

Ministry of Transportation



Real Property Appraisal Guidelines



Ministry of Transportation
Property Office
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FOREWORD

The Ministry of Transportation's Property Office and its five regional Property Sections administer and manage all appraisals of real property and real property rights required for the construction, reconstruction and maintenance of provincial highways in Ontario. The main purpose for appraisal services is to estimate property value for the acquisition, disposal and leasing of real property.

Each regional office is served with an Appraisal Unit, which employ appraisal professionals who conduct appraisals and/or administer consultant appraisers. The Ministry of Transportation expects a high quality and standard in all appraisal reports completed by its internal staff appraisers and its consultant appraisers. Adherence to this guideline along with the standards of practice of an appraisal regulatory body will ensure continued high quality product, and the effective delivery of the programme.

All appraisal reports completed either by a staff appraiser or consultant appraiser are confidential, and are only subject to review by the owner(s) of the affected property and possible review through the arbitration process.

The Ministry of Transportation wishes to thank all of those who contributed to the compilation and publication of this document.

Amendment Records

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1. General Requirements

The Ministry of Transportation's Real Property Appraisal Guidelines is provided as a guide for Ministry staff and consultant appraisers involved in Ministry appraisal assignments. This Guideline is intended to supplement, not replace the current industry standards. The appraiser is responsible for the quality, content, reporting standards and adherence to industry standards of the regulating body.

Accreditation by the Appraisal Institute of Canada is preferred for fee appraisers retained by this Ministry. However, the Ministry of Transportation (MTO) may recognize the professional qualifications of an appraiser belonging to another professional organization provided this organization meets all of the following criteria, and provided the member is in "good standing" as defined by the regulating body:

- Members are required to adhere to a recognized appraisal standard such as Canadian Uniform Standards Professional Appraisal Practice (CUSPAP) or Uniform Standards Professional Appraisal Practice (USPAP).
- Members are required to successfully complete a comprehensive program of education including the completion of at least one demonstration appraisal, and the completion of articling or experience that includes an evaluation of appraisal knowledge and expertise.
- Members are required to comply with a Code of Ethics that governs rules of conduct, conflict of interest, etc.
- Complaints against the professional conduct of members are investigated by an impartial and objective committee with the power to impose sanctions against members for transgressions of the organization's code of ethics.
- Members are covered by professional liability insurance.
- Members are offered continuing education opportunities to remain current with professional standards and emerging trends.

All real estate appraisers retained by this Ministry are required to demonstrate a level of professional expertise in property valuation that will be accepted by an Ontario Court of Law or Tribunal as an expert opinion. The Ministry will review the work product of the appraiser to verify the qualifications of the appraiser.

The Ministry may under certain circumstances require additional qualifications not listed in this guideline. Where there is conflict between a requirement in this guideline and the terms of reference, the terms of reference prevails.

1.1 Distribution and Release of the Appraisal

The Freedom of Information & Protection of Privacy Act (FIPPA) has been in effect since January 1, 1988. The Act is intended to make government records readily accessible, with as few exceptions to the release of the information as possible. The Act is also intended to protect the privacy of the individual with respect to information held by a government Ministry or Agency. The Ministry is not obliged to provide appraisals to third parties – particularly when the disclosure of such information may prejudice MTO property negotiations. MTO's FIPPA office and the Property Office can provide further direction in this regard. The person whose property is directly affected, and/or those who represent affected owners, may be given a copy during negotiations (subject to personal and confidential information being removed from the appraisal).

1.2 Copyright

The Government will own exclusively all property in materials produced or arising from the appraisal report, pursuant to or in contemplation of the performance of the services, and all copyright in such property in materials. *Please refer to Section 2.11 – Assumptions and Limiting Conditions.*

1.3 Units of Measurement

All units of measurement should be in the imperial system. All comparable properties (sales and listing) and supporting data are to be reported in imperial units.

The only exception is in the final summary where the metric equivalents may be shown, if so requested.

1.4 Rounding

Rounding of values should be upward and occur at the final value estimate only. Rounding will be as follows:

\$0.00 - \$100.00	round up to \$100.00
\$101.00 – \$9,999.00	round up to nearest \$10.00
\$10,000 - \$99,999	round up to nearest \$100.00
\$100,000 and greater	round up to nearest \$1,000.00

1.5 Page Numbering

All single format appraisals should be sequentially numbered. Page numbering of a project appraisal report causes confusion because individual properties will be separated from the appraisal. Therefore project appraisal reports should not be page numbered after Section 1, being Introduction and General Area Analysis & Categories.

1.6 Valuations Based on Cash Equivalency

All valuations, unless specifically outlined in the terms of reference, are based upon cash or cash equivalency. Therefore, the Appraiser must ascertain the terms of financing involved in the comparable property transaction and estimate the influence of any favourable or unfavourable financing, if any, on the sale price.

Consideration should be given to the following:

1. the specific terms of any existing or proposed financing of the subject property, when financing may have an impact on the appraisal problem;
2. the effect of favourable or unfavourable financing terms on value;
3. appropriate adjustments to a comparable sale that include favourable or unfavourable financing terms as of the date of sale, when comparing the sale to the property being appraised; and

4. state that financing data on a comparable sale is not available despite diligent investigation, and that reliance on the particular sale is thus limited.

1.7 Estimates for Cost-to-Cure Items

For all Cost-to-Cure items (e.g. relocation of driveway pillars/markers, signs, light standards, septic systems, wells, etc.), identified by the Appraiser as being within the Ministry's requirements, the Appraiser is expected to obtain at least one estimate, from a qualified contractor, to document the costs. Ministry policy requires one verbal estimate for costs less than \$1,000; one written quote for costs over \$1,000 but less than \$5,000; and, two written estimates for costs greater than \$5,000. Well and septic system relocations should be in compliance with Ministry of Environment Guidelines.

1.8 Ministry Policy Regarding Loss of Lawn, Gravel/Paved Driveway, and Fencing

The Ministry maintains an updated schedule of costs with regards to the loss of lawn, gravel/paved driveway and fencing when located within the Ministry's requirements. As such, equity to the Property Owners is maintained across the Province, regardless of which Region or Appraiser was involved.

Existing standard highway wire fence will be addressed as part of the Ministry's construction project. Any other types of fencing should be addressed in the appraisal.

1.9 Building Inspections/Well Water Samples

Should the Ministry require either of these items for any purpose, it will be the responsibility of the regional Property Section to obtain them and to work with their Environment Unit to obtain the current guidelines and requirements.

1.10 Easements

When purchasing land, which is subject to an easement, the value of the land unencumbered should be estimated using the normal appraisal practice. The effect of the easement upon the land must then be estimated by deducting from the market value the value of the land as encumbered by the easement. Similarly, when offering land for disposal, the market value of the unencumbered land should be estimated, the restrictions again considered and the market value adjusted for these restrictions for the final estimate.

For example, in the *City of Sarnia vs. The Interprovincial Pipelines*, the Ontario Municipal Board (OMB) sets out that the value of an easement is reflected in the loss of value to the land. For practical purposes, the valuation follows the same rules that apply for injurious affection (i.e., the "before and after" approach). In assessing this, in addition to examining carefully the rights given by the grant of easement, it is necessary to assess the effect of those rights on the market value of the property. This could vary depending upon the location of the easement. For example, an easement permitting the installation of a trunk sewer across the frontage of land may not affect the market value, as it is located parallel to the road and in front of the building line. If the easement is situated diagonally across the property, it could conceivably destroy all development potential and result in a reduction in the market value of the property.

1.11 Temporary Easements

Temporary easements are acquired by this Ministry for such things as detours and working areas around structures. Normally, temporary easements are valued as a rental of the land to be used. If the Appraiser has support in the form of rental values then he/she should use them for support of the evaluation. The market value of the land required, multiplied by the current prime interest rate over the period the temporary easement is required, is an acceptable method of calculation (this is just one tool to be used if appropriate rental comparables cannot be found). Any injurious affection (factors which may flow from the temporary easement) must also be considered in the appraisal report.

2. General Appraisal Requirements

The Ministry's preferred appraisal format can be found in Appendix A. The following outlines the Ministry of Transportation's minimum appraisal content requirements.

2.1 Title Page

The title page must list the type of report, the Ministry work project number and/or other reference numbers, the name and address of the Appraiser, and the name of the client, i.e. Ministry of Transportation.

2.2 Letter of Transmittal

- The letter of transmittal should contain the effective date and the final value conclusion
- The letter must be dated and signed by the Appraiser and must contain a statement that the Appraiser has personally inspected the subject (with inspection date) and comparable properties used in the analysis.
- The letter of transmittal should also address any departure provisions or extraordinary or hypothetical limiting conditions applicable to the appraisal.
- If applicable the letter of transmittal should indicate whether the subject property is (or is not) located in the Niagara Escarpment Development Area, Parkway Belt West Plan, Oak Ridges Moraine Conservation Area, the Green Belt Area, provincially significant wetlands, or is subject to any other development constraints such as flood plains, airport noise restrictions, etc.

The letter must state that the Appraiser has discussed the sale particulars with at least one of the parties or agent of one of the parties involved in each comparable sale transaction. If this is not possible, the transaction must be identified and the attempted discussions documented in the appraisal.

2.3 Table of Contents

The table of contents of the appraisal report should list each section and subsection in order.

2.4 Executive Summary

- Owner's Name & Telephone
- Contact Person & Telephone
- Property Address
- Owner's Address
- Legal Description
- Assessed Value and Assessment Roll Number
- Dimensions and area of site
- Dimensions and area of building(s)
- Area of Ministry Requirement
- Land Use Regulations and Controls
- Services
- Access
- Present Use
- Highest and Best Use

- Effective Date of Valuation
- Value of the entire property as improved (if applicable).
- Final Estimate of Value of Ministry Requirement
- Statement of Effect and Compensation for each Registered Interests (if applicable, compensation should be broken down into Market Value, Injurious Affection, Cost to Cure, Special Damages)
- Tenant Information (as applicable)

2.5 Intended Use of the Report

The intended use of the report should state the reason for which MTO requires the appraisal as indicated in the terms of reference of the appraisal assignment. For example, in a partial taking, the function might be to assist the Ministry in the negotiations for the acquisition of a partial taking.

2.6 Purpose of the Assignment

This section should address the reason for the assignment as indicated in the terms of reference. For example, in a partial taking, the purpose might be “to estimate compensation pursuant to Section 13 of the Expropriations Act”.

2.7 Property Rights Appraised

The Appraiser must state and define the specific rights or interest being appraised.

The Fee simple estate is: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat." In the case where partial interest and/or limited rights are being valued, a detailed description of the rights being valued is required. (*source Appraisal of Real Estate Second Canadian Edition*)

2.8 Definition of Market Value

The definition of market value for those properties involving MTO acquisition of programmed construction with the possibility of enacting the privilege of expropriation is:

“the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer.” (Expropriations Act, Section 14(1))

The definitions in Sections 14(2) and 14(3) of the Expropriations Act may also apply depending on the type of property being appraised.

14(2) Where the land expropriated is devoted to a purpose of such a nature that there is no general demand or market for land for that purpose and the owner genuinely intends to relocate in similar premises, the market value shall be deemed to be the reasonable cost of equivalent reinstatement.

14(3) Where only part of the land of an owner is taken and such part is of a size, shape or nature for which there is no general demand or market, the market value and the injurious affection caused by the taking may be determined by determining the market value of the whole of the owner's land and deducting therefrom the market value of the owner's land after the taking.

2.9 Effective Date of Value

The Appraiser must indicate the effective date of the appraisal. Often the effective date is synonymous with the date of inspection. The Ministry will provide the effective date for all appraisals completed for under Section 25 of the Expropriations Act.

2.10 Scope of Work

The extent and type of information researched and analysed should be presented in detail and include at least the following:

- inspection of the property and comparable sales;
- pertinent physical and economic research; and
- identification, inspection, research, analysis of comparable sale transactions.

The scope of work applied must be sufficient to result in a value conclusion that is well supported and credible.

2.11 Assumptions and Limiting Conditions

The Appraiser must outline all assumptions and limiting conditions that affect the analysis, opinions and conclusions.

The following statement must be included:

"Neither possession of this report nor a copy of it carries with it the right of publication. Normally, the authors retain copyright and seek to restrict the circulation and unauthorized use of the report by parties not holding a registered interest in the subject property(ies). However, for MTO, copyright is not reserved to the authors but resides solely with MTO providing MTO reproduces the report in its entirety for circulation. The appraisers do not accept responsibility for damages resulting from the inappropriate use of the appraisal by parties not holding a registered interest in the subject property(ies)."

The Ministry may have occasion in its normal course of business to release the appraisal in its entirety; therefore the consultant must note the following mandatory requirement:

The appraisal must not include the following statement "this report is only valid if it bears the original signature(s) of the author(s)", since providing copies as required above, photocopies may have to be made. Refer to Section 1.3 – Copyright.

2.12 Identification of the Property, including title information

The legal description must describe the entire property being appraised. All rights-of-way, easements and encumbrances must be addressed and described in detail. In addition, all rights-of-way, easements and encumbrances must be shown on a sketch.

2.13 Photographs

Photographs are a very important component of a Ministry appraisal assignment (Appendix B – Graphic Samples).

The following are mandatory requirements:

Photographs must be clear and show all improvements, any special features and all items that will be removed/replaced as a result of pending construction (i.e., obstacles, structures, trees, fencing, driveway/entrance treatments);

With improved properties, the Appraiser must provide photographs of all improvements, each room, and any special features;

Photographs of the subjects mechanical system and services must be provided. i.e. furnace, fireplace, hydro panel, sump pump, water pump/system, hot water tank, etc.; and

All photographs must be dated, indicating the direction in which they are taken and the room in the building they were taken.

2.14 Sketches

Sketches must show the entire property, north point, location of buildings, major natural features, entrances, easements, wells, septic tanks and beds, fencing, etc. and where applicable the Ministry's property acquisition requirements.

Dimensions of the property and Ministry requirements, with the approximate distance between existing structures and the highway must be shown.

Legal Description and address must be included in sketch or title heading.

The local names of roads must be indicated with the distance from the subject to an identifiable point or landmark (i.e. intersection of roads).

Photocopies of portions of survey plans are unacceptable unless the entire property is shown and all the above features are added. (Reductions must be legible).

In assignments involving land assembly or value in contribution concepts, the Appraiser must illustrate all of the properties involved including ownership, and consider the post construction condition of the assembled properties.

