

The TGIF CHRONICLES

For Friday, March 26, 2004

Volume 2 – Issue 9

The following have been nominated this week that will receive this week's newsletter.

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If you know of anyone who should become a member of this elite group, then please email their name, title, company, and city to integral@shaw.ca

Due to the editor's workload, the Chronicles did not publish last week, and we apologize for any inconvenience that this may have caused.

We understand one person missed her coffee break, and another one had cold coffee, last Friday morning waiting for the Chronicles to be emailed so that they could read them during their break.

We understand that Dave Bastow of CGI Adjusters in Vancouver suffered a heart attack last week. Dave is at the Royal Columbian. Our well wishes go out to you Dave, and look forward to seeing you back on your feet soon.

ROBERT EYFORD (Rae-Tech Investigations Inc.) WRITES:

I was recently spent a week in Richmond, Kentucky renewing my fire investigator certification. Two interesting things occurred during that time. I wanted to check out the Kentucky Fried Chicken while I was there, just to see if it's any different than anywhere else. I checked two different KFC outlets and found out you can't get pieces of chicken like everywhere else, ie drumsticks, thighs, etc. The only chicken they sell in Kentucky is "chicken strips", which consists of battered strips of white breast meat. I thought that was odd.

The second interesting thing that occurred while I was there was in a Hooter's restaurant. A couple of us went there to have a beer to celebrate the end of our seminar. The only reason we went there is that it was the only restaurant within about two miles of our motel. Honest!! So we walked in, sat down and ordered a beer. Well, believe it or not, I got asked for i.d. And,,,,,,,,,,,,,I have a witness. His name is Ryley Rentmeester and his email address is ryleyrentmeester@hotmail.com just in case any of you doubt me.

A few days later I was back in Alberta and entered a liquor store in Spruce Grove to buy a bottle of wine. They had a sign by the cash register that said "senior's discount 55 years and over". So I asked for my discount and got it. Now I ask you, how often in a lifetime can someone get asked for proof of age and get a senior's discount in the same week?

BULLETIN

We thought you might like to see a new invention of Natalie Trueit. She has one at home and swears by it. It costs so little to run. She has them on special for \$ 9.99 each and to order one please email her at natalie@pioneeragencies.com Hurry and get one soon while supplies last.



Hmmm! Only in Smithers you say? The firm's name "PIONEER" is also very apropos.

EDITORIAL

We recommend that you read the article in the February issue of the BC Broker magazine written by Stan Sauerwein titled *Kelowna Fires make GRC a hot issue*. Stan is right on the money, however he does not go far enough.

Mr. Sauerwein mentions the current valuation programs such as RCT EvaluaRater, PowerHouse, Home Replacement Value, and Costworks Valuator, in his article but they really do not go far enough. These, or any other programs do not and in all reality cannot touch upon the other hidden costs related to any individual reconstruction, only a trained appraiser can.

OTHER FACTORS AFFECTING VALUATIONS PROGRAMS DON'T DEVELOPE

CURRENT COST MULTIPLIERS are based primarily on the Building Cost Indexes.

LOCAL MULTIPLIERS reflect local cost conditions and are designed to adjust the basic costs to each locality. They are based on weighted labor and material costs, including local sales taxes and the GST, but do not include any new construction rebate where applicable. The local multipliers, when applied to the total replacement cost, will adjust for variations in component costs as a whole for a particular geographical area. But they may not adequately adjust when applied to specific components or Unit-in-Place costs, e.g., in the case of a specific piece of equipment, which may be national in scope requiring no significant localization. For most Unit-in-Place costs, the predominant building or material Class factor can be used (e.g., wood, Class D; masonry, Class C) or an average of all Classes may be appropriate. In some cases, local building problems and practices must be considered. In the best residential neighborhoods, costs are often higher than those for identical construction in a lower-cost neighborhood.

SPECIAL LOCAL CONDITIONS: Normally, smaller cities and suburbs near larger cities fall generally under the same cost influence as the larger city; however, local wage scales, inspection practices, licenses, codes and fees may vary, and the valuator should consider these possible deviations. Within a large city, costs will often vary by distance from sources of materials, such as ready-mix plants, and the local multipliers apply only to typical conditions prevailing. The multipliers are merely weighted averages of the various cities and do not have any other significance. They may fit quite closely to many of the cities in the province, which are not listed, but some localities may vary appreciably.

SEISMIC AND WIND: In high wind (over 90 mph) and earthquake (zones 2, 3 & 4) prone areas, you can have additional structural elements, which will affect the overall building costs. Lifeline structures, such as Hospitals, must meet stringent building and life safety codes.

