

# **Port Hope and Area Property Value Protection Program:** *Creating Stability in the Marketplace*

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## **ABSTRACT**

The Property Value Protection (PVP) Program, administered by the Low-Level Radioactive Waste Management Office (LLRWMO), functions as an integral part of the Port Hope Area Initiative, a \$260M, 10-year project to clean up and safely manage low-level radioactive waste for the long-term in the Port Hope area. The PVP Program was established in March 2001 to compensate owners of residential, commercial or industrial properties in designated parts of the municipalities of Port Hope and Clarington. Compensation is awarded to owners if they realize financial loss on the sale or rental of their property or mortgage renewal difficulties as a result of the Initiative. Key features of the PVP Program include a claim process, an appeal process and the appointment of independent Compensation Officers to hear appeals.

## **Introduction**

The PVP Program offers an innovative approach to address the risk of individual property value loss resulting from the cleanup and long-term management of low-level radioactive waste in the Port Hope area. In its first three years of operation, the Program has created stability in the marketplace and provided the communities' property owners with the assurance that their



investment in their homes and properties will be protected.

The PVP Program is part of the **Port Hope Area Initiative** (the Initiative), encompassing the *Port Hope Project* for the cleanup of historic low-level radioactive waste and the development of a long-term, low-level radioactive waste management facility in the Municipality of Port Hope, Ontario, and the *Port Granby Project* involving the development of a long-term, low-level radioactive waste management facility near Port Granby in the neighbouring Municipality of Clarington, Ontario.

The terms of reference for the PVP Program were established with the signing of the Legal Agreement for the Port Hope Area Initiative in March 2001. As such, the participants of the PVP Program are the signatories to the Legal Agreement -- the Municipality of Port Hope<sup>1</sup>, the Municipality of Clarington and the Government of Canada. The Legal Agreement stipulated that Property Value Protection must be made available to eligible property owners within six months of the signing and, in accordance with this condition, the PVP Program office was opened on October 1, 2001.

The establishment of the PVP Program is regarded as an integral component of the Initiative as it reflects the desire and commitment of the municipal councils of Port Hope and Clarington and the Government of Canada to mitigate potential, interim economic effects that may arise from the Initiative. The PVP Program may borrow elements from existing compensation programs elsewhere, yet in its entirety, the PVP Program is considered to be an original solution that will protect the needs of the area's property owners throughout the duration of the Initiative and into the first two years of long-term monitoring and surveillance of the waste management facilities.

### **What is the Property Value Protection Program?**

The PVP Program compensates owners of residential, commercial or industrial properties in designated parts of the municipalities of Port Hope and Clarington who realize financial loss on the sale of their property, loss of rental income or mortgage renewal difficulties as a result of the

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<sup>1</sup> The Legal Agreement was signed by the former Town of Port Hope and the former Township of Hope prior to their amalgamation in January 2001.

Initiative. The program encompasses an area of approximately 90 km<sup>2</sup>, referred to as the Property Value Protection Zone, comprising a total of 5,128 properties at an assessed value of \$586 million, as of 2000.<sup>2</sup> Property Value Protection will remain in effect for the period of the Initiative, retroactive to October 6, 2000, and up until two years after the completion of the long-term management facilities. It is estimated to run for approximately 12 years.



Section 8 of the Legal Agreement defines how the PVP Program will function. Section 9 describes a related activity to the PVP Program, Municipal Protection for Diminished Tax Revenue, which is the provision of compensation to the

municipalities for lost tax revenue resulting from diminished market value assessment of properties affected by the Initiative. The key features of Section 8 include the following:

- A claim process
- An appeal process
- The appointment by the Government of Canada of independent Compensation Officers to hear appeals

### **Developing the PVP Program**

The PVP Program was designed to meet the program objectives of fairness to potential claimants while providing financial accountability to the Government of Canada. The LLRWMO engaged consultants to develop a conceptual design, initial cost estimates and general operational details of the PVP Program.

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<sup>2</sup> Numbers have been provided by PricewaterhouseCoopers Port Hope and Area Property Value Protection Program Phase 1 Report: Potential Costs and General Guidelines, April 4, 2001. Property types that would not likely be subject to a value loss, such as heavy industrial, parkland, certain institutional properties, etc., are not included.

The consultants undertook case study research to determine impacts on property values related to other waste management sites and nuclear facilities. This provided information about the impacts that might be expected in the Port Hope area. The LLRWMO used this background information to develop the PVP Program into its current format.

A program co-ordinator, property value analyst, stakeholder communications officer and administrative assistant staff the PVP Program. Four compensation officers, endorsed by the municipalities and appointed by the Government of Canada from within the communities for their local knowledge and records of community service, adjudicate the appeal process, consisting of mediation and/or arbitration hearings.

