

HALIFAX

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Item No. 3
Committee of the Whole
October 31, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: September 15, 2017

SUBJECT: The Capped Assessment Program in the Halifax Region

ORIGIN

Committee of the Whole, July 21, 2015, Moved by Councillor Outhit, seconded by Councillor Whitman, that "Regional Council hold a Committee of the Whole session to discuss the Capped Assessment Program (CAP)."

This motion was ratified by Regional Council on July 21, 2015 when it passed a motion to "Set a date for Committee of the Whole to discuss the assessment cap."

LEGISLATIVE AUTHORITY

Assessment Act

RESIDENTIAL AND RESOURCE PROPERTY TAXATION

Section 45A Taxable Assessed Value

- (4) The taxable assessed value of property for any municipal taxation year is the lesser of
- (a) the assessed value; and
 - (b) the total of
 - (i) the assessed value of any part of the property to which this Section does not apply,
 - (ii) the assessed value in the base year of any part of the property to which this Section applies plus the prescribed percentage of that assessed value for each successive municipal taxation year following the base year, and
 - (iii) the increase in assessed value resulting from construction not included in the base-year assessment plus the prescribed percentage of that assessed value for each successive municipal taxation year following the municipal taxation year of first assessment of the new construction.

RECOMMENDATION

It is recommended that Regional Council direct the Mayor to write the Province of Nova Scotia and request it examine possible solutions to the unintended consequences of the Assessment Cap, including its detrimental impact on the economy through declining property sales and its negative impact on housing affordability.

BACKGROUND

The Capped Assessment Program was put in place by the Province of Nova Scotia in 2005 to "...protect Nova Scotians from sudden and dramatic increases in property assessments." The Province was concerned that people would be forced out of their homes due to rising taxes. It is a provincial program set out in legislation, and cannot be altered or amended by Halifax or other municipal governments. The Assessment Cap was originally set at a 10% rate. It does not apply to commercial taxpayers.

In 2008, the Assessment Cap rate was linked to the NS Consumer Price Index (CPI). A 2011 Provincial review hinted that this change was to deal with municipal spending, saying the Cap had been introduced in "... the context of rising property values and flat tax rates".

The Halifax real estate market is unique within the Province as it includes a large number of apartments, condos and new home construction. In addition, home prices have generally been steadily increasing. Outside of Halifax the assessed values have often been weaker. While the Cap has distorted the real estate market across the Province, this report focuses on the specific impacts in Halifax rather than other areas of the Province.

DISCUSSION

The Assessment Cap has been a controversial Provincial law that has made property taxes more predictable for many homeowners but has also had unintended consequences for other taxpayers and for the broader economy. Overall, in Halifax four broad conclusions can be made:

- Municipal property taxation has become extremely inconsistent, with large variations in tax between homeowners living in similar homes . It is common to see neighbours with identical or similar homes paying very different tax bills. As such, the credibility of the property tax system is at risk. The Assessment Cap has led to dramatic shifts in property taxes across the Region with almost 60% of single family homes saving on taxes while other homes and apartments have higher taxes.
- The Cap is increasing property taxes on new homes and existing homes that sell or renovate. Some individuals are delaying home purchases due to the higher property taxes that is being shifted onto new homes and homes sold. It is not possible to reliably quantify the impact on home sales, but it appears to impact about 20% of homeowners, especially lower income homeowners. Presumably there is an impact on first-time buyers and homeowners looking to downsize as well as those thinking of a move to Halifax. Any slow-down in the real estate market impacts not only buyers and sellers but has economic impacts across the Region, affecting the construction and other sectors and having impacts on employment, income and economic growth.
- Housing affordability is being adversely affected. The majority of low-income individuals in Halifax reside in apartments. An apartment building's tax bill is paid by the landlord and passed on to tenants through their monthly rent. The Cap has shifted higher taxes towards apartment buildings while also making it more difficult for renters to purchase their first home. Those low income individuals who do own a home pay lower taxes because of the Assessment Cap. However, such families also have increased difficulty moving, as they would lose their Cap and face increased property taxes.

- The Cap has made property taxes more stable and predictable for existing homeowners, but only in the short-term. Unlike a full market value system, residents do not have to worry about sudden spikes in their home values, and hence their property taxes. Municipal councils are able to levy property taxes in the knowledge that most homeowners will see their property tax bills rise or fall at the same percent rate. Unfortunately, this stability and predictability only lasts while a homeowner stays in their home. Evidence suggests that once a homeowner sells or renovates their property, the tax bill can increase dramatically, quickly wiping out all their previous tax savings. Those who are not fully eligible for the Cap have no access to this stability and predictability.

How the Provincial Assessment Cap Works:

In Nova Scotia municipalities levy a tax on the value of homes. A Province-wide agency called the Property Valuation Services Corporation (PVSC) determines the “market value” of each property in the Province. This market value reflects the price a property would sell for in the open market and is the standard approach used for property taxation in much of Canada.

The Assessment Cap is a Provincial law that all municipalities in Nova Scotia are required to follow when applying the tax rate. It creates a second type of assessed value, in addition to market. This “Capped” value is essentially the market value but is limited to a maximum increase of the CPI. For example, if the “Market” value increases in a year from \$100,000 to \$110,000; the “Capped” value will increase only from \$100,000 to 101,400. (i.e, 100,000 plus the CPI rate of 1.4%). Municipalities levy property tax on the “Capped” assessment, not the market value. For instance, the 2017 municipal tax rate in urban HRM is \$0.813. So the average tax bill is \$1,874. ($\$230,500 \text{ assessed value} * 0.813\% \text{ tax rate} = \$1,874$).

This Assessment Cap applies only to homes owned by residents that have three or fewer units. Larger properties such as apartments are not capped. In addition, when a home sells it reverts back to its full market value and is eligible to be capped at the revised value. Homes that are renovated lose the Cap value on that part of the house that is altered. In 2016 83% of single-family homes are capped. (This number declined to 75% in 2017). In addition to single-family homes there are nearly 60,000 units in large apartment buildings all of which are uncapped. In total, roughly half of all homes (single-family and apartments) are capped. The residential/resource capped assessment base is now 9.7% lower than the total market value base.

There are arguments in favour of and against the Assessment Cap. The Cap is seen as violating some of the key principles of market value assessment. Because it distorts the value of new versus existing homes, it is not viewed as “good” tax policy. The underlying theory of assessment is that properties should be “uniformly” assessed, meaning that homes with comparable market values should be assessed at the same value. Otherwise, individuals are essentially being taxed using inconsistent approaches. In essence, the Cap “distorts” taxation, meaning that it encourages taxpayers to act in a way that they normally would not. In the case of the Assessment Cap, the concern is that individuals will hesitate to buy, sell or renovate homes because they would lose their Cap and hence see their taxes rise. In essence, this would cause the real estate market to slow down, affecting overall employment as well as the ability of individuals to sell their homes.

The argument in favour of the Cap is that it provides home owners with predictability. Under a full market value system, the price of homes can rise quite rapidly. To the extent that some homes rise in value much faster than others, their tax bills can also rise much faster. For instance, if a home rose by 25% in value more than the average home, then the property taxes on that home could conceivably rise by as much as 25%. While it is true that the municipality can lower its tax rate, that rate decline is unlikely to offset the taxes for those homes with very high percentage increases. While the owner of that home now has increased equity, they won't realize it until they sell their home. They may not have any increased income to pay the higher taxes; they may even have had income losses.

The Impact of the Assessment Cap on Property Taxes

In 2016, there were nearly 192,000 homes in Halifax. Most of these (118,000) were single family homes and condos while the remainder were rental units or apartment buildings of various sizes. The majority of single-family homes are capped while most apartments are uncapped. Because of this, the impact of the Cap in Halifax is to shift taxes away from single family homes and towards apartments. For instance, in 2016 the average single family home saved \$53 due to the Assessment Cap. Almost 60% of single family homes saved taxes under the Assessment Cap while the remaining homes paid higher taxes. Conversely, the average taxes on an apartment unit were \$118 higher due to the Cap. There are, however, significant differences depending on the individual home. (See Attachment 11 for more information).

Property Tax shifts under the Assessment Cap

by Property Type in 2016

Type of Property	Total Number of Dwellings	Lower Taxes under the Cap		Higher Taxes under the Cap		Total Average Impact
		%	Average Impact	%	Average Impact	
<u>Single Family Homes:</u>						
Single Family Home	102,710	59%	-\$287	41%	\$244	-\$68
Condos	10,427	29%	-266	71%	269	113
Mobile Homes	<u>5,020</u>	<u>67%</u>	<u>-145</u>	<u>33%</u>	<u>49</u>	<u>-81</u>
Sub-Total	118,157	56%	-\$279	44%	\$242	-\$53
<u>Multi-Units:</u>						
Two-Three Dwellings	15,207	58%	-\$183	42%	\$145	-\$44
Four+ Dwellings	58,308	1%	-\$123	99%	\$120	\$118

Amongst the Single-Family Homes, 83% were capped while the remainder were uncapped. Those homes that were capped saved approximately \$127 per home due to the Cap. Those that were not capped, paid approximately \$316 in extra property taxes. The value of the home had almost no bearing on how much was saved under the Cap. For instance, homes in the bottom quintile (under \$160,000) saved \$54 on average. Those in the top quintile (over \$336,000) saved \$58 on average. There are significant increases and decreases within all quintiles.

