



Appraisal Institute of Canada  

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# Value of Real Estate Appraisers: Facing Expiration of Operating Agreements

Presented by:

Adam G. Dickinson, AACI, P.App  
de Stecher Appraisals Ltd.



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# **Adam G. Dickinson, AACI, P.App.**

Appraiser/Owner – de Stecher Appraisals in Saint John, NB

Volunteered with Abbey St. Andrew Inc. – 96 unit mixed income

Work in affordable housing sector:

- Bank Financing Appraisals
- Market research for converting school to housing
- Replacement Cost Analysis (Insurance)
- Land value analysis – Urban Parking Lot
- Rent to Own Townhouse Valuation

# Appraisal Institute of Canada

- Founded in 1938, the AIC is the premier real property valuation association in Canada
- AIC is a self-regulating professional organization with over 5,200 members across the country
- In some jurisdictions (Alberta, Nova Scotia and New Brunswick), appraisers must be licensed under their respective Real Estate Council
- Comprehensive program of study
  - Degree Requirement
  - Academic study with University of British Columbia/ Université Laval
  - Applied Experience Program

# Appraisal Institute of Canada

## Accreditation

- *Accredited Appraiser Canadian Institute - AACI™*
- *Canadian Residential Appraiser – CRA™*

**AACI™** : Property types can include but are not limited to: residential, commercial, industrial, institutional, agricultural, land, special use.

**CRA™** : Property types include residential dwellings containing not more than four (4) self-contained family housing units or an individual undeveloped residential dwelling site.

# What Appraisers Do

## Estimate Value of Real Estate

### Cost Approach

- Land Value
- Replacement Cost
- Depreciation (Physical, Functional, External Obsolescence)

### Income Approach

- Estimate Operating Income
- Capitalize the Income to estimate value

### Direct Comparison Approach

- Analyze Sales & Listings
- Adjust and compare to subject property



# What Else Do Appraisers Do?

## Consulting Assignments

- Highest and Best Use Analysis
- Site Selection
- Need Analysis
- Market Analysis
- Rent Analysis

# Expiration of Operating Agreements

What Appraisers Can Do For You:

1. Point-in-time valuation for bank or alternative financing
2. Highest and Best Use analysis related to potential changes or expansion
3. Market analysis to help maximize revenue from market-rate units
4. Analysis of market to present to potential funders/stakeholders
5. Point-in-time valuation for decision making regarding sale of a property



# Point In Time Valuation for Financing

What is your property worth?

- Frequently required for collateral borrowing
- As Is Analysis
- As If Complete Analysis

Define scope with lender and appraiser

- What Assumptions are used
  - Property Tax Assumptions
  - Rent level requirements

# Highest and Best Use Analysis: Potential Changes or Expansions

You might not require market value, but could still use analysis (Example: Switching some units to market rents)

- Physically Possible
- Legal Permissibility – Zoning requirements; Approval tied to use
- Financial Feasibility – Rent levels, vacancy, management cost, market cost, property tax costs
- Maximal Productivity – What is the “highest value use”
- Highest and Best Use may diverge from your mandate
- Surplus Development Potential

# Market Analysis – Maximize Revenue for Market Rent Units

1. Context about market unit rents in area
2. Insight into what features maximize rents (flooring, parking, appliances)
3. What steps are needed to maximize rents
  - Might identify partners

# Analysis for Funders and Stakeholders

Provide Market Context about rental market

- Show funders what is available in community and what prices
- Could help support your case for affordable housing

# Value Analysis for Sale of Property

- Provide in-depth of analysis of unique properties
- Supplement work done by real estate sales people

# Conclusion

- Qualified appraisers provide expert advice on real estate issues
- Provide your organizations confidence and data

For more information on understanding the appraisal process contact the Appraisal Institute of Canada at:

[info@aicanada.ca](mailto:info@aicanada.ca)

or find an appraiser in your area by visiting the AIC website at [www.AICanada.ca](http://www.AICanada.ca).

**Thank you!**



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