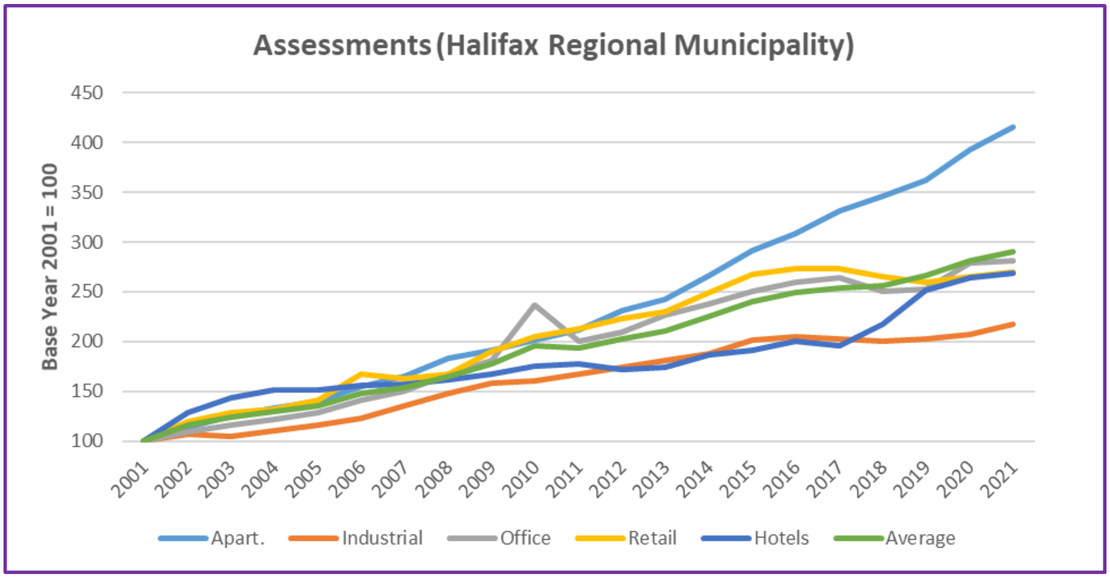
Property Taxes' Viral Variants



Source: Turner Drake & Partners Ltd. CompuVal® Knowledge Base.

Virtually all government initiatives over the past fifteen years have been designed to shift the property tax burden away from single family homes onto rental apartments, seniors housing and commercial property. Nowhere has this been more evident than in the provinces of Nova Scotia and New Brunswick. But, like the pandemic, just as the process appears to be nearing its end, another variant emerges to perpetuate the saga. When will it end? Not soon we fear… and each "adjustment" to the property tax system renders it less equitable, transparent and logical. Property taxes are asymptotic, they are a function of the Market Value of the real estate, which in turn is dependent on the quantum of the property taxes, so interpreting this whirligig is something of a challenge. *One thing we can forecast with near certainty is that property taxes, typically the second highest outlay after mortgage debt service, are going to increase substantially as a proportion of total expenses.* But by how much, and when, will depend on the property type.

Calculation of Property Taxes

Property taxes on all types of real estate are calculated by multiplying the Property Tax Rate by the Property Assessment. The Property Tax Rate is set by the municipality, sometimes with participation by the province if they also raise part of their tax revenue through the property tax mechanism, and is the quantum of tax revenue raised for each one hundred dollars of the Property Assessment (sometimes the property tax rate is quoted as a "Mill Rate" i.e. the tax revenue raised per one thousand dollars of the Property Assessment). Thus, a property assessed at $1.0 million, located in a municipality levying a Property Tax Rate of $3.00, will be required to pay $30,000 per annum in property taxes.

