

## **Appraisal Report on a School “Kootenay Christian Academy”**



**Located at:**

**1200 Kootenay St N, Cranbrook, BC V1C 5X1**

**Prepared for:**

Cranbrook Alliance Church

**Prepared by:**

Dean Beck, AACI, P.App  
Rocky Mountain Appraisal  
25 10<sup>th</sup> Avenue South  
Cranbrook, BC, V1C 2M9

**Effective Date of Appraisal:**

August 30, 2022

October 23, 2022

Cranbrook Alliance Church  
Attention: Harley Lee  
Via email: [hlee@bdo.ca](mailto:hlee@bdo.ca)

Dear Mr. Lee,

**RE: Appraisal of Kootenay Christian Academy 1200 Kootenay Street North, Cranbrook, BC V1C 5X1**

In accordance with your instructions, I have completed an appraisal report on the above property legally described herein.

The purpose of this report is to provide an opinion of the current market value for internal company use, of the real property noted above, as of August 30, 2022. The property rights appraised are those of the “fee simple” owner. This formal opinion of value is a Concise Narrative Appraisal Report as defined under the Appraisal Institute of Canada Canadian Uniform Standards of Professional Appraisal Practice.

**This appraisal is subject to an extraordinary assumption and hypothetical condition. The subject property is a proposed lot of a subdivision. Currently, the property is improved with a building that is also to be subdivided between the school and the church. This appraisal assumes that the property is subdivided, that a form of party wall agreement is in place and an agreement to share parking to meet the City’s requirements is met.**

This report is not a feasibility study nor is it intended to be used for insurance purposes. It is intended solely as a market value estimate as per the definition provided.

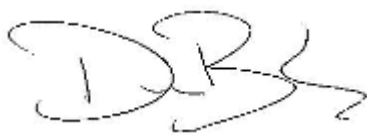
Based on the analysis contained within this report, ***excluding the portable classrooms and the furniture, fixtures and equipment of the school***, the current market value of the subject property is estimated at:

**\$6,850,000**

**Six Million Eight Hundred Fifty Thousand Canadian Dollars**

The supporting data, analysis, and conclusions upon which this value is based are contained in the attached report consisting of 57 pages.

Respectfully submitted,



Dean Beck AACI, P.App

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## Subject Photographs



# Executive Summary

<b>Property Type:</b>	Independent school
<b>Address:</b>	1200 Kootenay St N, Cranbrook, BC V1C 5X1
<b>Legal Description:</b>	Proposed Lot B, District Lot 25, Kootenay District Plan EPP121478 (subdivided from Lot 1, District Lot 25 Kootenay District Plan 13050 except part included in Plan 17421 and Lot A, District Lot 25, Kootenay District Plan 13553.
<b>Parcel Identifier:</b>	010-819-932 and 006-971-717 (parent lots)
<b>Registered Owner:</b>	Christian and Missionary Alliance – Canadian Pacific District, 15034S
<b>Lot Size:</b>	2.37 hectares (5.86 acres) per proposed Plan EPP121478
<b>Building Size:</b>	27,392 square feet (estimated from building plans)
<b>Construction Year:</b>	1981 (BC Assessment)
<b>Property Assessment (2022):</b>	N/A (proposed lot)
<b>Property Taxes (2021):</b>	N/A (proposed lot)
<b>Zoning:</b>	Public Institutional Zone: P-1
<b>OCP Designation:</b>	Park/Institution/Recreation
<b>Highest and Best Use:</b>	Current improved as a school
<b>Rights Appraised:</b>	Fee simple estate
<b>Inspection Date:</b>	August 30, 2022
<b>Effective Date of Appraisal:</b>	August 30, 2022
<b>Exposure Time:</b>	Three to twelve months or more

## Estimates of Value:

Cost Approach	\$6,850,000
Direct Comparison Approach	N/A
Income Approach	N/A
<b>Final Estimate of Value</b>	<b>\$6,850,000</b> <b>Six Million Eight Hundred Fifty Thousand Canadian Dollars</b>

# Terms of Reference

## Purpose and Intended Use of Report

The purpose of this appraisal is to estimate the market value of the fee simple interest of the subject property for internal company use. This report is not intended for use by others or for any other purpose without written consent of the author. Liability in this respect is strictly denied.

## Property Rights

The property rights appraised are those of the fee simple interest in the subject land. Fee simple is defined as the absolute ownership unencumbered by any other interest or estate subject only to the four powers of government: *Police Power; Escheat; Taxation; Expropriation*.

## Effective Date

The effective date of this appraisal is August 30, 2022.

## Inspection Date

The subject property was inspected for purposes of this appraisal on August 30, 2022.

## Definition of Market Value

The value being estimated is the current market value. The Appraisal of Real Estate, Third Canadian Edition, de. Dybvig, (University of British Columbia, Real Estate Division, 2010), p. 2.8 defines market value as:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress.”

## Exposure Time

In appraisal, exposure time means the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. *It is always presumed to have preceded the effective date of the appraisal.*

## **Scope of Valuation**

This appraisal is a narrative appraisal report prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada. Additional supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. In completing this assignment, the following investigation and analysis was completed:

- Received initial instructions from Harley Lee, trustee for the Kootenay Alliance Church;
- Inspection of the of the subject property on August 30, 2022. The appended photographs were taken on the date of inspection;
- Discussion with Ken DeJong, facilities manager;
- A review of the property title and registered plans from the Land Titles Office; and,
- Sources of market evidence and related information included, as appropriate, the Real Estate Board, the Land Titles Office, local government, BC Assessment, real estate agents, property owners, managers, vendors and purchasers.

All of the above information was examined and qualified for use in the final estimate of value conclusion. The analysis set out in this report relied on written and verbal information obtained from a variety of sources I considered reliable. Unless otherwise stated herein, I did not verify client-supplied information, which I believed to be correct.

## **Contingent and Limiting Conditions**

This appraisal is subject to the Contingent and Limiting Conditions included in the Addenda in addition to any specific assumptions that may be stated in the body or the report.

**This appraisal is subject to an extraordinary assumption and hypothetical condition. The subject property is a proposed lot of a subdivision. Currently, the property is improved with a building that is also to be subdivided between the school and the church. This appraisal assumes that the property is subdivided, that a form of party wall agreement is in place and an agreement to share parking to meet the City's requirements is met.**

# Property Data

## **Civic Address**

1200 Kootenay St N, Cranbrook, BC V1C 5X1

## **Legal Description**

Proposed Lot B, District Lot 25, Kootenay District Plan EPP121478 (subdivided from Lot 1, District Lot 25 Kootenay District Plan 13050 except part included in Plan 17421 and Lot A, District Lot 25, Kootenay District Plan 13553. PID#s: 010-819-932 and 006-971-717 (parent lots).

## **Present Registered Owner**

Christian and Missionary Alliance – Canadian Pacific District, 15034S

## **Sales History**

The parent properties have been owned by the registered owner for many years. Recently, 1/100 share of Lot A was transferred to the related school society in preparation for the proposed subdivision.

## **Encumbrances**

As the subject property is proposed, there are no title charges. For purposes of this report, it is assumed that any charges including party wall agreements, shared parking easements and any other right of ways will not negatively impact the subject site and the land may be used as intended.

Please refer to copies of the Land Title Documents included in the Addenda.



# Regional and City Data

## General Locale

The City of Cranbrook is located in the southeastern corner of British Columbia on the western edge of the Rocky Mountain Trench. The area is commonly referred to as the “Kootenay” or the “East Kootenay”. The elevation is 3020 feet above sea level and is positioned between the Rocky Mountain Trench to the east and the Purcell Mountains to the west. The City of Cranbrook occupies a land base of 25.14 km<sup>2</sup>. The Distance to the United States is 80 kilometers to the south. Vancouver is 852 kilometers to the west and Calgary is 397 kilometers to the north east. Cranbrook is intersected by both Highway 3 and Highway 95.



## Economic Background

Incorporated in 1905, Cranbrook is the largest population centre in southeastern British Columbia. It is the principle centre for commerce, industry, government, education, health care, air transportation and goods and services in the region. The City of Cranbrook developed around the railway and Cranbrook still serves as a major divisional railway point for the Canadian Pacific Railway.

Besides the railway, which first opened up access to the area, Cranbrook’s economic growth can be attributed to the lumber and mining industries, which have led to its emergence as the “Key” city for the area. Forestry, Mining, tourism, manufacturing, trade, as well as service and

transportation make up the economic picture of the East Kootenay area. Cranbrook is also home to many regional facilities serving the entire East Kootenay, including the Canadian Rockies International Airport, the College of the Rockies and the Cranbrook Regional Hospital.

While the economy of Cranbrook still relies on the resource sector as the main employer, there has been a shift in recent years to more of a reliance on the tourism sector. This has been possible because the East Kootenay is home to four world class ski resorts as well as many championship golf courses. Just north of Cranbrook the Ktunaxa Kinbasket Tribal Council has recently opened the \$40 million St. Eugene Mission Resort, complete with an 18-hole championship golf course, Hotel and Casino. There has also been expansion at both the Kimberley and Fernie Ski hills, which are located within 30 and 100 kilometers from Cranbrook respectively. Construction activity to the north in Panorama and Golden is also having a positive effect on the community.

A multi-government partnership recently completed an expansion of the airport that extended the runway to 2,438 meters and more than doubled the terminal building to 2,079 square meters. The newly named “Canadian Rockies International Airport” is able to accommodate larger aircraft and include international flights. This expansion will make it more accessible and should increase tourist traffic to the resorts in the area. It is hoped that this will strengthen the economy in such a way as to influence migration helped by the affordability of housing.

Cranbrook is home to ten public schools as well as a Junior Alternate program and a Community Learning Centre. In the Private school system there are three schools with religious affiliations. According to BC Stats, the student population in Cranbrook has declined 7% since 1997, which reflects a province wide trend of declining birthrates.

### **Population Trends**

Cranbrook has the largest population in the Kootenay Region. Published by Stats Canada, the 2016 census for the City of Cranbrook indicates a population of 20,047, which is a slight increase over the 2011 census of 19,319. The City of Cranbrook serves a regional consumer population of 60,439. The city and regional population estimates have been increasing over the last five years. This trend is expected to continue as the economic profile continues to change and more people are drawn to the area.