Property Tax shifts under the Assessment Cap

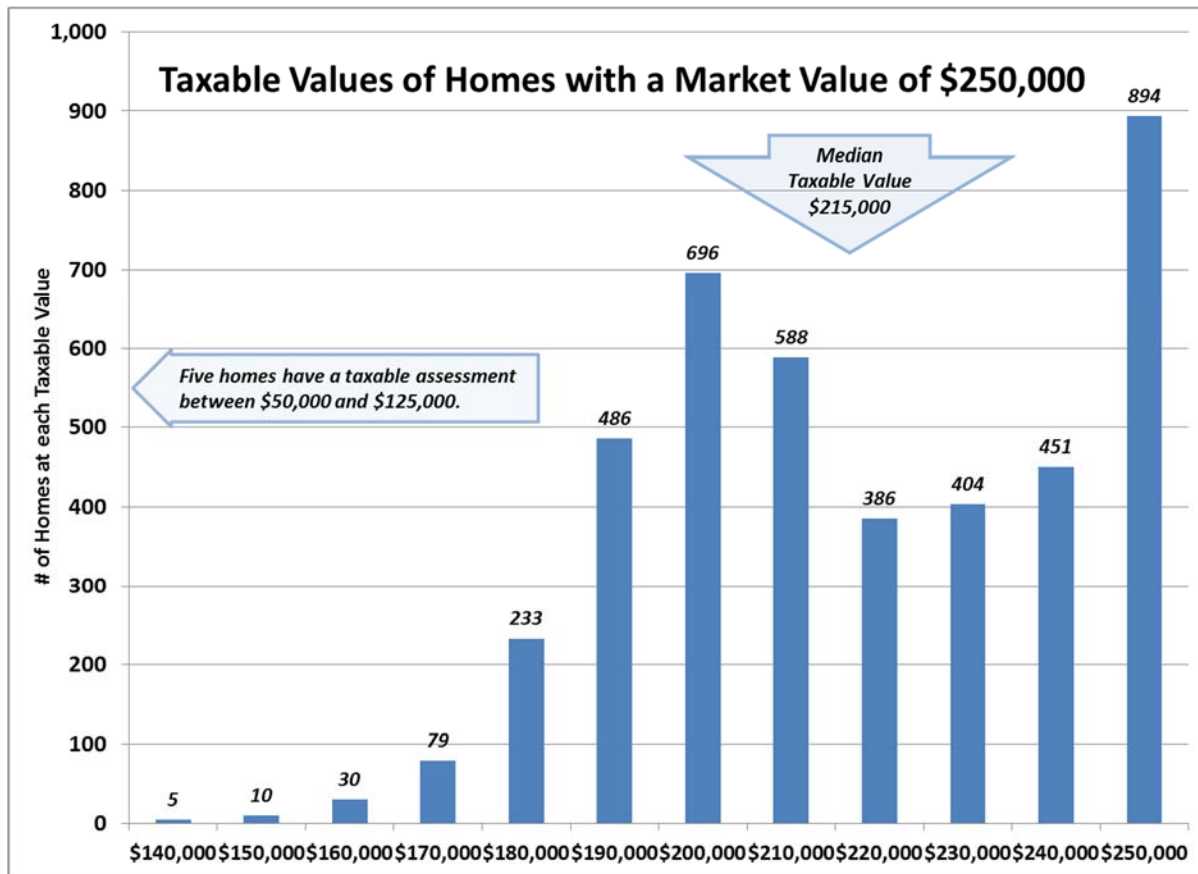
Single Family Homes by Quintile in 2016

	Total Number of Dwellings	Lower Taxes under the Cap		Higher Taxes under the Cap		Total Average Impact
		%	Average Impact	%	Average Impact	
Single Family Homes by Quintile:						
Up to \$159,900 - Quintile 1	23,637	60%	-\$160	40%	\$102	-\$54
Up to \$208,600 - Quintile 2	23,632	61%	-202	39%	174	-57
Up to \$260,500 - Quintile 3	23,636	58%	-252	42%	214	-55
Up to \$336,200 - Quintile 4	23,633	54%	-301	46%	263	-40
Over \$336,200 - Quintile 5	<u>23,613</u>	<u>50%</u>	<u>-525</u>	<u>50%</u>	<u>410</u>	<u>-58</u>
	118,151	56%	-\$279	44%	\$242	-\$53

Despite perceptions to the contrary, not all capped homes save taxes under the Cap. The Cap requires municipalities to recalculate their tax rates using a different set of property values. The Cap tends to favour those with high growth rates in their assessment. Those with lower growth rates may end up paying higher taxes, even if they are capped. More than one quarter of single family homes are capped but still pay higher taxes than under a market value system.

CAP Status	Single Family Homes		%
	Higher or Lower Taxes under Cap		
Capped	Lower Taxes	66,744	56.5%
Capped	Higher Taxes	31,600	26.7%
Not Capped	Higher Taxes	19,807	16.8%
Total		118,151	100.0%

As an illustration of the level of variance seen for similar single-family homes, roughly 4,270 homes with a 2016 Market Assessment of \$250,000 (+/- \$5,000) were looked at. Of these, only about 20% (894 homes) were being taxed at a value of \$250,000 (+/- \$5,000). Due to the Assessment Cap, the remainder were being taxed at a lower value. Half of the homes had a taxable assessment below \$215,000. The distribution of taxable assessments for these similar homes is shown in the chart, below.



There are also significant impacts from the Cap on condos and mobile homes. Mobile home owners save property taxes due to the Assessment Cap. Those in land lease communities save \$67 on average while other mobile home owners save \$122 on average. Conversely, condo owners pay taxes that are \$114 higher on average.

These patterns of higher and lower taxes are closely tied to a number of variables that can quickly change for a homeowner. Homeowners save taxes when they remain in the same property for a long time and don't do any upgrades. Those who renovate their home or switch houses and buy new, have their Cap reset. Individuals in mobile homes and those with lower incomes presumably tend to stay put for longer periods of time and renovate less. Conversely those in Condos are often individuals downsizing and, while they are likely capped, may have recently entered the program.

The impact of the Cap differs significantly from home to home and will change over time. The Cap can best be summarized as relating to length of tenure. Those who stay in their homes for long periods of time and do not renovate can save on taxes. Those who build, renovate, sell, buy, move or downsize would likely pay higher taxes. By its very nature, the Cap places higher taxes on those economic activities that society normally tries to encourage. It has become a tax on economic growth.

The Impact of the Assessment Cap on New Homes and Home Sales

This impact of the Cap is especially clear on new homes. New homes are often more expensive than existing homes. Under an assessment system new homebuyers will typically pay higher taxes than existing homebuyers. The Cap exacerbates this by shifting taxes onto those homes that are newly built, just renovated or even those that have been sold. In the five years from 2012 to 2016, taxes have (on average)

been 12% to 20% higher for home buyers due to the Assessment Cap. This information can be seen in the charts in Attachment 9.

A survey of homeowners by CRA in August 2014 showed that approximately **one-fifth of homeowners could be putting off the purchase of a house**, due to the Assessment CAP (see Attachment 3).

The Impact of the Assessment Cap on Low Income Affordability

Very few people live in the same house their entire life. Many young people and families start off renting, and then gradually move into home ownership. Even in homeownership, people change houses as family size or financial capacity changes. Sometimes, as people age/retire, they move to the convenience of an apartment or condo. Needless to say, every person, every family, has a unique path of accommodations taken over their lifetimes.

Looking at housing tenure (rent versus own) and household income by age (from the 2011 National Household Survey, Statistics Canada), people are most likely to rent when they are under 35 or over 70 years old. And, those are the times when household income tends to be lower. See the two trends, combined, on the chart in Attachment 12.

The argument is sometimes made that the Cap favours high income earners over low income individuals, However, the available evidence suggests a more complex situation. Staff reviewed the property taxes on those 2,300 individuals in the low-income tax relief program. This program is available to those with incomes under \$32,000. A full 95% of those in the low-income tax relief program were capped. On average, they saved \$150 or 9.4% of their property tax bill due to being capped. Likely these individuals are long term owners with a limited ability to trade-up on houses or to renovate. As already mentioned, mobile home owners also appear to have lower taxes due to the Cap.

Where the Assessment Cap clearly hurts low-income individuals is in the taxation of apartments. Most lower income individuals don't own homes but rent. As mentioned, taxes on apartments are \$118 higher per unit due to the Assessment Cap. The incidence of these higher taxes will be paid for by apartment dwellers through their rent.

Moreover, while current homeowners may benefit in the short run from lower taxes, the Assessment Cap may also prevent them from upgrading or renovating their homes. A survey from CRA shows that 46% of low income homeowners say the Assessment Cap would have a significant impact on any decision to purchase or renovate a new home.

"If you were thinking of purchasing a new home... To what extent would the PROPERTY ASSESSMENT CAP ON YOUR CURRENT HOME impact your decision?"

	<u>Under \$50,000</u>	<u>\$50,000 to \$74,900</u>	<u>Over \$75,000</u>
Ratings 8 to 10 (most significant)	46%	28%	17%
Middle Four ratings	29%	47%	40%
Ratings 1 to 3 (least significant)	13%	22%	32%
NA/Don't know	12%	4%	11%

No detailed statistics are available on the impact of the Assessment Cap on higher income households.

The Cap has made property taxes more stable and predictable for existing homeowners, but only in the short-term

While the Assessment Cap has led to lower taxes for almost 60% of single-family home owners, that only holds true as long as they own that home. Once they sell or renovate than they switch back to market values at which point their taxes may rise. There are instances of individuals downsizing to a smaller home but seeing their taxes increase.

Staff reviewed taxation data to determine what happens to individuals' taxation bills when they sell their home and purchase a new house. Staff isolated a set of individuals who were fully capped for the five years from 2010 to 2014 and then sold their homes. Their new home was then identified and the tax bill calculated for the next two years, 2015 and 2016. Staff calculated not only what their tax bill was for those seven years but also what it would have been if there was no Assessment Cap.

The data showed that for the first five years the Assessment Cap actually cost more in taxes for 43% of the group. Even when capped under their first home they paid out more in tax than they would have under a market value system. The other 57% of these individuals did save taxes. However, once they sold their homes and purchased a new home, the situation changed for nearly half of that group. Those individuals had been saving nearly \$50 a year under the Assessment Cap. After they sold their home they lost the Cap. The assessment of their new home was set at market value before again being capped. Instead of saving \$50 a year, they were now paying out an extra \$280 per year. In essence, they wiped out their entire savings from the previous five years. Hence, while the Cap often appears to benefit individuals, it does so only as long as they remain in their home. Once they switch homes their tax bills are reset to market value and their previous savings are quickly wiped out. As a result, over the entire seven-year period, nearly 70% of the homeowners paid out higher taxes due to the Cap.

Seven Year Impact of the Assessment Cap (2010-2016) on those who Sold their House in Year Five (Losing the Cap) and Purchased a New Home (Starting over with the Cap)

