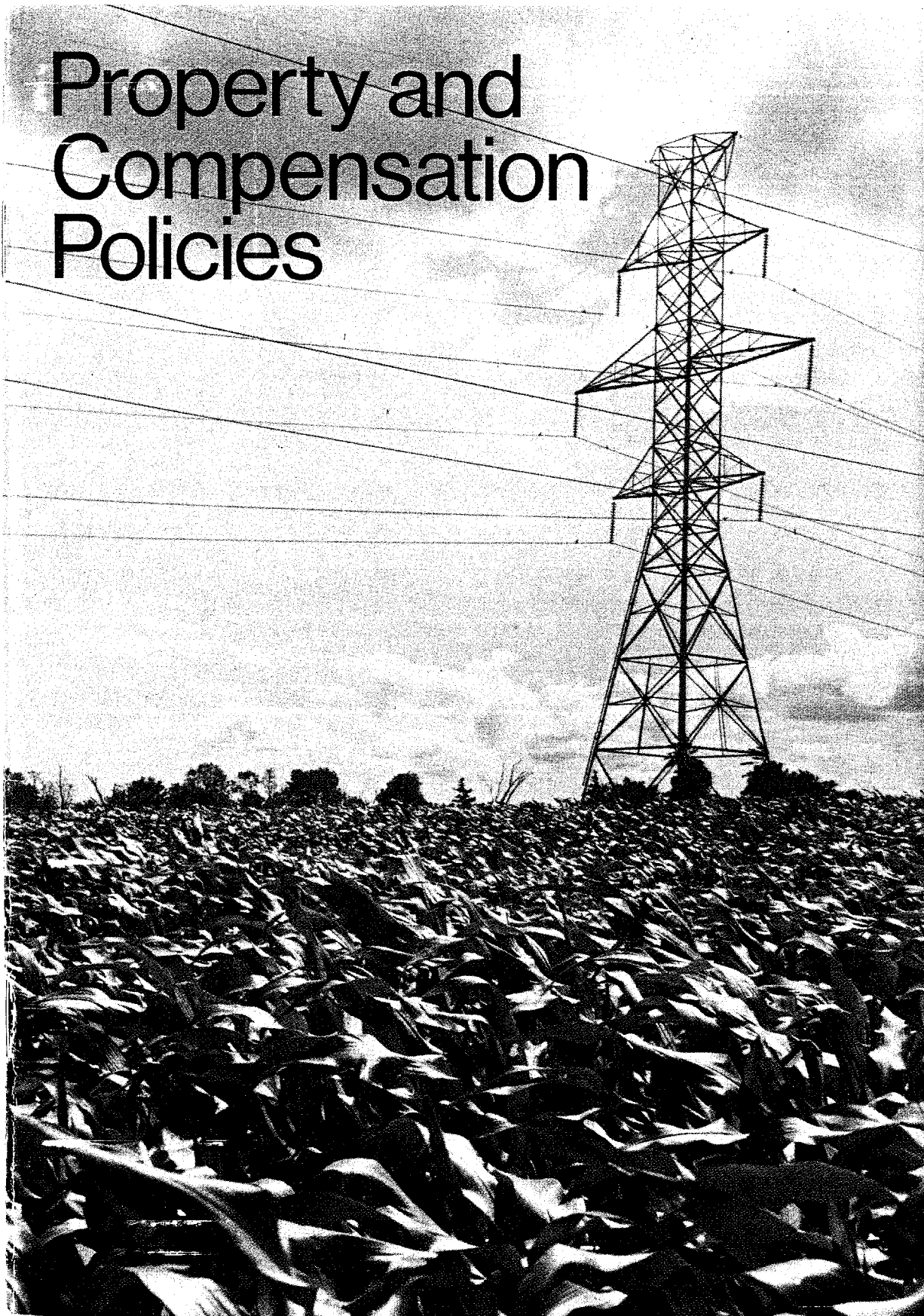


# Property and Compensation Policies



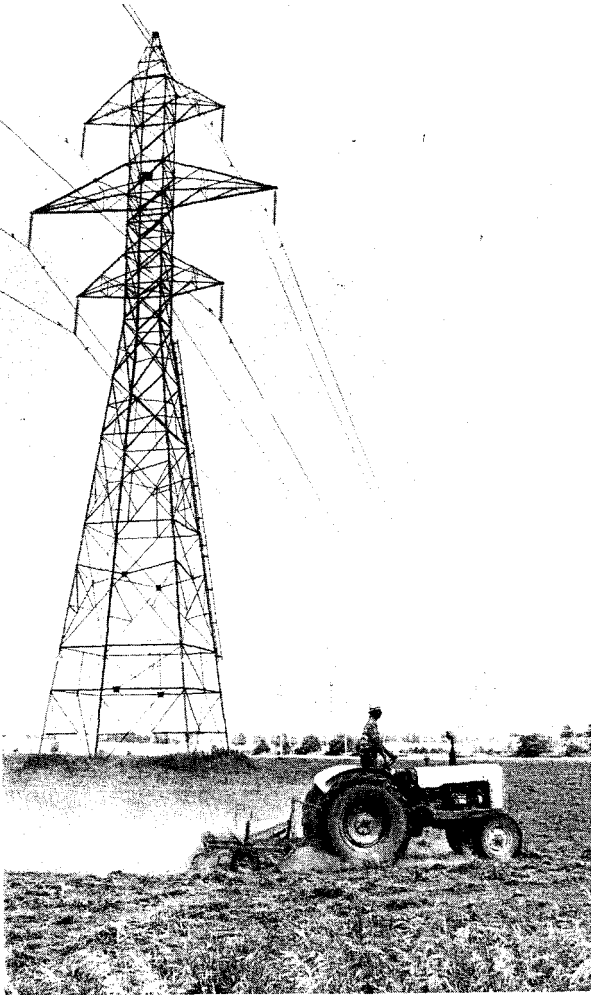
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*This booklet provides general information to help you understand Ontario Hydro's property compensation policies. It is not intended to give complete technical definitions nor any form of legal advice.*



# Introduction



Most of us can easily appreciate that a local wood pole line is needed to supply electricity to ourselves or our neighbours, but we may not be as understanding once we learn that our property is about to be crossed by a major transmission line. Ontario Hydro's lines and stations cannot be built 'just anywhere', however, and often these facilities must stand on or pass over private property.

When this is necessary, Hydro must acquire certain property rights. Often, this can be inconvenient and disruptive to the owner. Hydro realizes that any interference in a property owner's affairs is a serious matter. To ensure that any disturbance is as minimal as possible, Hydro has established a consistent program for acquiring property rights...every owner affected by the need to expand power facilities will be dealt with fairly, openly, and on an equal footing.

