IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – January 2021

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ALBERTA

Average property valuation down as City of Calgary issues 2021 assessment notices

Property owners in Calgary can now view the assessed value of their residential or commercial holdings after the city issued the 2021 numbers and opened its customer review period.

According to the City of Calgary, the total value of the 2021 assessment roll is $297 billion, a decline from the $301 billion in total assessments in 2020.

More than 550,000 assessment notices have been distributed with roughly 93 per cent being sent by mail and approximately seven per cent by eNotice.

The average residential property owner will experience a two per cent decline in property market compared to last year, while valuations in the non-residential market are down, on average, six per cent versus the 2020 numbers.

The city assesses the 2021 property value based on market valuations of July 1, 2020 and the condition of the property as of Dec. 31, 2020.

"Calgary's real estate market, as of July 1, 2020, reflected a slight and consistent decline in the majority of residential properties," explained Eddie Lee, the City of Calgary's acting city assessor and director of assessment, in a statement issued Thursday morning. "With non-residential properties, we saw the office sector continue to decline.

"While there was decreased demand for traditional brick and mortar retail spaces, the growth of e-commerce benefited the industrial asset class."

Property owners will have until March 23 to launch an appeal with the city's assessment review board.

The median single residential assessment is $445,000 in 2021, a drop of $10,000 from the $455,000 median in 2020.

When it comes to condominiums, the median also saw a year-to-year decline of $10,000, dropping from $245,000 in 2020 to $235,000 this year.

City officials say approximately 32,000 homes were inspected for damage as a result of the hailstorm that battered several northeast neighbourhoods in June. Of those homes, more than 7,500 were considered to still have damage as of Dec. 31, 2020 that warranted an assessment reduction.

BRITISH COLUMBIA

Vancouver real estate shakes off the pandemic fetters

Housing markets in desirable cities have proven impervious to the effects of the pandemic, Vancouver included. Royal LePage released its quarterly house price survey last week that showed the median price of a two-storey detached house in Greater Vancouver had gone up 8.8 per cent by the end of 2020.

That hypothetical two-storey house will now cost you $1,507,279. A bungalow in the region will take you back $1,265,285, and a condo $662,120. The company has forecasted that prices will climb even higher by spring.

Vancouver is not an outlier in Canada – 64 per cent of all regions surveyed showed year-over-year median-price increases of more than 10 per cent for two-storey houses. Others have reported similar numbers.

Since May, multiple offers have been common for sales of detached houses, says Randy Ryalls, the general manager for Royal LePage Sterling Realty in Port Moody. He points to low inventory and anxious millennial buyers for fuelling the market. While many service-industry workers lost their jobs because of the pandemic, the market is strong because it’s the older, higher-income bracket that is driving it. Millennials, in particular, are buying, now that many have reached peak earning potential and have families.

“[The pandemic] has probably persuaded some of those people that are paying $2,500 or $3,000 a month in rent to start thinking about buying something, and so those people have moved into the marketplace in significant numbers.

"The millennial demographic plays a huge role in our real estate market, and they are the biggest group demographically in the real estate market now. They are all at that time in their lives where they are starting to have families and they have better jobs and can afford to buy something, and they are out there doing that," Mr. Ryalls says.

"Some of them are buying $700,000 or $900,000 homes – or $1-million houses further out."

Over all, the Vancouver market has gone up around 10 per cent, mostly since May, Mr. Ryalls says. Surrey has gone up around 14 per cent, as purchasers snap up houses. The condo market, which had slowed considerably in the past year, also seems to be gaining traction. Investors are returning to the market.

A three-unit house in Vancouver's Riley Park recently sold for $202,000 over asking, demonstrating the strong appeal of investor properties. The house at 719-723 E. 29th Ave., had an asking price of $1.599-million and sold for $1.801-million after 12 days on the market. The sale closes Feb. 9. Listing agent Cheryl Davie of Re/Max Crest Realty received ten offers.

The property actually comprises three separate units: a 1,965-square-foot detached character home built in 1908 and fully remodelled, with ground level and upstairs suites, and a two-level laneway house built in 2017 and renting for $2,200 a month.

The home, originally built in 1908, has been thoroughly remodelled.

