IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – September 2019

Contents

An accountant's guide to property tax assessments across Canada

There are key differences in provincial approaches to appeals

As I promised in part two of this series on accounting firms, their clients and municipal property taxes across Canada, I'm going to share my thoughts on how the assessment and appeal process differs across Canada. I've managed hundreds of client files across the country over the years and dealt firsthand with the different approaches taken by our provinces and territories.

Alberta, Manitoba, Saskatchewan: In my experience, these provinces are extraordinarily client-focused. Assessors generally can be easily contacted to sort things out without the need for legal representation or to file an appeal.

On one of my Saskatchewan client files, for example, we filed an appeal a day before deadline.

The assessor involved reached out to me the next day and said, "John, I hate appeals, why didn't you just call me?" So, I told him the issues, which in this case were factual and easy to identify due to a technical error, and the next day he strikes 30 per cent from the assessed value!

Now, bear in mind this positive outcome was only achieved because I and the client had done our homework to have all our facts in order and well-presented — such due diligence is critical regardless of the jurisdiction in question or how burdensome its appeals process may or may not be.

British Columbia: BC requires formal appeals, similar to Ontario, but is more comparable to Saskatchewan in that it is quite client friendly. Assessors are accessible and formal legal representation is not required to file an appeal. This helps to expedite the resolution of an issue in a reasonably quick and cost-effective manner.

B.C. is also one of those jurisdictions with a 12-month assessment cycle, versus Ontario, where assessments roll out on four-year cycles. New assessments come out every fall and property owners have only until the end of January to file an appeal. If your client has property there, they must be organized.

Ontario: This is the most challenging jurisdiction in Canada. It is difficult to get an assessor to take a second look at an assessment without filing an RfR or a full appeal. A property owner can file an appeal directly themselves, but unless they are working through an agent or representative (such as their property manager), then they will have to retain a lawyer or paralegal.

Quebec: Legal representation is not required and assessors tend to be very organized and reachable. They do, however, tend to follow the letter of a strictly rules-based system that can be challenging for the layperson to navigate.

The Maritimes: As a whole, assessors in these jurisdictions tend to be responsive and accessible but you will almost always have to file an appeal first before speaking with them. No legal representation is required in these provinces unless a file becomes very contentious and the issues become legal versus valuation in nature. As an aside, I once mentioned to an assessor in New Brunswick how efficient they were to deal with. The comment back was, "We're a poor province and can't afford to be inefficient like Ontario."

The Territories: In Canada's North, you will find a client-centric and accessible approach comparable to what is common to Western Canada.

How accountants can help their clients

As a chartered professional accountant, you can provide added value to your client and facilitate the process in several ways. As I mentioned in my previous post, if your accounting firm has a number of clients with revenue-generating properties, consider creating a matrix or database that tracks which client is up and which is down — this trendsetting and benchmarking may make it easier to flag outliers that may warrant a closer look.

CPAs have the professional experience either to work with the assessor directly or with an appraiser who can assist in evaluating their clients' properties. If there is reason to suspect a valuation issue, the accountant can work with an appraiser they know to confirm if there is a case to made, to build that case and to determine a resolution.

In most provinces, an accountant can represent the property owner in assessment matters and to mount an appeal. Getting to know the local assessor, and developing that relationship with a third-party appraiser, is key to being as effective in this role as possible. As stated above, to serve as the representative of a property owner in Ontario, you will have to cultivate a similar relationship with a lawyer or paralegal, since, in this case, legal representation is a requirement of the appeals process.

The key advice an accountant can give their client when engaging with an assessor is to keep calm, keep cool and talk about the issue with their assessment, not their property tax bill. Come forward with solid facts to support the case — this is how you can ensure the assessor will give your client a fair hearing.

