

Purpose

SAMA's 2023 Cost Guide can be used to determine the assessed value of residential and commercial property using the cost approach. The cost approach is one of three approaches that can be used to determine the assessed value for a property.

SAMA's 2023 Cost Guide provides direction for the valuation of property by the cost approach; it does not have the force of law.

Replacement Cost New (RCN)

The replacement cost new (RCN) in this cost guide reflects the typical replacement costs for Saskatchewan as of the base date, January 1, 2023.

Marshall & Swift Valuation Service

The Marshall & Swift Valuation Service is used to determine the replacement costs for the majority of commercial properties valued using the cost approach. The replacement costs for commercial property located in SAMA's 2023 Cost Guide can be used in place of costs found in the Marshall & Swift Valuation Service. Commercial replacement costs have been placed in SAMA's 2023 Cost Guide for two reasons:

- Replacement costs for that specific property type do not exist in the Marshall & Swift Valuation Service; or
- The replacement costs are not detailed enough in the Marshall & Swift Valuation Service to value the occupancy code.

Use of Photographs

The sample photographs contained in the Guide are intended to assist users in determining an appropriate residential or commercial construction type and quality classification. The photographs are meant to reflect sample buildings and structures only. Actual construction types and quality classifications may vary from that illustrated by the photograph based on actual specifications, interior information or other considerations for a particular property being valued.

Land Valuation

SAMA and others use the land valuation procedures and rates published in this guide to value vacant land and residential and commercial property valued using the cost approach. The land related costs in this cost guide reflect the typical costs for Saskatchewan as of the base date, January 1, 2023.

In this cost guide:

- (a) **“base date”** means January 1, 2023;
- (b) **“building or structure”** means
 - (i) a building or structure erected or placed on, over or under land or over or under water but does not include machinery and equipment unless the machinery and equipment is used to service the building or structure, and
 - (ii) anything affixed to land or incorporated in a building or structure affixed to land, but does not include machinery and equipment unless the machinery and equipment are used to service the building or structure;
- (c) **“building or structure group”** means one or more parts of a building or structure that have been grouped for the purposes of determining the rate to be applied to the area of all or a portion of a building or structure;
- (d) **“commercial building or structure”** means a residential apartment building, or an agricultural; commercial; industrial; transportation, communication and utility; recreational and cultural; or institutional building and structure, excluding a building or structure located at an oil or gas well site;
- (e) **“economic obsolescence”** means the loss in value from replacement cost new less physical deterioration and functional obsolescence due to the impairment in utility and desirability caused by factors external to the land on which the building or structure is located;
- (f) **“functional obsolescence”** means the loss in value from replacement cost new less physical deterioration due to the inability of the building or structure to adequately perform the function for which it is used;
- (g) **“improved land”** means land on which improvements are located;
- (h) **“licenced grain elevator”** means a building or structure licenced by the Canadian Grain Commission as a primary or terminal elevator, including the associated office, drive shed, and other buildings and structures located on the same parcel of land;
- (i) **“Marshall & Swift Valuation Service”** means the version of the Marshall & Swift Valuation Service, Marshall & Swift, published by CoreLogic Inc. as of the October 2022 service update;
- (j) **“perimeter”** means the outside linear dimension of the floor area covered by a building or structure, or section of a building or structure;
- (k) **“physical deterioration”** means the loss in value from replacement cost new due to wear and tear, decay and structural defects caused by the forces of nature;
- (l) **“property”** means land and improvements;

- (m) **“residential apartment building”** means an improvement with four or more self contained dwelling units within one parcel, with units which are designed, used, or intended to be used, for a residential use, but does not include a property subject of a condominium plan;
- (n) **“residential building or structure”** means a single family or multi-family residential dwelling, residential condominium unit, summer cottage, or manufactured home, excluding a residential apartment building, that is designed, used, or reasonably capable of being used as a residential use;
- (o) **“Residential Cost Handbook”** means the version of the Residential Cost Handbook, Marshall & Swift, published by CoreLogic Inc. as of the September 2022 service update;
- (p) **“section”** means:
 - (i) a part of a building or structure classified separately from other parts of the building or structure for the purpose of calculating the replacement cost new of the building or structure, or
 - (ii) a building or structure no part of which has been classified separately from any other part of the building or structure for the purpose of calculating the replacement cost new of the building or structure;
- (q) **“substitute building or structure”** means a building or structure of equal utility as the subject building, and constructed using current materials, design and construction standards.

