IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – May 2021

CONTENTS

ALBERTA

Edmonton to collect $2.2B in property tax, notices sent out

With more than 400,000 tax notices mailed out on Tuesday, Edmonton property owners will soon know exactly how much the municipal tax man will be collecting from them for 2021.

This year, the city will collect over $2.2 billion from property taxes, with $482 million of that going to the province to fund education, according to the City of Edmonton's branch manager for assessment and taxation Cate Watt.

Property tax revenue funds city programs and services such as fire rescue, public transit, and road maintenance.

"For the first time in over two decades, the city has achieved a 0 per cent overall tax increase in 2021," Watt told media during an afternoon video conference.

This means if your residential property's assessed value decreased by 2.7 per cent from last year, you would owe the same in municipal taxes in 2021 as you did in 2020.

Watt said despite unchanged overall property taxes in Edmonton from 2020, most property owners should still see a small change in their tax bill due to fluctuations in their property's value.

Edmonton property assessments were sent out in February.

The current median value for a single-family home in Edmonton is $380,500 — a decrease in value of 2.4 per cent from the previous year.

That assessment would see a median-valued single-family homeowner in Edmonton pay $3,648 in property taxes for the year.

The 2021 tax rate in Edmonton is approximately 0.95 per cent.

HOW TO PAY

Property owners can pay their taxes to the city several ways, including by phone, online banking and mail.

In-person payments will not be accepted this year due to COVID-19.

This year the city is waiving the one-time two per cent administration fee for new applicants to Edmonton's monthly payment plan.

"To waive that admin fee, encourage more people to kind of do the monthly budgeting process," Watt told CTV News Edmonton. "It just makes this piece of your monthly budget a little bit easier."

The first six months of monthly payments are based on a property's assessed value from the previous year. Any difference is then made up for the second half of the year.

Applicants must enroll in the monthly payment plan before property taxes are due on June 30.

The city will begin charging a late penalty of five per cent to any unpaid balances beginning July 1.

A third zero property tax increase could threaten City of Calgary services

The City of Calgary is running out of time to be able to keep zero tax increases while maintaining the same levels of service.

CFO Carla Male told the city's priorities and finance committee that administration has been trying to balance providing services to Calgarians over the past two years while also stimulating the local economy in a "fiscally sustainable manner."

"In recent years, this balance has focused on achieving savings and a competitive tax rate. But the need for future investments and to keep pace with population growth, and service expectations is growing," Male said.

"With the significant changes our city is experiencing, we will make every effort to limit the strain on Calgarians by working towards a zero per cent change to the property tax rates in 2022."

Before the COVID-19 pandemic, Calgary city council approved a zero increase for 2020 and a 1.66 per cent decrease for 2021. By comparison, Edmonton had a 1.3 per cent increase in 2020 and zero increase the following year. Vancouver saw seven and five per cent increases in the past two years, respectively.

"Vancouver is the only city that has increased the tax rate year-over-year since 2019," Male said. "This was done to make investments in services such as fire and rescue, police, libraries, community centers, homelessness and housing, while reducing or delaying in other areas."

In an update on the city's planning for the 2022 budget year on Tuesday morning, Male said the city will need to make up a $60-million gap in order to keep property tax increases flat. The city's chief financial officer said the city's ongoing Solutions for Achieving Value and Excellence (SAVE) program should be able to fill that hole.

The more than $16 billion lost in downtown property values — and concurrent drop in tax revenues — make downtown a place the city can no longer rely on for tax revenues, even with service demands increasing.

"Despite these financial constraints there are also public expectations that the city should play a leading role in supporting and investing Calgary's economic recovery," Male said.

The latest citizen satisfaction survey showed an increasing trend in citizens being more in favour of increasing taxes to maintain or expand services and a decreasing trend in Calgarians wanting to cut services — trends that started in spring 2019.

Male said the post-pandemic recovery in GDP and total employment is expected to be complete by the end of 2022, and she said the Bank of Canada is expected to keep its overnight rate low until late 2022.

