

FOCUS & MUNICIPAL ASSESSMENT TAXATION

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FEATURE

“Just in time for spring” banter: Ontario golf courses ruling

Ontario’s Municipal Property Assessment Corporation (MPAC) has ruled that golf courses have been overvalued for the past 10 years. Larry Hummel, vice president of valuation for MPAC, said the rebates “will be in the millions,” but the final total isn’t yet available.

At issue was a change approximately 10 years ago to the way MPAC gauged the worth of courses, with many courses – Oakville’s Glen Abbey and ClubLink – arguing that MPAC overvalued the properties in a stagnant market in the Toronto area since 2001, and in southwestern Ontario since 2003. A settlement reached in the Glen Abbey test case last year resulted in a succession of revised calculations and rebates throughout Ontario.

In London, taxpayers stand to hand back “several hundred thousand dollars,” said Jim Logan, the city’s manager of taxation and revenue. Hamilton will have to return approximately \$3 million to more than a dozen golf courses, said Larry Friday, the city’s director of taxation. Middlesex County is looking to return \$187,000 to 11 area golf courses.

Up to 700 golf courses in the province came together to complain that they were overvalued. At www.LawTimesNews.com, Jeff Calderwood, executive director of the National Golf Course Owners Association (NGCOA) Canada, noted there are roughly 3,000 outstanding appeals of MPAC’s assessments, because each club is filing an individual appeal. Paul Campbell, MPAC’s senior valuation manager for industrial and special properties, said the historical approach was to assess the land value plus improvements, such as a clubhouse or other facilities, but with the new current value, authorities noticed that, based on sales activity, many properties were undervalued. That finding prompted a switch to an income approach, first through a green-fees multiplier and then through a pro forma valuation based on net operating income. That’s the measure MPAC has used for the last three assessments, according to Campbell.

Also see “NGCOA Canada & MPAC Announce Agreement for Golf Course Valuation in Ontario” at [http://209.91.190.12/Userfiles/File/PDF-Link/EN-MPAC-](http://209.91.190.12/Userfiles/File/PDF-Link/EN-MPAC-Announce.pdf)

[Announce.pdf](http://www.ngcoa.ca/Userfiles/File/ON_Property_Tax_Dec_23.pdf), and the December 13, 2010 letter at www.ngcoa.ca/Userfiles/File/ON_Property_Tax_Dec_23.pdf.

Prior to this ruling, taxpayers in Tecumseh were anticipating some of the highest tax increases in **Essex County** in 2011 and 2012, as payment towards \$6.9 million spent in last year’s acquisition of Lakewood Golf Course. The projected tax increases, given approval in a draft budget, are 8.9% in 2011, 8.2% in 2012 and 6.5% in 2013, dropping to 3.4% in 2014 and 3.1% in 2015. Mayor Gary McNamara said that when the town consulted residents on the purchase of Lakewood, the overwhelming majority said to go ahead even if it meant tax increases. In a survey of more than 1,000 residents, most favoured buying the course even if it meant a \$32-per-year tax increase for 25 years. The impact of the almost 9% hike on a \$200,000 home in 2011 would be a \$99.77 increase to \$1,261. The county portion of the tax bill would be an extra \$833, while the education portion would be another \$462. Treasurer Luc Gagnon said one of the town’s big problems has been the lack of assessment growth over about a decade.

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FEATURE

Valuations fluctuate in assessment of New Zealand earthquake damage

As of mid-March 2011 in New Zealand, 355 Earth Quake Commission (EQC) assessors were active, having completed 45,500 assessments in rapid assessment teams visiting all homes with earthquake damage. The survey results made the needs, repairs and timeframes for full assessments a priority, with the commission facilitating and covering costs of emergency repairs to homes. Information from EQC claims will not be listed on Land Information Memoranda (LIM) or Property Information Memos (PIM): “Whatever is listed on a LIM or PIM is the responsibility of the local authority.” See <http://canterbury.eqc.govt.nz>.

