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# MASS APPRAISAL STANDARD (2020)

Presented to:

The Saskatchewan Assessment Appraisers' Association  
2019 Annual Workshop

September 25, 2019

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# Appraisal Institute of Canada

- Largest professional appraisal association in Canada
  - Represents 5,500 members
- Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)
  - Standards for Professional Services
  - Standard for Ethics
  - Standard for Reporting

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# Purpose of Presentation

- Mass Appraisal Standard – revamped for 2020
- Compliance
- How does it affect your work?
- Areas of Interest

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# Purpose of Presentation

- Areas addressed
  - Reports and reporting requirements
  - Appeals
  - Signing and co-signing
  - Jurisdictional Exception Rule
  - Policing by the Appraisal Institute of Canada

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## How Does This Affect Me?

- AIC Members
  - Must adhere to CUSPAP
- Non-AIC Members
  - Minimal effect ... depending on your role
- Documents and processes may change

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# What is a Report?

- CUSPAP 3.61
  - “Any communication, written or oral, of a Professional Service that is transmitted to a Client or Intended User as a result of an Assignment”

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# What is a Report?

- Your communication to your Client
  - Scope of work
  - What you did and why
  - Your analysis
  - Results
- Must comply with:
  - Reporting Standard
  - Professional Service Standard

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# Reporting Standard Rules

- Nine Rules
  - Identify Client
  - Identify Intended Use
  - Identify Purpose
  - Define Scope of Work

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# Reporting Standard Rules

- Nine Rules
  - Identify Effective Date of Valuation
  - Identify Date of Report
  - Identify Assumptions and Limiting Conditions
  - Define Hypothetical Conditions
  - Include signed Certification

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# Hypothetical Condition - Definition

- CUSPAP 3.31
  - “Hypothetical Conditions ...presume, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis.”

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## Hypothetical Condition - Example

- Example of Hypothetical Condition:
  - *The Cities Act*, ss.165(3.1) – each assessment must reflect the facts, conditions and circumstances affecting the property as of January 1 of each year as if those facts, conditions and circumstances existed on the applicable base date.

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# Mass Appraisal Standard Rules

- “Identify the prevailing Act or Regulation granting authority for the assessment and standards thereof”
- “Adhere to the relevant provincial or jurisdictional Mass Appraisal standards and procedures as determined through provincial statutes and municipal bylaws.”

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# Mass Appraisal Standard Rules

- Saskatchewan Acts, Regulations, Standards and Procedures
  - *The Assessment Appraisers Act*
  - *The Assessment Management Agency Act*
  - *The Cities Act*
  - *The Municipalities Act*
  - *The Municipal Board Act*
  - *The Northern Municipalities Act*
  - Market Value Assessment in Saskatchewan Handbook
  - Saskatchewan Assessment Manual

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# Mass Appraisal Report

- Formal single document not required
- May be contained in:
  - Property records
  - Model building documentation
  - Sales and ratio studies
  - Statutes
  - Regulations
  - ... and more

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# Client

- Most important entity
- Definition in CUSPAP 3.14
  - “The individual or organization for whom the Member renders or agrees to render Professional Services”

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# Client

- Client of an assessment service provider
  - Taxing authority that uses your mass appraisal report to apply property taxation





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## Intended User

- Definition in CUSPAP 3.14
  - “A party identified by name as a user of the Professional Services of the Member, based on communication between the Member and the Client ”
- Likely Intended Users of a mass appraisal report
  - Internal departments of taxing authority
    - e.g., City or Municipal Council



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## Interested Party

- Anyone else who may have an interest in your mass appraisal report
  - Property owners
  - Appeal tribunals
  - External government entities
- Not owed reporting responsibilities
- Are owed a level of care
  - To act ethically
  - To not mislead

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# Communications with Property Owners

- An Interested Party
- Example: Owner requests estimate of assessment / taxation change when adding site improvements
- Not considered a valuation report
- Not owed reporting responsibilities

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## Communications with City Council

- Reports before Council / Committees of Taxing Authority
  - Presenting summaries of information contained in Mass Appraisal Report
  - Considered an administrative function
  - Not considered a valuation report
  - Reporting not required

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## Appeals - Discussions

- Discussions / negotiations with Property Owners / Tax Agents
  - Outside of appeal hearing process
  - Not considered a valuation report
  - Not owed reporting responsibilities

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# Appeals - Submissions

- Two types of appeal reports
- First report
  - Defence of assessment value
    - Appeal submission – explains value
    - Defends original assessment produced by Mass Appraisal Report
    - Considered a Consulting Report
      - Consulting Standard

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# Appeals - Submissions

- Two types of appeal reports
- Second report
  - Recommendation for assessment change – not accepted by Appellant
  - Provides new analysis supporting new value
  - Considered a Real Property Appraisal Report
    - Real Property Appraisal Standard

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## Signing and Co-Signing

- Written reports must contain a signed Certification
- All AIC Members who authored report must sign
- AIC Members may not co-sign with non-members
  - Non-member assistance is noted as Professional Assistance
  - Assistance must be described
  - Non-member does not sign Certification
- AIC Members must identify designation in all correspondence related to a Professional Service

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# Licensing in Saskatchewan

- *The Assessment Appraisers Act*
  - Licensed Assessment Appraiser of Saskatchewan
- CRA designation
  - Not permitted to value non-residential properties
  - Exception under CUSPAP 5.4.7.iii
    - “Mass Appraisal whereby a competent Non-Fee CRA Member can use an appropriate provincial license to undertake Mass Appraisal Assignments”

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# Jurisdictional Exception Rule

- CUSPAP 3.39
  - “An Assignment condition that permits the Member to disregard a part or parts of these Standards that are determined to be contrary to law or public policy in a given jurisdiction; only that part or parts shall be disregarded and of no force or effect in that jurisdiction.”

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# Jurisdictional Exception Rule

- A Member may claim a Jurisdictional Exception where:
  - Legislative requirements
  - Procedural rules of appeal process
- A Member must:
  - Explain and justify use of a Jurisdictional Exception
  - Provide authoritative reference

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# Jurisdictional Exception Rule

- Examples of Jurisdictional Exceptions:
  - *The Cities Act*, c.163(f.1) and 165(1) – requires the appraiser to prepare the assessed value of property using mass appraisal methods.
  - *The Cities Act*, ss.210(1.1) – a non-regulated property assessment shall not be varied on appeal using single property appraisal techniques.

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## Jurisdictional Exception Rule

- Examples of Jurisdictional Exceptions:
  - SAMA Board Order Dated December 13, 2013 made pursuant to *The Assessment Management Agency Act*, c.12(1)(d) – market data that occurred or arose after December 31, 2014 shall not be used to determine the assessed value of non-regulated properties, unless owners' fiscal years do not follow the calendar year and end on or before May 31, 2015.

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# AIC Policing and “Punishment”

- The AIC does not “police”
- Correct and advise Members
- Complaint Resolution Process
  - Primary goal:
    - “... to educate and prevent recurrence of situations that call into question the integrity of AIC members individually and the appraisal profession as a whole.”

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## AIC Policing and “Punishment”

- Available sanctions:
  - Reprimand
  - Education
  - Peer Review
  - Fine
  - Censure
  - Suspension
  - Expulsion

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# Thank You!

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