### **Government and Planning Policies**

Planning and land use is governed by the zoning and building by-laws. Cranbrook adopted its Official Community Plan (OCP) in 1996 and updated it in 2003. This plan sets forth the goals and processes as to where and what may be able to be developed on the city lands. Zoning applies to current land uses and describes what the owner may or may not do under the current by-law.

Zoning changes and development permits will only be considered after an application is made to the city. Once the zoning change is approved by city staff, the application must receive 3 readings of approval by council during the council meetings. A typical time frame for approval of zoning changes and development permits is approximately 2 to 3 months after the application is made. Development permits are required before any development may take place. They are used to ensure orderly development and suitability of future development within the city.

### **Transportation Facilities**

The City of Cranbrook is located near the junction of two major Highways: Highway 3 and Highway 95. This location provides easy access to various locations around the province and into the United States. The two major border crossings near Cranbrook are open 24 hours a day.

Cranbrook and the Ministry of Transportation have recently completed a highway improvement project on Cranbrook Street North. This project included new infrastructure as well as street improvements including turn lanes and a back access road behind the properties on the northwest side of Cranbrook Street.

Air transportation is provided by Canadian Rockies International Airport located 15 kilometers west of Cranbrook. The airport is owned by the City of Cranbrook and it is the largest airport between Kelowna and Calgary. The airport is serviced by Air Canada and Pacific Coastal Airlines, both which provide several daily flights to Vancouver and Calgary. Recently, WestJet has joined the list of carriers.

Recently, the airport was expanded to enable access to larger aircraft. With that expansion, there is an expectation of the addition of other routes including direct flights from Europe and Eastern Canada. Those other routes should increase passengers to the Region.

The Canadian Pacific Railway provides freight transportation on its rail lines. As one of the major divisional railway points in the southeast of British Columbia several railway companies use the lines for transportation of freight. No passenger service is currently available.

The City of Cranbrook in conjunction with BC Transit offers six bus routes within the City. Alternate transportation is provided by two different cab companies, as well as the handy dart service for the disabled and airport service provided by the "Airporter."

### **Real Estate Summary**

According to a January 2020 news release from BC Assessment, most homes in Cranbrook are worth more in value compared to last year's Assessment Roll. For example, a typical single

family home in Cranbrook that was previously assessed at \$307,000 was valued at \$327,000 in the summer of 2020.

The City of Cranbrook had a large supply of industrial land available in their industrial park located west of the highway and north of 6<sup>th</sup> Street NW. The City had believed that this supply will be sufficient for next twenty years. This supply had been well above demand and had stabilized prices for industrial land with sales being in the \$15,000 to \$25,000 per acre.

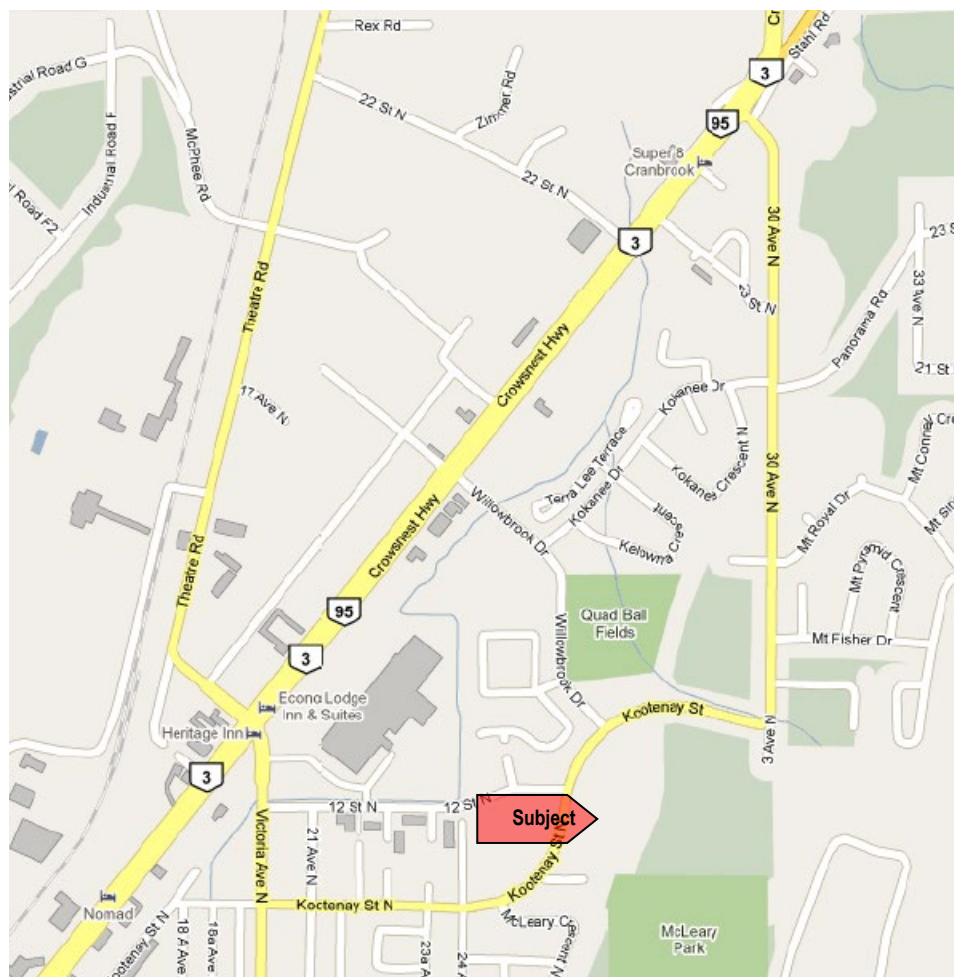
Recently, demand has increased and the City had raised their asking prices to \$35,000 per acre, then to \$40,000 and up to \$60,000. Most recent sales have been over \$60,000 per acre and have reached over \$100,000 per acre.

The majority of the new construction has occurred along the Highway 3/95 corridor, which is called Cranbrook Street and is now the commercial core for the city. This road is the major thoroughfare used by passing motorists as well as local traffic accessing the businesses in the area. It is a highly visible and easily accessible route and many of these new commercial developments have drawn business away from the downtown core. This has been demonstrated by the increase in vacancy rates to 12% in the downtown core, as compared to 3%-5% in the commercial core. As well as having lower vacancy rate the commercial core also has higher rent rates of about \$10.00 to \$25.00 per square foot, compared to about \$10 to \$10 per square foot in the downtown core. Overall the trend of stable values for commercial properties is expected to continue, however, if the trend of lower vacancy rates continues in the commercial core we may see an increase in values in that area.

# Neighborhood Data

## Neighborhood Boundaries

The subject property is located in the northern part of Cranbrook. It is situated on Kootenay Street North, a short distance from Highway 3/95 also known as Cranbrook Street North (and Van Horne Street South to the south). Cranbrook Street intersects the city of Cranbrook in a northeast/southwest direction. The neighborhood starts at the City's boundary to the north and it travels south all the way along Cranbrook Street and ends at Van Horne Street. The boundary to the east and west is basically the width of Cranbrook Street; on both sides of the street it includes all properties on the frontage roads. The distance from the city center is approximately two kilometers. A street map shows the subject's immediate neighborhood:



### **Location of the Subject Property**

The subject site is located on the east side of Kootenay Street North. Most of the surrounding properties in the neighbourhood are improved with various residential buildings. Across the street from the subject, along Willowbrook Drive are the “Quad Ball Fields.” Photographs illustrate the surrounding location:



### **Age and History of the Neighborhood**

The subject property is located in an area that historically was developed closer to the northern end of the neighborhood, north of the downtown core. Commercial development moved north in the 60's and 70's and most buildings that are still around today were build after 1970. Cranbrook Street today has a variety of restaurants, gas stations, car dealerships, service businesses, motels/hotels and retail stores.

### **Land Use**

The Official Community Plan (OCP) describes the area in which the subject is located as a Park/Institution/Recreation area. This zoning is called “Public Institutional Zone: P-1.” This zoning is typically limited to institutional uses such as hospitals, schools and other government type agencies.

### **Real Estate Market**

The shift in development has been away from the downtown core to the commercial core along Cranbrook Street. This has been demonstrated by the vacancy rate in the downtown core of 12% and the vacancy rate in the commercial core of 3%. Also the rent rate per square foot is higher in the commercial core than in the downtown core. These factors indicate the demand along Cranbrook Street for improved commercial properties is good. This demand can be attributed to the addition of a Wal-Mart store, a Real Canadian Superstore, a Home Depot and a new Home Hardware store at the north end of Cranbrook Street over the last eight years. With the addition of Wal-Mart many smaller stores changed location from the downtown core to the commercial core, in order to take advantage of the increased traffic flow. There are a few vacant lots left on

Cranbrook Street and prices for these parcels has increased substantially making way for underutilized lots being re-developed. If this trend continues there should be an increase in properties located in the commercial core. Having said that, the improved commercial market is fairly stable and there have been few commercial sales occurring each year for the past seven years. Over the past year and a-half we have seen an increase in commercial activity. These sales have shown a typical selling period for commercial property is from three to twelve months.

### **Trading/Marketing Area**

The primary trading and marketing area for the subject property is the City of Cranbrook, which has a population of just over 18,000. The secondary trading area is the East Kootenay, which has a population base of just over 56,000. This includes cities like Kimberley, Invermere, Fernie, and Golden.

### **Direction of Commercial Growth**

The direction of commercial development will continue along the north end of Cranbrook Street near the Wal-Mart where there are still some vacant parcels. In addition to Cranbrook Street there is on large vacant parcel of land located on Victoria Street that is designated commercial development under the OCP. Overall the main area of new development will continue in subject's area along Cranbrook Street.

### **Traffic Flow and Traffic Patterns**

Cranbrook Street is the main arterial road through the city. It is essentially Highway 3 East/West and highway 95 North/South. This roadway is a four-lane road with a middle turning lane for left-hand turns, which is shared by traffic in both directions. Highway frontage roads exist on both sides and parallel to Cranbrook Street along in places north of Victoria Avenue. Highway backage roads (Ridgeview Road) exist between 6<sup>th</sup> Street NW and Willowbrook Drive on the northwest side of Cranbrook Street. Vehicular traffic is preferred over pedestrian traffic on the Street. According to ICBC, traffic volume has increased over the past few years due to increased trucking and tourism. There is an abundant amount of on-site parking available, but there is no parking on Cranbrook Street itself. Peak volume time is Saturday, and from 4 to 6 pm on weekdays and traffic volume peaks in the summer with over 14,000 vehicles per day. Volumes are expected to increase to over 20,000 vehicles in the next few years.

