



REFERRAL OF MEMBER MOTION BY CITY COUNCIL

Problems With Property Assessment In Toronto

Date:	January 29, 2009
To:	Executive Committee
From:	City Council
Wards:	All

City Council Decision

City Council on January 27 and 28, 2009, referred Motion MM30.17 to the Executive Committee.

Recommendations

Councillor Walker, seconded by Councillor Thompson, recommends:

1. That City Council request the Province of Ontario to:
 - a. Delete 2009 property assessments which are based on January 1, 2008 values.
 - b. Reissue 2009 property assessments based on 2005 values increased only by the current rate of inflation.
 - c. Conduct a comprehensive review of the Current Value Assessment system as administered by the Municipal Property Assessment Corporation (MPAC) with attention to fairness, transparency, accountability and predictability for property owners in Ontario as compared to other property assessment systems employed by domestic and international governments to provide basis for property tax calculation.
2. That City Council request the Ombudsman of Ontario to conduct a follow-up report to his April 2006 report entitled "Getting It Right: Investigation into the Transparency of the Property Assessment Process and the Integrity and Efficiency of Decision-Making at the Municipal Property Assessment Corporation", to review the current situation and whether his 22 recommendations have been fully implemented.

Summary

In Ontario, property assessments are used by the municipal government to calculate property taxes: the more expensive the property, the bigger the share paid in property taxes. A property assessment increase does not necessarily mean a property tax increase unless the market value of the property increased at a higher rate than the average rate of increase in the municipality.

Under the Current Value Assessment (CVA) system, the provincial property assessment agency, the Municipal Property Assessment Corporation or MPAC, assesses each property every four years and phases in any assessment increase over four years. Since Current Value Assessment was forced on Ontario's municipalities by the Provincial government ten years ago, there has been never-ending instability and unpredictability in the property assessment system in Ontario; even the Ombudsman of Ontario has criticized MPAC for its lack of transparency and justification, and lack of recognizing actual sale values in their assessments. Now, with property assessments occurring every four years, it is even more difficult to reconcile the appropriateness of property assessments conducted by MPAC.

To compound this untenable situation, the downturn in the global economy over the last 6 months has caused Toronto's real estate market to collapse, resulting in significantly reduced property values as defined by actual real estate sales. The real estate market in Toronto is no longer increasing in value.

The current property assessments for property tax year 2009 are based upon January 1, 2008 property values – when Toronto's property values were at their peak; this is a problem because property values have dropped significantly since the beginning of 2008 and a property owner would not be able to sell a property for its 2009 assessed value. Due to this fact, there is no basis for the stale assessments delivered by MPAC and it would be unfair for any municipality to calculate property tax billing based on these unfounded property assessments.

Background Information (City Council)

Fiscal Impact Statement (January 28, 2009) from the Acting Deputy City Manager and Chief Financial Officer

(Submitted to City Council on January 27 and 28, 2009 as MM30.17)