

BUSI 352 Learning Objectives

Purpose and Scope of the Course

The Case Studies in Residential Appraisal course (BUSI 352) explores the depth and breadth of knowledge around the valuation of residential properties. The course showcases “best practices” in applying appraisal fundamentals, including highest and best use analysis, market analysis, the three primary appraisal approaches (direct comparison, cost, and income), and reconciliation. It also illustrates the many specializations surrounding residential valuation work and the career opportunities these present.

After completing this course, students should be able to:

- Discuss how the scope of work and scope of practice considerations impact valuation professionals.
- Discuss the theory and applications of highest and best use analysis.
- Discuss the importance of market studies and feasibility analysis in consulting assignments.
- Evaluate appraisal methods and techniques for their usefulness in appraising:
 - strata/condominium residential properties;
 - vacant land;
 - multi-family residential properties;
 - waterfront properties;
 - rural and agricultural properties; and
 - impaired and contaminated properties.
- Discuss valuation consideration with respect to expropriation.
- Identify the purpose of an appraisal review and discuss how the review requirements vary for different types of clients.
- Discuss valuation considerations for specialized interests in real property:
 - machinery and equipment;
 - personal property; and
 - business enterprise value.
- Outline a variety of specialized services provided by valuation professionals:
 - automated valuation models;
 - reserve fund studies;
 - First Nations Land Claims;
 - property tax assessment appeals; and
 - arbitration.

The BUSI 352 course focuses on technical knowledge required in real estate valuation and also the development of behavioural competencies: analytical thinking, conceptual thinking, decisiveness, attention to quality and detail, and client service orientation. The role of the valuation professional is to determine the client’s need, identify the property, gather and analyze market data, and, with a thorough understanding of the factors that influence value in the marketplace, provide the client with the required professional services.

Lesson 1: Scope and the Canadian Residential Appraiser

1. Distinguish scope of work and scope of practice as two separate but related concepts in professional practice.
2. Describe the scope of practice for the Appraisal Institute of Canada (CRA)'s Canadian Residential Appraiser (CRA) designation, as outlined in the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), and discuss how these apply in the valuation context.
3. Critically analyze situations where an assignment may extend outside CRA qualifications and recommend appropriate actions in response.
4. Describe CUSPAP's scope of work requirements and the range of due diligence activities that may extend or limit the scope of work.
5. Critically analyze situations where the scope of work extends beyond what was agreed upon with the client and recommend appropriate actions in response.
6. Write an appropriate letter of engagement for a valuation, review, consulting, or reserve fund study assignment.
7. Discuss the use of extraordinary limiting conditions and extraordinary assumptions (hypothetical conditions) for addressing scope of work and scope of practice issues.
8. Describe opportunities for appraisers in undertaking assignments of professional services other than traditional point-in-time market value appraisals.

Lesson 2: Market Analysis: Highest and Best Use and Feasibility

1. Discuss how market analysis is used in appraisal and the approaches to value.
2. Analyze a property's highest and best use of land as if improved and determine what is maximally productive.
3. Discuss the application of market and feasibility analysis in consulting assignments.
4. Compare and contrast the relationship between highest and best use, market analysis, and feasibility studies.
5. Identify key elements of market and feasibility analyses.
6. Apply the six-step process for carrying out a market analysis.

Lesson 3: Appraising Condominiums

1. Describe how condominium developments are created.
2. Evaluate appraisal methods and techniques for their usefulness in appraising strata/condominium residential properties.
3. Discuss the pitfalls to avoid in preparing an appraisal of strata/condominium unit.
4. Identify the importance of exposure times in appraisal reports.
5. Determine what is a "reasonable" exposure time in an appraisal context.
6. Discuss adjustments for beneficial financing.
7. Outline strategies and considerations for appraising unusual situations with strata/condominium units, such as a lack of access, fee discrepancies, special assessments, or reserve fund issues.

