IPTI Xtracts
Property Tax and Assessment News from Around the World

CANADA – May 2020

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Crisis Management For The Hospitality Industry - Your Plans In Action

Crisis management planning has been an important responsibility of company management and boards of directors. It is fair to say that although hospitals have included preparing for pandemics in their crisis management planning, the same cannot necessarily be said for most businesses in the hospitality industry. Businesses have been scrambling in the face of the current COVID-19 crisis to address its effects with little indication that an effective and strategic plan had already been in place to meet the demands of this crisis.

Although only several weeks into closures or significant reductions in offerings, we have identified the following areas where hospitality businesses have had to react and need future plans:

Leases

Most businesses have had to review their leases to determine their legal rights and practical options related to full or partial closures of their location(s). Following SARS, a number of landlords specifically included viruses as an exception in the “force majeure” provisions of their leases to deny an operator’s right to use an epidemic or pandemic as a basis for avoiding its lease obligations. Even without that express exclusion, many businesses are surprised to be told that the force majeure provisions of their leases may well not allow them to suspend their lease obligations. As a matter of planning moving forward, we can expect this “boiler plate” provision to be hotly negotiated in the future.

Every operator is making its own assessment of its ability to survive the crisis or avoid a lease with a careful eye on any personal guarantees under the lease.

Insurance

Having the right insurance in place to cover identified risks has long been an element of good crisis management planning. The insurance industry also reacted to SARS and many insurers excluded viruses as an event triggering coverage in their policies.

Most business interruption provisions require there to be physical damage to the business before coverage is available. Class actions have already sprouted up in the United States to address the denials of coverage which have been communicated in response to claims made in the industry. Denials of coverage responses have also been made to claims made by Canadian restaurants. It is possible that a restaurant could have closed because of physical damage caused by the COVID-19 virus, which we know can linger on surfaces for varying and lengthy periods of time. However, proof of that fact and the quantification of the loss relating to that event may be exceedingly difficult. Massive litigation over the application of business interruption insurance can be expected in Canada as well with very uncertain outcomes.

Communications to Suppliers, Customers and Franchisees

Businesses in the hospitality industry have had to hastily craft their communications messages to their suppliers, customers and, for franchisors, to their franchisees, without much evidence of advance planning having been in place. Health and safety shutdowns have long been been identified as a serious risk factor in the industry requiring preparedness. Most plans though have centered on the need for operators to know whom to call and to have public relations firms at the ready to respond to social media targeting a location hit by a health and safety event. With COVID-19, no business in the industry has been left unaffected, so few businesses have felt like they have been put in the spotlight for adverse media attention. Nevertheless, proper messaging has been needed to ensure suppliers, customers and franchisees know the position of the business, and know the business plan to function through and survive following the closures, including providing for customer and employee safety where operations have continued.

Formulating and communicating to franchisees what is expected of them and what support is available to them is necessary to ensure that franchise systems remain intact. Franchisors should be a resource to help franchisees with their own financial challenges, including guiding them through the various government programs and providing information that can be used commonly when addressing landlords, lenders and their own employees and customers.

Employees

Three important issues have arisen in managing employees during the current crisis. The first concerns their physical health and well-being. For those operators that continue, businesses have had to ensure that those coming to work are aware of their responsibilities to themselves, their families, their co-workers and their customers to practice physical distancing and proper hygiene to avoid contracting and passing on the virus. The requirement to stay at home if any symptoms appear has been a clear message. The second concerns the necessary planning if any employee is identified as possibly having COVID-19. Restaurants must have their procedures in place for closing, disinfecting, identifying which other employees must self-isolate for 14 days, having replacement workers at the ready, and communicating with customers. The third concerns lay-offs. Many businesses have had no choice but to lay off a significant percentage of their employees. In the hotel industry, collective bargaining agreements often address this right. For restaurants, the notion of a lay-off is often misunderstood. Lay-offs can give rise to constructive dismissal and employment standards claims if the required notice period was not given. These dismissals will occur in a market where it will be difficult for terminated employees to mitigate their damages by finding new positions or know the future solvency of their employer to pay any entitlements.

It can also be expected that there will be a large number of talented and experienced people who will be on the market once businesses start back up. There are projections that perhaps a third or more of all restaurants will not re-open for business once the pandemic passes. That presents an opportunity worthy of proper planning for those that want to access cooks and other staff.

Public Relations and Public Affairs

The need to have a public relations and in particular a social media response to the linkage of a case of COVID-19 infection to a particular business may have lessened given the widespread impact and effects of the disease. It is, nevertheless, important that the hospitality industry use this time to plan campaigns for connecting with the public during the pandemic and have a re-emergence strategy. Restaurants are hygienic and safe places to eat while physical distancing, which may continue, could be accommodated. It can be expected that the public will return to dining out before it may necessarily go to a movie, concert or sporting event. Getting the message out early and building up the demand and the ability to be ready for it is an important strategy which is best planned for in advance.

Similarly, the industry associations have been hard at work lobbying governments and making their concerns known to those making decisions about their future including the financial support needed by these businesses. It is therefore important for industry participants to stay active and current and to know the people and resources they can access to get information on a timely basis. It has often been said that by the time information becomes available to the public, it is beyond its value for planning responses. The lesson here is to stay engaged with industry representatives and in front of the decisions which will may be made affecting your businesses.

Finance and Resources

The pandemic has reinforced the need to have planned for cash reserves and credit available to allow businesses to survive through a shutdown. Whether for purposes of retaining key employees, keeping locations open where landlords may be challenging, or funding necessary professional service providers, financial resources are necessary at a time when revenues are either not available or significantly reduced.

Knowing which sources you will be looking to for providing timely and accurate information must also be in place. Whether it is to know the state of the virus, projections for lockdown periods and recovery times and knowing which government programs are available or being considered, hospitality businesses must know to whom they can turn for timely and accurate information and advice.

It is also a time where budgets must be revisited and financial planning conducted for a series of possible eventualities. These plans should consider weekly, monthly, quarterly, semi-annual and yearly scenarios using carefully considered assumptions to enable changes to be made quickly. It can be expected that those assumptions and the results they produce will change frequently given the fluidity of the pandemic and its impact.

Your Team

A good crisis management program begins with the right team. Your key management personnel, board members where relevant, public relations, legal and financial advisors should all be in place together with a communications plan to allow meetings and real-time decision-making to occur.

Conclusion

It is understandable that many in the industry had not planned for this COVID-19 pandemic as part of their crisis management planning. Nevertheless, we are still at the early stage of this crisis in North America. There are many unknowns as we progress through the pandemic. Planning can and should continue following best practices.

CBRM to make paying property taxes a little easier this year

Those whose income has taken a hit due to COVID-19 may qualify for property tax financing over 30 months.Cape Breton regional councillors are planning to make it a little easier for people who have lost income due to COVID-19 to pay their property taxes.

Municipalities across Nova Scotia are expecting some difficulty collecting property taxes this year as many residents have lost their jobs and businesses have shut down during the state of emergency.

In order to qualify for a low-interest provincial loan to cover expenses, municipalities have to approve a policy allowing people up to 30 months to pay this year's levy.

John MacKinnon, CBRM's deputy chief administrative officer, said even though many people have taken a financial hit during the pandemic, the municipality still needs tax revenue to pay for services.

"One thing that's really important to say up front is that this is a tax financing program. It's not tax forgiveness," he told council during a meeting on Monday.

"It would be wonderful to be able to do something like that, but unfortunately it's just not possible that you can make everybody whole as part of this pandemic."

MacKinnon said CBRM staff estimate that up to $42 million in property taxes — about a third of all revenue — could be at risk this year.

He said the provincial association of municipal administrators and the federation of municipalities recommend a draft policy that would allow people up to 30 months to pay this year's taxes, under certain conditions.
Only those who can prove their income has been affected by COVID-19 would qualify. Residential properties would only be included if they have a dwelling on them and commercial property owners would have to prove they were not covered by business interruption insurance.

