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Item No. 2
Halifax Regional Council
June 15, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Cathie O'Toole, CGA, Director of Finance, CFO

DATE: May 31, 2010

SUBJECT: 2010 Assessment Roll Appeals

INFORMATION REPORT

ORIGIN

Staff and the 2010 Assessment Roll.

BACKGROUND

Under the Assessment Act section 52, the Provincial Valuation Services Corporation (PVSC), must deliver the assessment roll to HRM by December 31st, each year.

52 (1) On or before the thirty-first day of December in each year, the Director shall complete the roll and

(a) complete and sign a certificate in Form A in the Schedule to this Act and attach it to the roll; and

(b) forward the roll and certificate to the clerk.

The property values on the roll are reflective of the market values of a property per the base date of the roll. Section 42 of the Assessment Act states:

42 (1) All property shall be assessed at its market value, such value being the amount which in the opinion of the assessor would be paid if it were sold on a date prescribed by the Director in the open market by a willing seller to a willing buyer, but in forming his opinion the assessor shall have regard to the assessment of other properties in the municipality so as to ensure that, subject to Section 45A, taxation falls in a uniform manner upon all residential and resource property and in a uniform manner upon all commercial property in the municipality.

Assessment values reflect physical state of properties as at December 1, 2009, based on market value as of January 1, 2008. Subsequent to delivering the roll, PVSC mails notices of assessment to the individual property owners usually in the later part of January. Property owners that may be dissatisfied with their assessment have 21 days from the date on the assessment notice to appeal the value. Municipal units can also appeal property assessments under the Assessment Act.

DISCUSSION

Appendix A is a appeal summary report from PVSC that breaks down appeals by the categories residential, commercial and apartments. Schedule 1 compares appeal stats for 2010 to 2009. Overall the number of appeals filed for 2010 compared to 2009 has gone down 32%. A big reason for the decrease is due to the fact that the CAP impact on residential assessments was 0%. One interesting statistic is the fact that appeals on apartment buildings went down 40.91%, however, the average value under appeal has increased 65.83%, which implies there are some high value properties under appeal.

Appeals Filed by HRM

HRM as a municipal unit also has the right to appeal the value of properties. Finance has developed a system of compiling and analyzing market sales data and deed transfer affidavits. In February 2010

staff filed appeals on 11 properties using this system. The data compiled showed a variance of \$24.7M when comparing the base year sales data to the 2010 roll values. Staff did not include a detailed schedule of the of the properties as information contained within the schedule (names, addresses, sale values) is considered to be private information. If it is Council's desire to be provided with the appeals schedule, staff could provide this information as a supplementary IN-Camera Report.

At this time no decision has been made on the valuations by PVSC, but staff will continue to followup.

2009 Casino Nova Scotia Appeal

In 2009, Casino Nova Scotia filed a appeal with PVSC. The 2009 assessed value of the Casino was 51.9M. The basis for the Casino's argument centered around the fact that Casino Nova Scotia was assessed much higher compared to other casinos in Canada, and the fact that PVSC assessed them using the cost method, whereas all other casino's in Canada were appraised on the income method. Casino Nova Scotia was arguing for a decrease in assessment of \$17M. The appeal was eventually dropped for 2009, on the understanding that PVSC would reduce the 2010 value by \$13.1M to \$38.8M This value reduction was accounted for in the 2010-11 budget and amounted to an approximate revenue loss of \$431,776 ($\$13.1\text{M} \times 3.296/100$) for fiscal 2010-11.

BUDGET IMPLICATIONS

As part the budgeting process each year HRM uses appeal data supplied by PVSC to estimate appeal loss ratios and the impact to current revenue as well as exposure to appeals filed in prior fiscal years but not yet settled. HRM has a budget for current year (2010) appeals of \$1,697,000 in cost center M510 and a valuation allowance of \$1,188,000 for prior year appeals in (GL# 2526 - allowance assessment appeals), calculated as part of the annual provision for allowance/bad debt. Both have been approved as part 2010-11 fiscal budget.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

COMMUNITY ENGAGEMENT

Community engagement was not deemed to be necessary in this process. Owners of property selected for appeal by HRM were notified by staff in writing.

