



Alberta Assessors' Association

On behalf of the members of Executive Committee and Administration, we wish everyone a happy and healthy holiday season. For many of you, this year has been especially challenging. The true cost of this pandemic on mental health, physical health and livelihoods is sometimes hard to contemplate. We hope that during this time of the year everyone can take comfort in quality time with loved ones, in person or remotely

From our bubbles to yours, happy holidays.



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Thank you to the Assessment Community

Editor's Note: We try to honour the retirement of members from their full-time work or their AMAA service. This year, we said farewell and best wishes to Sue Thomson and Barry Hosack (Municipal Affairs), David Oystrek, Gov. of Northwest Territories and, in September, Michel (Mike) Gagnon announced his retirement. Mike had a 50-year long career in Assessment and trained, mentored and managed many assessors. And, quite probably, has forgotten more about the practice than many will learn. The legacy of these members is expressed below by Ted Boyda, AMAA who will retire from full time work shortly and wanted to express his feelings about the profession, his own practice and the Association. We thought this would be a worthy message to bid farewell to 2020.

After some 42 years of assessment practice in Alberta, I have decided to retire from Rocky View County to my new role as grandpa. I will be consulting part time, so I may be in contact with some of you occasionally.

When I started some 40 years ago, assessment wasn't like the "wild woolly west," carrying guns and riding horses but it wasn't far from it. We drove our own muscle cars, snow mobiles and carried hockey sticks as a necessity, for after work, life was full of entertainment with fun and travel experiences. I recall the one time while inspecting commercial inspections in Broadmoor Center, my manager was pushing my vehicle out of a three foot snow drift with the hockey stick that I had in my trunk. It worked, we got out of the drift, did three property inspections that afternoon and went back to the office to perform manual calculations on the strip malls, using the electronic paper calculators (12 digit display), performing hand written calculations to capture 5 to 6 pages of variations and adjustments to complete the valuation for each property.

Ski-doing to Cooking Lake island was also fun, until the Assessor dropped the measuring tape in three feet of soft snow. A few choice words were said and fun was had by all.

I have had many memorable work experiences but the most rewarding one that still jolts a tear in my heart, involved a rescue/resuscitating event of an individual from a carbon monoxide situation. Since that time, I raised the need for Assessors to train with First Aid, CPR and H2S Alive that I deem necessary for the job. Health and Safety personnel now review the practices and implement this in their work environment. We all hope that some day a good deed will be honored in return.

A different kind of best memory occurred when I won the Larry Best Memorial Award for the "hole in one" at the 2017 CPTA Golf tournament. Check out the medallion and see if you recognize the golf pros. (A complex putt shot for some people).

Many technological changes took place over the decades but the most practical/beneficial use of computerized data is using the integrated shared data immediately throughout the organization. Extracting data for other departments and applying it to immediate use produces results that were only a guess in the past. GIS is paramount for the assessment industry and will be more dominant in the future.

I thank all of you for the support and professionalism during these years. I have many stories and fond memories of the rewards and challenges that are too numerous to mention. The AMAA means many things but carries the inherent attributes of integrity, professionalism, respect, collaboration, fairness and correctness, adherence to legislative framework (both weak and strong) and respect for individual's property rights and obligations.

I have enjoyed my career as an Assessor and leave you with one valuable lesson in local government: **"always, always and always place the public above you and be respectful of them and others."** Throughout my career, I have trained and mentored many Assessors who hold similar commitments and values. I am proud to have been part of their success and achievements in their career path.

Kind regards,

Ted Boyda. AMAA

One Option for Preparing a BYM

Jeff McKinnon, AMAA and Steven Toews, AMAA

The Alberta 2001 Residential Cost Manual, at this time, will no longer be supported. That leaves the need to develop Base Year Modifiers (BYM's) as Assessors transition to the 2014 Manual. It is generally accepted once a BYM index approaches 2.0 (doubles) the statistical reliability is low. The Manual base rates, installation rates, adjustment rates and unit costs represent typical 2001 construction replacement costs in the Edmonton area known as Replacement Cost New (RCN). The BYM is the factor multiplied by the RCN effectively representing construction cost changes year over year.

