



Property Value Protection Program

Frequently Asked Questions



Q: What is the renewed Property Value Protection (PVP) Program?

A: The PVP Program, as part of the Port Hope Area Initiative, offers compensation to eligible property owners within the designated PVP Zone (see map) for financial loss on the sale of their property, loss of rental income or mortgage renewal difficulties as a direct result of the PHAI activities.

Changes to the program – the renewed program – come into effect on June 1, 2016. They will make the program clearer and easier to use for the majority of claimants. These changes reflect recommendations made by the federal government following a comprehensive review of the PVP Program.

Q: Why was the program reviewed?

A: The review was undertaken following an evaluation of the entire PHAI done by Natural Resources Canada in 2011 and to address stakeholder feedback about the PVP Program. The evaluation recommended a comprehensive review of the PVP Program.

The PVP Program review has provided an opportunity to examine what worked well and what could be improved following the first 10 years of operation. It also provided an opportunity for the federal government to seek public input.

Q: What did the review entail?

A: The review entailed detailed real estate market research and analysis by independent experts, stakeholder consultation and an administrative study of how the program is operated. These findings are summarized in the Port Hope Area Initiative Property Value Protection Program - Program Review Report - that is publicly available as part of the renewed program.

Key elements include:

- **Real estate market analysis**

Independent real estate experts analyzed a minimum of 14 years of sales data in Port Hope and Port Granby, comparing the data to sales in multiple, baseline communities. This analysis assessed the PHAI's potential impact – if any – on the real estate market.

- **Public Consultation**

An independent public facilitation firm received over 1,000 responses about the PVP Program through community meetings, personal interviews and on-line surveys.

- **Administrative review**

The federal government, in consultation with the Department of Justice, reviewed how the PVP Program is operated with a focus on improving the appeal process.

Q: What did the review conclude?

A: The review led to four main conclusions:

1. User feedback indicated the program needs to be more transparent and user-friendly.
2. Extensive statistical analysis indicated that, to date, there is no evidence that the Port Hope Area Initiative project activities or the awareness of those activities have negatively impacted the real estate market in Port Hope or Port Granby, either generally or at a neighbourhood level.
3. Research into other, similar projects identified the potential for a project-related impact on the sale price of

properties in close proximity to sites where project activities occur, primarily from nuisance effects such as construction noise.

4. The PVP Program has tended to overcompensate or compensate for non project-related factors.

Q: How was the real estate market analysis done?

A: For the Port Hope study, an independent real estate expert used Multiple Regression Analysis (MRA) and other statistical techniques to compare the Port Hope market to five nearby communities to determine possible impacts of the project both at a neighbourhood and community level. More than 5,000 sales and 50,000 data points were analyzed for sales that occurred between 1998 and 2014.

For the Port Granby study, the independent expert used Paired Sale Analysis (PSA) to isolate the impacts of the project, if any, on property values. PSA was used because the rural area around the project sites has too few properties and too few sales to support the use of the same statistical tool that was used in Port Hope (MRA). Sales of nine properties in the vicinity of the project during the period 2000 to 2012 were compared to sales of properties located in areas that could not be affected by the project.

The real estate expert also conducted a literature review to examine similar environmental or infrastructure projects and the effects, if any, on their respective local real estate markets.

Q: What are the main changes to the claim process as a result of the review?

A: The two primary changes are: 1) increased clarity and transparency; 2) choice of two routes to file a claim.

Increased fairness and transparency

The program rules have been revised to ensure fairness and transparency. In the past, it was, at times, unclear to property owners who applied to the PVP Program if they would be compensated and for how much. The renewed PVP program provides a Simplified Claim Route that establishes geographic areas, called PVP Compensation Frameworks, which identify areas that have a potential for project-related impacts. Claimants who choose to use this route can estimate, prior to making a claim, the maximum amount of compensation they could receive if a loss is demonstrated.

Additionally, all program rules, user guides, a Layman's Guide and the PVP Compensation Frameworks are publicly available.

Choice of two routes to file a claim: Simplified Route and Standard Route

1. The Simplified Route offers an easy and quick applications process to individuals who own property in geographical areas – called Compensation Frameworks – that have been identified as having potential project impacts. These frameworks identify the corresponding maximum percentage of the sale price an owner could receive, provided a loss is proved through an appraisal. Percentages are tied to predicted or actual nuisance impacts, such as construction noise, and currently range from one to three percent of the sale price. These percentage amounts will be reviewed annually and revised, if needed, based on updated environmental and real estate market data.
2. An alternate process, the Standard Route, is available to all property owners in the PVP Zone consistent with the requirements of the PHAI Legal Agreement. It is also available to sellers who feel they have evidence to prove they suffered a loss greater than the compensation offered under the Simplified Route.

