

PROPERTY TAX CASE STUDY DETAILS MATTER

Our Client's Challenge

Our client was an active developer in the suburbs of Halifax. He'd spent years building his knowledge of the local market, acquiring land nestled on a quiet lake, putting in roads and infrastructure, and was busy selling dozens of treed lots to prospective home owners. By early 2015 he'd sold most of the lots in his new subdivision and was aggressively marketing the remaining twenty. The reward for all his hard work? . . . an 83% increase in the assessments of the remaining lots! Mark Turner of our Property Tax division rolled up his sleeves and got to work.

Turner Drake's Approach

It was clear from the outset that this was going to be a detail driven appeal. There were ample sales of lots in the area from which to draw market comparables however the assessor seemed to have overlooked the two key rules of subdivision development:

Rule #1: The Best Lots Will Typically Sell First

The assessor had relied heavily on the sales of other lots in the subject subdivision. What he hadn't done is to consider that the remaining lots were not as desirable as those which had already sold. What remained in inventory were a series of lots which were subject to easements, physical limitations and were awkwardly shaped. The earlier sales were clearly superior to those which remained and as such, those selling prices would have to be adjusted downward for the remaining lots. The assessor had made no such adjustments.

Rule #2: The Market Is Only So Big

The size of the market is an important factor in any real estate development, but especially so for residential subdivisions. A particular lot may be worth \$80,000 but what if you have dozens of identical lots? Will they all be worth \$80,000? The market can only absorb so many lots per year and the greater the absorption period, the greater the impact it will have on the inventory of the remaining lots. The assessor had made no adjustment to reflect this fact.

We inspected every one of the lots under appeal, gathered extensive market data on lot sales in the area going back five years and presented our case to the assessor.

Winning Results

Despite having ample data to support our position, the assessor was unwilling to make a reduction on any of the twenty lots under appeal. We proceeded to the Assessment Appeal Tribunal where our positions were accepted in full . . . for all twenty lots.

