

The Saskatchewan Assessment Management Agency (SAMA) manages the province's property assessment system developed in consultation with municipalities, stakeholders and the provincial government.

SAMA also provides assessment and other related services to most cities, towns, villages and rural municipalities in the province. SAMA's appraisers value approximately 850,000 properties in Saskatchewan for assessment purposes.

2017 REVALUATION

SAMA conducts revaluations based on a four-year cycle. 2013 was the year of the last revaluation, and the 2017 Revaluation will see assessed values updated to reflect a new base date of January 1, 2015. The legislated base date means that 2017 values reflect a property's value as of January 1, 2015.

SAMA will be implementing a simplified residential cost model for the 2017 Revaluation.

SAMA is undertaking this major project of simplifying the residential valuation process to integrate our residential model with new technologies such as handhelds, and to improve the quality and productivity of our work. Most other assessment jurisdictions in North America have already undergone a successful residential model simplification process of this nature.

VALUATION STANDARD

Residential property is subject to the **market valuation standard** set out in provincial legislation. The market valuation standard requires appraisers to consider:

1. Mass appraisal: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.
2. All rights that accrue to the real property (estate in fee simple).
3. Typical market conditions for similar property.
4. Quality assurance standards set by SAMA.

The market valuation standard provides flexibility in determining the assessed value of property by allowing the use of any of the three accepted approaches to value employed in the industry: the sales comparison approach, the cost approach and the property income (rental) approach. The sales comparison approach is used for areas and property types with active sales markets. If there are few comparable sales, the cost approach will be used. The income approach is not used for residential property because rental income is not the main driver in determining residential property values.

THE SALES COMPARISON APPROACH

The sales comparison approach is appropriate for determining property assessments for locations and property types with active sales markets, such as residential property in medium to large cities. Multiple regression analysis (MRA) techniques are commonly used in developing these valuation models.

THE COST APPROACH

The cost approach estimates the replacement cost of a building, less depreciation, adding land values based on market information and relating the resulting building and land values to average selling prices as of the base date using comparable property sales information. The approach is most useful when there are few comparable sales. The cost approach is used in smaller municipalities and for specific property types across Saskatchewan.

LAND ASSESSMENT + RESIDENTIAL BUILDING ASSESSMENT = ASSESSED VALUE

INFORMATION SHEET #2

SAMA
CENTRAL OFFICE
200 - 2201 11th Ave.
Regina SK S4P 0J8
T: 306-924-8000
TF: 800-667-7262
F: 306-924-8070
W: www.sama.sk.ca

RESIDENTIAL LAND ASSESSMENT

To value residential land, appraisers consider its use, location, zoning, and average selling prices. Appraisers also consider services to the land that often affect its value, such as paved streets, sidewalks, sewer and water connections and other similar factors.

Average selling prices are a key consideration in valuing residential land. Neighbourhoods that are subject to similar market influences are identified and average selling prices determined. For SAMA's purposes, neighbourhoods can be defined as part of a municipality, a whole municipality or even a group of municipalities with similar market characteristics.

RESIDENTIAL BUILDING ASSESSMENT

The depreciated replacement cost of residential buildings is based on the type and quality of construction, average construction costs, the age and condition of the building and average selling prices. All residential buildings and structures are assessed, including porches, decks, garages and other structures that add value to the property. While no record is kept for improvements such as fences, driveways and landscaping features, these do affect average selling prices, and are accounted for in the Market Adjustment Factor (MAF).

$$\begin{array}{ccccccc} \text{REPLACEMENT} & & & & \text{MARKET} & & \text{RESIDENTIAL} \\ \text{COST} & & & & \text{ADJUSTMENT} & & \text{BUILDING} \\ \text{NEW} & - & \text{DEPRECIATION} & \times & \text{FACTOR} & = & \text{ASSESSMENT} \end{array}$$

The market valuation standard permits replacement costs to be obtained from different sources. SAMA's 2015 Cost Guide (Guide) contains procedures for applying the cost approach plus construction cost tables for residential structures. Additional details on cost guides and the cost approach can be found on SAMA's website at www.sama.sk.ca.