2.15 Area, City and Neighbourhood Data

1. Areas and City Data (Appendix B – Graphic Samples)

The Appraiser must cover the following topics:

- a) Geographic Location
- b) Resources and Economic Base
- c) Population and Trends
- d) Transportation (all forms)
- e) Other factors pertinent to the type or types of property being appraised.

2. Neighbourhood Data (Appendix B – Graphic Samples)

The Appraiser must include the following:

- a) Delineate the boundaries
- b) What state of transition or development it is in
- c) What percentage built up
- d) What types of improvements exist
- e) Population and employment
- f) Shopping and commercial facilities
- g) Summary of and Comments on any properties
- h) Listed for sale - Number of listings, etc.
- i) Services and availability
- j) Real Estate Summary, Trends and Conclusion
- k) Other pertinent information: ie social educational and cultural

2.16 The Site

All physical features (including but not limited to site dimensions, area, topography, grade level of site in comparison with the road), all encumbrances (i.e. easements, rights of way, etc.), all improvements (i.e. structures, fencing, wells, septic beds, etc.) must be described in the appraisal report (Appendix B – Graphic Samples).

All lands must be topographically described and in the case of farm properties the amount of arable land estimated. Details regarding farm improvements and conditions should be provided where possible (i.e. the drainage, soil type, irrigation systems, wells, etc.)

If a building is affected by the Ministry requirement, it must be inspected and a detailed description with measurements, floor plan and photographs of the interior included with the report. Where the building is not affected by the Ministry's acquisition, a brief description is considered adequate. Any factors influencing the value estimate must be discussed.

Should the physical inspection of the property or knowledge gained by the Appraiser in completing the appraisal report identify the potential for contamination problems/concerns in regard to the property being appraised, the Appraiser is to contact the Ministry's representative, as outlined in the contract, to relay the concerns and obtain instructions as to how to proceed.

Where the Highest and Best Use of the subject property is estimated to be for Future Development Lands, the actual amount of "Table Land" must be determined. If the appraiser is unable to quantify the amount of Table Land he/she should seek instructions from the Ministry.

2.17 Services

A discussion of the adequacy, capacity and availability of municipal services, together with the possibilities and costs of expansion or extension of the services to cover any proposed development relevant to the valuation.

2.18 Access

The status and type of the existing accesses to a specific road/highway must be described. In the case of vacant lands or when there is no physical access present, the appraiser must confirm with the appropriate authorities the location, number and type of access which may be

permitted. Highway specific information can be obtained from the Regional development review coordinator or project manager.

2.19 The Building

Where the building is to be acquired, provide a detailed description of the interior and exterior condition. Exterior and interior photographs and floor plan sketches are required.

Where the building is not to be acquired, a brief description of the type of structure its general age and condition should be noted based on an exterior inspection.

2.20 Existing Use

Comment on the existing use of the property at the effective date of the appraisal and the date of inspection.

2.21 Assessments and Taxes

Provide the assessment roll number and the current assessed value. If the appraisal date is not the current date then provide the assessed value as of the effective date of the appraisal.

2.22 Sales History

When relating the sales history of the subject property, the Appraiser must review the "title search". Any relevant prior sales/listings of the subject property should be considered and analysed. The date and instrument number of at least the last arms length transaction must be noted including consideration paid and any other relevant facts (i.e. mortgage data, easements, rights of way, etc.).

2.23 Land Use Controls

a) Official Plan

All existing official plan designations together with approval dates must be included and where appropriate a discussion of possible changes in the municipal planning status. Copies of relevant sections of the Official Plan(s) and map(s) must be included in the addenda of the report. Secondary plan provisions, if applicable, should be included. The conformity of the use of the property with the official plan should be discussed.

b) Zoning

Include comprehensive zoning by-law number and approval date plus a brief summary of permitted uses. Copies of relevant sections of the by-law and zoning map must be included in the addenda of the report. If available, a copy of a site plan approved by the municipality should be included. The conformity of the use of the property with the zoning should be discussed.

2.24 Characteristics of the Local Real Estate Market

Provide information, sales and real estate trends and the number of current listings and absorption rates in the local market. Provide an opinion regarding the status of the neighbourhood market (i.e. increasing values, static, declining values, etc.).

2.25 Highest and Best Use

It is imperative that the term “Highest and Best Use” be defined and a discussion and reasoned statement of highest and best use be incorporated in all valuations.

The legal and economic concept of “highest and best use” is not defined in the Expropriations Act. The definitions and descriptions of the concept approved by the Appraisal Institute of Canada should be applied. The determination of the highest and best use of the property is the corner stone of the appraisal report. If the highest and best use would have necessitated a rezoning, it must be based on something more than a possibility of achieving the rezoning. There must be a probability or a reasonable expectation that such rezoning will take place. The probability suggests something higher than a 50% possibility.

If the highest and best use of the property changes as a result of the expropriation or acquisition, the reasons for the change should be discussed and contained in the portion of the report dealing with highest and best use. Where the requirement results in a partial taking, the Highest and Best Use should be analysed in both the before and after sense.

If the determination of highest and best use involves planning matters of complexity consult Ministry staff to determine whether, a Planner’s opinion should be obtained.

Refer to:

Farlinger Developments Limited v. East York (Borough) 1973, 5 L.C.R. 95 at 127 (1975) 8 L.C.R. 112 (Ont. C.A.).

Brasz and Leistra v. Ministry of Transportation 2003

2.26 Highest and Best Use of the Property as Vacant

The intent of this analysis is to derive a land value that is distinct from the improvements. In the case of improved properties the appraiser must further consider the impact of the improvements and formulate an opinion as the subject’s highest and best use, as improved.

2.27 Ministry Requirements

The Appraiser must describe in detail the Ministry requirements, in terms of its size, shape, location, prominent features and proximity to improvements. If a legal survey is available, the Appraiser must quote the plan along with the part(s), which represents the entire requirement.

2.28 Effects of the Requirements

Describe the effects of the Ministry requirements on the remainder of the property in terms of access, highest and best use, utility, marketability, proximity to highway, severance, etc.

2.29 Approaches to Value

A brief and adequate explanation of the approaches to value used must be included in the appraisal report.

In the application of all approaches, a logical analysis must be provided indicating the reasoning process utilized, the adjustments made and the appropriate support for the rationale employed.

a) Cost Analysis

The Cost Approach must be supported by either a recognized cost services manual, with use of the appropriate forms from that Manual or by qualified contractor's estimate(s). If the Cost Approach is to be utilized as the main approach to value, a minimum of two methods of costing should be utilized.

b) Income Analysis

The Income Approach must be supported by a recognized method of capitalization. If the Income approach is utilized as the main approach to value, a second appraisal methodology should be used for verification purposes.

c) Direct Comparison Analysis

In the Direct Comparison Approach each comparable must be accurately described. The reasoning behind each adjustment must be given, justified, and the degree of comparability discussed. The adjusted market value range for the subject, in comparison to each of the comparable sales, must be given at the end of the discussion of each comparable. The valuation analysis should lead the reader to a qualified and logical conclusion with respect to the comparable sales relied upon.

2.30 Land Value

Land valuation is fundamental to all MTO partial acquisition assignments as the majority of requirements affect the land component only. Accordingly, a comprehensive analysis of vacant land values is required. Application of the Direct Comparison Approach to value with well-supported adjustments is mandatory. A departure from this requirement must be discussed with the Ministry contact.

2.31 Reconciliation

This section must include a summary of the approaches to value utilized in the appraisal and the range of value estimated. The rationale for placing most weight on a specific approach or value range must be discussed.

2.32 Final Value Estimate

The final statement should indicate the Appraisers' final opinion of value (not a value range). Note: Any rounding of value estimates should occur at this point in the report and rounding should always be upwards in accordance with section 1.5.

2.33 Exposure and Marketing Time

The report must include a definition and analysis of Exposure Time in accordance with Section 7.7 CUSPAP. As well the report must include an estimate of the anticipated marketing time as at the effective date of appraisal as per section 12.20.5 CUSPAP.

2.34 Certification

One signed certification is required for each individual property that is the subject of the appraisal assignment. Where more than one appraiser is involved the certification should indicate the level of responsibility for the report.

2.35 Addenda

Items included as part of the addenda to the report are a follows:

- a) Appropriate Plans and Maps
- b) Relevant Documents including Letter of Engagement
- c) PIN Abstract and Documentation
- d) Contractor Estimates
- e) Comparable Property Data Sheet
- f) Comparable Property or Adjustment Charts not in the body of the report.

The comparable property data sheets may be included on separate pages in the text or in the addenda of the report. It must include a sketch in accordance with the standards outlined in section 2.14. All data sheets should include clear photographs of the comparable property (especially when improved properties are being appraised), in accordance with the requirements outlined in section 2.13.

The comparable sale/listing sheet must summarize the following data:

- a) Appropriate/relevant signing and registration dates;
- b) Length of time on the open market;
- c) Instrument number;
- d) Assessment roll number
- e) Legal description;
- f) Grantor and grantee;
- g) Size of site (acreage, frontage, depth);
- h) Consideration (unit rate if applicable);
- i) Terms (i.e. cash, existing mortgage and new mortgage);
- j) Land use regulations (i.e. zoning, official plan designations, etc.);
- k) Services; and
- l) Any other pertinent comments pertaining to the comparable sales/listing.

3. Compensation Issues

The real property to be appraised is either expropriated or acquired by agreement. The appraisal report, should make specific reference to the Section or Sections of the Act that deal with market value and injurious affection (Section 13 and 14, etc).

3.1 Compensation

Where land is acquired by Agreement, expropriated, or acquired by the Ministry of Transportation pursuant to a Section 30 Agreement, the Ministry pays compensation to the Owner as required by the Expropriations Act. Section 13(2) of the Act provides that this compensation is to be based upon:

- a) the market value of the land;
- b) the damages attributable to disturbance;
- c) damages for injurious affection; and
- d) any special difficulties in relocation.

The appraisal should address compensation for market value and damages for injurious affection. Disturbance damages or difficulties in relocation, encountered by the expropriated owner should be brought to the attention of the Ministry. Where the market value is based upon a use of the land other than its existing use, the Expropriations Act provides that no compensation will be paid for disturbance damages. In these specific situations, disturbance is not to be addressed. However, if the highest and best use of the property is an interim or holding use for a period of many years, the expropriated owner maybe entitled to disturbance damages.

3.2 Date of Value

Pursuant to Section 10(2) of the Expropriations Act, the expropriated owner may elect, by notice in writing to have compensation assessed:

- a) where there has been a hearing of necessity, as of the date the Notice of Hearing was served;
- b) as of the date of the registration of the Expropriation Plan; or
- c) as of the date on which the owner was served with the Notice of Expropriation.

The date as of which the property in question being appraised should be valued will be provided. If the property has been acquired pursuant to a Section 30 Agreement, the agreement will make specific reference to the date of value (i.e. the date of closing).

3.3 Market Value

Section 14 of the Expropriations Act defines Market Value; however other Sections may apply in certain circumstances.

14(1) *The market value of land expropriated is the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer.*

- 14(2) *Where the land expropriated is devoted to a purpose of such a nature that there is no general demand or market for land for that purpose, and the owner genuinely intends to relocate in similar premises, the market value shall be deemed to be the reasonable cost of equivalent reinstatement.*
- 14(3) *Where only part of the land of an owner has been taken and such part is of a size, shape or nature for which there is no general demand or market, the market value and the injurious affection caused by the taking may be determined by determining the market value of the whole of the owner's land and deducting therefrom the market value of the owner's land after the taking.*
- 14(4) *In determining the market value of land, no account shall be taken of;*
- a) the special use to which the expropriating authority will put the land;*
 - b) any increase or decrease in the value of land resulting from the development or the imminence of the development in respect of which the expropriation is made or from any expropriation or imminent prospect of expropriation.*
 - c) any increase in the value of the land resulting from the land being put to a use that could be restrained by any court or is contrary to law or is detrimental to the health of the occupants of the land or to the public health.*
- 14(5) *Where two or more expropriating authorities, including Her Majesty the Queen in right of Canada, participate in a development or a number of related developments, the Lieutenant Governor in Council may, by regulation, designate such development or developments as a co-operative development and subsection (4) shall apply to the determination of the market value of any land expropriated by any of the participating provincial expropriating authorities for any aspect or part of the co-operative development as if the entire co-operative development was a single development being carried out by that expropriating authority. R.S.O. 1990, c. E.26, s.14.*

3.4 The Definition of Market Value

Section 14(1) of the Expropriations Act states that the market value of land expropriated is the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer. Because the definition used in the Expropriations Act makes it clear that both parties to the hypothetical transaction are suitably motivated, and also that a hypothetical transaction is taking place in the "open market", it is necessary to choose comparable sales that have occurred between willing participants in the open market. Best efforts should be made to interview the parties in order to determine that there are no special considerations. Notes of conversations with the parties to comparable transactions should be kept. Little, or substantially reduced reliance, should be placed on powers of sale or distress sales. No reliance should be placed upon sales to the Ministry as part of its assembly of land for the scheme or development for which this expropriation has occurred.

3.5 Special Purpose Properties

Section 14(2) of the Expropriations Act states that “*where the land expropriated is devoted to a purpose of such a nature that there is no general demand or market for land for that purpose, and the owner genuinely intends to relocate in similar premises, the market value shall be deemed to be the reasonable cost of equivalent reinstatement.*” First make the determination that the property being appraised is one for which there is no general demand or market. Institutional properties such as hospitals, schools, and churches are typically included in this category. If it is necessary to determine the cost of equivalent reinstatement, you may be required to use a replacement or reproduction cost approach and apply depreciation. It is preferable that cost estimates be obtained from a Quantity Surveyor or Estimator experienced with the type of premises and that guidance is provided as to the extent of depreciation. For less complex properties, cost estimates may be supported by recognized cost manuals.

3.6 The Before and After Approach

Section 14(3) of the Expropriations Act provides that where only part of the land of an Owner is taken and such part is of a size, shape or nature for which there is no general demand or market, the market value and the injurious affection caused by the taking may be determined by estimating the market value of the whole of the owner’s land and deducting the market value of the owner’s land after the taking. Section 14(3) of the Act can be applied where the expropriation or acquisition is of a long narrow strip of land or a small portion of a much larger property for which there would be no general market. In estimating the compensation the owner is entitled to the market value of the expropriated land. Even where the acquisition results in an increase in value to the Owners remaining lands, the owner is still entitled to market value for the expropriated lands at minimum.

