



Municipal Assessment Agency Inc. Report to Stakeholders

October 6, 2016 – 2:00 pm to 3:00 pm
Bowring Room 4 - St. John's Convention Centre
101 New Gower Street, St. John's, NL

1. Call to Order

Chairperson Dean Ball called the meeting to order at 2:00 p.m. He welcomed everyone and reviewed the agenda.

It was **moved by Bob Hobbs; seconded by Dave Blundon** to adopt the agenda. **Motion carried.**

2. Introduction of Board of Directors and Staff

The Chair introduced the Board of Directors and staff of the Municipal Assessment Agency.

Attendees

Mayor Dean Ball, Deer Lake
Western Director/Board Chair

Mayor Elizabeth Moore, Clarke's Beach
Avalon Director/Vice-Chair

Mayor Paul Pike, St. Lawrence
Eastern Director

Mayor Bob Hobbs, Bishop's Falls
Central Director

Councillor Deb Barney, L'Anse au Loup
Labrador Director

Mayor Dale Colbourne, St. Lunaire-Griquet
MNL Representative

Vida Greening, Town Clerk/Manager, Port Blandford
PMA Representative

Dave Blundon, Gander
Taxpayer Representative

Staff

Sean Martin
Executive Director/CEO

Jennifer Quilliam
Manager of Financial Operations

Catherine Morgan
Executive Assistant

Don Hearn
Director, Valuation Services

Wayne Rossiter
Manager, Residential Valuation

Terry Peckham
Residential Manager

Sara LeDrew
Residential Assessor

Rebecca Skanes
Administrative Clerk

Regrets:

Councillor Peggy Roche, Torbay
Urban Director

Dave Denine, Mount Pearl
Taxpayer Representative

3. Minutes of November 5, 2015

The minutes of November 5, 2015 were emailed to client municipalities and additional copies on hand. The Chair offered delegates an opportunity to review the minutes and asked if there were any issues, errors or omissions. None were raised.

It was **moved by Dave Blundon, seconded by Karen Oldford** to approve the minutes of November 5, 2015. **Motion carried.**

4. Business Arising

The Chair informed delegates that under the Corporation's Act, the only shareholder of the Agency is the Minister of Municipal and Intergovernmental Affairs.

5. Presentation of Operations Report

Audited Financial Statements for Year-End March 31, 2016 have been posted on the Agency's website: <http://www.maa.ca>.

Electronic copies of the 2015-16 Annual Report will be forwarded to client municipalities and posted to the Agency's website once tabled in the House of Assembly.

Mr. Sean Martin, Executive Director/CEO, presented the Agency's 2015-16 Operational Report. Highlights as follows:

- Reassessment Results / Taxation Impact - Residential
- Assessment Appeals / Appeal Results
- New Construction / Renovations / Site Reviews
- Financial / Revenues / Expenses
- Looking Forward / Legislative Review / Staffing / Current Market

The Agency's CEO responded to the following questions.

1. Ken Hoyles, Deputy Mayor – Town of New-Wes Valley

Q1: The low 4.2% appeal rate is most likely due to the fact that people are afraid to file an appeal as the general consensus is their assessments will increase. Please explain why assessments are still going up when housing values are down?

A1: To clarify, it was a 2% appeal rate overall. MAA doesn't have information as to why people didn't file an appeal; therefore, cannot comment. The Agency's goal when assessing properties is to not increase or reduce but ensure information is accurate. With respect to potential decline, MAA is currently tied to the legislation market base date of 2014. The Agency doesn't have the measures that say values are down but does see a slowing market. MAA will commence that analytical work in the next coming months.

Q2: Will next year's assessments be based on the \$547M as noted under New Construction & Renovation for 2016?

A2: The \$547M just indicates a rate of growth and that growth in the province is slower, not that the province is declining. There is less new construction and renovation taking

place in the province which has nothing to do with whether values are up or not; it just has to do with whether or not people are building. The values may very well be down next year but the Agency has to wait and see what those results will be.

2. **Rob Tizzard, Councillor - Town of Pouch Cove**

Q1: With respect to the average reduction on reassessment, please explain why one slide indicates 8.5% whereas a subsequent slide references 11%?

