

# PROPERTY TAX CASE STUDY

## GOOD HOUSEKEEPING

### Our Client's Challenge

Our client was the owner of several hotel/motel properties in Cape Breton. The downturn in tourism in the area coupled with the age of the building left the owners in a difficult position. They had closed the restaurant and converted the motel to a seasonal business, but the property taxes continued to climb. Our Property Tax division set to work.

### Turner Drake's Approach

The most widely used method of valuation is the Direct Comparison Approach, however in the case of the subject property such an approach was unlikely to provide much assistance as sales of truly comparable properties were few and far between. Instead, we focused on an analysis of the financial performance of the property in the years leading up to the Base Date of Assessment. Using actual financials, together with industry benchmarks and our experience with other hotel/motel operations in the region we compiled an Income Approach to Value. We supported our value with an analysis of other rural motels in the Province.

### Winning Results

Armed with several years' financials, and an aggressive position, we approached the assessor. Numbers don't lie, and she was quick to acknowledge that the assessment did not reflect the economic reality of the property. In the end, we were successful in negotiating a 67% reduction in the assessment. The gift keeps on giving as this reduced assessment sets the stage for future years assessments as well. After all, ongoing management of property taxes is just good housekeeping.

