



March 31st, 2020

Expert Panel on Housing Supply & Affordability
Ministry of Municipal Affairs and Housing
Email: experthousingpanel@gov.bc.ca

Dear Panel,

On behalf of over 1,200 members of the Appraisal Institute of Canada – British Columbia (AIC-BC), I am pleased to have the opportunity to make a submission in the context of the Government of British Columbia's review of the future of housing supply and affordability in Canada.

Firstly, we take the opportunity to introduce our membership of professionally qualified, designated real property appraisers.

The Appraisal Institute of Canada (AIC) is the premier real property valuation association in Canada. Founded in 1938, AIC is a self-regulating professional organization that grants the distinguished Accredited Appraiser Canadian Institute (AACI) and Canadian Residential Appraiser (CRA) designations to individuals across Canada and around the world. Our Members adhere to national standards – the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) – and are respected worldwide for the rigorous designation program and ongoing professional development requirements.

AIC-BC has a long history of providing valued, independent opinions about property value. In 2018, AIC-BC's Members conducted more than 230,000 third-party appraisals with an aggregated value estimated at \$332 billion. This represented \$190 billion in residential property and \$142 billion in non-residential property including commercial, industrial, as well as many other types of real estate. Furthermore, we have many Members who provide in-house expertise to private and public sector organizations including governments, corporations, and mortgage insurers.

AIC-BC appraisers are unique participants in the real estate transaction. They bring an independent and objective perspective to real estate transactions and have no vested interest in the outcome of a transaction or in the value of a subject property. AIC-BC Members are committed to working with legislators, Government, and stakeholders within the real estate industry to ensure consumers are protected and well informed when making decisions involving real property. We believe our unbiased opinions and strong valuation fundamentals result in a sustainable and healthy marketplace that enables all British Columbians to prosper.

Government's commitment to housing affordability and continued real estate supply is an initiative that AIC-BC welcomes and supports. As the BC housing market continues to see record prices and demand, the need for municipalities to provide safe affordable housing is becoming increasingly apparent. There are many significant roles that AIC-BC professionals can play in affordable housing projects, from the planning and development of new affordable and social housing units, to the refinancing of existing affordable housing properties. AIC-BC appraisers can provide developers with a comprehensive understanding of the housing market under consideration, as well as the impact that proposed developments would have on the area. They can also evaluate the impacts of vacancies and rents on



property values and can be engaged in the due diligence processes for the refinancing or restructuring of existing housing programs.

At the planning phase, AIC-BC appraisers can provide developers with a comprehensive understanding of the housing market under consideration, as well as the impact that proposed developments would have on the area. Because the planning of these projects often considers a variety of assumptions, constraints, and hypothetical conditions, the unbiased expert opinion of a professional who specializes in understanding and analyzing market trends offers unparalleled insight. At this stage, housing groups often need to provide their lenders with a third-party estimate of market value of the property before receiving financing. AIC-BC appraisers will work with a group's finance team to ensure that the housing project being planned is beneficial to the client's long-term goals.

Through the design process, AIC-BC appraisers can work with a developer's finance professionals to determine any property tax advantages, highest and best use, and value estimates that could impact program operations. During this phase, AIC appraisers often also work closely with architects to determine the market value of the proposed property. AIC appraisers, for instance, can evaluate how below-market vacancies or lower rents can impact property values. The insight of AIC-BC appraisers can highlight the effect that the proposed development will have on the surrounding community, but also what kind of housing units are needed, and what rental levels are appropriate.

In addition to new affordable housing projects, there are initiatives that will see the renovation and renewal of existing housing units. As operating agreements from these properties begin to expire, AIC appraisers are necessary to satisfy mortgage underwriting criteria for existing housing programs. Because these programs are critical to providing safe, affordable housing, engaging an AIC-BC appraiser at the early stages can help to accelerate the restructuring or refinancing process, ensuring the timely delivery of accommodation to those most in need.

As such, we recommend that the Government of BC work with AIC-BC appraisers, along with other real estate professionals and stakeholders, in its analysis and development of long-term planning housing initiatives within the province. AIC-BC is committed to working with Government to deliver housing solutions that uphold public confidence and trust in the real estate sector.

We thank the Panel for considering our submission and remain available for any questions.

Respectfully,

Brett Garnett, AACI, P. App
1st Vice President | Appraisal Institute of Canada – British Columbia