But downtown office vacancy rates aren't expected to dip below 24 per cent until 2024, according to a forecast from Altus Insite and the city economists.

Through 2020, one-third of the city's services were experiencing increased demand, while half of the city's service areas were stuck at 2018 funding levels.

Inflationary pressures are expected to re-emerge, as well as increased population growth. Changes in global energy markets are also expected to stress city finances.

Male said there's a tension between service demands and "the desire for savings and tax rate freezes."

The city's CFO warned against making the city's budget too lean so as to reduce the ability to recover or even "leap at opportunity," saying the city requires a degree of nimbleness.

"Further (budget) reductions risk not being able to seize opportunities."

Mayor Naheed Nenshi said the goal of zero tax increases was just that — a goal set before the pandemic.

"They were always meant to be aspirational targets, and the city should not be tying themselves to those targets so heavily that services are being hurt."

He also warned against repeating zero increases for too many subsequent years.

"At some point — and I think that point is now — we will actually be impacting the services that people receive in a significant way," Nenshi said.

"I'm obviously not in that place where I say let's start cutting services; quality of life matters, and we have to actually pay people fairly and decently, and we have to be able to provide services that have people wanting to live here."

With a municipal election due before November's budget deliberations, Calgary's outgoing mayor had a warning for the next city council.

"You can't have zero forever and there has to be a point where we have to strive to keep up with inflation," Nenshi said. "For council, the question is do you want to stay at zero for a long time and then suddenly have a 10 per cent increase because you just can't do it anymore, or do you want to be more reasonable in your increases that are closer to the inflation rates?"

Light industrial set for heavy property tax hit

Burden shifts to flourishing sector as jurisdictions update assessments

Spiking property tax tolls on light industrial facilities are considered a near certainty for ratepayers in Calgary and many municipalities of British Columbia's lower mainland. Economic fallout from COVID-19 is shifting more of the tax burden to this flourishing group of assets via the mill rate, while also driving up the tax rate — presenting a double-whammy of consequences in jurisdictions that update valuations annually.

The assessed value of Calgary industrial property has risen 6 per cent, on average, against a 5.5 per cent drop in value across the entire non-residential tax base, bringing dramatic tax increases for some properties even before any tax rate adjustment comes into play. Industrial values have likewise increased in the range of 10 to 15 per cent in Vancouver and surrounding municipalities, while office and retail values have slipped about 5 per cent.

"The valuation date for the 2021 assessment roll was July 1, 2020, just a few months after the March lockdown here, but there was no real pause at all that we observed in rental rates or in valuation parameters for industrial properties," David Howard, senior director, property tax, with Altus Group in Vancouver, reported during a recent online discussion of industrial property tax trends in three markets experiencing a boom in the warehouse/distribution and logistics sector. "So we're in an environment now where we have one property type increasing significantly and other property types decreasing."

Meanwhile, Ontario's postponed reassessment will insulate property owners in the Greater Toronto Area from a similar shock in the short term. Many commercial and industrial ratepayers should actually enjoy a tax decrease this year following the Ontario government's commitment in last fall's 2020 provincial budget to harmonize the business education tax (BET) tax rate at 0.88 per cent for 2021, equating to an estimated $450-million tax cut province-wide. Nevertheless, property tax specialists warn of a looming spike in light industrial assessment rates with the first post-pandemic evaluations.

"We've seen property values increase 100 per cent from 2016 (the base date for the last assessment) to today, and with hotel, office and retail performing less strongly, this shift in tax burden is going to be real," observed Jason George, vice president, property tax, with Altus Group in Toronto. "If you're projecting taxes three to five years out and you're assuming a 3 to 5 per cent annual increase, you are going to be in for a big surprise."

New shifts come on top of Calgary's five-year trends

Calgary's most recent shift in apportionment is layered on previous destabilization that saw downtown office values diminish from 32 per cent of the non-residential assessment base in 2015 to just 18 per cent by 2019. In turn, the City of Calgary ratcheted up the tax rate to balance out the loss of approximately $250 million in revenue due to that drop in value, thus redistributing that tax burden to all other non-residential property classes.