Statistics Canada has been providing Building Construction Price Indexes since the first quarter of 2017. The data can be found here: <https://www150.statcan.gc.ca/t1/tb11/en/tv.action?pid=1810013501>

The website offers two types of buildings, Residential Buildings and Non-Residential Buildings. The Residential Building types are broken down further into: Apartment, Townhouse and Detached Single Family Dwelling. The page offers data from eleven major centers including Calgary and Edmonton. Since the manual rates are based in the Edmonton it would be appropriate to use the Edmonton index. It also allows for reference periods to be selected. For the example below, in the customizable table, Type of building, Residential buildings were further represented as all and specifically Single-detached house as I wanted to exclude Apartment buildings and Townhouses. The reference period was changed from Q1 2017 to Q3 2020. Below is a clip of exported data:

Type of building	Reference	Edmonton, Alberta					Residential Manual	
		Index, 2017=100					Beginning = 1.98	Change
Residential buildings [2361]	Q1 2017	98.1	Change	Single-detached hous	Q1 2017	98		
	Q2 2017	99			Q2 2017	98.9	2.03	2.53%
	Q3 2017	100.6			Q3 2017	100.7		
	Q4 2017	102.3			Q4 2017	102.3		
	Q1 2018	103.1			Q1 2018	103.2		
	Q2 2018	104.4	6.42%		Q2 2018	104.4	6.53%	2.08 2.46%
	Q3 2018	105.1			Q3 2018	105.2		
	Q4 2018	105.3			Q4 2018	105.4		
	Q1 2019	105.4			Q1 2019	105.4		
	Q2 2019	105.7	1.25%		Q2 2019	105.6	1.15%	2.05 -1.44%
	Q3 2019	106			Q3 2019	105.9		
	Q4 2019	106.4			Q4 2019	106.3		
	Q1 2020	107.1			Q1 2020	107.1		
	Q2 2020	107.5	1.70%		Q2 2020	107.4	1.70%	2.08 1.46%
	Q3 2020	110.7			Q3 2020	110.7		

As the BYM measures changes year to year the percentage change of the index respective of each quarter represents the annual change in RCN that can be applied to the previous years BYM. Through consideration, the data I determined the Q2 index would be most appropriate as it would most closely represent July 1st valuation date. Overall, while the BYM for the manual did not closely follow the Building construction cost index it would be reasonable to use as overall market adjustments for structure type would equalize any ill effects of using an incorrect BYM. findings below:

Q2 2019	Q2 2020	Change	2019 BYM	2020 BYM
105.6	107.4	1.70%	2.05	2.084943
				2.08

Rounded

The Canadian Emergency Commercial Rent Assistance (CECRA) Program *Insights on the Effects of COVID-19 on Commercial Properties¹*

R. Scott Powell BA, AMAA

Governments around the world have sought the most effective means of protecting businesses from the crippling effects of the COVID-19 pandemic. Leaving aside the terrible loss of life, changes to daily routines, and the effects on mental health, the need to support the economy and ensure a speedy recovery is one of the top goals for elected officials. Here in Canada the introduction of the Canada Emergency Commercial Rent Assistance (CECRA) program was a key component of the government's pandemic support strategy. This article will examine some of the data gathered through assisting clients across the country access this funding. The information from CECRA provides key insights into the effects of this pandemic on commercial property owners and small businesses. In addition, this article will also touch on some of the lessons learned from CECRA and considerations for future programs providing commercial rent relief.

What is CECRA?