"The Fraser area of East Vancouver has seen a lot of development over the past decade, and there is the possibility this parcel could be bought and redeveloped in the future," Ms. Davie said.

Ian Watt, a downtown realtor, says he had an investor buyer put in an offer on a downtown one-bedroom condo recently that went into multiple offers. All offers, he says, came from investors.

"I have a feeling this year will be a crazy year because a lot of people are back out there and looking to buy," Mr. Watt said.

At the outset of the global health crisis, nobody could have predicted that housing prices would actually go up. Mr. Ryalls from Royal LePage says he had braced for the worst, and the buoyant market has shocked him. At this rate, he doesn't see the Lower Mainland ever going back to prices considered affordable to the average income earner.

"In March, we were all wondering how much longer we would be in business," he says. "I can appreciate that it sounds very self-serving from the real estate industry, but if you look back, every 10 years the prices have doubled in the Lower Mainland. That goes back historically for decades. We have a pretty resilient real estate market here."

It strikes urban designer, professor and author Patrick Condon as noteworthy that the housing market would thrive amid a pandemic. Prof. Condon says the situation underscores the fact that housing prices, and rents, too, remain disconnected from the jobs market.

"Somehow, when people all over the world are losing their jobs, the value of housing has inflated rather than crashed. So how do you explain that?"

Prof. Condon just released a book, Sick City, in which he does just that. While Sick City focuses on the U.S. housing situation, and growing inequality in that country, there are many parallels with what's happening in Canada, says Prof. Condon, who's from Massachusetts.

The beneficiaries of rising land prices fall into two categories, he says. There are the older homeowners who have been lucky enough to buy into the market before the outrageous inflation, and whose equity has grown significantly; they have the advantage of borrowing against that equity or adding significant value to their properties by building infill. And then there are the speculators, who have driven prices up on their way to reaping capital gains. The smart ones purchase land near new transit or some new improvement. That behaviour has pushed up prices not just for homeowners, but for renters, too.

Going back to the 1990s, Prof. Condon says that urban land became a class of assets that went beyond the rate of inflation in desirable cities such as Vancouver, Sydney, London, New York and Singapore. When properties became an asset for global wealth and speculation, they became disconnected from incomes. That decoupling lead to the lack of affordable housing we see today.

“It had nothing to do at all with the wages of people who are basically competing for that, and it influences not just housing costs, but also the cost of rent, as the value of the land under the rental buildings gets bid up and up and up.”

Land has always made a sound investment; however, in the new environment, the returns are higher than ever.

“If you are going to invest, you’re smartest to invest in urban land in this host of cities and you don’t care how much it will cost – because you know it will go up for sure, 8 to 12 per cent.”

Prof. Condon also disagrees with prevailing policies that call for more supply as the answer to the affordability crisis, as if we can build our way to healthy, thriving cities where residents are properly housed and no one is displaced. Instead of lowering housing costs, rezoning for more density only increases the price of the land. Price is based on the buildable square feet that zoning allows.

“In the long run, it prevents access to affordable housing for the average wage earner, because it all ends up being absorbed in the price of urban land.”

That’s why he’s long argued for taxing new developments, along the Broadway Corridor, for example. It’s a cost that would have to be included in the purchase price of the land, thereby lowering land costs. He cites parallels to the Vienna model. Decades ago, the Austrian capital’s rent controls and taxation on land reduced land prices, which gave the city a chance to develop much of the rental stock. Today, Vienna has a considerable amount of publicly owned housing and co-ops.

“It’s the land market that needs to be disciplined. It’s not the developers that are the problem – it’s the land speculators,” Prof. Condon says. “Tax at the full value of that increased land value, and take the lion’s share of that money and use it to build non-market housing that would be permanently affordable.”

Homeowners near Site C project sue after landslides wiped out property values

Plaintiffs say the construction project has led to slope instability and two landslides in 2018, 2020

Thirty-five homeowners in the small B.C. community of Old Fort — just south of Fort St. John — are suing the province and BC Hydro after two landslides they claim were caused by Site C dam construction rendered their properties worthless.

