

RI

input

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Underwriter Risk Requirements vs Good Appraisal Practice

By Daniel Jones, RI, AACI, P.App, FRI
Campbell & Pound Residential Appraisals

Sea Level Rise

Local Effects of Global Climate Change
in the City of Vancouver

By Andy Yan, MCIP, Eileen Keenan, RIBA, and Michael Heeney, RI, MAIBC
BTAWorks, Bing Thom Architects

The Duty of an Expert Witness

Providing an Unbiased Opinion

By Joshua Kitsul, B.Comm, RI, AACI, P.App, MRICS, Altus Group

Using the Professional Excellence Program to Determine Your
Personal Highest and Best Use

By Charles Johnstone, FRICS, AACI, MIMA, RI, AEC International



Value. What does it mean to you? Wikipedia provides several definitions for value that cover concepts of worth, quantity, amount, or entity. Going a step further, the idea of values often refers to personal or cultural values that shape our behaviours and actions. You could say the concept of value covers a lot of ground.

This issue of *Input* speaks to value through the profession of Appraisal. Articles cover topics such as the basics of appraisal and the organizations involved with the appraisal profession and provincial property assessment. Other articles describe recent changes to the *Strata Property Act* that require appraisal expertise, or explore what good practice means in the context of mortgage underwriting. This issue also provides information on a specific role that appraisers may undertake—being an expert witness, specifically as litigation support for expropriation cases.

In addition, this issue's articles also discuss the potential effect of sea level rise on Vancouver real estate, and propose an innovative way to use REIBC's Professional Excellence Program to support your personal and career advancement.

In 2012, REIBC will provide value to you, the member, through new social media strategies, partnering with other organizations to maximize your networking opportunities, and our 2012 Education Symposium. The Symposium is scheduled for March 30, 2012; check our website often for more information and registration details for this and other upcoming events.

As always, we thank our writers for the valuable time and expertise put into their submissions for this magazine. When we are out speaking with other organizations and government people we continually hear what a super magazine *Input* is. As a magazine that features the expertise of REIBC members, these compliments really belong to you. Thank you for your invaluable contributions.

RI Your assurance of
real estate excellence

Our mission

The mission of the Real Estate Institute of British Columbia is to advance and recognize excellence in education, knowledge, professional development and business practices uniting all sectors of the real estate industry.





With the 2011 year now behind us, there are many exciting and thought-provoking events to reflect upon. The year included

the election of a new premier, a great run to the Stanley Cup final marred by the unfortunate aftermath of the riots, the scrapping of the HST, increased uncertainty in the global financial markets, continued escalation of BC housing prices, the Occupy protests, the appointment of a new guard with the municipal elections, and finally, a Grey Cup celebration to be very proud of. These events, along with many others, have brought challenges and uncertainty to our lives, but also hope and opportunity for the New Year ahead.

Renewed vision and new opportunities abound and it is important in challenging times to continue to develop and strengthen your knowledge base and professional expertise in order to thrive. With the great response to the recently completed member survey, it is our goal to extrapolate the key suggestions that you have provided and utilize this feedback to continue to improve the organization and provide critical information on the issues and topics that are important to you.

In an effort to bring some level of certainty to the uncertainty of late, there is no better time to understand the value of our underlying real estate assets. With a large portion of our membership being represented by the appraisal community, we hope that the various perspectives included herein help to broaden your knowledge base and aid in your practice of professional excellence.

Furthermore, I encourage you to attend the upcoming symposium in March 2012 that will bring together a great diversity of speakers at what will surely be an informative and educational event.

I hope that you have enjoyed the recent holidays with friends and family and I wish you a happy and prosperous New Year.

Sincerely,

Nathan Worbets, RI
President

Contents

WINTER '12

- 4 Underwriter Risk Requirements vs Good Appraisal Practice
By Daniel Jones, RI, AACI, P.App, FRI
- 7 The Duty of an Expert Witness
By Joshua Kitsul, B.Comm, RI, AACI, P.App, MRICS
- 10 Characteristics of an Expropriation Appraiser for Litigation Support
By Jeremy Bramwell, AACI, P.App, RI
- 14 Depreciation Reports Now Legislated in BC
By Kelvin Coley-Donohue, AACI, P.App, RI
- 16 BC Assessment: We Value BC
By Connie Fair, B. Comm, MBA, RI
- 18 CLIMATE CHANGE: Sea Level Rise—Local Effects of Global Climate Change in the City of Vancouver
By Andy Yan, MCIP, Eileen Keenan, RIBA, and Michael Heeney, RI, MAIBC
- 24 BC Association of the Appraisal Institute of Canada
By Janice P. O'Brien, CAE
- 27 Using the Professional Excellence Program to Determine Your Personal Highest and Best Use
By Charles Johnstone, FRICS, AACI, MIMA, RI
- 30 Member Profile:
Fahad Abrahani and Nik Cheng

Underwriter Risk Requirements vs Good Appraisal Practice

The conflict and how to address it

Mortgage underwriting in Canada is the process a lender uses to determine if the risk of offering a mortgage loan to a borrower under certain parameters is acceptable. To help the underwriter assess the quality of the loan, banks and lenders create guidelines and even computer models that analyze the various aspects of the mortgage and provide recommendations regarding the risks involved.

Property appraisal is an important component in the loan assessment process. The most common tool used for risk management is the appraisal report, particularly key areas of the report such as the remaining economic life and condition of the property. For example, underwriters may match up a loan's amortization period with the remaining economic life estimates from the property appraisal to make sure the life of the property is longer than the life of the loan. The appraiser's description of the condition or quality of a certain aspect of a property may raise a red flag to the underwriter if the condition is rated "poor" rather than "good," as it may represent a risk to the lender.

Automated underwriting has streamlined the mortgage process by providing analysis of credit and loan terms in minutes rather than days. For borrowers, it reduces the amount of documentation needed and may even require no documentation of employment, income, assets, or even the value of the property. Automated underwriting tailors the amount of necessary documentation in proportion to the risk of the loan. It is more common to see the use of such AVMs (Automated Valuation Models) when the underwriting is looking to low loan-to-value ratios. However, it is still always up to the underwriter to make the final decision on whether to approve or decline a loan.

APPRAISAL IS KEY TO HIGH RISK LOANS

When the underwriter or lender determines that the loan-to-value ratio is higher and thus has an increased risk, a full appraisal report is required. The appraisal report is completed by a qualified appraiser sent out to view and assess the subject property, undertaking a full and complete appraisal report describing in writing everything from the city and neighbourhood demographics and local city bylaws to the more direct description of the land being considered for collateral and the residence or building that is affixed to the land.

Many lenders in Canada, including banks, credit unions, trust companies and brokerage houses, utilize the services of an AMC (Appraisal Management Company). The AMC performs independent appraisal services, thereby removing any direct link between appraiser, applicant, and the lending party. The many services AMCs provide also include underwriting services and risk management on the loans handed out by financial institutions. The appraiser today must also be aware that many of the new AMCs now scan or mine information from uploaded appraisal reports to provide lenders with additional risk management tools that help underwriters make the most prudent decisions they can when deciding on a loan application.



Daniel Jones is President of Campbell & Pound Residential and the majority shareholder/partner of Campbell & Pound Commercial, both of which are long-established appraisal and real estate consulting firms serving the Lower Mainland, Sea to Sky Corridor and Fraser Valley since 1939.

Mr. Jones is a 15-year REIBC Director of the Vancouver Chapter and a former Chapter Chair. Daniel sat on the Board of Governors from 2003 to 2006 and has been an active member of the Institute since 1978. He is also a former President of the BC Association of the Appraisal Institute of Canada (2006 to 2007) and is currently one of the two representatives from Vancouver sitting on the Board of Directors. He has been a national member of the Appraisal Institute of Canada since 1973.

Daniel has been a Broker, Agent/Nominee and Licensed member in good standing with the Real Estate Board of Greater Vancouver for the past 15 years. He is a graduate of the Langara Campus VCC Realty Appraisal Program (1973), holds a diploma majoring in Real Estate from UBC, and is a member of the Urban Development Institute and NAIOP. Dan spent 13 years working as a senior commercial appraiser at BC Assessment before moving on to take over the reins at Campbell & Pound Real Estate Advisors and Appraisers. Dan has been happily married for 35 years, has two adult children, and enjoys exploring the beautiful outdoors.

Experienced appraisers find themselves having to be cognizant of each lending institution's Terms of Reference—the document describing the minimum content requirements of the appraisal report and the characteristics of comparable sales used to determine a final estimate of value.