Tax deferral would only be allowed for Nova Scotia residents whose taxes are not in arrears. The draft policy also lists several other criteria.

Coun. Earlene MacMullin said she wants eligibility to be as broad as possible, because she has dealt with a number of constituents who have been denied other federal or provincial funding.

"For example, an existing EI claim and things like that," she said. "I'd hate to see them fall through the cracks of this program as well, so I want to make sure that's something that we do have a safety net for."

MacKinnon said the tax policy wording can be made flexible to ensure most people are covered.Under the proposal, taxpayers would be charged interest at the municipality's cost of borrowing plus an additional amount to cover administration of the program.

The Nova Scotia government is offering municipalities up to $380 million at a fixed interest rate of 1.1 per cent. If municipalities adopt the recommended administrative fee of .25 per cent, that would mean taxpayers can finance this year's taxes at a rate of 1.35 per cent.

Coun. Darren Bruckschwaiger said he wished CBRM could offer residents more help, but Coun. George MacDonald said the financing rate is a good deal for taxpayers.

"I sort of agree with Darren, to a certain extent, but where else in the province or where else in the world can you get that kind of money for 1.1 per cent?" he said.

Save the line of credit

CBRM has a line of credit with the province for $44 million that comes with a 1.45 per cent variable interest rate, but councillors and staff agreed that money would be needed to finance large capital projects this year.

They said the low-interest government loan would help with normal operating expenses while waiting for taxes to come in.

MacKinnon said it should be emphasized that residents who can pay their taxes should do so, to limit the amount of borrowing needed.

CBRM councillors expect to have a draft tax deferral policy ready for voting at next Tuesday's council meeting.

ALBERTA

Calgary homeowners frustrated after getting hit with big property tax bills

It's a taxing time for some Calgary homeowners who have been hit with double-digit property tax hikes.

Rose Palma owns one home and rents out another. But after getting her tax bill from the city, she's second guessing whether she wants to be a homeowner in Calgary.

"I think a lot of people got taken back with the sudden increases in the property taxes," she said.

Palma's tax installment payments have gone up $45 a month for her own residence, and $47 a month for her rental property.

If those amounts are not adjusted during the tax year, she will be paying an extra $1,100 a year.

"My husband has been unemployed for almost two years now," she said. "My renter, he lost his job, so they're only paying me half of what they're supposed to pay."

Like many other Canadians, Palma has had to go to her bank to defer her mortgage and reduce her own payments, so this latest expense comes at a bad time.

"This is really causing us some financial difficulty at this time."

The city said a combination of the municipal and provincial tax changes resulted in a combined increase to residential taxpayers of 7.55 per cent. But that rate also depends on the change in the market value assessment of an individual home.

A spokesperson for Mayor Naheed Nenshi told Global News the city has seen some examples where there has been a larger increase than the average 7.5 per cent, and those cases will be looked into.

When asked generally about property tax hikes and city spending, Nenshi defended both.

"We have increased property taxes by much less than the rate of inflation and population growth," he said.

"And since the beginning of the economic downturn, we've cut the city's budget by about three-quarters of a billion dollars."

Nenshi also pointed out the city did a bit of a shift this year, shifting some of the tax burden from struggling small businesses to homeowners.

"We wanted to ask households to pay a little more, about $20 a month more, so we could give businesses a big tax break."

Citizen advocacy group Common Sense Calgary told Global News that while supporting businesses is important, it shouldn't come at the expense of homeowners.

"Non-residential property taxes are astronomical in Calgary and it's crippling businesses, so something needed to be done," executive director Megan McCaffrey agreed. "But the solution wasn't shifting taxes onto residential homeowners. The solution was to reduce spending at city hall.

"I think they really need to reconsider their decisions and prioritize Calgarians who are struggling right now."

Palma said she's one of many struggling right now, and she's asking the city for help.

"I don't think this is the time to hike any taxes," she said. "Especially with the pandemic. A lot of people lost their jobs. It's really hard."

Property tax bills started going out to Calgary households this week.

The City of Calgary has launched a property tax deferral program, allowing business owners and homeowners to defer property tax payments until Sept. 30, 2020, without any penalty fees due to COVID-19.

Edmonton property tax notices in the mail Thursday

Property taxes are rising by 2.85 percent for 2017.

This year's property tax notices will be in the mail Thursday, and Edmonton ratepayers are being offered a few months of interest-free grace if they can't meet the June 30 deadline to pay.

But for those who can afford it, the city adds this message: Please, please pay on time.

"We understand some property owners have been financially affected by the pandemic and this is why we are offering some flexibility with the payment deadline," interim city manager Adam Laughlin said in a Wednesday news release.

"But I ask all property owners who can pay their taxes on time to please do so, to support essential municipal services such as police, fire rescue, roadway maintenance and public transit."

More than 400,000 notices for 2020 property taxes will be sent on Thursday — through regular mail or, for paperless subscribers, posted online at MyProperty.edmonton.ca.

The deadline to pay is June 30 but late-payment penalties will not be assessed until Sept. 1 on the education and municipal portions of tax bills for residential and non-residential properties.

Property owners enrolled in the city's monthly payment plan can request to reduce or delay their payments until Aug. 31.

The deferral was one of the measures offered by the city to help people whose incomes have been affected by the COVID-19 pandemic.

Mayor Don Iveson has expressed concerns about pressures on the city's finances because of COVID-19 measures. He has mused about shutting down public transit for the summer.

At the end of April, city council voted to increase the municipal portion of residential taxes by 2.5 per cent but to freeze the rate for businesses.

Because of a March decision by the Alberta government to freeze the education portion of the tax bill, rather than hike it by 3.4 per cent, most homeowners should not be paying any more than they did last year.

The owner of a typical single-family home assessed at $387,000 will pay $3,609 in property taxes this year.

About $2.2 billion in property taxes will be collected by the city this year, of which $484 million will go toward provincial education.

Banff to reduce municipal property tax levy by 17 per cent

“We may be relaunching and people are going to start coming to town sooner than we thought … I’m concerned about having a nest egg in case we need to hire back a little faster than we thought," said Banff Mayor Karen Sorensen.

Banff’s politicians plan to cut the municipal property tax levy by 17 per cent compared to 2019 to help residents and businesses during the COVID-19 pandemic.

To do this, council plans to cut $1.3 million in wages and benefits and another $1.37 million in service levels, as well as split $687,492 of the municipality’s $1.28 million surplus over 2020 and 2021.

In addition, the planned $4.7 million transfer to capital reserves will be reduced by almost $2 million with about $250,000 going to top up the budget stabilization fund, bringing the undedicated balance in the so-called rainy day account to about $828,000.

Mayor Karen Sorensen said she believes the municipality will need a nest egg given the uncertainty surrounding COVID-19, including the unexpected announcement by the provincial government for a staged reopening of the economy beginning as early as Thursday (May 14).

“We may be relaunching and people are going to start coming to town sooner than we thought … I’m concerned about having a nest egg in case we need to hire back a little faster than we thought,” she said at council's Monday (May 11) meeting.

“I, for one, believe there may be a need to hold some money back with the intention that we may need summer staff to help us monitor the streets or staff to educate visitors, or educational checkstops just to show people where to park. I see a need for bodies.”

Officials with Banff & Lake Louise Hospitality Association (BLLHA) say they appreciate the thoughtful and detailed consideration of additional budget measures, noting a lot of time and effort went into this.

“That said, we are concerned that the 17.09 per cent reduction in the municipal tax levy may still not be enough given the severity of this crisis,” said Darren Reeder, the group’s executive director, noting BLLHA had called for a 30 per cent reduction.

“It is important to remember that while there is no predictable path to recovery, one thing remains certain: if we do not use the full extent of municipal powers to help ensure the liquidity of our commercial sector during this crisis, all of the town’s future year capital and operating assumptions become a bit of a moot point.”