Property Tax Rates

The Property Tax Rate will usually vary depending on the property's location within the municipality and the services provided. Rural locations will usually attract a lower Property Tax Rate than urban areas, concomitant with the lower level of service provided. For example, the municipality may clear snow from the sidewalks in urban, but not rural areas. The most critical difference however is that between the *Residential* and *Commercial* Property Tax Rates. In Halifax Regional Municipality (HRM), the Atlantic Region's largest municipality, the urban general rate for commercial property is 2.83 times the residential rate. In New Brunswick the legislated commercial to residential multiplier is 1.5, but current reforms provide the power to vary this between 1.4 to 1.7; *however residential home owners are exempt from the provincial rate, unlike apartment and commercial property owners. If this exemption is taken into account, apartment and commercial property owners pay almost 3 times the residential tax rate. The province already has some of the highest commercial tax rates in the country.* In most municipalities, rental apartments and commercial property, also have to pay a private contractor to dispose of their solid waste, a service that is provided free to single family homes by the local authority. The inequitable treatment of commercial and apartment property is further compounded in provinces such as Nova Scotia by the fact that the provincial government "capped" the Assessed Value of certain homes in 2005. Since the impact was "revenue neutral" for total residential tax revenue, the Residential Property Tax Rate rose to compensate for the "lost" assessments. Even if there is no legislated relationship between the Residential and Commercial Property Tax Rates, the relationship is implicit and r*ental apartments, which are taxed at the Residential Property Tax Rate and are not "capped", directly subsidize the capped property.* There appears to be no political will to abolish assessment capping despite the fact that it primarily benefits wealthy property owners.

All signs point to substantial and continuous increases in Property Tax Rates to pay for the pandemic, initiatives to combat or alleviate global warming, inflation and affordable housing. Halifax Regional Municipality, often the benchmark that others use, is proposing a 5.9% increase in the Residential and Commercial Tax Rates for 2022. This will probably be dialed back to a 3.7% increase, but the assessment base will also have increased. The Canadian annual inflation rate was 4.7% in November 2021 and will increase again in 2022 (the American rate was 6.8%, the highest in 40 years) so we can expect that to factor into Property Tax Rate increases in 2023. None of these items reflect efforts to combat global warming yet (apart from HRM's proposed 5.9% which does include a contingency allowance), but substantial upgrades are going to be required to public infrastructure to combat challenges such as heavy precipitation, rising sea levels and storm damage. In provinces such as Nova Scotia and Prince Edward Island, rent control will impede any attempt to pass through the increase in operating costs to residential tenants.

HRM is also considering introducing one of three "zoned" tax rate systems with varied Property Tax Rates depending on location, assessed value, or both. Giselle Kakamousias, the Vice President of our Property Tax Division, has done some preliminary number-crunching for the three differing options proposed by HRM in a recent staff report, and has concluded that owners in all urban zones are generally better off up to an assessed value of $2.0 million. Beyond that threshold, either Big Box owners i.e. those with properties in Bayer's Lake, Dartmouth Crossing, City of Lakes Business Park and Bedford Common or owners in the Downtowns and Business Improvement Districts (BIDs) begin to pay more. She concludes that the impact begins to be noticeable (i.e. an increase of =>4%) for properties with assessed values over $4.0 million. The proposed changes are meant to be a revenue neutral change: while some property owners pay less, others pay more. It, together with assessment averaging (see Property Assessments paragraph below), will infuse a layer of complexity into the taxation system and thereby increase cost to all taxpayers. It has an air of rearranging the deck chairs on the Titanic, particularly given the impact of on-line shopping and the pandemic on Big Box retailers and HRM's downtowns and BIDs.

Although New Brunswick is implementing property tax reform it does not include a provision allowing commercial property owners to challenge the tax *classification* of their real estate (different tax classifications may attract different Property Tax Rates); that decision lies at the sole discretion of the provincial assessment authority.

We anticipate that Property Tax Rates will increase for the foreseeable future, probably in the range of 4% for 2022 in many municipalities, and then at a 2% to 3% premium over the inflation rate for subsequent years.