### **Summary and Conclusion**

The subject property is a relatively large tract of land near a residential neighbourhood. The location is central for residents and well-suited for institutional uses.



# Site Description

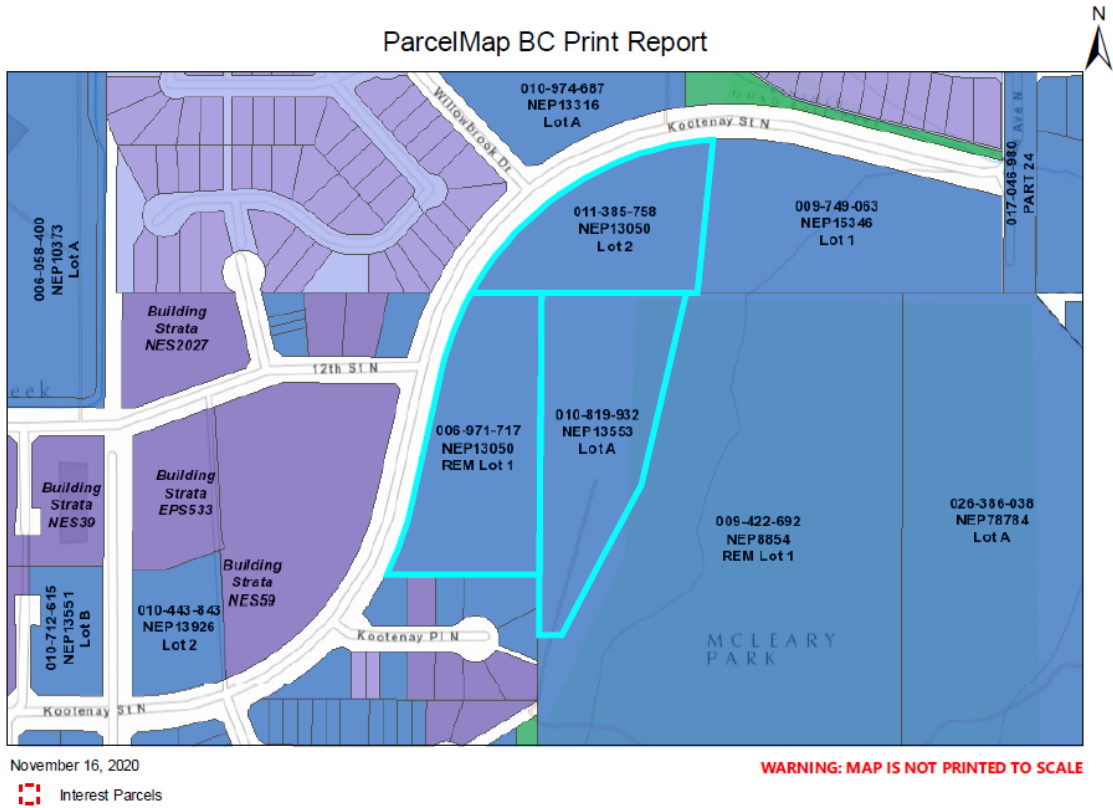
## Dimensions, Shape and Area

The subject property is a proposed subdivision. The existing property consists of a church and school on a lot with an additional two lots for parking. A Satellite photo provides illustration of the layout:

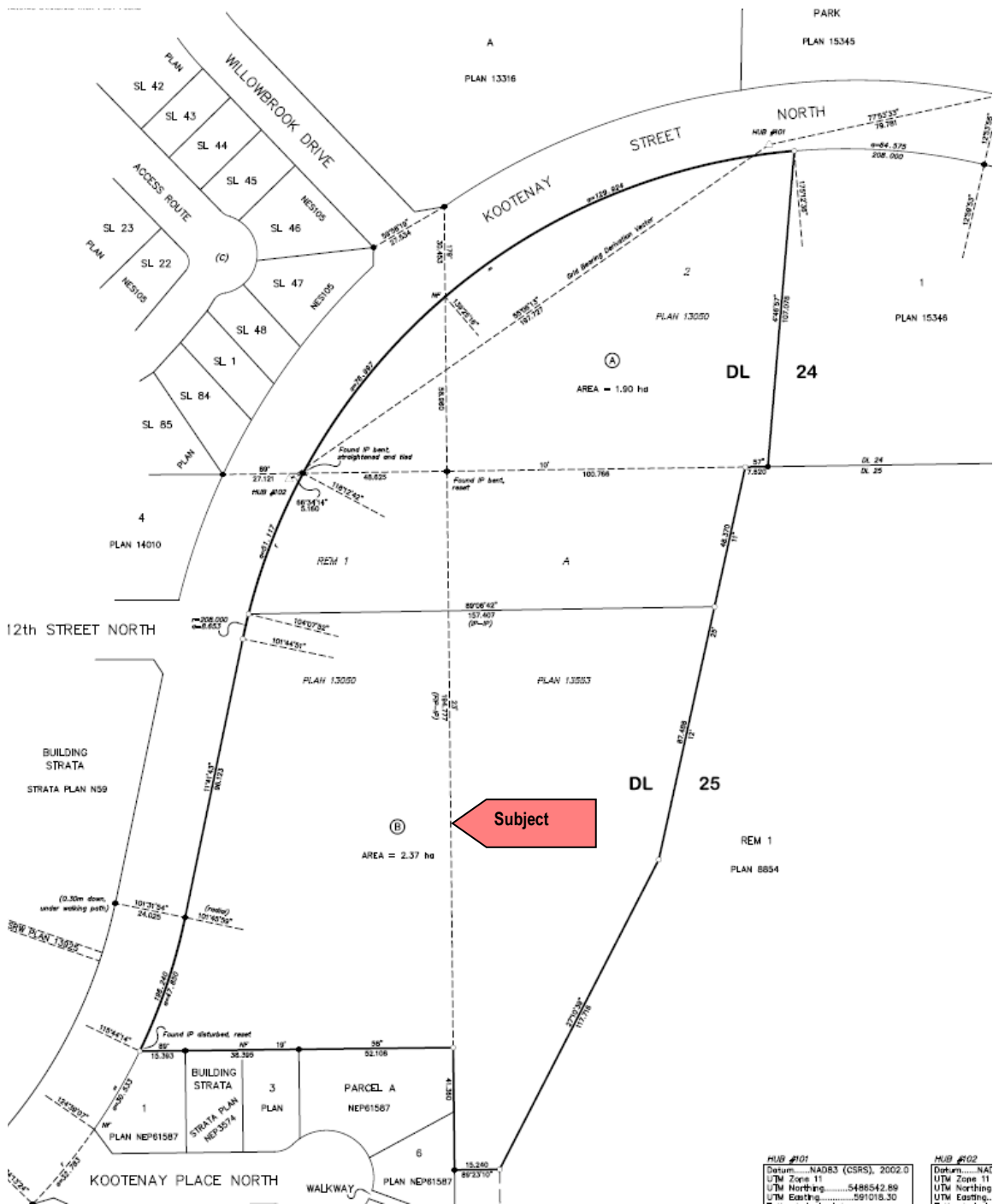




The existing three lots are shown:



The proposed subject property is to be created from portions of the southern two lots: Lot A and Remaining Lot 1:



The lot line will divide the building between the church sanctuary on the north with the school on the south. The proposed lot will be 2.37 hectares (5.86 acres) and be irregular in shape.

### Topography and Drainage

The general terrain of the area is level and at road grade. The terrain of the subject lot follows this trend. The lot has been cleared to provide a fairly level building site and yard area.

**Soil Conditions**

A soil survey for the subject sites was not provided. It is assumed for the purposes of this report that the load bearing capacity of the sites is adequate for development without undue and costly site preparation.

**Site Services**

The subject property has access to a full range of city services. Fortis BC and BC Hydro provide gas and hydro, while the city provides the water, storm sewer and sanitary sewer. Power is provided overhead. Telus provides phone and internet service, while Shaw Cable provides high speed internet and cable services. All services including police, fire, ambulance, and landfill use are included in the property taxation, however commercial users must arrange for garbage removal. All of the services are available to the subject sites at the street.

**Access and Parking**

The subject site has frontage and multiple crossings onto Theatre Road. The building is oriented at the eastern edge with the remainder of the site providing open and clear yard at road grade.

**Encumbrances**

As the subject property is proposed, there are no title charges. For purposes of this report, it is assumed that any charges including party wall agreements, shared parking easements and any other right of ways will not negatively impact the subject site and the land may be used as intended.

Please refer to copies of the Land Title Documents included in the Addenda.

**Summary and Conclusion**

The subject site is located in a residential area of Cranbrook in close proximity to the commercial center. The site's shape and relatively large size provide a desirable building lot with flexibility to accommodate different types of development and uses. Full City services are available and access is good.

## Description of Improvements

The following description of the improvements is based upon a physical inspection of the subject property on August 30, 2022, and from a previous inspection in 2007. Building areas are approximate and calculated from building plans viewed at inspection.

