



Treasury Board of Canada
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Canada

Appraisals and Estimates Standard for Real Property

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Appraisals and Estimates Standard for Real Property

1. Effective date

This standard is effective November 1, 2006

2. Application

This standard applies to all departments within the meaning of section 2 of the [Financial Administration Act](#), unless specific acts or regulations override it.

3. Purpose

The Treasury Board [Policy on the Management of Real Property](#) requires deputy heads to ensure their respective department maximizes the long-term economic advantage to the Crown, assesses opportunities to earn revenues, ensures real property decisions are financially prudent and represent the best value to the Canadian taxpayer and that the total consideration received or given by the government is justified in relation to the market value of the property.

To meet these requirements, departments must be able to determine the market value of the interests, benefits or rights involved. This standard establishes minimum requirements for making that determination before acquiring, disposing or entering into other arrangements with respect to real property.

This standard is issued pursuant to the [Financial Administration Act](#), subsections 7(1), 9(1.1), 9(2) and the [Federal Real Property and Federal Immovables Act](#), subsection 16(4).

4. Definitions

Acquisition (*Acquisition*)

A transaction that adds real property to a department's inventory by purchase, lease, licence, exchange, gift, easement, expropriation, transfer of administration from another department or agent Crown Corporation or a transfer of administration and control from the provincial Crown.

Agreement (*Entente*)

An instrument, such as a memorandum of understanding, a memorandum of agreement or an occupancy instrument that, while not legally binding, creates a custodian-tenant relationship by conferring certain real property rights of use or benefits and obligations on the part of the two parties as if it were a truly enforceable instrument.

Appraisal (*Evaluation*)

An adequately supported written opinion of the market value of the real property as of a specified date that evaluates the real property rights, interests or benefits involved according to accepted appraisal practices.

Disposition/Disposal (*Aliénation*)

A transaction that alienates real property from a department's inventory by sale, lease, licence, exchange, gift, easement, transfer of administration to another department or an agent Crown corporation, or transfer of administration and control to the provincial Crown.

Estimate (*Estimation*)

An opinion, judgment or calculation of the market value of real property, in writing, as of a specified date that evaluates the real property right, interests or benefits involved and provides sufficient information and analysis to support the conclusion.

Market value (*Valeur marchande*)

The price that a property would likely bring in a competitive and open market on a specified date under all conditions required for a fair sale, with the buyer and seller each acting prudently and knowledgeably, and where the price is not affected by undue stimulus.

Open market (*Marché libre*)

A solicitation of offers giving the public fair and equitable opportunity to acquire real property from or to dispose of real property to the government.

5. Appraisal and estimate requirements

5.1 Acquisition and disposition in a competitive and open market

5.1.1 Before acquiring or disposing of real property in a competitive and open market, other than through lease or licence, departments shall:

- a. if the department believes the market value of the real property is not greater than \$350,000, obtain at least one current estimate based on the real property's highest and best use; or
- b. if the department believes the market value of the real property is greater than \$350,000, obtain at least one current appraisal based on the real property's highest and best use.

5.1.2 Before acquiring or disposing of real property in a competitive and open market by lease or licence, departments shall

obtain at least one current estimate of market rent based on the rights conveyed by the agreement.

5.2 Acquisition, disposition or agreement for continued public purpose

5.2.1 Before acquiring or disposing of real property for continued public purpose, departments shall:

- a. for a transfer of administration between two departments or between a department and an agent Crown corporation, obtain a mutually agreed to estimate based on both the real property's highest and best use as well as the property's highest and best use considering restricted use or uses;
- b. for a sale or a transfer of administration and control:
 - i. if the department believes the market value of the real property is less or equal to \$350,000, obtain a current estimate based on both the real property's highest and best use as well as the property's highest and best use considering restricted use or uses; or
 - ii. if the department believes the market value of the real property is greater than \$350,000, obtain a current appraisal based on both the real property's highest and best use as well as the property's highest and best use considering restricted use or uses.

5.2.2 Before entering into an agreement with another department, federal Crown Corporation or the provincial Crown for the use of real property, custodians shall obtain a current estimate of market value based on the real property's highest and best use considering restricted use or uses.

Notes:

- Requirement 5.2.1 (a) does not apply to custody transfers, which are effected at nominal value.
- Requirement 5.2.2 does not apply to occupancy instruments between PWGSC and tenant organizations for office accommodations.

5.3 Sale of real property to the Canada Lands Company CLC Limited

5.3.1 Before selling real property to the Canada Lands Company CLC Limited, departments shall obtain from a qualified independent appraiser:

- a. at least one current appraisal, in the case of a single property; and
- b. in the case of a portfolio of properties, at least one current portfolio valuation using bulk or mass appraisal techniques.

5.3.2 The appraisal and the portfolio valuation shall be based on the terms of reference developed by the Chief Appraiser at Public Works and Government Services Canada (PWGSC) for the custodian department, in consultation with the Canada Lands Company CLC Limited.

5.4 Acquisition or disposition without a solicitation of offers

5.4.1 Before acquiring or disposing of real property where the minister is satisfied that the nature or subject matter of the transaction is such that it would be inappropriate or would not be in the public interest to have a solicitation of offers, departments shall:

- a. obtain at least one current appraisal based on the real property's highest and best use; or
- b. if the acquisition or disposition is by lease or licence, obtain at least one current estimate of market rent based on the real property's rights conveyed by the agreement.

5.5 Appraisal

5.5.1 Departments shall obtain required appraisals from PWGSC in accordance with the TB [*Common Services Policy*](#).

5.5.2 PWGSC shall ensure appraisals are duly signed by a person who is a real property appraiser accredited or licensed by a provincial, national or international real property appraisal organization, or by a person who is employed in the federal public service and whose qualifications are recognized by the Chief Appraiser at PWGSC.

5.6 Estimate

Departments shall obtain a duly signed estimate from a person experienced in real estate that is established in a real estate-related business (such as appraisal, brokerage, banking), or is employed in the federal public service with appropriate qualifications.

5.7 Independent Valuation

Departments shall ensure the segregation of transaction and valuation responsibilities and ensure these responsibilities are clearly communicated.

6. References

Treasury Board policy instruments

- [*Directive on the Sale or Transfer of Surplus Real Property*](#)
- [*Policy on the Management of Real Property*](#)
- [*Guide to the Management of Real Property*](#)

Others

- [*Appraisal Guidelines*](#) - PWGSC

7. Enquiries

Please direct enquiries about this policy instrument to the organizational unit in your department responsible for this subject matter. For interpretation of this policy instrument, the responsible organizational unit should contact: [TBS Public Enquiries](#).