"From 2016 to 2019 we saw a 56 per cent increase to the non-residential tax rate," recounted Josh Weber, senior director, property tax, with Altus Group in Calgary. "The City had to look at how to fix this problem because there was no view in sight for increasing the assessment base or seeing downtown values come back."

A solution — moving a larger share of the total tax burden to the residential tax base — was adopted for the 2020 tax year, resulting in a 12 per cent cut to the non-residential tax rate last year. However, a subsequent drop in most non-residential values necessitates an 7.3 per cent upward readjustment for 2021.

"Last year's gain is close to washed out," Weber lamented.

Compounding that are varying but generally consistent year-over-year gains in value for both A and B grade industrial assets. It's estimated that 54 per cent of properties are in line for tax increases of up to 10 per cent solely attributable to revenue-neutral tax shifts, while another 35 per cent can expect a 10 to 20 per cent jump.

That's nearly 4,800 properties out of a total of 5,300. In addition, there are 400 outliers set for tax increases greater than 20 per cent, including 119 properties that will see spikes in excess of 30 per cent.

Notably, among properties of 100,000 square feet or larger, Altus reports A grade facilities registered an average 24 per cent year-over-year surge in assessed value, while B grade facilities posted a smaller, but still sizeable 13 per cent year-over-year average uptick. Weber theorizes that's linked to 17 transactions of light industrial properties last year, or roughly double the usual trade volume.

"Essentially, this has come down to a specific class of property that is really going to be witnessing the brunt end of this increase," he said. "With the increase in sales, the City has gathered more market intel. Typically, sales in Calgary come in around $500 million in total value and this year we came in at $880 million."

The city of Calgary has committed to provide some tax relief again in 2021 through its non-residential phased tax program (PTP) — a measure first invoked in 2017 to counter some of the tax shift from downtown office buildings to other types of non-residential properties. This year, a $13-million pot has been allocated to hold increases to the municipal portion of the tax levy to no more than 10 per cent above the amount calculated in

2020, excluding any PTP credit advanced at that time. Businesses defined as having experienced "the most significant property tax increases for 2021″ will be eligible.

"For the property owners who are experiencing heavy increases on the tax side, this has been a way to mitigate that when there are no other answers to be had," Weber reflected. "The problem is, a component of it comes from the City's rainy day fund and we just don't know how long that's going to last, or where it comes from. The sustainability is just really not known."

Tax class designation a key factor for B.C. ratepayers

In B.C.'s lower mainland, David Howard notes that assessors generally applied higher rental rates and lower cap rates on warehouse/distribution facilities this year to derive year-over-year per square foot value gains in eight of nine municipalities surveyed. Only Vancouver remained on par with 2020 assessed value at $380 per square foot, while assumptions of double-digit rental rates and sub-four per cent cap rates — previously common only in Vancouver — underpinned jumps of 5.2 per cent to 16.8 per cent elsewhere.

"As you move away from the city of Vancouver and out into the Fraser Valley, this is where we're observing increases on average of about 15 per cent," Howard said. The average increase was below 10 per cent in Burnaby, Chilliwack and Abbotsford, and above 12 per cent in Richmond, Delta, Coquitlam, Langley and Surrey.

For ratepayers, much will depend on whether properties are categorized in Class 5, which specifically covers manufacturing and distribution uses, or in the catchall Class 6 for other business purposes. Additionally, since municipalities set two distinct tax rates for the two classes, other discrepancies can come into play separate from assessment-related tax shifts.

This year, warehouses in Class 5 will typically experience more moderate shifts since value increases have occurred more uniformly across the entire tax class, whereas warehouses grouped with other kinds of commercial properties in Class 6 are more likely to get walloped. For example, Howard cited a Surrey warehouse that sustained an 11 per cent year-over-year assessment-related tax increase due to its Class 6 status.

