

# PROPERTY TAX CASE STUDY ACCESSING SAVINGS

## Our Client's Challenge

Our client, a local developer, was willing to take on a challenge. He acquired a prime piece of development land on a high traffic corridor in the Halifax Regional Municipality. He had the vision to see the site's potential, the marketing skills to sell the development to potential tenants, and the expertise to develop the land into a first class retail property ... but when transportation officials placed restrictions on how the site could be accessed, he had a problem. His development stalled, his tenants moved on, and he was left with the challenge of convincing the assessment authority that the value of his site had declined dramatically since his acquisition.

Assessors are amenable to making changes in assessments provided they are given objective criteria to do so, but the ultimate burden of proving that an assessment is incorrect, rests with the party appealing. In this case, the owner had to show that the access restrictions had impaired the site. The onus was squarely on his shoulders to qualify the loss in value. For the majority of property owners in the Province, this is an impossible task. Nova Scotia is the only Province in Canada that does not allow the public access to property selling prices, leaving the owner without the evidence required to prove his case.

## Turner Drake's Approach

Turner Drake's Property Tax Division was up to the task. To support a reduction, we deduced that the assessor would need a framework, founded on valuation theory and direct market evidence, to quantify the impairment in value. We determined that that framework was a paired sales analysis. The theory was straightforward: compile a database of lot sales with access restrictions similar to the subject property, and then compare their discounted prices to sales of lots without such access restrictions. To assemble the data, Turner Drake turned to their Compuval™ transactional database. Sales comparables were retrieved, analysed, and provided to the assessor (complete with aerial photos showing the lot boundaries, configuration, and their relationship with the surrounding road networks giving the assessor a visual understanding of the access restrictions), providing him with an objective criteria for adjusting the value.

## Winning Results

**Based on the objective criteria provided, the assessor was willing to reduce the assessment from \$517,400 to \$330,500 reducing the owner's tax burden by 36%.**