An assessment of damage prepared for the EQC puts significant areas of Fendalton, Canterbury in a zone with land damage caused by lateral spreading near rivers and open drains with liquefaction in isolated pockets. Much of the damage in the expensive suburb was hidden behind fences on the large lots, screened by trees and gardens. Whether wanting to cover up the extent of damage to protect property values or to focus media stories on the less fortunate, residents were hesitant to talk about damage and values, including local MP and Earthquake Recovery Minister Gerry Brownlee, who has a property on a road where three homes are to be demolished. Some properties listed post-quake were advertised as damaged; one new home was advertised “as is” for NZD\$2.3 million, below the valuation of \$3.37 million. Open-house visitors to one home saw a ceiling propped up, with warnings to be careful, in a home with a valuation of \$1.45 million that

sold at auction for \$930,000. Some homes are being stabilized with an expanding polymer resin injected into the ground through aluminum tubes, a process that raises concrete slabs and sunken foundations, takes two days and costs between NZD\$20,000 and NZD\$70,000, depending on ground movement and size of the house.

“Last week valuing bricks, gib, mortar and glass [was] the furthest thing from my mind – buildings and property a low priority,” wrote Bevan Fleming, director and senior registered valuer at Christchurch’s Valuation Solutions, about the September 2010 earthquakes. “Nothing like living through a major natural disaster to remind you of life’s real priorities.” See www.valuationsolutions.co.nz/article.php?submenu=1&id=10. Also see the Property Institute of New Zealand at www.property.org.nz/FeedIn?Action=View&FeedIn_id=7.

Ontario’s Municipal Property Assessment Corporation is seeking a **President & Chief Executive Officer** through www.knightsbridge.ca, see second tab Search & Selection>Executive Search, at the right side, click on “Search Available Positions.” For information see www.mpac.ca - for summer student employment, see About Us>Corporate Overview>Careers at MPAC.

Legal Briefs

Fifth Roc Jersey Associates, LLC v. Town of Morristown, no. A-5643-08T3. Superior Court of New Jersey, Appellate Division.

Defendant, the Town of Morristown, and plaintiff, Fifth Roc Jersey Associates, LLC, owners of the Hyatt Hotel property, agreed to settle a tax appeal by fixing the 2007 tax assessment for a property at \$16.5 million. The defendant subsequently imposed an \$8-million added assessment for renovations allegedly completed during the added assessment period of October 1 through December 31, 2007. The plaintiff applied to the Tax Court for *Freeze Act* relief to fix its 2008 and 2009 assessments at the 2007 level. The question before court was whether the \$8-million added assessment should have been included as part of the \$16.5-million settlement agreement. The plaintiff main-

tained that the *Freeze Act* application allowed court to determine the validity of the added assessment. The defendant argued that the plaintiff was precluded from disputing the validity because it failed to file a timely direct appeal. Court conducted a plenary hearing to determine whether the basis was valid, declining to address the reasonableness of the assessment. After determining that the plaintiff overcame the presumption of validity for the added assessment, and that the defendant failed to meet its burden of showing a change in value to defeat the application of the *Freeze Act*, court granted the plaintiff’s application and fixed the assessment for 2008 and 2009 at \$16.5 million. “In this light, we reject [the] defendant’s arguments and affirm substantially for the reasons expressed by [the] Judge.” See featured case at www.leagle.com.

PILT: Payment in Lieu of Taxes Roundup

Delta, British Columbia will spend up to \$30,000 for Tactix Government Relations and Public Affairs to arrange meetings for Mayor Lois Jackson and members of council and staff with federal government staff for discussions that include the Port **Metro Vancouver** PILT. As with last year's meetings, Metro Vancouver will be asked to split the cost. Delta officials also went to Ottawa in 2008, spending \$12,000 to secure meetings. A report to council noted that engaging Tactix for those trips provided contacts and fostered relationships that were key in Delta's infrastructure grant funding of \$20 million.

Because the National Air Force Museum is among the tax-assessable buildings (at approximately \$73,000) on the Canadian Forces base in Trenton, Ontario, **Quinte West** council might donate its half-portion of PILT cash. Wing Commander Col. Dave Cochrane asked the city to donate half the money back. By 2017, Quinte West will receive at least \$12 million in PILT from the federal government.