For example, a common Terms of Reference (TOR) includes:

- photographs of all interior rooms of the dwelling
- maps depicting the subject property and comparable sales relied upon in the appraisal report

- photos of the fronting street looking both ways, the front and rear of the dwelling, and rear yard views
- complete description of any internal influences regarding quality and condition and a full inventory of what is inside the dwelling
- comments regarding floor plan, sizes, and any positive or negative impacts found by the appraiser
- comments on any external influences which may affect the property value, noted clearly and then accounted for in the final valuation



WHERE THE CONFLICT LIES

The above are just a few examples of TOR requirements provided by financial institutions to structure appraisal reports. The high standards are generally in concert with the standards practiced by BC appraisers who follow CUSPAP (Canadian Uniform Standards of Professional Appraisal Practice) and in reality meet the lender's Terms of Reference most of the time.

However, appraisers sometimes find themselves in conflict with good appraisal practice when they are asked by a lender's TOR to meet certain underwriting requirements. Examples of this conflict occur where the following criteria are asked for but the appraiser finds that the best sale comparables do not meet these criteria:

- sale comparables used by the appraiser should not exceed 20–25% of the net adjusted amount or the sale price after all adjustments
- land value of the subject property should not exceed 25% of the total market value



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- appraised value should be bracketed by unadjusted comparable sales of which one is below the appraised value and at least one is higher than the appraised value
- comparable sales used to support the appraised value should not have occurred longer than 90 days since the date of appraisal
- seven-year sale and listing history of the subject property is to be included in the report (three years is standard and is a requirement of CUSPAP that is used by most appraisal firms)
- sales of all homes on the same street as the subject property over the past year (not a CUSPAP requirement)

Many of the above Terms of Reference requirements find their way into the appraiser's report during strong economic cycles in urban areas where high volumes of real estate are being consumed with high demand and adequate supply. The more homogeneous the real estate is and the more volume of that type of property there is in the marketplace, the easier it is for the appraiser to meet the lender's underwriting criteria.

An example of an appraiser finding him- or herself in conflict with TOR requirements would be when dealing with a unique or out-of-the-box property, especially during a slower real estate market. The more unique a property, the more conflict there is with the appraiser attempting to meet the underwriter's requirements while at the same time producing a report that employs best practices by using the very best sale comparables from a real estate point of view and not a financial risk point of view.

HOW TO SOLVE THE CONFLICT

The usual approach our appraisal firm takes to mitigate such conflict uses three steps. First, we gain an intimate understanding of the Terms of Reference of each lender. This is necessary because lenders vary in their TOR requirements depending on what type of lending they perform. Second, we find the very best comparables (from a real estate appraisal point of view) for the first three sale comparables selected. Third, we select the next three comparables to meet the underwriting requirements. This way the appraiser can satisfy the lender's and CUSPAP's requirements and ultimately provide the most professional appraisal report possible.

Appraisers today must not only be experts in the real estate they appraise, but also must be on top of the latest in risk rules and underwriting requirements that vary from lender to lender. Appraisers who strive to achieve this professional balance will find that they are achieving best practices that satisfy not only their professional association, but also the lender and the general public as well.

Josh is a Senior Valuation Consultant in Altus Group's Vancouver office and has been providing professional appraisal and consulting services since graduating with a Bachelor of Commerce (Real Estate) from the University of British Columbia. He has provided professional services related to expropriation, rent reviews, foreclosure proceedings, land residual analyses and development pro forma, consulting assignments, land valuations and improved property valuations. Clients include municipal, provincial and federal governments (and their agencies), law and accounting firms, major real estate developers, financial institutions, institutional investors and landowners. Josh is currently a Director of the British Columbia Expropriation Association as well as Co-Chair of REIBC's Climate Change Committee.



The Duty of an Expert Witness

In real estate, as in any other business or personal endeavour, there is the possibility that one may end up in court. In the case of companies involved in the real estate market, this may occur due to a breach of contract of purchase and sale, litigation related to the faulty construction of a building, or an expropriation proceeding. Individuals who own real estate may be drawn into court due to a matrimonial dispute, estate dispute, or expropriation proceeding.

When disputes arise, it may be necessary to obtain an expert opinion so that the court can reach a decision. In the case of real estate, these expert opinions may be provided by, among others, appraisers, quantity surveyors, accountants and planners. These expert opinions can be critical to determining the outcome of the court case.

The intention of this article is to provide a brief outline of the new BC Supreme Court Civil Rules regarding expert witnesses, as well as to provide some general information on the expert's opinion in real estate matters. While this article was primarily written for those who are interested in providing expert evidence, it



is equally informative for those retaining appraisers or other expert witnesses.

AN IMPARTIAL DUTY

An expert witness differs from a lay witness by providing opinion evidence. The court is not an expert in all matters and it sometimes requires the help of experts in order to reach a decision.

On July 1, 2010, revised BC Supreme Court Civil Rules were proclaimed in force. These rules enacted that the role of an expert witness before the court was as set out in Rule 11-2(1): "In giving an opinion

to the court, an expert appointed under this Part by one or more parties or by the court has a duty to assist the court and is not to be an advocate for any party."¹ In addition, Rule 11-2(2) outlines that an expert witness must now sign and certify that they are aware of their duty, have written their report in conformity with that duty, and will, if called on to give oral or written testimony, give that testimony on the basis of that duty.²

¹ Rule 11-2(1) Supreme Court Civil Rules (B.C. Reg. 168/2009)

² Rule 11-2(2) Supreme Court Civil Rules, *supra*.



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This duty, while specifically enacted for civil court, is equally valid when one is called to provide expert evidence before a tribunal or arbitration panel.

While it is the role of an expert witness to provide an unbiased opinion to assist the court, this has not always happened. In the case of *Vancouver College v. Phillips Barratt*, a breach of contract case related to the design and costing of a renovation and construction project, the judge found the expert witness to be “partisan, argumentative and not objective.”³ The expert witness was called to provide opinion evidence on construction costs but the judge found the witness to be “devoid of any credibility” and rejected the opinion evidence entirely.⁴

Because of impartiality issues, as well as a number of other issues related to expert witnesses, courts have set precedent related to the testimony of such witnesses. Some of the guiding principles of an expert witness’s role were set out in an English case known as *The Ikarian Reefer* that related to the grounding of a ship off the coast of Sierra Leone and a subsequent insurance claim.⁵ This decision was important as it set out a number of duties and responsibilities for expert witnesses that were adopted in subsequent cases. While not specifically related to the real estate profession, the duties and responsibilities of an expert witness that were set out in *The Ikarian Reefer* are now generally reflected in the new Supreme Court Civil Rules. These principles are also described by the Royal Institution of Chartered Surveyors (RICS):⁶

Your [an expert witness's] overriding duty... is to the tribunal to whom the expert evidence is given. This duty overrides the contractual duty to your client. The duty to the tribunal is to set out the facts fully and give truthful, impartial and independent opinions, covering all relevant matters, whether or not they favour your client.

Additionally, if a client is seen to be interfering in the work of their retained expert, it might also result in that evidence being rejected by the court. This certainly is not in the interest of the client.

PREPARING EXPERT EVIDENCE

There are some common issues that may arise when providing expert evidence. These issues include:

- **Due Diligence:** In conducting a valuation, an appraiser already has a duty to provide an unbiased expert opinion. With regard to expert evidence, this duty continues and there will likely be a greater scope of work required. The expert witness should be prepared to spend significant time preparing an expert report.
- **Errors:** Typographical, mathematical, or factual errors can occur in reports. If an error is found, the method by which the error is dealt with is important in assessing how the expert evidence is viewed by the court. RICS requires that if, after the submittal of a report, you (the expert) “identify a material inaccuracy or omission, or have a change of opinion on any matter, you must without delay and in writing notify any intention to make changes.”⁷
- **Draft Reports:** There has been much debate about draft reports and changes made prior to expert opinions being tendered to the court. The judge in the *Vancouver College* decision found that it is not improper for an expert to edit or rewrite an opinion, but that it is “of the utmost importance” that the expert’s “independence, objectivity and integrity not be compromised.”⁸ In addition, the judge did not approve of the “round table discussions” between the

3 *Vancouver College v. Phillips Barratt*, (1988) 26 B.C.L.R. (2d) 296, p25.

4 *Vancouver College*, *supra*, p32.

5 *National Justice Compania Naviera SA v. Prudential Assurance Company Ltd.* (1993) 2 Lloyd’s Rep. 68 (“*The Ikarian Reefer*”).

6 *Royal Institution of Chartered Surveyors. “Surveyors Acting as Expert*

Witnesses.” RICS Practice Statement and Guidance Note, 3rd Edition (2009), p6.

7 *Ibid.*, p10.