Originally announced in April 2020, the CECRA program was one component of the Government of Canada's COVID-19 Economic Response Plan. This program provided forgivable loans to cover commercial rent costs for small business during the period of April to June 2020 (though CECRA was later extended to include July through September). At a high-level, qualifying owners/business were required to meet the following criteria:

- ◆ The tenant for which the funding was sought must:
 - ◇ Pay no more than \$50,000 in monthly gross rent per location
 - ◇ Generate no more than \$20 million in gross annual revenues
 - ◇ Have experienced at least a 70% decline in pre-COVID-19 revenues
- ◆ A legally binding rent reduction agreement must be executed between owner and tenant for the period in which CECRA funding was provided, reducing an impacted small business tenant's rent by 75%. The agreement must also include:
 - ◇ A moratorium on eviction for the period during which the property owner applies the loan proceeds, and
 - ◇ An acknowledgment that the forgiven rent will never be recovered

Upon approval, funds were allocated to the owners of each property amounting to 50% of the rent to be paid by qualifying businesses. Impacted tenants were still required to pay 25% of their rent, while the owners were required to leave the remaining 25% uncollected.

CECRA Data

As previously mentioned, **we have** provided CECRA support to property owners across Canada. Over the course of the program data was collected and consolidated to provides insight into the state of both non-residential real estate and small businesses during the pandemic. Figure 1 details the percentage of all tenants, by property type, that qualified for CECRA funding. As can be seen from the chart industrial (32.4%) and retail (28.9%) properties were the most likely to meet the qualification criteria of the program.

1. The data presented and discussed in this document reference only the applications with which Yeoman & Company Paralegal Professional Corporation was involved.

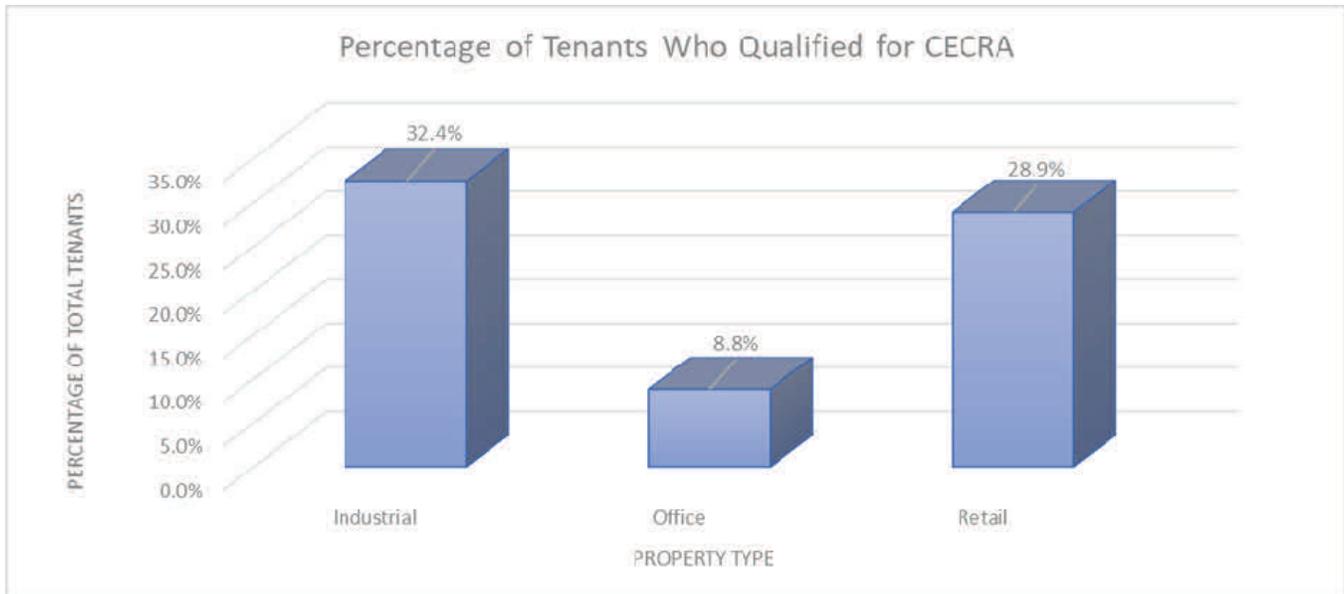
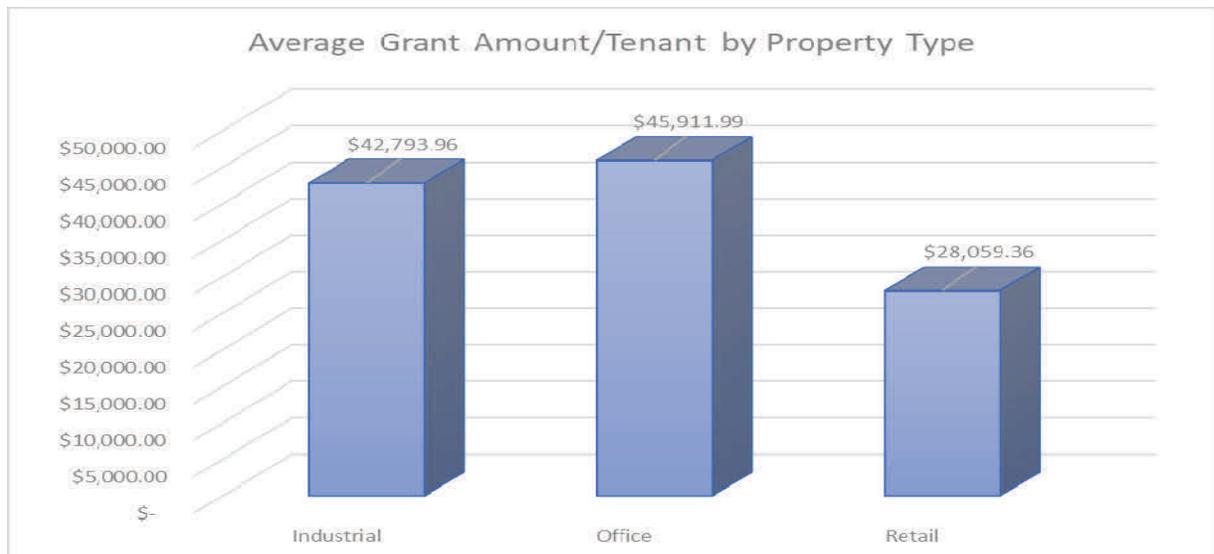