"The tax rate there (in Surrey) is already lower for Class 5 and we're forecasting it to decline even further so that same warehouse, if it was in Class 5, would have taxes that are 18 per cent lower than the warehouse that is Class 6," he advised. "It's very important for the owner or taxpayer to know which class they are in and to audit that class to make sure it is accurate. It's BC Assessment that establishes the tax rate classification based on use of the property or at least on what they feel the use of the property is."

Looking ahead to 2022, he foresees more of the same when values are re-pegged to a July 1, 2021 baseline. Industrial sales prices over the past 10 months have generally surpassed properties' assessed values, and recent leasing deals are also resulting in higher rents than assessors assumed last year.

"Again, if you're an industrial warehouse that's Class 6 and you're grouped together with retail and office, I'd be concerned," Howard cautioned. "I don't think the same increase in value is occurring for those property types."

Stability for the short term in the Greater Toronto Area

Jason George likewise traced an upward trajectory for light industrial sales values and rental rates in the Greater Toronto Area. Average net rent increased from $7.43 per square foot in 2018 to $10.33 in the first quarter of 2021, while average sales prices rose from $217.19 per square foot to $310.16 in the same time period. However, property tax is still apportioned according to assessed values from January 1, 2016.

“In short, there will be no swings in tax burden for the 2021 tax year,” George affirmed.

This year represents the fifth year of an originally intended four-year assessment cycle, and the 2021 Ontario budget, released in March, announced plans to stretch it still further. COVID-19-related upheaval prompted the initial postponement of the 2020 reassessment, which would have pegged assessments to values as of January 1, 2019. That reassessment has now been pushed until at least next year as the provincial government continues an ongoing review of property assessment and taxation, meaning that new evaluations for tax apportionment purposes won’t be in place before 2023.

“Shortly after the pandemic took hold here, the Province announced that it was going to postpone the reassessment to maintain stability. So stability has turned out to be a blessing for industrial properties that have seen quite significant increases in value,” George acknowledged. “Stability is probably not very good if you’re in hospitality or some retail sectors. In those cases, you’re not looking for stability or for your taxes to be based on 2016 market values.”

Looking to the future, he foresees many light industrial facilities will be taxed on par with suburban office buildings once the delayed reassessment occurs given that values for the two property types are now unprecedentedly in accord. He also suggests that the 2016 post-reassessment fallout for the high-end commercial strip along Toronto’s Bloor Street holds ominous portent for owners of warehouse/distribution and logistics facilities.

“Retail rents were increasing dramatically — $300 per square foot and even higher — and then when the assessment roll was returned, those properties saw 100 per cent increases,” George said. “This is likely going to happen to industrial properties the next time these properties get reassessed.”

BRITISH COLUMTIA

Richmond County finds dozens of properties not being taxed

Deputy warden says a couple are owned by family, but he's not playing favourites because everybody has to pay

Richmond County council has directed staff to bring the Cape Breton municipality's tax roll up to date after the deputy warden discovered dozens of properties whose owners are not paying taxes.

Michael Diggdon, who represents District 2 on Isle Madame, was helping a friend with a property search when he found out it was not being assessed municipal taxes.

That piqued his curiosity, so he looked into it and found a lot more untaxed properties, some going back to the early 1970s.

"When we got to about 50 or 60, we stopped and I said, 'It's a lot bigger problem than I anticipated,' so it was time to bring it to everybody's attention," said Diggdon.

"It's not just one or two, it's multiple. And it's in multiple districts, so it's widespread."

Property Valuation Services Corporation is paid by municipalities to prepare the assessment roll so councils can set a tax rate and raise revenue.

Diggdon said an official from the corporation told him in some cases, properties and owners changed decades ago and the tax roll was never updated.

"That is true in some of the instances I brought forward, but it's not true in all of them, and there's many in there that I'm going to say were probably political at some point back in the 70s and 80s," said Diggdon.

"That was the game that was played, and I'm going to say some of the names that were brought up that I put forward were big political leaders and possibly the reason why they were never taxed."

Diggdon said he does not blame Property Valuation Services Corporation or municipal staff, but he took his concerns to council, which voted to direct staff to find out how big the problem is and how to get it fixed.