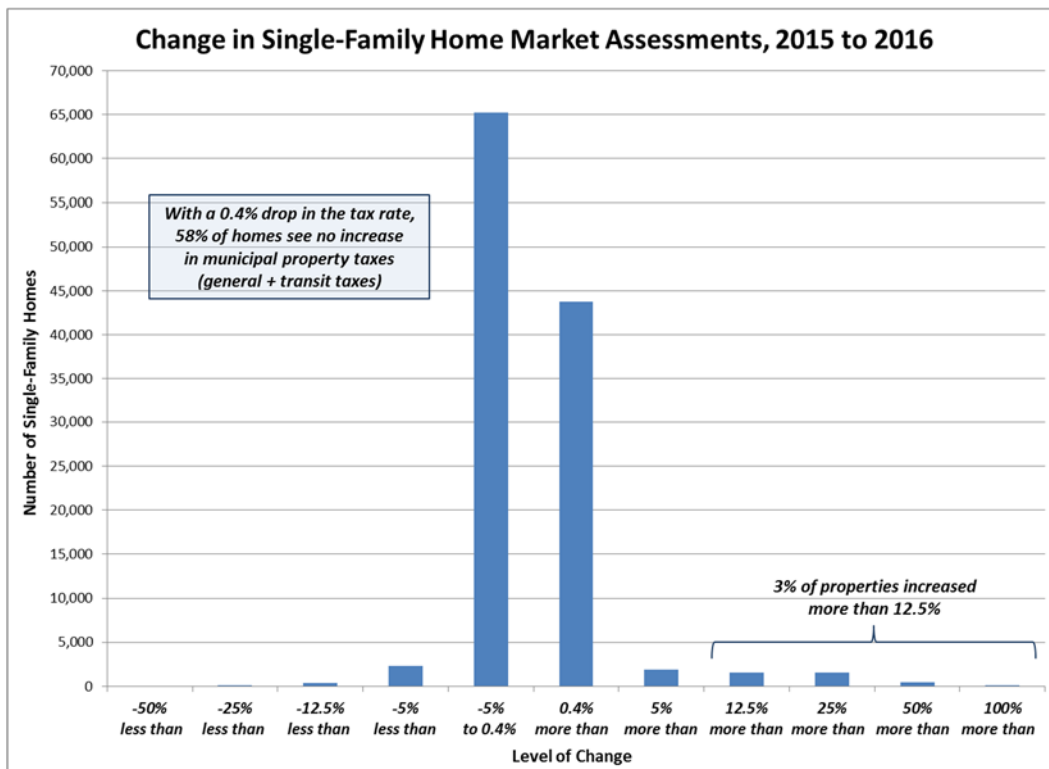
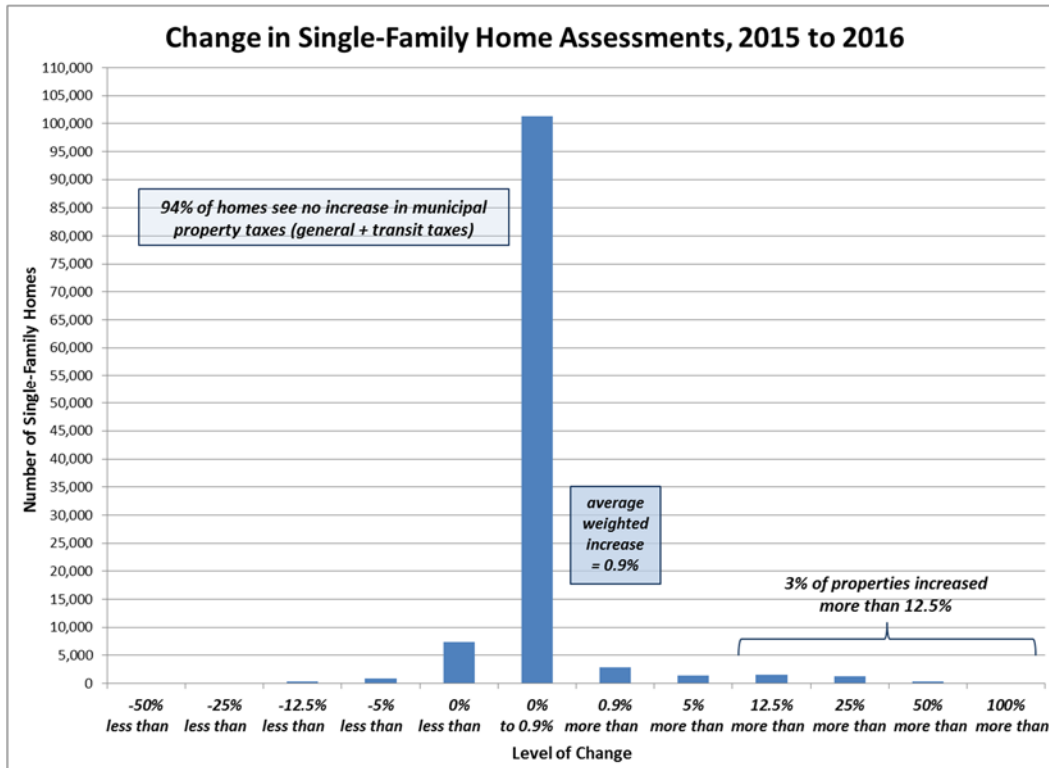
	Average Taxes under Assessment Cap: Higher vs (Lower)			
	%	First Home <u>2010 - 2014</u>	Second Home <u>2015 - 2016</u>	Both Homes <u>2010 - 2016</u>
Tax under Cap is Always higher	43%	\$87	\$275	\$141
Tax under Cap Becomes higher after Sale	24%	-48	282	46
Tax under Cap is always Lower	<u>33%</u>	<u>-184</u>	<u>193</u>	<u>-76</u>
Total	<u>100%</u>	<u>-\$35</u>	<u>\$250</u>	<u>\$47</u>

Note: Amounts are for the 344 individuals who lived in the same house from 2010 to 2014 and were fully capped for those five years. In 2015 they sold that house and purchased a new home, thus losing their cap. The average annual property tax was calculated both on the existing capped system, and on what they would have paid for each of those seven years under a full market value system using a revenue-neutral tax rate. The second home that individuals moved to were all of those found through a series of manual searches. Data does not exist to confirm whether the individuals located were a representative sample of such circumstances.

The Cap has made property taxes more stable and predictable for Regional Council

With the CAP, impacts on homeowner tax changes are simplified. Under the Cap, assessed values for most homes tend to rise at the same rate, that being the CAP rate (set at CPI). Setting the tax burden and tax rate becomes a much easier exercise to understand. For instance, in 2016, the average home increased by 0.9%. A 0.9% decrease in the tax rate was approved by Regional Council. This meant that the average municipal taxes on 94% of homes did not increase. (See 1st chart on next page.)

However, the impact would have been very different under a market value system, even when the exact same total tax revenues are collected. Using a tax rate set under market value assessment, 58% of homes (not 94%) would have seen no increase in municipal taxes while 42% would see some increase. The difference lies in the nature of the Cap. Under the Assessment Cap most homes tend to rise in value at the same rate. Since the increases in assessment are relatively uniform, the changes in the tax bill are also uniform. Under a market value system, however, there is much greater variation in individual house values from year to year. So even when Council lowers the tax rate there can be significant variation in how individual tax bills change. The stronger the real estate market, the more diverse are these changes. The distribution of homes with their variation in 2016 market value changes is also shown below. (See 2nd chart on next page.)



Potential Options

The CAP program is legislated by the Province and can only be amended by the Legislature. Any proposed solutions will need to be in place across the Province and will require Provincial agreement. If Regional Council wishes changes to the legislation, other municipalities and coordinating bodies will need to be a part of this. Of particular note is the Union of Nova Scotia Municipalities (UNSM) and the Association of Municipal Administrators (AMA). Cape Breton Regional Municipality (CBRM) has been openly critical of the adverse impacts of the Assessment Cap.

While a return to market value is the most obvious option, that system had downsides with both predictability and affordability. Many individuals felt that taxes rose without fair warning. It was a regressive system, which often placed relatively high taxes on low income individuals. Under the market value system there was no way for Councils to deal with the sudden spike in taxes that occurred for those whose properties rose quite quickly in value. Even if the Cap was eliminated, a need for some type of "spike" relief may remain, especially where increases in assessment are significant or sudden. This is especially true if the residential real estate market starts to heat up again.

There also may be other alternatives to the Assessment Cap. For instance, other Provinces do not undertake a full update to the assessment roll every year. Rather the roll is updated every three to four years, such as in Saskatchewan and Ontario. The taxes are based on an average of the previous tax roll and the new updated roll. Variations such as this may reduce the "sticker shock" that residents experience when the roll is updated each year. These systems would provide residents with better predictability on their taxes but would also eliminate many of the distortions that are inherent in the Assessment Cap.

Another amendment that might be considered is allowing the Assessment Cap to remain in place for existing homes that have sold. Currently when a house is sold its capped value is adjusted back to the Market Value. This frequently produces an increase in the taxes on that home and can discourage individuals from purchasing an already existing home. A change such as this might help avoid some of the distortions that have occurred due to the Assessment Cap but its economic impact should be studied carefully before being implemented. Another alternative might be extending the Cap to all residential properties (homes sold, renovated, apartments). This would reduce some of the negative impacts of the Cap. Neither of these changes would not have any impact on new home construction. Enhanced low-income assistance programs (ie, tax exemption and deferral) might also be used to offset the impact of any changes to the Cap.

It is also worth noting that Halifax, unlike other municipalities in the Province, has the authority to set policies limiting the increase in taxes payable by different residential taxpayers. Section 97 of the HRM Charter allows Council to limit residential property tax increases to a set percentage. Tools such as this may play a part in a larger solution or a transition to a different system. For instance, on its own accord Council could limit the increase in the tax bill of all homes regardless of whether they are capped or not capped by limiting the increase in assessed values for the purposes of taxes by a set percentage. This would be administratively complex but would eliminate some of the existing distortions. Staff would have to consider if they might modify this approach so it could apply to newly constructed homes.

FINANCIAL IMPLICATIONS

There are no financial implications of this information report.

RISK CONSIDERATION

There are no significant risks associated with recommending that the Province investigate solutions to the unintended consequences of the Assessment Cap. Should the Province decide to alter the Assessment Cap there could be fiscal, economic and other risks that will need to be evaluated

COMMUNITY ENGAGEMENT

There has been no community engagement; however, HRM staff has met with Property Valuation Services Corporation (PVSC), the Association of Municipal Administrators (AMA) and the Union of Nova Scotia Municipalities (UNSM) to compare/confirm facts and figures.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

While there are a number of alternatives to the Assessment Cap, none of these options have been sufficiently developed to present as a workable alternative. Significant direction from Council would be required to develop workable alternatives. Any work undertaken should be in cooperation with the Union of Nova Scotia Municipalities (UNSM) and the Association of Municipal Administrators (AMA).

ATTACHMENTS

- Attachment 1: Provincial CAP Rates, 2002 to 2017
- Attachment 2: Provincial CAP Eligibility Criteria
- Attachment 3: CRA Survey on the CAP, 2014
- Attachment 4: Annual Increase in Residential Assessment Base
- Attachment 5: CAP Impact on Assessment by Dwelling Type
- Attachment 6: CAP Impact on Tax by Dwelling Type
- Attachment 7: Average Taxes 2012-13 to 2016-17
- Attachment 8: 5-Year Trends in Single-Family Home and Apartment Assessments
- Attachment 9: Additional Costs for Home Buyers Charts
- Attachment 10: Residential Assessment Base, Market and Taxable, 2006 to 2016
- Attachment 11: Impact of CAP on Single Family Homes Taxes
- Attachment 12: Household Tenure and Average Household Income
- Attachment 13: Illustrative Example of Capped Assessment system vs Market Value Assessment system

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Provincial CAP Rates, 2002 to 2017

2017 = 1.4%

2016 = 0.3%

2015 = 2.1%

2014 = 0.9%

2013 = 1.4 %

2012 = 3.9 %

2011 = 2.9 %

2010 = 0 %

2009 = 3.4%

2008 = 2.3% *(set to Nova Scotia Consumer Price Index)*

2007 = 10%

2006 = 10%

2005 = 10% *(legislation came into effect, first year program administered)*

2004 = 10%

2003 = 15%

2002 = 15%

Provincial CAP Eligibility Criteria

Eligible

- At least 50% owned by a Nova Scotia resident
- Annual increase in market value greater than the Nova Scotia Consumer Price Index
- Residential property with less than four dwelling units or vacant resource
- Owner occupied condominium
- Manufactured home
- Manufactured home park, co-operative housing, residential or resource portions of commercial farm
- Ownership remained within the family

Not Eligible

- Majority owned by an out of province resident
- Commercial property
- Non-owner occupied condominium
- New construction
- Transfer in ownership during the year, unless to a close family member (spouse, child, grandchild, great-grandchild, parent or grandparent)

Halifax: Capped Assessment Program

TABLE H1:

Do you currently rent or own your home?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
Rent	29	53	25	13	9	27	30	52	15	26	68	28	45	22	61	23	14	100	0
Own	67	43	67	83	89	66	67	38	83	70	26	68	45	75	36	76	82	0	100
Other	4	3	7	4	1	6	2	10	1	3	6	3	10	3	2	1	4	0	0
Don't know	1	1	1	0	1	0	1	0	1	1	0	1	0	1	0	0	0	0	0
WEIGHTED SAMPLE SIZE (#)	400	140	95	53	112	191	209	110	161	129	25	67	49	256	107	72	188	115	267
UNWEIGHTED SAMPLE SIZE (#)	400	134	97	61	108	181	219	47	169	184	26	77	46	248	115	75	174	98	288

TABLE H2:

[IF 'OWN' IN H1] Thinking of property taxes, are you aware of the Capped Assessment Program?

