

DETECTIVE DENDRO THE DIAGNOSTIC SLEUTH

By James Komen

The Case of the Movie Star Trees

Bills, bills, bills. Even a successful consulting arborist practice has rent to pay.

I licked the envelope for the next month's payment and thought about how it would be nice to own the building I worked in. And maybe that office building next door, too. . . .

My computer dinged and I snapped back from my daydreaming of real estate exploits. I had received an email with my next assignment:

Detective Dendro,

*I am an attorney representing Cia Arazhikian in the Bel Air neighborhood of Los Angeles. A stand of Italian cypress (*Cupressus sempervirens*) trees growing along his property line was recently damaged by the neighbor's tree crew. We are looking for an appraisal of the loss to aid in our negotiation of a settlement. Please meet Cia at his home to examine the damage at your earliest convenience.*

Don Glassell, Attorney at Law

Codit had never been on an appraisal assignment before, so I decided bringing him along would prove a good opportunity for him to learn about this aspect of tree care. He grabbed his electronic tablet to take notes. En route to the site, I gave him a crash course in tree appraisal.

Being a newbie to tree appraisal, he asked, "Appraising a house is one thing—we can use the Sales Comparison Approach to look at what other similar houses appraise for. But, appraising a tree must be totally different. How can we say how much a tree is worth when there aren't any comparably-sized trees for sale?"

"Appraisal is simply an opinion of value," I explained. "Our goal as appraisers is to provide a defensible opinion of that value. Since the trees were damaged, it may make sense to appraise the cost of putting the landscape back to the way it was prior to the loss. There are several methods of doing this type of appraisal."

"Is the Reproduction Method one of them?" Codit's recall, from his perusal of the *Guide for Plant Appraisal*, was in good form.

Per the lawyer, "A stand of Italian cypress (*Cupressus sempervirens*) trees growing along [the] property line was recently damaged by the neighbor's tree crew."



“Yes. That method calculates the cost to reproduce an identical copy of the tree being appraised. Another method is the Functional Replacement Method. It calculates the cost to reproduce the benefits provided by the subject of the appraisal, even if the replacement trees are not identical in number, size, or species.”

As we were arriving, I had an idea in mind as to how I wanted to go about appraising the loss. First I would use the Depreciated Direct Reproduction Cost Technique to anchor my opinion of the trees’ pre-loss value. The result of this method would be the cost of buying an identical replacement tree from a nursery. Then I would adjust the depreciation ratings to account for the post-loss condition of the trees. Taking the difference between the pre- and post-loss depreciated cost would yield an assignment result. As a test of reasonableness, I would also use the Cost of Repair Method to see if it would be easier to repair the hedge of trees.

We parked along the street in front of a majestic driveway lined with an allée of Italian cypress trees.

Cia greeted us with a firm handshake. “Thank you for coming to look at my poor trees! I planted them 20 years ago along my driveway, and they’ve provided a beautiful aesthetic entryway to my property. It is such a shame that

my neighbor’s tree crew reached over the fence and cut them back!”

Cia gestured to the allée. There were several splintered, scaffold-branch stubs sticking out from the tall, thin canopies of several trees in the center of the stand. From the perspective of the entrance to the driveway, the stumped trees drew a lot of unwanted attention to their defects, despite an otherwise pristine planting effort.

Overall, the trees had been very well cared for. Aside from the pruning damage, they looked healthy. Though unsightly, the pruning damage didn’t appear to harm the long-term health of any of the trees. But I agreed with Cia: while there wasn’t a significant detraction in the health or stability of these trees, the aesthetic appearance of the stand had clearly been compromised.

Cia continued, “Not only did I enjoy looking at these trees, but they made me money too! Before they were damaged, I used to rent my property to film and photography crews who wanted a unique background for their productions.”

“So, your trees were movie stars?” Cudit asked excitedly.

“Yes. I’ve had wedding photos, student films, and even a Netflix series all feature these trees as a backdrop. But after they were pruned by the neighbor’s landscapers, film



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Upon closer inspection, a few of the trees sustained noticeable damage, which even if not significantly impairing long-term health, definitely affects the site's aesthetic value. But there's more at play here than mere aesthetics.

crews don't want to rent my property as a shooting location," the client explained.