Figure 1: Percentage of Tenants Who Qualified for CECRA

The lower percentage for office properties is at least partially attributable to the fact that office properties tend to have fewer “small business” tenants. Typical occupants to office properties rent larger spaces (tending to translate into rent costs above the maximum allowed for the program) and correspondingly have higher earnings (again an exclusionary criterion of CECRA). Figure 1 speaks to the impact of COVID-19 on the economy; overall 23% of all tenants in properties that **Yeoman & Company** supported saw declines in revenue greater than 70%. The need for monetary support, and the extent of the economic impact, for small business is clear in from these figures.

It should be noted that these numbers are just the tip of the proverbial iceberg. For every tenant that accessed CECRA funds, there are many others that did not; possibly due to not meeting the program requirements. As alternative measures, property owners allowed tenants make rental payments with security deposits, allowed deferrals of rent payments, and even reworked rental contracts to reduce costs in an attempt keep businesses, and the Canadian economy, operating. The impact of COVID-19 on businesses/property owners is at least as bad as Figure 1 shows.

The next chart, Figure 2, shows the average grant amount received per tenant, by property type.



CECRA Program cont'd

While the percentage of office tenants that qualified (Figure 1) was low, the grant amounts (Figure 2) were highest. This is not too surprising as office rents are typically the highest of the three property types. Nevertheless, the amount of grant funds provided through the CECRA program, regardless of property type, are significant. This is not only a reflection of the magnitude of funds required to support the economy, but also the importance of this program as a vehicle to get those funds out to business owners.