Owners also have rights spelled out in government legislation—the Expropriations Act — designed to balance an individual's rights as a land owner with the province's need for essential services, such as electricity. The Act safeguards owners' rights and assures them fair compensation. Hydro considers these compensation guarantees as minimum, however, and generally pays more than required by law. It also offers a variety of options from which you, a property owner, can make a choice best suited to your own individual circumstances.

This booklet attempts to describe those choices and Hydro's compensation policies in general terms—to help you find a clear path through what often appears to be a complex maze of legal and real estate terminology. We hope you will keep it in some handy place for future reference.

Hydro's property agents will be glad to answer any questions you may have regarding this information, as well as any special concerns you may have about your particular situation.

## General principles

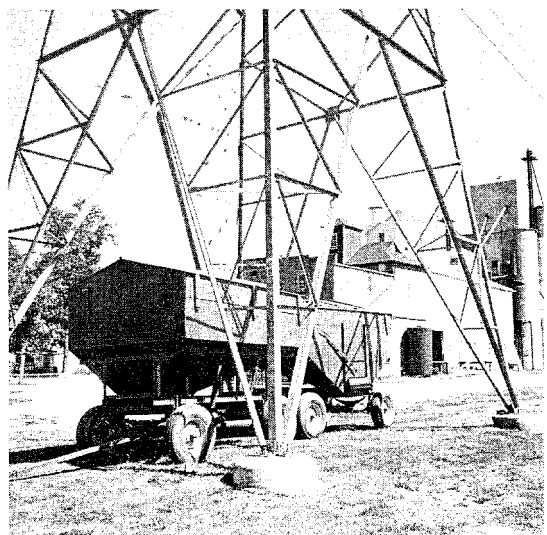
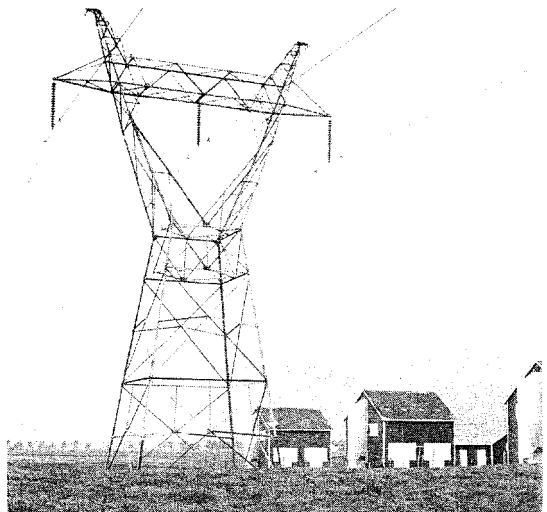
Before outlining specific property acquisition procedures, it may be helpful to understand the general principles behind them. These principles, designed to be flexible, were worked out in close co-operation with farm organizations and in consultation with government ministries and outside agencies.