Property Assessments

Property Assessments in Canada are based on the Market Value of the real estate i.e. the price at which the real estate could be sold in the open market on a specified "base date". Properties are re-assessed annually in the three Maritime Provinces and Newfoundland (except for the City of St. John's which re-assesses every two years). In Atlantic Canada the Base Dates for New Brunswick and Prince Edward Island are January 1st of the taxation year and January 1st of the preceding year for Nova Scotia. The City of St. John's is using January 1st 2020 as its Base Date for the 2022 Taxation Year, while the remainder of Newfoundland is content with January 1st 2021. All Base Dates for the 2022 Taxation Year now reflect the impact of the Covid-19 pandemic… apart from the City of St. John's. Pretty straightforward then!

In New Brunswick, calls for an amendment of the Assessment Act to include a "uniformity clause" have again been ignored. The other three Atlantic provinces expressly or implicitly include a provision whereby property has to be assessed in a "uniform manner" and not just at its Market Value. This provision is designed to prevent assessment authorities deliberately assessing property at less than its Market Value to deny property owners their right of appeal even when their real estate carries a higher assessment than comparable property. The uniformity, or equity, clause is widely accepted in other jurisdictions in Canada as a necessary safeguard to protect taxpayers.

In Nova Scotia, it is likely that the Halifax Regional Municipality (HRM) will introduce “assessment averaging” for commercial property located in designated “Commercial Development Districts” to be established as part of an approved municipal plan. If the property assessment increases by more than a 5% over the average for commercial property in the municipality, the increase will be spread out over the next three years. This was first discussed in 2012/2013 and may be a solution to a problem that no longer exists to any great degree. It is designed to promote stability by reducing the initial impact of assessment increases but will also discourage appeals. Of course, the loss in tax revenue has to be recouped by increasing the Property Tax Rate so no property owner benefits three years after the date the program is initiated because all taxpayers then subsidize each other. It does however permanently increase the Property Tax Rate.

The pandemic has further introduced considerable uncertainty into the assessment process since it impacts Market Values, the basis for property assessments. Covid appears to love us, even though the emotion is not reciprocated. What started in this Region, as a chance encounter on March 18th 2020, has now blossomed into an enduring relationship that continues to bring personal pain, financial stress and suffering… and a permanent change in the way we view and utilise some types of real estate as we journey through the Greek alphabet. Our initial expectation that Covid would be curtailed once a vaccine was developed has now crystalized into the realisation that its impact will be prolonged. Our Spring 2020 Newsletter (Vol. 2 No. 119) drew on past experience of significant emotional events to forecast the impact of the pandemic on property values and hence assessments. After recoiling from the initial onslaught of Covid, property markets have stood up fairly well, and the trends are in line with our expectations. In Halifax Regional Municipality (HRM), the area with the most data, Apartment and Industrial values have continued to rise, Offices have remained the same or fallen in value, Retail and Hospitality values have eroded. Some office buildings are earmarked for conversion to apartments and shopping centre sites are favoured for redevelopment for the same use. Eventually (assessment departments/bodies move with glacial speed) these shifts in values will be reflected in revised assessments.

Property Assessment Trends (See Graph Page 1)

Property Assessment increases or decreases are ultimately a function of changes in Market Value. Based on our experience of the 1990 market meltdown we know that assessment departments are reluctant to fully recognise falls in value. They are cushioned from real world events by their employment and work culture. They usually refuse to accept sudden price movements with commercial or investment grade residential property. Part of the problem is lack of sales data or even property for sale. When values fall, the market reacts by withdrawing product so a dearth of property for sale may indicate a market in trouble. If the market is in turmoil many sales will be “distressed transactions” and solipsistic civil servants will ignore them as evidence, even when they constitute the entire market. Secondary evidence of distress, such as empty units in a shopping centre, may not be given their proper weight, even though they may in fact be the tip of an iceberg indicating that other tenants are surviving only by paying percentage rent or by way of other rent abatement measures. There is a lack of understanding too by assessment authorities of the importance of “operating leverage”: the fact, for example, that a motel will lose money once its occupancy falls below say 70% and cannot reduce that hurdle by further cutting its variable costs. “Financial leverage”; the sensitivity of the property’s cash flow to debt service demands is always ignored because property assessments are (supposedly) based on “all cash” sales even though such transactions rarely exist in the real world. Increases in Market Value on the other hand are more quickly reflected in Property Assessment increases because the evidence is so apparent. When sales prices are increasing the volume of transactions usually increases as well. The Covid-19 pandemic’s impact has been asymmetrical… properties such as hospitality, retail, offices and some apartments have fallen in value, while some industrial real estate has increased. We anticipate therefore that future hospitality, retail, office and some apartment assessments will understate the adverse impact of the pandemic while industrial property assessments will overstate it since only those properties that have benefited from the pandemic will sell.