Warden Amanda Mombourquette said the problem can't continue because property taxes are a municipality's main source of revenue.

"Step one is that research piece," said Mombourquette, who represents District 4, including St. Peters and the area north of there. "It's to find out what does it look like in our county? What does it look like in other places, and how have other areas addressed it?"

Diggdon said he asked staff to pull the details on 10 properties in his district and eight were not on the assessment roll. They have since been added and will be paying taxes in future years, he said.

Mombourquette said no one knows how much tax revenue has been lost over the years, but she is confident the majority of properties are being assessed municipal taxes.

"It might be a very small number of properties and maybe the ones that we pulled to check on were just the unlucky ones," she said.

'It's about fairness'

Diggdon said a couple of the untaxed properties belong to family members, but he's not worried about upsetting anyone.

"It's about fairness," he said. "I'm paying taxes on my property ... and there's no reason the guy next to us shouldn't be paying on his."

He said it would not be fair to ask owners who were never given a bill to pay taxes on previous years, but they will be expected to pay them from now on.

Mombourquette said staff will start work on the tax roll as soon as the budget process is finished.

NOVA SCOTIA

Provincial officials say untaxed Richmond County properties may already be taxed

Officials with Property Valuation Services and land registry reviewing list of properties and assessment roll

Officials from the Property Valuation Services Corporation and the Nova Scotia Land Registry have begun looking into a list of dozens of properties in Richmond County that are reportedly not being assessed municipal taxes.

Richmond County deputy warden Michael Diggdon says he found more than 50 properties that are not on the tax roll —and some go back to the 1970s.

Lloyd MacLeod, senior valuation manager with PVSC, said it's possible some of the properties are actually being assessed taxes.

"We really want to make sure that they are not assessed before we would go and have them create another account and have a duplicate assessment," he said.

"The problem with any list that's provided, you have to really review them in detail, because some properties may appear that they are not assessed, but in fact they may be assessed."

MacLeod said some large rural properties may be made up of several parcel identification numbers, known as PIDs, but in some cases the assessed value is not spelled out on each separate PID. Instead, it is listed on one assessment account that covers multiple PIDs.

'Should know in a few weeks'

He said that sometimes happens in urban areas, too. For example, large commercial properties may consist of more than one PID, but have only one assessment account.

PVSC is paid by municipalities to assess land and buildings, assign a dollar value and give that to municipalities, which use that information to collect taxes and pay for services.

MacLeod said PVSC gets its list of properties from the land registry and can only assign values to properties it knows about.

He said officials should know within a few weeks how many of the properties under review in Richmond need to be added to the county's assessment roll.

"The first step is we'll go through the list and see what we can resolve on the list and then we'll ask our partners at the land registry to look at any other properties that may not have PIDs," he said.

MacLeod said municipalities handled all of their own property assessments until 1976, when the province took over.

He said the current investigation might not be able to determine why some Richmond properties have been untaxed for decades, because the PVSC was just created in 2008.

Richmond chief administrative officer Don Marchand told council last month that staff have not had time to look into properties that are not on the assessment roll.

"All rural municipalities have this issue and have had this problem," he said.

"Some have already made strides in it. It is a long-term process and it is something that would take several years to complete and even at that, would it really be complete?"

Mike Dolter, the chief administrative officer in Truro and president of the province's municipal administrators association, said the topic of untaxed properties came up a few years ago, but it did not appear to be widespread.

"We were aware there was some issues," he said. "I have not heard of issues of this scale, though. That's something, obviously ... that we'll have to look into."

Dolter said municipal staff bear some responsibility for keeping the tax roll up to date, because that's how municipalities pay for services.

"That's why I'm a little bit surprised to hear that for Richmond County that this has been going on for so long."

He said municipal staff usually check on the accuracy of the tax roll on a regular basis.