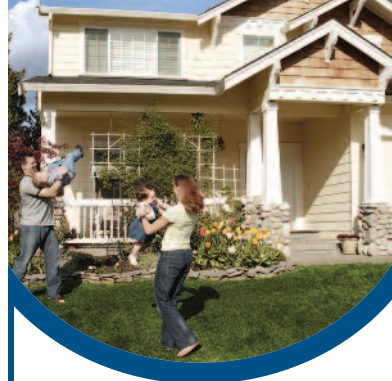
The system also accounts for all types of depreciation: physical deterioration, and functional and economic obsolescence. Physical deterioration is calculated using tables set out in the Guide. Functional obsolescence is accounted for with market adjustments. Economic obsolescence, and any other loss or gain in value, is accounted for with the MAF.

PROPERTY ASSESSMENT DOES NOT EQUAL PROPERTY TAX

SAMA's role in determining assessed value for properties is just the first part of a process established by provincial legislation. The second part is application of provincial government established tax policy, such as property classes and percentage of value, and statutory exemptions. The third and final part of the process involves municipalities annually determining the local mill rate based on local budget needs. The province sets the mill rate for the education sector. Municipalities then multiply the taxable assessment by the local mill rate* to produce property tax levies, also known as your property tax bill.

$$\begin{array}{ccccccc} \text{(SAMA)} & & \text{(Province)} & & \text{(Municipalities and} & & \text{(Taxpayer)} \\ & & & & \text{Government)} & & \\ \text{ASSESSED VALUE} & \times & \text{PERCENTAGE OF VALUE} & \times & \text{MILL RATES*} & = & \text{PROPERTY TAXES} \\ & & \text{\& EXEMPTIONS} & & & & \end{array}$$

*Municipalities have the authority to use a series of tax tools ranging from mill rate factors to minimum taxes. For more information on tax tools and exemptions see the Ministry of Government Relations website.



MELFORT

1121 Main Street - Box 1089
Melfort SK S0E 1A0

P: 306-752-6142 F: 306-752-6151
TF: 800-216-4427 (in Sask.)

MOOSE JAW

228 Main Street North, 4th Floor
Moose Jaw SK S6H 3J8

P: 306-694-4425 F: 306-694-4505
TF: 866-398-7889 (in Sask.)

NORTH BATTLEFORD

303, 1101-101st Street
North Battleford SK S9A 0Z5

P: 306-446-7665 F: 306-446-7568
TF: 800-824-2570 (in Sask.)

REGINA

330 - 2505 11th Avenue
Regina SK S4P 0K6

P: 306-924-8080 F: 306-924-8088
TF: 800-498-0578 (in Sask.)

SASKATOON

300-333-25th Street East
Saskatoon SK S7K 0L4

P: 306-933-5385 F: 306-933-7997
TF: 800-667-5203 (in Sask.)

SWIFT CURRENT

203 - 350 Cheadle Street West
Swift Current SK S9H 4G3

P: 306-778-8444 F: 306-778-8445
TF: 800-498-0574 (in Sask.)

WEYBURN

314-110 Souris Avenue
Weyburn SK S4H 2Z8

P: 306-848-2397 F: 306-848-2399
TF: 800-498-0575 (in Sask.)

YORKTON

45B Palliser Way
Yorkton SK S3N 4C5

P: 306-786-1370 F: 306-786-1372
TF: 800-498-0576 (in Sask.)

SAMA has Information Sheets available on the assessment process for different types of properties. For further information visit SAMA's website, or contact your local municipality or any SAMA office.

Please note that for jurisdictions where SAMA provides valuation services, individual property assessed value information is available on SAMA's website at www.sama.sk.ca, by clicking the SAMAView link.

October 2016