Our Assessments Graph on Page 1 tracks the average assessment for Apartments, Industrials, Office, Retail and Hotels over the past twenty years. Halifax Regional Municipality (HRM) has been chosen for our analysis because it is the largest metropolitan region in the Atlantic Region and generates the greatest quantity of the property assessment and sales data by property type. Statistically therefore it is the most reliable. The assessments have been expressed on a “per unit” basis: hotel rooms, apartments, and square footage for industrial, office and retail property. Year 2001 has been adopted as the common base year (2001 = 100) for all five property types:

Apartments have borne the brunt of the assessment increases in HRM outpacing all other property types since 2012. This is because there is more sales data available to the assessment authority, the Property Valuation Services Corporation (PVSC), so increases are more apparent and easier to justify. Market Values which legally underpin Property Assessment calculations have increased steadily since 2004 as Capitalisation Rates (the rate of return purchasers accept on an all-cash purchase) decreased. This fall in Capitalisation Rates was a property sector, and region wide, phenomenon which broadly speaking started in 2001 (*All Together Now: Cap. Rates Compress!*). This reduction in Capitalisation Rates has borne the brunt of the heavy lifting because apartment rents failed to keep pace with the inflation rate until the beginning of 2017, when the dam burst and rental increases took off. Over the years since, they have recaptured the rental increases foregone in previous years. Unfortunately, Covid, coupled with a shortage of affordable housing, persuaded the Provincial Government to reintroduce rent control in November 2020 limiting increases to two percent per annum. This has since been extended to the end of 2023. Since the PVSC effectively base their assessments on a Base Date a year earlier than the assessment year i.e. year 2022 assessments will be based on property values pertaining at January 1st 2021, *Property Assessments must reflect the reality of rent control for the year 2022 onwards, until the rental increase restriction is removed*. This is significant because operating expenses are anticipated to rise significantly and this will impair net operating income and hence Market Value. Insurance, maintenance and heating costs are already rising sharply and the Halifax Regional Municipality is threatening a 5.9% increase in the property tax rate.

Industrial assessments increased steadily from 2001 to 2021, apart from a small dip in 2018. Our research indicates that Market Values fell during 2016 and 2017, recovered again and then rose before falling in 2020 and 2021, but that the market was spotty. The pandemic and the consequent supply chain issues have created additional demand for industrial space suitable for logistics or required for inventory storage. At the time of writing there is generally a shortage of industrial space in HRM; our latest (December 2021) Market Survey records an overall vacancy rate of 4.08%, the lowest rate since we started the survey in June 2001. However operating expenses are now rising significantly, headed by proposed property tax increases, so Market Values may be impaired: if so this should be reflected in future property assessments.

Office assessments have increased steadily since 2001 and do not reflect what is happening in the marketplace. Market Values have been adversely impacted by an oversupply which started in June 2009 and peaked in June 2017 for HRM. Our latest Market Survey (December 2021) records a still staggering overall vacancy rate of 14.86%, easily the worst since we started our Market Surveys in June 2001. Halifax Central Business District (CBD), neglected since the regional amalgamation on April Fools Day 1996, is an even more alarming 20.62%. The CBD has suffered double digit vacancy since December 2014 and the current vacancy is the worst yet! The situation is so bad, and future prospects so dismal, buildings are now being demolished or repurposed for residential use… and this before the full impact of the pandemic has taken its toll. Operating expenses are escalating rapidly… real estate taxes now comprise 35% of the total, according to our December 2021 survey!