On Monday, the group filed a notice of civil claim in B.C. Supreme Court saying the excavation activities carried out by BC Hydro on the $10-billion dam project have destabilized the soil that supports their properties.

The first landslide, which happened in September 2018, damaged the only road that provides access in and out of Old Fort and put the entire community under evacuation for a month. Another landslide damaged the same road in June 2020.

The homeowners also accuse Deasan Holdings of causing soil instability with mining activities near Old Fort.

Malcom MacPherson, lawyer for the plaintiffs, says the families involved cannot sell, mortgage or insure their homes because there is no property value. He says they support industrial development but don't feel they should pay for it with their homes' worth.

"They shouldn't be de facto subsidizing the broader wealth creation, which is good for the whole province," he said. "It's not fair that they have to unreasonably bear that burden."

In October, the B.C. government posted a report saying despite geotechnical assessments, the root cause of the slide in 2018 remains "inconclusive." The report doesn't address the slide in 2020.

In 2018, BC Hydro said there was no evidence the slide was related to the Site C project.

Last week, Premier John Horgan said Site C dam construction would continue while his office awaits geotechnical reports written by experts from outside B.C.

The lawsuit names the province and the Peace River Regional District for approving the construction work of BC Hydro and Deasan Holdings. They are also suing the City of Fort St. John for operating a sewage lagoon they claim has led to soil instability in the Peace River community.

None of the five defendants has responded in court.

CBC News has contacted the City of Fort St. John, the Peace River Regional District and BC Hydro. The municipality didn't respond, and the other two parties declined to comment.

Why some Okanagan luxury homeowners pay less property tax than they should

Some of the most expensive properties in the Okanagan are currently on the market with listing prices far above the value of the home as it was assessed for taxes — meaning many of their less well-heeled neighbours are picking up more than their fair share of residential taxes.

While it's not unusual for a home's assessed value to be a little out of whack with a market price, several high-end multi-million dollar Okanagan homes are currently listed at twice the price that B.C. Assessment states they are worth.

The assessed value stipulates how much property tax a person pays so having an assessed value lower than the property is actually worth brings the obvious advantage of a reduced tax bill for the homeowner.

However, there are repercussions for the rest of us.

"Other people are paying a higher rate than they would otherwise, to counteract that person's lower rate," UBC Sauder School of Business associate professor Tsur Somerville told iNFOnews.ca. "If I'm underestimating other people's values then the people whose values are not being underestimated end up paying more."

Simply stated, the average homeowner is subsidizing those living in multi-million dollar houses.

"The folks that have the wherewithal are the people who should not be getting off the hook," Somerville said.

It's difficult to gauge how many people are paying property tax bills that are substantially lower than they should be, but there are multiple examples.

The most extreme instance is a Lake Country property on 12391 Pixton Road. It's assessed at $5.2 million and currently listed for 10 times that at $55-million.

Another glaring example is 133 Ravine Drive, Coldstream, listed for $15 million but with an assessed value at $6.6 million.

One lakefront home at 8485 Okanagan Landing Road in Vernon is currently on the market for $3,749,000, twice that of its $1.8 million assessed value. Based on the 2020. rate this would see the homeowner pay $11,336 in tax at the assessed value, instead of $23,617 closer to the market value.

Further down the lake in Kelowna, 836 Manhattan Drive is listed for $3 million but has an assessed value of nearly half that at $1.6 million.

Another Coldstream home was assessed for $4 million and listed for $6 million – a 50 per cent difference. Another Vernon home was assessed at $3 million and is listed at $4.4 million. One Kelowna home is on the market for 40 per cent higher than its assessed value of $1.8 million listed for $2.6 million. A recently constructed lakeside home in Vernon is on the market for $2.6 million having been assessed at just over $1-million.

While this anomaly creates lower property tax bills for a lucky few, cities and municipalities aren't losing out on tax revenue.

"It doesn't affect what we do... we work backwards. We say we need this much money, and then we work backwards to calculate the rates," City of Vernon financial services director Debra Law said.

Law said the tax bills residents get in the mail in January is only the initial assessment and the city will receive a revised figure in the spring. The new figure will account for those people who appealed their assessments (or had a neighbour do so). A high assessment successfully reduced on appeal can affect the city's budget, and really complex cases may take two or three years, she said.