8 *Vancouver College*, *supra*, p26.



expert witness and counsel. On this issue, RICS advises that when conversations with a client take place, the appraiser is required to “make a written record of any meetings or discussions, and whenever the valuer decides to alter a provisional valuation as a result, the grounds for doing so must be carefully noted.”⁹

- **Oral Evidence:** In giving oral evidence, it is important to be dispassionate and not be an advocate for one’s client. If an expert were to become combative under cross-examination, it could undermine the expert’s independence and the court may call the impartiality of the evidence into question. However, there is nothing wrong with defending an opinion as this is what the expert has been retained to do.

The above should not be treated as being exhaustive of the duties of an expert witness to the court. If one is to become involved in providing expert evidence, it is important to gain a more thorough understanding of the duties required of an expert witness. For those who are obtaining expert evidence, it is equally important to understand the role the expert witness plays.

9 Royal Institution of Chartered Surveyors. *RICS Valuation Standards – Global, 7th Edition. (2011), p16.*



UBC Real Estate Division

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Commercial Appraisal Basics (10)	Real Estate Consulting: Decision Analysis (10)
Request for Proposals (RFPs) (7)	Real Estate Consulting: Critical Thinking, Research & Risk Analysis (10)
Business Enterprise Valuation (7)	Real Estate Consulting: Forecasting (13)
Valuation of Property Impairments and Contamination (10)	Urban Infrastructure Policies (7)
Hotel Valuation (7)	Urban Infrastructure Applications (10)
Highest and Best Use Analysis (4)	Agricultural Valuation (10)
Multi-Family Property Valuation (7)	Exposure & Marketing Time: Valuation Impacts (4)
Machinery and Equipment Valuation (7)	Expropriation Valuation (4)
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Real Estate Division

Characteristics of an **Expropriation Appraiser** for Litigation Support

Litigation support is defined by Barron's Business Dictionary as "any professional assistance non-lawyers provide to lawyers in the litigation process. Those involved in litigation support ... perform investigative accounting, auditing, and tax determinations, provide expert testimony, or produce financial valuations in dispute situations."

In appraisal circles, litigation support relates to many different situations requiring valuation services: expropriation, appraisal review, divorce, fractional interests, encroachments, foreclosure and bankruptcy, losses due to delay in closing contracts, and lease-rate disputes. This article will discuss the desired characteristics of a litigation appraiser specific to expropriation.

BC's *Expropriation Act* defines market value: the market value "...of an estate or interest in land is the amount that would have been paid for it if it had been sold at the date of expropriation in the open market by a willing seller to a willing buyer." Market value under the *Expropriation Act* is not the same as that under traditional appraisal definitions, due to limitations under Section 33 of the *Expropriation Act*.

Expropriation reports that determine market value can be very complicated, especially as the date from which the value is being determined may be well in the past. This is why under BC's *Expropriation Act* (Part 6) only professionals holding the SR/WA (Senior Member, International Right of Way Association) designation, or the AACI (Accredited Appraiser Canadian Institute) designation, can prepare expropriation reports—and they must do it themselves without assistance.

CHOOSING A LITIGATION SUPPORT APPRAISER (EXPERT WITNESS)

Litigation support in expropriation cases is growing in BC as infrastructure is built and replaced. Make sure you are well represented and your property is valued correctly by people who know the rules, the relevant Acts, and the accepted expropriation valuation techniques.

When choosing a litigation appraiser, you should interview the appraiser on the following four items:

1. Understanding of Part 11 (Experts) of the BC Supreme Court Civic Rules

New BC Supreme Court Civic Rules took effect in 2010. Rule 11-6 clarifies when reports must be served to the parties involved so there are no surprises. It also has the court permitting the experts to come to statements of common facts, in the hope that this will speed up the process. The court can call

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President of Bramwell & Associates Realty Advisors Inc.



Jeremy Bramwell is President of Bramwell & Associates Realty Advisors Inc., a valuation firm in Vancouver. Jeremy has been a leader in real estate sales, appraisal, and consulting in the Vancouver region since 1992. Mr. Bramwell's background includes working for BC Assessment, and he has 6 years of experience completing residential appraisals and 12 years' experience with commercial realty appraisal and consulting services.

Jeremy is a Director of the Canadian Property Tax Association (BC Chapter) and has previously served as Education Chair for the Appraisal Institute of Canada (Vancouver Chapter). He is a member of these and many other organizations: BC Expropriation Association, Mortgage Investment Association of BC, Real Estate Institute of BC, Real Estate Institute of Canada, and Urban Development Institute - Pacific Region.



In appraisal circles, litigation support relates to many different situations requiring valuation services: expropriation, appraisal review, divorce, fractional interests, encroachments, foreclosure and bankruptcy, losses due to delay in closing contracts, and lease-rate disputes.

up an appraiser to help clarify issues between both parties' experts under Rule 11-3 (Appointment of Joint Experts), Rule 11-4 (Appointment of Own Experts), or under Rule 11-5 (Appointment of Court's Own Expert). These rules each have requirements for timing and the production of experts.

2. Comfortable on the stand

Tell the appraiser that he or she should expect to be called up to the witness box and ask what experience the appraiser has with providing courtroom testimony. The witness box can be a place of fear or a place of redemption, but most appraisers will refuse the assignment if they know they will be called up to testify. Find an appraiser who is willing and able to testify—the appraiser must be able to stand under pressure to explain his or her professional opinion.

3. Background in your area of dispute

Generally, it is best to find someone who has recently done an appraisal for your class of property and who makes you comfortable about his or her level of understanding on the subject. You want an appraiser who has confidence and credibility.

Look for appraisers with an expropriation background. A good place to start is the BC Expropriation Association, the largest speciality group in the province. Also look for appraisers who have a balanced view—those who have done expropriation work for both government clients and private landlords, rather than generating a high proportion of their revenue from government contracts. Ethical land agents working for the agency taking the site should not refer or comment on a specific firm or appraiser/consultant as this is a potential conflict of interest. Check out firms' websites for the clients they service.

Education is also important. The International Right of Way Association (IRWA) has several courses on the subject of expropriation, though UBC has the only course with Canadian subject matter.

4. Understanding of the relationship between clients, lawyers, expert witnesses (appraisers) and judges

The client wants the appraiser to value the property in their favour. Lawyers want to achieve the client's goal, but their strategy may be different from their client's. Lawyers also want to control the message (how the value is presented), while experts want to deliver their carefully thought-out report with its supportable conclusions and lead others to the same results. Some experts may wish to educate the lawyer or judge along the way.

Judges are ex-lawyers who may have been very good at one area of law, but it may not have been in real estate appraisal. They may not always appreciate how lawyers want to control the message, and judges are even less appreciative if the testimony appears biased. Judges tend to be skeptical about experts becoming part of the legal team as opposed to remaining an unbiased third party (witness).

Litigation appraisers must have an understanding of this complicated web, and must only provide objective reports and testimony. Credibility can be earned, but once lost is gone forever.

EXPROPRIATION APPRAISAL SERVICES ARE WORTH THE COST

Expropriation appraisal fees are always higher than for typical financing appraisal. Litigation reports require more work to achieve due diligence, including things not done in a typical financing appraisal: a review of the current Title and all charges; a historical Title review (usually); and more in-depth analysis of all comparables, including speaking to at least one party in each sale or lease transaction. Reviews of comparables may lead to in-depth reviews of the comparables the appraiser has isolated, as well as those that the land agent's appraiser has provided. Partial or temporary takings require reviews of statutory plans. More time is spent on review and analysis. In addition, many appraisers in the field have some understanding

Despite the potentially high cost for expropriation appraisal services, Part 6 of the *Expropriation Act* requires that all parties being expropriated are entitled to reimbursement of appraisal fees, including fees for updates.



of possible legal damages available and this information can also be included in the report.

Most lawyers require an early draft and want to meet with the appraiser to review the report. There may be issues relating to strategy or to the comparables the appraiser has mentioned. More investigation may be required. All of the time and supplies required to complete the report are factored into the cost.

From the day of notification that property is being appraised by an expropriating authority to the date that property is actually taken can be a long period—in some cases years—and markets change. Asking for quarterly or semi-annual reviews is not out

of line depending on the market. A lawyer can coordinate these updates with an appraiser.

Despite the potentially high cost for expropriation appraisal services, Part 6 of the *Expropriation Act* requires that all parties being expropriated are entitled to reimbursement of appraisal fees, including fees for updates. In some cases, fees can be reimbursed before the actual taking of the land. In other words, the fees are immaterial since the expropriating authority (utility or government) will repay the client for purchasing appraisal services. There's no reason not to invest in these valuable professional services.