Retail assessments increased steadily until 2015, then levelled off and fell slightly. As mentioned earlier in this article there is a delay between the valuation Base Date and the assessment year but the adverse impact of on-line shopping actually started to make itself felt in 2010 as evidenced by the increase in Capitalisation Rates. That trend has been lent impetus by Covid-19 which first manifested itself in the Atlantic Region in March 2020.

Hotel assessments have generally risen since 2001, levelling off from 2012 to 2017, before rising again fairly steeply. They and other types of hospitality property have been crippled by the pandemic.

2022 Property Assessment Appeals

Property taxes are going to increase substantially in Atlantic Canada as governments seek to recoup their pandemic costs and respond to the infrastructure challenges of climate change. These increases will persist over the long term. Property managers should monitor their property tax assessments carefully and appeal whenever there is an opportunity to alleviate their tax burden. All of the assessments in the Atlantic Region, with the exception of St. John's, Newfoundland, have Base Dates which predate the onset of the pandemic. It is opportune therefore to seek assessment relief by filing an appeal if your property's value has been impaired by the pandemic, commencing with this 2022 assessment year. Whilst the assessment trends displayed in the Graph are HRM centric we suspect that they also have relevance to the other assessment jurisdictions in the Atlantic Region. In addition to the pandemic there are now major forces at play which will impact your property's Market Value and which should be reflected in its assessment. The primary driver of value for all types of investment grade property is the Capitalisation Rate (the rate of return a purchaser requires from the investment). In general, Capitalisation Rates have fallen, and hence values risen, for the past twenty years. This reflects increased appetite for real estate as an alternate investment to stocks and bonds propelled in part by the 2008 Financial Crisis, poor returns elsewhere, low and stable inflation, low mortgage rates and a yearning to own part of something physical. This party may now be at an end hastened by the price burden of the pandemic, rising inflation and interest rates. There are property specific influences too which adversely impact both sides of the value equation; the property's Net Operating Income (NOI) and its Capitalisation Rate.

Apartments located in provinces with rent control face the fact that rent increases are capped annually (Nova Scotia – 2%, Prince Edward Island 1%) even though the Canadian inflation rate is currently 4.7% (November 2021) and is on track to increase further. Operating expenses such as heating, insurance, maintenance and property taxes are increasing at a far higher rate.

On-line shopping is now eating **retail's** lunch, adversely impacting rents, vacancy, operating expenses and risk… a trend that has been reinforced by the pandemic. Big box may no longer be a best buy. Strip malls anchored by grocery stores may have benefited from Covid; not so enclosed malls. Now a sad sight, often with many empty units, many malls are destined for redevelopment in their entirety or as part of an apartment complex.

Office space too has its unique challenges; increased supply in St. John's, Newfoundland, created to meet demand driven by the off-shore oil boom, which then evaporated as oil prices collapsed; or an excess of space built in part because politicians were eager to put *their* cities on the map with yet another conference centre. And now Covid, its imperatives of social distancing render many high-rise buildings high risk and also validate and promote remote working. As a result office structures in declining commercial CBDs, such as Halifax, are being demolished or repurposed for housing. **Parking garages** that serve downtown office populations may be destined for a similar fate unless on-street parking is squeezed out by bike lanes.

Trends already underway to increase ceiling heights and floorplates in **warehouses** have been expedited by the pandemic, fractured supply chains have called into question principles such as "just in time" and replaced them with "just in case"; minimising inventory abandoned in favour of minimising risk.

Automotive dealerships have been hard hit by micro processing chip shortages, a consequence of enhanced demand for other items that use them, and supply chain problems; both a consequence of the pandemic. This has emptied showrooms, cut cash flow and employment and rendered obsolete the costliest part of the facility.

The **Hospitality** sector, always a challenge because it has to twist and turn to meet changing trends, has been clobbered by the relentless stop-start nature of the pandemic. Hotels, motels, restaurants, night clubs, theatres, gyms, stadiums, swimming pools, other recreational buildings and convention centres have been hard hit by closures and reduced capacity limits. Hotels, motels, gasoline service stations, fast food outlets, airports, cruise terminals, any type of real estate that feeds off travel, has been badly impacted by the pandemic.