Unsurprisingly, appealing an assessment for being too low, isn't something the finance director ever sees and the city doesn't take the time to launch appeals.

"We don't get involved in the assessment amount for residential property," Law said.

It's worth remembering the listing price has nothing to do with how much a house will ultimately sell for, but the differences in the figures and the amount of examples suggests this anomaly isn't simply created by sellers and realtors with unrealistic expectations.

Vernon Royal LePage realtor John Deak has been selling real estate for more than a decade and said generally there will always be some difference between the assessed value and what he can sell a house for.

"Typically we'll see a neighbourhood selling at about 10 per cent over (the) assessed value," he said.

But Deak, who doesn't sell multi-million dollar properties, said seeing assessed values that are a fraction of the listing price isn't the norm for most average day-to-day properties.

Finding out why some higher-end properties are listed for sale at prices with little correlation to their assessed value is no easy feat.

According to B.C. Assessment, there are several reasons that discrepancies come about.

B.C. Assessment spokesperson Tracey Wall said a property may be listed for more than the assessed value because of renovations and upgrades the homeowner may have made. As B.C. Assessment doesn't physically visit each home and bases the value on what properties in the area have sold for, significant upgrades can play a large part.

Having a property in the farm classification, whereby the owner has to prove the land is used for farming, can also greatly reduce a home's assessed value.

Wall also reiterated that the assessed value released at the beginning of January is based on the market value six months earlier on July 1, and the market is fluid and changes.

In theory, this would make a difference.

Deak said following a housing slump at the beginning of 2020 due to the pandemic, sales got moving again in mid-June. He said the market has been hot ever since.

According to the Association of Interior Realtors, prices rose in the Central and North Okanagan by 13 and 12 respectively, in 2020 over 2019.

This may explain why evaluations done on July 1, 2020, are different from listings and sale prices today.

However, those figures don't support the 40 to 100 per cent value differences shown in these high-end properties.

One explanation for the price discrepancy is that because so few high-end properties sell, there is far less data that is needed to work out the assessment value. A downtown street of condos, townhouses, and single-family homes will have a high turnover of ownership giving B.C Assessment lots of sales history data to work with. There are far fewer multi-million dollar lakeside mansions, a fraction of the sales, and fewer numbers to work with.

How much of an issue this is, is hard to quantify.

Somerville said on a global scale, multi-million homeowners not paying their fair share of tax is and would be, a big deal. But on the local level in the Okanagan, that’s not necessarily true. The small numbers involved means it’s only costing the remaining taxpayers a few dollars each.

However, the associate business professor does say while B.C. Assessment is considered to be among the best in Canada, it’s important they provide accurate numbers.

“It’s still important to get to it right because it’s unfair, and fairness is really important,” he said.

B.C. Assessment updates 2020 valuations, showing big increases for property owners

Sample shows City of Vancouver detached home values up between five and 10 per cent — and more in Surrey

The B.C. Assessment Authority released its online record of property valuations for 2020 without the usual fanfare.

Traditionally around New Year’s Day, the Crown corporation issues a media release showing the percentage increases in values across different residential property types in different parts of B.C. — plus the total assessed value of all residential property in the province.

The information has been available online since Jan. 1, but the B.C. Assessment Authority waited until Monday to release the details of its valuations.

Which is surprising, because 2020 was a bizarre and totally miscalculated year for B.C. real estate — with the Canada Mortgage and Housing Corporation saying in April that prices could fall up to 19 per cent in 2020, and sales would likely plunge due to COVID-19.

In fact, across Canada residential property prices have jumped 20 per cent in 2020, and it was a record year for sales.

This was driven primarily by further drops in interest rates due to Bank of Canada policy.

In Metro Vancouver, property assessments saw significant gains across the region.

The average assessed value of a single family home in Vancouver has jumped 10 per cent, from $1.567 million in 2020 to $1.717 million in 2021. While the median value of a condominium in Vancouver went up three per cent from $688,000 to $711,000.

Squamish, where the assessed value of an average home inched above the $1 million mark ($1.026 million), was the only other Lower Mainland community to record a 10 per cent increase.