BLLHA is hopeful that the Federation of Canadian Municipalities’ recent call for $10 billion in targeted emergency operating funding finds some traction with the federal government.

“(We hope) this translates to additional tax relief for Banff ratepayers,” said Reeder.

The Town of Banff's $1.4 million cuts to wages and benefits is a result of a hiring freeze, elimination of performances-based increases, reduced hours of work and overtime requirements, and a stronger focus on reducing overtime.

In total, 71 employees are impacted by these reductions in wages and benefits, which represents 36 per cent of current staff levels. A further 43 positions that were budgeted for will not be hired.

Mayor Sorensen said wages and benefits are about eight per cent lower than originally planned for in the 2020 operating budget.

“My heart goes out to those staff who have been personally impacted because we are reducing service levels in different areas,” she said.

“Some of you also still continue to work full time, many, many hours because we still need clean water and we still need the town to operate as a municipality.”

Councillor Brain Standish agreed with the approach council was taking to lower the tax levy by 17 per cent.

"Our job as town councillors is to govern the Town of Banff and to do this we need to be diligent, we need to use common sense and we need to trust our intuition," he said.

"We also need to understand that we can't fix this economic fallout in a one-year budget, or even a three-year budget cycle. This recovery will and has to be a gradual process."

Coun. Peter Poole was also in favour of council's decision; however, he pointed out there are implications to reducing the capital reserve transfer by almost $2 million over the next 10 years.

"The Town over many years has had a tremendously strong capital reserve plan and going ahead we're going to have to rebuild that, and this year and probably next year, we're not going to be able to rebuild as much as we'd like," he said.

"It also means that consequences of any future capital expenditures, which add to our burden of capital reserves payments, we have to look at them very, very carefully … even though they may not affect the tax burden in that specific year."

Poole said it is important to continue putting away capital funds to support the basic functions of the townsite, but it will mean discriminating between projects that are needed versus those considered wants.

"We'll have to be more careful on some of the more discretionary, optional requests," he said.

"As a result, I support this currently, and in fall, I will be looking at how to make further trims so we can be careful as we go forward over the next 10 years."

Chris Hughes, the Town of Banff's corporate services director, said he believes there's a great benefit to splitting the $687,492 surplus over 2020 and 2021, as well as topping up the budget stabilization reserve with some of the money previously meant to go to capital reserves.

"It adds some tools for us as we need to respond to the reopening and requests similar to what we've seen earlier today," he said, referring to a call form the business community to pedestrianize the 100 and 200 blocks of Banff Avenue.

"Going into the 2021 budget process, it gives us a few more tools to allow us to minimize a big requirement for tax increases next year."

Administration looked at all programs and services included in the 2020 budget to find cuts, which included elimination of the $60,000 Calgary-Banff On-It transit and cancellation of $140,000 Canada Day festivities among others.

Specifically related to the fallout of COVID-19, the Town is expecting a drop in municipal enforcement fine revenue of $559,100 and reduction in RCMP fine revenue of $179,800. There is also predicted to be a $1 million drop in revenue for water and sewer consumption and a net loss from recreation facilities of $137,613.

There's an estimated $157,000 in additional expenses related to dealing with the new coronavirus pandemic, including $100,000 for additional communication costs and $10,000 on contracted services for the emergency coordination centre.

At its April 16 meeting, council directed administration to defer $12.7 million worth of capital spending into 2021 or beyond – and found another $1.27 million worth of savings from 2020 projects.

The proposed amendments to both budgets will be brought back to council for final approval later this month.

COVID-19 Property Tax Relief

The City of Edmonton is supporting citizens and businesses in response to the COVID-19 pandemic. The following tax relief measures are available to property owners facing financial difficulty.

If you are able to pay your property taxes by the usual deadline of June 30, 2020, we encourage you to do so. Your contribution will help us to continue providing municipal services during these challenging times.

Flexible Payment Options

If you pay property taxes in a lump sum once a year, we encourage you to pay by June 30. However, if you are experiencing financial difficulty, you have the option to delay your payment until August 31, 2020, without incurring any late-payment penalties. Your full annual payment will be due at that time.

If you pay property taxes through your mortgage, your mortgage lender submits payment to the City on your behalf. If you are facing financial difficulty, contact your lender to adjust payment arrangements.

If you pay monthly through the City of Edmonton's Monthly Payment Plan, you have the option to delay or reduce your monthly payments until August 31, 2020, if you are facing financial difficulty.

To submit your request for a monthly payment delay, fill out the online form or call 311. The total of all delayed amounts will be automatically withdrawn on September 1, 2020, along with your regular September 1 automatic withdrawal.

Penalty Rates

Late-payment penalty on 2020 property taxes will be applied at the rate of five per cent on both September 1 and November 1, 2020. Arrears from previous years, supplementary taxes and other charges incur a penalty of 1.25 per cent per month, with the exception of the months of July and August.

Ways to Pay

Through most financial institutions, by telephone or online banking.
By mail to City of Edmonton, PO Box 1982, Edmonton, AB T5J 3X5.
Through the City's property tax Monthly Payment Plan — in monthly instalments by automatic bank withdrawal. You can sign up for this plan at any time.
In-person payments at the Edmonton Service Centre are **not available** at this time.

Attention Non-Residential Property Owners

The City of Edmonton has worked with the Government of Alberta to include a non-residential education tax delay to August 31. Edmonton is offering non-residential property owners the option to delay payment of both municipal and provincial property tax.

Edmonton city council shifts tax break from homeowners to business

Edmonton homeowners will see their property taxes go up while businesses will get a break on theirs as the result of a vote at a city council meeting on Wednesday.

Councillors voted 9-4 in favour of raising residential property taxes to 2.5 per cent and freezing property taxes for non-residential ratepayers. The justification for raising taxes on homeowners was to help out struggling businesses.

Overall though, when combined with the decrease in the provincial education portion, both homeowners and businesses will see a decrease: zero per cent for residential ratepayers (a $28 decrease for the average home worth $387,000) and a two per cent decrease for non-residential ratepayers.

"The 2020 budget absorbs financial impacts of the COVID-19 pandemic that could have meant a municipal tax levy increase of 7.6 per cent to address the impacts of the tax-supported revenue losses," reads a City of Edmonton news release. "In addition, city council distributed the reduction in education property taxes announced by the Government of Alberta to provide relief for the business sector, in consideration of the impact of the COVID-19 crisis.

"Each property owner will experience a unique tax change based on how their assessment value changes compared to the overall assessment change for the tax class. Generally, about half of property owners will see higher increases, while the other half will see lower increases or even decreases."

Councillors Aaron Paquette, Mike Nickel, Andrew Knack and Moe Banga voted against the tax changes.

Coun. Paquette said he does not believe anybody's taxes should go up right now.

"We can sit here and say $30 [or] $60 is not a lot of money, but if you're living in poverty or you've suddenly lost your job, $30 is going to make a big difference to you at some point," he said. "That's just the facts.

"That's just the reality of hard times."

At a news conference Wednesday night, Mayor Don Iveson emphasized that the average homeowner will not be paying more even though the municipal portion of their property tax increased and that it was important to give a break to business.

"It sends the right signal to businesses that we understand how much they're hurting," he said, noting that feedback he's had since the idea was first proposed indicated to him that most Edmontonians support shifting the tax break to help business during the pandemic.

"While we understand every household has been affected one way or another by this crisis… [and] though we've seen significant layoffs, most people still have a job," Iveson added. "People who aren't employed right now but are collecting pensions are still collecting pensions, or even if their investments have been impacted, their RRIFs and other mechanisms are still paying out for them.

"There's still cashflow for most households and even in the most troubling circumstances, there are federal aid programs and provincial aid programs supporting household liquidity and people's ability to pay their essential bills, including property taxes. The measures to support businesses are not as universal and the impact, I think, has been much deeper to business."