○ While the Expropriations Act is Ontario Hydro's only mechanism of guaranteeing legal possession of property to meet scheduled facility in-service dates on major projects, Hydro also understands that meaningful negotiations are needed to resolve a property owner's valid concerns. Hydro will do everything it can to negotiate property settlements prior to legal possession of the properties by starting negotiations as early as possible in a project.

■ Owners are guaranteed all the rights and safeguards provided under government legislation. Doing business with Hydro under the terms of the Act will not prevent any owner from negotiating a settlement along the way. But it does guarantee every owner full access to all the rights and protections provided by the Act.

■ Hydro prefers to acquire an easement on the land it needs, but will purchase if the landowner so desires and the severance created is acceptable to the municipality and follows local bylaws. Regardless of the option followed, the compensation formula will be fair.

○ Compensation is based on market value. The improved land rate is used on all improved agricultural properties.



## At the beginning

Owners are advised by letter of upcoming information centres. These are held to clarify any points about a project that may be unclear. Here, you can obtain information about:

- expropriation procedures, the benefits and protections;
- the stages in Hydro's property acquisition process;
- the options available to you in granting the necessary property rights to Hydro;
- how compensation is determined; policy for repairing, or compensating for, any damages sustained;
- forestry practices;
- construction practices.

Once a specific power line route or right-of-way has been identified, Hydro property agents will call on all individuals directly affected by the project. They'll discuss the location of the right-of-way on your property, and with Hydro technicians, make minor tower location adjustments where possible to keep disruption to an absolute minimum. It is important that any concerns you may have regarding the specific location of a tower on your property be made known to the line location technician at this time.



## The Property Agent

On major projects a property agent deals with a number of land owners in a district. A big part of the agent's job is to keep you and your neighbours informed of project developments and to answer questions. He will also ask your permission for Hydro people to enter your property to survey, do soil testing and, if necessary, conduct a woodlot evaluation.

As well, Hydro's property agents normally carry out the appraisal and negotiation functions and are continually available to clear up any points you are not sure of. Once the appraisal is complete, he'll call again to present Hydro's offer of compensation. (Independent appraisers provide spot check appraisals as a comparison against our staff's work). You may also wish to obtain an independent opinion of value. Hydro will pay your reasonable appraisal costs in such cases. Hydro will also pay all reasonable legal expenses if you decide to hire your own lawyer to represent you.

Generally speaking, you have two choices in the negotiations – to grant an easement in perpetuity, or to sell Hydro full ownership of the land it needs. The latter option is

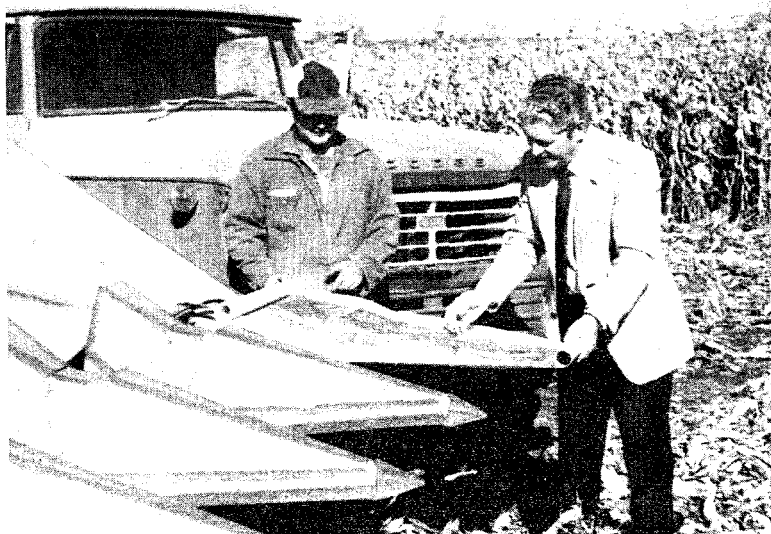
## Your choices

available only where the resulting severance is acceptable to the municipality.

*Easements* give Hydro only a limited interest in the land, allowing certain necessary rights — to build a power line, for instance, and then to enter on the property from time to time to inspect and maintain the facilities. Though buildings are not permitted on the easement area, you retain full ownership and most of the rights this entails. You can sell, mortgage or rent the land or farm it as before. You are still obliged to pay property taxes.