A decade-long property tax dispute between **Halifax Regional Municipality** (HRM) and the federal government is going before the Supreme Court of Canada because HRM feels Ottawa owes \$12.7 million for the Halifax Citadel, a national historic site in Nova Scotia zoned as a regional park. At dispute is the value of the PILT assessment for the 20-hectare [50-acre] site: in 2009, the city assessment was \$19 million, but the federal government claimed it was \$1.5 million. Court initially sided with HRM, but that ruling was overturned on appeal. Real estate costs in the city centre have since escalated, with HRM believing the property is worth approximately \$39.6 million. The government assigns some property a symbolic value of \$10 – because the national park can never be built upon – but the lower court judge ruled that \$10 is “an unreasonable rejection of accepted appraisal theory.” The Dispute Advisory Panel was asked to give an opinion, and in the Federal Court of Appeal, the federal government won on the valuation of some land but lost on the valuation assigned to “casemates and demi-casemates” (structures originally used for ammunition storage). In his 2009 ruling, Federal Court Judge Michael Phelan said, “To say that the Halifax Citadel is priceless is obvious; to say what its value for taxes may be is less clear.”

A new bill would require the **Colorado** Division of Wildlife Commission to pay local governments PILT funds for lands it purchases from private landowners. More than one-third of Colorado, 23 million acres [9.2 million ha], is designated as untaxable federal lands.

An article on sports teams has suggested that the US Department of Justice or the House of Representatives review franchise sports because this area has become “a government-subsidized business. Cities are building stadiums and arenas

for teams and in some cases paying owners outright” with “all sorts of tax breaks for owners. Municipalities have been moving money around to pay off sports facilities debt.” The article notes that Madison Square Garden is not on New York City's roll, and has not been paying property taxes since 1982; if it did, it is estimated to have a \$14-million-per-year property tax bill, which it approximated as the salary of one star player. See www.newjerseynewsroom.com.

Quirky but true...

Summerside, Prince Edward Island filed a lawsuit against a US concert promoter, alleging fraud in the \$1.3 million paid – \$90 for every resident – for a Michael Jackson tribute concert that didn't take place. Four days before city residents voted in November 2010, Mayor Basil Stewart said the concert was going to happen in 2011, though the city had been trying to get its money back since April 2010 and had asked the province for \$200,000, which the province refused in part because a loss was already projected. Chief Administrative Officer Terry Murphy said the city always tries to strike a balance between risk and reward, and past experience gave the city the confidence to believe the concert would happen. The first court date for the lawsuit against the promoter is April 26 in San Jose, California.

Halifax Regional Municipality's (HRM) auditor general found that Acting Chief Administrative Officer Wayne Anstey violated municipal policies by giving a concert promoter a \$400,000 grant two weeks prior to a concert last summer because the promoter threatened to cancel two concerts. Projections for attendance fell far short of 40,000, with 8,362 tickets sold for a Black Eyed Peas concert and 10,009 for a country concert; gates opened at the start to allow free attendance. Power Promotional Events also received \$1.8 million in cash advances against ticket sales that it largely repaid, with HRM out \$359,550 after the company folded. Although Mayor Peter Kelly knew of the grant – the province turned down his request to fund it – HRM councillors were unaware until the auditor general's report. All HRM concerts have apparently lost money, including the 2009 Paul McCartney concert – 26,504 tickets were sold of the 60,000 needed to pay back \$300,000 from HRM. HRM has given approximately \$9 million in interest-free loan advances to concert promoters since 2008.

Resources: New & Noted

Flood Zone Revisions and Economic Loss: An Example from Florida Residential Price

By William Cole et al.

The Appraisal Journal, Winter 2011

This article examines how revisions to existing flood zones can negatively affect land value. Under Florida's *Harris Act* and under case law, property owners may ask the courts to deem a change in regulation as a regulatory taking and ask government for compensation. The authors address how to compute loss and compensation, determined by appraisal analysis of the value of property before and after government action. The article presents a case study of the effect on property value when the owners of a light industrial manufacturing operation within a newly designated flood zone are not allowed to substantially upgrade, expand or replace the building on their property. The authors use the sales comparison approach and income capitalization approach to determine the value of the case study property before and after the regulation change (an estimated decline of 29% of original value). Other articles in this issue cover wind farms, tax-deferred exchanges on agricultural land values, and direct capitalization versus yield capitalization. See www.appraisalinstitute.org/taj/default.aspx (subscription).

Standard on Public Relations – Draft

The IAAO standard has been revised to provide an updated technical standard. To download the 10-page draft, see www.iaao.org/uploads/Draft_PRStandard_3102011.pdf. Send comments by April 14, 2011 to Chris Bennett, IAAO Director of Publications & Marketing at bennett@iaao.org.