Coun. Ben Henderson also said he believes the changes were necessary to help the city begin an economic recovery.

"I'm focused on the recovery piece of the puzzle," he said. "With the limited tools we have on taxation, by doing this slight change and a slight revision, we're making the choice that gives us the best opportunity from a recovery point of view."

Coun. Sarah Hamilton agreed with Henderson.

“When you’re looking at a numbers, whether it’s from the Chamber of Commerce or Edmonton Global… we could potentially see very high business default rates,” she said. “I think it’s to our benefit to try and route that as best we can.”

The Edmonton Chamber of Commerce welcomed news of Wednesday’s vote.

“Given the unprecedented challenges posed by COVID-19, the city has done a good job of balancing the need to help struggling businesses with the need to continue delivering essential services that Edmontonians rely on,” said Janet Riopel, president and CEO of the business organization.

“We’re pleased to see city council recognize the incredible hardships businesses are experiencing.”

Riopel added while the tax break will help, she believes the city can do more to help businesses.

“City council must commit to the kind of transformational change that ensures our city’s long-term financial sustainability, and provides lower tax rates for businesses and residents alike.”
Story continues below advertisement

Wednesday’s vote took place because earlier this week, Iveson put forward a motion – that was later passed – calling for the city’s administration to prepare two versions of the tax requisition bylaws for Wednesday’s council meeting. The motion was part of an effort to lower the previously approved 2.08 per cent tax increase for 2020 to accommodate citizens and businesses that are struggling during the COVID-19 pandemic.

“We happen to have some unprecedented education tax relief available that allows us to do that on a one-time basis,” Iveson said.

“Under these circumstances, half of businesses in Edmonton are uncertain whether they will reopen [after the COVID-19 crisis recedes]. This is one way we could get to zero for them, but without pretending that we don’t still have the expenditures and they have to come from somewhere.”

Henderson suggested Edmontonians need to keep the big picture in mind when it comes to the changes approved Wednesday.

“When you look at the pressures that are going to be on even the residential taxpayer from the full effect of property tax, which is both the education portion and our portion, there is no increase this year,” he said.

"The average homeowner is not going to see an increase in the cheque they have to cut."

The city said property tax notices will be mailed on May 21 and are due in June. However, this year, late payment penalties on unpaid taxes will not be charged until Sept. 1, 2020, and that applies to both the education and municipal portions of the tax bill for both residential and non-residential properties.

"We believe that this is an important option to offer to those who have been financially affected by the pandemic crisis," said interim city manager Adam Laughlin.

"But I ask all property owners who can pay their taxes on time to please do so to help keep city services running."

City council also made adjustments intended to offset "the net impact of lost revenue and increased expenses due to the COVID-19 pandemic," which the city projects will total $164 million by the middle of September.

"That shortfall is primarily balanced by reducing expenses and reducing transfers from the operating budget to the capital budget," the city said, noting that city council also reduced their office budgets by $695,000.

The expense reductions are being made through temporary layoffs, deferring projects, cutting spending on consultants and training as well as through a number of other measures.

"The city's capital construction program will proceed as originally planned from 2020 to 2022, which will mitigate the impact of further economic slowdown in Edmonton and prevent job losses in the construction sector," said the city, adding that other major projects will be delayed until next year.

BRITISH COLUMBIA

Will BC Let All Homeowners Defer Property Taxes?

The province is considering the request by the Union of British Columbia Municipalities.

The Union of British Columbia Municipalities has asked the provincial government to allow all residential property owners to defer their taxes as a way to help individuals and local governments weather the impacts of the COVID-19 pandemic.

"Given the risk of property tax delinquencies, local governments are seeking an expansion of the existing Property Tax Deferment Program to cover all residential tax payers at a minimum," UBCM President Maja Tait wrote in a May 8 letter to Municipal Affairs and Housing Minister Selina Robinson.

The existing program allows people over the age of 55, people with disabilities, those who have lost a spouse, and families with children to defer their property taxes.

The province funds the program, giving municipalities what they are owed for the deferred taxes each year and eventually collecting the debt plus a small amount of annual, non-compounded interest from the owners when the properties are sold or transferred.

"While the program's eligibility covers a significant number of residents, there remains a sizeable number of ineligible residents that require support," wrote Tait, the mayor of Sooke. "An expanded program would mitigate the risk of delinquencies, and provide a greater degree of certainty for budgeting and long-term financial planning."

There are 1.9 million residences in B.C. According to the Finance Ministry, there were 71,000 property tax deferment accounts active in 2019 and owners deferred nearly $1.2 billion that year. The ministry estimates 75 per cent of owners are eligible for the existing program.

Premier John Horgan said Wednesday he hasn't yet seen the UBCM letter, but he and Finance Minister Carole James have been hearing many ideas as they look for ways to support people during a very difficult time.

"We're looking forward to proposals from UBCM and others about how we can better support landowners, homeowners, communities," Horgan said. "The sky is really the limit on the requests, but it's not necessarily the limit on our ability to meet those demands."

B.C.'s approach has been to work with the federal government and fill gaps where needed, he said. "As we go through the restart, if there are still gaps we're going to try our best to fill them."

There are many ideas competing for funding, Horgan added. "I know Carole James has got proposals stacked on her desk and she and her staff are going through them diligently trying to find those that will fit and those that will give the best bang for our tax dollars to support people and businesses."

Local governments do need support, but expanding property tax deferrals isn't the best way to do it, said Iglika Ivanova, a senior economist with the B.C. office of the Canadian Centre for Policy Alternatives.

"I don't know that all residential property owners need it," she said, adding that many homeowners are already relatively wealthy and that government help should be targeted to people who need it. Nor has enough been done to help tenants, she said.

A similar property tax deferral program temporarily in place after the 2008 financial crisis required participants to demonstrate financial hardship, an approach Ivanova said would make more sense.

Tait's letter thanked the provincial government for measures it previously announced and said the general feeling among local governments was they could weather several months but are worried about next year and the years after that.

"Local governments are concerned that the continued loss of non-taxation revenue, coupled with the uncertainty of tax delinquencies, will hinder the ability of local governments to advance capital projects, maintain existing essential services, and pay back reserves without significant property tax increases in the years ahead."

Aside from expanding the property tax deferral program, the UBCM requested more financial support for transit and to be closely involved in spending economic recovery stimulus money.

Two large Canadian corporations obtain substantially lower property assessments in Metro Vancouver

Commercial property owners often ask for their assessments to be reviewed.

That's because if B.C. Assessment tags land or buildings with high values, it leads to higher property taxes.

On May 14, two of Canada's best-known corporations were each able to receive a significant break, according to documents posted on the Property Assessment Appeal Board website.

Loblaw Properties West Inc.—a subsidiary of the Weston family–controlled Loblaw Companies Limited—reached an agreement with the assessor to reduce the valuation of its site at 439 North Road in Coquitlam.

The assessment for Cariboo Centre was cut 10 percent from $96,290,000 to $86,661,000 in 2018.

There was an identical 10 percent reduction in 2019 from $122,146,000 to $109,949,000.

Loblaw divisions include Shoppers Drug Mart, various grocery companies including Real Canadian Superstore, and the President's Choice brand.

Barrick Gold Corporation obtained an even larger reduction—27.8 percent—for two light industrial properties in the Downtown Eastside.

The site at 323 Alexander Street fell from $24,708,100 to $17,851,100, thanks to an agreement with the assessor.

Another parcel at 369 Alexander Street dropped from $13,205,900 to $9,540,900 for the same reason.

The two properties are currently listed for sale at $33,775,000, which is more than $6 million higher than the 2019 assessments.

They weren't the only two companies to win reduced assessments.

Port Living's 2018 assessment for its site at 711 Alexander Street in Vancouver fell 4.3 percent to $4,476,500 with the consense of the area assessor.

