

Appraisal Institute California Government Relations (“AICGRC”) Report

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Northern California Representative for AICGRC

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Committee Activity

The California Government Relations Committee held an in-person meeting on Saturday, March 8, 2025 at the offices of California Advocates in Sacramento. In attendance were committee members: Charles Baker (Chair – So Cal), Steve Salmon (Vice-Chair – NorCal); Alex Lui (Treasurer/Secretary – SoCal); Carole Laval (NorCal rep), John Maus (ASFMRA rep), Neil Lefmann (NorCal rep), Kevin O’Hara (San Diego rep), Brent Johnson (San Diego rep), Ben Kunkel (San Diego rep), Melissa Bach (NorCal rep), Ron Garland (Nor Cal rep), Paul Chandler (NorCal rep), Ariana Arredondo (SoCal rep), Janine Kraus (NorCal rep), and Neil Cambra (San Diego rep), along with Mike Belote, Cliff Costa and Adam Quinones of California Advocates, and Scott DiBiasio with the Appraisal Institute.

BREA Update

As of February 13, 2025, there were 7,924 dues paying licensees, down 69 licensees from January 1, 2025 and down 794 licensees (9.1%) from January 1, 2024.

Once every five years, state regulatory boards are subject to a sunset review period. This process allows the Legislature, the Department of Consumer Affairs (DCA) and the boards themselves to discuss the performance of the boards and make recommendations for improvements

This year, the BREA is up for Sunset Review, a process every licensing organization in California is required to go through every five years. In November 2024, the BREA published their Sunset Review Report. It is available on the BREA website.

A few observations from the report:

- 70% of the Bureau’s revenue comes from appraiser license renewal fees. However, the number of renewals is diminishing by 50 to 60 per month.
- Bureau Chief Jemmott reports that the bureau needs to do a better job of creating new licensees as existing demographic trends foreshadow continuing declines in renewals.
- Demand for traditional appraisal services is declining and will continue to do so. While the report highlights the need to attract new appraisers to the industry, it is silent on a projected timeline for stabilization.
- The major thrust of the report cites appraiser recruitment as the antidote for avoiding or demurring a slide into financial paralysis.
- License renewal revenues have declined 28.6% from FY 2020-21, while the number of licensees has declined about 20%.

- A third of the bureau staff has left over the past 3 years resulting in new license application processing times taking as long as 80 days, however that number has dropped since.
- There are 1,357 open standards violation investigations but only 1,023 cases have been closed during the period FY 2020 through FY 2024.
- The Sunset Review document is optimistic that the legislature will approve a fee limit increase for BREa.

To the extent our committee can provide assistance, statistics, stakeholder input, and advice, we will do so. We've met with bureau chief Angela Jemmott on two occasions and have offered our feedback on everything from PAREA, FRT's, demographic survey, the FAIR Appraisal Act, AB924, etc. We will continue to engage with the bureau chief going forward during this challenging time.

Eminent Domain Fee Reimbursement – Submitted bill supported by the AICGRC

California Code of Civil Procedure – CCP S 1263.025 states:

1263.025.

*(a) A public entity shall offer to pay the reasonable costs, not to exceed **five thousand dollars (\$5,000)**, of an independent appraisal ordered by the owner of a property that the public entity offers to purchase under a threat of eminent domain, at the time the public entity makes the offer to purchase the property. The independent appraisal shall be conducted by an appraiser licensed by the Office of Real Estate Appraisers.*

The \$5,000 reimbursement figure has been in effect for several decades and is significantly deficient to cover actual costs for appraisal services. The committee believed the time is right to push for an increase consistent with a property owner's 5th amendment rights to just compensation. In fact, adjusted for CPI since the original amount was adopted, the fee should be \$15,385 now.

To that end members Steve Salmon, Ron Garland and Melissa Bach, together with Mike Belote and Cliff Costa, drafted language to revise the fee cap, as follows:

1263.025. (a) A public entity shall offer to pay the reasonable costs, not to exceed eight thousand dollars (\$8,000) in the case of total property acquisition, or fifteen thousand (\$15,000) in cases of less than the acquisitions of the total property, of an independent appraisal ordered by the owner of a property that the public entity offers to purchase under a threat of eminent domain, at the time the public entity makes the offer to purchase the property. The independent appraisal shall be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

(b) For purposes of this section, an offer to purchase a property "under a threat of eminent domain" is an offer to purchase a property pursuant to any of the following:

(1) Eminent domain.

(2) Following adoption of a resolution of necessity for the property pursuant to Section 1240.040.

(3) Following a statement that the public entity may take the property by eminent domain.

Assemblymember Tom Lackey has agreed to sponsor our bill which is AB 1033 which was introduced on February 20, 2025. We are in the process of gathering letters of support from the legal community to help usher the bill through with a deadline to submit final language of March 23, 2025. We are guardedly hopeful it will pass this year.

AICGRC By-Laws

The Committee voted to amend the Committee By-Laws to reflect the consolidation of the total number of Appraisal Institute state chapters (3) from the original five referred to in the previous existing by-laws. The By-Laws committee consisting of Melissa Bach, Ron Garland, Charles Baker and Ben Kunkel worked on the proposed amended by-laws to be submitted to the entire Committee for approval. The Amended By-Laws were approved unanimously at the March 8, 2025 meeting and are now in effect.