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Calendar of REIBC Events



MARCH 30, 2012 | 2012 EDUCATION SYMPOSIUM

Full-day education seminar featuring six sessions and two keynote speakers. The opening keynote speaker is Mr. Vaughn Palmer and the closing keynote speaker is Mr. Cameron Muir. For more information on session topics and speakers please visit: www.reibc.org. Sponsored by the BC Association of the Appraisal Institute of Canada, the Real Estate Council of British Columbia, and the Real Estate Foundation of British Columbia.

River Rock Resort & Casino, Richmond, BC 8:00 am – 6:00 pm



JUNE 14, 2012 | ANNUAL GENERAL MEETING

All members are welcome to join us at the Annual General Meeting. Voting privileges are for Professional and Honorary members only.

Terminal City Club, Vancouver, BC 5:00 pm – 6:00 pm

JUNE 14, 2012 | RECOGNITION DINNER

Who will receive this year's Award of Excellence? Dinner, awards ceremony, and entertainment make this a great evening filled with fun and laughter. See old friends and meet new ones! Sponsored by the British Columbia Real Estate Association.

Terminal City Club, Vancouver, BC 6:00 pm



JUNE 20, 2012 | 19th ANNUAL CHARITY GOLF TOURNAMENT

The annual tournament in support of the Make-A-Wish Foundation of British Columbia and Yukon.

Northview Golf and Country Club, Surrey, BC

QUESTIONS?

For more information visit www.reibc.org



DEPRECIATION REPORTS

Now Legislated In BC

The *Strata Property Amendment Act, 2009* deals with changes to the *Strata Property Act*. The new amendments, which were recently finalized, now call for mandatory depreciation reports for strata corporations in British Columbia.

According to the BC Office of Housing and Construction Standards, strata properties make up more than half the taxable properties in a dozen municipalities in British Columbia, housing over one million people. Following the amendments to the *Strata Property Act* in 2009, the Province sought to improve the accountability of strata corporations. The Province consulted groups like the Condominium Home Owners Association of BC (CHOA), legal experts and professionals, focus groups, as well as 1,819 persons who answered a public survey online in February 2011. The overwhelming consensus was that strata corporations must prepare for their ongoing maintenance and future capital expenditures.

The resulting 2011 regulation changes to the *Strata Property Act* now ensure that strata corporations must have a depreciation report and a contingency reserve fund in place. The changes also ensure that the Information Certificate (Form B) provided to a strata purchaser will contain the current depreciation report.

This will be a key change for strata corporations, requiring the completion of a depreciation report within the next two years unless they pass a resolution with an annual 75% vote to exempt the report or the strata corporation is made up of less than 6 units. Over the next few years, this will become a standard document for strata corporations and will be included in the Form B Information Certificate.

The changes to the *Strata Property Act* will be new to strata corporations in BC, but similar legislation has already been enacted in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Yukon, Northwest Territories, and Nunavut. Ontario's legislation has been in place for 10 years or more.



The resulting 2011 regulation changes to the *Strata Property Act* now ensure that strata corporations must have a depreciation report and a contingency reserve fund in place.

WHAT IS A DEPRECIATION REPORT?

Also known as a reserve fund study, the depreciation report is a financial document that includes a detailed breakdown of all the common property components that a strata corporation will have to repair or replace over the next 30 years. It provides the strata corporation with a summary of current deficiencies, future projected capital expenditures, and costs for maintenance of each component. Furthermore, the depreciation report provides a financial plan for the strata corporation to prepare for these expenditures. The report is to be updated every three years and will be an integral part of the strata corporation's long-term planning.

Currently, a strata corporation contributes about 10% of its annual operating budget into its contingency reserve fund (CRF) annually. This is a requirement if the CRF is less than 25% of the annual budget. The problem with this method is that the annual operating budget has absolutely no correlation with the capital costs of replacing components, which was what the CRF

was meant to provide for. This system has led to insufficient funds in many CRFs. For example, most strata councils do not know the age of their roof system, the type, or the cost to replace it. The first indication that it needs replacement is often a leak in the strata units. The depreciation report will provide a proactive approach to this and similar situations to alleviate the uncertainty of timing and cost.

Changes to Section 6.2 of the *Strata Property Act* define the requirements of a depreciation report. These include:

- physical component inventory
- summary of repairs and maintenance
- financial forecasting
- qualifications, errors and omissions insurance, and disclosure for the provider of the report



A poorly maintained roofing system past its economic life can result in costly building repairs beyond the cost of a new roof.

CREATING CERTAINTY FOR BUYERS

As mentioned earlier, another key change to the legislation is the new requirement to the Form B Information Certificate (Section 59.4 of the *Strata Property Act*), as set out in Schedule 2 of the *Amendment Act*. The requirements call for copies of:

- rules of the strata corporation
- current budget of the strata corporation
- owner developer's rental disclosure statement, if any
- most recent depreciation report, if any

The inclusion of a depreciation report will allow buyers to have much more certainty as to the condition of the property and any future special assessments. This certainty is reinforced by the requirement for professional expertise as the *Strata Property Act* specifies that the reports be done by a "qualified person" and that they have professional liability insurance. In other jurisdictions, appraisers, engineers, or professional reserve analysts who have the Certified Reserve Planner (CRP) designation from the Real Estate Institute of Canada must prepare these reports. BC's regulation is quite vague by comparison, but the insurance provision would include members of the Appraisal Institute of Canada, Professional Engineers of BC, and CRP-certified members of the Real Estate Institute of Canada.

Further information about the changes to the *Strata Property Act* and information about depreciation reports can be found at the Condominium Home Owners Association (CHOA), the Province of BC,¹ or from the Campbell & Pound website: www.campbell-pound.com.

¹ www.housing.gov.bc.ca/strata

Kelvin Coley-Donohue, AACI, P.App, RI Senior Appraiser, Campbell & Pound Commercial

Mr. Coley-Donohue has been at Campbell & Pound Ltd., now Campbell & Pound Commercial Ltd., since December 1997. His practice includes industrial, commercial, and retail valuation and advisory services. He specializes in reserve planning depreciation report consulting, market rental and lease arbitration work, as well as expropriation and right-of-way projects.

Mr. Coley-Donohue has been a member of the Appraisal Institute of Canada since 1997, and has been accredited since 2003. He has also been a designated (RI) member of the Real Estate Institute of British Columbia since 2004. He is a member of the British Columbia Expropriation Association (BCEA), and the International Right of Way Association (IRWA). He is a graduate of the Langara College Realty Appraisal Certificate program (1995).

Mr. Coley-Donohue has been active in the Vancouver Chapter of the Appraisal Institute of Canada since 2004, and has been Co-Chair since 2009. He was also Co-Chair of the AIC's national conference committee in 2007. He is married, has two grown daughters, and enjoys walks all around our wet coast.



BC ASSESSMENT

We Value BC



Putting a value on things is something we do every day. We value the time we spend with family. We appreciate the value of our new car, which we depend on to take us to work. And we put a value on the services that our community delivers, like roads, parks and garbage collection. A community is made up of people who share values and who share a common interest in what's important to them.

But value is also tangible. How much is that new car worth today? How much is your home worth to you—and what's it worth if you sell it? What will you spend if you need to move your business to a neighbouring community? Sorting out the tangible and intangible items that give something value is what BC Assessment was created to do. And after nearly 40 years of experience, we think we're getting pretty good at it.

Establishing the value of every piece of property in a province as vast as BC is a challenge. But in today's economy, where capital knows no boundaries and people routinely move about, taxing authorities such as municipalities depend on an objective assessment of the properties in their area. This gives them the solid foundation of an effective and fair tax base that is used to deliver the services their communities expect. Across BC, every municipality uses the assessment rolls that are updated annually by BC Assessment to help them raise a total of more than \$6 billion in taxation revenue.

It didn't always work like this. In 1973, there were 140 independent assessment organizations in the province. The lack of standard valuation methods meant that assessments were frequently challenged and often difficult to defend. Property owners and municipalities alike were pressuring the Province to take action. At the end of 1973, the Province of BC struck an all-party Special Legislative Committee on Assessment to explore remedies and to propose recommendations to the annual assessment process.



In 1974, the all-party committee unanimously recommended to the provincial Cabinet that legislation be passed to create a completely independent assessment authority. Their report stated, "This Authority must be independent of taxing functions (either municipal or provincial) and its control must be such as will result unmistakably in complete independence."¹ On July 2, 1974, the *Assessment Authority Act* received Royal Assent. The passing of this Act and its companion, the *Assessment Act*, reconciled almost 100 years of inequities, commissions, and official government reports into British Columbia's property assessment and valuation process. BC Assessment has been producing independent and impartial assessment rolls and notices since.