In Burnaby, Santosh Holdings Ltd. reached an agreement with the assessor for an 18 percent reduction in the 2019 valuation of 6739 Royal Oak Avenue. It went from $11,598,000 to $9,495,000.

In Surrey, Animus Business Corp. was given a 15 percent break on its site at 17893 64 Avenue in Surrey. The 2019 assessed value fell from $3,176,000 to $2,700,000.

The only assessment that went up in Metro Vancouver in the May 14 set of recommendations was Concord Pacific's site at 811 Carrall Street in Vancouver.

In 2019, it was originally valued at $16,165,000. The two parties agreed to increase that by adding $10,000 to account for the "improvement" on the land. (Improvement often refers to a building.)

A More Prosperous Vancouver

Are the City of Vancouver's financial troubles due to COVID-19 solvable? Yes they are, and here's how.

Earlier this month, Vancouver Mayor Kennedy Stewart announced that the City's finances were in dire straits. The COVID-19 virus has hammered many of the revenue streams that the City has been counting on to pay for its expenses. Many of the services that we all rely on —

firefighting, policing, and waste pickup, for example — need to be paid for, and the City needs money to do so.

Canadian cities are extremely limited in how they can raise funds to pay their bills. The Provincial and Federal governments have broad powers to raise funds, but our cities have to rely almost exclusively on property taxes and program fees. Unlike the Provincial and Federal governments, Canadian cities are banned by law from running budget deficits; they have to balance the books every year.

This puts a unique pressure on cities. To make matters worse, higher levels of government have tended to pass the responsibility for addressing problems down to cities, while simultaneously preventing those cities from using creative solutions to address them. For every tax dollar that an individual Canadian contributes, less than ten cents is collected by your local city administration. Our cities are reliant on transfers from the Provincial and Federal governments for whatever else is needed.

When Mayor Stewart announced Vancouver's financial troubles, the Twittersphere immediately began spit-balling ideas for how the City could raise the needed funds. A few Twitter-users quipped that the City should simply buy a half-dozen single-family lots in Point Grey, rezone them for condos, and then immediately sell the land to developers. Changing the land from single-family to condo zoning would produce a massive increase in the value of the land, and the City could fill its budget hole by pocketing the land-value increase from just a handful of lots.

This idea is actually feasible (more on that below): perhaps unbeknownst to them, the Tweeters were entertaining an economic and moral question that has existed for as long as human history: "Who should profit from the value of land?"

Under our modern system, most land (especially land in urban areas) is owned by private individuals and companies and can be bought and sold on an open market. If the value of a parcel of land goes up during one person's ownership, that person is able to pocket the entire increase in value when they sell it to the next owner.

Two interesting questions: "Why did this land increase in value, and who is responsible for that increase?" The answer to "why" is widely agreed-upon by economists: the value of land increases gradually over time because of what surrounds that land. It's not so much that the land itself has become more valuable; rather, it's the property's locational advantage that grows over time. As the realtor motto goes: "Location, location, location!"

Take, for example, urban land: if you buy a property, and then the city invests in additional infrastructure near your property, your land becomes more valuable — even if you haven't invested a penny into further developing that property. Likewise, if a grocery store or a fitness centre opens up nearby, guess who benefits? More firms and more businesses in the surrounding area mean more jobs and therefore a greater demand — and more money — for your property.

Increases in the value of the land are created by the surrounding community: city improvements are paid for with taxes we have funded; desirable neighbourhoods are created by ordinary people whenever they open businesses, beautify streets, create community programs, and raise their families.

If a community agrees to a zoning change it means that the community believes that someone will be able to more fully utilize the land's community-created locational advantage. In other words, the moment it is decided that a zoning change for a particular property should occur, its purchase price immediately increases because the local community had already caused its underlying value to increase — it's just that the earlier zoning had prevented its price from catching up to its value. However, when the land in question is sold, the additional money made from the increase in the land's price doesn't return to the local community. That money is captured by the seller of the land, who is usually able to reap a large profit.

This phenomenon underpins most of our modern economy, and it even has a name: Rentier Capitalism. And like any economic philosophy, it has its fair share of thinkers who point out its inefficacy and systemic unfairness.

In their pithy suggestion, the Tweeters proposed a simple alternative to fund our cities: when urban land value increases, that increase in value should go to the community responsible for creating it.

This is by no means a new idea. Alternative systems of taxation and land-ownership have been proposed by the likes of American economist Henry George in 1879, British Prime Minister Winston Churchill in 1909, and a coalition of economists and writers including George Monbiot in 2019. Scotland is currently one of the leading countries trying to reform their land laws and direct the value from land to their people.

A number of progressive cities around the world (such as Singapore and Hong Kong) have systems in place that Vancouver could emulate — assuming that the Provincial government granted its permission. Rather than rezoning properties and then reselling them only once (and thereby only making a short-lived profit), Vancouver could instead acquire properties, rezone them, and then resell the property's building but not its land. The City could rent out that underlying land in perpetuity at market rates to those who own the buildings. That way the City will give itself a growing, perpetual income and thus move to safeguard its financial future.

The squeeze caused by our current economic downturn makes these ideas even more relevant. Due to our current system of land-ownership, our cities and communities have created a staggeringly high amount of land value, and the profits from these land-value increases have been pocketed mostly by property developers and financial institutions (via interest payments on mortgages). The ordinary person has been left behind scrambling for crumbs.

Perhaps the global pandemic and unprecedented economic disruption we're all living through will give us cause to rethink many of our economic models, and perhaps even the courage to try something different.

Vancouver stands by 7-per-cent property tax increase during pandemic

The 7-per-cent increase approved by Vancouver's council was not originally intended to cover emergencies.In those heady pre-pandemic days of 2020, when it seemed B.C. might dodge the brunt of COVID-19, the City of Langley approved a 6.67-per-cent property tax increase. It was money to be used, along with an additional $50-million borrowed over five years, to prepare for the arrival of a new SkyTrain line from Surrey.

Then the virus hit, and the economic landscape shifted so drastically, council decided to reconsider the budget and drop the residential tax increase to 1.83 per cent. The planned 7-per-cent increase for business and light industrial properties was similarly lowered to an average of about 2 per cent. Borrowing plans were put on hold for a year.

"We had big plans for this downtown core, and we still do," Mayor Val van den Broek says ruefully. But with residents thrown out of work and struggling to pay bills, council could no longer defend an increase of that magnitude.

Other municipalities, such as Port Coquitlam, Delta, and North Vancouver, have also scaled back or eliminated proposed tax increases. So far, the outlier is Vancouver, which seems to be holding firm to its 7-per-cent property tax increase.

You could argue it is not reasonable to compare Vancouver to its suburban counterparts. The challenge and expense associated with trying to house and prevent death within a large homeless population has been amplified by the pandemic, which if it spread in the Downtown Eastside, would devastate the neighbourhood's vulnerable population.

But the 7-per-cent increase approved by Vancouver's council was not originally intended to cover emergencies. It was an appeasement budget, split along party lines. Councillors elected under the Non-Partisan Association banner voted no and the rest, including Mayor Kennedy Stewart, who lean further left, voted yes. It gave everyone who voted in favour money for pet projects, including the hiring of more police officers and firefighters, a city plan, and many environmental and social initiatives.

I was among those who considered this year's budget too rich to begin with. Now, as we head into a recession and most people are looking for ways to cut costs, the optics are even worse. But so far, no one on council has proposed a budget review and it seems likely to pass next week with the 7-per-cent increase intact.

Except now, it is unclear how the money will be spent. The city has lost $5-million a week since the COVID-19 lockdown began, and it may be the entire increase and then some will be needed to maintain basic services.

Like his counterpart John Tory in Toronto, Mr. Stewart's answer to Vancouver's budget woes has been to press the provincial and federal governments for a bailout. B.C.'s provincial government is allowing Vancouver to run a deficit, and all municipalities to delay school tax remittances until year end. Apart from that, no other direct assistance has been announced.