“Despite COVID-19, the Lower Mainland residential real estate market has been resilient,” said B.C. Assessment deputy assessor Bryan Murao. “For the most part, homeowners can expect relatively moderate increases in value. This incredible strength is a stark contrast to last spring when the market came to a temporary standstill whereas the remainder of the year had a very steady and rapid recovery.”

The lone Metro Vancouver region where home assessments dropped was UBC’s Endowment Lands where the average value fell one per cent to $4.923 million.

In Surrey, the average value of a single family home jumped five per cent from $1.010 million to $1.062 million, while condos went up three per cent from $497,000 to $510,000.

Single Family Home Changes by Community	2020 Typical Assessed Value as of July 1, 2019	2021 Typical Assessed Value as of July 1, 2020	% Change
City of Vancouver	$1,567,000	$1,717,000	+10%
University Endowment Lands	$4,949,000	$4,923,000	-1%
City of Burnaby	$1,363,000	$1,449,000	+6%
City of Coquitlam	$1,122,000	$1,187,000	+6%
City of Port Coquitlam	$876,000	$944,000	+8%
City of Port Moody	$1,192,000	$1,264,000	+6%
City of New Westminster	$1,054,000	$1,119,000	+6%
City of North Vancouver	$1,351,000	$1,452,000	+7%
District of North Vancouver	$1,479,000	$1,578,000	+7%
District of West Vancouver	$2,356,000	$2,472,000	+5%
District of Squamish	$930,000	$1,026,000	+10%
Resort Municipality of Whistler	$2,014,000	$2,034,000	+1%
Village of Pemberton	$873,000	$945,000	+8%
Bowen Island Municipality	$934,000	$1,019,000	+9%
Village of Lions Bay	$1,384,000	$1,436,000	+4%
Village of Belcarra	$1,318,000	$1,319,000	+1%
Village of Anmore	$1,989,000	$2,013,000	+1%
Town of Gibsons	$657,000	$671,000	+2%
District of Sechelt	$568,000	$600,000	+6%
City of Surrey	$1,010,000	$1,062,000	+5%
City of White Rock	$1,195,000	$1,245,000	+4%
City of Richmond	$1,322,000	$1,405,000	+6%
City of Delta	$917,000	$968,000	+6%
Township of Langley	$922,000	$986,000	+7%
City of Langley	$809,000	$838,000	+4%
City of Abbotsford	$727,000	$779,000	+7%
City of Chilliwack	$590,000	$627,000	+6%
City of Maple Ridge	$768,000	$814,000	+6%
City of Pitt Meadows	$821,000	$843,000	+3%
District of Mission	$651,000	$706,000	+8%
District of Kent	$494,000	$526,000	+7%
District of Hope	$409,000	$427,000	+4%
Harrison Hot Springs	$577,000	$599,000	+4%

Strata Homes (Condos/Townhouses) Changes by Community	2020 Typical Assessed Value as of July 1, 2019	2021 Typical Assessed Value as of July 1, 2020	% Change
City of Vancouver	$688,000	$711,000	+3%
City of Burnaby	$571,000	$588,000	+3%
City of Coquitlam	$537,000	$561,000	+4%
City of Port Coquitlam	$486,000	$506,000	+4%
City of Port Moody	$617,000	$622,000	+1%
City of New Westminster	$500,000	$511,000	+2%
City of North Vancouver	$658,000	$690,000	+5%
District of North Vancouver	$693,000	$732,000	+6%
District of West Vancouver	$1,157,000	$1,156,000	0%
District of Squamish	$561,000	$571,000	+2%
Resort Municipality of Whistler	$920,000	$931,000	+1%
City of Surrey	$497,000	$510,000	+3%
City of White Rock	$460,000	$452,000	-2%
City of Richmond	$600,000	$608,000	+1%
City of Delta	$545,000	$552,000	+1%
Township of Langley	$531,000	$543,000	+2%
City of Langley	$369,000	$381,000	+3%
City of Abbotsford	$329,000	$343,000	+4%
City of Maple Ridge	$437,000	$457,000	+5%

Here’s a few things that can be discerned from the latest B.C. Assessment numbers:

TAHSIS SEES LARGEST JUMP

Province-wide, the community with the biggest leap in assessment values was the Vancouver Island village of Tahsis where the average home climbed 36 per cent from $99,000 to $135,000.