ALBERTA

Supreme Court Dismissal Confirms Unpaid Linear Property Tax Claims In Alberta Will Remain Unsecured

The Supreme Court of Canada (SCC) has dismissed the application of three Alberta municipalities seeking leave to appeal the decision of the Alberta Court of Appeal (Court of Appeal) in Northern Sunrise County v Virginia Hills Oil Corp, 2019 ABCA 61. The dismissal confirms that no special lien attaches to claims for unpaid linear property taxes1 under Alberta's Municipal Government Act (MGA).2 As such, claims for linear property taxes remain unsecured claims under the Bankruptcy and Insolvency Act (BIA).3

The SCC refused to reconsider the Court of Appeal's decision that section 348(d)(i) of the MGA does not provide for a special lien on land for unpaid linear property taxes. The provincial legislature must clearly redraft this section to remove ambiguity if it is the legislature's intention for a special lien to attach to claims for unpaid linear property taxes.

The dismissal indicates that the issue of Albertan municipalities' inability to collect unpaid linear property taxes is not an issue of national importance warranting the SCC's intervention. Lost revenue arising from a municipality's inability to take priority over secured claims for unpaid linear property taxes in insolvency proceedings appears to be a uniquely Albertan problem arising from Alberta's municipal taxation scheme. By denying leave, the SCC has confirmed that the Court of Appeal's interpretation of the MGA does not have obvious repercussions on the linear property taxation schemes of other provinces.

Absent statutory reform, the SCC's refusal to grant leave provides a definitive answer to secured lenders in Alberta that linear property tax arrears will not affect net-recovery of a secured claim in an insolvency proceeding.

Inversely, this refusal confirms that municipalities' claims for unpaid linear property taxes remain unsecured under the BIA. This will continue to greatly affect the income of municipalities that rely on linear property taxation for their tax assessment base.

The burden is now shifted to the provincial legislature to grapple with the public policy repercussions of Albertan municipalities' inability to take priority over secured claims in insolvency proceedings for unpaid linear property taxes. The SCC's refusal to grant leave confirms that no court will intervene to grant a special lien on property in Alberta for unpaid linear property taxes unless legislation expressly and unambiguously provides for such a lien.

Footnotes

1.Linear property is defined under the MGA to include, among other things, electric power systems, street lighting systems, telecommunications systems and pipelines that do not include land of buildings.

2.See Torys' bulletin "Linear property tax claims are unsecured in Alberta".

3.See Torys' bulletin "Alberta clarifies status of linear property tax claims under Bankruptcy and Insolvency Act".

BRITISH COLUMBIA

Royal Canadian Legion seeks permanent property tax relief

"Land-rich, cash-poor" branches face a patchwork of tax situations

B.C. Legions are watching intently as politicians consider a push to give them a permanent tax break.

The ongoing Union of B.C. Municipalities conference will consider a motion put forward by the City of Victoria to urge the B.C. government to provide a province-wide property tax exemptions to the Royal Canadian Legion.

It's a move that could provide struggling Legion branches with dwindling memberships a better chance of survival than the current patchwork of treatment for Canadian Legion branches that leaves many facing astronomical tax bills that they can ill afford.

Like Sooke, other municipal governments, including Calgary and Victoria, have waived property taxes for legions on a spot basis, but that relief is rarely permanent. In some municipalities, the treatment can see one Legion branch exempted while another still pays the tax.

The only exception to the situation is in Ontario where the provincial government has passed legislation to exempt all Royal Canadian Legion branches in the province from paying property tax, beginning in 2019.

It's a situation that creates stress for Legion branches that in recent years have faced financial challenges, said Veronica Brown, the executive director of the Royal Canadian Legion's B.C./Yukon Command.

"Branches like Sooke are property rich and cash poor and property taxes are just not sustainable in light of the fact that the organization is struggling to reinvent itself to better serve a new generation of vets and their families," Brown said.

The Sooke Legion currently enjoys a property tax-exempt status that's scheduled to run out in 2020. At that time, organizations which are exempt from property taxes will need to reapply.

Raechel Grey, the acting director of finance for Sooke, said all exempted properties get a letter asking them to confirm that nothing has changed in their operation, such as the opening of a for-profit retail outlet on the premises.

"If nothing changes, they will likely be exempted from property tax again," she said. "If there was a real change in what they are doing, they could theoretically be removed from the list."

Brown said the Legion is changing and that the dark bars of the past are giving way to more family-oriented facilities with a greater emphasis in giving back to the community.