Meanwhile, city staff are trimming around the edges with a hiring and travel ban and mandatory one unpaid day off for non-union staff in each 10-day pay period – equivalent to a 10-per-cent cut. Temporary layoff notices were issued to 1,800 unionized staff who will be called back when services reopen.

But the 7-per-cent hike remains and it will hit homeowners hard when the bill lands. This can only hurt the re-election chances of those who voted for it. Even before the pandemic hit, taxes and spending were fodder for criticism from NPA mayoral hopefuls Ken Sim and George Affleck. Mr. Sim, who ran against Mr. Stewart in 2018, has tweeted about "out of control taxes." Mr. Affleck is now posting detailed lists of areas where he believes cuts and layoffs should be made. This line of attack will certainly continue.

Big-spending city councils can be politically popular in good times, if the taxes collected lead to visible accomplishments. But if the recession hits hard, it will be difficult for cities to accomplish much more than garbage pickup for the next two years. This will have voters thirsting for solid fiscal stewards, claiming to be able to do more with less. A 7-per-cent tax increase on top of a looming recession will put the NPA in a stronger position to make that case.

Virus expected to have effect on real estate market, but extent not known: BC Assessment

The full effect of the current Covid-19 pandemic will ultimately affect property values in Nelson and across the province, but the extent to which won't be known until the figures are tabulated later this year, says a BC Assessment representative.

The pandemic created by Covid-19 has affected every facet of society, but its ultimate mark on real estate values has yet to be determined, says a BC Assessment representative.

Ramaish Shah said the full effect of the current pandemic will ultimately affect property values in Nelson and across the province, but the extent to which won't be known until the figures are tabulated later this year.

He said the provincial organization has been "looking very closely" at the effect of the virus on the real estate market, but after delivering the latest assessment roll for Nelson and the province, he could not predict what it will be.

"There will be some appeals where people are bringing this (virus) into play over the next few months, but it's still very early, in our experience with the Covid-19 pandemic, so I don't know what the impact of that will be on real estate markets down the road," he told city council at the April 20 committee-of-the-whole meeting.

"(I)t's impacting everything we do as a society, the real estate part of it is going to be part of that puzzle."

He said the real estate sales for the first three months of the year had been in the works before the virus erupted in Canada and are now complete, so the next few months will be the telling tale of the virus' effect.

What is BC Assessment

BC Assessment develops and maintains real property assessments throughout British Columbia in addition to providing real property information.

BC Assessment maintains real property assessments in compliance with the Assessment Act which requires that properties be assessed as of July 1 each year.

To do this, BC Assessment produces assessment information annually to provide tax authorities with a tax base and other information collected about property.

The assessment information is the product provided to local governments and other taxing authorities containing all of the information on the individual assessments.

BC Assessment was established in 1974 as a non-partisan commission tasked with examining property assessment and taxation.

It operates independent of property taxing function and independent of provincial politics.

— Source: BC Assessment

The average value of a home in Nelson for 2020 — for the 4,760 “folios” contained within the city — was pegged at $588,617 by BC Assessment.

Nelson was divided into six neighbourhoods for the assessment, and of the four residential neighbourhoods, the highest average for a home was Fairview at $530,223 (1,712 folios).

Next was Uphill at $503,535 (1,508 folios), with Rosemont third at $427,851 (869 folios). The North Shore extension was fourth with $367,222 based on 72 folios.

The commercial core was averaged at $774,740 (553 folios) and the power plant extension was $6,697,187 with 46 folios.

Strata units — condominiums — went up a little more than single family homes and the commercial properties in Nelson, up to 10 per cent compared to five per cent for residential and commercial.

“And that’s reflected in the market in what we are seeing in terms of demand and selling prices relative to single family dwellings,” said Shah.

The city saw an increase in total properties by .5 per cent (4,760 properties), with a 4.3 per cent increase in total value from the 2019 roll to $2.8 billion. The total non-market change was an 18.5 per cent increase from the 2019 roll ($25.68 million).

Although total properties in the province rose by 1.06 per cent, the total value dropped from the 2019 roll by 2.5 per cent.

Market value of a home according to BC Assessment is the most probable price which a property should bring in a competitive market under all conditions requisite to a fair sale, the buyer and seller, “each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.”

The work of BC Assessment

BC Assessment provides an annual list of property values and identifies ownership, value, classification and exemptions for each property.

BC Assessment represents over two million properties in the province with total value of $1.94 trillion, providing a base for local governments and taxing authorities to raise approximately $8 billion annually in property taxes for schools and important local services.

NEW BRUNSWICK

New Brunswick nixes new property tax breaks for businesses, cottages

Finance Minister Ernie Steeves announced Wednesday the province will be cancelling the property tax cuts for businesses and non-owner-occupied properties he unveiled 11 weeks ago.

Thrown into deficit by financial turmoil unleashed by the COVID-19 virus, New Brunswick Finance Minister Ernie Steeves has moved to cancel more than $20 million in property tax cuts for businesses and cottages that he unveiled in his budget just 11 weeks ago.

"We can all agree our fiscal situation is not the same as it was March the 10th, budget day," Steeves told the legislature Wednesday.

"In light of the COVID-19 pandemic, the government will not be proceeding with the proposed property tax measures contained in our 2020-2021 budget."

The measures being undone involve proposed relief for residential properties that are subject to secondary provincial taxes, including apartment buildings, cottages and single-family homes not lived in by the owner.

That budget proposal was to reduce taxes by $140.40 per year on every $100,000 those properties are assessed to be worth.

A large apartment complex like Moncton's Eagle View Estates, which has 64 units, was in line to save $9,253 in taxes beginning in January 2021. That's the equivalent of $12 per month per apartment under the original budget proposal.

A second tax cut on commercial and industrial properties is also being withdrawn. It was worth $82.50 per year on every $100,000 of a business property's assessed value.

It would have been a substantial saving for some of the province's larger business properties, including a $142,000 tax reduction for Champlain Place in Dieppe beginning next January and a $84,715 reduction in property tax on the Irving Oil refinery.

There was also a plan to lower the same taxes identical amounts in 2022, 2023 and 2024, providing a total of $96 million in annual property tax relief to business and cottage properties after the fourth year.

Premier Blaine Higgs said the province could not afford the loss in revenue, but he hoped to be able to restore the tax cuts when the province's finances improve.

"It isn't the time," said Higgs.

"I'm focused on doing this, I believe in lower taxes, I believe that does help the economy, and I believe people will invest more, so it's a balancing act."

Greens, Alliance react

In a reversal of normal responses to government initiatives, Green Party Leader David Coon praised the decision and People's Alliance Leader Kris Austin condemned it.

"There is indeed wisdom in the decision of the minister of finance," said Coon.

"I think that's a bad move," said Austin outside the legislature. "If we continue to tax businesses the way we've been taxing them, you can't expect the New Brunswick economy to grow."

Last week Steeves revealed New Brunswick is headed toward a $299.2 million deficit this year after his March budget originally projected a $92.4 million surplus.

NORTHWEST TERRITORIES

Yellowknife council proceeds with property tax and fee increases

Councillors say it's too early to assess full economic impact of COVID-19 pandemic

Yellowknife city councillors have considered, and rejected, delaying planned increases to property taxes and fees to relieve financial pressures associated with the COVID-19 pandemic.

A committee composed of all city councillors discussed holding off on the increases at a teleconference on Monday.

Prior to widespread shutdowns imposed to protect against the pandemic, city council approved a 1.63 per cent property tax increase for this year. It also approved a three per cent increase to the myriad of fees the city charges for things such as using recreational facilities, business licences, development permits and water.

A report by city staff indicated the property tax increase will result in an additional $22 in property taxes annually for a property assessed at $250,000 and an additional $49 for one assessed at $450,000.

"I don't think we know the full picture of whether there will be a second or third wave [of COVID-19] and what is the [N.W.T. government's] plan for the phases of releasing and how does that all look," said Mayor Rebecca Alty.

