

PROPERTY TAX CASE STUDY THE BISHOP'S MOVE

Our Client's Challenge

In 2001 our client built Bishop's Landing, a high end mixed use retail and rental apartment complex, located on Halifax's waterfront. In 2003 the North Tower apartments were registered as condominiums, but continued to be rented until November 2005, when the developer started to sell them. In 2007 the provincial Director of Assessment increased the assessment of the 49 units still owned by our client, from \$5.35 million to \$19.5 million. The client turned to Turner Drake for advice.

Turner Drake's Approach

Giselle Kakamousias, of our Property Tax Division rose to the challenge with customary gusto. Since it was not possible to reach a negotiated settlement, the matter proceeded to the Regional Assessment Appeal Court (RAAC). Giselle prepared a comprehensive, 67 page position paper detailing her reasoning, backed by solid supporting data: a document described by the RAAC Chairman with masterly understatement as "quite comprehensive". Giselle advanced the argument that, since the apartments were rented on the 1st January 2005, the "base date" for the 2007 assessment year, they should be assessed at \$5.35 million as an investment type property. Alternatively if the RAAC demurred and proposed to treat them as individual condominium units, their status on the 1st December 2006 "state date", they should be assessed at \$11.9 million rather than the \$19.5 million advanced by the Director of Assessment. The latter figure was based on calculations which lacked logic, were replete with errors and bore little, if any, resemblance to market activity. As evidence of the latter, she was able to call upon the testimony of Lee Weatherby of our Counselling Division. Lee had recently advised another client on their proposed condominium apartment project, now under construction, and being marketed.

Winning Results

The RAAC agreed with the Director of Assessment that the apartments had to be assessed as condominium units...and then promptly accepted our estimate of \$11.9 million as the correct assessment, yielding tax savings of \$98,300 for 2007. In the two subsequent years we were able to save a further \$45,900 in property taxes.