"It's time for the Royal Canadian Legion to enter a new chapter in its existence. Our young veterans need us more than ever and those veterans are prepared to continue their service by giving back to the communities in which they live," Brown said.

"It just doesn't make sense to tax them out of existence."

Property tax increase proposed to fund Metro Vancouver land acquisitions for more parks

The Regional Parks Committee of Metro Vancouver Regional District is proposing a new annual regional property tax increase to help support the cost of accelerating plans to purchase more land for public park and green space expansion.

According to a report for a committee meeting earlier this week, the property tax requisition beginning in 2020 would amount to $4.00 annually per household to raise an additional $4 million per year for this particular land acquisition program.

Another increase in 2021 of $4.50 annually per household would increase this revenue source by $4.5 million.

Combined with the existing $7.57 million annual budget for land acquisition for parks, over $16 million annually would be made available for the regional district's program.

But a more ambitious revenue and tax target has now been set to accelerate the acquisition plan even further than regional district staff had envisioned, with an aim to raise the annual tax requisition annually by $4.00 over five years from 2020 to 2024.

By 2024, regional households will be $20.00 annually in additional property taxes, raising the program's budget to nearly $28 million per year.

"The committee felt there was a need to further advance park development and acquisition beyond the staff recommendation," regional district spokesperson Greg Valou told Daily Hive in an email.

The regional district has a 30-year plan to acquire nearly 3,200 acres of land — equivalent to the combined land area of three Stanley Parks put together — for new parks and green spaces. It is estimated, based on assessed values, that $482 million would be required for these purchases by 2050 in 2019 dollars.

“In the absence of specific real estate valuation appraisals for individual parcels, one of the only standardized key indicators of price for future acquisition is assessed value,” reads the report.

If funding for the program is unchanged and the existing $7.57 million annual funding — approved in 2017 — for land acquisition remains, regional district staff estimate it would take about 64 years from today to acquire all of the properties of interest. That would be the year 2083.

The budget for the acquisitions was first introduced in 1993 at $3.5 million annually, and it increased to $3.77 million in 2003.

The regional district’s board of directors will consider the committee’s tax requisition request in a meeting next month.

First year results are in and West Kelowna wants out of speculation tax

B.C.'s finance minister may be touting the success of the speculation tax, but not all of the mayors in affected cities are on board.

The tax brought in over $115 million in 2018 and Finance Minister Carole James announced that the government is projecting revenue of $185 million in 2019/20 from the tax.

However, at a meeting with affected municipalities on Thursday, the mayor of West Kelowna made it clear the city still wants out.

"We told her straight off that the City of West Kelowna strongly supports the removal of our municipality from the speculation tax," said Mayor Gord Milsom.

West Kelowna received just over $1 million in revenue from the 2018 speculation and vacancy tax, which was set at 0.5 per cent of the assessed value of a property in 2018 — and will rise to two per cent for foreign owners and satellite families this year.

"We're concerned about, you know, who the tax impacts," said Milsom. Numbers in a report released by the province show that 73 residences that were not exempt from the tax were owned by out-of-province Canadians. Sixty residences were owned by B.C. residents. Six were owned by foreign owners and 15 by satellite families.

"We don't have very many foreign owners. We don't have very many satellite families. So, it impacted primarily British Columbians and out-of-province owners," said Milsom.

"So, Canadians who have been a big part of our community for many, many years, they pay property tax, been good citizens. They supported our local economy. These are the people within West Kelowna that have been impacted, and I don't think that's fair that they should have been."

In the case of cities like Victoria and Vancouver it's the opposite, where the number of residences owned by foreign owners that weren't exempt from the tax is much higher than those owned by B.C. residents or other Canadians.

"Some larger taxable areas like Vancouver, Victoria, were actually supportive of the tax for their own reasons, you know, because of the lack of affordability in their communities and tax rate and so on," he said.

"I would say about 75 per cent of the municipalities that were at the meeting also expressed a desire to opt out."

Money for affordable housing

The finance minister has said that the money from the tax is designed to help fund more affordable housing.

Milsom said it is his understanding the money will be given to the Central Okanagan region to add to the funds B.C. Housing is putting toward affordable housing in the area.