Territorial health officials have yet to release a plan for easing restrictions imposed to prevent the spread of COVID-19. They had earlier said they were hoping to release the plan by the end of last week.

City revenues have taken a hit due to the closure of recreational facilities, waiving of transit fees, parking metre fees and late payment penalties.

A staff report prepared for Monday's discussion projected that the city would lose almost $850,000 in revenue if its facilities were to open September 1 instead of July 1. If they have to remain closed until Jan. 1, 2021, the city would miss out on a total of $2.4 million in revenue compared to a July 1 opening.

"If we reduce property taxes this year ... we would have a sharper spike in property tax increases next year and the year after that," said Coun. Shauna Morgan during discussion of the potential deferrals.

"Certainly the economic impacts have been felt quite unevenly across our population. There are some people that do remain secure in their jobs and may be even saving more money than usual at the moment," Morgan said, adding she would rather an approach that provides relief to those who need it most.

The vast majority of government employees and those who work for government agencies (and crown corporations such as CBC) have so far escaped the financial hardship the pandemic has inflicted on many in the private sector. Though public services have been cut back and revenue projections have been revised downward, there has been no public discussion of layoffs in the different levels of governments.

NOVA SCOTIA

Halifax Offering One-Month Deferral On Property Tax Payments

Property owners in Halifax struggling financially because of Covid-19 are receiving a small break from the city this tax season. Rather than paying tax at the end of April, residents and businesses can now pay as late as June 1.

The Halifax Regional Municipality, however, is asking people who can afford to pay not to delay their payments. Taxes make up a whopping 82 percent of the city's revenues. And since the city isn't making much money on service fees, like parking and transit, property tax is vital to keep the city running.

"While the municipality is financially sound, a significant amount of cash flow is required to provide services, pay vendors and suppliers and continue with capital projects that support the economy," a HRM spokesperson wrote in an email. "The municipality has strong reserves and will be looking at all expenditures as part of the recasting of the budget to respond to COVID-19. Our asset base remains strong."

The spokesperson also indicated Halifax will not respond with austerity during these challenging times. With the construction season on the horizon, the city plans to keep the economy active by continuing capital works projects.

"We are continuing to advance capital work. It is important to keep the economy working," said the HRM spokesperson. "We evaluate the projects to make sure the suppliers can deliver to our specifications and so far, we have been very successful with moving forward with tender awards and capital projects."

Compared to stimulus programs announced by the province and the feds, a one-month tax deferral does not seem like a big deal. But Paul MacKinnon, CEO of the Downtown Halifax Business Association, understands that municipalities are very limited to what they can offer financially.

"The reality is the city doesn't have a ton of money and very few financial tools and has a lot of restrictions. So, I don't think we were expecting the city to roll out some sort of big grant program or rent program," said MacKinnon.

"Of the three orders of government the cities have the least amount of financial flexibility and, also, they can't go in debt."

As a business leader in the city, MacKinnon has been keeping a close eye on the economic programs rolled out by all three levels of government. The city may not have the cash to roll out huge stimulus packages, but the CEO believes the city could be used to deliver programs on behalf of the provincial and federal governments.

"I think the city is in a great position to deliver some of the other programs that the province and the feds are offering because (the municipality) is the closest to the business community."

ONTARIO

Toronto would need 47% property tax increase to maintain services if $1.5B budget gap isn't filled: mayor

"Without immediate support, our city – like many other cities across Canada – is facing unprecedented cuts that will hurt the city and every person and business that the federal and provincial governments have spent billions trying to help in the wake of COVID-19," he told reporters Friday afternoon.

"As the year goes on, we also have to plan for what would happen if that support doesn't come and due to the magnitude of the problem almost every service would suffer."

Tory said under the law and in comparison to the provincial and federal governments, the municipality is limited in taxation powers and it cannot run deficits.

"We cannot slash services right now nor can we massively raise taxes mid-year to help cover these costs," he said, noting a massive property tax increase would be "unacceptable."

"It would take a 47 per cent hike in property taxes to raise $1.5 billion – that is just not practical or fair to taxpayers."

In the absence of a massive property tax hike, an increase in other revenues or receiving financial assistance, Tory highlighted potential cuts needed to balance the 2020 budget:

– $575 million in cuts to the TTC (subway service on Lines 1 and 2 cut in half, Lines 3 and 4 temporarily shut down, 10-to-20 minute TTC streetcar service on major corridors, four million less Wheel-Trans rides)
– $451 million elimination in capital projects (roads, transit, infrastructure projects)
– $101.5 million reduction to the budget for shelters
– $23 million reduction to Toronto Fire Services
– $31.3 million less for Toronto police (approximately 500 officer positions eliminated)
– Close to $40 million less for child-care subsidies (more than 40,000 child-care spots eliminated)
– $12 million loss in long-term care beds (1,320 beds eliminated)
– $40.8 million in recreation services reductions (61 community centres closed, 50 per cent reduction in services)
– Closure of an unspecified number of library branches

In total, he said more than 19,000 municipal workers would be out of a job.

For weeks, Tory has called for help from the other levels of government.

He said the pandemic has cost the City of Toronto approximately $65 million a week since full public health measures were enacted, noting a large portion of that weekly figure comes from lost TTC ridership revenue and that alone is around $20 million a week.

“Even with prudent, sensible steps to reduce costs that don’t reduce services, we would still need support from the other governments,” Tory said.

“We would be left with a city that can’t work and is unable to keep helping the people who need it most.”

When asked about the time needed to minimize the cuts needed, Tory said the longer the wait the more drastic the cuts will need to be.

“The days of reckoning are approaching,” he said.

When asked about Tory’s call for funding, a spokesperson for Ontario’s municipal affairs minister acknowledged that “municipal revenues are impacted by the current situation” and echoed the plea for federal money. Under the law, municipalities are creations of the provinces.

“Given the national scale and magnitude of the shortfalls facing Canadian municipalities, it is imperative that the federal government join us in developing a plan to help our municipalities recover from the impacts of COVID-19,” Julie O’Driscoll wrote in a statement Friday evening.

She said the Ontario government and the Association of Municipalities of Ontario are tracking the loss of revenues.

A spokesperson for Deputy Prime Minister Chrystia Freeland said the federal government was “committed” to working with municipalities during the pandemic, adding Freeland and Prime Minister Justin Trudeau have expressed an “eagerness to hear from the provinces and territories on ways we can help municipalities.”

“The prime minister, deputy prime minister, and the minister of infrastructure and communities also remain in close contact with mayors from across Canada, including through the Federation of Canadian Municipalities. This very much includes Mayor Tory,” Katherine Cuplinskas said in a statement Friday evening.

However, as of Friday, there weren’t definitive commitments by the federal and Ontario governments to provide funding to Toronto or other Ontario municipalities.

Thunder Bay area property owner appeals how MPAC valuates land; land valuation drops $144K

A property owner in Murillo has had his assessment drop by more than 25 per cent, after an appeal to the Municipal Property Assessment Corporation (MPAC).

The owner, who has a piece of land in Murillo, Ont., just outside of Thunder Bay, appealed his 2016 assessment by MPAC. The matter was heard in January 2020, with a written decision issued a few months later.

At the hearing, the landowner said the valuation of $531,000 for their piece of rural land, which included a small sawmill and 4 buildings was too high.

MPAC said for forestry companies, it used what is called the cost approach to value land, less 25 per cent. It reduced the valuation of the property to $434,000.

The owner argued this method was not accurate for Thunder Bay and surrounding area - noting he felt his land was worth closer to $325,000. He said the cost approach did not reflect the depressed market in the area, and that reducing the value by 25 per cent for economic obsolesce did not lead to a fair value.

At the hearing, the owner made a comparison to a piece of property, much larger than that being appealed, with similar buildings, which was listed for sale for seven years at a price of $599,000.