Up north, Burns Lake saw the average valuation jump 21 per cent from $148,000 to $180,000.

Princeton had the largest gains in the Okanagan with the value of the average family home jumping 17 per cent from $215,000 to $252,000.

CHIP'S HOUSE GOES UP

Lululemon founder Chip Wilson's Point Grey Road home remains the most valuable in B.C., climbing $1.88 million to $66.8 million. This jump would be relatively meaningless to Wilson, given the value of his Lululemon stock rose around $1.5 billion between July 2019 and July 2020 (based on 12 million shares.)

It's awful to think of the income disparities that have emerged during COVID-19: as Peter Garrett said "the rich get richer, the poor get the picture."

DOWNTOWN EASTSIDE SAHOTA HOTELS VALUED FOR LAND ONLY

In early December the City of Vancouver bought two dilapidated hotels across the road from each other on the 100-block of East Hastings Street in the Downtown Eastside. The city won't reveal how much they paid for the Regent and Balmoral hotels — to a family they battled for years over dreadful housing conditions. The Tyee has reported the sale price as $11.5 million.

The two eight-storey properties were built before the First World War — Balmoral in 1908 and the Regent in 1913 — and are now almost all land value (with a lot size of 50 by 122 feet). The city has promised it will be converted to supported housing.

The assessed value of both dropped between July 2019 and July 2020 by around 25 per cent to $2.6 million for the Balmoral and $2.5 million for the Regent, almost all in land value.

The Brandiz hotel on the same block was built around the same time as the Regent and Balmoral on the same size lot and has a five-storey building. It has been valued at over $10 million for the past two assessment periods. Most recently, the value of the Brandiz land fell to $2.5 million, while the buildings increased in value by $600,000.

Brandiz is classed by B.C. Assessment Authority as a "beer parlour/hotel" the same as the Regent and Balmoral and is owned by Antonietta and Mario Laudisio. That would make the Balmoral and Regent with working rooms worth $20 million. The city will have to put a lot of work into them, and they could be retained as is, or the whole thing could be demolished and a new facility built.

MANITOBA

Manitoba Government Announces Tax Changes Coming in 2021

Benefits for Business and Ratepayers Will Protect Manitobans' Incomes: Fielding

A number of tax savings that will benefit Manitobans and help to protect their hard-earned income will come into effect Jan. 1 or early in the new year, Finance Minister Scott Fielding announced today.

“Our government is committed to reducing the tax burden on Manitobans while strengthening the services we all depend on,” said Fielding. “We are also making changes that will benefit Manitoba businesses and put them on a stronger footing as we work to overcome the financial challenges of the COVID-19 pandemic.”
Manitoba personal income tax brackets and the Basic Personal Amount will increase by 2.2 per cent for the 2021 taxation year as they are indexed to the Manitoba Consumer Price Index. As a result, an estimated 3,300 taxpayers are expected to be removed from the 2021 tax rolls, the minister noted.
Manitoba will also begin phasing out the Education Property Tax in 2021, as committed to in the most recent speech from the throne.
Other changes include:

• increasing the Health and Post-Secondary Education Tax Levy exemption threshold to $1.5 million from $1.25 million of annual remuneration. In addition, the threshold below which employers pay a reduced rate increases to $3 million from $2.5 million. The new thresholds will benefit approximately 1,000 Manitoba employers including exempting about 220 employers.
• making permanent the Manufacturing Investment Tax Credit that was to expire at the end of this year. It supports businesses that acquire qualified manufacturing and processing plant, machinery and equipment for use in Manitoba.
• extending the Mineral Exploration Tax Credit for three years to Dec. 31, 2023, supporting Manitobans who invest in flow-through shares in qualifying mineral exploration companies engaged in Manitoba with a 30 per cent income tax credit.
• extending the Cultural Industries Printing Tax Credit one year, promoting the growth of Manitoba’s print industry with a 35 per cent credit based on salaries and wages paid to Manitoba employees.
• extending the Community Enterprise Development Tax Credit one year, supporting investments in communities and community-based enterprises. Manitoba-resident investors are eligible for a 45 per cent refundable income tax credit on investments in eligible shares.
• reducing the interest rate on provincially administered tax debts, such as sales tax, health and post secondary education tax levy, fuel tax and tobacco tax, to prime plus four per cent from the current prime plus five per cent.
Eligible seniors who have not received their $200 Seniors Economic Recovery Credit in 2020 are reminded that they are able to claim it when filing their 2020 personal income tax return in 2021.
“Our government values Manitoba seniors and know that they have made extraordinary sacrifices to build our province,” said Fielding. “The Seniors Economic Recovery Credit is an important measure to protect our seniors and we encourage all those who are eligible to take advantage of this credit.”
The minister also noted that as of Nov. 6, 2020, Manitoba became the first province in Western Canada to eliminate probate fees. Applications made to the Court of Queen’s Bench for the probate of an estate of a deceased person no longer require the payment of probate fees.

NOVA SCOTIA

Halifax councillors question increasing tax bills during pandemic

Nearly a year into the pandemic, one of the last things residents in Halifax Regional Municipality want to see is another bill, let alone an increase to their property tax bill.

But that may happen, with the municipality's financial staff recommend increasing the average tax bill for residential and commercial properties by 1.9 per cent for the 2021-2022 fiscal year.

That would be an increase of $38 for the average residential property tax bill and $817 for the average commercial property tax bill.

While Halifax regional council unanimously agreed to work with the suggested fiscal framework during a budget committee meeting Wednesday, don't break out the calculator just yet.

There's still a possibility people may see a smaller increase or no increase at all as numbers can change as budget talks continue over the coming months.

"I don't think we ever started off by adopting a general tax rate that has stayed the same all the way through our deliberations," Mayor Mike Savage said.

"This is a chance for finance to go away and put something together they can come back to us with and say, 'Based on that, this is where we are.'"

Last year, the proposed increase to the average residential tax bill in HRM was $30 or 1.5 per cent for the 2020-2021 fiscal year.

But then COVID-19 hit and turned everything upside down.

Many people lost their jobs or were forced to work-from-home, places went out of business and downtown Halifax turned into a ghost town.

Those factors, and many others caused by the pandemic, had councillors concerned about increasing the average tax bill.

"We have increased unemployment that is higher now in HRM than before the pandemic and that is thousands of people out of work and everybody out of work is struggling," Coun. Waye Mason (Halifax South Downtown) said.

But Mason also acknowledged that nearly 70 per cent of the municipality's revenue comes from a combination of general tax rate, transit property and area rates.

Jane Fraser, chief financial officer of HRM, said the municipality is "in a sound financial position."

But the recommendation to raise the average property tax bill was brought forward so the municipality can continue to offer services to its residents, while also dealing with compensation, which continues to be the municipality's largest cost driver.

“This is staff coming forward and saying given the services that are provided, given some of council’s direction on various initiatives, the capital, all the different components … this is what we’re recommending to start with,” Fraser said.

Coun. Shawn Cleary (Halifax West Armdale) suggested instead of increasing both the average tax bill for residential and commercial properties, keep the commercial average tax bill the same and increase the residential side by 3.3 per cent.

“In a pandemic when we are having so many things hurting, some people say can we just do it for small business?” Cleary said.

“We're not allowed to give money to private businesses under our charter, but this might be one way we can take less from them.”

However, many councillors said seeing the average tax bill for residential properties go above two per cent would harm too many residents, as well as the small business owners who also pay residential property taxes in HRM.

“I would like to see how we support small business, but not at the expense of residential,” Coun. Cathy Deagle Gammon (Waverley-Fall River-Musquodoboit Valley) said.

Coun. Becky Kent (Dartmouth South-Eastern Passage) echoed the District 1 councillor’s words.

“Without question, the small businesses and medium businesses are those that I don’t want to see heavily burdened here,” Kent said.

“If shifting things around can allow us to hold the tax rate, then that to me is a better approach.”

Halifax regional council will continue budget talks at the next budget committee meeting on Jan. 20.