The value of an independent assessment roll is obvious these days when you look at some of the things that are happening in other jurisdictions. For example, Pennsylvania is one of nine US states that has turned over the property tax assessment process

¹ "Report of the BC Legislature Special Committee on Assessment Procedures," G.H. Anderson, et al. Presented to the BC Legislature on April 5, 1974. *Journals of the Legislative Assembly, Session 1974/75, Volume CVI, p143.*



Connie Fair was appointed President and CEO by the BC Assessment Board of Directors in May 2008. Since 1993, Connie has played an integral part in BC Assessment's business development, helping the organization to earn a reputation as one of the world's leaders in property assessment.

Prior to joining BC Assessment, Connie worked as a real estate consultant, director, and teacher with the University of British Columbia's Sauder School of Business.

An accomplished author and speaker, Connie is recognized internationally as an expert in property assessment and taxation and as a leader of organizational change initiatives. She is a member of the Real Estate Institute of Canada and was awarded an honorary designation with the Appraisal Institute of Canada to recognize her work within the professional appraisal community.

to local municipalities. The results are not surprising. Property assessments are not kept up to date, values differ widely from area to area, and litigation costs continue to rise. In Pittsburgh, the state Supreme Court ordered Pittsburgh and the rest of Allegheny County to reassess properties in 2012—the county's fourth reassessment in 12 years. Despite the court order, the city won't meet the requirement. It simply doesn't have the money to conduct another assessment. So property owners don't know what their taxes will be, and school boards face massive borrowing costs to meet their payrolls.²

Or consider Atlantic City, New Jersey, which is looking at borrowing \$38 million to settle with taxpayers who ended up overpaying their taxes because their properties were not fairly assessed.³ In Nevada, Washoe County has been ordered to refund a record \$43 million to residents after they successfully challenged their property tax assessments.⁴ At the heart of

each issue was a lack of standards in the way that properties were assessed, which let local municipalities create their own. The lack of an independent assessment system means that the courts often end up deciding what a property is worth, creating incentives for routine court challenges and causing delays and uncertainty in public sector financing.

Compare these situations to BC, where all taxing authorities know that every January, BC Assessment will create a new assessment roll for every one of the 1.92 million properties in the province with a combined value of more than \$1 trillion. The stability of our system, thanks to the independence created by our founding legislation, results in a very low rate of appeals—less than 2% of properties each year, and a very stable tax base.

BC Assessment's independence from the taxing jurisdictions is a critical factor in our system's stability. While tax rates are always contentious, a fair and impartial valuation allows the debate to focus on the tax rate rather than on the merits or bias of the evaluation. Objectivity and a province-wide perspective are important. The value of a property in one community might be higher or lower than a similar property in another, but that value is based on a set of objective measures and tools that allow for a true comparative measurement.

Values are important. We learn them from our parents and we pass them on to our children. We expect them from our neighbours and we want them from our elected representatives. And every day at BC Assessment, we apply them.

The stability of our system, thanks to the independence created by our founding legislation, results in a very low rate of appeals—less than 2% of properties each year, and a very stable tax base.



2 "Pittsburgh Exemplifies Pennsylvania's Property Tax Discord," *National Real Estate Investor*, Sept 14, 2011. http://nreionline.com/commentary/taxnotes/pittsburgh_exemplifies_penns_tax_discord_09142011/index.html

3 "Atlantic City to borrow \$38 million to settle tax appeals," *Press of Atlantic City*, Nov 2, 2011. http://www.pressofatlanticcity.com/communities/atlantic-city_pleasantville_brigantine/atlantic-city-to-borrow-million-to-settle-tax-appeals/article_0dfce494-05c1-11e1-8c45-001cc4c03286.html

4 "Lake Tahoe Homeowners Who Won Record \$43 Million Refund Seek Even More," *Wall Street Journal*, October 31, 2011. http://online.wsj.com/article/SB10001424052970204394804577009961673567818.html?mod=googlenews_wsj

CLIMATE CHANGE: SEA LEVEL RISE

Local Effects of Global Climate Change in the City of Vancouver

The real estate industry in BC is a key stakeholder in the dialogue about sea level rise and cities. With hundreds of millions of dollars of real estate assets and infrastructure potentially exposed to sea level rise in Metro Vancouver, the real estate industry can help to guide policy makers toward understanding and proactively developing adaptation strategies. Major questions about valuation, process, and mechanisms of action need to be addressed, and a multidisciplinary effort that crosses levels of government needs to begin today.

Coastal metropolises like San Francisco, New York City, Amsterdam, and Sydney have begun public and professional dialogues on the effects of global warming and sea level rise on cities. Using art, sculpture, exhibitions and social media, these initiatives have grounded abstract concepts of global climate change at a local level. They create public awareness about an issue that, based on a 2008 study published by the Organization for Economic Cooperation and Development, threatens US\$3 trillion of real estate assets through coastal flooding and storm damage in cities in both the developing and developed worlds.¹

Inspired by these initiatives, BTAworks, the research and development division of Bing Thom Architects, created a toolkit to illustrate the effects of global sea level rise at a neighbourhood level in Vancouver. The goal is to make climate change impacts more tangible to the average citizen. Hence, the impact of sea level rise is not only about its effect on far-off places like the Maldives, but on local landmarks like Granville Island.

SEA LEVEL RISE IN VANCOUVER

Using mapping data made available through the City of Vancouver's Open Data Catalogue, BTAworks was able to generate maps indicative of various sea level rise scenarios for the city by following topographical contour lines around

¹ Nicholls, R. J. et al. (2008), "Ranking Port Cities with High Exposure and Vulnerability to Climate Extremes: Exposure Estimates," OECD Environment Working Papers, No. 1, OECD Publishing. <http://dx.doi.org/10.1787/011766488208>

flickr/Stephen Rees



Andrew Yan, MCIP

Andrew Yan, MA (Urban Planning), MCIP is a researcher for BTAworks—the research and development division of Bing Thom Architects, and is also a registered planner for BTA. Born and raised in Vancouver, he specializes in the fields of urban regeneration, demographics, Geographic Information Systems, neighborhood development, public outreach, and quantitative research.

Vancouver’s shoreline. In many respects these maps are overly simplistic. They do not account for the effects of specific site variations or existing dike infrastructure and they assume no proactive intervention.

The effects of sea level rise can range from severe effects such as outright flooding to minor effects like soil saturation or salination. Experience indicates that land up to 2 metres above high tide may be periodically impacted by the minor effects of sea level rise. This means that a 1-metre sea level rise could potentially affect land up to the 3-metre contour interval. When this 2-metre buffer zone is included in calculations of land area affected by sea level rise, the total area affected quickly becomes substantial. For the sake of simplicity, the map series excludes this buffer zone or zone of affect. Nonetheless, the maps graphically illustrate the extent of various sea level rise scenarios and raise questions about how we might approach an adaptation strategy for Vancouver. (See pages 20-21.)

TABLE 1 Sea Level Rise and Proportional Effects on City of Vancouver Land Area

Elevation of Sea Level Rise	% Total Land Area (Area of Sea Level Rise)	% Total Land Area (Area of Sea Level Rise plus Additional 2-Metre Buffer Zone)
0 metres (2011)	1%	5%
+1 metres	3%	8%
+2 metres	5%	11%
+3 metres	8%	12%
+4 metres	11%	13%
+5 metres	12%	not available
+6 metres	13%	not available

Note: The total land area of Vancouver is 114 square kilometres or 44 square miles.

Data Source: City of Vancouver Open Data Catalogue
Analysis by BTAworks

Based on the 2011 assessment roll from BC Assessment, real estate in Vancouver is worth about \$212 billion, which can be broken down to \$154 billion for land and \$58 billion for buildings. It is important to note that these assessment values do not include the significant portions of land required for city infrastructure, let alone the cost of utilities, roads, sewers, and other expensive and critical civic infrastructure.

With a land area of 114 square kilometers, the 2011 assessment value for Vancouver real estate breaks down to an average of \$1,859 per square metre (or about \$172 per square foot). If the 3-metre sea level rise scenario were to occur today (corresponding to the 5-metre map when the buffer zone is included), and if this average value is applied to the coastal real estate affected in such a scenario, over \$25 billion worth of Vancouver real estate would be impacted. Though this valuation is hardly precise and we’ve chosen an extreme scenario to work with, the exercise helps to characterize the real estate values at stake.

SEA LEVEL RISE AND LAND USE IN VANCOUVER

Not all land in a city is of equal strategic value, so we began to look more closely at what kinds of land uses would be affected by sea level rise. Using land use data and building upon our initial scenarios, analysis shows that certain land uses in Vancouver are disproportionately affected, depending on scenario. Vancouver’s Limited Agriculture land use and Industrial land use types are heavily affected in both absolute and percentage of land area. In the context of sea level rise, the vulnerability of these areas highlights the urgency for long-term planning to protect particular land uses at city and regional levels. The loss of agricultural and industrial uses within Vancouver may not seem critical now, but the importance of these land uses may increase substantially in the future as increasing fuel costs stimulate a move towards a more localized economy.