General

Present use may be considered in the determination of the assessed value of land and improvements in accordance with the rules in this section.

Land and improvements may be classified in accordance with the following present uses:

Mixed Use	Transportation, Communication and Utility Use
Residential Use	Recreational and Cultural Use
Agricultural Use	Institutional Use
Commercial Use	Undeveloped Land and Water Area Use
Industrial Use	

Mixed Use (0000)

Mixed use property includes land and improvements used or reasonably capable of being used for more than one use, except where the uses are integrated or directly associated with the predominant use of the property.

Residential Use (1000)

A Residential Use property is land or improvements designed, used, or intended to be used, as a person's residence or dwelling, typically containing cooking, eating, living, sleeping, and sanitary facilities; such as:

- (a) single family residences, multi-family residences, apartments, residential condominiums, manufactured homes, summer cottages and seasonal dwellings, and dormitories or other group living accommodations; and
- (b) ancillary improvements used or reasonably capable of being used in conjunction with a residential purpose;

but does not include rented accommodations such as hotels and motels, other than the portion of the improvement used or reasonably capable of being used as a residence by the owner or occupant, under lease, licence, permit or contract.

Agricultural Use (2000)

Agricultural use property includes:

- (a) arable and non-arable land and improvements used or reasonably capable of being used for agricultural purposes, such as the tillage of land, the production or raising of crops, dairy farming, the raising of poultry or livestock, and the production of poultry products or livestock products in an unmanufactured state; and
- (b) non-arable agricultural waste land, with no productive potential as arable land, pasture land or hay land.

Commercial Use (3000)

Commercial use property includes land and improvements used or reasonably capable of being used for commercial purposes, such as:

- (a) general retail or wholesale services;
- (b) banking and financial services;
- (c) automotive services;
- (d) office buildings;
- (e) food and beverage services;
- (f) rented accommodation services not used or reasonably capable of being used as a residence by the owner or occupant, under lease, licence, permit or contract;
- (g) entertainment services;
- (h) agri-business services; and
- (i) other commercial services.

Industrial Use (4000)

Industrial use property includes land and improvements used or reasonably capable of being used for:

- (a) extracting organic or inorganic raw materials; and
- (b) processing, refining or manufacturing commercial products.

Transportation, Communication and Utility Use (5000)

Transportation, communication and utility use property includes land and improvements used or reasonably capable of being used for:

- (a) land, air or water transportation services;
- (b) communication services;
- (c) utility distribution or transportation services, such as electrical power, natural gas, water supply services, and sewage disposal services; and
- (d) power generation systems, such as water, coal, nuclear, wind, gas and solar power facilities.

Recreational and Cultural Use (6000)

Recreational and cultural use property includes land and improvements used or reasonably capable of being used for community or public purposes, such as:

- (a) recreation centres, arenas, curling and skating rinks, stadiums, grandstands, race tracks, swimming pools, field houses, golf courses and sport fields;
- (b) campgrounds, parks and ecological reserves;
- (c) museums, galleries, libraries, historical facilities, music and art facilities, and other cultural facilities;
- (d) municipal halls and community clubs; and
- (e) other community, public recreational or cultural facilities.

Institutional Use (7000)

Institutional use property includes land and improvements used or reasonably capable of being used for community or public purposes, such as:

- (a) property owned by a municipality or school division, or the provincial or federal government, and used for administration or service facilities;
- (b) schools, universities and other educational facilities;
- (c) police, fire and ambulance services;
- (d) hospitals, medical clinics, nursing homes, and other health care facilities;
- (e) churches, cemeteries, and other religious facilities; and
- (f) pre-school centres.