Reference:

Belleville Livestock Sales Co. v. Belleville (1974), 6 L.C.R. 189 (Ont. L.C.B).

3.7 Items to be Disregarded in Determining Market Value

In determining the market value of land, no account shall be taken of,

Section 14(4)(a) the special use to which the expropriating authority will put the land.

Section 14(4)(b) any increase or decrease in the value of land resulting from the development or the imminence of the development in respect of which the expropriation is made, or from any expropriation or imminent prospect of expropriation; or

Section 14(4)(c) any increase in the value of the land resulting from the land being put to a use that could be restrained by any Court or is contrary to law or is detrimental to the health of the occupants of the land or to the public health.

References:

Runnymede Development Corp. v. Ontario (Ministry of Housing) (1978), 14 L.C.R. 289 (Ont. Div. Ct.), affirmed (1979), 18 L.C.R. 65 (Ont. C.A.)

F & F Realty Holdings Inc. v. Ontario (Ministry of Transportation) (1998), 64 L.C.R. 52 (OMB)

3.8 Separate Interests

Section 16 of the Expropriations Act provides that where there are more separate interests than one in land, (other than the interest of a security holder or a vendor under an agreement of sale) the market value of each such separate interest shall be valued separately.

After property is expropriated, the parties whose interest is not registered such as a tenant whose lease is not registered may bring a claim against the Ministry.

In addition to determining the market value of the real property expropriated or acquired, it may be necessary to value separately the interests of various owners in the subject property.

3.9 Injurious Affection

Pursuant to Section 21 of the Expropriations Act, the Ministry of Transportation is responsible for compensating the Owner of land for loss or damage caused by injurious affection. Injurious affection may arise where the Ministry acquires part of the land of an owner, but it may also occur where no land is acquired. "Injurious affection" is defined in the Expropriations Act as:

- (a) *where a statutory authority acquires part of the land of an owner,*
 - (i) *the reduction in market value thereby caused to the remaining land of the owner by the acquisition or by the construction of the works thereon or by the use of the works thereon or any combination of them, and*
 - (ii) *such personal and business damages, resulting from the construction or use, or both, of the works as the statutory authority would be liable for if the construction or use were not under the authority of a statute,*
- (b) *where the statutory authority does not acquire part of the land of an owner,*
 - (i) *such reduction in the market value of the land of the owner, and*
 - (ii) *such personal and business damages,*

resulting from the construction and not the use of the works by the statutory authority, as the statutory authority would be liable for if the construction were not under the authority of a statute, and for the purposes of this clause, part of the lands of an owner shall be deemed to have been acquired where the owner from whom lands are acquired retains lands contiguous to those acquired or retains lands of which the use is enhanced by unified ownership with those acquired;

s. 23 *The value of any advantage to the land or remaining land of an owner derived from any work for which land was expropriated or by which land was injuriously affected shall be set off only against the amount of the damages for injurious affection to the owner's land or remaining lands. (R.S.O. 1990, c. E.26, s.23.)*

Where no lands are acquired, the owner is restricted in his claim for damages for injurious affection to a reduction in the market value of his land and personal and business damages resulting from the construction and not the use of the works. In this context, construction means the building or erection of the highway, interchange or other Ministry of Transportation work. Where no land is taken, the owner must satisfy the requirement of the "actionable" rule by establishing that what has occurred is the equivalent of negligence, trespass or nuisance.

Before a claim for injurious affection will be sustained by the Ontario Municipal Board, the owner must establish that there has been substantial interference with access, or conduct by the Ministry which is substantive and protracted in its duration such as the failure to complete the construction in a timely way, or the failure to provide appropriate signage and flag men. It is unlikely that you will be called upon to assess injurious affection in this context.

Reference:

The Queen v. Loiselle, [1962] S.C.R. 624, 35 D.L.R. (2d) 274 (S.C.C.)

Larson v. City of Windsor (1979), 17 L.C.R. (Ont. L.C.B.)

St. Pierre v. Ontario, [1987] 1 S.C.R. 906, 38 L.C.R. 1 (S.C.C.)

Mid Transportation Ltd. v. City of Windsor (53 L.C.R. 71)

3.10 Examples Of Injurious Affection

Where part of the land of an Owner is expropriated, typical forms of injurious affection are:

1. Proximity Damage – this may occur when the highway is located or expanded so that there is a reduction in the enjoyment and/or utility of the improvements on the property. Objective evidence such as paired sales is required to validate any reduction in the value of the remaining lands.
2. Over Improvement of Buildings on the Remainder of the Property - where a substantial partial taking leaves the owner with buildings and equipment of greater capacity than needed for the remainder of the property, it must be determined whether injurious affection has occurred and the impact must be quantified.
3. Change of Access - Expropriation or acquisition of part of a property may result in the access being relocated or reconstructed in such a way that diminishes the after value of the property. A very lengthy driveway on a residential property after relocation of the entrance would involve additional maintenance. A commercial property may be impacted by a difficult access, a restricted/limited access or access from a different road. After the acquisition or expropriation, this altered access may find its reflection in diminished business potential on the remaining property.

4. Goring - this term is used to identify the effect of a partial acquisition on the shape of the remaining lands. With agricultural lands, for example, although the total acreage required by MTO may be small, if a substantial portion of the remaining lands is left in a long narrow strip there could be a loss in usable acreage. Consideration should be given to additional costs of operation under these conditions and allowances made where warranted. If the highest and best use of the remaining land is for future development, an oddly shaped remnant parcel may have reduced utility and reduced market value.
5. Severance Damage - division of a property into two or more parts by partial acquisition may produce smaller and perhaps irregularly shaped parcels, which have restricted utility. The consequence of this division may be a reduction in the value of the remaining parcels and an allowance for injurious affection may be appropriate.
6. Change in Entrance Grade - by raising or lowering the elevation of the highway substantially, it is possible for injurious affection to occur to properties. A steep driveway leading to a residential or farm property may be difficult to use in winter months and might be a concern to prospective purchasers. The market value of commercial properties may depend in part upon convenient and safe access and exposure to highway traffic.
7. Visual Exposure - purchasers of certain categories of prestige industrial land have been found to pay a premium for visual exposure particularly from 400 series controlled access highways. The properties in this category are used for corporate headquarters or flagship locations, which feature the logo of the owner or tenant. Highway construction may impair visual exposure. Objective evidence is required to validate any reduction in the value of the remaining lands.
8. Landscape/Trees - A particular problem with landscape trees is the fact that their value is sometimes intangible (i.e. the value may often be of an aesthetic nature). It is particularly difficult to determine whether the loss of trees is reflected in the compensation for market value of the land or whether further compensation is required.

The following factors must be considered.

- a) Tree Size
- b) Tree Species: different species have different values, another issue is whether the trees were planted or are naturally occurring
- c) Condition: the health of the tree
- d) Location: The location of a tree on a property will affect its value. A tree along a street may have a different value than a tree in a backyard.
- e) Number of trees: The number of trees on the property must be considered. If a property is heavily screened, the loss of a strip of trees may have a limited impact on the property. These are common examples of injurious affection, but are not intended to be an all-inclusive list. The Ontario Municipal Board (OMB) and the Courts have indicated their preference for the summation or aggregate method which involves valuing the land taken and adding to that value compensation for the decrease in value, if any, to the remaining land.

References:

Wilson v. Ontario Hydro (1982), 25 L.C.R. 162 (Ont. L.C.B.), affirmed (1983), 30 L.C.R. 293, (Ont. Div. Ct.)

Parks v. Ontario (Ministry of Transportation) (1995), 56 L.C.R. 166 (O.M.B.), affirmed (1997), 62 L.C.R. 252 (Ont. Div. Ct.)

3.11 Betterment

Section 23 of the Expropriations Act provides that the value of any advantage to the land or remaining land of an Owner derived from any work for which land was expropriated or by which land was injuriously affected shall be set off only against the amount of the damages or injurious affection to the Owner's land or remaining lands. The advantage to the remaining land of the owner must be a special or distinct advantage and not one that is shared by all owners (who for instance now have access to their properties by a highway). Examples of situations where betterment has been offset against injurious affection are where the construction resulted in the remaining land of the Owner being in a commercially advantageous location proximate to a new interchange or where the remaining lands of the Owner now have two frontages on a relocated service road. In order to determine if any set off is available, the benefits must be "special" to the Owners.

Estate of Tanenbaum v. Ontario (Minister of Transportation and Communications) (1992), 49 L.C.R. 121 (O.M.B.), affirmed (1994), 54 L.C.R. 161 (Ont. Div. Ct.)

3.12 Disturbance

Unless directed otherwise, the Appraiser is not expected to determine disturbance damage; this is the role of the Negotiator. However, the Appraiser should understand its concept and the entitlement a Property Owner has under the Expropriations Act, and should address and support any known facts at the time of the appraisal. Refer to Section 18 Expropriations Act

3.13 Special Difficulties in Relocation

Section 15 of the Expropriations Act provides that the Ontario Municipal Board (OMB) shall, after fixing the market value of lands used for residential purposes of the Owner, award such additional amounts of compensation as, in the opinion of the Board is necessary to enable the Owner to relocate his or her residence to accommodation that is at least equivalent to the accommodation expropriated. Owners may experience special problems in relocating to premises that are at least equivalent to the accommodation expropriated, because of the uniqueness of the expropriated residence, or because of some special features that are not reflected in the market value. The more advanced notice the Ministry has of these problems, the better equipped the Ministry will be to deal with the Owner's concerns. It is very rare that any item under this heading will be included in the appraisal report. However, when this situation occurs, it should be discussed with the Ministry to obtain the necessary instructions to provide an estimate of the entitlement under Section 15 of the Expropriations Act. This must be supported with current listings in the general area.

4 Partial Acquisition Appraisal

The following is a summary of the requirements for an appraisal prepared for the partial acquisition of land for programmed highway construction (Valuation of Strip Widening and Project Appraisals):

Before completing an appraisal report for any partial acquisition, it is important for the Appraiser to have an understanding of the Expropriations Act. It is essential that each property, within the project limits, is examined individually and the various aspects of compensation categorized and separately itemized in the conclusion of the report.

The Appraiser must examine the property and estimate the loss in market value. Should it be concluded that there is no open market for this land, the appraiser must complete the appraisal strictly on a "before and after" basis. In some instances, especially where the damages have been quite severe, this will provide an accurate and correct method of estimating the loss incurred by the owner.

While the estimate of the "before" value is reasonably straightforward by comparable sale methods, the "after" value is often a judgement call as there are very few comparable sales of similar properties sold after the damages had been incurred. Nevertheless, the principle has been addressed and the resulting estimate is as accurate as can be obtained under the circumstances.

It is when the damages are fairly nominal that problems arise. For example, a house is located on a two-acre site with a 60-foot setback. The acquisition of ten feet from the frontage in many instances leaves the property afterwards just as saleable as before the taking, and accordingly no compensation would be payable, however, it is imperative (statutory law) that compensation be paid for all land acquired.

Where the "before and after" values indicate a nominal or no loss in value, the Appraiser's task then is to estimate an Equitable Basis for Compensation. Where such an approach is required, normal compensation is assessed as follows:

- a) Compensation for actual land required at a price per unit estimated from an analysis of comparable sales; and
- b) Specific compensation for improvements lost to the owner such as landscaping, driveway, etc. and
- c) Any Injurious Affection.

It is important to maintain compensation equity throughout the project. Equity should not only be considered when dealing with all the properties within each category, but equity must also be maintained across all categories within the project. The following guidelines may be of assistance to the Appraiser.

4.1 Residential Lands

In estimating the value of the land required, typically each property is of a different size, but evidence indicates a purchaser will pay a fixed price per site with only a minimal variation for site size. To achieve equity the most logical approach in this instance is to estimate the price paid for an average sized vacant lot, calculate a rate per square unit, and apply this throughout the category. Alternatively, it may be more preferable to estimate the value of an average size residential lot within the parameters of a specific category. The value of this average size residential lot is then divided by the size of each subject property. Each owner is not necessarily compensated at the same unit rate, but all are compensated on a consistent lot value basis (i.e. as the size of properties within the individual categories increases, all other things being equal, the overall value of these properties would also tend to increase).

In either case, common sense and appropriate adjustments must be used. Loss of improvements within the widening strip including loss of lawn, asphalt/gravel drive, trees, landscaping, fencing and other such obstacles/features will be considered by the Appraiser, and will be discussed more fully later in this section.

4.2 Vacant and Improved Agricultural Lands

The rate per unit for improved farms or vacant farm land, depending on the effect of the land requirements in each case, is the normal criterion used to assess loss in market value. Damages attributed to injurious affection, disturbance and special difficulties in relocation shall be evaluated separately. In some cases, a farm residence may be located reasonably close to the road in an area where there is a mixture of farm and residential strip development. Although no severance has been made, the farm residence has the appearance of a typical residential property with a normal setback from the highway. In order to achieve equity, it is Ministry policy to use the minimum lot frontage stipulated in the zoning by-law for residential sites, multiplied by the depth of the land required, and value the requirements from this theoretical residential area, at the vacant residential land rate. The balance of the property required would be valued at the appropriate improved or vacant agricultural rate depending on the effect of the taking.

4.3 Industrial Lands

The market rate for vacant industrial lands should form the basis for the estimate of loss in value for the land with additional consideration for the loss of paving and all other improvements. Consideration must be given to situations where losses of parking area, loading facilities or other operational items result in functional depreciation to the value of the remaining property. If substantiated, this would be included in the "before and after" valuation of the property, unless it can be dealt with as a cost-to-cure. This estimate should include the value of the land required together with the estimated depreciation.

4.4 Commercial Lands

The market rate for vacant commercial lands should form the basis for the estimate of loss in value for the land with additional consideration for the loss of paving and all other improvements. Problems arise when the lands are improved with a business and other improvements such as

parking facilities, light standards, gasoline dispensing equipment, and landscaping etc. The interference with the normal functioning of parking or access as a result of Ministry requirements is often a major consideration in a commercial appraisal and in many cases can only be dealt with under the heading of business loss.

4.5 Vacant Lands

The highest and best use of the land is estimated and the appropriate market unit rate applied - provided the utility of the land is not altered. For example, if a residential site is reduced below the minimum lot size by the requirements, a "before and after" approach with the "after" value being estimated in the changed lower use is the proper valuation technique. It is essential when dealing with vacant land that Appraisers fully ascertain the highest and best use of the land in the "before" basis, considering all restrictions and regulations governing its use, to ensure the requirements do not alter this use. As a further point, where a reduction in area results in such a technical undersizing, the matter should be discussed with the local municipal authorities. The attitude/position of the Planning authority to this reduction must be considered and the resulting opinion(s) expressed and documented (if possible) in the appraisal.

