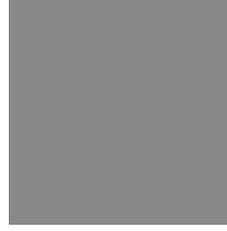


# VALUATION CASE STUDY

## EXPROPRIATION: INJURIOUS AFFECTION



### The Challenge

Expropriation, the seizure of private property by a public agency is rarely regarded with equanimity by the unfortunate property owner regardless of the benefit to the public at large. A Canadian's home is their castle and this exercise of police power strikes at the heart of that sentiment. Fortunately the various Expropriation Acts require that the expropriated party be adequately compensated for their loss. The property consisted of two lots, the main lot hosting a retail store and apartment; and a corner lot purchased for future development of the entire property. It was the latter that had been expropriated and the acquiring authority's appraiser restricted their attention to it, ignoring injurious affection to the remaining property. The property owner objected to the appraisal and the acquiring authority retained Turner Drake to provide a second opinion.

### Turner Drake's Approach

We met with the property owner to assist us ascertain the impact, if any, of losing the corner lot, on the remaining property containing the retail store and apartment. We completed a "Before" value to calculate the Market Value of the *entire* property under its Highest and Best Use. Our analysis revealed that redevelopment, rather than the existing use, maximised the property value since it took advantage of the large (combined) lot size and corner exposure. We then completed an "After" value and determined that the loss of the corner lot rendered the remaining property uneconomic for redevelopment. Its Highest and Best Use was restricted to its existing use as a retail store with a second floor apartment.

### Winning Results

**The dollar difference between the "Before" and "After" values captured the value of the land expropriated and the injurious affection to the property remaining. Injurious affection was substantial (about 25% of the total loss); total compensation was nearly double that of the original appraisal. The claim was settled without the trauma and cost inherent in a court action.**