Interviewer note to be read if respondent says 'Don't know': The Capped Assessment Program is a province-wide program that limits annual increases for most homeowners' property assessments to the consumer price index.

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
Yes	69	63	69	66	74	76	63	38	71	80	64	61	67	71	72	62	70	0	69
No	29	37	23	32	26	20	36	52	28	19	36	39	30	26	25	30	30	0	29
Don't know/Not sure	2	0	8	1	0	4	1	10	1	1	0	0	3	3	4	8	0	0	2
WEIGHTED SAMPLE SIZE (#)	267	59	63	44	100	127	140	42	134	91	7	45	22	191	38	54	155	0	267
UNWEIGHTED SAMPLE SIZE (#)	288	70	69	52	97	138	150	23	137	128	8	53	27	198	50	61	155	0	288

HALIFAX URBAN REPORT 3RD QUARTER 2014

Halifax: Capped Assessment Program

TABLE H3:

[DO NOT ASK IF 2/No in H2] Does your current home have a capped assessment for property taxes?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
Yes	68	76	61	53	74	70	66	45	64	80	43	83	73	65	62	69	67	0	68
No	19	17	21	25	17	15	23	19	25	11	0	12	12	21	19	12	21	0	19
Don't know/Not sure	13	7	18	22	9	15	11	37	12	9	57	5	15	13	19	19	11	0	13
WEIGHTED SAMPLE SIZE (#)	190	37	49	30	74	101	89	20	97	73	4	28	16	141	29	38	108	0	190
UNWEIGHTED SAMPLE SIZE (#)	212	51	53	36	72	111	101	11	98	103	5	33	19	153	38	41	115	0	212

TABLE H4a:

[IF 'OWN' OR 'RENT' IN H1] If you were thinking of purchasing a new home, to what extent would each of the following factors impact your decision. Please use a scale of 1 to 10 where one means no impact at all and 10 means a significant impact.

To what extent would the PRICE OF A NEW HOME impact your decision?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
10 - Significant impact	43	45	38	43	44	34	51	42	51	33	37	41	37	45	36	35	52	36	46
9	11	12	9	10	12	12	10	11	13	9	8	6	17	12	8	11	13	8	13
8	16	13	23	18	12	19	13	20	15	13	10	9	19	17	13	23	14	18	14
7	8	5	12	1	11	9	7	6	8	9	7	14	5	7	4	18	6	1	11
6	4	5	2	5	4	6	2	7	1	5	4	3	3	4	8	0	4	6	3
5	5	2	3	6	9	7	3	5	4	4	3	8	3	4	5	2	6	5	4
4	1	3	0	1	0	0	2	3	0	1	14	1	0	0	3	1	0	3	0
3	1	0	3	0	0	1	0	0	1	1	0	3	0	0	2	0	0	2	0
2	1	0	0	0	1	1	0	0	0	2	0	1	0	1	1	0	0	0	1
1 - No impact at all	6	7	4	10	4	7	4	1	4	11	7	6	8	5	6	7	4	6	5
Not applicable	4	8	4	2	1	3	5	3	2	7	8	4	5	4	12	2	0	13	0
Don't know/Not sure	2	1	2	4	2	1	2	0	1	4	2	6	2	1	3	1	1	2	2
WEIGHTED SAMPLE SIZE (#)	382	134	87	51	109	178	204	99	159	124	24	64	44	247	104	71	180	115	267
UNWEIGHTED SAMPLE SIZE (#)	386	130	92	59	105	173	213	43	166	177	24	74	44	242	111	74	170	98	288
% TOP 2 BOX (9-10)	54	57	47	53	57	46	62	54	64	42	45	46	55	57	44	46	65	43	59
% TOP 4 BOX (7-10)	78	75	82	72	80	74	81	79	87	65	62	69	79	81	61	87	85	63	84
% BOTTOM 4 BOX (1-4)	8	10	7	11	5	9	7	5	5	15	21	11	8	6	13	8	5	11	7
MEAN	8.2	8.3	8.2	7.9	8.2	7.8	8.6	8.4	8.6	7.4	7.5	7.8	8.2	8.4	7.7	8.1	8.5	7.9	8.3
MEDIAN	9.0	9.0	8.0	9.0	9.0	8.0	10.0	9.0	10.0	8.0	9.0	9.0	9.0	9.0	9.0	8.0	10.0	9.0	9.0

Responses of Don't know/Not sure and Not applicable are excluded from calculation of the mean & median.

HALIFAX URBAN REPORT 3RD QUARTER 2014

Halifax: Capped Assessment Program

TABLE H4b:

[IF 'OWN' OR 'RENT' IN H1] If you were thinking of purchasing a new home, to what extent would each of the following factors impact your decision. Please use a scale of 1 to 10 where one means no impact at all and 10 means a significant impact.

To what extent would the PROPERTY TAXES ON NEW HOME impact your decision?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
10 - Significant impact	17	18	11	12	23	15	19	10	16	24	29	26	11	14	23	17	13	15	18
9	8	8	10	1	9	6	9	5	9	7	11	5	3	9	9	4	8	7	8
8	19	17	21	26	16	19	19	23	19	15	10	14	33	18	18	18	20	17	20
7	12	9	13	12	15	13	11	9	14	10	7	13	4	13	8	19	11	9	13
6	12	18	8	7	12	11	14	22	12	5	4	12	3	15	4	16	17	13	12
5	12	9	15	15	12	15	10	10	13	13	4	12	27	10	14	6	13	10	13
4	4	4	4	6	4	5	4	6	4	3	14	0	3	4	3	2	6	5	4
3	4	3	8	3	4	8	1	6	5	3	2	1	8	5	1	11	4	1	6
2	2	1	3	4	1	3	1	0	3	2	0	4	0	2	0	3	3	0	3
1 - No impact at all	4	6	2	5	4	3	5	5	2	7	7	5	3	4	6	2	5	6	3
Not applicable	4	7	4	3	1	3	5	3	2	8	8	4	3	4	11	3	0	13	0
Don't know/Not sure	2	1	2	6	0	0	3	0	1	4	4	4	2	1	2	0	0	3	1
WEIGHTED SAMPLE SIZE (#)	382	134	87	51	109	178	204	99	159	124	24	64	44	247	104	71	180	115	267
UNWEIGHTED SAMPLE SIZE (#)	386	130	92	59	105	173	213	43	166	177	24	74	44	242	111	74	170	98	288
% TOP 2 BOX (9-10)	25	25	21	13	32	21	28	15	25	31	40	32	14	23	32	20	21	22	26
% TOP 4 BOX (7-10)	55	51	54	52	63	52	57	48	59	56	57	58	51	54	59	57	52	48	58
% BOTTOM 4 BOX (1-4)	15	14	17	18	13	20	10	17	14	14	23	10	14	16	10	17	18	13	16
MEAN	6.8	6.8	6.6	6.4	7.1	6.5	7.1	6.5	6.9	7.0	7.2	7.2	6.5	6.7	7.3	6.7	6.5	6.8	6.8
MEDIAN	7.0	7.0	7.0	7.0	7.0	7.0	8.0	6.0	7.0	8.0	8.0	7.0	7.0	7.0	8.0	7.0	7.0	7.0	7.0

Responses of Don't know/Not sure and Not applicable are excluded from calculation of the mean & median.

HALIFAX URBAN REPORT 3RD QUARTER 2014

Halifax: Capped Assessment Program

TABLE H4c:

[IF 'OWN' OR 'RENT' IN H1] If you were thinking of purchasing a new home, to what extent would each of the following factors impact your decision. Please use a scale of 1 to 10 where one means no impact at all and 10 means a significant impact.

To what extent would the AVAILABILITY OF HOMES FOR SALE IN YOUR DESIRED LOCATION impact your decision?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
10 - Significant impact	21	23	18	22	20	19	23	24	17	24	16	24	29	19	23	14	24	20	22
9	15	18	11	15	14	11	18	20	17	7	3	8	6	19	7	16	19	16	14
8	20	16	26	21	18	21	19	15	27	15	8	18	14	22	13	35	18	13	22
7	11	7	15	7	13	15	6	10	12	9	11	10	14	10	11	8	11	6	12
6	7	6	10	7	7	6	8	10	7	5	0	4	14	7	6	5	9	7	7
5	10	10	9	7	13	13	8	10	8	13	41	15	4	7	15	7	8	13	9
4	3	4	0	2	4	4	2	6	2	1	2	2	0	3	1	4	5	2	
3	0	0	0	2	1	0	0	0	1	1	0	0	2	0	0	1	1	0	1
2	1	0	1	2	2	1	1	0	3	0	0	2	3	1	1	1	2	0	2
1 - No impact at all	6	7	3	10	5	7	5	1	4	12	8	7	9	5	7	8	4	5	6
Not applicable	4	7	4	2	1	2	6	3	2	8	8	4	3	4	11	2	0	13	0
Don't know/Not sure	2	2	3	4	2	1	3	0	1	6	4	7	4	1	5	0	0	3	2
WEIGHTED SAMPLE SIZE (#)	382	134	87	51	109	178	204	99	159	124	24	64	44	247	104	71	180	115	267
UNWEIGHTED SAMPLE SIZE (#)	386	130	92	59	105	173	213	43	166	177	24	74	44	242	111	74	170	98	288
% TOP 2 BOX (9-10)	36	41	29	37	34	30	41	44	34	31	19	32	35	38	31	31	43	35	36
% TOP 4 BOX (7-10)	66	64	70	64	66	66	66	69	73	54	38	60	63	70	54	74	72	55	71
% BOTTOM 4 BOX (1-4)	10	11	4	16	11	12	9	7	9	14	10	11	13	10	8	12	11	10	11
MEAN	7.3	7.4	7.5	7.1	7.2	7.1	7.6	7.7	7.4	6.9	6.2	7.2	7.2	7.5	7.2	7.3	7.5	7.3	7.4
MEDIAN	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	5.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0

Responses of Don't know/Not sure and Not applicable are excluded from calculation of the mean & median.