It is also Hydro's policy that you should not be subject to any increased liability as a result of Hydro's works being on your land. On agricultural land where Hydro has an easement, Hydro will indemnify you for all damages – including vehicle damage – caused by the presence of Hydro's works, unless the loss, damage or injury is caused by a deliberate act by you, your tenants, or other lawful occupiers of the land.

There may be a few situations, such as the site for a Hydro station, where the purchase of full title is necessary and easements are not offered.





*Purchase* When Ontario Hydro purchases full title to the land and the land is not licenced back, Hydro assumes all the tax, maintenance and other responsibilities of land ownership.

Hydro tries to minimize the amount of agricultural land taken out of production as a result of its projects. So, even if you decide to sell Hydro the land it needs, you can usually resume farming it after the lines are built. Hydro will licence back the lands at a rental of \$1 per hectare per year, plus a sum equivalent to property taxes. for a period of up to 10 years with the option of renewing. This agreement can also be extended to your sons or daughters — provided they maintain the farming operation — when the property is passed on.

According to the licence agreement, Hydro must give 12 months' notice prior to entering the land for construction or maintenance purposes. If an emergency occurs and this length of notice is not possible, you will be fully compensated for any resulting crop loss or damage. If you accidentally run into a tower with farm machinery, you are not held liable for any damage to Hydro's facilities. Without such a licence, however, you could be responsible for all damages to Hydro's equipment.

You won't be able to transfer the benefits of the licence agreement directly to a new owner should you decide to sell the farm. But the new owner can still rent the Hydro-owned land for agricultural purposes. As a rule, a rental charge is applied based on the prevailing market rental rates of lands in the vicinity. Hydro will contact the new owner and make the necessary arrangements.

Generally, Hydro does not fence its rights-of-way. But there may be certain exceptions, such as station sites, where fencing is usually necessary for safety and security reasons. Hydro will repair or replace existing fences damaged by construction activities.

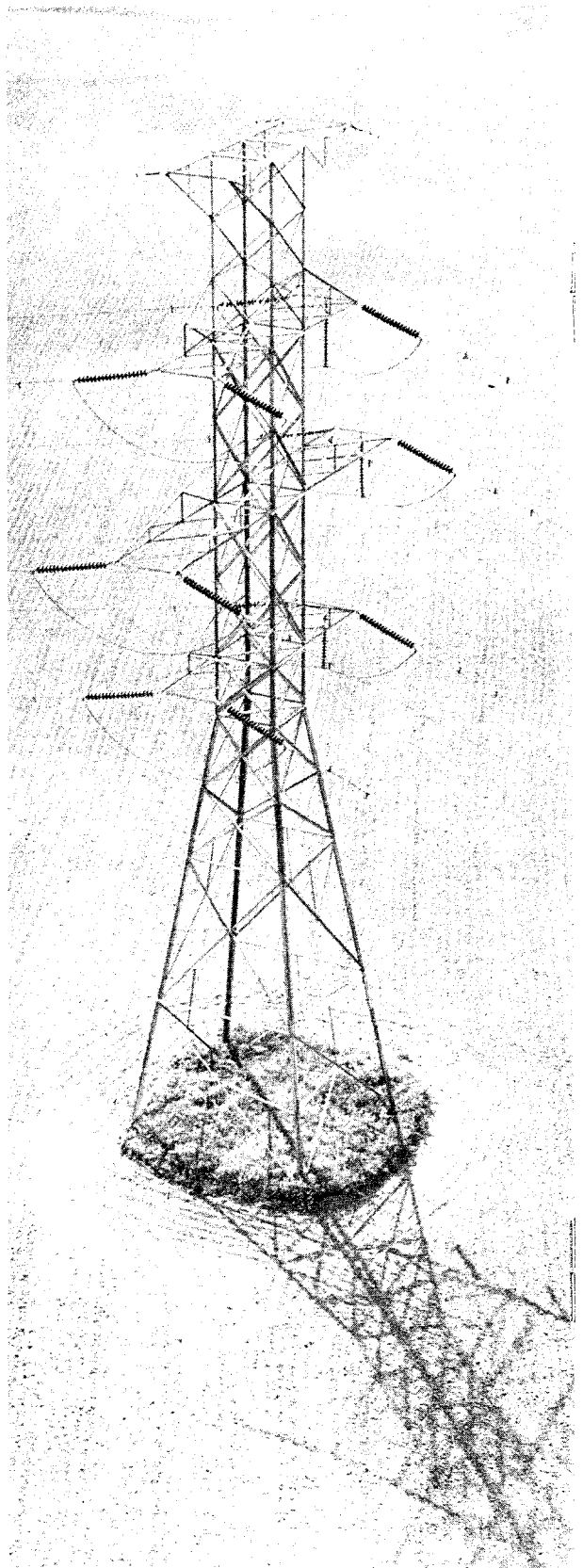
Regardless of which option you choose, you will be fully compensated for any damage caused to crops, equipment or property during construction, or as a result of maintenance or repair work.