Taxation and Decentralization

By Richard Bird, University of Toronto

World Bank, PREM Note Number 157

For 7-page (free) download, see

www.utoronto.ca/mcis/imfg/

ArticlesPapersPublications/PP2-PN 157.pdf.

Subnational Taxation in Developing Countries: A Review of the Literature

By Richard Bird, University of Toronto

World Bank, Policy Research Working Paper 5450

For 60-page (free) download, see

www.utoronto.ca/mcis/imfg/

ArticlesPapersPublications/SSRN-id16949291.pdf.

The Appraisal Institute has produced publications in electronic book format, including three recent titles and two seminal works (books also remain available in printed format):

- *An Introduction to Green Homes* by Alan F. Simmons: \$9.99 (softcover \$35 members, \$45 non-members)
- *Scope of Work* by Stephanie Coleman: \$9.99 (spiral-bound \$30 members, \$40 non-members)
- *Appraising the Appraisal: The Art of Appraisal Review* by Richard C. Sorenson: \$14.29 (softcover \$45 members, \$60 non-members)
- *An Insider's Guide to Home Buying* by Mark R. Rattermann: \$9.99 (softcover \$14 members, \$18 non-members)
- *Valuation by Comparison: Residential Analysis and Logic* by Mark R. Rattermann: \$9.99 (softcover \$30 members, \$40 non-members)

To order, do a title search at your preferred ebook site. To order printed copies, see www.appraisalinstitute.org/store.

Joint Consultation Paper on Proposed Changes to Property Valuation Requirements

Mayer Brown LLP, Hong Kong

This consultation paper examines proposed changes to property valuation disclosure requirements for compliance by listing applicants and issuers. See the Capital Markets Quarterly Update summary, pages 10 to 13, at www.mayerbrown.com/publications/article.asp?id=10311, which includes a link to the full paper.

QUOTABLE QUOTE

“ *Stella:* You heard of that market crash in '29? I predicted that.

Jeff: Oh, just how did you do that, Stella?

Stella: Oh, simple. I was nursing a director of General Motors. Kidney ailment, they said. Nerves, I said, and I asked myself, “What’s General Motors got to be nervous about?” Overproduction, I says; collapse. When General Motors has to go to the bathroom ten times a day, the whole country’s ready to let go.”

— *Rear Window*, 1954

Coast to Coast to Coast to Coast

USA (NB: All figures in US\$)

The *Rural Heritage Conservation Extension Act of 2011* (S. 339) was introduced to set a permanent, enhanced maximum deduction that landowners can take after donating a conservation easement on agricultural land. With the increasing loss of agricultural lands, natural habitats and open space, the enhanced deduction – 50% of adjusted gross income – was retroactively extended for 2010 to the end of 2011. Without congressional approval, the deduction will return to 30% of adjusted gross income in 2012. The bill creates a permanent allowance for farmers and ranchers to take a deduction of up to 100% of adjusted gross income for donating conservation easements, and will allow unused deductions to be carried forward for up to 15 years.

A survey by the National Association of Realtors showed that 10% of realtors said **sales fell through because appraisals came in below the prices buyers agreed on**, with another 15% saying contracts were renegotiated after low appraisals. With tighter standards, lenders and appraisers say falling home prices, not flawed valuation practices, drive low appraisals. “In a rapidly moving market, the appraisal process becomes more difficult,” said Robert Davis, executive vice president of the American Bankers Association. Foreclosures accounted for some 26% of 2010 sales. Since 2009, new rules have aimed to lessen lenders’ ability to influence appraisers, with the result that more lenders outsource appraisal selection to those who may not be familiar with the neighbourhoods of the houses they are valuing.

Massachusetts

The Massachusetts Taxpayers Foundation (MTF) said **Boston** is running a \$7.4-billion deficit in unfunded liabilities, requiring that residents’ current property taxes more than double. In its report, *Retiree Health Care: The Brick That Broke Municipalities’ Backs*, the authors write that the costs of post-employment benefits provided to municipal employees is \$20 billion in today’s dollars for lifetime benefits already earned by 150,000 current employees and retirees in 50 communities. In the aggregate, retirees’ healthcare liability for these communities is 99.98% unfunded and 2.5 times larger than their unfunded pension liability. “These are not hypothetical future obligations but the amount that communities actually owe today,” said MTF President Michael Widmer. To fund obligations, the city would need to more than double its average tax bill, with a typical single-family homeowner paying nearly \$100,000 in additional taxes over the next 30 years. To download the 27-page report, see www.masstaxpayers.org/publication.

