



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
June 14, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in cursive script that reads "Dale MacLennan".

Dale MacLennan, Director, HRM Financial Services

DATE: June 3, 2005

SUBJECT: Provincial Property Assessment Capping

INFORMATION REPORT

ORIGIN

This report originates from a Councillor Request for Information dated Nov 9, 2004 and Item 10.3.3 on Dec 7, 2004.

BACKGROUND

In May 2004, the Province of Nova Scotia passed legislation to implement their CAP Program in the 2005 assessment year. The program is intended to protect Nova Scotian property owners from dramatically rising increases in property assessment values. The base year for the cap is 2001, and the cap for the subsequent years is 15 percent increase in 2002, 15 percent in 2003, 10 percent in 2004 and 10 percent in 2005. Each year, a cap percentage will be set by the Government of Nova Scotia. Property owners need to apply for the cap annually to receive the cap.

DISCUSSION

In late December/early January of each year, HRM receives the Assessment Roll from the Province of Nova Scotia. During the 2005-2006 budget preparation, HRM received an additional Assessment Roll that allowed us to see the potential impact of the Assessment Cap. Based on that data, staff was able to determine the impact of the Assessment Cap to be \$1.25 million.

Recognizing that our Commercial Rate should not subsidize the Residential Rate, HRM staff recommended that we reduce the Commercial General Rate by 1 cent to ensure that there would not be any cross-subsidization. Council approved this recommendation on March 8, 2005 when the 2005-2006 budget was approved.

Based on data provided by Service Nova Scotia, just over 9,400 properties in HRM received the Assessment Cap. The average capped property would have increased by 13.5% from \$173,000 to \$196,000 had there been no cap. The Cap reduced this increase to \$187,000 or 8.3%. This compares to a typical HRM property which increased from \$142,000 to \$153,000 or 7.6%. Despite this, over 40% of capped properties were below the HRM average of \$153,000.

The legal questions posed regarding the Assessment Cap Legislation was addressed in a separate report to Council, in camera, on February 8, 2005.

BUDGET IMPLICATIONS

It is estimated that the Halifax Regional Municipality will experience an impact of \$1.25 million in Residential Property Tax revenue which will be collected from other residential property taxpayers.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

None - information only

ATTACHMENTS

1. Distribution of Residential Assessment (Properties that were Capped) - 2005
2. Growth in Residential Assessment (Properties that were Capped) - 2004 to 2005 (Market and Capped)

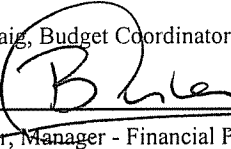
Provincial Property Assessment Capping
Council Report

- 3 -

June 14, 2005

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Debbi McCaig, Budget Coordinator - Financial Services (490-4280)

Approved by: 
Bruce Fisher, Manager - Financial Planning, Financial Services (490-4493)

Distribution of Residential Assessment (Properties that were Capped) - 2005

HRM Total

| | Properties | Percent Properties | Dwellings | Percent Dwellings | Average Property 2004 | Average Property 2005 (Market) | Average Change | Average Property 2005 (Capped) | Average Change |
|--------------------------|--------------|-----------------------|---------------|----------------------|-----------------------------|---|-------------------|---|-------------------|
| Distribution | | | | | | | | | |
| Under \$1,000 | 0 | 0.0% | 0 | 0.0% | - | - | - | - | - |
| \$1,000 to \$25,000 | 11 | 0.1% | 11 | 0.1% | 17,518 | 20,091 | 14.69% | 18,791 | 7.27% |
| \$25,000 to \$50,000 | 104 | 1.1% | 105 | 1.0% | 34,173 | 40,701 | 19.10% | 36,591 | 7.08% |
| \$50,000 to \$75,000 | 319 | 3.4% | 333 | 3.1% | 56,316 | 64,249 | 14.09% | 60,743 | 7.86% |
| \$75,000 to \$100,000 | 901 | 9.5% | 927 | 8.7% | 79,308 | 88,834 | 12.01% | 85,710 | 8.07% |
| \$100,000 to \$150,000 | 2,685 | 28.5% | 2,870 | 27.0% | 110,725 | 125,317 | 13.18% | 119,844 | 8.24% |
| \$150,000 to \$200,000 | 2,278 | 24.1% | 2,592 | 24.4% | 151,760 | 173,025 | 14.01% | 165,129 | 8.81% |
| \$200,000 to \$300,000 | 1,755 | 18.6% | 2,137 | 20.1% | 208,156 | 236,646 | 13.69% | 225,632 | 8.40% |
| \$300,000 to \$400,000 | 818 | 8.7% | 1,002 | 9.4% | 307,640 | 345,542 | 12.32% | 332,729 | 8.16% |
| \$400,000 to \$500,000 | 310 | 3.3% | 379 | 3.6% | 388,107 | 440,831 | 13.58% | 420,314 | 8.30% |
| \$500,000 to \$750,000 | 180 | 1.9% | 193 | 1.8% | 508,470 | 580,935 | 14.25% | 547,465 | 7.67% |
| \$750,000 to \$1 million | 44 | 0.5% | 45 | 0.4% | 734,302 | 848,386 | 15.54% | 778,405 | 6.01% |
| \$1 million plus | 30 | 0.3% | 31 | 0.3% | 1,157,390 | 1,314,927 | 13.61% | 1,237,960 | 6.96% |
| Total | 9,435 | 100.0% | 10,625 | 100.0% | 172,974 | 196,246 | 13.45% | 187,276 | 8.27% |