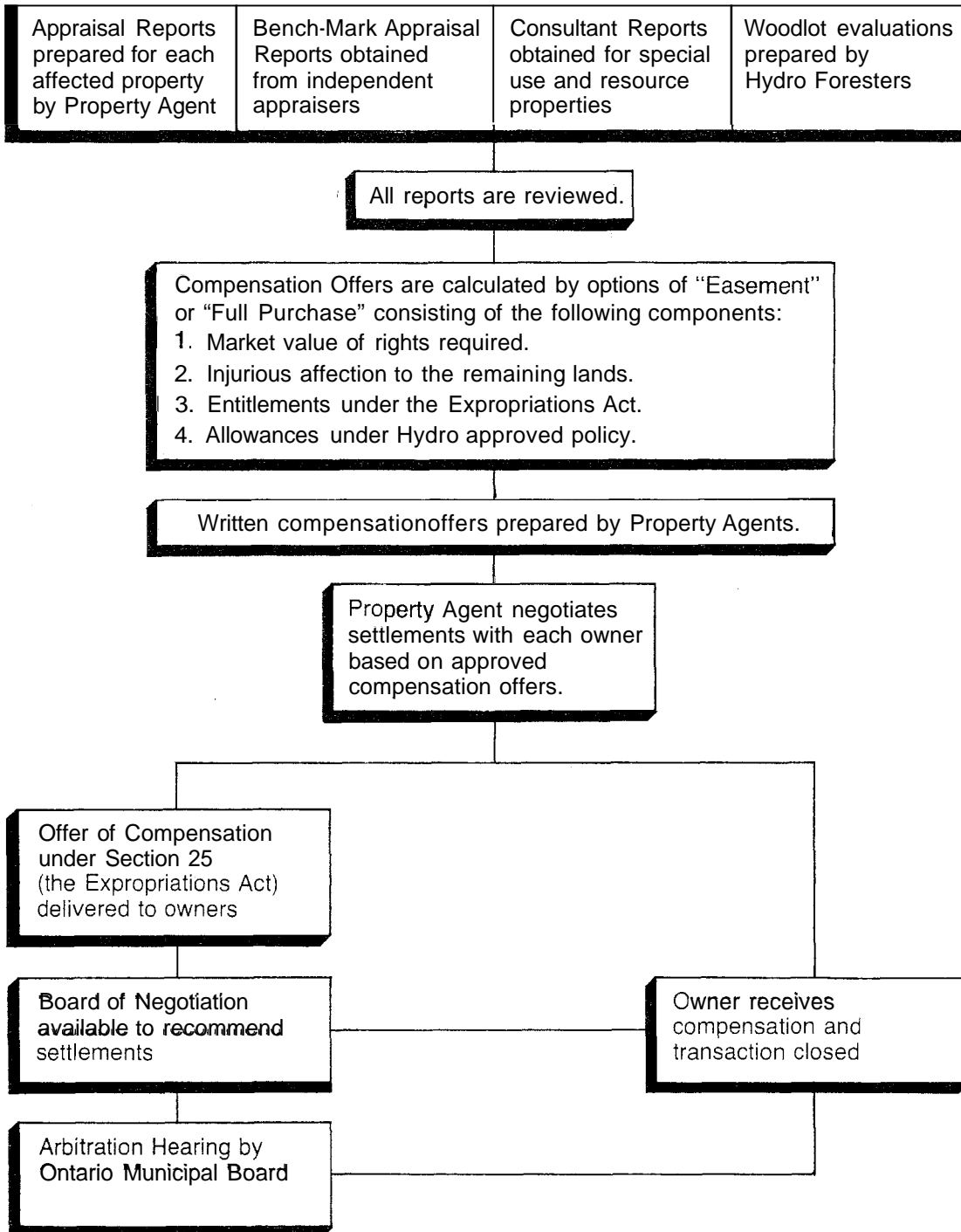
## Determining compensation

The Expropriations Act stipulates that you should not be put in a position of financial loss when selling property rights or land to Hydro. Individual compensation, of course, depends on whether Hydro is acquiring an easement or buying your property, as well as the extent to which your property is affected.

Compensation is based on market value, with the improved land rate used on all improved agricultural properties. Market value is the sum the land might be expected to realize if sold on the open market by a willing seller to a willing buyer. This is generally derived by examining sales of similar properties in the same general area, with adjustments made for the time of the sale and other specific factors. These include the range of considerations important in any property sale: such as the size of your property; its location and soil quality and the local zoning restrictions. Also taken into account are any improvements you have made to the land.



