

Nova Scotia Real Estate Appraisers Association – Lisa Glennie

NSREAA is the regulatory body for real estate appraisers in the province of Nova Scotia with a mission to promote the interest of persons engaged in the practice of Real Estate Appraisals. We promote public awareness of the role of the Association and the practice of real estate appraisal. We communicate and co-operate with other professional associations in order to serve and protect the public.

As appraisers, we have the opportunity to make a big difference in the communities where we live and work. Our skill set, abilities and expertise lend themselves well to helping a community grow and adapt to the needs of its residents.

We have been tasked over the years with educating our clients with regards to the CAP and how it works.

The existence of a CAP program is at odds with the whole idea of a market-based assessment system. The market value (ad valorem) assessment system operates on the principle that taxes are proportionately spread across the market based on the value of the underlying asset. The CAP program distorts that principle because taxes under a CAP program are then also affected by the length of time someone owns their property. The longer they own it, the bigger the gap between the market value and the CAPped value. This in turn results in houses which are identical paying radically different residential taxes—consider two houses in a subdivision which are located next to one another—both are the same but one is owned by a family that has been there for 10 years and the other is owned by a family that just purchased it a year ago (CAP disappears the year after it sells). Both houses are the same but would have very different tax loads.

On the other side, the CAP rate can act to dissuade people from moving. Once the children have left, some couples may not want to downsize because they would lose the cap on their existing home and end up paying more taxes on a less valuable property. Lifting of the CAP is another tool that would aid seniors to move to a more appropriate housing situation.

The CAP slows the economy by slowing real estate sales. Every time a piece of real estate is exchanged it builds the economy. People hire lawyers and contractors and they buy new appliances and furniture. They hire local trades people for improvements.

In general, the CAP favours people who stay in place and in areas where values are increasing. It favours people with money. It was meant to protect people in areas where there was gentrification happening but it has acted to punish young families and seniors.