The choices necessary to protect cities from sea level rise have profound land use implications. Revetment (earthen) dikes of the type seen in Richmond require the lowest heights and

Eileen Keenan, RIBA



Eileen Keenan, MA Dip Arch., RIBA, LEED AP is a researcher at BTAworks and is BTA’s sustainability specialist. Eileen ensures that BTA’s architectural projects meet their sustainability goals and is an expert in sustainable building techniques, technologies, and processes.

Michael Heeney RI, MAIBC



Michael Heeney, MAIBC, FRAIC, RI, FRI, LEED AP is a principal at Bing Thom Architects. Bing Thom’s partner in the firm and long-time colleague, he leads BTA’s talented and creative teams on projects and plays an integral role in the practice, which recently received the 2010 RAIC Architecture Firm Award.

1 High Tide 2011

At high tide (in 2011), Vancouver's shoreline remains intact. The area indicated in blue consists of tidal mud flats.

2 +1-Metre Sea Level Rise (Severe Storm, 2011)

With a severe storm and factors such as a "Proxigean Spring" (a rare, unusually high spring tide), areas around Vancouver's Southlands neighbourhood would be affected by sea level rise. There are areas that would face flooding issues during a severe storm, especially if the storm's effects were magnified by a high tide. For the most part, these areas are already protected from flooding by dikes.

3 +2-Metre Sea Level Rise

With a 2-metre rise, the Point Grey and Kitsilano neighbourhoods, the southern end of False Creek, and much of the southern portion of Vancouver would be affected.

4 +3-Metre Sea Level Rise (Severe Storm, 2100)

With a 3-metre rise, most of the shoreline around the city, including areas like the harbour, the southern edge of the city, and Granville Island would be heavily affected. This map illustrates areas that may be affected when projected sea level rise (for the year 2100) is combined with a severe storm.

5 +4-Metre Sea Level Rise

With a 4-metre rise, False Creek would revert to its nineteenth-century boundaries prior to infill. The southern edge of the city, the Gastown and Chinatown neighbourhoods, and the harbour would be heavily affected.

6, 7 +5-Metre and +6-Metre Sea Level Rise

The 5- and 6-metre maps illustrate scenarios that are extremes based upon existing projections and data on sea level rise. Downtown Vancouver effectively becomes an archipelago and the shoreline of the city becomes unrecognizable from its current form.

All maps data source: City of Vancouver Open Data Catalogue

All maps by BTAworks



Not all land in a city is of equal strategic value, so we began to look more closely at what kinds of land uses would be affected by sea level rise. Using land use data and building upon our initial scenarios, analysis shows that certain land uses in Vancouver are disproportionately affected, depending on scenario.

thereby preserve ocean views, but they have a large footprint—increasing land acquisition costs and impacts on adjacent structures. In contrast, sea walls have a smaller footprint, but depending on the level of protection required they may need to be 8–10 times the height of a revetment to provide effective protection to adjacent structures from the wave spray loads they generate. The reality is that any proposed strategy will incorporate a range of different approaches, and what works for one part of the city's coastline will be unsuitable elsewhere.

WHICH SCENARIO?

Given the range of impacts described by these scenarios, the critical question is which of the sea level rise scenarios should be used to guide policy makers, urban planners, and the public? More current and accurate localized data would allow us to narrow the focus on a plausible scenario in order to address specific local impacts of anticipated sea level rise over a defined time period.

With 127 kilometres of coastal dikes in BC protecting 220,000 people in their communities, the Province has been preparing new guidelines for coastal flood plain mapping, sea dike design, and flood construction levels that address the impacts of sea level rise. *Climate Change Adaptation Guidelines for Sea Dikes and Coastal Flood Hazard Land Use*, published by the Province of British Columbia and Ausenco Sandwell Engineering, is part of the strategy developed by the BC Regional Adaptation Collaborative (RAC). As part of the process of preparing new guidelines, the Province commissioned a technical background report to support the RAC's recommended new standards. This technical report provides a localized reference point from which future policies for sea level rise in BC coastal communities like Vancouver can be explored.

Climate Change Adaptation Guidelines for Sea Dikes and Coastal Flood Hazard Land Use reviewed historical data and current climate change and sea level models and research to determine appropriate sea level estimates for the target year of 2100. Based upon extensive literature review and technical survey, the report proposes a sea level rise allowance of 1 metre by the year 2100. While sea level rise could be lower or higher (and other papers are suggesting much higher levels), we feel that this is the best estimate that current research suggests within that timeframe. A 1-metre sea level rise (corresponding to our 3-metre map) sounds innocuous. However, to build and engineer for a sea level rise of 1 metre, one needs to account for phenomena such as high tide, surge allowance, wave effect, and freeboard. When these are included, the suggested preliminary Flood Construction Reference Plane (the minimum elevation for building) for Vancouver Harbour for 2100 becomes 5.6 metres above current (2011) sea level.



TABLE 2 Sea Level Rise and Affected Land Use (by percentage)

	Baseline Land Area (2011) in m ²	0 metre (High Tide 2011)	+1m Sea Level Rise	+2m Sea Level Rise	+3m Sea Level Rise	+4m Sea Level Rise	+5m Sea Level Rise	+6m Sea Level Rise
Commercial	4,976,163	0%	0%	0%	1%	2%	3%	4%
Comprehensive Development	13,420,081	0%	1%	2%	7%	13%	17%	19%
Historical Area	399,479	0%	0%	0%	3%	21%	39%	50%
Industrial	8,559,830	1%	1%	16%	30%	55%	63%	67%
Limited Agriculture	2,852,769	0%	68%	84%	92%	95%	96%	97%
Multiple Dwelling	683,549	0%	0%	0%	0%	1%	2%	3%
One-Family Dwelling	57,027,176	0%	0%	1%	1%	1%	2%	2%
Two-Family Dwelling	6,950,464	0%	0%	0%	0%	1%	1%	1%

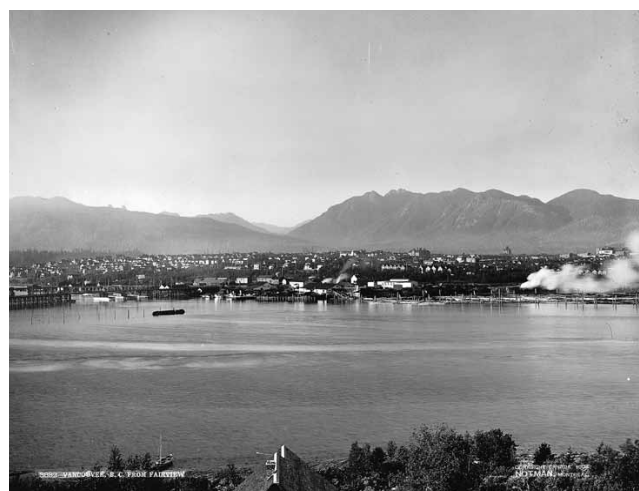
Data Source: City of Vancouver Open Data Catalogue
 Analysis by BTAworks

WHERE TO START? THE SEA LEVEL RISE PLANNING AREA AND A REGIONAL OPEN DATA CATALOGUE

How would we go about planning the adaptation of Vancouver to sea level rise? What factors should be considered and how could these be incorporated into planning policies?

The first step could be to develop a Sea Level Rise (SLR) Planning Area. This is a recommendation from the Province’s *Adaptation Guidelines* and is worth examining. An SLR Planning Area could be defined in areas of the city that would be especially sensitive or vulnerable to sea level rise based on current localized science research. As with a flood zone designation, special planning and land use measures would be enacted to protect an SLR Planning Area or, in certain cases, to discourage certain types of land use and physical and infrastructure development within such an area.