### Type

The major improvement to the subject site is a single building that is composed of an elementary school attached to a church sanctuary. The church building is to be subdivided from the school and a form of party wall agreement or mutual easement created. The north end of the school features a large entry and administration area that is attached to a gymnasium that centers two, two storey classroom sections. The building is situated generally in the center of the site, near the rear with paved and gravel areas for loading, parking, emergency access, and playgrounds as well as portable classrooms (excluded from the valuation). We are informed that no significant changes have occurred since the original construction in 1982, except for wear and tear to the building and various repairs, replacements and maintenance. Photographs provide exterior illustration:











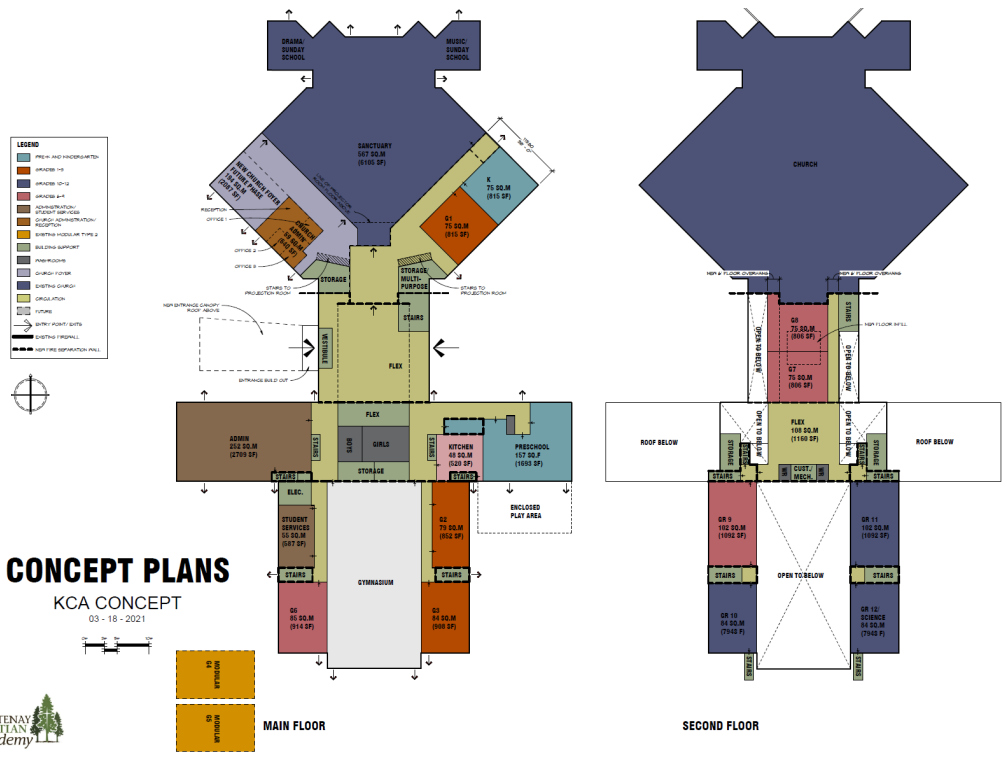
The northern area is comprised of a large entry area flanked by administration offices and nursery/classrooms. There are large washrooms and a kitchen area at the south end. Construction is of steel frame with brick veneer. Glass block features are found in the entry. The roof is a flat built up tar and gravel. Walls are drywall and ceilings are suspended acoustic tile with fluorescent and incandescent lights. A few skylights supplement lighting. Rooftop units provide heating and cooling.

At the south end of the building is a gymnasium flanked to the east and west with two storey classrooms. The gym is constructed of concrete block with steel columns and a metal truss roof covered with a metal seam roof. The interior is unfinished block and lighting is provided by fluorescent lights and skylights that run the entire length of the ceiling on both sides. Classrooms are steel frame studs with brick veneer. Walls and ceilings are drywall except for the main floor classrooms which have exposed metal ceilings with steel trusses and ductwork. Flooring is primarily commercial carpet.

Yard improvements include gravel and asphalt areas for parking, lighting, access and playgrounds; yard lighting; curbing; brick patios and walks; concrete sidewalks; wood post fencing. The portable classrooms are excluded.

### **Design and Layout**

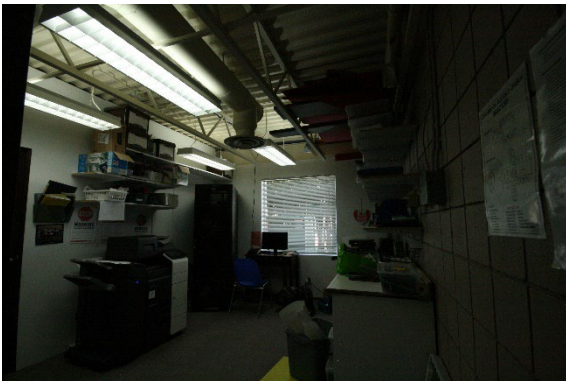
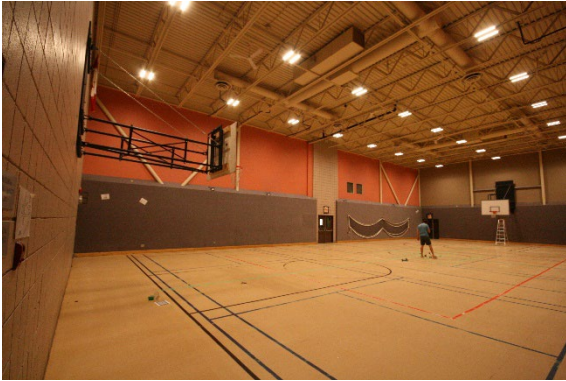
The subject building appears functional for its current use as a school (pre-school through grade 11). The layout is typical for a school with administration areas, classrooms and a gymnasium. Overall, no functional deficiencies from the design of the improvements were evident from the plans. The building appears to have an effective, modern design well suited for its intended school use. A provided layout provides illustration:



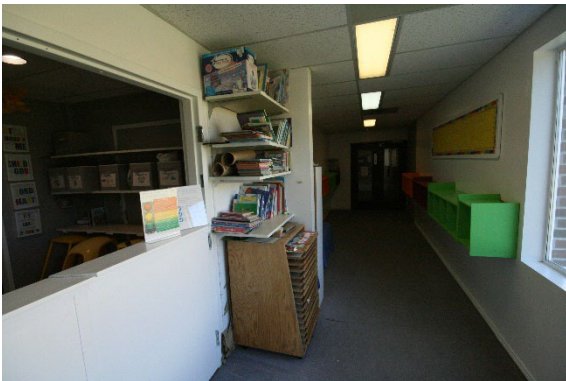
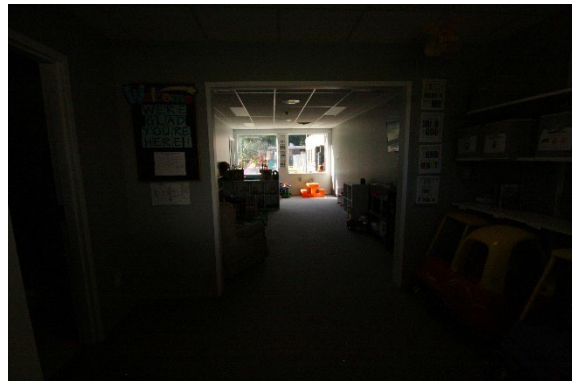
Photographs provide interior illustration:











### Construction Details and Equipment

Foundations: Reinforced concrete perimeter footings, column pads and surface foundation, presumably designed and supervised by a qualified engineer

Structure:	Steel stud framing and concrete perimeter wall. Steel roof truss system.
Exterior Finish:	Walls are primarily brick facing on metal studs with aluminum siding in places. Gymnasium has metal sandwich panel exterior on 4" concrete block
Interior Walls:	Painted drywall throughout. Gym is exposed concrete block.
Ceiling Finish:	T-bar with inset acoustic tile and HVAC grills to finished areas in offices. Main floor classrooms and gymnasium are exposed metal panel ceilings with steel trusses. Second floor is primarily textured drywall.
Floor Finish:	Commercial carpet throughout most areas. Bathrooms have linoleum. Gymnasium appears to be durable vinyl flooring.
Roofing:	Metal panel roofing, flat roof in additional areas presumed to involve impermeable membrane, insulation and gravel.
Plumbing:	Service connections, adequate plumbing fixtures throughout.
Electrical:	Service connection, switches and outlets presumably reflect code at the time of construction, recessed incandescent lighting predominates.
Heating:	Natural gas service connection. Roof mounted package units.
Security:	Electronic security system with motion sensors. Heat sensors, fire alarm bells and pulls.
Doors and Windows:	Dual thermo pane windows, prefinished aluminum sash. Steel internal and external doors.
Age and Condition:	Original building was constructed approximately 41 years ago. Design is generally functional, normal wear and tear noted.

### **Building Areas**

Building areas from the original plans were calculated: Northern area (offices, nursery, and bathrooms) on two levels totaling 14,336 square feet; gymnasium of 4,608 square feet; two levels of classrooms totaling 8,448 square feet.

### **Age and Condition**

According to BC Assessment records, the improvements were originally constructed in 1981. The building appears to be of similar quality and materials to buildings constructed in the last 30 years. The improvements are well maintained and replacements where necessary. Overall, the school improvements appear structurally sound and the condition appears to be good.

### **Effective Age**

The chronological age or actual age of the subject is 41 years as of the date of the appraisal. Chronological age is defined by the Appraisal of Real Estate Second Edition as the number of years that have elapsed since the building construction was completed.

The Effective age is defined by the Appraisal of Real Estate Second Edition as the age indicated by the condition and utility of a structure and is based on an appraiser's judgment and interpretation of market perceptions. An example of this is when a building is better maintained than other buildings of the same chronological age; the effective age may be less depending on market evidence.

The building appears to be well constructed with durable materials and the condition of the building is good for its age and use. The improvements appear to have received regular maintenance and repairs. Considering the condition of the improvements, the effective age is estimated to be less than the chronological age of 41 years and is estimated at 30 years.

### **Remaining Economic Life**

The remaining economic life is defined by the Appraisal of Real Estate Second Edition as the period of time between when the building was constructed and when the improvements no longer contribute any value to the property. This period is usually shorter than the improvement's physical life expectancy, which is the total period the improvement is expected to exist physically. The only way to determine the remaining economic life of the subject property is to look to the market and determine the market's reaction to similar or competitive buildings. Within the City of Cranbrook very few buildings are being demolished and replaced, with the exception of two sites that were required for the Wal-Mart development. Nearer the subject the demand for demolition and redevelopment is rare due to vacant lands remaining on Cranbrook Street. This lack of redevelopment would suggest that the market recognizes the continued utility in older buildings.

Discussions with local building contractors suggest that buildings can remain standing and operational for 60 to 80 years, however economic life is likely to be less than chronological age due to market demands. The Marshall and Swift cost estimator places the life expectancy of this type of building at 45 years from the time it was built. Within Cranbrook the market seems to react differently to the economic life of buildings than is suggested by the Marshall and Swift cost estimator. Many buildings built in the 1960's are still standing today and producing competitive incomes. Interviews with local mortgage brokers show that 40-year-old buildings are mortgaged over a 20-25 year span. This indicates that buildings are expected to remain competitive for about 60 years. In light of this evidence, the subject building having an effective age of 30 years would have a remaining economic life of 30 years under the current market conditions.