4.6 Hydro One Inc (Hydro) Property Encumbered with Transmission Lines

Whether the acquisition is done by deed or expropriation, the effect is to vest all right and title to the Ministry. By agreement/policy, this Ministry will permit Hydro One Inc. to retain their present or relocated installations for so long as the public highway designation remains in effect. If the public road designation is removed while under the jurisdiction of the Ministry, the Ministry may grant an easement to cover the continued Hydro One occupancy. The effect of this agreement/policy is to provide the Ministry with an unencumbered fee in the highway right-of-way, and to provide Hydro One with continued usage for their installations.

When this required land is appraised, the Appraiser must first estimate the highest and best use of the unencumbered hydro corridor property based on recognized appraisal practices and procedures. In some cases, the Hydro One lands may be viable for independent development, either in their present form or after subdivision. In these cases, the appraisal of such lands would be based on the normal analysis of comparable sales with similar characteristics and utility.

In the majority of cases, the hydro lands would be used in conjunction with abutting and/or adjoining lands as "value in contribution". The first step is to estimate the market value of the adjoining lands in their highest and best use. Second, the contributory value of the hydro corridor lands to these adjoining lands is then calculated based on the resulting unencumbered market value, unit rate of the hypothetical larger parcel, with no consideration as to whether the adjacent Owners have any interest in acquiring the hydro corridor. In the case of speculative adjoining uses, unit rates are generally fairly simple to estimate based on an analysis of the specific market involved.

In the case where the hydro corridor passing through a residential subdivision, the value of the hydro corridor lands to the individual adjoining Owners will generally be nominal. In such cases, the contributory market value rate of the hydro lands is to be based on the value of similar lands in the area being assembled for residential subdivision purposes (i.e. lands ready for

development). Any size adjustment of comparable parcels should be based on the pre-subdivided, actual size of the adjoining subdivision lands including the hydro corridor lands.

Compensation for the lands required by the Ministry, in all circumstances, will be based on 50% of the estimated market value of the unencumbered hydro property or the contributory value of the hydro lands to adjoining parcels. This reduction of 50% to the market value/contributory unit rate reflects the Ministry's receipt of the unencumbered fee in lands over which Hydro One has continued usage for their installations.

4.7 Options for Landlocked & non-viable Parcels

From time to time, the Ministry requirements create landlocked or non-viable parcels of land. In such cases, the Appraiser will estimate the value of the Ministry's requirements and any injurious affection to the remaining lands under one option in the appraisal (Option A). The Appraiser will then estimate the value of the Ministry requirements together with the acquisition of the entire landlocked parcel in fee simple under a second option (Option B).

4.8 Properties Not Requiring an Appraisal

An appraisal is not required to value the following properties:

- a) open/unopened road allowances;
- b) property owned by an Ontario Government Ministry (unless otherwise instructed to do so); or
- c) operating railways.

4.9 Multiple Owner Appraisal Reports

Where an assignment involves multiple appraisals, the Appraiser may, unless otherwise requested, employ the category approach to valuation using the Multiple Appraisal report format.

The category approach to value is used only when two or more subject properties fall with a specified value category. If not the Appraiser must complete an individual market analysis and include all pertinent information in the individual property report in Section 2 of the Multiple Owner Appraisal Report.

Categorizing a property, which does not fall within the specified category, creates inequities and is not acceptable.

4.10 Appraisal Updates and Section 25 of the Expropriations Act

Appraisers may be required to prepare individual updated appraisal reports, for service under Section 25 of the Expropriations Act. The Appraiser is expected to "revisit" all aspects of the previous appraisal report, and ascertain if any change leading up to the previous "Estimate of Compensation" payable has occurred. The "revisit" will include, but not be restricted to:

- a physical inspection of the subject property;
- a complete review of Municipal restrictions or regulations;

- a review of the Highest and Best Use analysis section;
- an update to the "Estimate of Market Value" section (including a review for update market data evidence); and
- a review of the "Final Estimate of Value" and "Estimate of Compensation" sections.

In addition, the Appraiser must provide an estimate of the value for the entire before value of the subject property, including any and all improvements. Under the Expropriations Act, the mortgagee and/or security holder are entitled to claim part of the total compensation to the extent provided for in Section 17 of the Act.

If there is no change in value (compensation), as estimated by the Appraiser, the Appraiser will complete and sign a covering letter indicating there is no change in value, which will be attached to and be intended to be read in conjunction with the original appraisal report.

If there is a change in value (compensation) as estimated by the Appraiser, based only on a change of market conditions, and not a change of highest and best use, the Appraiser will include all the market data evidence collected to justify the conclusions.

If the change in value (compensation) is a result of a change in highest and best use, a completely new comprehensive self-contained report will be required.

Note: If the Appraiser has employed the Before and After approach to value, there must always be a complete breakdown of the market value of the lands expropriated and the injurious affection.

5. Appraisal of Surplus Lands

In many instances, the Ministry's acquisition and construction program results in the creation of lands that are surplus to the Ministry's needs. The marketing of these properties may be achieved by means of a direct sale, invitation tender, public tender, or public auction. The appraisal assignment is restricted to the analysis and conclusion of market value of the property and not predicated on the Appraiser's presumption that the property will be marketed by any particular method of sale.

The Ministry's surplus parcels are often of size, shape or other peculiarity that would not normally be found in the market place. The Appraiser's initial challenge is to determine the highest and best use of these properties, which in turn sets out the appraisal method and the Ministry's requirements for the completion of the appraisal assignment. For the purposes of discussion, the Ministry's surplus lands can be described as being either viable or non-viable. In either case, an appraisal of market value is required.

5.1 Viable Parcels

Once the determination is made that a property is viable and could be developed independently the appraisal should present no abnormal problems and should follow this guideline.

In situations where the highest and best use analysis concludes that, although viable, a higher use exists in conjunction with an adjoining property, the Appraiser should address this in the appraisal and indicate two values; one on its own, and another, as value in contribution.

5.2 Non-Viable Parcels

Non-viable parcels are those that are not capable of independent development. They may be irregularly shaped, have limited or no access, or have other deficiencies preventing their independent use or development.

When it is concluded that the property is not viable, the impact of adding the Ministry lands to each adjoining property must be investigated and analysed. The highest and best use will be concluded as value in contribution to only one of these adjoining properties. The objective of the appraisal will be to estimate the increase in market value to that adjoining Owner's holding if they were to acquire the Ministry lands.

Where there is only one potential purchaser of a landlocked parcel, there is a tendency to disregard the value in contribution because the purchaser is virtually in command of the situation. This is incorrect. The Appraiser should consider both the vendor and purchaser to be equally motivated.

The valuation of non-viable parcels is, in essence, a “before and after” appraisal where the “after” value (assembled) should be in excess of the “before” value. As with the appraisal of lands to be acquired, the “before and after” technique can often indicate no change in value. In these situations, it is acceptable to base the value of the Ministry’s lands on the unit value of the assembled site (after value).

5.3 Appraisal Format

Normally, the Ministry requires a Narrative Appraisal in support of surplus property disposition. On occasion, the appraisal assignment may call for the completion of a Short Narrative Appraisal. In such cases, the following mandatory items must be included in the report. It should be noted that these inclusions are Ministry requirements and are not intended to replace or exclude any requirement of the Appraisal Institute’s standards.

- a) Municipal Address and/or Legal Description including a brief statement of the area location;
- b) Size of lot, Shape, Frontage and any unusual features;
- c) Statement of Existing Use;
- d) Zoning and Services available;
- e) Definition of Market Value as previously stated;
- f) Statement of Highest and Best Use. If value in contribution, there should be a brief description of each of the adjoining properties and a short analysis of the contribution the subject would make to each (in terms of H & B Use);
- g) Estimate of Value

On Properties with a nominal value (\$1000 or less), a statement that the Appraiser has reviewed appropriate data sources and/or office records and based on his/her knowledge of the area provide the approximate unit values of similar lands.

On Properties with value in excess of a nominal sum, support by at least three sales and one listing if available and a short correlation.

- h) Sketch of the subject property including adjoining property ownership; and
- i) Photographs should be included of the subject property. Pictures of the comparable sales should be included unless they provide no additional benefit. e.g. the entire property is bush or swampland.

5.4 Check List for Appraisal of Surplus Lands

To assist the Appraiser in reaching conclusions, the following questions should be asked:

1. What is the highest and best use?
2. Is it a viable or is its value in Contribution to adjoining lands?
3. Could access be provided directly? To a local road?
4. If there is more than one adjoining property, does it contribute more to one than another?
5. If it adjoins other MTO surplus land, would an assembly of the surplus parcels be feasible, more profitable, or both? (Normally this will be known prior to the appraisal assignment).
6. Could access be provided if the surplus parcels were assembled?
7. Could access be purchased at a cost commensurate with the increase in value?
8. Could a change of zoning be obtained if advantageous?
9. What is the "before" value of the adjoining property or properties concerned?
10. What is the value of the combined property?

The Appraiser's recommendations should always include:

- a) Sketch indicating, in proportion, how the surplus land would relate to the adjoining property.
 - b) Details of the adjoining properties, including the existing use, and the highest and best use with the addition of the surplus land.
 - c) A complete explanation of the reasoning and calculation of value in contribution where this represents the highest and best use.
11. Difference in value between (10) and (11) is value in contribution of MTO surplus lands.

6. Appraisal Formats

These guidelines outline the Ministry of Transportation's preferred format for appraisal reports. However, it is not mandatory to adhere to the preferred format, unless it is expressly required in the terms of reference.

6.1 Single Property Appraisal Report (Acquisition) Summation or Aggregate Method

Title Page

Part One - Introduction of Appraisal

- Letter of Transmittal
- Table of Contents
- Executive Summary

Part Two - Basis of the Appraisal

- Purpose of the Appraisal
- Intended Use of the Appraisal
- Intended Users of the Appraisal
- Property Rights Appraised
- Definition of Market Value
- Effective Date of the Report
- Date of the Inspection
- Date of the Report
- Scope of the Report
- Identification of the Type of Appraisal Report
- Extraordinary Limiting Conditions
- Extraordinary Assumptions and Hypothetical Conditions
- General Assumptions and Limiting Conditions

Part Three - Factual Information

- Identification of the Subject Property and Property Ownership
 - Owner's Name
 - Owner's Address
 - Owner's Telephone Number and other contact Information
 - Legal Description of the Subject Property
- Encumbrances – Mortgages
- Other Registered or Unregistered Interests (Tenants, etc) and implications
- Right-of-way, and other encumbrances
- Market Area, City, Neighbourhood Analysis
- Photographs of the Subject Property
- Site Plans of the Subject Property
- Floor Plans of the Subject Property
- Location, Description and Site Analysis
- Improvement Description and Analysis
- Marketability study, if appropriate

- Taxes and Assessment Data
- History of Subject Property
- Present Use
- Land Use Controls
 - Present Zoning
 - Official Plan
 - Other
- Services and Utilities

Part Four - Analyses and Conclusions

- Highest and Best Use of the Land as Vacant
- Highest and Best Use of the Property as Improved
- Ministry Requirements/Taking
- Effect of the Requirements/Taking
- Appraisal Procedures
 - Cost Approach
 - Income Approach
 - Direct Comparison Analysis
 - Reconciliation
- Final Value Estimate and Exposure Time Analysis
- Certification (only if appraisal completed by a Fee)

Part Five – Addenda

- Qualification of the Appraiser (only if appraisal completed by a Fee)
- Relevant Documents including Terms of Reference
- Title Search Documents
- Leases, Documents or Summaries
- Detailed Statistical Data
- Zoning By-Law Documentation
- Official Plan Documentation
- General Area Map
- Area and Neighbourhood Map
- Map of Comparables and Data Sheets
- Quotations for Cost to Cure Items
- Relevant Studies

6.2 Multiple Property/Project Appraisal Report (Acquisition)

Title Page

Part One - Introduction of Appraisal

- Letter of Transmittal
- Table of Contents
- Project Description

Part Two - Basis of the Appraisal

- Purpose of the Appraisal

- Intended Use of the Appraisal
- Intended Users of the Appraisal
- Property Rights Appraised
- Definition of Market Value
- Effective Date of the Report
- Date of the Inspection
- Date of the Report
- Scope of the Report
- Identification of the Type of Appraisal Report
- Extraordinary Limiting Conditions
- Extraordinary Assumptions and Hypothetical Conditions
- General Assumptions and Limiting Conditions

Part Three – Analysis and Conclusions

- Market Area, City, Neighbourhood Analysis
- Appraisal Procedures
- Premise & Methodology of Category Concept
 - Direct Comparison Analysis
 - Reconciliation of Categories
- Summary of Category sizes and values

Part Four – Individual Property Reports

- Executive Summary
- Identification of the Subject Property and Property Ownership
 - Owner's Name
 - Owner's Address
 - Owner's Telephone Number and other contact Information
 - Legal Description of the Subject Property
- Encumbrances – Mortgages
- Other Registered or Unregistered Interests (Tenants, etc) and implications
- Right-of-way, and other encumbrances
- Photographs of the Subject Property
- Site Plans of the Subject Property
- Floor Plans of the Subject Property
- Location, Description and Site Analysis
- Improvement Description and Analysis
- Marketability study, if appropriate
- Taxes and Assessment Data
- History of Subject Property
- Present Use
- Land Use Controls
 - Present Zoning
 - Official Plan
 - Other
- Services and Utilities
- Highest and Best Use of the Land as Vacant
- Highest and Best Use of the Property as Improved
- Ministry Requirements/Taking
- Effects of the Requirements/Taking

- Final Value Estimate and Exposure Time Analysis
- Certification (only if appraisal completed by a Fee)

Part Five - Addenda

- Qualification of the Appraiser (only if appraisal completed by a Fee)
- Relevant Documents including Terms of Reference
- Title Search Documents
- Leases, Documents of Summaries
- Detailed Statistical Data
- Zoning By-Law Documentation
- Official Plan Documentation
- General Area Map
- Area and Neighbourhood Map
- Map of Comparables and Data Sheets
- Quotations for Cost to Cure Items
- Relevant Studies