Undeveloped Land and Water Area Use (8000)

Property classed as undeveloped land and water areas includes land in its natural state that is not used or reasonably capable of being used for mixed use; residential; agricultural; commercial; industrial; transportation, communication and utility; recreational and cultural; or institutional purposes.

Summary

This section contains the valuation procedures that can be used for determining environmental contamination adjustments.

Applications

The environmental contamination adjustment accounts for the loss in value to the property due to the presence of a physical environmental contaminant.

An environmental contamination adjustment is applied where a contaminated property risk assessment report, also referred to as a “Remedial Investigation” or “Phase III environmental site assessment”, including an estimated cost-to-cure the contamination, has been prepared by an engineer certified with the Association of Professional Engineers and GeoScientists of Saskatchewan.

Land

Where there is insufficient market evidence in the neighbourhood and comparable neighbourhoods to establish a reliable environmental contamination adjustment factor, the adjustment is determined by the cost-to-cure method.

Buildings and Structures

The environmental contamination adjustment accounts for the loss in value to the building or structure due to functional obsolescence associated with the presence of a physical environmental contaminant.

Where there is insufficient market evidence for comparable buildings or structures with a similar physical environmental contamination, the environmental contamination adjustment is determined by application of the cost-to-cure method.

Cost-to-Cure Method

Used For Current Use

Where:

- contamination still exists on the property; and
- the presence of the contamination does not prohibit the property from being used for the use to which it was put prior to the identification of the contamination;

The environmental contamination adjustment is 10 percent of the lowest cost option for the cost-to-cure, referred to in the contaminated property risk assessment report. The maximum adjustment is 10 percent of the assessed value of the property as if it were uncontaminated.

Not Used For Original Use

Where the presence of a physical environmental contaminant does prohibit the property from being used for the use to which it was put prior to the identification of the contamination but does not entirely restrict the property from being used, the environmental contamination adjustment is 50 percent of the cost-to-cure the contamination, referred to in the contaminated property risk assessment report, to bring the site to the point that it could be used for the use to which it was put immediately prior to the identification of the contamination. The minimum remaining assessed value of the property is 10 percent of the assessed value of the property as if it were uncontaminated.

No Use Permitted

Where the presence of a physical environmental contaminant prohibits the use of the property completely, the environmental contamination adjustment is 100 percent of the cost-to-cure the contamination, referred to in the contaminated property risk assessment report, to bring the site to a point that it could be used for the use to which it was put immediately prior to the identification of the contamination.

Where the environmental contamination adjustment is greater than the assessed value of the property as if it were uncontaminated, then the assessed value of the property is one percent of the assessed value of the property as if it were uncontaminated.

Application of the Environmental Contamination Adjustment

The following procedures are for properties valued using the cost approach.

Land

Determine the environmental contamination adjustment applicable to land by the following cost-to-cure calculation procedure:

1. Determine the assessed value of the land without an environmental contamination adjustment.
2. Determine the environmental contamination adjustment for the property.
3. Determine the environmental contamination adjustment for the land by subtracting the applicable environmental contamination adjustment, up to the maximum percentage permitted for the property, from the assessed value of the land without an environmental contamination adjustment.

Buildings and Structures

Determine the environmental contamination adjustment applicable to buildings and structures by calculating a functional obsolescence factor using the following cost-to-cure calculation procedure:

1. Determine the replacement cost new less physical deterioration of the building or structure.

2. Determine the environmental contamination adjustment for the buildings and structures:
 - i. Determine the environmental contamination adjustment for the property.
 - ii. Deduct the environmental contamination adjustment applied to the land.
3. Determine the adjusted replacement cost new less physical deterioration of the building or structure by subtracting the environmental contamination adjustment applicable to the buildings and structures, up to the maximum percentage permitted for the property, less the adjustment applied to the land, from the replacement cost new less physical deterioration of the building or structure.
4. Calculate the functional obsolescence factor by dividing the adjusted replacement cost new less physical deterioration of the building or structure by the replacement cost new less physical deterioration of the building or structure.