### **Summary and Conclusion**

The subject improvements are in good condition and provide utility. The improvements are functional for the current and intended use of the improvements as a school.

# Assessment and Taxes

## Property Assessment

Property assessment in British Columbia is done by BC Assessment. BC Assessment is a Crown corporation that has valued all property in British Columbia since 1974. The assessed value is based on the Actual or Market value as of July 1<sup>st</sup> of the previous year. This means the assessed value of the subject property for 2022 is the value it should sell for as of July 1, 2021. The Assessment Act also requires the assessment to be split between land and buildings.

## Property Taxes

The completed assessment rolls are given to the various taxing authorities who calculate the tax rates to be applied against the properties. The subject property will be taxed through the City of Cranbrook. As the property is proposed, there is currently no assessment or property taxes.

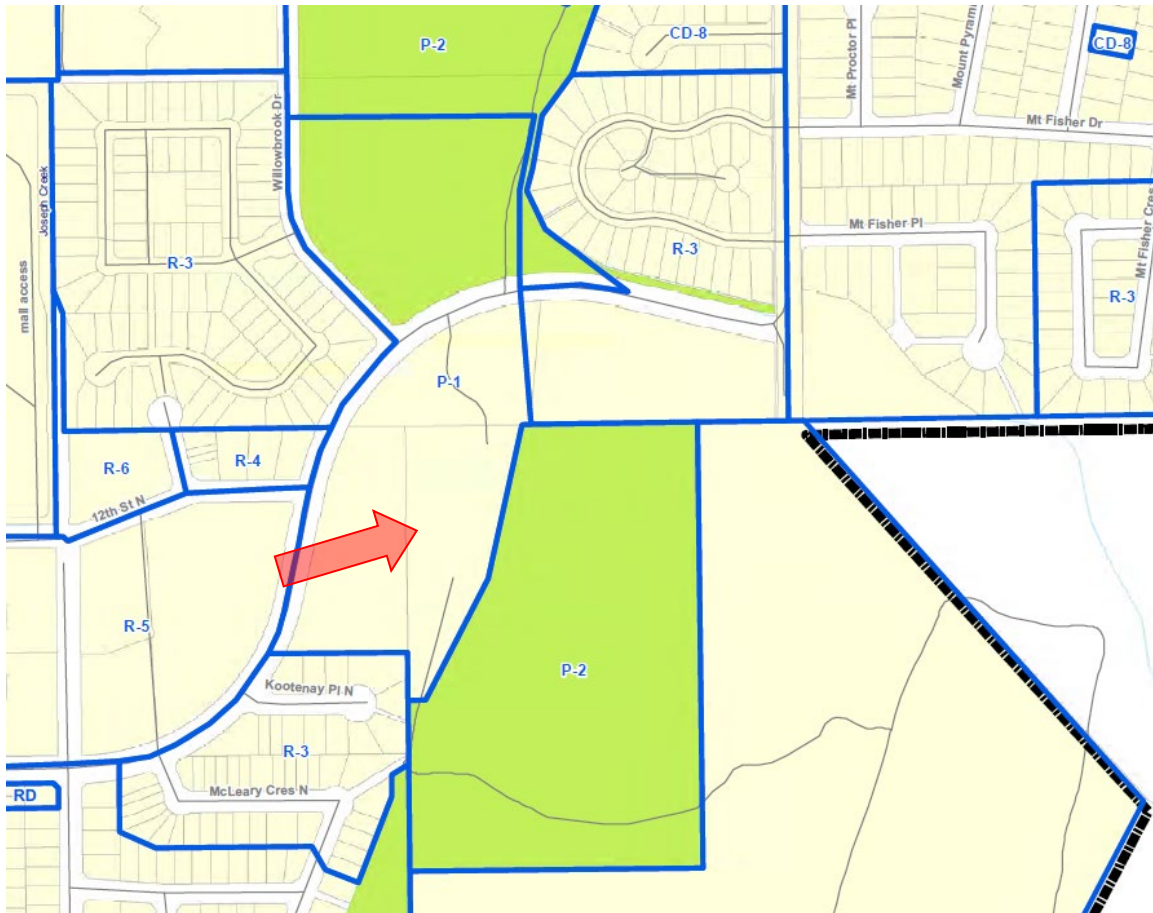
# Zoning/Land Use Controls

## Zoning Bylaw

The City of Cranbrook passed Zoning Bylaw 3737, 2012 on February 20, 2012. Zoning Bylaw 3737 contains the requirement for zoning and development in the city.

## Designation

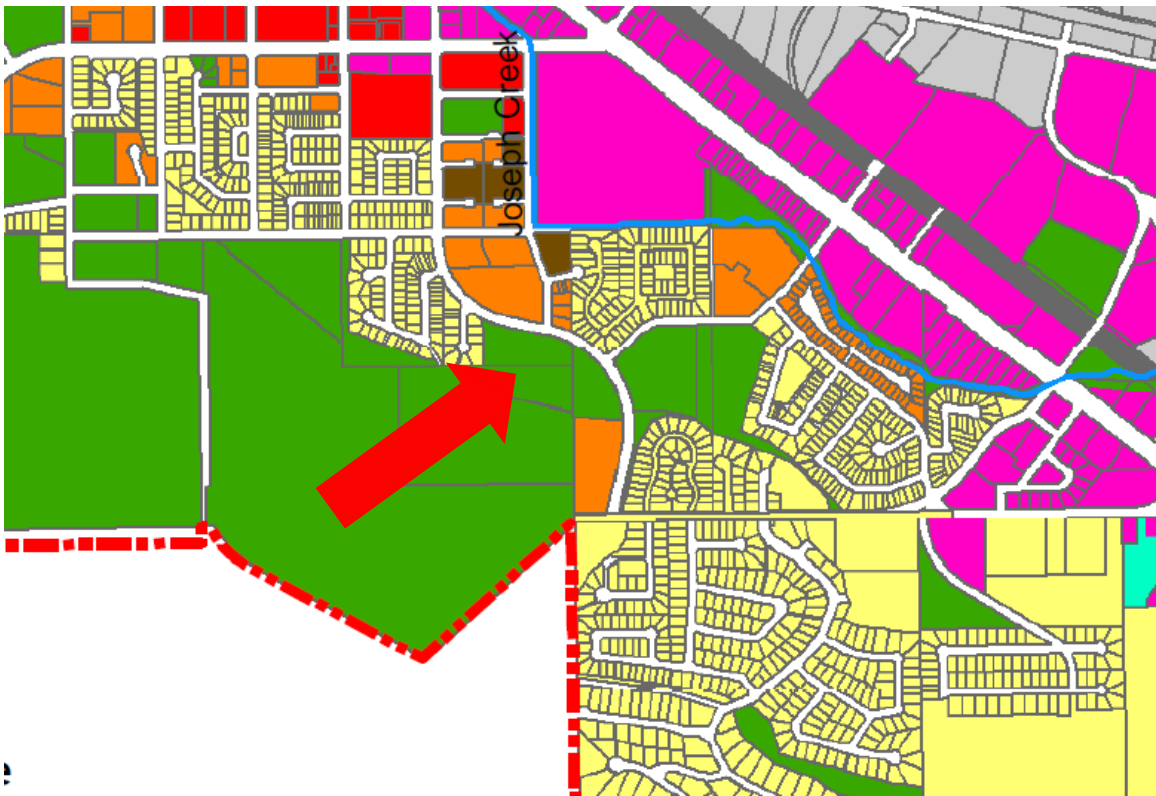
The subject's zoning designation is "Public Institutional: P-1." This designation is under Zoning Bylaw 3737. A change of use to any use outside of the permitted uses under the current zoning designation would require a zoning amendment or rezoning of the property. An extract from the City of Cranbrook's zoning map:



## Other Land Use Controls

In addition to zoning, the subject property is subject to the City of Cranbrook's Official Community Plan (OCP). Under the OCP, the subject property is identified for future Park/Institutional/Recreation uses. An extract from the OCP illustrates the institutional designation:





**Land Use Designations**

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Comprehensive Development
- Urban Reserve
- Agriculture
- Agriculture/Tourist Recreation
- Open Space
- Tourist Recreation
- Park/Institutional/Recreation
- Core Commercial
- Highway Corridor Commercial
- Light Industrial
- Heavy Industrial
- Airport

**Permitted and Discretionary Uses**

The zoning permits a limited number of uses:

## 7.23 PUBLIC INSTITUTIONAL ZONE: P-1

### .1 Permitted Uses

Within the P-1 Zone, the following uses only are permitted:

- (a) Public school and denominational school, college and university
- (b) Rest home
- (c) Senior citizens centre
- (d) Hospital
- (e) Community hall
- (f) Club or lodge
- (g) Public building
- (h) Library, archives, museum, and art gallery
- (i) Community theatre
- (j) Park
- (k) Group day care
- (l) Church

### .2 Accessory Uses

- (a) Dwelling unit accessory to a permitted use, subject to Section 7.23.3(a) and Section 7.23.4(a)
- (b) Office, accessory to a permitted use
- (c) Other uses, buildings and structures accessory to a permitted use

### **Statement as to Conformity**

The subject represents a legal conforming use as it conforms to the zoning bylaws.

### **Trends and Policies**

Cranbrook's Official Community Plan (OCP) was adopted into law in 1996. The OCP states that "Council may not approve any development, including an amendment to the zoning bylaw that is contrary to the OCP". The P-1 zoning of the subject is in line with the direction of the OCP and rezoning is unlikely.

### **Conclusion**

The subject property legally conforms to the current institutional zoning designation. The OCP guides the future uses for the subject property and the zoning provides the specific requirements. The subject property is in an area that the City has identified as continuing institutional use and rezoning to commercial or residential uses is unlikely.



# Highest and Best Use

## Theory and Principle of Highest and Best Use

*Highest and Best Use* is defined by the Appraisal of Real Estate Second Edition as “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value”.

The Appraisal of Real Estate Second Edition states “Appraisal theory holds that as long as the value of a property as improved is greater than the value of the land as though vacant, the *Highest and Best Use* is the use of the property as improved. However, in practice a property owner who is redeveloping a parcel of land may remove an improvement even when the value of the property as improved exceeds the value of the vacant land”.