## Compensation: The Process



## Easement compensation

On agricultural lands, payment is based on 75 per cent of the market value of the land to cover the basic right-of-way, plus an allowance for any towers on your property. The allowance reflects such factors as loss of revenue from crop production and increased operating costs caused by the inconvenience of working around the towers. This takes into account the area of unworkable land, weed control, and the necessary maneuvering of farm machinery for cultivating, seeding, spraying, fertilizing, mowing and harvesting.

Compensation for the first tower is based on 31 per cent of the market value of one hectare of land. This compensation is increased by two per cent for each additional tower. Compensation for the second tower, for example, is equal to 33 per cent of the value of one hectare of land and equal to 35 per cent for the third. Thus the cumulative effect of additional towers is taken into account. Minimum payment is \$100 per tower.

If you're more accustomed to thinking about land in acres, the following description of the tower allowance may be helpful:

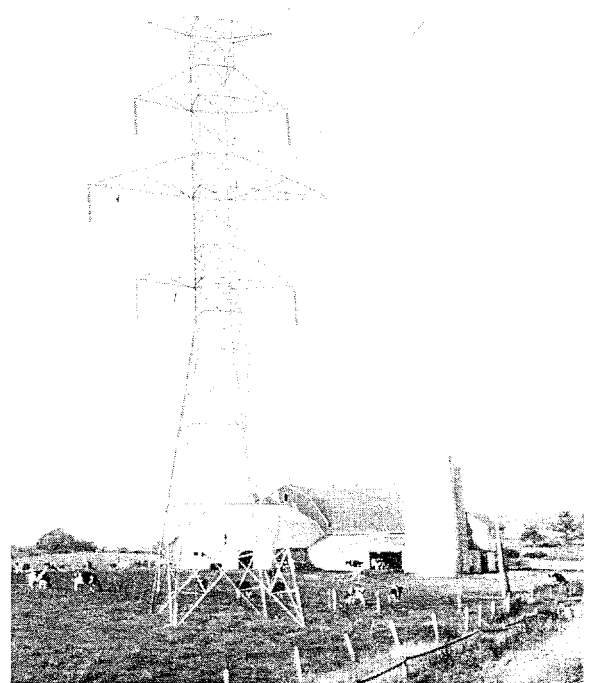
Compensation for the first tower is based on 75 percent of the market value of one acre of land, 80 percent of the value of an acre for the second, 85 percent for the third, and continuing to increase by 5 percent for each additional tower.

An allowance for injurious affection (see section: Purchase (full-title) compensation) is included in the easement compensation and is paid at the time of the transaction. This amount is based on the injurious affection as appraised in the purchase option, and recognizes individual and exceptional circumstances.

Easement compensation for agricultural lands can be paid either as a lump sum or as an annual payment.

If you choose an annual payment instead of the lump sum, the first year's compensation

is determined by applying the bank savings interest rate — based on the savings rates of the chartered banks established on January 1 of the current year — to the total of the easement value and tower compensation. The money you receive in the years following will fluctuate with the bank rate each January 1. The value of the easement, based on the market value of the land, will be reviewed every five years to reflect current land values. Your interest on the annual payment is classed as taxable income and you will be issued a T5 form. Payment for any injurious affection and entitlements is made on closing and does not form part of this annual payment. There is no corresponding easement compensation formula for non-agricultural lands. In such cases, the easement value is determined by an appraisal.



## Purchase (full-title) compensation

Compensation is based on the market value of the property as determined by an appraiser. Since Hydro usually buys only part of your property, injurious affection has to be taken into account. In simple terms, injurious affection is a measure of the loss in market value to your remaining property. If the remainder has been reduced in value due to changes in size, shape, potential use or effect on buildings, this amount is added to the market value of the purchased portion in the total offer for compensation.

There is also provision for payment of other allowances, such as legal and survey costs,

where applicable, special expenses and farm disturbance. In this last category, Hydro recognizes the special impact caused by the sale of lands for a transmission line on your farming operation and will make an additional allowance of up to 25 per cent of the purchase price for this disturbance. The amount will be based on such variables as the amount of arable land taken, intensity of land use and the impact on cultivation patterns. Hydro agents will provide details on all of these as they may apply to your particular property.



## Selling your entire property

In certain situations, Hydro will offer to buy your entire property. This would be the case, for example, if your home were on or very close to the right-of-way.