Golf courses drawing trade from international fly-in masochists and optimists are now sub-par. While the emergence of vaccines initially elicited the hope that the pandemic and its impact would be transitory, that expectation has since been dashed by a parade of variants, some more deadly or infectious than their predecessors.

Nova Scotia - the opportunity to appeal your property assessment commences on January 10th and will last for 31 days. PVSC, the assessment authority, again published their "pre-roll" late in 2021 but only provided a narrow window for our Property Tax Division to review and negotiate excessive assessments. We focused on properties enrolled in our PAMS® program but even so there was sometimes insufficient time for PVSC to negotiate with us so some assessments will have to be addressed during the official appeal period. The legislated basis for your 2022 property assessment is its Market Value on January 1st 2021, but the Assessment Act also includes a provision that your property be assessed in a "uniform" manner. Intuitively this would imply that like properties carry similar assessments, so a twenty-year-old fifty-unit apartment building would have a similar assessment to other similar size and quality apartment buildings in the same neighbourhood. Alas, an old court decision defines uniformity somewhat differently. Instead it references *all* properties of the same taxation class, residential or commercial, in the municipality. So, for example, if all residential properties, in aggregate, are assessed at 80% of market value, then the uniformity rule utilises the same benchmark. Since PVSC frequently fibs, fiddles the figures, and pretends that the general level of assessment (the ratio of assessments to sale prices) is 100% or close to it, this can place the appellant at some disadvantage. Fortunately we have amassed databases and developed CompuVal®, a proprietary IT platform, so are not so easily fooled. Our, albeit limited, access to the 2022 pre-roll, gave us some insight into the official roll to be published this month:

Apartments – *assessments are expected to increase by 10% or more* despite the fact that provincial rent control limits any increase in the annual rent to 2%; and notwithstanding that operating expenses, which typically consume 40% to 50% of the rent, will increase by more than the inflation rate (currently 4.7%). Insurance, maintenance (cost of building materials, labour shortages) and property taxes (proposed increase 5.9%, perhaps reduced to 3.7%) are escalating. Market Value, and hence the assessed value, is based on the present value of future cash flows. The foregoing scenario will create a reduction in value of 1% to 2%: hardly the basis for an assessment increase.

Industrial – *assessments are expected to increase by 10% or more*. The rental market for industrial property in HRM is strong with a record low vacancy rate (4.08% - December 2021). However, it was a much higher 9.02% at the January 1st 2021 Base Date and this is the vacancy rate that is relevant in calculating the 2022 property assessment. Nor was there any expectation that the vacancy rate would fall. It had run at close to 9% or higher since December 2013 and there was no downward trend during the two years prior to the Base Date. A normal vacancy rate is 5%.

Office – *assessments are expected to remain stable, other than in Halifax CBD where they are expected to increase slightly.* The office market in Halifax CBD is a disaster, with a vacancy rate of 18.59% at the January 1st 2021 Base Date. The last time vacancy rates were in the single digits was in June 2014, and the last time they were a normal 5% was in 2009. Apart from the oversupply situation in the CBD the big unknown is occupancy. Most of the buildings are high-rise and require elevator access. Given the steady parade of increasingly infectious variants (Delta, Omicron) it is unknown when office workers are going to be comfortable getting into elevators again. Office properties are selling in the CBD for redevelopment and repositioning for apartment use. Offices outside the CBD had a vacancy rate of 10.79% at the assessment Base Date. Measured against a normal, or stabilised, vacancy rate of 5% this is very high. They have never been as low as 5% since we started our surveys in June 2001 and have been in double digits since December 2013. This is a high-risk investment: with interest rates and Capitalisation Rates anticipated to rise, it is difficult to see anything other than downside.

Parking Garages (CBD) – *assessments are expected to fall by 15%.* They have been badly hit by the pandemic and the reduction in the office population. The latter will eventually increase once we are clear of the pandemic and people are comfortable about getting into elevators again. The loss in business has been offset to some degree by the reduction in on-street parking to accommodate bike lanes. In our view the 15% reduction is inadequate and we have been successful in establishing that such is the case with PVSC.