New York City’s housing department aims to aid construction by extending the deadline by which developers must finish projects to qualify for 421-a tax breaks. Instituted in the 1970s, the incentive gives property tax breaks of up to 25 years on new multi-family buildings, recently drawing criticism as an unnecessary perk because it is used primarily for luxury units. The finance department estimates that the incentive cost the city \$408 million in tax revenue in 2006, and the Independent Budget Office projects that it will cost \$930 million in 2011. Council and the state legislature tightened the rules in 2006/2007 to require more affordably priced units, causing builders to rush to meet the June 2008 deadline and resulting in a 300% increase in building permits over June 2007. “The provisions of the applicable state law, local law, and rules regarding the 421-a tax exemption program are extremely complex.” To download the nine-page Legislation Overview and FAQ, see www.nyc.gov/html/hpd/downloads/pdf/421a-FAQ.pdf.

Oklahoma

In 2009, a judge ruled that assessors should be allowed to enter a home in **Oklahoma County** to determine value. The homeowner had protested the property’s valuation, but did not want assessors inside for the reappraisal. In a 5–3 ruling, high court reversed the 2009 decision and sent it back to district court, ruling that homeowners’ privacy rights would be infringed if a county assessor were allowed to enter a home against its owner’s wishes.

Pennsylvania

Philadelphia Mayor Michael Nutter delivered the proposed budget and Fiscal Year 2012–2016 Five-Year Plan, which includes \$4.4 million to fund the Office of Property Assessment’s evaluation of properties. “The assessment notices that go out in the fall of 2012 will be based on the actual value of properties,” he said. “We’re going to fix this system. Citizens have waited long enough. It’s time to finish the job.”

Canada

British Columbia

Metro Vancouver taxpayers are expected to pay another \$33 million in 2011 for the Golden Ears Bridge because fewer drivers than expected are using the region’s first tolled crossing. Revenues were projected at \$37.9 million; however, TransLink’s payments to the bridge builder and operator increased to \$71 million, up from \$52 million in 2010. The cumulative shortfall since 2009 is expected to be \$63.8 million and was supposed

to be paid off after 30 years. The initial study in 2004 forecast significantly higher traffic and revenues, and work continues on a 10-lane, \$3.3-billion Port Mann Bridge, scheduled to open in 2013. Spokesperson Ken Hardie said that TransLink will launch a marketing campaign to get more people to use the Golden Ears Bridge, and that once the Port Mann Bridge is tolled, drivers will realize the Golden Ears crossing is more efficient and convenient. Anthony Perl, professor of urban studies at Simon Fraser University, predicts both bridges will become “white elephants we’ll be stuck paying for.” TransLink relies on revenue from tolls plus a \$5.2-million annual subsidy redirected from the closed Albion Ferry. Documents say the main monthly payment to Golden Crossing will increase from \$3 million to \$4 million in July 2011. The transportation authority is also to pay \$166 million – up to \$14 million a year – in direct financing costs for property acquisition, toll equipment, project development and third-party commitments.

Victoria homeowners will pay an extra \$28 in property tax with reduced service to meet transit costs over the next year. The tax hike from the current average of \$92.50 was part of a 2011/12 budget passed by the Victoria Regional Transit Commission. **Penticton** council passed a budget that will see the city’s residential property tax rate reduced by 0.5% on 2010 levels, with an expenditure decrease of more than \$700,000 in 2011 and all core services maintained at 2010 levels.

Alberta

Calgary council voted to increase property taxes by 4.4% to give the city an additional \$42 million in revenue for capital projects.

Manitoba

Costs for frontage levy, recreational user fees and unsuccessful property assessment appeals in **Winnipeg** will be increasing with the approval of the city’s 2011 budget of almost \$848 million. Councillor Russ Wyatt had proposed an amendment that would have eliminated the frontage levy hike and user-fee increases, and instead boosted basic property taxes by 3.75%, which he said would have raised the same amount of money. “I think we should be up-front about it,” he said. Mayor Sam Katz said that next year, the city’s 14-year property tax freeze might end. The city also passed a proposal to charge property owners a minimum of \$50 to appeal reassessment notices. The fee, which can rise up to \$500 depending on property value, is meant to deter people from making frivolous appeals and would be returned if the appeal is successful.