"Certainly in West Kelowna we do have needs for more non-market rental housing for low income individuals, families and seniors and also transitional housing for the homeless," he told Daybreak South host Chris Walker.

"I mean the $1 million we certainly appreciate that and to be able to put those monies to good use, but when you look at the other, you know, negative impacts to the community, I really don't think the value is there."

The West Kelowna mayor said there has been "many negative impacts" on the community, primarily in the construction industry.

The Canadian Home Builders Association estimates a 17 per cent reduction in jobs in West Kelowna in 2018 since the tax was implemented, he said.

"Primarily, most of that money has been collected from B.C.ers and from out-of-province Canadians, and I don't think they appreciate being treated that way," said Milsom.

He added the finance minister said she would consider his and the other mayors' concerns and get back to them later this fall.

More than 15% of B.C. properties owned by foreign nationals are paying speculation tax

While more than 99 per cent of property owners in B.C. are not paying the province's new speculation tax, more than 15 per cent of properties owned by foreign nationals are not exempt.

Finance Minister Carole James revealed those details, along with a breakdown of which municipalities have been most affected, at a news conference on Tuesday.

"Based on the data ... the tax is working as we intended," she said.

"It is, in fact, targeting speculators."

The tax, which targets homes in the most populated areas of B.C. that are not declared as a primary residence, or rented out for at least three months, has been paid by 11,783 property owners, covering 9,386 properties.

James said the government is forecasting revenue of $185 million in 2019/20 from the tax, which was set at 0.5 per cent of the assessed value of a property in 2018 — and will rise to two per cent for foreign owners and satellite families in 2019.

Of the 9,386 properties that aren't exempt, more than half were owned by either foreign residents or satellite families — defined by the government as "an individual or spousal unit where the majority of their total worldwide income for the year is not reported on a Canadian tax return."

James's announcement came on the same day Liberal leader Justin Trudeau said he would implement a "modest" one per cent national speculation and vacancy tax on non-resident, non-Canadian homeowners if re-elected.

James said affected families had a simple solution if they didn't want to pay the tax in the future.

"It provides an opportunity to encourage people to rent out their homes, to encourage them not to leave them vacant. It's not simply the number of people … it's the indicator of people who may be motivated to rent out their property," she said.

While the majority of properties affected were in B.C.'s biggest cities, a disproportionate number were affected in West Vancouver and West Kelowna.

James said she would be meeting with the mayors of affected municipalities on Thursday and would continue to assess the tax — but she gave no indication it would be significantly altered going forward, even with the province's surplus projections going down due to declining home sales.

"I understand not everyone's going to agree with the direction being taken," she said.

"We've been clear all along: our government will not rely on a propped up real estate market to manage the economy. It's not good for families, and it's certainly not good for the economy."

NEW BRUNSWICK

Pulp friction: Property taxes on large mills under review

New Brunswick municipal politicians are hoping a property assessment review underway of the province's six pulp and paper mills will restore some of the $5.9 million in property tax reductions won by the facilities five years ago that caused financial problems in several communities.

"As you can imagine, it was significant," said Edmundston Mayor Cyrille Simard in an email to CBC News about the effect the 2014 tax changes had in his community.

Edmundston lost just over $700,000 in annual tax revenue when the province slashed the assessed value of the Twin Rivers pulp mill by 58 per cent late in 2013 for the 2014 budget year.

Twin Rivers was one of six New Brunswick pulp and/or paper mills that received significant property assessment reductions from the province during what were acknowledged to be difficult economic times in the industry.

But international markets have generally improved since then, and during legislature committee hearings into industrial property taxes earlier this month Service New Brunswick officials acknowledged they are re-looking at the value of the pulp and paper mills and will make changes in the assessments next year if warranted.

"We are doing a reinspection of all these pulp mills again," said Stephen Ward, the executive director of property inspection services for Service New Brunswick.

"They are complex properties. It takes us two to three years to actually do a full complete reinspection. We do plan to have them fully valued for 2020 taxation year, but I can't speculate as to what is going to happen to the values of these properties at this point in time."

Millions in revenue lost

The pulp and paper mills, three owned by J.D. Irving Ltd., two by the AV Group and one by Twin Rivers were assessed to be worth $248.6 million as a group in 2012, according to information compiled by the website propertize.ca, and taxed by the province and their host municipalities on that amount.