Retail – *we do not know what PVSC have in mind for 2022 however we are aware, and are part of the discussions with HRM, on their proposed amendments to the Property Tax Rate (see Property Tax Rates above).* Given that all types of retail are being adversely impacted by on-line shopping and have been particularly hard hit by pandemic closures and reduced footfall there is a commanding case for reducing retail assessments. In addition, if HRM's proposed increase in Property Tax Rates is implemented, it will reduce the value of Big Boxes in the Bayers Lake, Dartmouth Crossing, City of Lakes and Bedford Common retail and business parks, the Downtowns and Business Improvement Districts. This will further reinforce the case for reducing their assessments.

Hotel – *assessments are expected to fall by 15% (smaller properties <= $2.0 million) to 25%.* In our view this is inadequate particularly if the facility draws its trade from conventions or national and international clientele.

Golf Course – *assessments are expected to remain unchanged.* Golf course food and beverage revenue has been adversely impacted by the pandemic. Some golf courses in the province that cater to international clientele have been severely impacted.

Other Hospitality – *assessments of restaurants, night clubs, gyms, etc. are largely unchanged* despite the fact that their operations have been severely impacted by the pandemic. We have been successful at convincing PVSC of the merits for reducing these assessments substantially.

New Brunswick - the provincial assessment authority, Service New Brunswick (SNB), is again departing from their normal modus operandi because of the pandemic and are mailing assessments in two batches. The first batch of assessments was issued on October 1st 2021 and the appeal period is now closed. The second batch will be issued on January 28th 2022 and will comprise all of the properties not included in the first batch. They are likely to consist of the following: new or high end "investment grade" apartment buildings; hotels, office buildings, shopping centres, airports, restaurants or other property whose assessment was reduced in 2021 because of Covid-19; properties with an open building permit or outstanding appeal or Request for Review for 2021. You have thirty days from the date the Assessment Notice was mailed to file a Request for Review i.e. appeal. The legislated basis for your 2022 property assessment is its Market Value on January 1st 2022 and the Assessment Act *does not* include a provision that your property be assessed in a "uniform" manner. The "uniformity" principle is often referred to elsewhere in the nation as the "equity" provision since it is included to safeguard property owners against an inequitable assessment. This assessment principle is ubiquitous and its continued exclusion by New Brunswick is incomprehensible… it means that your property can be assessed at a much higher value than similar properties and there is no right of appeal unless the assessment exceeds its Market Value on January 1st 2022. This is a glaring defect in the Assessment Act which places any conscientious Service New Brunswick assessor in a difficult position. In other jurisdictions we document the inequity by establishing the general level of assessment (i.e. assessment/Market Value ratio), or by utilizing the unit comparison method, to justify the required adjustment. The New Brunswick Assessment Act does not contemplate either type of justification. However, we have found that experienced assessors, once convinced of the inequity, will often strive for consistency by reworking their valuation assumptions and calculations to achieve a fairer result.

A property's "classification" will determine the Property Tax Rate that is levied against the assessed value. There is no legislated right of appeal from the assessor's decision so you only have one kick at the can if your property is wrongly classified: it is essential to present a well-documented case.

There was no "pre-roll" in the province so we do not have a reliable read on the assessments to be released on January 28th. However, we do have the tools in place to react quickly. As soon as the assessment roll is published, it is loaded, within hours, into our CompuVal® Knowledge Base and our Property Tax Team start their analysis. CompuVal® is unique to our company, we have invested more millions in the platform than we care to count, developing and refining it over four decades. The CompuVal® family of intelligent databases acquire, process, refine, integrate and analyse property assessment, sales, rental, income and expense, vacancy, physical and graphical data on 290 discrete property types, involving 600,000 transactions, in every location in Atlantic Canada and western Ontario. It allows our Property Tax and Valuation teams to undertake cross sectional and longitudinal analysis: cross comparison of property assessments; Market Value to assessment comparisons; and trend line analysis of assessments, sales, occupancy, income and expenses. A wealth of data analysis that highlights over-assessed property and uncovers opportunities for assessment mitigation that would otherwise be missed. It also substantially reduces the amount of time and labour cost our Property Tax Team spends on each assignment.