Ontario

(Note: Acronym MPAC is Municipal Property Assessment Corporation)

Toronto’s bank towers – housing head offices of banks, corporations and law and accounting firms – are returning to the Assessment Review Board (ARB). “It’s not over yet,” said David Fleet, a lawyer who represents the group with a

combined assessment of more than \$5 billion. In part, the case hinged on a technical interpretation of what is meant by “fee simple if unencumbered.” The towers won their case before the ARB and lost when the city and MPAC appealed to Divisional Court. The Ontario Court of Appeal decision restricted the scope of the Divisional Court ruling and sent the matter back to the ARB. The city and MPAC then brought a motion asking the board to confirm the disputed assessments on their terms. In a ruling released in mid-March, the ARB acknowledged that part of its earlier decision was struck down by the court, but not all of the ruling, allowing the group to dispute assessments on other grounds. “From our clients’ point of view, it’s good,” said Fleet, who added the new ruling means the evidence heard over 62 days before the board will stand, although seen in light of the court ruling.

Mississauga approved a 2.8% hike in property taxes: see www.mississauga.ca/portal/cityhall/budget. **Kingston** council also approved its budget, with the tax rate increase at 3.39%: see www.cityofkingston.ca/budget.

Ruling that under the *Assessment Act* alfalfa pelleting is a form of processing, a Superior Court judge refused a **Waterloo Region** farmer leave to appeal the classification of her rural property to Divisional Court. The ruling against Lorentz Farms Limited concerned a November 2009 Assessment Review Board ruling that agreed with MPAC classification of a 2.66-acre [1.02-ha] property where alfalfa is dried and pelletized. MPAC had classified the property as industrial and commercial, a decision that Lynda Lorentz appealed. “My father-in-law started farming here in the 1950s. We’ve been doing the same process all those years,” she said. The decision noted that the treatment of alfalfa by grinding it into a powder and producing pellets amounts to processing.

The **County of Elgin** joined **Southwold Township** to appeal a property tax assessment by MPAC on its decision to reassess Ford Canada’s St. Thomas Assembly Plant at the company’s request, reducing value from \$47 million to \$23 million for 2011. The company also appealed the taxes it paid for 2009 and 2010. The plant is expected to close in September. “We will not take a passive view,” said County Warden Dave Mennill. “Southwold has already asked for the appeal. Should Ford win their appeal, it’ll affect everyone here.” Southwold’s treasurer, Suzanna Dieleman, stated that Ford’s taxes make up 25% of the municipality’s tax revenue and if the appeal is successful, it could add another \$500,000. Jim Bundschuh, the county’s director of financial services, predicted Elgin County would lose approximately \$700,000 a year. Mike McAulay, manager for MPAC, said the assessment was changed owing to the current and predicted use of the site, noting MPAC used the sale of similar-sized facilities as a guideline, with the former Sterling Truck plant originally listed for sale at \$12 million and selling for \$6 million. “Those were vacant properties that were not in business but Ford is still in business,” said Mennill. “It’s a direct impact to us,

so why are you adjusting this when Ford is still in business?” McAulay said the Ford plant was been underutilized since 2007, when it operated at 50%. Capacity dropped to 34% in 2009, also taking obsolescence into account.

The City of Greater **Sudbury** collected an additional \$5 million in 2010 because of new construction and MPAC service improvements owing to “supplementary taxation revenue that resulted from the increased taxable assessment being captured on the assessment roles.” At the end of 2010, staff indicated that supplementary tax revenues would exceed the budget by approximately \$5 million. Other reasons include faster turnaround time from MPAC to “ensure completed projects are added to the supplementary tax roll in a timely basis.” Also, “MPAC’s ability to address the backlog of properties has resulted in the larger than normal supplementary taxation runs.” The report also states that the 2.4% of assessment growth “will assist in lessening the impact of the 2011 operating budget on property owners.” City staff presented the base budget to council, including a 3.9% property tax increase.

Quebec

With a hot housing market, some property taxes in **Montreal** have skyrocketed by thousands of dollars. Resident Robert Gignac decided to appeal after the assessment on his home rose by 30%, resulting in a 2011 tax bill of more than \$5,000. “A lot of people say that you are sitting on a gold mine because your home is worth a lot of money. But if I had to sell it,

where would I go?” he said. Gignac collected 3,000 signatures on a petition, hoping to encourage officials to look for new ways of raising revenue. Montreal Mayor Gerald Tremblay announced a series of property tax increases at a news conference in December 2010. Industrial and residential property valuations rose across the island by an average of 22% this year, compared to the previous assessment four years ago.