"There should be some sort of reconciliation process to be done from year to year, obviously, because you don't want cases where properties do suddenly disappear off the tax roll

Halifax council passes budget, considers commercial tax change for next year

Halifax regional council has passed its 2021-2022 budget, slightly lowering the tax rate to keep the increase to the average property tax bill to 1%.

The budget came to council on Tuesday for final approval after months of near-weekly budget committee meetings where councillors hashed out the details for each business unit. The final details, including the tax rate, were hammered out during the committee’s April 21–22 meeting, where councillors voted to cash in on extra deed transfer tax to increase the budget by more than $10 million.

The full budget document lays out each department’s budget in more detail than is made public during the budget meetings. Halifax Regional Police will spend $265,400 on polygraph testing in 2021-2022, for instance, a 2% increase over last year’s $261,900.

The staff report to council laid out the exact tax figures for 2021-2022. With the tax rate reduced from .815% to .813%, the base tax bill for the average single family home will rise $21 to $2,036. The bill rises while the rate falls because the assessment increase from 2020-2021 to 2021-2022 is 1.3%.

For the average commercial property, assessed at $1,465,300, the base tax bill will rise $436 to $43,270, with the tax rate falling from 3.000% to 2.953%.

Councillors quickly and unanimously approved the budget, with none of them offering any comments or questions following the budget presentation from chief administrative officer Jacques Dubé.

Commercial assessment averaging en route

Even after the budget vote, council kept talking taxes.

Bruce Fisher, the municipality’s manager of fiscal policy and planning, presented a plan to smooth out tax increases for some commercial properties by averaging out their assessments. The idea is to make taxes more predictable for commercial property owners, even if their properties rapidly increase in value.

The proposal is part of a suite of commercial property tax reforms coming over the next few years with a goal of making the city’s tax regime more fair. As the Halifax Examiner reported in September, that’s going to include differential tax rates based on the size and location of properties, and potentially a break for small businesses.

But in front of council on Tuesday was another idea: when a commercial property's assessment spikes by 5% more than the average increase in a given year, the municipality will implement the increase over three years.

Fisher gave the example of a property assessed at $1 million. If that property was assessed at $1.3 million the next year, the municipality would phase in the increase. In the year the assessment spikes, the owner would pay taxes based on a $1.1-million assessment, then a $1.2-million assessment the next year, and a $1.3-million assessment the third year.

The recommendation before council was to implement the plan only in "areas serviced by wastewater facilities and a water system," leaving rural areas out. That's seen as the easiest way to change bylaws to make it happen, amending the regional plan to create a new "Commercial Development District."

If all goes to plan, the new system will be in place for the 2022-2023 fiscal year.

ONTARIO

'Storm' brewing over property assessments

As property values spike, and property reassessments stall, city officials are looking warily at a future that could include a wild fiscal ride.

Brockville council this week heard a presentation from the Municipal Property Assessment Corporation (MPAC), which has for a second year postponed the reassessment of Ontario properties because of the COVID-19 pandemic.

That leaves the base date for property values at Jan. 1, 2016, and with sharp increases in real estate markets across the country amid the continuing pandemic, people are worried where the new values will ultimately land.

"There's a reason why we had MPAC here tonight and it's because we see it as a storm that's brewing and we want our people to be as prepared for it as possible," said Brockville Mayor Jason Baker at the end of Tuesday's virtual council meeting.

Some questions, however, must be answered before locals are fully prepared.

Kim Bennett, MPAC's regional account manager for municipal and stakeholder relations, joined Amy Raycroft, the manager of valuation and customer relations at its Brockville office, in outlining the most recent developments and MPAC's methods of evaluation.

Coun. Larry Journal noted city residents are concerned about the sharp increase in property sale prices over the last year. They are worried the result, down the line, will be a correspondingly sharp property tax increase.

"I think there's a real concern that taxes are going to go up 30 or 50 per cent," added Journal.

The MPAC officials noted that a municipality's operating budget determines its revenue requirements which, in turn, determine the tax rate.

"If the revenue requirements don't significantly change but the values do go up, then that would mean the tax rate that the municipality would set would be different," said Bennett.

