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To whom it may concern:

On behalf of nearly 5,500 Members of the Appraisal Institute of Canada (AIC), we are pleased to have the opportunity to make a submission in the context of Infrastructure Canada's consultation on the National Infrastructure Assessment.

The AIC is the premier real property valuation association in Canada. Founded in 1938 and representing nearly 5,500 Members, 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 nationally and internationally recognized standards – the Canadian Uniform Standards of Professional Appraisal Practice – and are respected worldwide for the rigorous designation program and ongoing professional development requirements.

AIC has a long history of providing valued, independent opinions about property value. In 2020, our Members conducted nearly 1 million third-party appraisals with an overall value of approximately \$1.2 trillion. This represented \$641 billion in residential property and \$596 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 interests including (but not limited to) governments, crown corporations/agencies, corporations and mortgage insurers.

AIC Members are committed to working with legislators, government and stakeholders to ensure that the proper long, medium and short-term infrastructure planning, design, assessment, and development is carried out when assessing and building the infrastructure that Canadians need. There is also a need to ensure that the infrastructure being built is as sustainable and resilient as possible to help fight climate change and to ensure taxpayers' money is being used wisely. We believe our qualified, designated and professional appraiser members can provide all levels of government with real property valuation expertise as part of the National Infrastructure Assessment.

As the Government of Canada develops its National Infrastructure Assessment to determine next steps, we recommend ensuring that AIC Members are part of the process. As demonstrated by this consultation, governments are consistently confronted with the important task of collecting all the appropriate information to make decisions about real estate. Whether it is to build, replace, or repair existing infrastructure; or to ensure special projects are initiated effectively and efficiently, governments must make these complicated (and sometimes difficult) decisions to ensure prosperity for their citizens as well as addressing the risks that climate change poses to the existing and new infrastructure being built. The importance of these decisions makes it vital that the right expertise and experience is applied throughout the decision-making process.



Real estate and real property decisions should always be based on comprehensive research and analysis. These capabilities and specialized expertise are provided by AIC Members, either on federal government staff, or outsourced to a reputable firm. Through department initiatives, AIC Members are called upon to ensure that infrastructure projects are properly carried out by promoting responsiveness, accountability, and transparency. In short, AIC Members are accustomed to assisting governments in making decisions that affect where people live, work, play, learn, and shop. Below are examples of different areas of government services in which AIC Members can offer their expertise as part of the National Infrastructure Assessment, as well as when carrying out infrastructure projects.

### **Acquisitions and expropriations**

Government acquisition and legal departments are constantly engaging valuation services from AIC Members with regard to purchasing various real estate interests that are required for government purposes. These interests can involve portions of land or entire properties, vacant parcels, and improved sites. This is especially the case for provinces, territories and municipalities as they own the vast majority of public infrastructure.

### **Building Condition Assessment**

Building Conditions Assessments provide important information and have become commonplace in real estate/infrastructure. Professionally prepared reports provide a benchmark for the building's relative performance and prioritize projects for maintenance, repair or renewal. They provide defensible cost estimates that governments can rely upon to make infrastructure related decisions such as acquisitions, reinvestments or disposition decisions.

The report provides information about the current condition of building components (such as roofs or boilers) expressed as statements about deferred maintenance, or 'catch-up' costs. They may include information on 'keep up' costs, which are forecasts of future lifecycle renewal requirements, or optionally 'get ahead' costs – identifying opportunities for facility adaptation and improvement.

### **Property taxes and assessment**

AIC Members are often contracted by governments to conduct studies on capitalization rates and market trends. The results of these studies are considered when completing mass appraisal valuations.

### **Property management and leasing**

A government can be either a landlord or a tenant. Whether the federal government leases out its own properties, or a government department requires space in a privately-owned commercial building, it needs to ensure that rental rates are within market levels. AIC Members can complete



a market study of leases and rents to assist the federal government in its negotiations. AIC Members also provide opinions of market rent on vacant federally-owned lands (or portions thereof) that private business owners or citizens want to lease for their own use.

### Forecasting

An AIC Member can be tasked with providing a report on the anticipated lease rates for various spaces that will arise within a given area. This information can then be used for special tax purpose consideration. Whenever there is a proposed change in lease rates, vacancies, or some other factor in the analysis, AIC Members can be asked to verify or comment on whether the proposed change is reasonable based on their expertise and market conditions/trends.

### Other studies

An AIC Member can be asked to estimate the market value of a property based on different development regulations within different hypothetical scenarios. What if the zoning were to change? What if the building density is increased? What is the effect on value and what is the best-case scenario?

An AIC Member's role within federal government is to guide administration to make sound real estate decisions that add to the quality of life within a community at a price that is fair for all taxpayers. It is important that governments continue to rely on the expertise that AIC Members provide them. With governments placing a focus on promoting accountability and transparency throughout their operations, allowing AIC Members to provide expert advice regarding real estate ensures that an unfettered decision based on an unbiased opinion of value can be made. In the end, unbiased valuation based on sound valuation procedures is the cornerstone to enabling the federal government to make judicious real estate decisions to serve its citizens and fight climate change.

To summarize, we believe that as part of the National Infrastructure Assessment, as well as when carrying out related projects, decisions should always be based on the comprehensive research and analysis and trusted valuation procedures provided by AIC Members, either as part of a federal staff team, or outsourced from a reputable firm.

Thank you for the opportunity to make a submission and please free to contact us if you have any questions.

Yours truly,

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Chief Executive Officer  
Appraisal Institute of Canada