The *Highest and Best Use* principle is based on the fact that there is only so much land and it will be utilized to its highest potential, subject to government restrictions and other limitations imposed by society. Some of these restrictions may include zoning, building codes, the principal of supply and demand and competition. The four main criteria that form the basis of the *Highest and Best Use* analysis according to the Appraisal of Real Estate second edition are:

- 1) The use must be Physically Possible;
- 2) The use must be Legally Permissible;
- 3) The use must be Financially Feasible; and,
- 4) The use must be Maximally Productive

Property is always valued on its highest and best use, which may or may not be its present use. Land value is based on the *Highest and Best Use* of the property as if vacant, with the improvements being valued as to how they contribute to, or detract from the overall value of the land. Therefore it is imperative to consider the *Highest and Best Use* of the property as if vacant separate, from the *Highest and Best Use* as improved.

## Highest and Best Use of the Site as if Vacant

### *Physically Possible*

According to the Appraisal of Real Estate Second Edition the test of physical possibility addresses the physical characteristics associated with the site that might affect its *Highest and Best Use*. These characteristics include the size, shape, terrain, accessibility and soil conditions, which may limit the potential uses to which the land can be put.

The subject is a proposed site of 5.86 acres. The relatively large site area provides for flexibility in design and situation of improvements. The site is level, clear and at road grade. These attributes provide for a desirable building site.

#### *Legally Permissible*

According to the Appraisal of Real Estate Second Edition the appraiser must determine which uses are legally permissible for development purposes. Private restrictions, zoning, building codes, historic district controls, and environmental regulations must be investigated because they may preclude many potential uses. The appraiser must also consider whether there is a reasonable probability that the zoning could be changed in order for the *Highest and Best Use* of the property to be realized.

The subject site conforms to the existing P-1 zoning regulation. The Official Community Plan indicates that that the area is to remain an institutional area, so rezoning is unlikely. If vacant, the subject site would likely be developed with an allowable use(s) per the zoning designation.

#### *Financially Feasible*

According to the Appraisal of Real Estate Second Edition if the physically possible and legally permissible uses are income-producing, the analysis of financial feasibility will often focus in which potential uses are likely to produce an income (or return) equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization of the investment. To determine the financial feasibility it is required to estimate the future gross income that can be expected from each use.

As the institutional zoning limits the development to primarily public subsidized organizations, financial feasibility would be subject to funding. There are examples of new supportive housing being built in Cranbrook and this site would be suitable for such initiatives.

#### *Maximally Productive*

According to the Appraisal of Real Estate Second Edition the test of maximum productivity is applied to the uses that have passed the first three tests. Additional analysis of the market forces of supply and demand may aide in the process of elimination. Commercial lands exist to produce income for the owner/investor or a development that will produce a return on the investment. The investor's primary objective is to get the maximum amount of value out of the commercial building. The use that produces this value after all other criteria has been satisfied is considered the *Highest and Best Use*.

The subject site, as if vacant, is well suited for institutional development.

**Conclusion of Highest and Best Use as Vacant**

If the subject site were vacant it would most likely be developed into some form of institutional uses. Subject to government funding, this development would be the most physically possible, legally permissible, financially feasible, and maximally productive development and would result in the *Highest and Best Use* of the site.

**Highest and Best Use of the Property as Improved**

The subject site is improved with functional improvements that legally complies with the existing zoning and conforms to the future intended uses under the City's Official Community Plan. The improvements are in good condition relative to the age and the building is functional for the current use.

**Conclusion**

The *Highest and Best Use* of the subject property at the effective date of appraisal is the current improved use. It is unlikely that the property would be purchased for redevelopment. It is more likely that the property would be purchased by an owner/user of the existing improved property.

# Introduction to the Three Approaches to Value

The appraisal of real estate involves three common approaches to value. They are the cost approach, direct comparison approach, and the income approach. Each of these approaches has varying degrees of strengths and weaknesses depending upon the type and age of building appraised.

## **Cost Approach**

The *Cost Approach* is based on the Principle of Substitution which states that a prudent purchaser would not pay more for a property than the cost of acquiring the site combined with the cost of constructing an improvement with similar desirability and utility. This approach is very useful with newer buildings.

## **Direct Comparison Approach**

The *Direct Comparison Approach* is also based on the Principle of Substitution. The premise is that a prudent purchaser would not pay more than the cost of acquiring a similar existing property, which offers similar desirability and utility. This is an excellent approach when sufficient data is available.

## **Income Approach**

The *Income Approach* is based on the assumption that a relationship exists between the income a property is capable of earning and its value at a given moment in time. The *Income Approach* converts income obtained from the property to an indication of value.

All three methods will be considered before estimating the value of the subject and a more detailed discussion of the three approaches and how they relate to the subject property is contained in the following sections of this report.

# Cost Approach

## Preamble

The *Cost Approach* is based on the assumption that an informed purchaser will pay no more for a property than the cost of producing a substitute property with equal utility. When the *Cost Approach* is applied, an estimate of value is developed by estimating the value of the vacant site and adding it to the current cost of constructing a replacement of the improvements. Depreciation is then estimated and deducted.

## Methods Available to Estimate Land Value

There are six methods available to the appraiser to estimate the land value of vacant land.

They are as follows:

- 1) Direct Comparison
- 2) Extraction
- 3) Allocation
- 4) Land Residual
- 5) Ground Rent Capitalization
- 6) Subdivision Development Analysis

## Method Selected

The *Direct Comparison Approach* is the method selected as sales of vacant commercial/Industrial land in Cranbrook have recently occurred. The *Direct Comparison Approach*, according to the *Appraisal of Real Estate Second Edition* is applied by collecting data on similar parcels of land, and then analyzes, compares, and adjusts to provide a value indication for the land being appraised.

The unit of comparison for vacant land is the price per acre of land as this is what is typically used by vendors and purchasers of industrial land. The following table provides details of larger residential development lots in municipalities:

Index	Sale Date	Sale Price	Land Size (acres)	Zoning	# of units	\$/unit	\$/Acre	Comments
1.	Pending	\$2,200,000	10	CD	298	\$7,383	\$220,000	Pending sale of proposed ten-acre site at Wildstone in Cranbrook
2.	May 2022	\$825,000	9	RES3	36*	\$22,917	\$91,667	Fairmont Hot Springs along golf course. No build areas.
3.	May 2022	\$450,000	1.59	R-3	23	\$19,565	\$283,019	Townhouse development site in residential neighbourhood in Kimberley
4.	Mar 2022	\$1,550,000	7.31	CD	236	\$6,568	\$212,329	Wildstone multi-family site in Cranbrook
5.	Jan 2022	\$500,000	2.47	R5	55	\$9,545	\$212,207	Development site in central Cranbrook
6.	Aug 2021	\$475,000	2.2	RTA9	83	\$5,723	\$215,909	Subsequent phases of Timberstone condos at Kimberley Ski Hill
7.	Jun 2021	\$875,000	4.0	R4	120	\$7,292	\$218,750	Residential development land on south side of City of Fernie
8.	Jun 2021	\$379,500	1.49	R3	23	\$16,500	\$254,698	Small multi-family site in Fernie

Eight development land sales provide regional evidence of rates and values.

### Analysis

Sales of institutional land are extremely scarce. Typically, these zoned properties are specifically zoned for the improved use and/or typically owned by government bodies (public schools, hospitals, government services, etc.) or non-profits (churches, private schools, etc.).

In the absence of directly comparable institutional land, purchasers would likely compete with residential land. The eight comparable sales are for relatively larger, residential development sites.

The market for development land throughout the region has been very weak subsequent to 2009. Recently, there appeared to be renewed interest in development land as demand and prices for residential housing have increased dramatically. The properties in the above table provide the best available market evidence. On a rate per development unit, the rates range widely from \$5,723 to \$22,917. On a price per acre, the rates range from \$91,667 to \$283,019.

Index 1 is an accepted offer of purchase and sale of a proposed ten-acre site located on Echo Field Road in Cranbrook, adjacent to the Wildstone Golf Course. The site will be cleared with full city services to the lot line. The developer is proposing up to 298 apartment style rental units.

Index 2 is a Fairmont Hot Springs development site. The lot has some topography issues as well as a large unusable area of land due to a calcium deposit. Though nine acres, the site is equivalent to a much smaller parcel and is proposed only to have 36 multifamily units. The resort zoning does allow for mixed uses.

Index 3 is relatively small townhouse site located in the townsite neighbourhood of Kimberley. It appears that there are no significant off-site development costs.

Index 4 is the recent purchase and sale of a multi-family development site within the Wildstone Golf Course area. The site was purchased by a local developer whom has recently sold most of the nearby "Legacy" single and multi-family development across the street. This site was formerly under contract for a higher number of units that were denied by the City council. The partially cleared lot is impacted by a natural gas right of way but still can accommodate up to the maximum 236 units.

Index 5 is the purchase of a multi-family development site located in Cranbrook. The 1.59-acre is along Joseph Creek and is adjacent to St. Mary's Elementary School.

Index 6 is the sale of a multiple family development site located on the ski hill at the Kimberley Alpine Resort. The 2.2 acres were designated for the future strata phases of "Timberstone." The property is located adjacent to the "bunny hill" and rope tow near the base of the ski hill. The lot has services to the lot line and good access from Gerry Sorensen Way.

Index 7 is the purchase and sale of a multiple family development site. The lot has been offered for sale for many years. It is located between the highway and the Elk River on the south side of Fernie which is about 10 kilometers north of the ski hill. The site can accommodate up to 73 dwellings, but the site does require some fill as it is low lying.

Index 8 is another example of a small townhouse development site in Fernie.

### **Reconciliation and Final Estimate of Land Value**

The development land market provided less than desirable evidence to produce a reliable estimate of vacant land value for the subject property. Except for one outlier, acreage rates are fairly consistent in the \$210,000 to \$280,000 range regardless of location and multiple differences. Historically, larger and/or higher density sites tend to trade at lower than otherwise similar smaller and lower density sites. This disparity of rates for low density versus high density is directly attributable to servicing costs. Servicing costs for individual single or attached housing on a per unit basis is significantly more than multi-family or stacked housing. Also, sites with larger aggregate units will have greater absorption periods than otherwise similar smaller sites.

Surprisingly, the rates per acre are tightly arrayed from \$212,000 to \$283,000 excluding the one outlier (Index 2) that has a large are of unusable land.

