

If income and expense data is required to be disclosed at an appeal hearing, the appeal board may order, upon request, that all or any part of the data is confidential, and may also order that the hearing be held in the absence of the public.

Failure to Provide Information

The Income Approach is the most accurate method for valuing commercial properties in applicable areas. This approach is highly dependent on property owners providing accurate and comprehensive rental and expense information.

Each of the municipal Acts contains significant penalty clauses for failure to comply with requests for information. Penalties range from fines to possible dismissal of appeals by local Boards of Revision or the Saskatchewan Municipal Board.

Please take the time to respond fully to any requests from assessment appraisers for property sales information, or rental and expense information. Your timely response will aid in ensuring that the assessment system becomes more accurate, fair and equitable for all.

For further information please contact

SAMA

Saskatchewan Assessment
Management Agency

Revaluation Unit

306-924-6626 or 866-828-2133

www.sama.sk.ca

or

City of Regina

306-777-7240

www.regina.ca

City of Saskatoon

306-975-3227

www.saskatoon.ca

City of Prince Albert

306-953-4320

www.citypa.com

City of Swift Current

306-778-2777

City of North Battleford

306-445-1781

SAMA

Saskatchewan Assessment
Management Agency

Providing
Information for
the Income
Approach

Market Value

= Net Operating

Income ÷ Overall Cap

Overall Capitalization Rate

Providing Information for the Income Approach

In 2009, the Income Approach will be introduced in Saskatchewan. This Approach provides the assessment appraiser with an additional property valuation tool. Where applicable and practical, this new approach to value is expected to increase the accuracy of commercial property assessments. In order to produce an accurate assessment, the assessment appraiser must receive accurate and timely information from the property owner.

Benefits to the Commercial Sector

For the commercial sector, assessed values will reflect the marketplace and be more accurate, and understandable when they are based on the actions of buyers and sellers.

Support for the Income Approach by the Commercial Sector

In 2001, the Commercial Advisory Committee to the SAMA Board passed a motion endorsing the Income Approach for 2009. Represented on this advisory committee are the Saskatchewan Chamber of Commerce, the Canadian Federation of Independent Business, the Canadian Property Tax Association, the Hotels Association of Saskatchewan, the Saskatchewan Home Builders' Association and numerous special interest groups.

How does the Assessment Appraiser use the Income Approach?

The Income Approach is based on the assumption that the value of a property is directly related to the rental income it will generate over its economic lifetime.

Assessment appraisers analyze property (rental) income and expense data to estimate net operating income.

Potential Gross Income (PGI) – Vacancy/Bad Debts
= Effective Gross Income (EGI)

Effective Gross Income (EGI) – Operating Expenses
= **Net Operating Income (NOI)**

Only potential income and allowable expenses necessary to operate the property are used for the Income Approach. The total value of the property is based on the income it is capable of earning and the return that buyers expect to achieve. These returns are derived from analyzing sales of similar investment properties.

Income from hotel/motel operations results from the land and buildings, the business, as well as the furniture, fixtures and equipment (FF&E) and therefore, the valuation for assessment purposes must differentiate between the real estate and other components.

The Income Approach is most applicable within an active rental and sales market. To determine assessed values, appraisers gather data through questionnaires, property owner interviews, and third-party sources.

Provision of Information to the Assessment Appraiser

Appraisers gather data to meet the conditions of the *Cities Act*; the *Municipalities Act*; and the *Northern Municipalities Act*. In 2002, these Acts were amended to state that assessment appraisers “may, at any time, request any information or document that relates to or might relate to the value of any property (land & improvements) from any person who owns, uses, occupies, manages or disposes of the property”.

The Acts also contain provisions that enable assessment appraisers to request information or documentation that relates to the income generated or expected to be generated by any property, as well as the property expenses incurred or expected to be incurred.

Within a prescribed timeframe of receiving a request (e.g. 30 days) the recipient must provide all of the requested information, and a signed declaration stating that the information provided is complete, true and accurate to the best of his or her knowledge.

Assessment Appraisers who acquire or have access to this kind of information must keep that information confidential, and may not use it or disclose it for purposes other than to determine the value of any property.