6.3 Before & After Method

Title Page

Part One - Introduction of Appraisal

- Letter of Transmittal
- Table of Contents
- Executive Summary

Part Two - Basis of the Appraisal

- Purpose of the Appraisal
- Intended Use of the Appraisal
- Intended Users of the Appraisal
- Property Rights Appraised
- Definition of Value
- Effective Date of the Report
- Date of the Inspection
- Date of the Report
- Scope of the Report
- Identification of the Type of Appraisal Report
- Extraordinary Limiting Conditions
- Extraordinary Assumptions and Hypothetical Conditions
- General Assumptions and Limiting Conditions

Part Three - Factual Information

- Identification of the Subject Property and Property Ownership
 - Owner's Name
 - Owner's Address
 - Owner's Telephone Number and other contact Information
 - Legal Description of the Subject Property
- Encumbrances – Mortgages

- Other Registered or Unregistered Interests (Tenants, etc) and implications
- Right-of-way, and other encumbrances
- Market Area, City, Neighbourhood Analysis
- Photographs of the Subject Property
- Site Plans of the Subject Property
- Floor Plans of the Subject Property
- Location, Description and Site Analysis
- Improvement Description and Analysis
- Marketability study, if appropriate
- Taxes and Assessment Data
- History of Subject Property
- Present Use
- Land Use Controls
 - Present Zoning
 - Official Plan
 - Other

Services and Utilities

Part Four - Before Analyses and Conclusions

- Highest and Best Use of the Land as Vacant
- Highest and Best Use of the Property as Improved
- Appraisal Procedures
 - Cost Approach
 - Income Approach
 - Direct Comparison Analysis
 - Reconciliation
- Final Value Estimate and Exposure Time Analysis

Part Five – Ministry Requirements and Effects

- Ministry Requirements/Taking
- Effect of the Requirements/Taking

Part Six – After Analyses and Conclusions

- Highest and Best Use of the Land as Vacant
- Highest and Best Use of the Property as Improved
- Appraisal Procedures
 - Cost Approach
 - Income Approach
 - Direct Comparison Analysis
 - Reconciliation
- Final Value Estimate and Exposure Time Analysis

Part Seven - Final Analyses and Conclusions

- Overall Compensation Summary
- Market Value Before and Market Value After:
- Market Value of Ministry Requirements and Injurious Affection (if any):
- Options (if applicable):
 - Option A: Requirements & Injurious Affection

- Option B: Requirements & Severance Acquisition
- Option C: Buyout
- Option D: Other

Part Eight - Addenda

- Qualification of the Appraiser (if completed by a Fee Appraiser)
- Relevant Documents including Terms of Reference
- Title Search Documents
- Leases Documents or Summaries
- Detailed Statistical Data
- Zoning By-Law Documentation
- Official Plan Documentation
- General Area Map
- Area and Neighbourhood Map
- Map of Comparables and Data Sheets
- Quotations for Cost to Cure Items
- Relevant Studies

6.4 Single Property Appraisal Report (Disposal)

Title Page

Part One - Introduction of Appraisal

- Letter of Transmittal
- Table of Contents
- Executive Summary

Part Two - Basis of the Appraisal

- Purpose of the Appraisal
- Intended Use of the Appraisal
- Intended Users of the Appraisal
- Property Rights Appraised
- Definition of Value
- Effective Date of the Report
- Date of the Inspection
- Date of the Report
- Scope of the Report
- Identification of the Type of Appraisal Report
- Extraordinary Limiting Conditions
- Extraordinary Assumptions and Hypothetical Conditions
- General Assumptions and Limiting Conditions

Part Three - Factual Information

- Identification of the Subject Property and Property Ownership
 - Owner's Name
 - Owner's Address
 - Owner's Telephone Number and other contact Information
 - Legal Description of the Subject Property

- Encumbrances – Mortgages
- Other Registered or Unregistered Interests (Tenants, etc) and implications
- Right-of-way, and other encumbrances
- Market Area, City, Neighbourhood Analysis
- Photographs of the Subject Property
- Site Plans of the Subject Property
- Floor Plans of the Subject Property
- Location, Description and Site Analysis
- Improvement Description and Analysis
- Marketability study, if appropriate
- Taxes and Assessment Data
- History of Subject Property
- Present Use
- Land Use Controls
 - Present Zoning
 - Official Plan
 - Other
- Services and Utilities

Part Four - Analyses and Conclusions

- Highest and Best Use of the Land as Vacant
- Highest and Best Use of the Property as Improved
- Appraisal Procedures
 - Cost Approach
 - Income Approach
 - Direct Comparison Analysis
 - Reconciliation
 - Final Value Estimate and Exposure Time Analysis
- Certification (only if appraisal completed by a Fee)

Part Five - Addenda

- Qualification of the Appraiser (only if appraisal completed by a Fee)
- Relevant Documents including Terms of Reference
- Title Search Documents
- Leases, Documents or Summaries
- Detailed Statistical Data
- Zoning By-Law Documentation
- Official Plan Documentation
- General Area Map
- Area and Neighbourhood Map
- Map of Comparables and Data Sheets
- Quotations for Cost to Cure Items
- Relevant Studies

7. Graphic Samples

Photographs

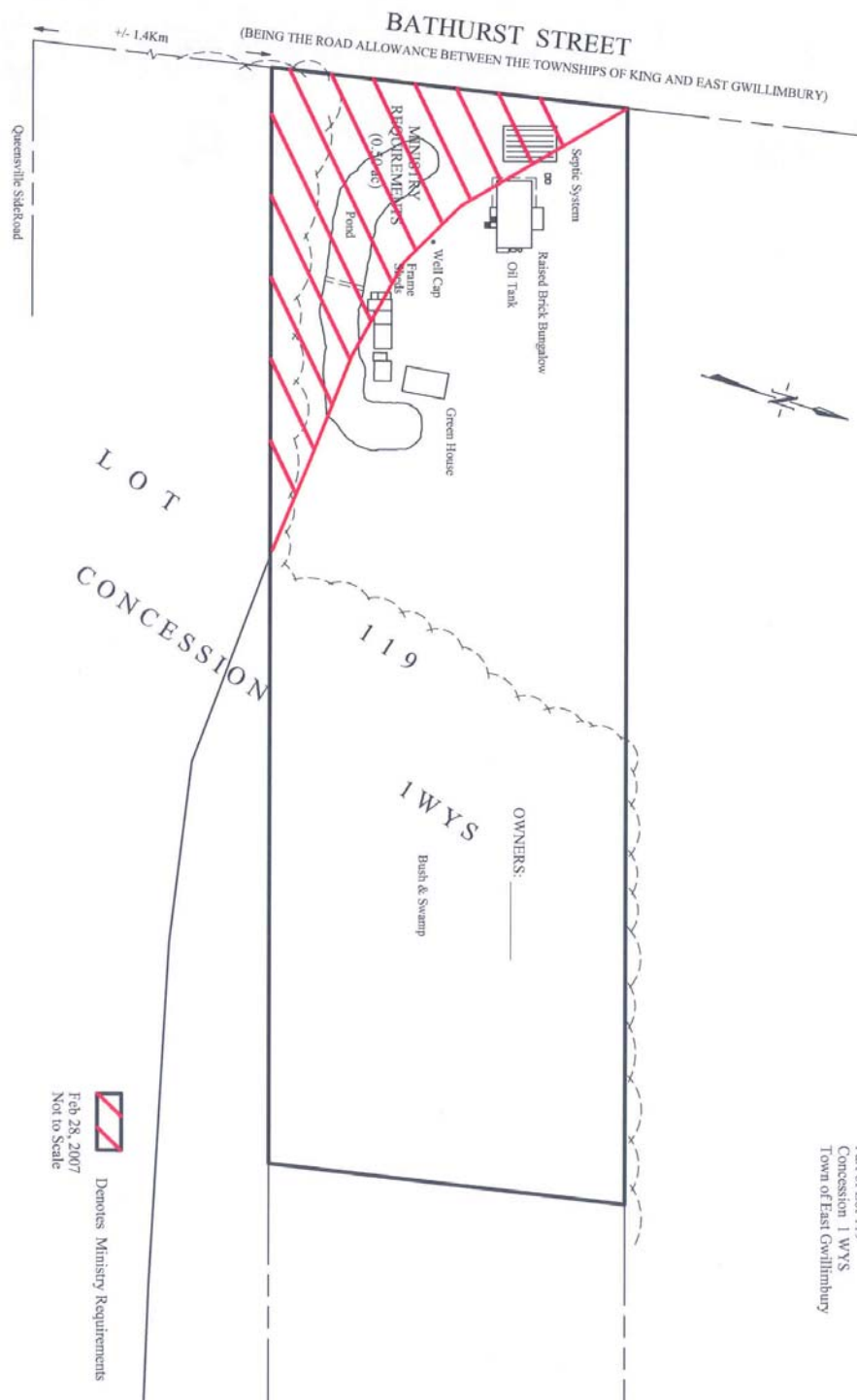


Subject property facing south across Highway 11
Photo taken June 3, 2006



Subject property facing west along Highway 11
Photo taken June 3, 2006

Site Plan Subject Property and Requirement

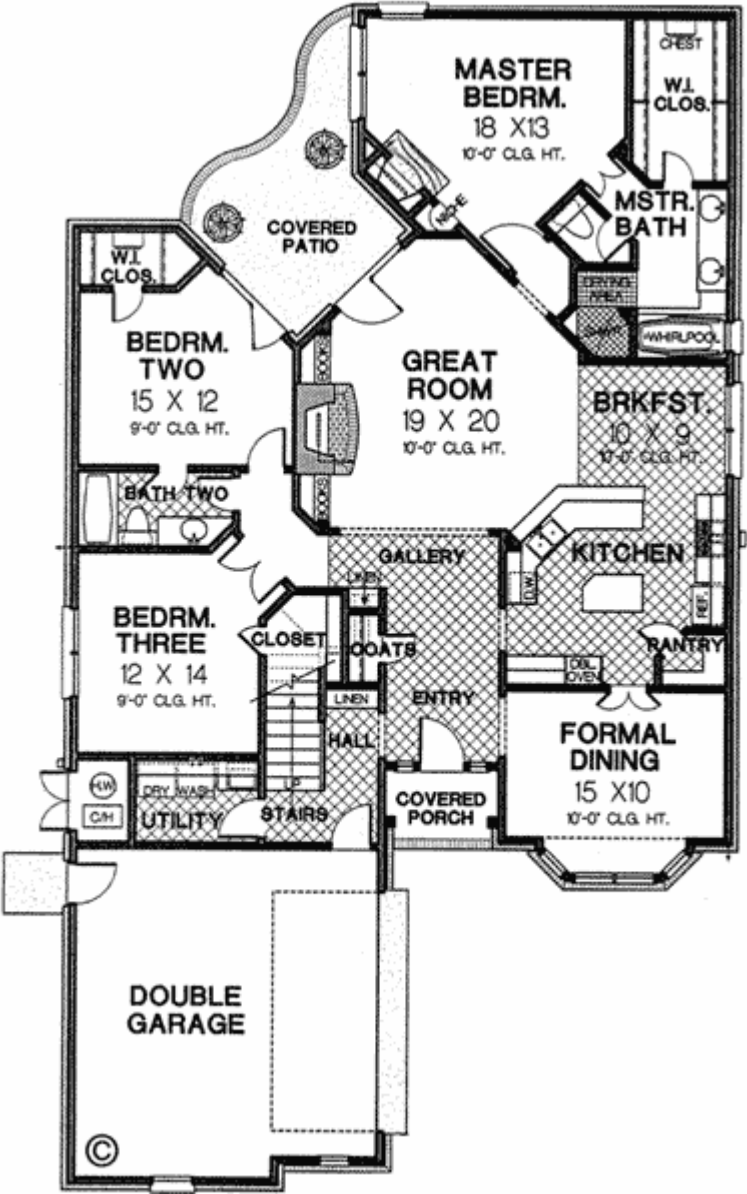


SKETCH ILLUSTRATING
MINISTRY REQUIREMENTS AT
Part of Lot 119
Concession 1 WYS
Town of East Gwillimbury