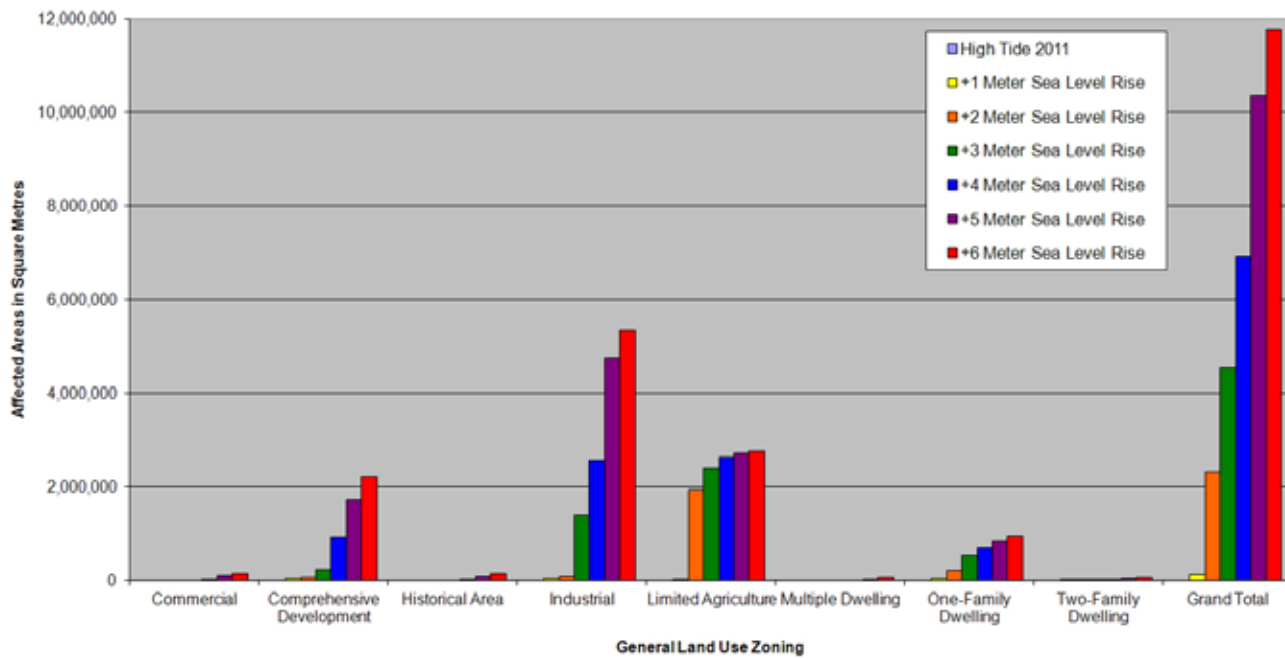
The designation of an SLR Planning Area would serve two important functions. First, it would raise awareness among landowners, insurers, and public agencies of the potential risk from sea level rise. Second, extending the land use designation to subsequent periods of time (100-year increments, for example) reinforces the reality that sea level rise is not a finite phenomenon: if current mitigation efforts are unsuccessful, the sea may continue to rise for many centuries to come. By linking land use designations to time in the example of a “2100 SLR Planning Area,” the construction of buildings of a shorter anticipated lifespan such as single-family homes



Above: Northeast False Creek, 1904. Source: flickr/Musee Mc Cord Museum
 Below: Northeast False Creek, 2010. Source: flickr/Leedman
 Right: Vancouver Harbour, 2011. Source: flickr/flightlog



FIGURE 1 Sea Level Rise and Affected Land Use (by area)



Data Source: City of Vancouver Open Data Catalogue
 Analysis by BTAworks

Understanding the impact of sea level rise at a regional level is critical. No adequate adaptation initiative will succeed if done piecemeal on a municipality-by-municipality basis.



may be considered acceptable within the planning area, but infrastructure investments such as industrial facilities and major transportation routes may be directed to areas with longer anticipated suitability.

Understanding the impact of sea level rise at a regional level is critical. No adequate adaptation initiative will succeed if done piecemeal on a municipality-by-municipality basis. Baseline information for all of Metro Vancouver needs to be made available to enable a common basis of understanding and a starting point for research. Currently, a regional counterpart to the City of Vancouver’s Open Catalogue does not exist and, consequently, this study cannot currently be repeated across Metro Vancouver.

This project has attempted to illustrate potential scenarios for Vancouver in order to start a public dialogue and encourage more research. The effects of sea level rise and other climate change impacts on Vancouver will be a multigenerational event. As such, they are very similar to the overall city building process in which today’s actions or inactions may not be immediately evident but the consequences can resonate well into the future.

This article is drawn from a larger research report of the same name. For full access to the original report, *Local Effects of Global Climate Change in the City of Vancouver*, please visit: www.btaworks.com

BC ASSOCIATION OF THE APPRAISAL INSTITUTE OF CANADA



Above: 2011 Conference
Below: 2011 Goodwin Award Recipient
George Ward, AACI, P.App (left) with
President Craig Barnsley

The Appraisal Institute of Canada (AIC), founded in 1938, is the national society of professional real estate appraisers. AIC members provide valuations widely respected by the courts, real estate corporations, banks and other lending institutions, as well as by government and individuals.

AIC assures high standards in the appraisal profession through the granting of the Accredited Appraiser Canadian Institute (AACI), Professional Appraiser (P.App), and Canadian Residential Appraiser (CRA). These designations are recognized across Canada as well as internationally. Members must successfully complete a rigorous course of study in all aspects of real estate valuation in addition to, or as part of, an undergraduate degree. Members must also meet other professional requirements prior to being awarded use of the CRA or AACI, P.App designations.

AIC believes continuing professional development is key to remaining on top of any profession and is committed to ensuring that members continue to update their professional knowledge and skills and keep abreast of developments in the industry. AIC members are employed in senior positions in corporations, small- and medium-sized firms, all levels of government, and in public practice firms serving individuals and companies. As trusted professionals, designated members represent the highest standard of real property expertise. Commitment to professionalism makes AIC members the preferred choice for real estate analysis, consulting, and appraisal services.

The BC Association of AIC (AIC-BC), formed in 1973 under the Society Act, represents AIC members in BC and the Yukon. More than 4,500 members practice the profession in Canada and over 900 active members reside in British Columbia. AIC-BC helps to maintain and deliver the AIC policies and programs. AIC-BC works with the national office in Ottawa and its provincial colleagues to bring quality professional development to members by way of conferences and seminars. AIC-BC participates in and sponsors many joint activities with professional organizations related to real estate.

The BC Association undertakes a number of roles to serve its members. These include:

- responding to member concerns and questions
- administering membership, including processing candidacy applications, reinstatements, retirements, and resignations, as well as arranging designation interviews
- administering the AIC Applied Experience Program
- supporting the BC chapters and AIC-BC committees with communications and event registration and arranging Professional Practice seminars on a regular basis

Janice P. O'Brien, CAE

Executive Director, BC Association of AIC (AIC-BC)

Janice O'Brien joined the BC Association of the Appraisal Institute of Canada as the Executive Director in January 1995 and attained her CAE designation from the Society of Association Executives in 1998. Prior to working for AIC-BC she worked for Woodward's for 17 years—at Vancouver Downtown, Guildford, Oakridge, Lansdowne, and Metrotown stores.

Janice was born and raised in Vancouver, BC, and currently lives in Delta. She enjoys a good book, playing cards, rest and relaxation at the cottage at Horne Lake on Vancouver Island, gardening, and travel. Her travel bucket list includes Australia and Ireland. Scrapbooking and getting back into golf are her goals for 2012.



- marketing of the profession in BC, including producing and distributing the West Coast Appraiser e-newsletter and maintaining the Association's online presence on AIC's national website
- advocacy of the profession in BC, including assisting with recruitment efforts at career fairs and post-secondary events and attending tradeshows

AIC-BC is responsible for its own governance and strategic planning. The Association is governed by a group of dedicated volunteer members representing the nine chapters in BC and Yukon. The Board is made up of a director from each chapter, including two directors from the largest chapter—Vancouver. The Board also includes a CRA representative and three non-voting Advisor positions. In 2010, the Board reviewed input from the membership and developed a new strategic plan; it was endorsed by the members at the AGM in September 2010. The Strategic Plan provides the Board with five areas of focus for the following three years: marketing and communication; professional scope; recruitment and retention; advocacy; and professional development.

The Association's recent province-wide conference, "In Pursuit of Excellence," held at the Delta Grand Okanagan Hotel and

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THE COLLEGE OF HIGHER LEARNING.

Conference Centre in Kelowna, brought together members and non-members from across the province to learn and network. AIC-BC's next big project will be helping to organize the 2014 BC Land Summit together with our partners: Real Estate Institute of BC, BC Society of Landscape Architects, Planning Institute of BC, and BC Society of Agrologists. Held every 5 years since 2004, this will be the third BC Land Summit. Planning for the event will begin in earnest early in 2012.

In 2011, after 15 years at Airport Square in Vancouver, AIC-BC relocated its office to Richmond in the Airport Executive Park. The office is staffed by Janice O'Brien, CAE, Executive Director, who has been with AIC-BC since January 1995, and Kathy Porter, on staff since October 1996.

AIC-BC is grateful to all its volunteers, directors, chapter chairs, and committee members. They unselfishly dedicate their time, talent and energy to the growth, prestige, dignity and integrity of the Association. AIC-BC thanks its event sponsors, especially the conference sponsors—without whose generous support such events would not be undertaken, and also the great conference committee teams that staff have had the pleasure to work with.