In essence, the city would lower tax rates to keep the revenues at the same level, when it could theoretically keep the rates where they are and rake in more money.

Baker said he doubts any municipality would see such an opportunity as a windfall.

"The city has a long tradition of treating the budget in a certain way," said the mayor.

"We try to put the best budget forward for the expenses that we need and we tax accordingly."

The risks of cashing in on a property assessment spike would be a subsequent drop, should that spike prove a temporary anomaly resulting from COVID. Raycroft noted that the Ontario finance ministry might instead look at setting a post-pandemic valuation date.

Baker stressed the current council would not cash in.

"I believe the nine of us, if this happened under our watch, would take a responsible attitude towards the next budget as we have our first three and not treat it like we've won the lottery," added the mayor.

Not only is the next current market value benchmark date for Ontario properties unknown, so is the phase-in period it will use. The women noted that MPAC is required, by legislation, to phase in reassessments over four years, but the pandemic has disrupted that timetable.

In a prepared statement, Leeds-Grenville-Thousand Islands and Rideau Lakes MPP Steve Clark, who is also the province's municipal affairs and housing minister, said the further postponement of the reassessment "will provide certainty for businesses and residents, and it will enable municipalities to focus their attention on responding to the challenges posed by COVID-19."

"Through the Property Assessment and Taxation Review that is currently underway, input will be sought from taxpayers, municipalities and interested stakeholders regarding the timing and valuation date for the next reassessment before any decisions are made final," added Clark.

"That review will certainly include an analysis of the current escalation of property values, although I would also point out that MPAC value increases don't necessarily equate to tax rate escalations."

SASKATCHEWAN

Most appeals of property values go in favour of the assessment agency

It might appear that more property owners are appealing the assessment values of their land every year, but the manager of Moose Jaw's assessment office says that is mostly untrue.

The Saskatchewan Assessment Management Agency (SAMA) has had an agreement with the City of Moose Jaw to assess properties since 2006. During those 15 years, there has not been a significant increase in appeals, SAMA's Nancy Wollner said during an online presentation on May 20. There was a slight jump in 2017, which the media reported at that time.

Wollner and another colleague worked for the municipality before 2006 and saw the appeals coming in then. There was not a noticeable increase in property owners attempting to reverse their lands' values.

While it seems like there has been an increase in appeals at the municipal level, after property owners have gone through the appeals process, SAMA's evaluations have been upheld 95 per cent of the time at the provincial and court of appeal levels, Wollner said.

"I don't know what's creating those appeals, but what I can say with pride — and for the city — is we are trying to provide that stability," she continued. "And the courts have said that our values are what they are and they've upheld them.

"In the end, we have stability, but definitely through the appeal process, there can be ups and downs. The local board can decide one way and the provincial board can reverse it. And that's what happened in a lot of cases for the City of Moose Jaw."

Chris Rasmussen, who moderated the online presentation for the chamber of commerce, pointed out that there are firms dedicated to appealing assessments. He wondered how SAMA handled those challenges so that the City of Moose Jaw could budget more effectively.

During the last assessment cycle from 2016 to 2020, SAMA lost some appeals at the municipal level, Wollner said. However, 95 per cent of appeals cases that went to the provincial or court levels afterward were in the agency's favour.

Wollner was unsure how budgetary stability could be provided to the city, especially when the courts were ruling mostly in SAMA's favour.

"The legislation allows for agents to be part of the appeal process, and if a property owner wants to have an agent, that's fine," she continued. "We do have an authorization form we give them to fill in so we know they're representing a property owner … ."

Some agents have appealed on behalf of property owners but later withdrew the complaint since the agents were not authorized, she added.

Property owners have 60 days during a revaluation year — such as in 2021 — to appeal their property assessment value, while they have 30 days to appeal in other years.

Provincial regulations

The agency is bound by provincial regulations, acts, and legislation when undertaking its duties, explained Wollner. As part of its duties, the organization has two main roles and responsibilities: governance and assessment services.