HALIFAX URBAN REPORT 3RD QUARTER 2014

Halifax: Capped Assessment Program

TABLE H4d:

[IF 'OWN' IN H1] If you were thinking of purchasing a new home, to what extent would each of the following factors impact your decision. Please use a scale of 1 to 10 where one means no impact at all and 10 means a significant impact.

To what extent would the PROPERTY ASSESSMENT CAP ON YOUR CURRENT HOME impact your decision?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
10 - Significant impact	10	7	4	9	15	7	12	5	6	18	21	20	15	6	25	8	7	0	10
9	3	2	3	4	2	1	4	0	3	4	13	0	3	3	2	4	2	0	3
8	11	14	13	8	10	13	9	3	12	13	27	10	6	11	19	16	8	0	11
7	11	5	15	13	11	9	13	12	14	7	0	13	9	11	4	12	13	0	11
6	6	7	8	4	6	6	6	4	9	3	15	8	8	6	0	10	7	0	6
5	17	19	14	14	19	17	17	16	17	18	9	17	18	17	23	16	16	0	17
4	4	3	11	1	2	5	4	14	3	2	0	0	0	6	2	9	4	0	4
3	4	2	7	0	4	5	2	0	6	2	0	0	6	4	1	3	5	0	4
2	6	8	4	11	4	7	5	5	8	4	0	7	7	6	4	4	8	0	6
1 - No impact at all	17	12	15	17	20	21	13	19	17	15	0	9	22	18	8	15	19	0	17
Not applicable	3	9	1	3	2	6	1	9	1	4	0	2	0	4	2	1	3	0	3
Don't know/Not sure	8	14	5	15	4	4	12	13	6	10	15	15	7	7	10	3	8	0	8
WEIGHTED SAMPLE SIZE (#)	267	59	63	44	100	127	140	42	134	91	7	45	22	191	38	54	155	0	267
UNWEIGHTED SAMPLE SIZE (#)	288	70	69	52	97	138	150	23	137	128	8	53	27	198	50	61	155	0	288
% TOP 2 BOX (9-10)	12	9	8	13	17	8	16	5	8	22	34	20	18	9	27	11	10		12
% TOP 4 BOX (7-10)	34	28	35	35	38	30	38	19	34	41	62	43	32	32	50	40	31		34
% BOTTOM 4 BOX (1-4)	30	24	37	29	31	37	24	38	33	24	0	16	34	34	15	30	35		30
MEAN	5.3	5.3	5.2	5.2	5.4	4.9	5.7	4.4	5.1	5.9	8.0	6.3	5.1	5.0	6.7	5.5	4.9		5.3
MEDIAN	5.0	5.0	5.0	5.0	5.0	5.0	6.0	5.0	5.0	6.0	8.0	7.0	5.0	5.0	8.0	6.0	5.0		5.0

Responses of Don't know/Not sure and Not applicable are excluded from calculation of the mean & median.

HALIFAX URBAN REPORT 3RD QUARTER 2014

Halifax: Capped Assessment Program

TABLE H4e:

[IF 'OWN' IN H1] If you were thinking of purchasing a new home, to what extent would each of the following factors impact your decision. Please use a scale of 1 to 10 where one means no impact at all and 10 means a significant impact.

To what extent would the MARKET VALUE OF YOUR CURRENT HOME impact your decision?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
10 - Significant impact	26	22	21	27	32	23	29	15	28	29	17	28	31	26	27	25	26	0	26
9	14	20	16	12	9	10	17	11	17	10	13	11	0	16	8	12	16	0	14
8	24	24	28	28	20	28	21	28	26	19	15	16	25	26	25	27	23	0	24
7	8	4	12	13	5	9	7	12	8	6	15	6	0	9	5	16	7	0	8
6	7	2	13	2	7	5	8	17	5	4	0	6	12	7	6	5	8	0	7
5	9	17	2	6	10	11	7	8	7	11	27	11	16	7	4	6	11	0	9
4	0	0	2	0	0	1	0	0	1	0	0	0	0	1	0	0	1	0	0
3	2	4	1	1	2	3	1	5	1	2	0	1	0	3	3	2	2	0	2
2	1	3	1	0	1	1	2	3	0	3	0	2	0	1	1	1	2	0	1
1 - No impact at all	6	3	2	6	10	6	6	0	6	9	0	11	12	4	9	6	4	0	6
Not applicable	0	0	1	1	0	1	0	0	0	1	0	1	0	0	1	0	0	0	0
Don't know/Not sure	2	1	1	5	2	1	3	0	1	6	13	7	4	0	11	0	1	0	2
WEIGHTED SAMPLE SIZE (#)	267	59	63	44	100	127	140	42	134	91	7	45	22	191	38	54	155	0	267
UNWEIGHTED SAMPLE SIZE (#)	288	70	69	52	97	138	150	23	137	128	8	53	27	198	50	61	155	0	288
% TOP 2 BOX (9-10)	40	42	37	39	41	34	46	26	45	40	30	39	31	42	36	37	42	.	40
% TOP 4 BOX (7-10)	72	69	77	80	67	70	74	67	79	64	60	61	56	77	65	80	72	.	72
% BOTTOM 4 BOX (1-4)	10	10	6	7	14	11	8	8	8	14	0	14	12	9	13	9	9	.	10
MEAN	7.6	7.4	7.8	7.9	7.3	7.3	7.8	7.3	7.8	7.3	7.4	7.1	7.0	7.7	7.4	7.6	7.6	.	7.6
MEDIAN	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	.	8.0

Responses of Don't know/Not sure and Not applicable are excluded from calculation of the mean & median.

HALIFAX URBAN REPORT 3RD QUARTER 2014

Halifax: Capped Assessment Program

TABLE H5a:

[IF 'OWN' IN H1] Thinking specifically of property tax, has paying higher property taxes on a new home ever prevented you from considering selling your current home and purchasing a new one?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
Yes	20	15	27	23	18	21	20	8	21	24	34	32	16	17	21	24	18	0	20
No	76	85	64	73	79	75	76	82	74	75	66	65	80	78	72	67	80	0	76
Don't know/Not sure	4	0	9	4	3	4	4	10	4	1	0	3	4	5	7	9	1	0	4
WEIGHTED SAMPLE SIZE (#)	267	59	63	44	100	127	140	42	134	91	7	45	22	191	38	54	155	0	267
UNWEIGHTED SAMPLE SIZE (#)	288	70	69	52	97	138	150	23	137	128	8	53	27	198	50	61	155	0	288

TABLE H5b:

[IF 'OWN' IN H1] Thinking specifically of property tax, has the prospect of losing your property assessment cap ever prevented you from considering selling your current home and purchasing a new one?

	OVERALL %	COMMUNITY				GENDER		AGE			EDUCATION				HOUSEHOLD INCOME			HOME OWNERSHIP	
		HFX	DART	BED/ SACK	OTHER HRM	M	F	18-34	35-54	55+	L.T. H.S.	Grad H.S.	Some P.S.	Grad P.S.	< \$50K	\$50K- \$74.9K	\$75K+	Rent	Own
Yes	13	10	11	23	11	13	13	8	12	16	15	14	12	12	12	12	12	0	13
No	77	72	78	67	84	75	79	60	81	79	85	80	81	76	73	78	79	0	77
Don't know/Not sure	10	19	11	10	5	12	9	33	7	5	0	6	6	12	15	11	9	0	10
WEIGHTED SAMPLE SIZE (#)	267	59	63	44	100	127	140	42	134	91	7	45	22	191	38	54	155	0	267
UNWEIGHTED SAMPLE SIZE (#)	288	70	69	52	97	138	150	23	137	128	8	53	27	198	50	61	155	0	288

HALIFAX

Capped Assessment Program Urban Results August 2014

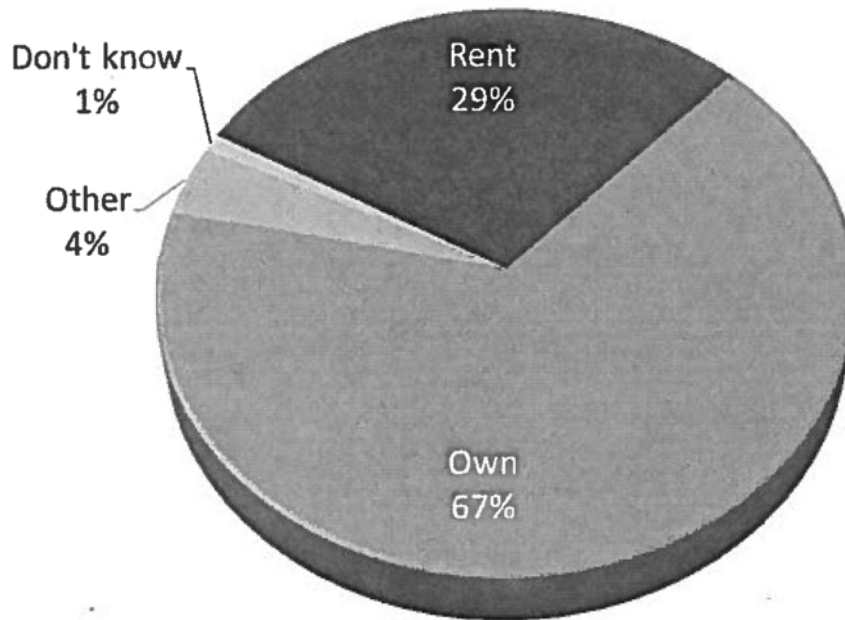
Study Methodology

- Halifax commissioned Corporate Research Associates (CRA) to conduct public opinion research of adult Halifax residents in Q3 2014. CRA included questions on the Halifax Urban Report[®] survey for a total of 400 telephone interviews with adult residents, 18 years of age or older.
- Results for third quarter 2014 were collected between July 22 to August 21, 2014.
- The overall results are accurate to within ± 4.9 percentage points, 95 out of 100 times.

Rent or Own Home?

Rent or Own?

- 2/3 of those surveyed own their own home (and were asked subsequent questions).
- Renting more prevalent in Halifax (53%) compared with Dartmouth (25%), Bedford/Sackville (13%) or other areas (9%).