RECOGNIZING VOLUNTEERS— THE GOODWIN AWARD

The Goodwin Award is given to a member who has made an outstanding contribution to the appraisal profession or has distinguished himself or herself in assisting the professional aims of AIC-BC and AIC.

HELPING THE NEXT GENERATION OF APPRAISERS—AIC-BC EDUCATIONAL ACHIEVEMENT AWARDS

AIC-BC supports these awards, presented annually to an AIC-BC member for the following programs or courses.

- PGCV 1st PLACE – AIC-BC AWARD \$1,500
- PGCV 2nd PLACE – AIC-BC AWARD \$1,000
- BUSI 400 - RESIDENTIAL PROPERTY ANALYSIS \$750
- BUSI 460 - CRITICAL ANALYSIS AND FORECASTING IN REAL ESTATE \$750

Administration is provided by the University of British Columbia's Sauder School of Business, which administers a number of awards and scholarships on behalf AIC-BC.

JACK WARREN EDUCATIONAL TRUST SCHOLARSHIP

AIC-BC assists in the administration and awarding of the Jack Warren Educational Trust Scholarship.

For more information on AIC-BC and these awards visit the AIC-BC website: www.appraisal.bc.ca

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Using the Professional Excellence Program to Determine Your Personal Highest and Best Use

Last October I was talking to Brenda Southam, Executive Officer of REIBC, about how I was about to use the Institute's Professional Excellence Program (PEP) to assist me in my personal development plan for the third time. I was shocked when Brenda told me how few professional members use or are even aware of PEP. I was puzzled. How can this be?

I know that an RI would never prepare an action plan or report for a client without doing research on the property including, where appropriate, determining the property's highest and best use. Then how is it, I pondered, that we have so many members not using our very own professional excellence research tool to better understand themselves?

First, a little background. The Professional Excellence Program is a free resource available to the RI membership from REIBC's website. With the assistance of Precision Human Development, a consulting firm that specializes in professional competencies and development, REIBC interviewed a large sample of our members, at all levels, from all industry segments, to statistically determine those professional competencies that are significant and relevant for professional excellence. Then we created a confidential web portal to allow RI members to take a survey to benchmark themselves against these significant professional competencies.



Charles Johnstone, FRICS, AACI, MIMA, RI
Managing Director, AEC International

Charles Johnstone is a Past President of the Real Estate Institute of BC and chairs REIBC's Professional Excellence Program. Charles is a member of the Appraisal Institute of Canada's Professional Qualifications and Competency Committee (PQCC) and the Royal Institution of Chartered Surveyors' Americas Education Standards Board (AESB). He is the managing director of property assessment and appraisal services at AEC International, a company that gives him the freedom to do what he does best.

The professional development report that is generated can be used in many different ways. I will describe a few of these ways in real estate parlance:

Section I, Professional Practice Results

Think of this section as the Regional, Neighbourhood and Market Area analyses. It contrasts you, the subject, against the membership in 14 critical areas including earnings, education, hours of work, hours of networking, and so on.

Section II, Competency Results

Think of this section as the Direct Comparison Approach to your value. Once again it contrasts you, the subject, against the membership, but more importantly it also contrasts you against those members most comparable—those in the same market area. In both instances, it provides you with a statistical comparison between you and the comparable professionals in the marketplace. For instance, I rank higher than 93% in terms of Integrity and higher than 92% in terms of Stress Tolerance, but higher than only 13% in terms of Responsiveness. Interesting.

Section III, Self-Directed Professional Development Resource

Think of this as the Reconciliation and Final Conclusions of your report. This section recommends professional development resources based upon your particular score on any given competency in Section II. Based upon your results, PEP will generate specific development recommendations from a library of professional excellence resources, including online courses, workshops and seminars, DVD programs, audio/podcast files, articles and books. High scores on any competency scale may preclude development recommendations because the competency is high enough to be considered a core strength.

As I stated earlier, I have already used the PEP to assist me in the creation of two personal development plans and I will continue to use it going forward. For the first two I relied solely on the conclusions and recommendations in Section III to help me chart my course into the future. Identifying weaknesses and

finding resources for bridging gaps is a very traditional and time-tested approach to personal development planning and the PEP is an excellent tool for this. Based upon these plans, I was able to effect change.

Lately, however, I've started approaching my personal plan like it was any other complex valuation assignment. After getting an understanding of the subject, my first step is always understanding and determining the property's highest and best use. Why should it be any different when it comes to evaluating yourself and your future directions? Ultimately, isn't the outcome of the exercise the same—determining the maximally productive use? Is it reasonably probable that I will become a super sales person? No, so why focus on trying to strengthen related competencies, or more importantly, why focus my work life on areas of practice that do not play to my highest and best use? Why indeed.

So what conclusions did I draw this third time around when I was looking at the PEP Personal Development Report? This time I did not look at those areas that were perhaps not physically possible or legally permissible (professional competencies where I didn't score in the upper quartiles), but looked instead at those competencies where I excelled. I've begun to formulate a professional development plan for this year that will allow me to take advantage of my core strengths and delegate or collaborate on those tasks or assignments where the competency required, such as marketing, is not one of my core strengths. Don't get me wrong—I still looked at the professional development resources and have learning objectives, but this year I am focusing on getting better at what I do best. Having done the analysis, I am determined to work at my highest and best use.

Just like real estate, each of us is unique and the Professional Excellence Program recognizes this. When it comes to competencies and core strengths, we have possibilities and probabilities when it comes to our own highest and best use—once again, PEP identifies this. Like real estate, we can change or enhance many of our competencies or strengths to achieve greater value. PEP will allow you a better understanding



Identifying weaknesses and finding resources for bridging gaps is a very traditional and time-tested approach to personal development planning and the PEP is an excellent tool for this.

of what is probable and provide you with resources to effect change. But, just like real estate, some aspects are fixed such that change is either highly improbable or impossible. The key to a successful personal development plan is really not all that different from a professional consulting or valuation assignment for a client: you must do the research, you must lay out the facts about the property or person that is the subject, you must determine in your professional opinion what is the highest and best use, you must lay out the facts about the marketplace, and then you must create an action plan or reconciliation that justifies your conclusion.

Now back to my original puzzle: why aren't you using the Professional Excellence Program? I know that you would undergo this type of exercise for a client, so why not do it for yourself?

I've started approaching my personal plan like it was any other complex valuation assignment. After getting an understanding of the subject, my first step is always understanding and determining the property's highest and best use. Why should it be any different when it comes to evaluating yourself and your future directions?

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MEMBER PROFILE



Fahad Abrahani

President of the BCIT Real Estate Association

I am currently enrolled in the BCIT School of Business. The focus of my studies is Marketing Management: Professional Real Estate Option. In five years I will have completed my Bachelor of Business Administration at BCIT. After I graduate, I wish to be employed by a successful developer as part of a sales and marketing team and embark on a prosperous career in real estate sales and marketing. Ideally I would like to be selling luxury residences in Metro Vancouver.

I have friends and family who are involved in all facets of real estate. Their passion and determination for real estate really motivates me and I picture myself working in a similar environment. I also have always been keenly interested in business. Real estate gives me the opportunity to combine my passion for both.

A personal philosophy I have is "one hundred percent." This is a philosophy I have learned from my father. In all of the endeavours I undertake, I always give my one hundred percent. I've learned through my experience that if you give your one hundred percent, you get back more than you invest.



Nik Cheng

President of the UBC Real Estate Club

I am currently a fourth year student at UBC, studying Commerce and specializing in Real Estate.

I chose real estate because of its tangibility and the fact that you can actually point to the things you are working on. The feeling of providing a place people can call home, their workplace, or other things, is something I enjoy very much. I am also fascinated by the difference you can make on the cityscape through real estate and the legacy that is left behind.

My goal is to have my own development firm in the future, and in five years I hope to be in the role of a development manager at one of the development firms here in Vancouver. In my spare time I like to golf, ballroom dance, and play tennis.

Save the date!

REIBC'S 19th ANNUAL CHARITY GOLF TOURNAMENT

Please mark your calendars and plan to join us on Wednesday June 20, 2012, for our 19th Annual Charity Golf Tournament in support of the Make-A-Wish Foundation of British Columbia and Yukon. The Make-A-Wish Foundation of British Columbia and Yukon grants the wishes of children with life-threatening medical conditions in order to enrich the human experience with hope, strength and joy. We can make wishes come true with your support.

June 20, 2012, Northview Golf and Country Club, Ridge Course, in Surrey, BC.

Online registration will begin in April 2012. Sponsorships will be available.

For more information, please contact Maureen McKnight at 604-685-3702 ext. 102.

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