Lesson 4: Land Valuation

1. Explain the economic and appraisal principles important to land valuation.
2. Explain methods for measuring and comparing different parcels of land.
3. Analyze and interpret situations to determine the most appropriate method of valuing land.
4. Demonstrate the theory and practical application of direct comparison, extraction, and allocation land valuation techniques.
5. Describe the theory of income-based land valuation techniques including ground rent capitalization, land residual, and yield capitalization.
6. Evaluate the need for adjustments for comparables and analyze market data to support appropriate adjustments, to account for differences in depth, size, irregularities, corner lots, and locations.
7. Describe the methods used to value land where there are insufficient sales of comparable sites.
8. Discuss increasing and decreasing returns to scale, including size curves and acreage adjustments.

Lesson 5: Appraising Multi-Family Residential Properties

1. Evaluate appraisal methods and techniques for their usefulness in appraising multi-family residential properties.
2. Apply the direct comparison approach using two units of comparison.
3. Construct a stabilized income and expense statement for a multi-family income property.
4. Apply the income approach using a gross income multiplier and an overall capitalization rate.
5. Reconcile the value indicators and develop a final estimate of value for a subject property.
6. Discuss the pitfalls in preparing an appraisal of multi-family units.

Lesson 6: Rural and Remote Properties

1. Discuss the scope of practice limitations for CRA-designated appraisers, with respect to rural and agricultural properties.
2. Describe the factors to consider in carrying out a land description and analysis for rural and agricultural properties.
3. Explain the application of the three primary appraisal approaches (direct comparison, cost, income) in valuing rural and agricultural properties, including the strengths and weaknesses of each, and situations where each would apply.
4. Discuss valuation issues related to conservation easements.
5. Discuss considerations for further interests such as mineral/timber rights, agricultural improvements, and personal property.

Lesson 7: Appraising Waterfront Residential Properties

1. Describe key value-influencing features for waterfront properties.
2. Outline key considerations for an inspection and market analysis for a waterfront property.
3. Review and discuss applicable appraisal approaches for waterfront properties.
4. Analyze various units of comparison for residential/recreational waterfront lots.
5. Define a water lot and discuss the valuation challenges relevant to water lots.
6. Outline valuation techniques for water lot assignments.

Lesson 8: Detrimental Conditions and Impaired Properties

1. Explain the basic property value impacts of property impairment and the methods to analyze these impacts.
2. Discuss the role of the appraiser in the valuation of impaired property.
3. Outline considerations from Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) for the valuation of impaired properties
4. Describe the application of the detrimental condition matrix, detrimental condition model, and Bell chart.
5. Review an impairment situation and determine an appropriate approach to follow in valuing the property.
6. Identify and analyze the market value impact of terms of reference that require atypical exposure or marketing times (e.g., foreclosures or other “forced” sales).

Lesson 9: Expropriation and Appraisal Review

1. Define expropriation.
2. Identify the heads of owner claims that may contribute to the total compensation.
3. Distinguish the valuation considerations applicable to both a whole taking and a partial taking.
4. Describe the steps leading up to appearing as an expert witness at a hearing.
5. Identify the purpose of an appraisal review and discuss the review requirements of various types of clients.
6. Outline the key considerations and “red flags” to be aware of when completing an appraisal review assignment.
7. Distinguish between technical and administrative reviews.

Lesson 10: Valuation of Specialized Interests

1. Describe the basic principles underlying the valuation of unique partial interests, such as air space rights, right of ways, and life estates.
2. Discuss the appraisal considerations related to right of ways and easements.
3. Discuss the different types of personal property valuation assignments.
4. Explain how to apply the direct comparison and cost approaches to appraise personal property.
5. Explain the basic approaches to the valuation of a business enterprise and discuss how they apply in a real estate context.

Lesson 11: Specialized Valuation Services

1. Describe what an automated valuation model (AVM) is and how AVMs are used in real property appraisal.
2. Explain the impact of AVMs on the appraisal industry, in particular residential appraisal.
3. Explain the purpose of a reserve fund study and the physical and functional aspects of a typical study, as well as the qualifications to complete this work.
4. Describe the two main types of First Nations Land claims and explain how appraisers might be involved in each of these.
5. Describe the basis for assessed values and the potential role of appraiser’s in appealing a property tax assessment.
6. Describe the purpose of arbitration in real estate situations and the appraiser's possible role in these situations.