Note: For properties classified as Residential and at least one dwelling unit in both 2004 and 2005.

Growth in Residential Assessment (Properties that were Capped) - 2004 to 2005 (Market and Capped)

HRM Total

| | Properties | Percent Properties | Dwellings | Percent Dwellings | Average Property 2004 | Average Property 2005 (Market) | Average Change | Average Property 2005 (Capped) | Average Change |
|----------------------------|--------------|-----------------------|---------------|----------------------|-----------------------------|---|-------------------|---|-------------------|
| Increases in Market | | | | | | | | | |
| Under - 50% | 0 | 0.0% | 0 | 0.0% | - | - | - | - | - |
| -50% to -25% | 0 | 0.0% | 0 | 0.0% | - | - | - | - | - |
| -25% to -10% | 8 | 0.1% | 9 | 0.1% | 284,075 | 248,700 | -12.45% | 216,538 | -23.77% |
| -10% to -5% | 8 | 0.1% | 10 | 0.1% | 190,125 | 176,300 | -7.27% | 157,263 | -17.28% |
| -5% to -2% | 8 | 0.1% | 9 | 0.1% | 262,525 | 254,000 | -3.25% | 248,338 | -5.40% |
| -2% to 0% | 16 | 0.2% | 19 | 0.2% | 242,388 | 239,888 | -1.03% | 221,750 | -8.51% |
| 0% to 2% | 91 | 1.0% | 96 | 0.9% | 130,303 | 131,748 | 1.11% | 120,747 | -7.33% |
| 2% to 5% | 250 | 2.6% | 262 | 2.5% | 156,840 | 162,857 | 3.84% | 151,255 | -3.56% |
| 5% to 7.6% | 346 | 3.7% | 366 | 3.4% | 156,659 | 166,664 | 6.39% | 158,151 | 0.95% |
| 7.6% to 10% | 599 | 6.3% | 737 | 6.9% | 230,009 | 249,849 | 8.63% | 241,815 | 5.13% |
| 10% to 25% | 7,601 | 80.6% | 8,549 | 80.5% | 172,356 | 195,721 | 13.56% | 188,239 | 9.22% |
| 25% to 50% | 441 | 4.7% | 495 | 4.7% | 141,352 | 187,502 | 32.65% | 158,746 | 12.31% |
| 50% plus | 67 | 0.7% | 73 | 0.7% | 101,073 | 177,942 | 76.05% | 137,834 | 36.37% |
| Total | 9,435 | 100.0% | 10,625 | 100.0% | 172,974 | 196,246 | 13.45% | 187,276 | 8.27% |
| Under Average | 727 | 7.7% | 771 | 7.3% | 158,244 | 164,566 | 3.99% | 154,122 | -2.60% |
| Over Average | 8,708 | 92.3% | 9,854 | 92.7% | 174,203 | 198,891 | 14.17% | 190,043 | 9.09% |
| Total | 9,435 | 100.0% | 10,625 | 100.0% | 172,974 | 196,246 | 13.45% | 187,276 | 8.27% |