By extrapolating from this chart some idea of the the impact of COVID-19 (and CECRA more specifically) on property owners becomes evident. For every \$1 that CECRA provided in forgivable loans, a property owner was required to absorb a loss of \$0.50 through the rent reduction agreement which required them to forego collection of 25% of the original rent amount. In so doing, the CECRA program aimed to provide support to small business by distributing the burden of rent costs between the tenant, the government, and the owner. In most cases it is beneficial to owners to keep tenants in business; finding new tenants is costly and made more difficult in the light of a global pandemic.

In Figure 3 the annualized rental income loss to property owners due to CECRA rent reduction agreements is presented.

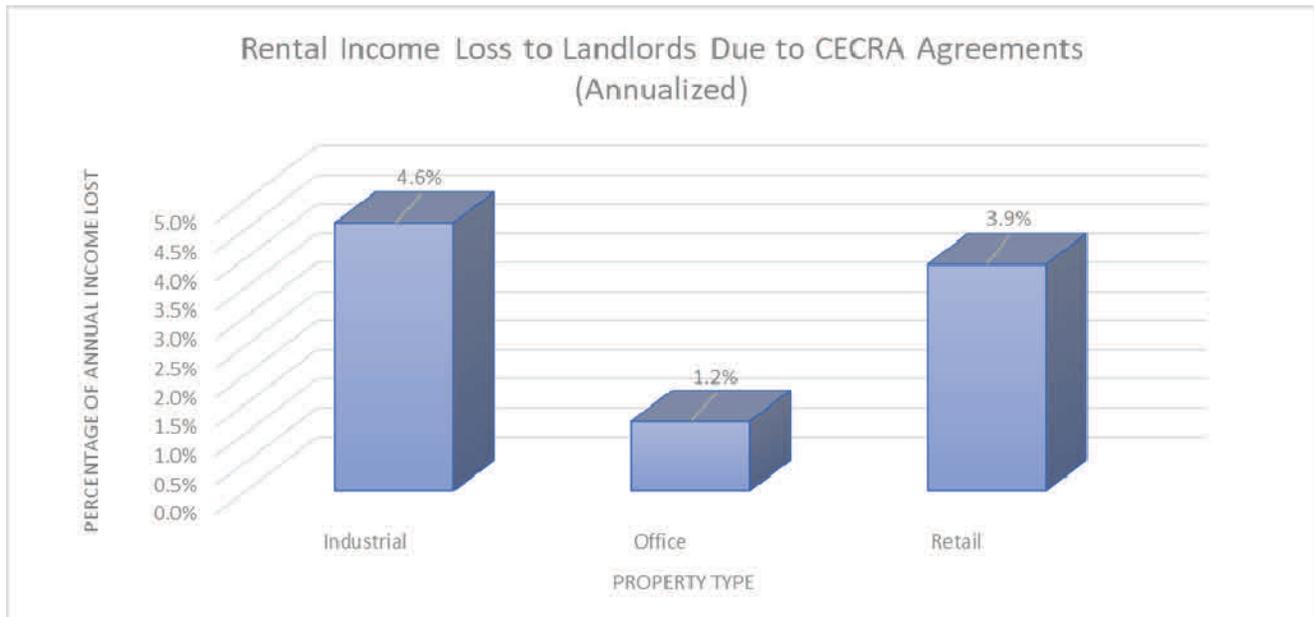


Figure 3: Rental Income Loss to Landlords Due to CECRA (Annualized)

As previously mentioned, this is a best-case-scenario of the impact of COVID-19 on rental incomes for property owners. Not included in these numbers are all the tenants which were either supported through a different funding mechanism, or simply closed. The realities are, likely, far grimmer than this suggests.