AN EXAMPLE OF A TYPICAL, QUALITY SITE-PLAN



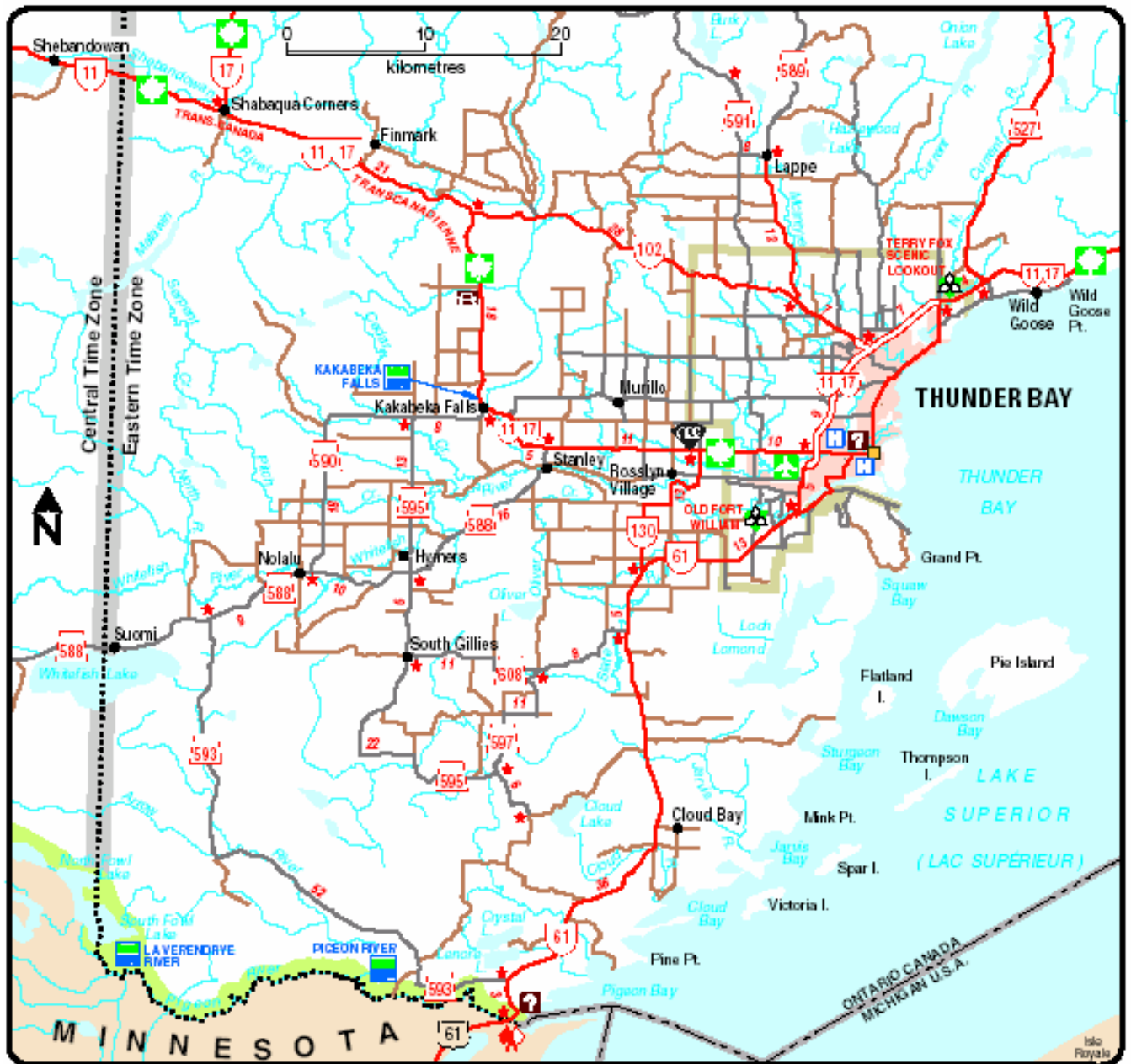
Floor Plans



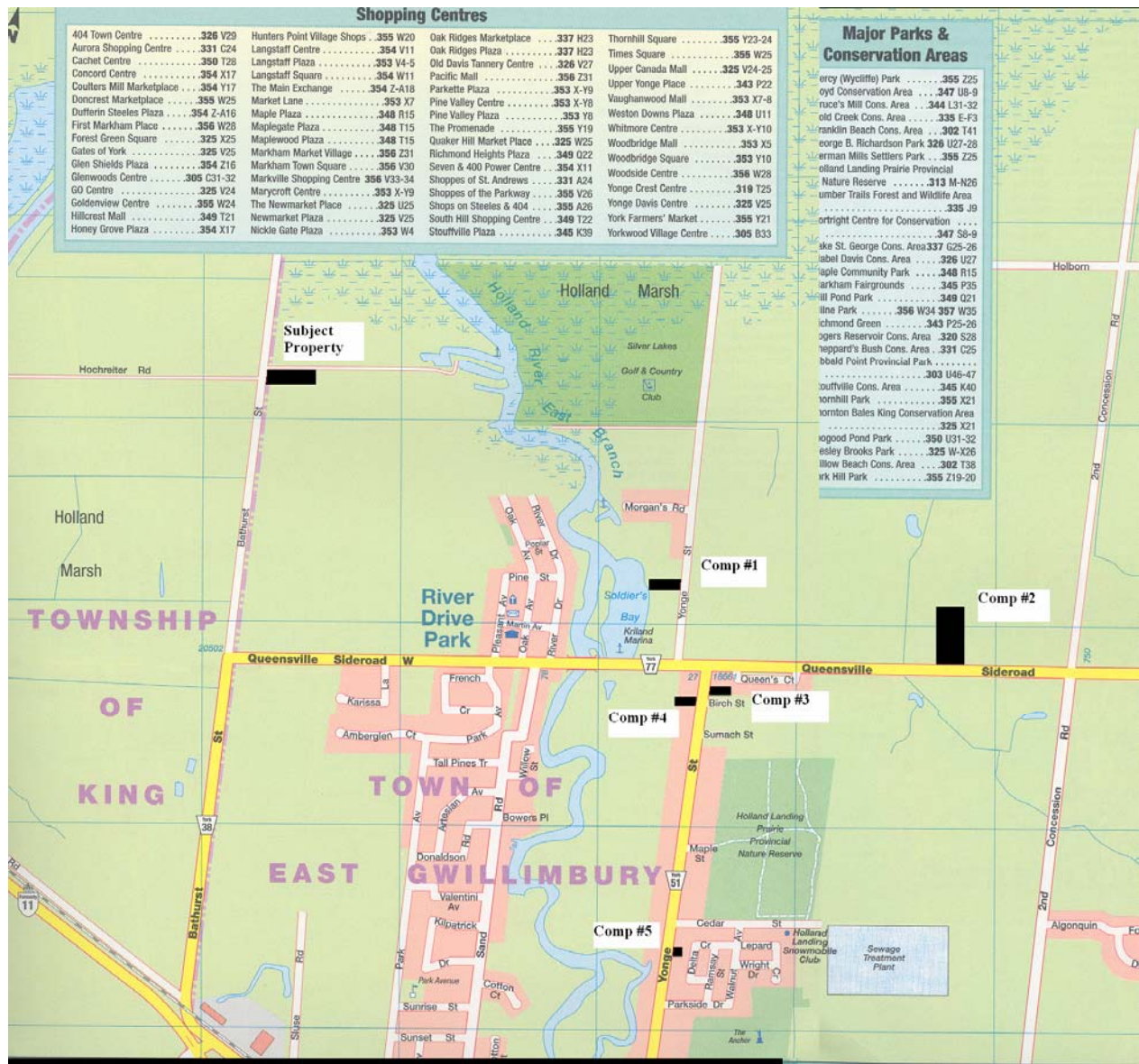
General Location Map



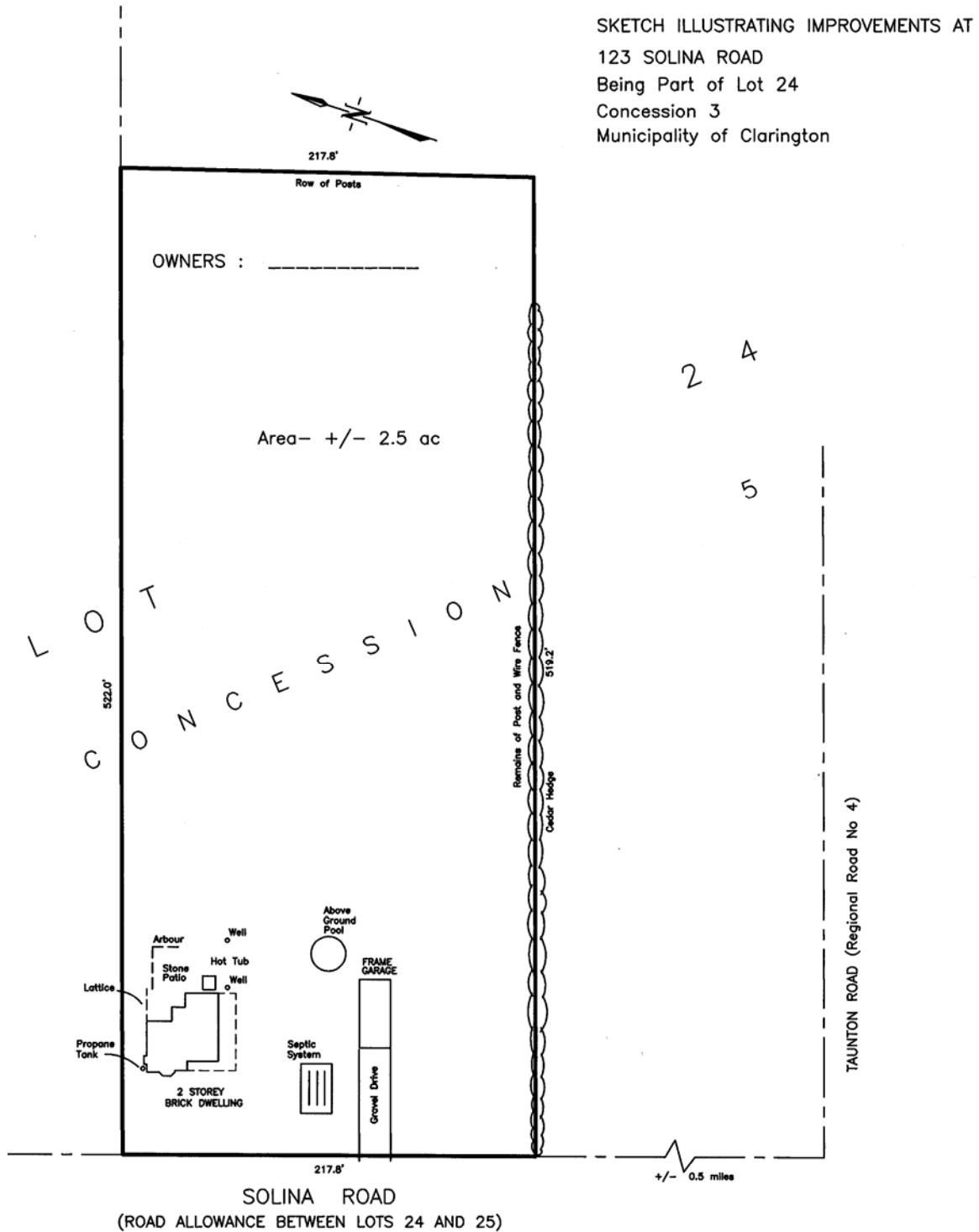
Area Location/Neighbourhood Map



Comparable Properties Map



Sketch/Site Plan Comparable Sale



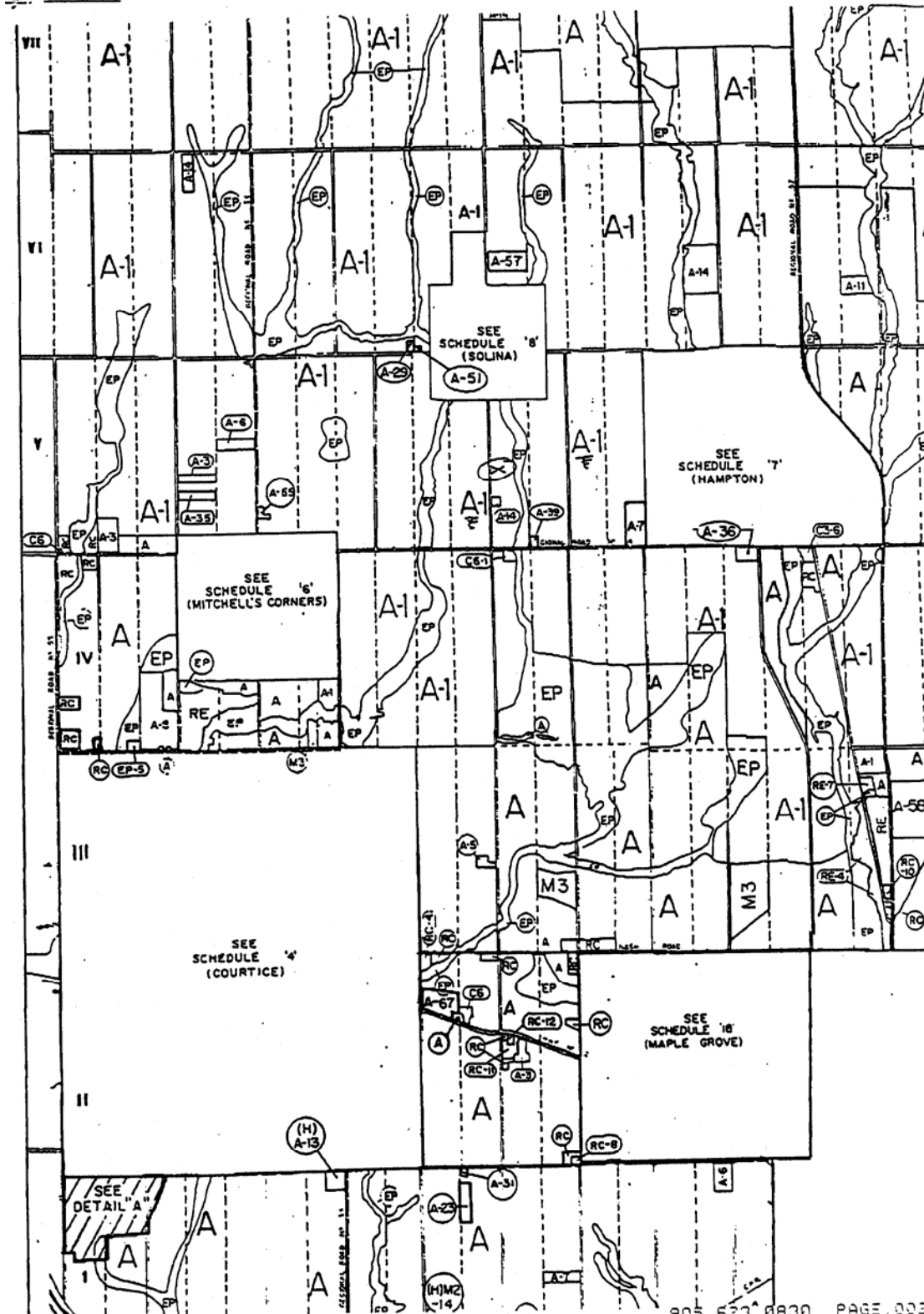
Feb 28, 2007
Not to Scale

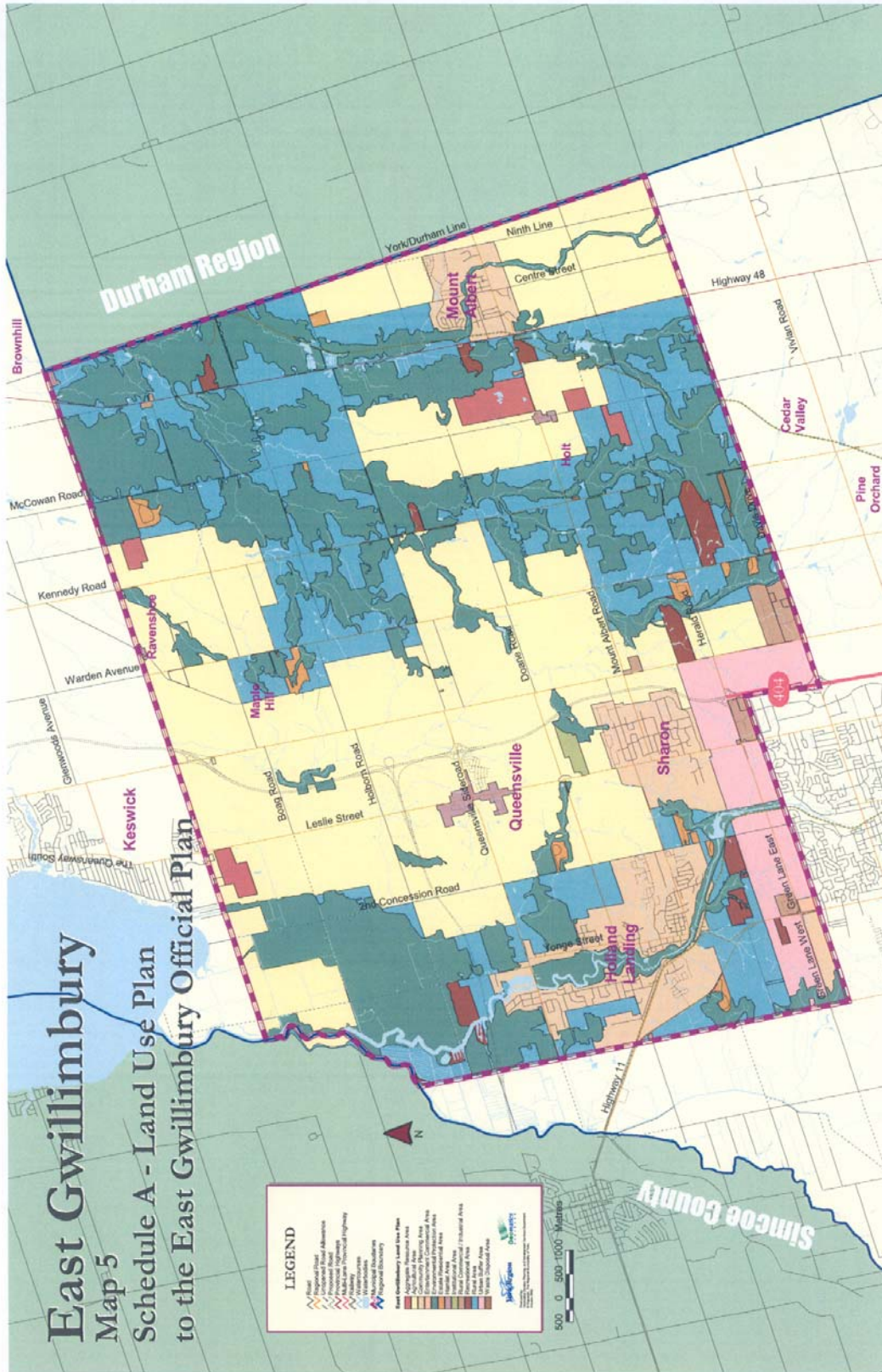
Zoning Map

10/2003 11:26 FAX 905 623 0830

PLANNING SERVICES DEPT

002





8. Appraisal Review

Single Property Appraisal Report (Acquisition) Summation or Aggregate Method



Single Property Appraisal Report

General Information

W. P. No.:	_____	Appraiser:	_____
Hwy No.:	_____	Location:	_____
Assigned on:	_____	Due Date:	_____

1. TITLE PAGE:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

2. LETTER OF TRANSMITTAL:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

It will contain the effective date and the final conclusion of value. It must be dated and signed (NOT ELECTRONICALLY OR BY SIGNATURE STAMP) by the Appraiser and must contain a statement that the Appraiser has personally inspected the subject (with inspection date) and comparable properties used in the analysis.

It must state that the Appraiser has discussed the sale particulars with at least one of the parties or agent of one of the parties involved in each comparable sale transaction. If this is not

possible, the transaction must be identified and the attempted discussions documented in the appraisal.

Comments: _____

3. LIMITING CONDITIONS: (including any environmental statement(s))	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Within the Limiting Condition Section of the appraisal report the following statement must be included:

"Neither possession of this report nor a copy of it carries with it the right of publication. Normally, the authors retain copyright and seek to restrict the circulation and unauthorized use of the report by parties not holding a registered interest in the subject property. However, for MTO, copyright is not reserved to the authors but resides solely with MTO providing MTO reproduces the report in its entirety for circulation. The Appraisers do not accept responsibility for damages resulting from the inappropriate use of the appraisal by parties not holding a registered interest in the subject property."

Note: The appraisal must not include the following statement "this report is only valid if it bears the original signature(s) of the author(s)", since providing copies as required above, photocopies may have to be made.

Comments: _____

4. TABLE OF CONTENTS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

5. SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Check the areas covered.

- ☐ (a) Owner's Name
- ☐ (b) Address of Owner (including phone number)
- ☐ (c) Contact Person (including phone number)
- ☐ (d) Legal Description
- ☐ (e) Assessment Roll Number
- ☐ (f) Size of Property and Improvements
- ☐ (g) Zoning and Official Plan Designations
- ☐ (h) Services
- ☐ (i) Present Use
- ☐ (j) Highest and Best Use
- ☐ (k) Effective Date of Valuation
- ☐ (l) Value Estimate(s) and Compensation Breakdown for programmed (re)construction

Comments: _____

6. PURPOSE OF THE APPRAISAL:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

7. DEFINITION OF (MARKET) VALUE:	Adequate
----------------------------------	----------

	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>
--	-------------------------------	------------------------------	-------------------------------

The definition of market value for those properties involving MTO acquisition of programmed (re)construction with the possibility of enacting the privilege of expropriation is "the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer in accordance with Section 14(1) of the Expropriations Act."

Market value for all other assignments is "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interest
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Comments: _____

8. EFFECTIVE DATE OF APPRAISAL:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

9. PROPERTY RIGHTS APPRAISED:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

10. GENERAL AREA AND ECONOMIC ANALYSIS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

The Regional Data will be discussed first and should cover the following points as applicable:

- ☐ (a) Geographic Location
- ☐ (b) Resources and Economic Base
- ☐ (c) Population and Trends
- ☐ (d) Transportation (all forms)
- ☐ (e) Other factors pertinent to the type of property being appraised.
- ☐ (f) Summary

NEIGHBOURHOOD ANALYSIS

Cover the following points as applicable:

- ☐ (a) Delineate the boundaries
- ☐ (b) State of transition
- ☐ (c) Percentage built up
- ☐ (d) Types of improvements
- ☐ (e) Social, Education and Cultural Amenities
- ☐ (f) Shopping and commercial facilities
- ☐ (g) Summary of and Comments on properties listed for sale
- ☐ (h) Services
- ☐ (i) Real Estate Summary

Comments: _____

11. SUBJECT PROPERTY PHOTOS AND SKETCH:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Photographs must be clear and show all improvements, any special features and all items that will be removed/replaced as a result of pending (re)construction (i.e., obstacles, structures, trees, fencing, driveway/entrance treatments). They must be dated and indicate direction in which they are taken.

Sketches must show the entire property, north point, location of buildings, major natural features, entrances, easements, wells, septic tanks and beds, fencing, etc. and where applicable the Ministry's property acquisition requirements. Dimensions of the property and Ministry requirements, with the approximate distance between existing structures and the highway must be shown. The local names of roads must be indicated with the distance from the subject to an identifiable point or landmark (i.e. intersection of roads). Photocopies of portions of survey plans are unacceptable unless the entire property is shown and all the above features are added. (Reductions must be legible).

Comments: _____

12. DESCRIPTION OF THE SUBJECT PROPERTY:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

All physical features (including but not limited to site dimensions, area, topography, grade level of site in comparison with the road), all legal encumbrances (i.e. easements, rights-of-way, etc.), all improvements (i.e. structures, fencing, wells, septic beds, etc.) must be described in the appraisal report.

- (a) All lands must be topographically described and in the case of farm properties the amount of arable land estimated.
- (b) If a building is affected by the Ministry requirement, it must be inspected and a detailed description with measurements, floor plan and photographs of the interior included with the report. Where the building is not affected by the Ministry's acquisition, a brief description will be considered adequate. Any factors influencing the value estimate must be discussed.
- (c) Should the physical inspection of the property or knowledge gained by the Appraiser in completing the appraisal report identify the potential for contamination problems/concerns in regard to the property being appraised, the Appraiser will contact the Ministry's representative, as outlined in the contract, to relay the concerns and obtain instructions as to how to proceed.
- (d) Where the Highest and Best Use of the subject property is estimated to be for Future Development Lands, the actual amount of "developable" lands must be determined.

Comments: _____

13. HISTORY OF SUBJECT PROPERTY:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