The subject property as institutional land, would likely be expected at the lower end of the range considering the zoning.

For the subject, a rate of \$200,000 is estimated. At a \$200,000 rate, the value of the vacant site is estimated and calculated:  $\$200,000/\text{acre} \times 5.86 \text{ acres} = \mathbf{\$1,172,000}$ .

### **Improvement Valuation**

To satisfy the Principle of Substitution which affirms that typically no one would pay more for a property than it would cost to create a substitute, appraisal theory recognizes two separate costs: Reproduction Cost and Replacement Cost.

Reproduction Cost is the actual cost as at the effective date of the appraisal to reproduce an exact replica of the subject improvements. If the materials in the subject building are unique or out-of-date and not available in the current marketplace, the cost estimate is based on the use of highly similar materials. For example, a building constructed forty to fifty years ago may have had plaster-on-lathe interior walls and ceilings, whereas today gypsum wallboard is the building material most commonly used.

Replacement Cost is based on the cost of replacing the subject utility with a structure providing similar utility. The cost estimate is not necessarily based on similar materials or design. For example, a building constructed many years ago with exceptionally high ceilings does not recognize the problems associated with heat loss and wasted space. In this case, the replacement cost would be based on current market requirements which would disregard the out-of-date high ceilings. The Replacement Cost new of the improvements will be estimated using the Cost Services Method.

### **Cost Services Method**

The Cost Services Method utilized the Marshall and Swift/Boeckh Valuations Service's computer-costing software called Commercial Estimator 7. The cost estimator provided the replacement cost new of the subject building. By valuing the replacement cost new of a building, the requirement to estimate the functional obsolescence or super adequacy of a structure is eliminated.

The estimated replacement cost new for the subject was calculated using the Marshall and Swift/Boeckh Valuation Service Commercial Estimator 7. The date of the commercial cost estimate was based as of July 2022. The cost estimate includes all direct and indirect costs. A summary is provided.



Estimate Number : -2069  
 Property Owner : KCA  
 Property Address : 1200 Kootenay St N  
 Property City : cranbrook  
 State/Province : bc  
 ZIP/Postal Code : V1C 5X1

**Section 1**

Occupancy	Class	Height	Rank
100% Elementary School (Entire)	Wood or steel framed exterior walls	12.00	3.0
Total Area	: 27,392		
Number of Stories (Building)	: 2.00		
Number of Stories (Section)	: 2.00		
Shape	: 3.00		

Components	Units/%	Other
Exterior Walls:		
Stud-Brick Veneer	100%	
HVAC (Heating):		
Complete HVAC	100%	Climate : 3
Miscellaneous:		
Fire Alarm System	27,392	
Cost as of 07/2022		

	Units/%	Cost	Total
Basic Structure			
Base Cost	27,392	278.27	7,622,372
Exterior Walls	27,392	44.45	1,217,574
Heating & Cooling	27,392	80.23	2,197,660
Fire Alarm System	27,392	4.14	113,403
Basic Structure Cost	27,392	407.09	11,151,009

Overall depreciation for all sources is estimated using straight-line, age-life method.

The replacement cost new of the improvements as of July 2022 using the commercial estimator is:

School =	\$11,151,009
Less Depreciation @ (30/60 yrs) =	<u>5,575,504</u>
RCNLD	\$5,575,505
Depreciated Site Improvements (estimated) =	<u>100,000</u>
Total RCN:	<b>\$5,675,505</b>

**Entrepreneurial Profit**

Entrepreneurial profit is defined in the Appraisal of Real Estate second edition as a market derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property and its market value, which represents the entrepreneur's compensation for the risk and expertise associated with

development. There is never a guarantee of profit but there is the motivation for a profit to be realized. The best way to determine entrepreneurial profit is to interview developers involved in the marketplace. Discussions with these owners/developers reveal that the expected profit is not from the immediate sale but rather the possibility of long-term income producing capabilities. For these reasons entrepreneurial profit will not be added to the Marshall and Swift/Boeckh cost estimate.

### **Reconciliation**

A summary of the *Cost Approach*:

Estimated Land Value:	\$1,172,000
RCN of Improvements less depreciation:	<u>5,675,505</u>
Cost Approach to Value (land and improvements):	\$6,847,505

Rounded to:

**\$6,850,000**

**Six Million Eight Hundred Fifty Thousand Dollars  
as at August 30, 2022**

# Direct Comparison Approach

## Preamble

The Appraisal of Real Estate Second Edition states that in the Direct Comparison Approach, the appraiser develops an opinion of value by analyzing similar properties and comparing these properties with the subject property. The comparative techniques of analysis applied in the sales comparison approach are fundamental to the valuation process. Estimates of market rent, expenses, land value, cost, depreciation, and other value parameters may be derived in the other approaches to value using similar comparative techniques. Similarly, conclusions derived in the other approaches are often analyzed in the sales comparison approach to estimate the adjustments to be made to the sale prices of comparable properties.

In the *Direct Comparison Approach*, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract to purchase. A major premise of the *Direct Comparison Approach* is that the market value of a property is related to the prices of comparable, competitive properties.

The comparative analysis of properties and transactions focuses on similarities and differences that affect value, which may include variations in the following: property rights appraised the motivation of buyers and sellers, non-realty components of value, financing terms, market conditions at the time of sale, size, location, physical features, use/zoning, expenditures made immediately after purchase, and economic characteristics. These elements of comparison are tested against market evidence to estimate which elements are sensitive to change and how they affect value. Dollar or percentage adjustments are then applied to the known sale price of each comparable property to derive an indicated value for the subject property. Through this comparative process the appraiser renders an opinion of value as of the date specified. The *Direct Comparison Approach* often provides highly supportable value estimates for homogeneous properties such as vacant land and single-family dwellings when the adjustments are few and relatively simple to compute. For larger more complex properties such as office buildings, shopping malls and hotels, the required adjustments are often numerous and difficult to estimate and typically detract from the accuracy of the overall value.

The subject property is a school. The improvements can only legally be used as they were designed for. No sales of a similar property type could be found in the entire Kootenay Region. Institutional type properties tend only to trade at the end of their economic lives and purchased for alternative use. For this appraisal, a *Direct Comparison Approach* is not developed.

# Income Approach

## Preamble

Income is a critical element when a property is purchased as an investment. The *Income Approach* is a method of valuation that involves the analysis of the property's capability to generate revenue and the conversion of this income into an indication of value. This approach is based on the premise that value is the present worth of anticipated future benefits (typically monetary).

The subject property is unique given the intended use as a school. Though the property is leased, it is between related properties. No comparable evidence was available to produce a reliable estimate of rental rates and no sales of income producing schools could be found.. Therefore, an *Income Approach* was not developed.

## Reconciliation and Final Estimate of Value

The estimates of value by the:

<i>Cost Approach</i>	\$6,850,000
----------------------	-------------

The *Cost Approach* produced the only estimate of value at \$6,850,000. In this approach, vacant land value was estimated from commercial land sales. The replacement cost new was based upon Marshall Swift/Boeckh which is considered a reliable and widely accepted cost service.

The *Cost Approach* can be a reliable estimate of value for new or proposed improvements. The biggest weakness in this approach is the ability to recognize and quantify all forms of depreciation. The subject's improvements appear structurally sound and in very good condition. The improvements are modern, functional and specifically designed for the school use.

The main difficulty with the *Cost Approach*, as mentioned previous, is the ability to determine, with great accuracy, the depreciation amount that needs to be applied to the improvement value. Market evidence of measurable depreciation is not readily available. However, given the lack of alternative properties with similar use, the *Cost Approach* provides a good indication of market value.

In concluding a final estimate of value for the subject property, a reasonable exposure time of three to twelve months or more is considered appropriate. Exposure time is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal." The exposure time would be on the basis that the property would be leased out.

The final estimate of market value of the subject property based on the *Cost Approach* as of August 30, 2022, is:

**\$6,850,000**

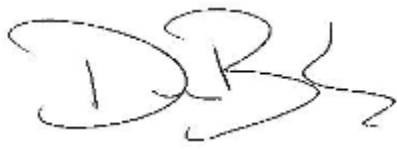
**Six Million Eight Hundred Fifty Thousand Dollars**

# Certification

**RE: Appraisal of Kootenay Christian Academy 1200 Kootenay Street North, Cranbrook, BC V1C 5X1**

I certify to the best of my knowledge and belief that:

1. The statements of fact contained within this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusions favoring the client;
6. My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of the Appraisal Institute of Canada;
7. I have the knowledge and experience to complete the assignment competently;
8. No one provided significant professional assistance to the person signing this report;
9. The undersigned personally inspected the subject property on August 30, 2022; and,
10. Based on the data, analysis and conclusions contained herein, the market value of the interest in the property described, as of August 30, 2022, is estimated at: **\$6,850,000.**



Dean Beck, AACI, P. App

October 23, 2022



## **Addenda**

## Assumptions, Limiting Conditions, Disclaimers and Limitations of Liability

The certification that appears in this report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and the following conditions:

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that

may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.
14. This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
16. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright.
17. Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

# Zoning Bylaw

## 7.23 PUBLIC INSTITUTIONAL ZONE: P-1

### .1 Permitted Uses

Within the P-1 Zone, the following uses only are permitted:

- (a) Public school and denominational school, college and university
- (b) Rest home
- (c) Senior citizens centre
- (d) Hospital
- (e) Community hall
- (f) Club or lodge
- (g) Public building
- (h) Library, archives, museum, and art gallery
- (i) Community theatre
- (j) Park
- (k) Group day care
- (l) Church

### .2 Accessory Uses

- (a) Dwelling unit accessory to a permitted use, subject to Section 7.23.3(a) and Section 7.23.4(a)
- (b) Office, accessory to a permitted use
- (c) Other uses, buildings and structures accessory to a permitted use

### .3 Density

- (a) No person shall locate more than one (1) dwelling unit as an accessory use on a parcel in the P-1 Zone.

### .4 Siting

- (a) No person shall locate a building or structure in the P-1 Zone which has a yard less than 7.6 m where that yard is adjacent to a parcel in a Residential Zone.

.5 Size and Dimensions of Buildings and Structures

- (a) No person shall locate a building or structure in the P-1 Zone which exceeds a height of 20.0 m.