NATURAL DISASTERS: Widespread major natural disasters can create isolated materials and/or labor shortages requiring some upward adjustment to the multipliers. Some specific materials, such as roofing, can temporarily increase 30% to 50% or more above normal repair estimates.

ABNORMAL SHORTAGES: Temporary supply-demand imbalances caused by events other than major catastrophes, such as factory closures, strikes, inadequate inventories, environmental legislation, trade embargoes, commodities speculation, etc., may require some upward adjustment to the multipliers.

COMPLEX SITES: Hillside construction will be much more expensive, due to added foundation and site work. Downtown buildings are usually somewhat more expensive than outlying buildings. Sidewalks must be barricaded or roofed for the protection of pedestrians. Due to the lack of adequate space, material storage and handling is often more costly. Bordering property must often be protected. Such expenses are definitely a part of construction costs.

WEATHER EXTREMES: Extreme cold, heat or wet weather may require temporary enclosures or covers or special storage, handling and wrapping of materials. These added costs may require some upward adjustment to the multipliers.

REMOTE LOCATIONS: If a building or other structure is far removed from supplies of labor and material or if its location is accessible with difficulty, requiring higher freight charges on material, noncompetitive conditions for labor or materials, disproportionate crewing or labor per diem charges or unusual climatic conditions, some upward modification of the multipliers is appropriate. Examples are island, mountain, desert or resort locations and others not enjoying reasonable and adequate transportation facilities, and for which no local modifier has been computed

QUANTITY OR DEVELOPMENT CONSTRUCTION: There is usually a cost saving in quantity or duplicate construction, which may or may not be passed on in the cost. Large industrial projects, using multiple tilt-up or residential modular construction can have savings double the listed averages.

AMATEUR WORKMANSHIP: All costs are based on professional labor supervised by a contractor or his job foreman. For amateur workmanship or work done by farm or ranch help, costs should be decreased to reflect the proper wage rate and lack of contractor and architectural supervision relative to the quality of the work.

REPAIR AND REMODEL: All costs are based on new construction. Typical repair work will run 10% to 20% higher because of restricted areas, movement of materials, temporary supports, shoring, etc., and other contingencies not encountered in new construction, not including demolition and removal.

CONVERSIONS: Buildings are designed for specific types of occupancies, and over the years their occupancy design use is changed through major renovations and remodeling. As buildings get older their design use becomes obsolete and occupancies change. These types of buildings can generate costs in excess of 25 – 50 % more.

YOU ASKED

“When do I include the square footage of the garage in with the main floor of the home, and when do I not?”

Good question. With the new systems for valuation, the square footage of the garage can be shown twice in the computation of the valuation, whereas, with the old method the square footage of the garage was not included with the finished floor area of the living area that the garage was on.

If the entry level for the garage is on the same level as the basement, then it is a **BASEMENT GARAGE**, and you would **include** the square footage of the garage in the total square footage of the basement, if there is a main floor above it. If there is a deck, balcony, terrace, patio or nothing above it then it would be considered an **ATTACHED GARAGE**, and you would **not include** the square footage of the garage in the total square footage of the basement.

If the entry level for the garage is on the same level as the main floor, then it is a **BUILT IN GARAGE**, and you would **include** the square footage of the garage in the total square footage of the basement, if there is an upper floor above it. If there is a deck, balcony, terrace, patio or nothing above it then it would be considered an **ATTACHED GARAGE**, and you would **not include** the square footage of the garage in the total square footage of the main floor.

Remember under the new system for valuation, there will be credits for common walls, and a common roof, that would have to be considered and adjusted accordingly.

An experienced appraiser, for a number of reasons, can disregard these rules however a novice should abide by these rules.

YOU ASKED

“What is the differences in cabinet finishes?”

You will find four basic finishes to cabinets, doors, trim, siding, countertops, wall covering, etc.

A COMPOSITE finish usually comprises of a man made material such as K3, strand board, etc., even though the composite material used in the process is a natural material. This material becomes the finish to either paint or stain. The quality of this product is economy, fair, or average.

A LAMINATE finish usually is a vinyl, or hard skin glued to a base material. The base material can be either man made or natural and becomes the finish. This finish will be uniform in colour, design, and grain because a picture of the finish has been photographed onto the skin. The quality of this product is fair, average, or good.

A VENEER finish is natural thin pieces of wood that have been cut, glued and pressed into sheets, or skins, which are then in turn glued to a base material that can be either man made or natural. The grain will not be uniformed and the finish can be either painted or stained. The quality of this product is average, good, or very good.