In its governance role, the province charges SAMA to establish and maintain all the rules and policies that assessors throughout Saskatchewan must follow. That also includes producing handbooks and guidebooks.

Furthermore, the organization administers the provincial quality assurance, which includes roll balancing — which all municipalities submit to the province each year — and primary audits. SAMA is also tasked with maintaining a province-wide computer-aided mass appraisal system that holds all the information about properties.

SAMA administers $250 billion worth of assessments throughout the province, which generate $2.5 billion in taxes.

Its assessment services role includes evaluating 758 of 762 municipalities in Saskatchewan; Regina, Saskatoon, Prince Albert and Swift Current perform their assessments, said Wollner. Meanwhile, there are seven regional offices and one central office, with 110 employees looking after assessment services and 41 staff focusing on governance.

Purpose of assessment

SAMA is not involved in the taxation of properties, which is the main source of revenue that municipalities — which solely determine taxation — use to provide services, Wollner said. Instead, the agency provides the assessment evaluations to the municipalities, which then base their taxation rates on those results.

The provincial government is responsible for setting the provincial percentages of value in areas such as residential and the education mill rates. An explanation about all of this is contained on the assessment notices that property owners receive from city hall.

Property owners' sensitive data kept private during and after valuation process

'When you're providing the information, you're helping us help you because the more information we have, the more accurate we'll have your valuation to what the market is saying'

Property owners might be hesitant to give sensitive information about their land to the provincial agency that assesses property values, but the organization keeps the data private during and after the valuation process.

The Saskatchewan Assessment Management Agency (SAMA) is a provincially regulated organization that assesses roughly 800,000 properties throughout the province, including about 15,000 properties in Moose Jaw.

The agency looks at market conditions every four years to determine what value to give classes of properties, such as commercial or rental. It also reviews properties' information and uses that data in conjunction with what's happening in the real estate markets to form the valuation.

Two methods are used to assign values to properties: mass appraisal and assessments, explained Darwin Kanius, technical standards and policy manager of quality control at SAMA's Moose Jaw office, during an online presentation about the organization's activities on May 20.

Mass appraisals are about preparing assessments for groups of properties established upon a base date using standard appraisal methods, employing common data, and allowing for statistical testing. Conversely, SAMA uses computer software to model hundreds of property sales and thousands of data points to help develop the models to replicate the market.

"We know that markets are imperfect and we try to do our modelling and interpret this data — not just the sales," said Kanius. "We're only as good as the data at our disposal, but with … the property owners that rent property, that buy and sell property, you are part of this process, and we appreciate your co-operation and help when we ask for this information.

"We take it seriously to protect that data that you provide us."

SAMA does not value people's personal property and excludes that information if it's given during the assessment process, he added. The agency is charged with valuing the land, its buildings, and any improvements to those structures.

Besides asking for income and expense data, SAMA also asks for information about property sales, explained Nancy Wollner, manager of SAMA's Moose Jaw office.

Owners of commercial properties should expect the agency to call and collect more information while it will come to inspect any property that has been sold. The agency will also ask if an appraisal has been made and whether the owner will share that information since it helps with valuations.

SAMA will not consider any sales after the base data of Jan. 1, 2019 for the forthcoming four-year assessment cycle of 2021 to 2024. Sales after that listing will be included in the next cycle.

There are provisions in provincial legislation that allows SAMA to ask for data about structures, property transfers, sales, and revenues and expenses, Wollner said. That same legislation allows for penalties to be levied if that data is not provided.

"We don't want to go there, but … if you don't provide us the information we ask for, you could lose your right to appeal your property," she continued. "That's a really big thing. … When you're providing the information, you're helping us help you because the more information we have, the more accurate we'll have your valuation to what the market is saying."

Some people are concerned about filling out the forms since they don't want their competitors to see the data, Wollner said. SAMA keeps that information confidential and does not release any income or expense information unless the courts order it. Even if that occurs, the agency hides the information to ensure the property remains anonymous.

"SAMA has been successful in the past by keeping that information confidential when we were challenged by the courts," she added. "So, we want to provide you with some confidence there."