Under the Standard Route, owners must submit their own evidence to establish the property's pre-project value, changes in value (loss) that compare the subject property to properties in comparator markets prior to and at the time of the sale, and the cause of the loss. This route takes more time, cost and effort than the Simplified Route.

Q. There may be individuals at various stages of involvement with the PVP Program at the time of the roll out of the renewed program. How will the program deal with claims filed at various stages of the transition to the renewed program?

A:	Situation	Outcome
Claimants Grandfathered under current program	1. <i>Pre-sale Appraisal</i> – Claimant currently in pre-sale appraisal process under the pre-renewal program and continuing to meet pre-sale requirements	Regardless of filing date, claim to be processed based on rules of pre-renewal program.
	2. <i>Pre-sale Appraisal</i> – Claimants earlier pre-sale appraisal lapsed – failed to meet pre-sale requirements	To be considered a new claim. Claim will be processed based on date of filing (see 6 thru 12).
	3. Claims currently in progress (non-abeyance)	Claims will be processed under the pre-renewal PVP Program rules.
	4. Claims currently at appeal stage or eligible to appeal under the pre-renewal program	Claim reviews will be based on the pre-renewal PVP Program rules.
Abeyance	5. Claims currently being held in abeyance	Claimants to be contacted, provided with information pertaining to the renewed program and given 120 business days from June 1 (until November 22/16) to resubmit claims and evidence based on the rules of the renewed program. Claims not resubmitted within this period will not be accepted for processing in accordance with the rules of the renewed program.
Transition to Renewed Program (May 2016)	6. Properties that sell before May 2 with claims filed before May 2	Claims and claim reviews will occur based on the pre-renewal PVP Program rules.
	7. Properties that sell before May 2 but are filed between May 2 and May 31	Claims will be processed under the pre-renewal PVP Program rules. Appeals will be handled based on the renewed PVP Program rules (i.e. no new evidence submitted at mediation or arbitration – arbitration in writing)
	8. Properties that sell between May 2 & June 1 and are filed between May 2 and May 31	Claims will be processed under the pre-renewal PVP Program rules. Appeals will be handled based on the new rules (i.e. no new evidence submitted at appeal – arbitration in writing).
Limitation Period within Renewed Program	9. Properties that sell before June 1 with claims that are filed before November 22/16 (120 business days)	Claims will be processed under the renewed PVP Program rules.
	10. Properties that sell before June 1 , but claims are filed after November 22/16 (120 business days)	Claims will not be accepted for processing in accordance with the renewed program rules.
	11. Properties that sell after June 1 with claims filed within 120 business days of their sale date	Claims will be processed under the renewed PVP Program rules.
	12. Properties that sell after June 1 , and claims are filed more than 120 business days after their sale date	Claims will not be accepted for processing in accordance with the renewed program rules.

Q: Is the Government supportive of the renewed PVP program?

A: Yes. As signatory to the Legal Agreement with the municipalities for the PHAI, the Government, through Atomic Energy of Canada Limited (AECL), has provided its approval for the renewed PVP program and is comfortable that it is consistent with the requirements of the Legal Agreement.

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- i CNL considers Multiple Regression Analysis (MRA) the strongest evidence for properties in the Port Hope area. MRA is a statistical analysis technique to test for the significance of impacts on property value, after controlling for other influences on value that are unrelated to potentially adverse environmental conditions that may affect the property. The results of the analysis can indicate if there is any statistically discernible (significant) effect on sale prices that may be attributable to the environmental condition of the property (PHAI), by comparing the data to an otherwise similar group of properties in an unaffected, baseline market.

 - ii CNL considers Paired Sales Analysis (PSA) the strongest evidence for the area surrounding the Port Granby site. PSA is a statistical analysis technique in which sales of properties in the impacted area are paired with sales of similar properties located outside of the impacted area in order to determine the effects, if any, of one factor (i.e. PHAI) on properties in the impacted area. With sufficient properties, the impact of the adverse condition on a particular property or properties can be estimated. With PSA, the appraiser must consider the effects of other differences between the properties in the analysis. Such differences might arise from locational attributes unrelated to the project, as well as physical differences in the properties.