A1: To clarify, the 8.59% is the average reduction on appeal and the decrease for those that went down was about 11%.

Q2: The financial graph indicates that expenses actually outweigh revenue. Under salaries and benefits, is the \$372K and \$263K in addition to the \$4.07M?

A2: Yes, but that is just highlights and does not include everything. In reality, the other numbers are now much smaller and were broken down in the Agency's full financial statements which were sent to client municipalities several months ago.

Q3: The Agency currently has 58 staff. Is the average salary \$71,000 per person?

A3: No, the salary also includes the benefits package (i.e. pension contributions, etc.).

Q4: When MAA talks about the increase in dollar value and reduction in the mil rate, it is important to understand that councils had to shoulder that responsibility on behalf of their residents. How can the Agency consider that a success on their end?

A4: There was a lot of concern regarding the assessments and it was essentially feedback to help councils determine what they had to do in order to manage that process.

3. **Peter Petipas, Councillor – Town of Whitbourne**

Q1: The Town of Whitbourne was inundated with calls from concerned residents up to two months after the initial assessments came out last year. This created a huge problem as it tied up valuable resources, delayed work, and ultimately cost the town more money. How can municipalities and MAA work together to resolve this?

A1: The Agency received thousands of calls but acknowledge that residents still want to talk to the local person. The challenge, however, is that the town only has half the information so it's very important that property owners contact MAA directly. This message is reiterated during training sessions, on the assessment notice, and on the insert that accompanies the notice. This is an opportunity for the Agency to work in partnership with municipalities to ensure all calls get directed to MAA, ensure Agency staff is responsive, and MAA is seen as the front line people.

4. **Derm Flynn, Mayor - Town of Appleton**

Q1: Many towns, including Appleton, are seeing that construction is down on both the business and residential side. If new construction is down, demands on the Agency should also be down which should generate savings for MAA and municipalities. Considering the seven or eight staff vacancies right now, can we look at potential savings until the economy starts to turn around and the extra assessors are needed?

A1: The Agency has had six retirements so far this year and is currently in the process of filling most of those positions or making decisions around them. For every vacancy, MAA goes through a process to determine if that position needs to be filled, what's impacted if not filled, etc. There are regional markets even within NL so it's also very important the Agency monitor its level of service to determine where resources are needed, how much is needed, and when. The Agency increased its number of quality assurance visits and the goal is to ensure if there is money on the table, the municipality has that available. MAA is constantly looking at staffing and other opportunities to ensure there is a good stream of revenue within the assessment base.

5. **Greg Hiscock, Councillor - Town of Brigus**

Q1: Some homes in Brigus are in excess of 100 years old. Those homes are being purchased and extensively renovated to the point where they are brand new. An individual buys one of those homes, spends \$250K and extensively renovates it, only for it to be assessed at \$80K-\$90K due to age. How does the Agency justify or balance that so that it's equal for everyone else?

A1: First and foremost, the Agency uses a formula to allow for age in a typical new construction-type cycle. That formula works great when building a new house today and allowing 1% - 2% a year until the house reaches a maximum depreciation of 60% - 70% in which case the house is no longer livable. The problem with that is houses just don't exist that way. For the most part, they are constantly in the position of being renewed, renovated, remodelled, and maintained. The Agency adjusts what it considers is its effective age using that same sort of scale but it also looks at the money being invested in the property. For example, a home may last another 10 or 20 years because of what was done to it. The other piece that really drives this is the market (i.e. what are people buying and selling those homes for). Brigus is one of those communities with well-documented history and strong architectural features. People see the value in this so they purchase these homes, keep those certain features but renovate everything else. Typically, people renovate homes for themselves whereas a contractor will build to what the market might expect; therefore, it doesn't always relate to market one-to-one. As stated, someone may spend \$200K to buy a home worth \$100K while another individual may spend \$100K and end up with a house valued at \$400K. At the end of the day, the Agency will look at property that was purchased, renovated, and sold. It will also look at neighbouring communities who may have done the same thing to determine what the impact was in that particular area.

Q2: In Brigus, there are a lot of hills and rocky areas that is not developable but it adds to the square footage of a property. Does the Agency take developable and non-developable land into consideration?