ATTACHMENTS

Schedule 1: 2010 HRM Appeal Statistics

Appendix A: Internal Appeal Report PVSC

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jerry Blackwood, CGA, Manager, Revenue Operations

Schedule 1: 2010 HRM Appeal Statistics

	2009	Bud 2010	Variance
Total - Residential Appeals	\$ 724,978,100	\$ 466,110,700	-35.71%
# of Appeals Filed	3,170	2,130	-32.81%
Ave. Residential Appeal Value	\$ 228,700	\$ 218,831	-4.32%
 Total - Apartment Appeals	 \$ 1,013,997,500	 \$ 993,596,600	 -2.01%
# of Appeals Filed	506	299	-40.91%
Ave. Apartment Appeal Value	\$ 2,003,948	\$ 3,323,066	65.83%
 Total - Commercial Appeals	 \$ 2,531,313,150	 \$ 1,545,579,400	 -38.94%
# of Appeals Filed	1,074	800	-25.51%
Ave. Commercial Appeal Value	\$ 2,356,902	\$ 1,931,974	-18.03%
 Grand Total - Appeals	 \$ 4,270,288,750	 \$ 3,005,286,700	 -29.62%
Grand Total # of Appeals Filed	4,750	3,229	-32.02%



INTERNAL APPEAL REPORT

Work Unit 2
All Municipalities
Roll Type: Real Property
Tax Year: 2010

	RESIDENTIAL TEAM NUMBER	RESIDENTIAL TEAM VALUE	COMMERCIAL TEAM NUMBER	COMMERCIAL TEAM VALUE	APARTMENTS NUMBER	APARTMENTS VALUE
Grand Total	2,130	\$466,110,700	800	\$1,545,579,400	299	\$993,596,600
REVIEWS						
Reviews Total	2,130	\$466,110,700	800	\$1,545,579,400	299	\$993,596,600
Reviews Completed	968	\$175,523,100	295	\$374,008,400	96	\$297,162,200
Reviews Confirmed	267	\$54,639,400	98	\$96,884,700	33	\$98,119,400
Reviews Confirmed Appealed	66	\$19,490,400	58	\$51,004,800	15	\$79,605,600
Reviews Value Amended	556	-\$13,316,200	149	-\$15,720,200	29	-\$3,240,800
Reviews Notice of Dissatisfaction	17	\$4,599,600	8	\$5,811,700	2	\$6,212,600
Reviews Withdrawn	145	\$22,908,600	48	\$133,703,900	34	\$115,974,300
Reviews Outstanding	1,161	\$290,081,200	505	\$1,171,571,000	203	\$696,434,400
REGIONAL COURT						
RAAC Total	84	\$24,596,400	66	\$56,816,500	18	\$91,705,200
RAAC Completed	0	\$0	4	\$4,415,300	0	\$0
RAAC Confirmed	0	\$0	1	\$34,200	0	\$0
RAAC Withdrawn	0	\$0	3	\$4,381,100	0	\$0
RAAC Outstanding	84	\$24,596,400	62	\$52,401,200	18	\$91,705,200
RAAC Not Scheduled	84	\$24,596,400	62	\$52,401,200	18	\$91,705,200
TOTALS						
Total Adjustments	556	-\$13,316,200	149	-\$15,720,200	29	-\$3,240,800
Total Completed	885	\$151,433,100	233	\$321,607,200	79	\$211,344,000
Total Outstanding	1,245	\$314,677,600	567	\$1,223,972,200	220	\$782,252,600

**Preliminary Court is not included in the Totals Section at the top and bottom of the report nor in the Review Section.

***Totals in Totals Section are on an account level and not a Hearing/Appeal level.

Data As Of: Apr 15, 2010 12:33:55 AM
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INTERNAL APPEAL REPORT

Work Unit 2
 All Municipalities
 Roll Type: Real Property
 Tax Year: 2010

	RESIDENTIAL TEAM NUMBER	RESIDENTIAL TEAM VALUE	COMMERCIAL TEAM NUMBER	COMMERCIAL TEAM VALUE	APARTMENTS NUMBER	APARTMENTS VALUE
PRELIMINARY COURT						
Preliminary Total	125	\$31,207,500	61	\$102,589,100	37	\$108,006,700
Preliminary Completed	9	\$1,840,000	0	\$0	0	\$0
Preliminary Accepted	9	\$1,840,000	0	\$0	0	\$0
Preliminary Outstanding	116	\$29,367,500	61	\$102,589,100	37	\$108,006,700
Preliminary Not Scheduled	115	\$29,224,500	61	\$102,589,100	37	\$108,006,700
Preliminary Heard No Decision	1	\$143,000	0	\$0	0	\$0

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