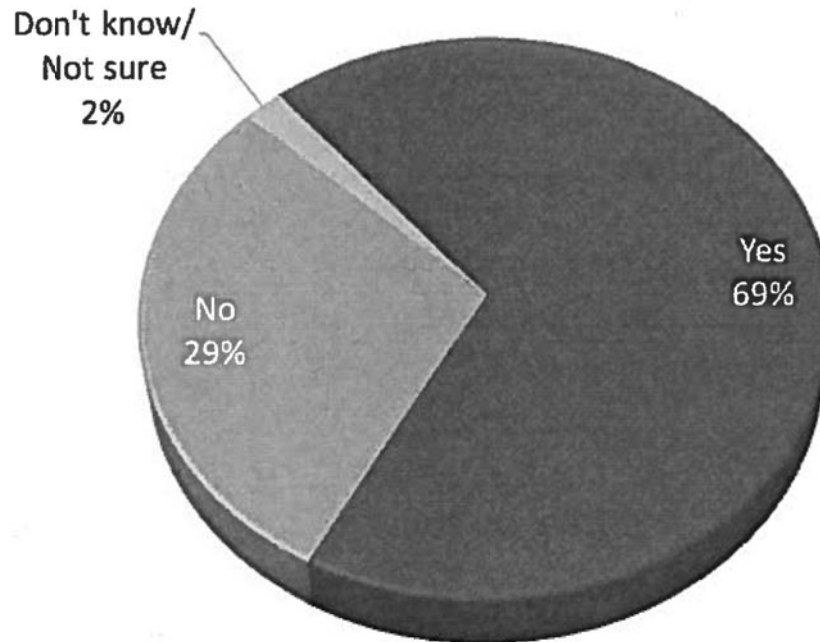


Q.H1: Do you currently rent or own your home? (n=400)

Capped Assessment Program Awareness

Aware of Capped Assessment Program Among Homeowners

- Awareness of the program is similar across all communities, though there is notably higher awareness among older homeowners compared with younger homeowners.



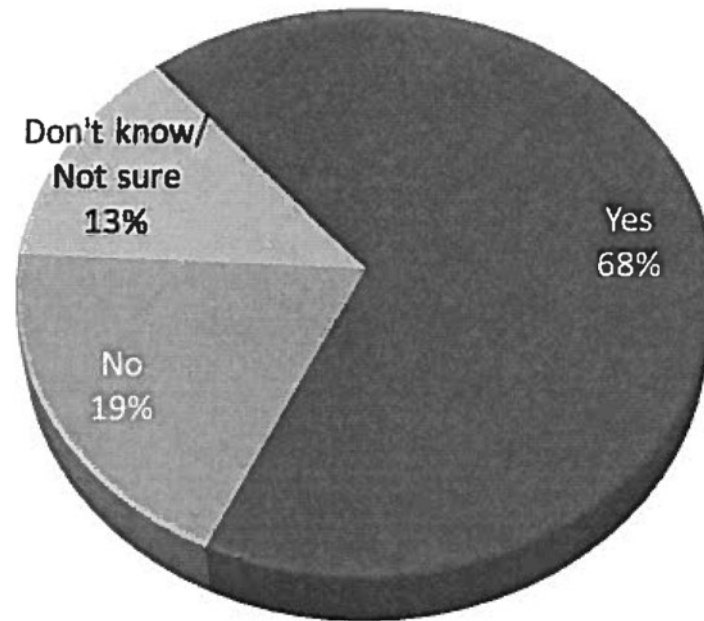
Q.H2: [IF 'OWN' IN H1]Thinking of property taxes, are you aware of the Capped Assessment Program? *Interviewer note to be read if respondent says don't know:* The Capped Assessment Program is a province-wide program that limits annual increases for most homeowners' property assessments to the consumer price index. (n=288)

Capped Assessment Program Participation

Current Home Has a Capped Assessment for Property Taxes

Among Those Aware of the Capped Assessment Program

• 2/3 of those surveyed believe their home has a capped assessment, while two in ten do not. Just over one in ten is unsure.



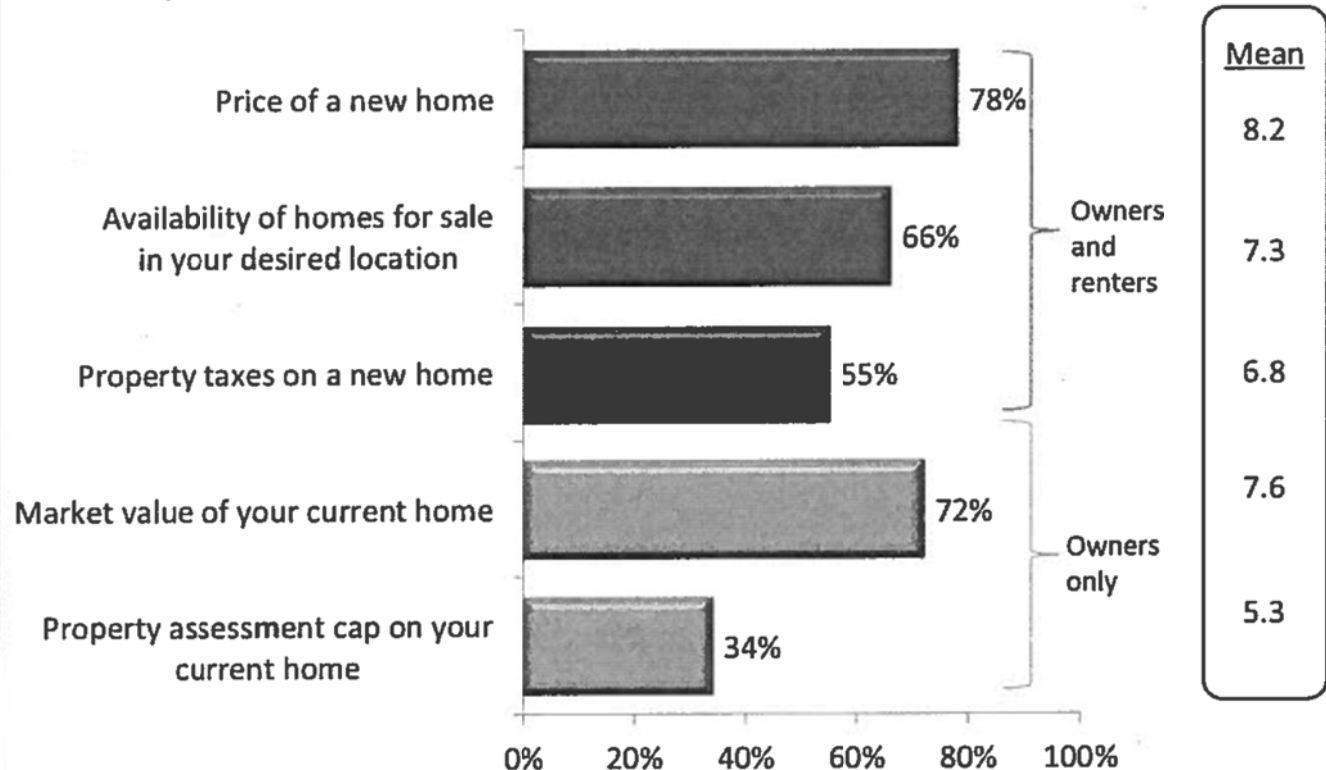
Q.H3: [DO NOT ASK IF 2/NO IN H2] Does your current home have a capped assessment for property taxes? (n=212)

Importance of Factors

- Price of a new home and market value of their current home are deemed to have the most impact in deciding to purchase a new home.
- Property assessment cap is not felt to have nearly the same impact as other factors.
- The perceived impact of the property assessment cap decreases with higher incomes, but rises with age.

Impact of Factors on Decision to Purchase a Home

Top 4 Box on a Scale of 1-10, Where 1='No impact' and 10 = 'Significant impact'



Q.H4: (IF CODE 1 IN H1 (RENT), ONLY ASK H4 a-c. IF CODE 2 (OWN) ASK H4a-e.) If you were thinking of purchasing a new home, to what extent would each of the following factors impact your decision. Please use a scale of 1 to 10 where one means no impact at all and 10 means a significant impact. To what extent would the...impact your decision? (n=288-386)

Impact of Property Tax on Buying/Selling a Home

Property Tax

- Property tax considerations have prevented only a minority of homeowners from considering selling their home and purchasing a new one.



% Saying 'Yes'

Has paying higher property taxes on a new home ever prevented you from considering selling your current home and purchasing a new one?

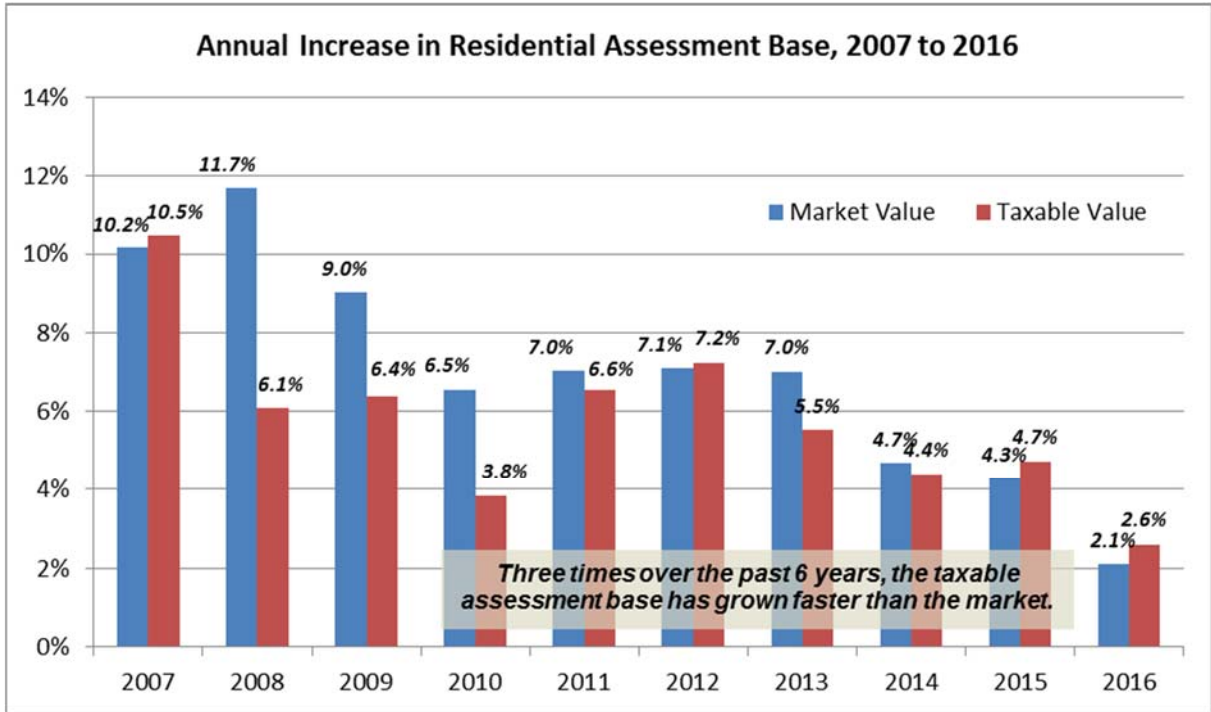


% Saying 'Yes'

Has the prospect of losing your property assessment cap prevented you from considering selling your current home and purchasing a new one?

Q.H5a-b: [DO NOT ASK IF CODE 1,3 OR 4 IN H1.]Thinking specifically of property tax, a) Has paying higher property taxes on a new home ever prevented you from considering selling your current home and purchasing a new one? b) Has the prospect of losing your property assessment cap ever prevented you from considering selling your current home and purchasing a new one? (n=288)

Annual Increase in Residential Assessment Base



CAP Impact on Assessment by Dwelling Type

The "CAP Impact" is a measure of how much the Taxable Assessment is less than the Market Assessment for the same tax year. If no properties are capped, the CAP Impact will be 0%.