You may also wish to sell if the transmission line greatly disturbs your farm operations. If Hydro or a mutually-selected panel of agricultural experts agree that the line has affected the economic viability of your farm, Hydro will buy the entire property. It is important to understand that this decision will be based solely on the issue of economic viability. This may be the case where at least two steel tower transmission lines and a significant diagonal crossing impact directly on the arable land of your working farm, or where more than 25 per cent of the arable land of the working farm is directly affected by the Hydro requirement.

Where between 10 and 25 per cent of the arable land on a working farm is directly affected, you may request a panel. Where less than 10 per cent of a working farm's arable land is affected, there is no panel unless recommended by Hydro.

You have three years from the date of completion of construction (in-service date of facilities) to exercise the option of selling the entire property outright — at the original market value established as of the date of the expropriation — and relocating. When the entire property is purchased and you are required to move, further allowances are included to cover reasonable moving and relocation costs.

## If price is a problem

If, after a reasonable period of negotiation, you cannot reach agreement with Hydro on price, then either party can request the assistance of a Board of Negotiation. Established by the Province of Ontario, a Board of Negotiation consists of two or more members appointed by the Lieutenant-Governor-in-Council.

The Board will conduct a hearing, may visit your property, and will make a recommendation of what it considers fair compensation. Its recommendations are not binding.

If either party does not wish to accept the Board's recommendation, that party may ask the Ontario Municipal Board to determine the amount of compensation.

This amount then becomes binding on both parties if not appealed to the courts within 30 days.

## Does a transmission line affect property value?

Only an individual appraisal on each property can estimate what impact a line may have on a property. Ontario Hydro's payment of injurious affection – discussed on page 11 in this booklet – is designed to compensate an owner for any reduction in market value that *may* occur.

Hydro may never be able to answer the impact on property value question completely – at least, certainly never to everyone's satisfaction. The value placed on property – because it's something very personal to many of us – often becomes an emotional issue. And yet, emotional responses seldom provide answers to complex issues. On one hand, many people feel that transmission lines automatically

reduce property values. On the other, most studies in Ontario and the United States have concluded that the lines do not necessarily create such reductions.

A recent study involving more than 1,000 properties in Ontario (Woods Gordon, 1981) found that transmission lines can have variable effects on the values of farm properties. While each case must be appraised individually, it was found that transmission lines do not appear to affect the value of lands devoted strictly to agriculture. The lines may be more likely to lower the selling price of rural estate properties, or of lands in those areas where rural estate development is most likely to occur.



# Expropriation

The Expropriations Act is designed to protect the interests of both the individual owner and the expropriating authority.

Essentially, the Act provides you with:

1. A hearing at which you may make your views known; and
2. A Board of Negotiation and the Ontario Municipal Board at which you and Ontario Hydro may present unresolved differences regarding the price to be paid for the property.

In addition the Province of Ontario recently enacted legislation – the Consolidated Hearings Act – designed to streamline the approval process for municipal, private and provincial projects or proposed activities which normally require hearings by more than one tribunal.

The basic intent of the new Act is to simplify the processes which provide for public participation without sacrificing or compromising the rights of either the proponent of a project or the individual citizens interested in or affected by it.

If a hearing is held under the Consolidated Hearings Act, the Board appointed will conduct hearings to consider all matters required to be heard by the tribunals that would normally decide whether or not to grant the approvals necessary for the expropriation of land and construction of the facilities. This would include whether under the Expropriations Act, the taking of lands is fair, sound and reasonably necessary.

If Ontario Hydro's application is approved at these hearings, Ontario Hydro is then entitled to expropriate the lands required for the power line route. Following this approval Ontario Hydro's property agents and technicians together with the property owner, will discuss the final location of the route and tower location on the property and minor tower location and route adjustments may be made, where possible, to minimize any disruption.

Ontario Hydro will request the approving Board to maintain authority to resolve any differences as to the adjustments.

After a power line route is approved, Ontario Hydro registers a plan in the local registry or land titles office to record the

transfer of the property rights to Hydro.

Notice of Expropriation, together with a Notice of Election and a Notice of Possession are delivered to each owner. The Notice of Election gives you a choice of one of three dates used in evaluating your compensation:

1. The date you received your Notice of an Inquiry;
2. The date the expropriation plan was registered; or
3. The date you received your Notice of Expropriation. The Notice of Possession specifies the date on which Hydro requires access to your land.

Under Section 25 of the Act, Ontario Hydro must offer you its estimate of full compensation for your interest in the land expropriated. You receive a statement of the total compensation being offered for all interests in the land, together with an appraisal report. You are offered immediate payment of 100 per cent of the market value of your interest in the land, plus injurious affection as appraised, without prejudicing your right to have the final amount of compensation determined by subsequent negotiations, by the Board of Negotiation or by the Ontario Municipal Board.