When relating the sales history of the subject property, the Appraiser must review the "title search" if provided by the Ministry. Any relevant prior sales of the subject property should be considered and analysed and active listings of the subject property noted. The date and instrument number of at least the last arms length transaction must be noted including consideration paid and any other relevant facts (i.e. mortgage data, easements, rights-of-way, etc.).

Comments: _____

14. OTHER REGISTERED INTERESTS INCLUDING TENANTS, EASEMENTS, ETC.:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

15. LAND USE REGULATIONS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

- ☐ (a) **ZONING:** Include zoning designation, by-law number and approval dates plus a brief summary of permitted uses. Copies of relevant sections of the by-law and zoning map must be included in the addenda of the report.

☐ (b) OFFICIAL PLAN: All existing official plan designations together with approval dates must be included and where appropriate a discussion of possible changes in the municipal planning status. Copies of relevant sections of the Official Plan(s) and map(s) must be included in the addenda of the report.

☐ (c) Other (i.e. potential for amendment, if any)

Comments: _____

16. SERVICES:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

This section should discuss the adequacy, capacity and availability of municipal services, together with the possibilities and costs of expansion or extension of the services to cover any proposed development relevant to the valuation.

Comments: _____

17. ACCESS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

The status and type of the existing access(es) to a specific road/highway must be described. In the case of vacant lands or when there is no physical access present, the Appraiser must confirm with the appropriate authorities the location, number and type of access which may be permitted.

Comments: _____

18. HIGHEST AND BEST USE:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

It is imperative that a discussion and reasoned statement of highest and best use be incorporated into all valuations. The analysis of a property's highest and best use is fundamental to the appraisal process and the estimation of a property's value cannot be completed without first estimating the property's highest and best use conclusion.

Unacceptable practices are:

1. failure to define highest and best use;
2. failure to support the conclusions; and
3. failure to consider the highest and best use of the land as if vacant and the property as improved if applicable.

Comments: _____

Note: ITEMS 19 AND 20 ARE ONLY REQUIRED FOR PROPERTY ACQUISITION AS A RESULT OF ADVANCE PURCHASE BUY OUTS AND PROGRAMMED (RE)CONSTRUCTION

19. MINISTRY REQUIREMENTS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Should describe in detail the size, shape and reason for the requirements. Proposed construction details can be obtained through the MTO contact as specified in the contract.

Comments: _____

20. EFFECT OF REQUIREMENTS:	Adequate
------------------------------------	-----------------

	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>
--	--------------------------------------	-------------------------------------	--------------------------------------

MTO's acquisition of the requirements must be discussed in terms of the effect on the remaining property. The Appraiser should always keep in mind the potential for Injurious Affection and Damages, as well as consideration for Betterment and Set-off of Damages. Changes to the highest and best use of the subject, after the loss of the Ministry's requirements must be fully and logically explained and substantiated.

Comments: _____

21. APPROACHES TO VALUE:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

An adequate explanation of the approach or approaches (i.e. Income; Cost; Direct Comparison) utilized must be included. The Cost Approach when utilized, must be supported by either a recognized cost services manual, i.e. Stevens Valuation Quarterly/Boeck, with use of the appropriate forms from that Manual or by qualified contractor's estimate(s). If the Cost Approach is to be utilized as the main approach to value a minimum of two methods of costing should be utilized.

Comments: _____

22. MARKET DATA ANALYSIS:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

In all approaches to value a logical analysis must be undertaken indicating the reasoning process utilized, the adjustments made and the appropriate support for the rationale employed.

In the Direct Comparison Approach each comparable sale must be accurately described. The reasoning behind each adjustment must be given, justified, and the degree of comparability discussed. The indicated market value range for the subject, in comparison to each of the comparable sales, must be given at the end of the discussion of each comparable. The

valuation analysis should lead the reader to a qualified and logical conclusion with respect to the comparable sales relied upon.

Note: Item 22, for property acquisition as a result of advance purchase buyouts, must also include a rental analysis.

Comments: _____

23. FINAL ESTIMATE OF VALUE:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

This section must include a summary of the approaches to value utilized and the range of value estimated. The rationale for placing most weight on a specific approach or value range must be discussed.

The final statement should indicate the Appraisers' final opinion of value (not a value range). Note: Any rounding of value estimates should occur at this point in the report and rounding should always be upwards.

Comments: _____

24. SUMMARY OF COMPENSATION AND EFFECT OF MINISTRY REQUIREMENTS FOR REGISTERED OWNERS AND TENANTS	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Must include compensation for market value of land, loss of compensable items (i.e. fencing, gravel, trees, landscaping, etc.), any injurious affection, replacement costs.

Summary must address all registered owners and tenants even when compensation is nil and the Ministry's (re)construction has no affect to the registered owner/tenant.

Note: Items 24 is only required for property acquisition as a result of programmed (re)construction.

Comments: _____

25. CERTIFICATION:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments: _____

26. ADDENDUM:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

This section of the report should contain all pertinent exhibits, correspondence, land use and regulatory excerpts, comparable sale/listing data sheets, etc. as would typically appear in a complete narrative self-contained report. Any pertinent correspondence. Contractors estimates etc., Any Comparable Sales or Adjustment Charts not in the body of the report.

(1) Comparable Sales/Listing Data Sheets

The sales data sheets may be included on separate sheets in the text or the addendum of the report. Sales data sheets must include a sketch in accordance with the standards outlined in this document. All sales data sheets should include clear photographs of the comparable property (especially when improved properties are being appraised), in accordance with the requirements outlined in this document. Regardless of where the comparable sale/listing sheet is located in the report, the sales data sheet must summarize the following data:

Check the areas covered.

- ☐ (a) appropriate/relevant signing and registration dates;
- ☐ (b) length of time on the open market;
- ☐ (c) instrument number;
- ☐ (d) assessment roll number
- ☐ (e) legal description;
- ☐ (f) grantor and grantee;
- ☐ (g) size of site (acreage, frontage, depth);

- ☐ (h) consideration (unit rate if applicable);
- ☐ (i) terms (i.e. cash, existing mortgage and new mortgage);
- ☐ (j) land use regulations (i.e. zoning, official plan designations, etc.);
- ☐ (k) services; and
- ☐ (l) any other pertinent comments pertaining to the comparable sales/listing.