The following year, Service New Brunswick cut their assessed value to just $117.9 million. That drove annual property taxes they had to pay from $11.2 million down to $5.3 million.

Much of the reduction was in property taxes paid to the province, but local communities were also affected. Two of the mills are in Saint John and one each in Lake Utopia, Nackawic, Edmunston and Atholville.

Nackawic, which lost $450,000 in revenue, raised property tax rates four per cent to deal with the shortfall. In Atholville, the village budget lost $360,000 and council increased property taxes 10 per cent in response.

Saint John lost $1.5 million in tax revenue from the changes and city councillor David Merrithew, who chairs the city finance committee, wants it back.

"I would hope the increase is meaningful. If [we] can get to [past] levels today, I'd probably be happy. I don't know if that's going to happen," said Merrithew, who has been critical of Service New Brunswick for implementing the original change and questions whether it is independent enough to undo them.

"I mean, my hopes aren't that high."

Mill exports have increased

Service New Brunswick has defended its assessment cuts on pulp mills as necessary given serious competitive and financial pressures the industry was under back in 2013 and insists there will have to be evidence that has improved for it to raise values from current levels.

"Until we see those other indications, then the property assessment values will be will remain as is," Ward told MLAs during the hearings.

Earlier this year, Statistics Canada reported exports of "paper manufacturing" from New Brunswick, which includes exports from the pulp and paper mills, have increased every year since 2012.

It reported total exports from New Brunswick in 2018 were $1.28 billion, $307.8 million (31.5 per cent) more than in 2012.

Whether that meets Service New Brunswick requirements for a healthier industry is not known, but Simard said if pulp and paper mills are doing better, he would like to see it reflected in their property tax assessments.

"If there is evidence that the markets have improved since 2013, it should normally have an impact on the assessment of these properties," he wrote.

JDI, which owns three of the mills being reassessed, has been vocal through the summer that it pays enough property tax at current levels.

"New Brunswick pulp and paper mills pay more per unit of output than all other jurisdictions in eastern Canada, with the exception of Ontario," vice-president Mark Mosher wrote in an opinion piece in the Telegraph Journal in July about the company's property tax bills.

"New Brunswick, and Saint John in particular are not low cost property jurisdictions."

Mosher made a similar argument to MLAs at committee hearings two weeks ago.

PCs, businesses rally against property tax changes for heavy industry

Irving Oil and the New Brunswick government squabbled for years over whether the company should get a property tax exemption for some storage tanks in Saint John. The exemption went into effect in 1980 and has stayed put ever since.

The proposal to end or reduce property tax exemptions for large industry in the province appeared dead on arrival Wednesday.

Just as two days of hearings on the issue were getting underway, Finance Minister Ernie Steeves told reporters that he opposes the concept.

"It's not a good bill," Steeves said. "I'm against it."

He called the idea "a business crusher" that would hurt small businesses and farmers.

Minister fears for pizza makers

"It could be taxing farmers for the tractors they use every day. It could be taxing people in pizzerias. Their pizza ovens are going to get taxed."

While Steeves mistakenly referred to the proposal as a bill, it's actually a non-binding motion being studied during two days of hearings by the legislature's law amendments committee.

Because the Progressive Conservative government lacks a majority in the house, the three opposition parties could pass the motion.

But the motion, essentially an expression of the legislature's opinion, doesn't have the same legal weight as legislation. And it appears the government has no plans to heed it if it passes.

"New Brunswickers expect us as a government, whether we're a minority or a majority, to certainly make sure that we're making decisions that best reflect the interests of New Brunswickers," said Progressive Conservative Glen Savoie, the Saint John East MLA .

"I believe this is regressive, I believe this would hurt New Brunswick businesses and the economy, and ultimately the province's ability to pay for the services that our taxes go toward."

Saint John Harbour Liberal MLA Gerry Lowe, who introduced the motion, acknowledged his proposal is unlikely to be enacted but said the two days of hearings were still important.

"All I wanted was dialogue and that's what I think these two days are going to bring," he said.