The Bottom Line

Expect significant increases in your property tax load in 2022 and subsequent years. Property Tax Rates are increasing and so are assessments. The pandemic has yet to extract its full toll. The money spent combatting it by government has to be recouped from taxpayers and one way or another, property is going to play a significant role. And the pandemic is not yet over. Assessors have been shielded from its financial impact by employment and work culture so the pandemic's adverse impact will not be adequately reflected in the assessments. It is impossible to appreciate the fiscal impact of Covid-19 unless you have experienced it firsthand… the despair that your restaurant or hotel has to suspend operations… again, the loss of your office or retail tenants, the disappearance of parking, golf or other revenue, the realisation that you still have to pay your mortgage, property taxes, heating and other expenses even though the source of your revenue has eroded or disappeared completely. Most property assessments will increase or remain unchanged… few will decline sufficiently to adequately reflect the pandemic's adverse effect. *Nova Scotia and New Brunswick property owners should scrutinise their assessment notices when they receive them in January and appeal if there is any opportunity to reduce the tax load*. Our Property Tax Team is ready to help, so call them, their advice on whether to appeal is free. We have forty-five years' experience in Atlantic Canada providing property tax and valuation advice, and a wealth of property data and analytical tools that are unmatched in the Region. We will ask you to provide some basic information about your property and will then deploy CompuVal® to determine whether you have grounds for appeal. We will *not* advise you to do so unless there is prospect of success. We do not advocate frivolous appeals… they can be costly and may incur some risk. If your property's assessment falls into the grey area we will so advise you. If you wish us to undertake the appeal on your behalf we will provide you with a written estimate of the cost. Clients can choose a *performance-based fee* (contingent on the tax savings), a *fixed fee* or a *time and expenses based fee*. Each reflects the risk borne by either party. We will explain the pros and cons and once you have decided which way to go, will provide you with a written contract clearly setting out our responsibilities and fee so there are no surprises. If you would like more information on our Property Tax Team (bright eyed and bushy tailed... an energetic group) and their work, visit our Property Tax web site at www.turnerdrake.net

We save clients millions of dollars every year. Many have entrusted their tax management to us by enrolling their property in our PAMS® Property Tax Manager program, available for properties located in any of the four Atlantic Provinces and Western Ontario, areas in which our CompuVal® Knowledge Base continuously captures in-depth data. Once your property is enrolled in PAMS® we notify the relevant Assessment Authority. As soon as the Assessment Notices are published our Property Tax Team reviews them, determines which present opportunities for tax abatement and then files the appeals. We then handle the assessment negotiations and if necessary, the Appeal Court hearings. We ensure that the various appeals are filed on time and handle any other paperwork. If the Assessment Authority publishes a "pre-roll" this affords us the opportunity to negotiate assessment reductions before the official Assessment Roll is finalized. This facilitates the assessment negotiation process since the municipality has not yet utilised the property assessments for budgeting purposes. It also avoids the cost and delay inherent in a formal assessment appeal. If the assessment authority requires completion of an annual Income and Expense Questionnaire we address it in a manner that safeguards your interests and preserves your property assessment right of appeal. We keep you informed of our progress through your secure Client Area on our web site. You will reduce your administrative burden, cost and risk by enrolling your properties in PAMS®: the property tax savings can be substantial and ongoing. Once the property is enrolled in the program we implement a two-pronged approach to minimize each property assessment and maintain it at that low level. *Our studies show that PAMS® protected properties experience lower re-assessment increases than their peers in **every** jurisdiction in which our Tax Team operates.* You can find more information about PAMS® on our corporate web site www.turnerdrake.com/products/pt-pams.asp. So far clients, in Atlantic Canada, have enrolled about 3,500 properties with an aggregate 2021 assessment of $5.4 billion in PAMS®, a substantial base which increases our negotiating power in all of our dealings with assessment authorities.

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