The owner said the lack of sale showed his property could not be valued at the original $531,000 assessment, as the higher priced land, which was superior to his, had never sold.

The owner said a piece of land on Highway 527, similar to his, had sold for $300,000, showing what the market would bear.

The Assessment Review Board agreed with the property owner, reducing the valuation of the land to $387,000, and noting that the cost approach was not appropriate in determining the valuation of land in the area.

Toronto Music Advisory Committee Endorses Property Tax Relief of 50 Percent for Live Music Venues

The Toronto Music Advisory Committee (TMAC) held a special virtual meeting today, to discuss the impact of the COVID-19 pandemic on Toronto's music community and strategies to assist live music venues. The meeting was streamed live for public viewing.

At the meeting, the members of TMAC unanimously approved a motion to expand the Creative Co-Location Facilities Property Tax Subclass Designation, in order to apply to live music venues. Expanding the designation will make it possible for operators of live music venues to access a reduction of commercial property taxes of 50 percent.

This Property Tax Subclass was originally developed to support artist hubs such as 401 Richmond. Many venues across the city have faced increasing pressure due to rising costs, even prior to the loss of business due to the current pandemic.

As many live music venues are on major streets in rapidly growing downtown areas, the cookie-cutter approach of Provincial market value assessment for property taxes is pricing out too many live music venues. This tax rate reduction will go a long way towards reducing the rental costs for operators, helping to mitigate the economic impact of the current pandemic and providing much needed financial support on a permanent, go-forward basis.

To learn more, read the full announcement below.

News Release May 13, 2020 Toronto Music Advisory Committee Endorses Property Tax Relief of 50 Percent for Live Music Venues The Toronto Music Advisory Committee (TMAC) held a special virtual meeting today, to discuss the impact of the COVID-19 pandemic on Toronto's music community and strategies to assist live music venues. The meeting was streamed live for public viewing. At the meeting, the members of TMAC unanimously approved a motion to expand the Creative Co-Location Facilities Property Tax Subclass Designation, in order to apply to live music venues. Expanding the designation will make it possible for operators of live music venues to access a reduction of commercial property taxes of 50 percent. This Property Tax Subclass was originally developed to support artist hubs such as 401 Richmond. Many venues across the city have faced increasing pressure due to rising costs, even prior to the loss of business due to the current pandemic. As many live music venues are on major streets in rapidly growing downtown areas, the cookiecutter approach of Provincial market value assessment for property taxes is pricing out too many live music venues. This tax rate reduction will go a long way towards reducing the rental costs for operators, helping to mitigate the economic impact of the current pandemic and providing much needed financial support on a permanent, go-forward basis. Recently, the City of Toronto was also successful in advocating for changes to the eligibility criteria for small business loans through the Business Development Bank of Canada, in order to allow live music venues to apply. TMAC will continue to work to protect live music venues in Toronto, which are an essential part of the cultural fabric of our city. Quote: "The COVID-19 pandemic has exposed the existing inequities in our society. Being in an already precarious position, live music workers, artists, and venues have been hit hard by the pandemic. We need to stabilize and support the live music community to weather the storm, but we also need to be building a more vibrant and sustainable music economy for the 21st century – not simply going back to the pre-pandemic status quo. All governments have a part to play in supporting live music and ensuring we can all look forward to the day when we can enjoy live concerts and shows again. By relieving 50 percent of property taxes for live music venues, the City of Toronto and TMAC are taking the lead in supporting the live music economy." - Councillor Joe Cressy, Toronto Music Advisory Committee Chair, Spadina-Fort York (Ward 10) – 30 –

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Tory should reverse his property tax hike

The right time to keep a promise is all the time, but sometimes it's especially important. That's certainly true right now of Mayor John Tory's promise not to raise property taxes.

Tory successfully campaigned on this promise twice. "Lower Taxes" was the slogan plastered to the podium for a speech when he decried property taxes as the "single biggest cheque" Toronto taxpayers were forced to write each year.

Tory broke this promise by introducing the city building levy, a disguised property tax hike that made life even more expensive in the city. He doubled down this past December, and council agreed to increase the levy to 10.5% by 2025.

But the arrival of COVID-19 has brought the economy to its knees. The Bank of Canada has stated that the "downturn will be the sharpest on record." The Financial Accountability Office of Ontario reported that Ontario lost over 400,000 jobs in March alone. That marks the "largest monthly increase in the jobless rate on record." Torontonians have not been immune from the job losses and business closures.

Economists have warned that higher taxes could deepen the economic contraction.

Tory originally planned to extract $63 million out of taxpayers' pockets with his property tax increase this year. Torontonians couldn't afford this property tax hike before the COVID-19 crisis. They certainly can't afford it now.

The mayor should — at the very least — rescind his property tax increase immediately.

Tory deferred property taxes by 60 days, but taxpayers who can't afford their taxes now won't be able to afford a higher bill in a couple of months.

The federal government's Canada Emergency Response Benefit is paying out up to $2,000 per month. That doesn't cover the average cost of $2,200 per month to rent a one-bedroom apartment in Toronto. About 30% of rent due April 1 went uncollected, according to CIBC economist Benjamin Tal's estimates. If tenants are struggling and can't pay their rent, landlords will feel the pain, too.

The coronavirus lockdown has impacted Toronto real estate investors in the short-term rental market as well. As of November 2019, Toronto had 21,000 Airbnb listings. Alex Dagg, the company's director of public policy in Canada, said that more than 60% of hosts rely on Airbnb income to keep them in their homes. As for the state of the travel industry, he said that the impact of the current downturn dwarfs that of “the September 2001 terrorist attacks and the recession that ended in 2009.”

The fate of the housing market is unclear. What is clear is that Tory should not be tempting fate by threatening a bad situation with a burdensome tax increase. Toronto-based Veritas Investment Research Corporation president and CEO, Anthony Scilipoti, has suggested that if even two per cent of housing stock is listed for sale, the housing market could crash.

The commercial real-estate market has been impacted, too. Restaurants Canada estimates that half of the independent restaurants that have closed their doors due to the shutdown may never reopen again.

But Toronto restaurants have long been suffocating under soaring property tax rates. Le Select Bistro even started a petition that gained nearly 40,000 signatures after seeing its property taxes increase by 515 per cent between 2005 and 2020.

Nearly two-thirds of Toronto small businesses say they’ll have to close permanently within three months due to the COVID-19 crisis, according to a study conducted by the Broadview-Danforth BIA. For Toronto business owners, a property tax deferral during this time is simply not enough. But a rate increase? Unconscionable.

Tory was elected twice on a promise to keep property taxes low. He should have kept that promise. Now he needs to reverse the increase. Torontonians simply can’t afford it.

Jasmine Pickel is Ontario Director of the Canadian Taxpayers Federation

SASKATCHEWAN

City of Moose Jaw kills 2020 property tax increase over COVID-19

Moose Jaw planned to increase taxes by 2.3 per cent this year

Moose Jaw City Council has voted in favour of scrapping a 2.3 per cent tax increase this year to help businesses and residents weather the storm from COVID 19.

At a meeting on Monday, council agreed to scrap this year's property tax increase which will mean a civic spending reduction of more than $670,000.

"We understand the financial pressures of our community, and we hope these measures will mitigate some of those difficulties," said Mayor Fraser Tolmie in a news release.

"We appreciate the continued commitment and perseverance Moose Jaw residents have shown in fighting COVID-19."

Along with the tax cut, council also approved a $500 property tax credit to businesses in the city, which is expected to cost $150,000 in total.

As well, businesses and residents will now have 12 months to pay their utility bills and 15 months to pay their property taxes without penalty.

To help pay for these measures, Moose Jaw councillors voted to postpone a mill rate increase for Parks, Recreation and Capital projects worth more than $295,000.

Financial and Human Resource departments have also been trimmed by more than $51,000, as well as councillors' travel allowances.

Applications for the small business support program will begin May 15.