I tried to be reassuring. "We'll give your trees a fair and impartial appraisal of damages."

Codit and I proceeded to measure each of the trees. They were larger than replacement trees that could be reasonably transplanted, so we rejected the Direct Replacement Technique. To calculate the basic cost of each tree, we extrapolated reproduction cost using the Trunk Formula Technique. We then meticulously recorded measurement data and depreciation ratings for both the pre- and the post-loss condition of each of the trees in the stand.

After about an hour, Codit wiped a bounty of sweat off his brow, "I didn't know tree appraisal would be such challenging work!"

He went on to run the numbers on his tablet, and the calculated losses were looking rather small.

We calculated only a few hundred dollars (U.S.) in difference between pre- and post-loss condition ratings. The only repair actions we could recommend were pruning back the stumps, and fertilizing to encourage new growth, which totaled, again, to no more than a few hundred dollars.

Codit shook his head. "This doesn't seem right. It feels like Cia has lost a lot more than these cost-approach methods are showing. What do you think?"

Cia's film production rental business seemed a bit like the real estate business I had been daydreaming about earlier. I mulled over my options and replied, "I think we may want to consider approaching this appraisal assignment differently."

*What does Detective Dendro mean?
Turn to page 58 to find out!*

Out on a Limb

John Gathright was asked a simple question that warranted a complex answer: "Will you please help me climb a tree?"

Gathright's many years of work in Japan as a proponent of physical therapy via tree climbing has touched the lives of many. He has helped educate and build up the local climber community in addition to spreading the message about the benefits of TreeHab—a means of connecting individuals of all abilities with nature. His TEDxKyoto lecture, "Out on a Limb" discusses and quantifies the impact of TreeHab over the years.

Media type: educational video/presentation

Length: 17–18 minutes

Where to watch: www.youtube.com/watch?v=GSmaUPREKIU



MULTIMEDIA SPOTLIGHT

WHAT'S THE SOLUTION?

Continued from page 20



"There are three approaches to appraisal," I explained to Codit. "Those three approaches include Market or Sales Comparison Approach, Income Approach, and Cost Approach. Although the Cost Approach is used most often for appraising damaged trees in urban landscapes, it is not the only method to procure a defensible appraisal. The other two approaches are often better suited to an appraisal assignment than the Cost Approach."

"So what do we do?" Codit asked. "The Cost Approach doesn't adequately reflect the amount of loss incurred by the property owner as a result of the damage, and we can't find any comparable Italian cypress trees of this size for sale. . ." Codit trailed off, deep in thought.

Then I saw his light-bulb moment, and he finished his thought excitedly: "That leaves us with the Income Approach!"

I nodded. "That's right, Codit. If we can quantify the amount of income the property owner lost as a result of

the damage to his trees, we may be able to fairly represent a defensible appraisal of the loss." I turned to Cia. "Do you have any records of the income you generate from renting your property?"

"Well, I have my tax returns," he replied, thoughtfully.

"That's a good start. We'll also need some evidence that the income was lost. Did any of the production companies send you letters rejecting your property as a filming location?"

"They did. And it was most disappointing to receive them. I think I can pull those letters out for you," Cia said.

"Great. Now we have a record of the income generated, and we have evidence that the income is no longer continuing." I turned to my assistant. "Tablet ready?"

In no time at all, we collected the necessary information from the client and ran the numbers. We had calculated the present value of the income lost as a result of the pruning damage over the next five years.

Codit marveled at his own calculations. "I'm feeling good about this approach to the appraisal."

"It's good work," I added, commending him. "That's a very defensible number, but I'll still need to go through the reconciliation phase and discuss its relative significance to the assignment, compared to the Cost Approach methods we used. I should have this report to Cia by the end of the week."

The client looked relieved. "Thanks for your brilliant work, Detective." Cia beamed as he wrote me a check. "I look forward to settling this conflict as efficiently as possible."

I slid Cia's payment into my wallet and thought about how I was one small step closer to my dream of becoming a real estate mogul.

James Komen is a consulting arborist specializing in appraisals and tree risk assessment in the greater Los Angeles area.

Photography courtesy of the author.



Which appraisal approach is best suited to the scenario? Detective Dendro reminds his faithful assistant, Codit, of their quest to fairly represent a defensible appraisal of the loss.

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