Lowe said that Steeves's claim about the impact on farmers was not true.

"That's bullshit," he said. "We're not talking about that. We're talking about heavy industry. We're not talking about machinery that moves, and he knows that."

Extra revenue could help city

Lowe originally introduced a private member's bill to include heavy industry's machinery and equipment in their property tax assessments.

He said the extra revenue from large plants in Saint John would allow the city to reduce taxes for residents and reduce the number of people moving to outlying municipalities.

But tax bills can only be introduced by governments, so Lowe withdrew his bill and brought the idea back in a motion to reconsider all property tax exemptions for large industry.

A who's who of corporations and business organizations was lined up to argue against the proposal at the hearings.

Louis-Philippe Gauthier of the Canadian Federation of Independent Business compared the measure to having tax assessors enter a resident's house to add their furniture, appliances and big-screen televisions to their property assessment.

"No citizen would allow that to happen, so why are we even considering it for businesses?" he told reporters.

Unintended consequences

Provincial civil servants also warned that the proposed change could lead to unintended consequences.

Peter Kieley, the assistant deputy minister of finance for fiscal policy, said it would represent "a big change" for the assessment system, requiring expertise and training not available now in the province.

Municipalities that received a revenue windfall from adding equipment to assessments "would likely see reduced funding through the other formulas" for provincial funding, "so there's always that other shoe when we look at this from a property tax perspective."

No provinces from Ontario eastward tax equipment and machinery, and if New Brunswick decided to do it, it might reduce investment in the province, he said.

"It's a competitive marketplace, and businesses, if they are taxed too high in one jurisdiction, will take their business elsewhere," he said.

Non-competitive

That argument was echoed by J.D. Irving Ltd., whose officials told the committee that their Saint John properties are not getting a break on property taxes when compared to plants in neighbouring provinces.

Irving Pulp and Paper vice-president Mark Mosher also said that with machinery and equipment making up 85 per cent of the value of some plants he runs, taxing them would make them "completely non-competitive."

Two MLAs on the committee focused on one tax exemption in particular: a 1980 law that removed Irving Oil's Saint John storage tanks from the assessment system.

Green Party Leader David Coon said that law was a response to an oil crisis in 1979 and "clearly was intended as a temporary measure," yet it remains in place four decades later.

People's Alliance MLA Rick DeSaulniers, whose party usually votes with the PCs, also suggested that the exemption be repealed.

When provincial officials told him it applies only to provincial property tax revenue and the City of Saint John receives tax revenue from the tanks, DeSaulniers said the province should repeal regardless and turn over the new revenue to the city.

ONTARIO

Vaughan gets $2.3M for its schools after tax policy change

Is it good news for schools?

Dr. Almos Tassonyi, executive fellow, The School of Public Policy, University of Calgary, says the City of Vaughan raising its taxes on vacant and excess land won't yield any major revenue for education. He also says this policy is to spur more use of these lands for economic growth.

The decision to halve the discount on excess and vacant land for both commercial and industrial businesses is bringing some extra money for schools in Vaughan.

Like other municipalities that have applied the provincially determined tax rate to property values (including businesses) to determine the amount of education taxes payable, this past June Vaughan changed a policy initiated in 1998.

For more than two decades, owners of vacant and excess commercial and industrial properties in Vaughan had 30 and 35 per cent discounts, respectively. Now, it's halved.

Almos Tassonyi, a research associate with the International Property Tax Institute, says this won't be a "big increase" for education funding in Vaughan, but might affect some landowners "very specifically."

When asked if this means more money for schools, the city's financial services department told the Vaughan Citizen, "Yes, technically these subclasses will be paying more education tax," citing the increase in levy to 2019 is not necessarily due to any change in tax policy but "by growth (of) the number of properties."

So far, Ontario's finance ministry is "phasing out the education portion of the vacancy programs" to "ensure the education portion of the vacancy programs is consistent with municipal tax decisions."

"As a result of the phase-out, the change in the vacant and excess land reduction for York Region is estimated at $4.5 million in 2019, of which $2.3 million relates to the City of Vaughan," said Scott Blodgett, spokesperson for Ontario's finance ministry.

