisal is low, less maintenance expense is justifiable. When an appraisal is high, more expense is justifiable. Even if the readers believe that the appraisal is too high, they will still be anchored by that appraisal, and their subsequent opinion of value will be related to that original appraisal. Intentional or not, if an appraiser assigns a higher value to a tree, the tree manager is more motivated to spend money on preserving it, whether or not they agree with the appraisal.

Whether you are a consultant, a commercial tree pruner or a municipal arborist, you know that when there is less money to be spent, things get harder for you.

Comparables

When houses or cars are appraised, usually the appraiser uses comparable sales to determine what similar properties recently sold for. These prior sales anchor the appraiser's opinion of value, regardless of whether it is a bike, a car, a house or a business that is being appraised. When tree appraisals become public information, appraisers can read about how other trees are being appraised. Even though they are not sales, these existing appraisals can still become the comparables by which other trees can be judged.

Reading previous appraisal reports anchors an appraiser's opinions for future assignments. Opinions are determined relative to prior experience. If a subject tree for an appraisal is the same species and same size, and in better a condition or location than a previously appraised tree in the area, then it will likely be appraised for more. And vice versa.

Even though you may not be writing appraisals, those existing reports will still be anchoring future opinions that are ultimately used to justify maintenance expenditures. And those expenditures are your livelihood.

Definition of self-worth

My colleague who doubted the importance of tree appraisals is absolutely right about one thing; many people hold strong opinions on the topic. Tree appraisal discussions at the American Society of Consulting Arborists (ASCA) conferences are always heated. Forums on the topic of tree appraisal are wrought with intense discussion and debate. Conference speakers on the topic of appraisal tend to be met with the most questions and opinions from the audience.

Sometimes tree appraisal is relevant beyond defending an arborist's profession. Consultants and field arborists alike hold such strong opinions on tree appraisal because they are defending their identities as arborists. Trees must have value – because I have value. If new appraisal methods are introduced that reduce appraised values, then suddenly trees have less value. When trees have less value, arborists have less value. It is no surprise then that many of our industry colleagues will zealously defend the claim: "Trees have intrinsic value

that cannot be appraised." By arguing that trees have value that cannot be appraised away, arborists are defending their own self-worth.

Be aware of how you feel emotionally when someone tells you a tree is worthless.

The future of appraisals

Appraisals matter to us arborist professionals because they anchor opinions, they can be used as comparables and they influence self-worth; but the way trees are appraised is changing, and this will affect all of us for those reasons. Currently, the Council of Tree and Landscape Appraisers (CTLA) is writing the 10th Edition of the *Guide for Plant Appraisal* (CTLA 2000). This new edition is going to be making some changes to the generally accepted Trunk Formula Method. Among others: the elimination of the Adjusted Trunk Area formula, the elimination of the species rating and the restructuring of the depreciation ratings.

Adjusted Trunk Area (ATA) was a formula that was added to the *Guide for Plant Appraisal* because the Council believed that large trees increased in appraised cost too rapidly as they increased in size. So they artificially suppressed large-tree appraisals by adjusting the trunk area downward for trees over 30 inches in diameter. The 30-inch cutoff was chosen arbitrarily, and the reason for the formula was a personal value decision of the Council members. After consideration of these limitations, the Council has decided to eliminate ATA in the 10th edition. That means large trees will appraise for more. The elimination of ATA will eliminate the artificial suppression of value imposed upon large-tree appraisals.

The species depreciation component of the Trunk Formula Method was designed to rate the climate suitability and overall desirability of the subject species, taking into account its genetic tendencies. However, the Council has determined that this rating is not a good reflection of what's going on with each given subject tree. Some species are undesirable in some situations and desirable in others; penalizing some trees and rewarding others under all circumstances was distorting appraisals. As an alternative, the 10th edition will be eliminating the species rating and intro-



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ducing two new terms: site limitations and external limitations.

Site limitations and external limitations are intended to absorb the attributes that will be lost by the elimination of the species rating (and also to absorb attributes from the location rating, not discussed here). For example, if a tree tends to drop messy fruit, that attribute may have formerly been addressed in the species rating, but it will now be addressed in the site-limitations attribute. This gives the flexibility of penalizing trees with messy fruit over sidewalks and rewarding trees with fruit that attracts wildlife and that are located away from sidewalks.

As of the 9th Edition, the species ratings have been determined by regional committees. Committee members get together and decide what each species should be rated on a scale of 10 percent to 100 percent, and publish these ratings in a regional species classification guide. Field appraisers are given the freedom to deviate from the published rating by +/- 10 percent, but they generally tend to anchor around the

published rating. When the species rating is eliminated, there will be more variability between appraisals because arborists will no longer be limited by a narrow range around a set of benchmarks. This will result in both higher and lower appraisals than with the 9th Edition's Trunk Formula Method.

Conclusion

Although each individual appraiser determines the final value he will be assigning to the subject tree of his appraisal, the methodology employed to calculate this value clearly has an impact on the outcome. Systematic changes in the Trunk Formula Method may result in higher or lower appraisals. When tree appraisals change, so does your ability to justify your profession.

I encourage all of you readers to actively participate in the development of the new *Guide for Plant Appraisal*. Review the drafts when they are released to the public – and submit your feedback! Your opinion matters to modern tree-appraisal


methodology. What ultimately gets published will impact your business, your profession and your life.

Works Cited

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James Komen is a consulting arborist from Los Angeles specializing in tree appraisal. He will be leading a workshop on the Trunk Formula Method of Tree Appraisal at the Morris Arboretum in Philadelphia on June 30, 2016. Visit his website www.jameskomen.com for more information, or find the listing on TCIA's Industry Calendar at tcia.org/events/industry-calendar. 

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