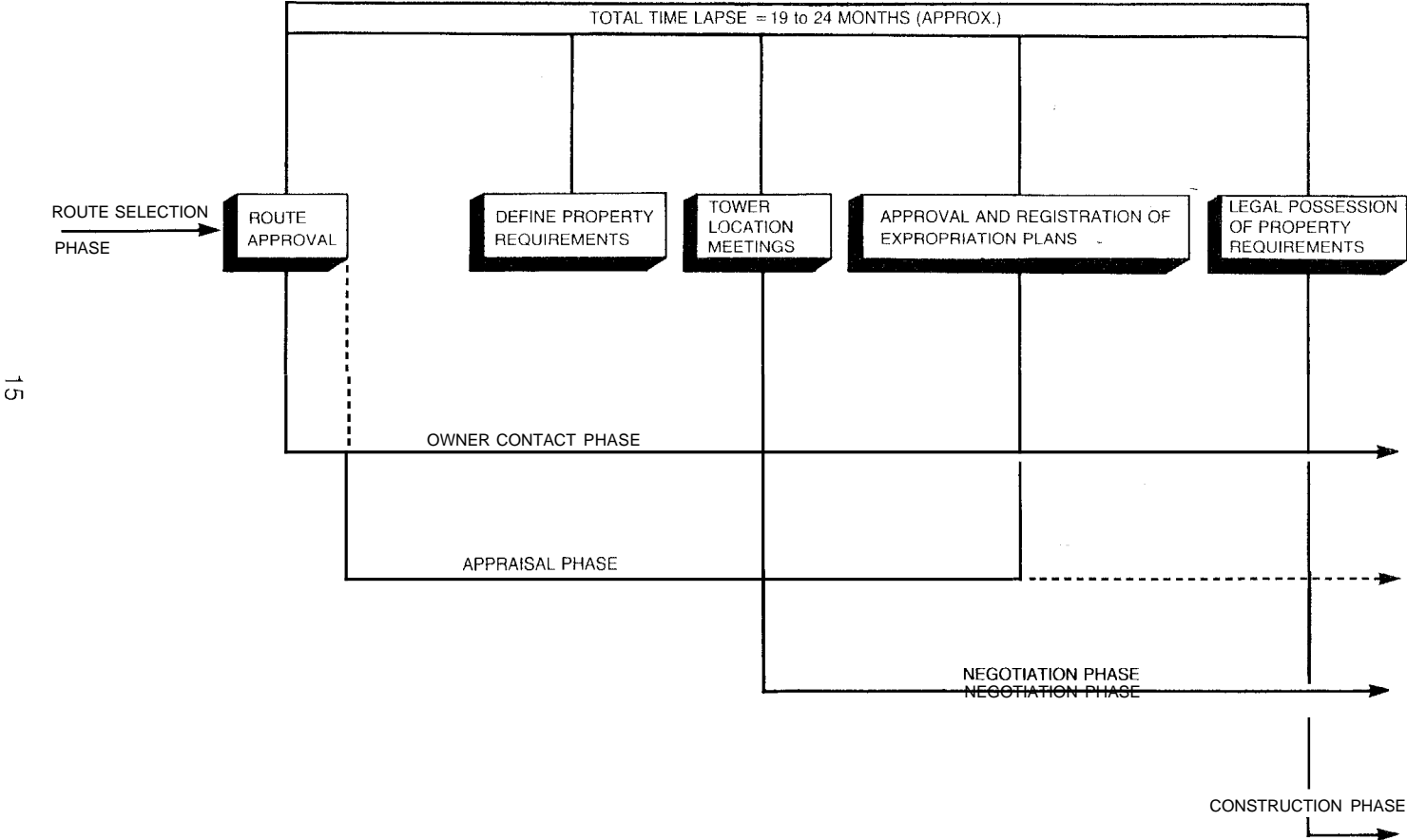
## *To sum up*

Purchasing property rights for major power facilities cannot always be accomplished without inconveniencing some people. But we'll do everything possible to keep this disruption to a minimum insofar as you and your neighbours are concerned.

Ontario Hydro believes its property acquisition program combines the flexibility of individual negotiations with all the protection and rights guaranteed to owners under the Expropriations Act.

Most importantly, it gives you a variety of options from which you can make a choice best fitted to your individual circumstances. Our property agents will make every effort to answer your questions and address your concerns. All property owners will be given fair and equal consideration.

# Property Acquisition Chart





*Additional information may be obtained  
from the property agent with whom you  
are dealing, or in writing from:*

*Real Estate Services Division  
Ontario Hydro  
700 University Avenue  
Toronto, Ontario  
M5G 1X6*