HRM council to begin debating next year's budget details this week

Staff recommending a 1.9% increase to the tax rate for 2021-2022

Halifax municipal finance staff are recommending a 1.9 per cent increase to the tax rate for 2021-2022, with regional council set to begin debating the details of next year's budget on Wednesday.

The increase would mean an extra $38 to the tax bill of an average single-family home. For commercial taxpayers, the average increase would be $817.

That worries Coun. Tim Outhit, who represents District 16, Bedford-Wentworth.

"I am absolutely always concerned about the impact on any tax increase to small business particularly," said Outhit. "So we'll be looking at this very carefully over the next few months."

According to the finance report, the budget is taking place "amidst a global pandemic where economic uncertainty is at levels not seen since the 1930s." HRM officials believe it will take until 2024 for the municipality's economy to get back to 2019 levels.

This will be the first budget process for seven new councillors elected in October, including Pamela Lovelace, who represents District 13, Hammonds Plains-St. Margarets. She agrees the budget process will be challenging.

"I don't want to raise taxes, this is not a good news story for me," said Lovelace. "But we're trying to build sustainable and viable communities, it's very complex."

Revenue from both transit fares and parking is coming back, but the amount remains uncertain because of the number of people who are still working from home. Meanwhile, compensation costs for employees, which represents 52 per cent of the budget, will increase by $27 million.

SASKATCHEWAN

Saskatoon property values decline for first time in at least a decade

The total value of all properties in Saskatoon fell during the 2021 reassessment cycle, with a dip in home prices more than offsetting an increase in commercial land values.

The total assessed value of Saskatoon property has fallen for the first time in at least a decade, with slumping residential prices more than offsetting a gain in commercial values.

Residential properties had a combined total value of $31.4 billion as of the Jan. 1, 2019 assessment date, down seven per cent after climbing to $33.9 billion in the 2017 reassessment cycle.

Meanwhile, commercial property values continued to rise, climbing to $9.9 billion after a meteoric 36 per cent increase, to $9.1 billion, when they were last assessed four years ago.

That increase was driven by retail property values, which climbed 24 per cent, offsetting a 23 per cent decline in the value of hotels and motels and a drop of 10 per cent in warehouse prices.

Saskatoon has approximately 91,000 residential properties and 3,300 commercial ones that are eligible for taxation.

“Certainly, the last two re-evaluation cycles — so, 2017 and 2013 — the total assessment was raised,” city assessor Bryce Trew told reporters at a news conference on Wednesday.

“There was a shift in the market,” he said, noting that the city does not delve deeply into why assessments change.

Based on the sale value of similar property types recorded between 2015 and 2019, the 2021 reassessment is the starting point for calculating municipal property taxes over the next four-year cycle.

The decrease in assessed values does not mean the city will collect less in taxes. That amount is defined by the budget, and city hall uses tax rates to offset changes and collect the taxes it needs to fund its budget.

Individual home and business owners may see their taxes change, however, if the value of their property increased or decreased more or less than the average for that class of property.

Trew was unable to say what, if anything, the changes in residential and commercial property values will mean for the tax ratio, which defines how much of the burden each category shoulders.

That ratio is currently 1.59, meaning businesses pay $1.59 for every $1 paid by residents. Vancouver is the only major city in Canada with a lower tax ratio.

City council is set to consider the ratio in March, a discussion that will be followed closely by business groups that have previously lobbied for residential ratepayers to take on a greater share of the tax burden.

Saskatchewan and Ontario are the only provinces that use a four-year reassessment cycle. Saskatchewan's is legislated, but the City of Saskatoon has previously suggested moving to a shorter, two-year cycle.

A document headed to council's finance committee next week notes that "frequent reassessments reduce the risk of sudden and dramatic changes in tax burdens that often arise" in more sporadic reassessments.

That occurred four years ago in Saskatoon, leading to city council voting to tweak the tax ratio.

The government has rejected previous calls for a shorter cycle based on a lack of consensus among municipalities and the estimated cost of assessing property values more frequently, the document notes.

The province's recent change to effectively reduce the commercial tax base by 20 per cent, meanwhile, could leave residents paying a greater portion of the education part of property taxes.

Residents have until March 29 to appeal their reassessments.