# Land Title Documents

## TITLE SEARCH PRINT

2022-10-21, 10:47:48

File Reference:

Requestor: Dean Beck

Declared Value \$NA

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

<b>Title Issued Under</b>	SECTION 185 LAND TITLE ACT
<b>Land Title District</b> Land Title Office	NELSON NELSON
<b>Title Number</b> From Title Number	W6331 P18684
<b>Application Received</b>	1987-04-07
<b>Application Entered</b>	1987-04-07
<b>Registered Owner in Fee Simple</b> Registered Owner/Mailing Address:	CHRISTIAN AND MISSIONARY ALLIANCE - CANADIAN PACIFIC DISTRICT, 15034S 107 - 7565 132ND STREET SURREY, BC V3W 1K5
<b>Taxation Authority</b>	Cranbrook, The Corporation of the City of
<b>Description of Land</b> Parcel Identifier: Legal Description:	006-971-717 LOT 1 DISTRICT LOT 25 KOOTENAY DISTRICT PLAN 13050 EXCEPT PART INCLUDED IN PLAN 17421
<b>Legal Notations</b>	NONE
<b>Charges, Liens and Interests</b> Nature: Registration Number: Registration Date and Time: Registered Owner:  Remarks:	RESERVATION 18711D 1931-08-21 10:00 THE BRITISH COLUMBIA SOUTHERN RAILWAY COMPANY THE CRANBROOK ESTATES LIMITED INTER ALIA SEE 32859I MINES AND MINERALS TRANSFERRED TO P6812 AND Q27 RESPECTIVELY

Title Number: W6331

TITLE SEARCH PRINT

Page 1 of 2



**TITLE SEARCH PRINT**

2022-10-21, 10:47:48

File Reference:

Requestor: Dean Beck

Declared Value \$NA

Nature: UNDERSURFACE RIGHTS  
 Registration Number: P6812  
 Registration Date and Time: 1980-03-31 09:54  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 Remarks: INTER ALIA  
 MINES AND MINERALS OF B.C. SOUTHERN RAILWAY'S  
 1/2 INTEREST

Nature: UNDERSURFACE RIGHTS  
 Registration Number: Q27  
 Registration Date and Time: 1981-01-02 13:49  
 Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA  
 Remarks: INTER ALIA  
 MINES AND MINERALS OF THE CRANBROOK ESTATES  
 LIMITED'S 1/2 INT.

Nature: RESTRICTIVE COVENANT  
 Registration Number: W6332  
 Registration Date and Time: 1987-04-07 11:17  
 Registered Owner: CITY OF CRANBROOK  
 Remarks: SEC. 215, LTA

Nature: MORTGAGE  
 Registration Number: XJ15720  
 Registration Date and Time: 1995-06-23 11:13  
 Registered Owner: CANADIAN IMPERIAL BANK OF COMMERCE  
 Remarks: INTER ALIA

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

**TITLE SEARCH PRINT**

2022-10-21, 10:47:48

File Reference:

Requestor: Dean Beck

Declared Value \$54011

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

**Land Title District** NELSON  
 Land Title Office NELSON

**Title Number** CA8537093  
 From Title Number Q22055

**Application Received** 2020-10-30

**Application Entered** 2020-11-17

**Registered Owner in Fee Simple**  
 Registered Owner/Mailing Address: CHRISTIAN AND MISSIONARY ALLIANCE - CANADIAN PACIFIC DISTRICT, INC.NO. 15034S  
 107 - 7565 132ND STREET  
 SURREY, BC  
 V3W 1K5  
 AS TO AN UNDIVIDED 99/100 INTEREST

Registered Owner/Mailing Address: CRANBROOK CHRISTIAN SCHOOL SOCIETY, INC.NO. S33879  
 1200 KOOTENAY STREET N.  
 CRANBROOK, BC  
 V1C 5X1  
 AS TO AN UNDIVIDED 1/100 INTEREST

**Taxation Authority** Cranbrook, The Corporation of the City of

**Description of Land**  
 Parcel Identifier: 010-819-932  
 Legal Description:  
 LOT A DISTRICT LOT 25 KOOTENAY DISTRICT PLAN 13553

**Legal Notations**  
 FOR RECREATIONAL PURPOSES, SEE H10450

HERETO IS ANNEXED EASEMENT Q10382 OVER LANDS AS THEREIN SET OUT

**Charges, Liens and Interests**  
 Nature: STATUTORY RIGHT OF WAY  
 Registration Number: LB299594  
 Registration Date and Time: 2009-04-08 09:17  
 Registered Owner: CITY OF CRANBROOK

**TITLE SEARCH PRINT**

File Reference:

Declared Value \$54011

2022-10-21, 10:47:48

Requestor: Dean Beck

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

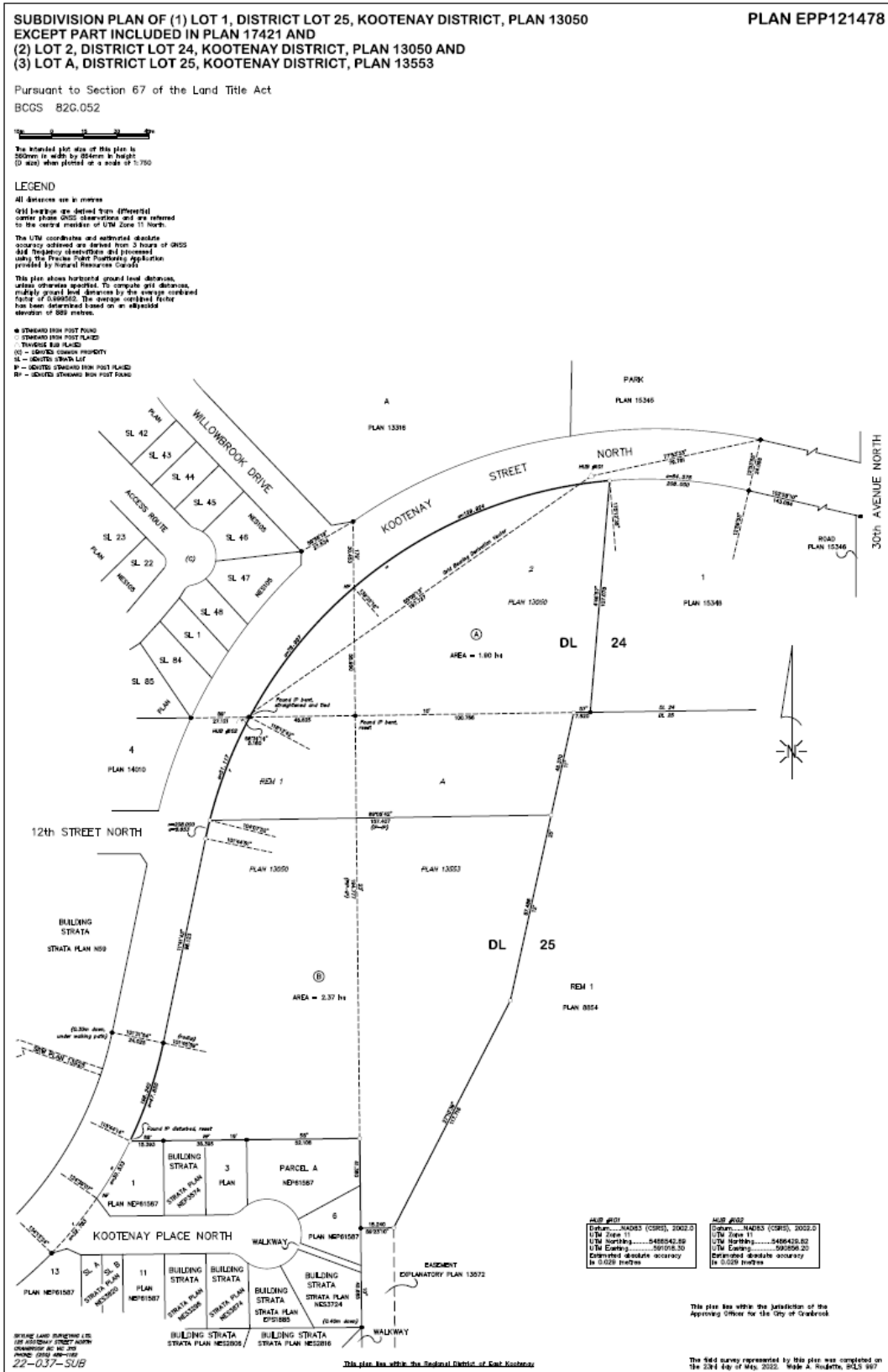
**Pending Applications** NONE

Title Number: CA8537093

TITLE SEARCH PRINT

Page 2 of 2

# Proposed Subdivision Plan



**Dean Beck, AACI, P. App  
Senior Partner**

Rocky Mountain Appraisal  
25 10<sup>th</sup> Avenue South  
Cranbrook BC V1C 2M9  
OFFICE: (250) 489-4413 EXT. 2393 | MOBILE: (250) 421-7898  
[dean@rmappraisal.ca](mailto:dean@rmappraisal.ca)

**HIGHLIGHTS OF QUALIFICATIONS**

- Over 30 years of experience in property valuation and assessment
- Qualified as an Expert Witness at the Property Assessment Appeal Board
- Licensed Real Estate Agent with Royal LePage East Kootenay Realty

**EMPLOYMENT HISTORY**

- 2014 - Sales Representative with Royal LePage and member of Royal LePage Commercial
- 2006 - Senior Partner with Rocky Mountain Appraisal specializing in IC&I property valuations.
- 2002 – 2006 Deputy Assessor for the East Kootenay Region of BC Assessment responsible for the annual valuation of 49,000 properties worth over \$10 billion.
- 1990 – 2002 Senior Appraiser with BC Assessment in Vancouver specializing in IC&I property valuations.

**APPRAISAL EDUCATION**

1987 – 1989 Realty Appraisal Diploma Program – VCC Langara

Various Courses/Seminars:

- Communications
- Real Estate Development
- Valuation of Office Buildings
- Expert Witness and Advocacy Skills
- Marshall-Swift Costing
- "On Being a Leader" Royal Roads
- EPI Seminars – Visionary Planning, Effective Meetings, Negotiations, Starship Factory
- Enterprise Project Management

**APPRAISAL DESIGNATION**

1997 Accredited Appraiser Canadian Institute (AACI)