The table below shows impacts, for Residential and Resource properties sorted by number of dwelling units (DUs) You can see that apartments (4+ dwelling units) and resource properties are disadvantaged by the CAP, i.e. their assessments are not reduced as much as other residential properties.

Dwelling Type	# Properties	# Dwellings	Market Asses't	Taxable Asses't	CAP Impact
Vacant Land	15,510	0	1,240,884,200	1,097,167,900	11.6%
SFH	118,151	118,151	30,748,609,600	26,749,809,500	13.0%
2 to 3 DU	7,112	15,207	2,243,877,200	1,933,742,000	13.8%
4+ DU	2,216	58,308	5,334,836,000	5,325,232,800	0.2%
All Resid'l	142,989	191,666	39,568,207,000	35,105,952,200	11.3%
All Resource	8,530		281,976,000	256,922,000	8.9%
All Res/Res	151,519		39,850,183,000	35,362,874,200	11.3%

Looking at the average assessments per dwelling unit, more details can be looked into. In the table below, condos owners are disadvantaged by the CAP, while mobile home residents benefit more than most other homeowners.

<u>Specific Dwelling Type</u>	# Dwellings	Avg Mkt Asses	Avg Txbl Asses	CAP Impact
All Single-Family Homes	118,151	260,248	226,404	13.0%
Condominiums	10,427	247,524	229,411	7.3%
Mobile Homes in Parks	3,661	57,632	45,424	21.2%
Mobile Homes not in Parks	1,359	88,511	68,107	23.1%
All Apartments (per DU)	58,308	91,494	91,329	0.2%

Cap Impact on Tax by Dwelling Type

Residential Property Types	# Properties	Total # Dwellings	Avg CAP Impact
Vacant Land	15,510	n/a	-\$3 per property
Single-Family Homes	118,151	118,151	-\$53 per dwelling
2 to 3 dwelling units	7,112	15,207	-\$44 per dwelling
4+ dwelling units (apts)	2,216	58,308	+\$118 per dwelling
Resource properties	8,530	n/a	+\$9 per property
	# Homes	Avg Market Assessment	Avg CAP Impact (per home)
Mobile Homes in Parks	3,661	\$57,632	-\$67
Mobile Homes not in Parks	1,359	\$88,511	-\$122
Low-assessed Homes	23,637	\$105,151	-\$54
Mid-assessed Homes	23,636	\$233,255	-\$55
High-assessed Homes	23,613	\$483,237	-\$58
"Capped" Homes	98,344	\$264,294	-\$127
"Uncapped" Homes	19,807	\$240,162	+\$316
Condominiums	10,427	\$247,524	+\$114

Average Taxes 2012-13 to 2016-17

Average Taxes - 2012-13 to 2016-17

Homes Continuously Capped vs Those Uncapped in at least One Year

	<u>%</u>	<u>2012-13</u>	<u>2016-17</u>	<u>Change \$</u>	<u>Change %</u>
Homes Capped in All Five Years	71.0%	\$1,697	\$1,750	\$54	3.2%
Homes Uncapped in at least one of the five years	25.2%	\$1,699	\$1,957	\$258	15.2%
New Homes	3.7%		\$2,774		

5-Year Trends in Single-Family Home and Apartment Assessments

All Single-Family Homes

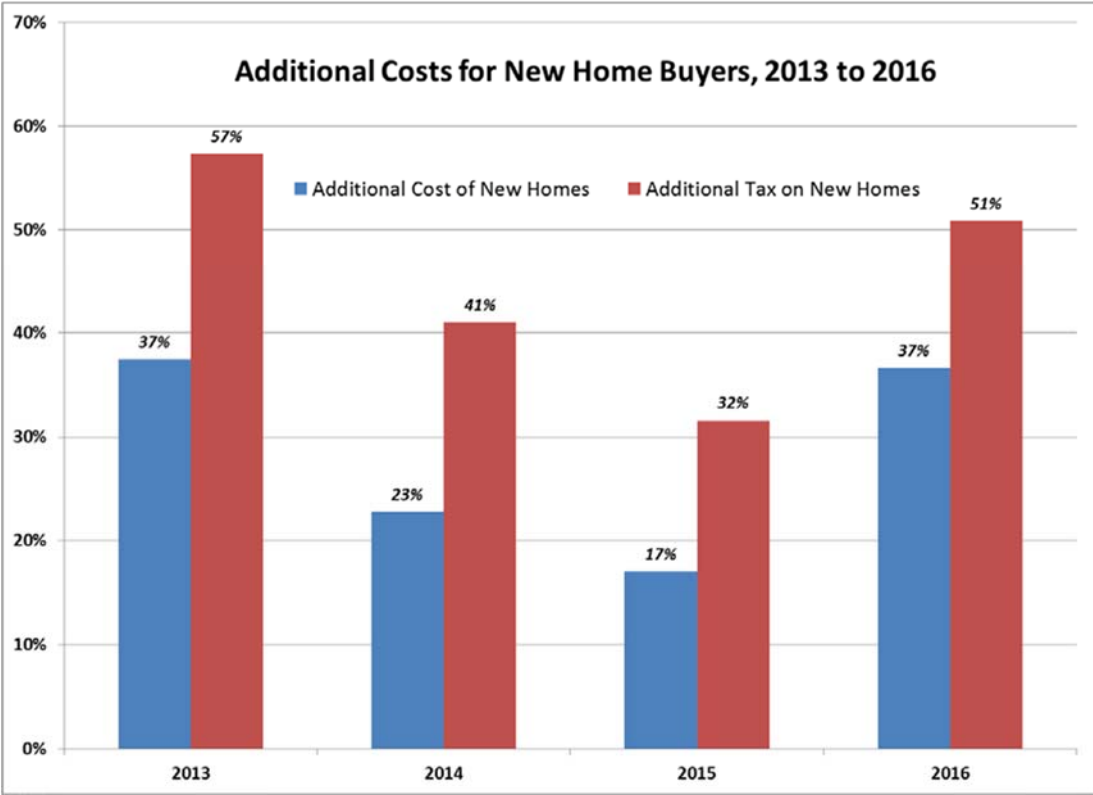
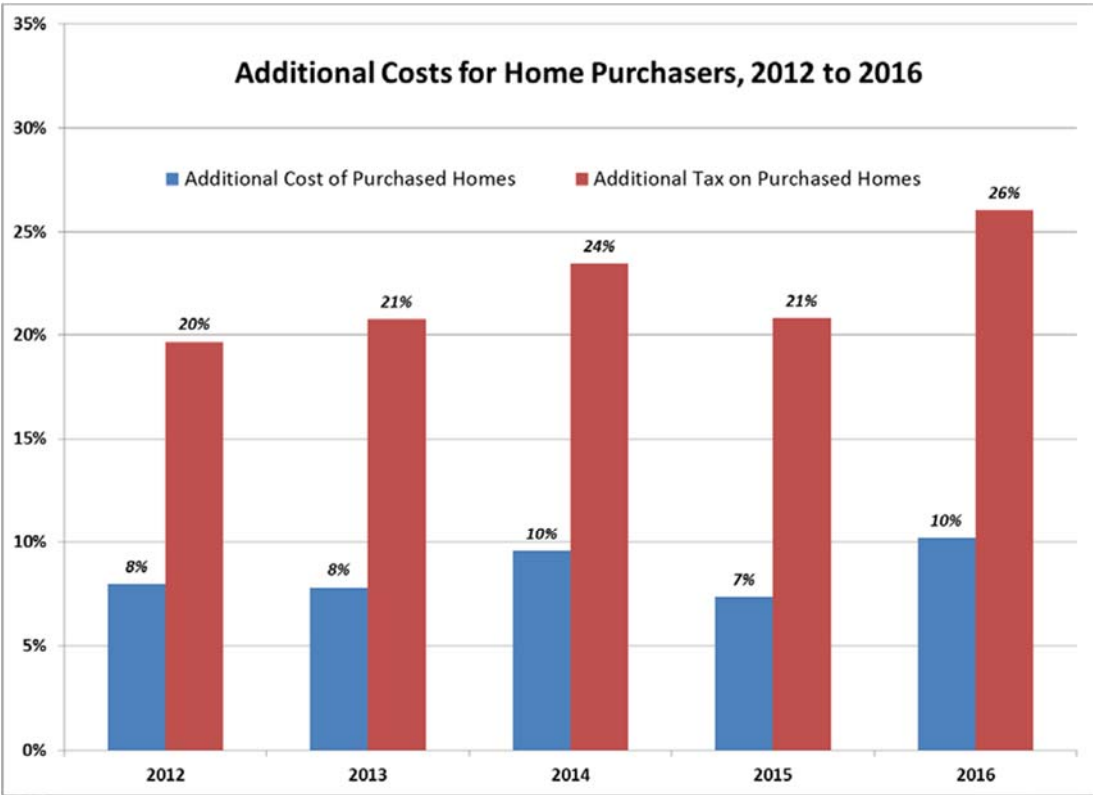
	Mkt Asses't	Avg Asses't	Urban Rate	Avg Tax	change
2011	\$219,675	\$192,706	\$1.286	\$2,478	
2012	\$231,177	\$203,537	\$1.238	\$2,520	1.7%
2013	\$243,873	\$211,201	\$1.228	\$2,594	2.9%
2014	\$251,355	\$216,768	\$1.211	\$2,625	1.2%
2015	\$258,190	\$223,578	\$1.214	\$2,714	3.4%
2016	\$260,248	\$226,404	\$1.208	\$2,735	0.8%
<i>Incr.</i>	18.5%	17.5%		5-Yr Total:	10.4%

All Apartments (4+ Units)