### **Implementing the PVP Program**

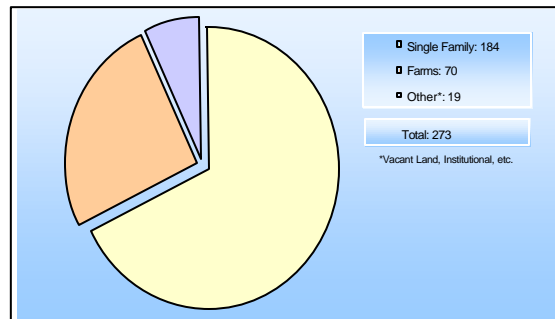
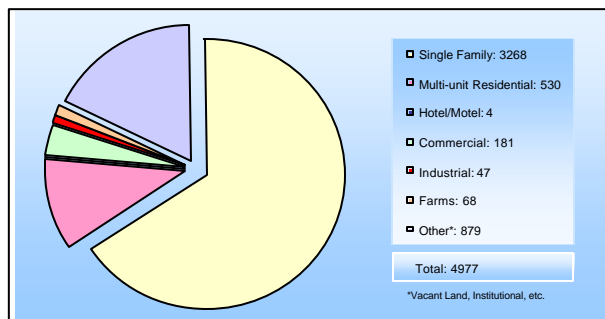
During its first three years of operation, the following major activities occurred:

- Establishment of a downtown office to accommodate walk-in inquiries and the development of program documentation and procedures;
- Ongoing stakeholder communication with the municipalities of Port Hope and Clarington, area real estate boards, members of provincial and federal parliament and the public;
- Monthly reporting to four government agencies: Natural Resources Canada (NRCAN), Atomic Energy of Canada Limited(AECL), Municipality of Port Hope and Municipality of Clarington;
- Development of claim process documentation, including claim application forms for loss on sale or rental of residential, farm, commercial and industrial properties and for mortgage renewal difficulties;
- Communication initiatives including media interviews, development of Information Sheets and displays and presentations to councils, area service groups and the real estate sector;
- Development of a Geographic Information System-based real estate market database used to analyze sales data and market trends within the PVP Program Zone and the control areas of the adjacent Town of Cobourg and surrounding rural areas;
- Development of the appeal process, including the training of Compensation Officers; and,
- Development of a customized process to track assessment changes resulting from Property Value Protection Program claims under Article 9 of the Legal Agreement.

## Managing Claims and Establishing the Database

During the first three years of operation, several claims, encompassing residential, farm and business properties, were submitted for compensation under the PVP Program. The PVP Program decisions included full and partial approvals based on site-specific effects as well as denials. One appeal was launched, and the claimant was awarded partial compensation through the program's mediation process. In general, the presence of a PVP Program with its offer of compensation has not contributed to an increased desire to sell on the part of area property owners. Public attitude surveys taken for the Initiative have supported this. Their findings reveal that the vast majority of property owners are satisfied with living in the community and have confidence in the Initiative's ability to safely manage the waste for the long term. Consequently, the majority of the public who inquires about the PVP Program are in no hurry to use it but are content to learn that compensation is available should they ever need it. It is evident that the public perceives the PVP Program as an "insurance policy" to mitigate potential property value losses, should they occur.

The PVP Program's analysis of its real estate database has shown no generalized decline in the market as a result of the Port Hope Area Initiative. In fact, since the start of the PVP Program in Fall 2001, regional and local real estate markets have remained strong. This has not precluded the possibility that specific, localized properties might be affected by elements of the Initiative. Indeed, over the course of the environmental assessment studies, some limited effects on localized properties were observed as information and recommendations about the projects were communicated to the public.



## The Future

Predicting the degree of claim activity in the years preceding cleanup and facility construction (estimated to begin around 2007 and end in about 2012) is difficult. In the past year, community consultation and communication activities associated with the environmental assessments of the Port Hope Area Initiative have highlighted a variety of issues that have the potential to precipitate an increase in Property Value Protection claims.

Among these are:

- Public discussions about transportation routes and the proposed waste management concepts, including facility siting;
- A low-level radioactive waste resurvey program of more than 4,000 Port Hope properties.

With the completion of the Environmental Assessment Study Reports in Spring 2005 and subsequent decisions on the Port Hope and Port Granby Projects, by the federal Responsible Authorities and licensing by the Canadian Nuclear Safety Commission, a further increase in Property Value Protection claim activity may result. The majority of PVP Program claims are expected to occur during the construction phases of the two projects.