Comments: _____

(2) Location Map

Location map showing the location of the subject property and all comparable sales. (Note: Map must be legible to facilitate the location of sales).

Comments: _____

- (3) Any pertinent land use regulations, zoning by-laws, extracts from official plans, health authority certification, etc.

Comments: _____

(4) Any pertinent correspondence:

Comments: _____

(5) Contractors estimates etc.:

Comments: _____

(6) Any Comparable Sales or Adjustment Charts not in the body of the report.

Comments: _____

OTHER REQUIREMENTS:

Units of Measurement:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

All units of measurement will be in the IMPERIAL SYSTEM. All comparable sales and supporting data are to be reported in imperial units. The only exception is in the final summary where the metric equivalents may be shown if so requested.

Comments: _____

Page Numbering:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

All single format appraisals should be sequentially numbered.

Comments: _____

Format:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Has the Appraiser followed Ministry Guideline and Procedures as outline in the Consultant Appraiser's Handbook?

Comments: _____

Conclusion

Comments: _____

Reviewed by: _____

Date: _____

Date: _____

Appraiser's Comments

Comments: _____



MULTIPLE OWNER APPRAISAL REVIEW

General Information

W. P. No.:
Hwy No.:
Assigned on:
Due Date:

Appraiser:
Location:
Start Date:
No. of Owners:

Where a project appraisal is required including acquisition from a number of properties , and comparable market data is common to more than one of the impacted properties, a Multiple Valuation Report employing the Category concept may be prepared. The report should be assembled to create four self-contained sections. Section 1 should appear first in the report with Section 4 at end. Sections 2 & 3 may appear at the discretion of the Appraiser. Details are outlined below.

SECTION 1: INTRODUCTION & GENERAL ANALYSIS

This section will include data and analysis that is applicable to all types of property included in the project. This will alleviate the potential duplication of data in the individual reports, which follow in Section 2. This section should address a minimum of the following topics:

Title Page:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Letter of Transmittal:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

It will contain the effective date and the final conclusion of value. It must be dated and signed (NOT ELECTRONICALLY OR BY SIGNATURE STAMP) by the Appraiser and must contain a statement that the Appraiser has personally inspected the subject (with inspection date) and comparable properties used in the analysis.

It must state that the Appraiser has discussed the sale particulars with at least one of the parties or agent of one of the parties involved in each comparable sale transaction. If this is not possible, the transaction must be identified and the attempted discussions documented in the appraisal.

Comments:

Limiting Conditions:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Within the Limiting Condition Section of the appraisal report the following statement must be included:

"Neither possession of this report nor a copy of it carries with it the right of publication. Normally, the authors retain copyright and seek to restrict the circulation and unauthorized use of the report by parties not holding a registered interest in the subject property. However, for MTO, copyright is not reserved to the authors but resides solely with MTO providing MTO reproduces the report in its entirety for circulation. The Appraisers do not accept responsibility for damages resulting from the inappropriate use of the appraisal by parties not holding a registered interest in the subject property."

Note: The appraisal must not include the following statement "this report is only valid if it bears the original signature of the author", since providing copies as required above, photocopies may have to be made.

Comments:

Table of Contents:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Project Description:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Purpose of The Appraisal:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Definition of Market Value:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

The definition of market value for those properties involving MTO acquisition of programmed construction with the possibility of enacting the privilege of expropriation is "the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer in accordance with Section 14(1) of the Expropriations Act."

Comments:

Effective Date of Appraisal:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Property Rights Appraised:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

General Area, Economic And Neighbourhood Analysis:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Check the areas covered.

General Area

- ☐ (a) Geographic Location
- ☐ (b) Climate
- ☐ (c) Resources and Economic Base
- ☐ (d) Population and Trends
- ☐ (e) Transportation (all forms)
- ☐ (f) Other factors pertinent to the type or types of property being appraised
- ☐ (g) Real Estate Summary

Neighbourhood

- ☐ (a) Delineate the boundaries
- ☐ (b) What state of transition is it in?
- ☐ (c) What percentage built up?
- ☐ (d) What type of improvements exist?
- ☐ (e) Population and employment
- ☐ (f) Social, Educational and Cultural Amenities

- ☐ (g) Shopping and commercial facilities
- ☐ (h) Summary of and comments on any properties listed for sale - number of listings, etc.
- ☐ (i) Services
- ☐ (j) Real Estate summary and conclusion

Comments:

Approaches To Value:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

An adequate explanation of the approach or approaches (i.e. Income; Cost; Direct Comparison) utilized must be included. The Cost Approach when utilized must be supported by either a recognized cost services manual, i.e. Stevens Valuation Quarterly/Boeck, with use of the appropriate forms from that Manual or by qualified contractor's estimate(s). If the Cost Approach is to be utilized as the main approach to value a minimum of two methods of costing should be utilized.

Comments:

SECTION 2: INDIVIDUAL PROPERTY REPORTS

The individual property reports will meet the same requirements for a single self-contained report with the exception of items of a general nature that have been presented in the previous section Introduction and General Analysis. Furthermore, when the Category Approach has been utilized in the market data analysis, it is not necessary to provide the market data analysis portion in the individual reports section. In situations where the category method is not used, the detailed market data analysis and correlation will be incorporated into the individual reports section.

This section should address a minimum of the following topics:

Summary of Salient Facts And Important Conclusions:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Check the areas covered.

- ☒ (a) Owner's Name
- ☒ (b) Address of Owner (including phone number)
- ☐ (c) Contact Person (including phone number)
- ☐ (d) Legal Description
- ☐ (e) Assessment Roll Number
- ☐ (f) Size of Property and Improvements
- ☐ (g) Zoning and Official Plan Designations

- ☐ (h) Services
☐ (i) Present Use
☐ (j) Highest and Best Use
☐ (k) Effective Date of Valuation
☐ (l) Value Estimate
☐ (m) Statement of Affect and Compensation for each Registered Interests (if applicable
 Compensation should be broken down into Loss of Market Value, Injurious
 Affection, Cost to Cure, Special Damages)

Comments:

Photographs and Sketches:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Photographs must be clear and show all improvements, any special features and all items that will be removed/replaced as a result of pending construction (i.e., obstacles, structures, trees, fencing, driveway/entrance treatments). They must be dated and indicate direction in which they are taken.

Sketches must show the entire property, north point, location of buildings, major natural features, entrances, easements, wells, septic tanks and beds, fencing, etc. and where applicable the Ministry's property acquisition requirements. Dimensions of the property and Ministry requirements, with the approximate distance between existing structures and the highway must be shown. The local names of roads must be indicated with the distance from the subject to an identifiable point or landmark (i.e. intersection of roads). Photocopies of portions of survey plans are unacceptable unless the entire property is shown and all the above features are added. (Reductions must be legible).

Comments:

Description of the Property:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

All physical features (including but not limited to site dimensions, area, topography, grade level of site in comparison with the road), all legal encumbrances (i.e. easements, rights-of-way, etc.), all improvements (i.e. structures, fencing, wells, septic beds, etc.) must be described in the appraisal report.

(a) All lands must be topographically described and in the case of farm properties the amount of arable land estimated.

(b) If a building is affected by the Ministry requirement, it must be inspected and a detailed description with measurements, floor plan and photographs of the interior included with the report. Where the building is not affected by the Ministry's acquisition,

a brief description will be considered adequate. Any factors influencing the value estimate must be discussed.

(c) Should the physical inspection of the property or knowledge gained by the Appraiser in completing the appraisal report identify the potential for contamination problems/concerns in regard to the property being appraised, the Appraiser will contact the Ministry's representative, as outlined in the contract, to relay the concerns and obtain instructions as to how to proceed.

(d) Where the Highest and Best Use of the subject property is estimated to be for Future Development Lands, the actual amount of "developable" lands must be determined.

Comments:

History of Subject Property:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

When relating the sales history of the subject property, the Appraiser must review the "title search" if provided by the Ministry. Any relevant prior sales of the subject property should be considered and analysed and active listings of the subject property noted. The date and instrument number of at least the last arms length transaction must be noted including consideration paid and any other relevant facts (i.e. mortgage data, easements, rights-of-way, etc.).

Comments:

Other Registered Interests:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Land Use Regulations:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

- a) (ZONING Include zoning designation, by-law number and approval dates plus a brief summary of permitted uses. Copies of relevant sections of the by-law and zoning map must be included in the addenda of the report.
- b) OFFICIAL PLAN all existing official plan designations together with approval dates must be included and where appropriate a discussion of possible changes in the municipal planning status. Copies of relevant sections of the Official Plan(s) and map(s) must be included in the addenda of the report.

Comments:

Services:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

This section should discuss the adequacy, capacity and availability of municipal services, together with the possibilities and costs of expansion or extension of the services to cover any proposed development relevant to the valuation.

Comments:

Access:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

The status and type of the existing access to a specific road/highway must be described. In the case of vacant lands or when there is no physical access present, the Appraiser must confirm with the appropriate authorities the location, number and type of access which may be permitted.

Comments:

Highest And Best Use:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

It is imperative that a discussion and reasoned statement of highest and best use be incorporated into all valuations. The analysis of a property's highest and best use is fundamental to the appraisal process and the estimation of a property's value cannot be completed without first estimating the property's highest and best use conclusion.

Unacceptable practices are:

1. failure to define highest and best use;
2. failure to support the conclusions; and
4. failure to consider the highest and best use of the land as if vacant and the property as improved if applicable.

Comments:

Ministry Requirements:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Should describe in detail the size, shape and reason for the requirements. Proposed construction details can be obtained through the MTO contact as specified in the contract.

Comments:

Effect of Requirements:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

MTO's acquisition of this property must be discussed in terms of the effect on the remaining property. The Appraiser should always keep in mind all areas of Injurious Affection and Damages, as well as consideration for Betterment and Set-off of Damages. Changes to the highest and best use of the subject, must be fully and logically explained and substantiated.

Comments:

Final Estimate of Value:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

This section must include a summary of the approaches to value utilized and the range of value estimated. The rationale for placing most weight on a specific approach or value range must be discussed. The final statement should indicate the Appraisers' final opinion of value (not a value range). Note: Any rounding of value estimates should occur at this point in the report and rounding should always be upwards.

Comments:

Calculations to Estimate Compensation:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

(as applicable, Compensation should be broken down into Loss of Market Value, Injurious Affection, Cost to Cure, and Special Damages)

Comments:

Summary of Compensation for all Registered Interests (Even If Nil):	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Certification:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

SECTION 3: MARKET VALUE ANALYSIS OF EACH PROPERTY CATEGORY

Adequate		
Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

This section includes all the justification and support for the market value unit rate estimated for each individual category. Comparable sale/listing data must be analysed and developed into a final estimated market value rate. This rate will be applied to the appropriate subject property to estimate compensation.

A table of adjustments must be included for each market value rate, which is being estimated. The table should clearly state the time adjusted sale price, adjustments, and the final adjusted sale price.

For each rate, a separate map illustrating the location of the comparable properties must be completed. The location of subject properties should not be included on these maps; however, the area of the highway, which relates to the proposed construction should be delineated.

In all approaches to value a logical analysis must be undertaken indicating the reasoning process utilized, the adjustments made and the appropriate support for the rationale employed.

In the Direct Comparison Approach each comparable sale must be accurately described. The reasoning behind each adjustment must be given, justified, and the degree of comparability discussed. The indicated market value range for the subject, in comparison to each of the comparable sales, must be given at the end of the discussion of each comparable. The valuation analysis should lead the reader to a qualified and logical conclusion with respect to the comparable sales relied upon.

Comments:

SECTION 4: ADDENDUM

This section of the report should contain all pertinent exhibits, correspondence, land use and regulatory excerpts, comparable sale/listing data sheets, etc. as would typically appear in a complete narrative self-contained report. Any pertinent correspondence. Contractor's estimates etc., Any Comparable Sales or Adjustment Charts not in the body of the report.

Comparable Sales/Listing Data Sheets:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

The sales data sheets may be included on separate sheets in the text or the addendum of the report. Sales data sheets must include a sketch in accordance with the standards outlined in this document. All sales data sheets should include clear photographs of the comparable property (especially when improved properties are being appraised), in accordance with the requirements outlined in this document. Regardless of where the comparable sale/listing sheet is located in the report, the sales data sheet must summarize the following data:

Check the areas covered.

- ☐ (a) appropriate/relevant signing and registration dates;
- ☐ (b) length of time on the open market;
- ☐ (c) instrument number;
- ☐ (d) assessment roll number
- ☐ (e) legal description;
- ☐ (f) grantor and grantee;
- ☐ (g) size of site (acreage, frontage, depth);
- ☐ (h) consideration (unit rate if applicable);
- ☐ (i) terms (i.e. cash, existing mortgage and new mortgage);
- ☐ (j) land use regulations (i.e. zoning, official plan designations, etc.);
- ☐ (k) services; and
- ☐ (l) any other pertinent comments pertaining to the comparable sales/listing.

Comments:

Location Map:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Location map showing the location of the subject property and all comparable sales. (Note: Map must be legible to facilitate the location of sales).

Comments:

Certification:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Comments:

Units of Measurement:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

All units of measurement will be in the IMPERIAL SYSTEM. All comparable sales and supporting data are to be reported in imperial units. The only exception is in the final summary where the metric equivalents may be shown if so requested.

Comments:

Page Numbering:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

All single format appraisals should be sequentially numbered. Page numbering of a multiple appraisal report causes confusion and should not be numbered after Section 1 being Introduction, General Area Analysis & Categories.

Comments:

Format:	Adequate		
	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>	N/A: <input type="checkbox"/>

Has the Appraiser followed Ministry Guideline and Procedures as outline in the Consultant Appraiser's Handbook?

Comments:

Conclusion

Comments:

Reviewed by: _____ Date: _____

Appraisal/Negotiation Supervisor

Appraiser's Comments

BIBLIOGRAPHY

Selected Readings and Information Sources

Texts

Appraisal Institute of Canada and UBC Real Estate Division 2002. Appraisal of Real Estate (2nd Canadian edition)
Vancouver: UBC Real Estate Division

Appraisal Institute of Canada 2004. Canadian Uniform Standards of Professional Appraisal Practice
Ottawa: Appraisal Institute of Canada

Manuals

Ontario Ministry of Transportation	1997. Property Manual (Appraisal Section)
Ontario Ministry of Transportation	1997. Real Estate Officer's Handbook (Appraisal Section)