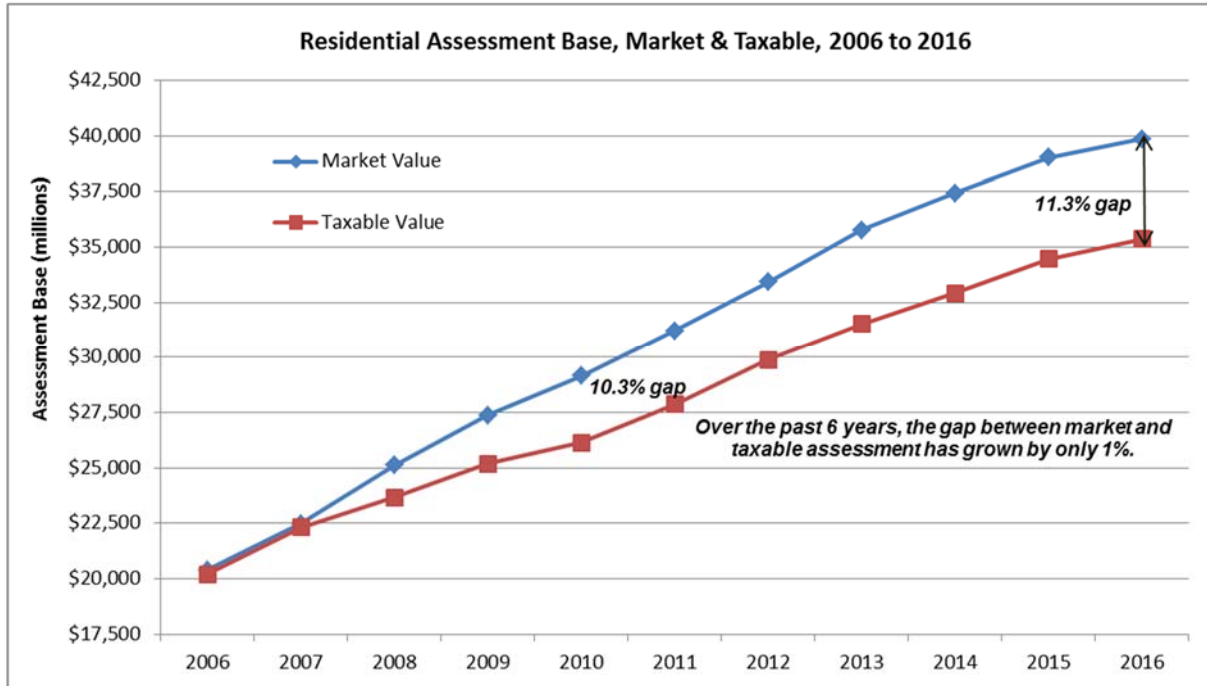
	Mkt Asses't	Avg Asses't	Urban Rate	Avg Tax	change
2011	\$65,811	\$65,751	\$1.286	\$845	
2012	\$71,115	\$71,047	\$1.238	\$880	4.0%
2013	\$76,217	\$76,144	\$1.228	\$935	6.3%
2014	\$81,051	\$80,949	\$1.211	\$980	4.8%
2015	\$86,812	\$86,679	\$1.214	\$1,052	7.3%
2016	\$91,494	\$91,329	\$1.208	\$1,103	4.8%
<i>Incr.</i>	39.0%	38.9%		5-Yr Total:	30.5%

Note: "Urban Rate" is the overall tax rate paid by most urban residential property owners. It includes the Urban General, Transit, Hydrant, Mandatory Provincial and Supplementary Education rates.

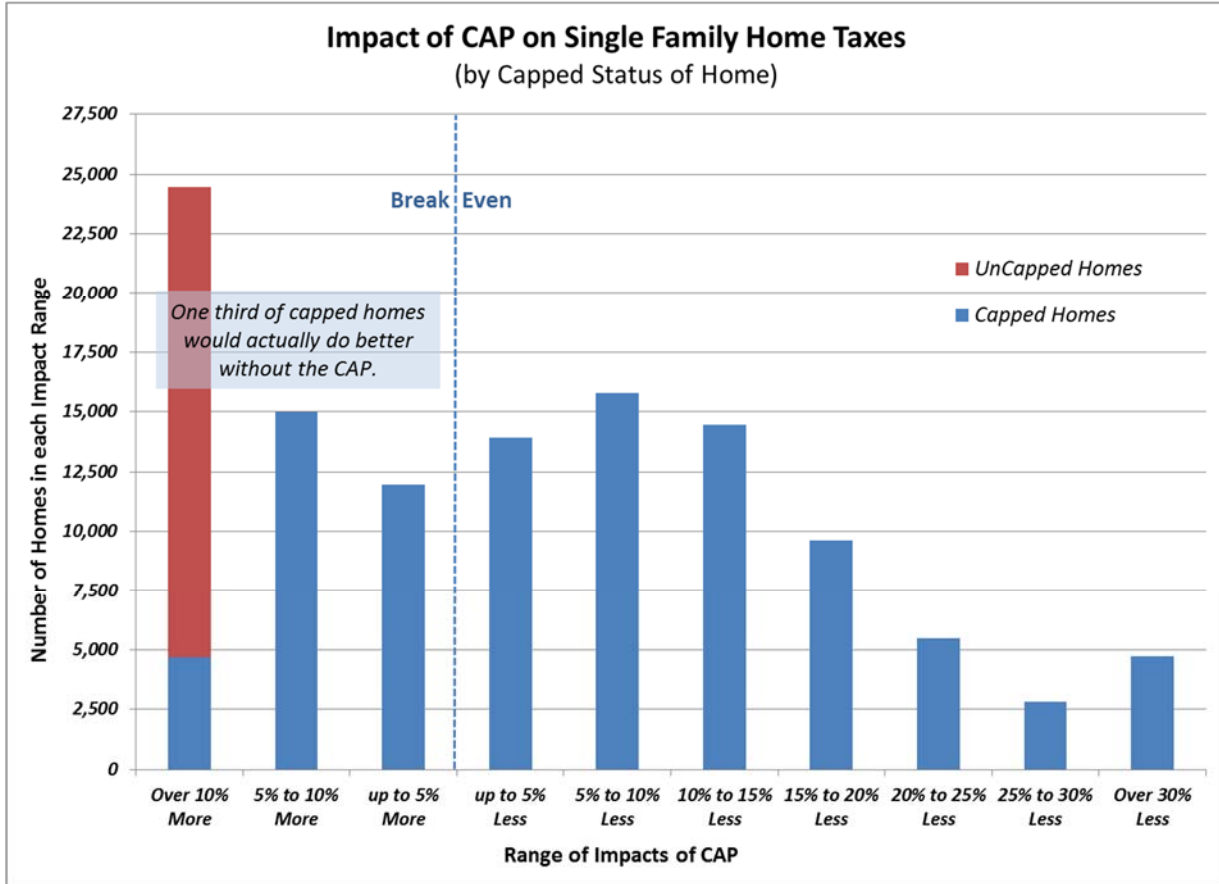
Additional Costs for Home Buyers Charts



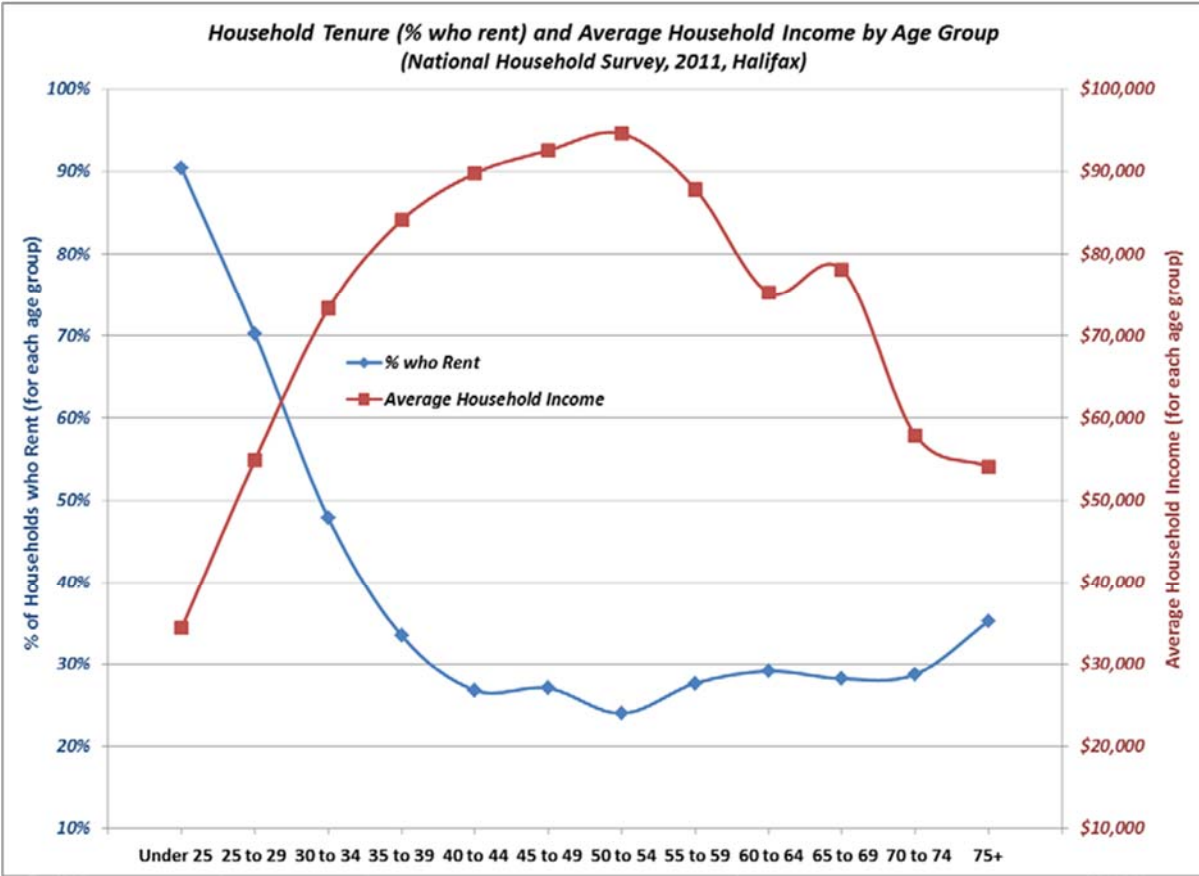
Residential Assessment Base, Market and Taxable, 2006 to 2016



Impact of CAP on Single Family Home Taxes



Household Tenure and Average Household Income



Illustrative Example of Capped Assessment system
vs Market Value Assessment system

Consider the following fictional example of six homes with values that range from 90,900 to 99,000. Each home grows anywhere from 1% to 10%, giving all of them an identical value of \$100,000 and a tax bill of \$1,050 for a total municipal tax bill of \$6,300. However, suppose a 2% assessment cap existed. That means that the value of capped homes could not rise (for tax purposes) more than 2%. For the municipality to still raise \$6,300 it would have to increase its tax rate. The increase in that tax rate drives up taxes on those homes that were not capped plus (ironically) on some of the capped homes that did not have large increases in their value. The net impact is that the municipality raises the same amount of taxes but some homes pay higher taxes and some pay less. Yet in this example each of the six homes is actually worth \$100,000.

Example of Six Homes, each worth \$100,000

	Home Value	Increase		Market Value	Tax on Market	Capped Value 2%	Tax on Cap	Tax Difference
Home 1 - Capped	99,000	+	1%	= 100,000	tax = 1,050	100,000	tax = 1,066	Costs > 16
Home 2 - Not Capped	99,000	+	1%	= 100,000	tax = 1,050	100,000	tax = 1,066	Costs > 16
Home 3 - Capped	96,200	+	4%	= 100,000	tax = 1,050	98,100	tax = 1,046	Saves > -4
Home 4 - Not Capped	96,200	+	4%	= 100,000	tax = 1,050	100,000	tax = 1,066	Costs > 16
Home 5 - Capped	90,900	+	10%	= 100,000	tax = 1,050	92,700	tax = 989	Saves > -61
Home 6 - Not Capped	90,900	+	10%	= 100,000	tax = 1,050	100,000	tax = 1,066	Costs > 16
Total	572,200		5.0%	600,000	6,300	590,800	6,300	0
Tax Rate					1.05%		1.07%	

Note: Numbers rounded for simplicity