Nova Scotia

Effective April 1, the province **increased the per diem rate** for the 13 lawyers who hear assessment appeals on the Regional Assessment Appeal Court from \$165 to \$300 per half-day session. In 2009, the court heard 380 appeals across the province. The raise adds \$35,000 to the cost of offering assessment appeals, now \$110,000 annually.

WORK WORD

recentralization, *n.* The decision to take back authority from soldiers in the field, who turned out to be no brighter than the dolts at head office.

From *A Devil’s Dictionary of Business Jargon*
by David Olive

FEATURE

Should Windsor give a hockey team a tax break?

According to a report by city administration, the Windsor Spitfires Ontario Hockey League team “expressed concern with regards to the amount of property taxes and the impact on rental rates,” worrying about their ability to sustain higher rates “given the current economic conditions.” The club believes “they have already reached their peak revenue potential.” The club takes more than half the arena’s gross ticket sales, revenue from merchandise and the pro shop and a percentage of concession sales reported The Windsor Star. Under the current agreement, the city covers property taxes on the main lease for the spectator area, dressing rooms and offices, with the team expected to pay taxes on leases for the pro shop, training facility and concession stand. With their Memorial Cup success less than two years ago, the club had an “economic high” and co-owner Bob Boughner said the club was collecting 50% to 60% of the gates with average gross revenue approximately \$75,000, not counting suites. The team’s yearly budget was close to \$2 million and, according to the report, rental fees on its facilities was \$37,392.

Under existing leases, the city can collect \$15,300 yearly in property taxes and the team must contribute \$8,500 to provincial education taxes of \$29,300. Although the city has an annual net loss of \$5,500 from the Spitfires, administration recommended that council grant an exemption. Onorio Colucci, Windsor’s chief financial officer said he recommended the Windsor Family Credit Union (WFCU) Centre have “municipal capital facility” agreements with its tenants. No municipal property taxes would be collected from tenants, with no obligation to pay education taxes. In having such an agreement, then raising rent to make up for lost tax revenue, the city would be approximately \$21,000 ahead, said Colucci. OHL clubs that do not pay property taxes to their municipalities include teams in London, Guelph and Sarnia.

Should the City of Windsor grant the Spitfires a break from municipal property taxes at the WFCU Centre?

Yes -18% (93)

No - 82% (432)

The Windsor Star, February 23, 2011 poll results

Transitions

In Newfoundland, St. John's new City Manager is **Bob Smart**.

Halifax Regional Municipality's new Chief Administrative Officer is **Richard Butts**.

The City of **Quinte West** launched its new online Public GIS (Mapping) site, a system that runs on the ESRI ArcGIS for Flex (v.2.2), based on the Adobe Flex framework.

National Property Valuers and Propell merged into **Propell National Valuers** to become one of the largest independent property advisory firms in Australia. See www.propellvaluers.com.

In its new commercial property valuation service, **CoreLogic** will use real estate brokers and contract appraisers to reduce turnaround time and costs. Users will be able to order and track valuations online; reports will be reviewed by a panel of commercial real estate valuation experts.

Whathouse.co.uk introduced a free valuation service to provide buyers with current values at www.whathouse.co.uk/value-my-property. Updated monthly, the algorithm cross-references basic property details with latest figures from Land Registry, Office of National Statistics, financial markets and local government.

Altos Research unveiled AltosEvaluate Forward Valuation Modeling to forecast changes in a US property's transaction price up to 12 months in the future, based on the local market. The model uses Altos' real-time market conditions data, transaction data and home price indexes. See www.altosresearch.com.

David King, Calgary-based **Zaio Corporation's** president, announced that work is complete on valuing major residential areas in Nevada, with some 600,000 valuations in the online database. Zaio's US distribution partner, Zone Data Systems, comprises 239 US offices staffed by more than 750 licensed appraisers. Local appraisers completed Nevada's data sets in less than 120 days, following Uniform Standards of Professional Appraisal Practice guidelines. See www.zaio.com.

Send us your news of appointments, promotions, retirements or other people changes. And why pay for a display ad when you can target jobs to your colleagues for free? Send us a 30-word summary: cmartin@longwoods.com.

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