A NATURAL finish is raw material that has been cut, shaped, and sanded into board stock, which are then in turn can be laminated together in uniform to form a larger piece of material for the application it is designed for. Again the grain will not be uniformed, but can be planned to appear to uniform in appearance. This product can be either painted or stained. The quality of this product is good, very good, or excellent.

DWELLINGS, MULTIPLES, MOTEL GROUP

Motels are multiple sleeping units of three or fewer stories, with or without individual kitchen facilities, and designed for transient occupancy.

Extended-stay facilities have larger rooms to accommodate kitchen facilities, but will have limited support facilities. For Class A or B structures, refer to the hotel section in Apartments, Clubs, Hotels Group. Where large restaurants and lounges are connected with a motel, these can be found in Stores and Commercials Group. However, an amount of office, lobby, coffee shop, meeting room and managers' living space commensurate with the number of units and quality is included in the costs. Large convention halls can be found in

Churches, Theaters, Auditoriums Group. Swimming pools should be added an additional feature as well as enclosures.

Guest sleeping room buildings are listed separately as an alternate or individual pricing method.

Office-apartments are to be used in conjunction with the guest rooms or independently as typically encountered in mobile home parks, mini-warehouse developments, etc. Prefabricated office and guardhouses should be added as an additional feature.

Lodges are generally of rustic design with multiple sleeping units and lobby with some additional plumbing and kitchen facilities for the additional unrelated number of guests. The better qualities will include large formal dining and meeting rooms.

Guest cottages or cabins are individual sleeping bungalows or villas without kitchen facilities. The lowest quality is camp or marginal motor court facilities without plumbing, while the best resort types will contain luxury bathroom suites.

Bed and breakfast inns are residential-type buildings designed for transient boarding and are more family style in character than lodges. Rooming houses are found in Apartments, Clubs, Hotels Group.

Multiple residences, often referred to as garden apartments, are buildings of three or fewer stories, in which each unit has a kitchen and bath, and which are designed for other than transient occupancy. Priced per building, costs include common areas such as lobbies, hallways, laundry, recreation, etc.

Senior citizen (independent living) buildings may have limited individual kitchen facilities and/or common kitchenette and recreation areas associated with congregate housing for the elderly.

Elderly assisted living buildings consist of studios and one- or two bedroom suites with limited kitchens and common dining areas, lounges, craft and game, beauty parlor and therapy rooms commensurate with the quality. For Class A or B construction, see the appropriate apartment or elderly home areas in Apartments, Clubs, Hotels Group. Where large clubhouses are connected with a multiunit residential development, they can be found in Apartments, Clubs, Hotels Group. Although multiple residences built as condominiums are sometimes required by building and zoning codes to have certain items not required for rental units, basically "condominium" is a type of ownership and not a type of construction, and the multiple residence costs are valid. There can be extra developers' or soft costs related to a type of ownership, which are not considered. For skilled nursing units, refer to Convalescent Hospitals, Offices, Medical & Public Buildings Group.

Retirement community complexes include a mix of independent, assisted living, including facilities for Alzheimer's or dementia patients and skilled nursing living units, with fitness and care facilities commensurate with the quality.

Row houses or town houses include all dwellings having a common wall. Costs are for end row houses or two-family dwellings, with adjustments for dwellings having two common walls. Refinements for one-, two-, or three-story units are given on the cost pages. They include the modern town houses, whether built for rental or condominium ownership (see discussion under multiple residences above).

Urban and **senior citizen** units are listed separately.

Single-family residences come in many architectural styles and mixtures of styles, but basically, within the same quality, costs will vary little. Thus, the modern, the rustic, the ranch and the one-story conventional house are all variations on the same theme, as are the Cape Cod, the split-level, and the almost infinite number of other variations, by whatever name they are called in each part of the country.

High-value or luxury and historical residences are listed separately.

Guest houses, granny flats or servants' quarters are second residential living units, separate from the main residences, and generally of lesser quality.

Bathhouses are small changing, rumpus/game room structures, usually supporting recreational improvements in a residential setting. The lowest quality is a simple cabaña without plumbing, while the better quality includes the well-appointed entertainment/guest facility.

Miscellaneous housing includes log, earth-sheltered, rammed-earth, baled-straw and tropical housing. The mountain and resort cottages or cabins are listed separately. Migrant labor cabins and bunkhouses are found in Sheds and Farm Buildings Group.

Basement costs include finish compatible with the type of basement, as well as stairs and ramps as necessary. Elevator stops can be added from the refinement page.

We leave you with this thought

“ One of the best ways to persuade others is to listen to them ”

Have a great weekend!

Executive Editor
Sir Richard

Publisher
IPS

Editor
The Old Man