Observations on CECRA and Thoughts on CECRA 2.0

Creating a brand-new government funded program intended to provide funding in the magnitude of hundreds of millions of dollars by amending tens of thousands of rental agreements is a challenge. Adding to that the need to start the program quickly, ensure a high-quality review process of all applications, and allocate the funds as fast as possible made CECRA a monumental undertaking. The importance of creating a legally enforceable agreement between owner and tenant, was paramount to the success of this program. As such, the amount of documentation and level of scrutiny conducted in the review process by MCAP (who administered the CECRA program on behalf of CMHC) was necessarily high. In the early days of the program there were comments from officials expressing disappointment about the lack of buy-in to CECRA. From the perspective of Yeoman & Company, and its clients, there was no lack of desire access CECRA, rather it took a considerable amount of time to apply simply due to the amount of work necessary to correctly complete an application.

The federal government announced an end to the CECRA program following the September extension with the acknowledgement that additional rental support is needed for small businesses going forward. New details have been announced about CERS (Canadian Emergency Rent Subsidy) which will replace CECRA. More specifics are still to come but so far what has been announced is:

- ◆ CERS will be provided directly to commercial tenants
- ◆ CERS will support businesses, charities and non-profits that have suffered a revenue drop by subsidizing a percentage of their expenses, up to a maximum of 65% of eligible expenses.

In addition to the 65% subsidy, organizations that have temporarily shut down by a mandatory public health order will also be eligible for a CERS top-up of 25%.

As with the CECRA program, the devil is in the details. Some of the key considerations moving forward are:

- ◆ What mechanism will be used to ensure the flow-through of funding to property owners?
 - ◇ If CERS funding is intended as rent relief then there must be mechanisms to ensure it gets to the owners
- ◆ Can the program be made easier from the perspective of the applicant?
 - ◇ Tenants are typically less sophisticated than property owners when it comes to having the resources and expertise available to dedicate to a program such as CERS/CECRA so efficiencies must be found to make the program more user-friendly
- ◆ How can the time between applying and receiving the funding be expedited?
 - ◇ Typically, property owners have larger capital reserves to access in the need of emergency funds and so, under CECRA, owners were prepared to wait a bit longer for funding allocations. If the applications under CERS are submitted by small businesses, then there will be a greater expectation of a speedy turnaround.

Conclusion

In discussing emergency management, World Health Organization Executive Director Dr. Michael J. Ryan said: “If you need to be right before you move, you will never win. Perfection is the enemy of the good...speed trumps perfection.” The CECRA program was a component of the Government of Canada’s COVID-19 Economic Response Plan and while not perfect, it was a critical component of the much-needed support Canadian businesses need. With the end of CECRA, summary data shows just how necessary this support is. Furthermore, with the imminent introduction of the new CERS program, there is an opportunity to improve how we support owners and businesses during this difficult time.

JOB POSTINGS

Lac Ste. Anne County
[Property Assessor](#)

Northern Sunrise County
[Deputy Assessor](#)

Benchmark Assessment Consultants
[Accredited Assessor](#)

Welcome New Members

Having submitted an application for membership as required by policy, including obtaining the support of an accredited member, the following individuals have been accepted as regulated Candidate members:

New Candidates

- ⇒ Katie Hendrickson of Ryan ULC
- ⇒ Arunan Sivalingam of Ryan ULC

New Student

- ⇒ Haroun Alcanzare, Grant MacEwan University

Congratulations Newly Accredited Members

Having met all the requirements for accreditation, the following members have been granted the Accredited Municipal Assessors of Alberta (AMAA) designation with all its rights and obligations:

- ⇒ David Kang, AMAA with The City of Edmonton
- ⇒ Ryan Gish, AMAA with The City of Lethbridge



Andrew Kim, AMAA
The City of Edmonton



Pei Pei Wang, AMAA
The City of Edmonton



Teresa Lemon, AMAA
Foothills County



Emma Wang, AMAA
The City of Edmonton



Zacharias Geib, AMAA
The City of Calgary



Mark Trimble, AMAA
The City of Calgary