A2: MAA will take all those things, including topography, into consideration. A three-acre site typically has the utility of two, three, or four building lots; however, some property may not have utility beyond a one-building lot so the Agency will look at the market place to determine what the land sold for in that particular community along with the typical buyer or seller. When a property is sold, the Agency breaks out units of comparison and it might be price per front foot or price per square foot so we have to adjust it for the factors that go in place. Rather than breaking down the land, the Agency is considering only giving one value of the property (i.e. land, building, and whatever improvements there are) on the roll.

6. Colin Vardy, Mayor – Town of Wabush

Q1: In some cases, people borrow extra money to purchase furniture when buying their homes. This may be unannounced to the bank who believes the actual purchase price of the home is \$260K when realistically the market is probably \$180K or \$200K. Are there any checks and balances in place?

A1: MAA will look for anything out of the ordinary and will talk to the party involved in the sale and question if this is the house, were there any renovations since the purchase, were there any appliances, additional furniture or anything else included in the sale that the Agency needs to know about, etc. This is not to say the Agency always find things but when it does, adjustments are certainly made.

Q2: So MAA staff will follow up with people in a new development?

A2: Yes, this is part of our normal process. Staff will get to enough people to get an indication of what's going on in that market.

7. Alfred Park, Deputy Mayor – Town of McIvers

Q1: What is the protocol if a town wants to opt out of the Agency?

A1: A town first coming on is required to sign a three-year contract. After that, it's elective at the municipal level. If a municipality no longer wants to charge property tax, they must notify MAA in writing before the end of August in a year so no work is produced for the following year. The contract will be terminated by the end of December of that same year and the town can do what it needs to do for the following year.

Q2: We recently had to change the civic addresses within our community which I understand is because of MAA and Canada Post.

A2: That is a Canada Post decision and unfortunately MAA and 911 are not involved in that whole process. Canada Post has not had any contact with the Agency and we actually learned through municipal staff that three or four communities are switching to civic addressing effective October 17. MAA adopts the same numbering standard that 911 recommends. Our staff will go in a community and assist with numbering at no additional charge as that is part of what we do.

8. Bill Murphy, Councillor - Town of Long Harbour-Mount Arlington Heights

Q1: Is there any correlation between MAA and realty agencies?

A1: There is really no correlation. What the Agency does is based upon legislation which says we have to provide a value right now as of base date January 1, 2014.

Q2: Some people buy or sell homes based on valuation but a realtor's numbers are not even close. What are the checks and balances?

A2: The Agency looks at what the property actually sold for historically and not what it will sell for the next year. What's happening in your community today might reflect that or it might not; however, there is always going to be a difference due to the time lapse. It is in a realtor's best interest to get the highest possible value for a property whereas the Agency's job is to put a fair value on the property.

9. Cyril Bennett, Councillor - Town of Port Blandford

Q1: How can MAA assess a property if it doesn't always have the facts on that property?

A1: MAA has facts on the property but doesn't always get notified whenever changes are made to the property.

Q2: If property owners renovate their homes, their taxes go up. If their neighbours do absolutely nothing to improve their property, their taxes go down. How is this fair?

A2: It may not be fair but MAA is dictated by legislation which says we have to use the market value of the property.

Q3: In my opinion, a fair assessment for everyone in NL should be based on a square footage basis and adding the normal 5%-10% each year. I think yearly minimal increases are better than increases one year, decreases the next year, etc. How can we make this happen?

A3: That is a legislative matter for the members of the House of Assembly.

No further comments or questions were raised.

6. Appointment of Auditor

John F. Morgan & Associates was appointed auditor of the Municipal Assessment Agency for a three-year term.

7. Other Business

A prize draw was held at the end of the session. The winner of the First Aid Kit was the Town of Ming's Bight.

No other business.

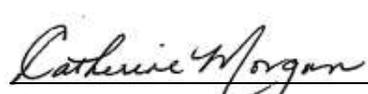
8. Adjournment

The Board Chair thanked everyone for attending. He encouraged delegates to visit the trade show and to contact the Agency with any further questions or concerns.

Meeting adjourned 2:55 p.m.



Dean Ball, Board Chair



Catherine Morgan, Scribe