The reason behind Vaughan's lion's share is because "half of York Region's commercial and industrial properties are located in Vaughan."

Vaughan isn't alone.

So far, municipalities who have "implemented these changes," represent more than three-quarters of all business properties in Ontario.

Tassonyi, who says cities such as Toronto and London, for example, have long tried to reduce these discounts, interprets the policy as a way to "increase revenue in a quiet, small way."

After all, up to $11 million was collected in 2018 for education from vacant and excess land in the commercial, industrial class from the approximate $300-million budget coming from property tax.

“One of the major policy rationales is that if you have a vacant property, rent it, or if you have excess land, use it, and the other is that taxpayers have been subsidizing those landowners and holdings,” said Tassonyi, who is also an adjunct lecturer with the geography and planning department at the University of Toronto.

“This issue has been kicking around for quite a long time in the sense as to whether there is merit to maintain this discounting of the education tax rate for vacant and excess land.”

“The argument against is reasonably strong,” he continued. “The assessed values of properties are affected by the extent to which they are vacant, and there isn't a strong need for provincial education finances to subsidize the holding of excess land.”

Blodgett, meanwhile, said “after accounting for this change and adjustments related to the phase-in of assessment increases, the 2019 commercial (business education tax) BET rate for York Region was decreased by 3.6 per cent and the industrial BET rate by 5.5 per cent from 2018.”

To explain this, Tassonyi said, “as the size of the assessment base grows in any particular municipality, rate reductions have taken place, the size of which is dependent on the amount of revenue to be raised. That is to say, if revenue neutrality is to be maintained, the rates will be reduced sufficiently to offset the average rate of growth of the whole assessment base.”

QUEBEC

The property values in the Montreal area have just skyrocketed

Property values in Montreal have increased more than 13 per cent in the last three years, but the city says not to panic over tax increases.

Property values are up dramatically in the Montreal area according to a new assessment roll released Wednesday.

Overall, values have spiked by an average of 13.7 per cent in the agglomeration, which includes Montreal and 15 neighbouring cities; they were up only 5.9 per cent in the previous roll released three years ago.

Condo values have risen by 8.7 per cent, up from 2.7 per cent in 2017. Single-family detached homes are up 20 per cent.

Average values:

- Condo unit: $365,000

- Single-family home: $600,000

"The market has just completely exploded over the past few years since 2017," said residential real estate broker Rebecca Sohmer.

Property values are climbing fast, said Montreal's Executive Committee Chair Benoit Dorais.

"The most recent figures show that the real estate market is doing very well on the island of Montreal and market value of properties is rising sharply," he said.

To put it in perspective, in 2016, the average three-year increase was less than 6 per cent.

Borough increases

The highest borough increase is in Verdun, which sees property values rise 19.8 per cent. Sud-Ouest values are up 17.1 per cent, while those in the Plateau Mont-Royal are up 16.7 per cent. The boroughs of Outremont, Rosemont-La Petite-Patrie, Cote-des-Neiges-Notre-Dame-de-Grace, Ville-Marie, Lachine and Pierrefonds-Roxboro all have increases above 12.7 per cent, which is the average increase for boroughs in Montreal.

"I think Verdun and the Sud-Ouest has seen a lot of gentrification over the past few years, prospecting, a lot of flippers going in," said Sohmer.

Suburban increases

In the suburbs, the highest increases are in Ile Dorval (up almost 30 per cent), and Beaconsfield, which is up just over 25 per cent. Hampstead, Mount Royal, Kirkland and Westmount also rose over 20 per cent.

"There are a lot of transactions on the West Island. The properties are more popular than previously," said Dorais.

Non-residential values have increased on average by just under 10 per cent.

Does this mean higher taxes?

Higher property values usually mean higher taxes – but the city's message is this: don't panic.

The Plante administration said Wednesday that it is committed to lowering the 'mill rate,' which is the amount of tax payable on a property's value.

The new property tax rates for 2020 will be announced as part of the city's budget, which is expected to be released in late fall.

On average, Montreal homeowners will feel a 2 per cent tax increase, though for some, it will be more.

Homeowners can check the value of their property on the city's property assessment roll or at their local borough office.