

20. June 2006.

Policy & Finance Committee
City of Toronto, Ontario

Subject: MPAC Reform – Request to Establish an Assessment Monitoring Group.
Motion by Councillor Fletcher, seconded by Councillor Davis

Thank you for allowing me to speak.

I am in favour of the motion. I also offer some recommendations.

My Background: I live in my home [REDACTED] in the city of Toronto. I am the only owner and the only occupant of my home. I bought my house in 1971. I am a retired senior citizen on a pension.

My Experience: In 2003, I retired from the Ontario civil service. I am a retired professional engineer licensed in the province of Ontario. Much of my working life has been in facilities management and in construction.

In the 1970's, I was active in the non-profit housing sector. At that time, I was associated with Central Neighbourhood House, a United Way agency. My non-profit crew and I repaired many houses for the city of Toronto under the house rehabilitation programs of the then federal government.

My interest in the matter before you: MPAC's current value assessments (CVA) on my home are threatening to double in the next six years. *These will affect my ability to stay in my home.*

List of Issues: I have highlighted my issues in appendix #1.

My opinions on these Issues: My opinions are in appendix #1. More opinions are in appendix #2, which is about the press release from the Ontario government to announce its "*Fair Municipal Finance Act, 1997.*"

The current version of this Act is the "*Continued Protection for Property Taxpayers Act, 2000, S.O. 2000, c. 25 - Bill 140.*" But, there is no protection; the treatment from MPAC has been decidedly unfair!... My neighbours who are seniors and/ or pensioners just roll their eyes in despair at the mention of MPAC.

MPAC ties its current value assessment (CVA) solely on to the real estate market...

When I appealed to the Assessment Review Board (ARB), the MPAC prosecutor was only interested in the real estate selling prices of houses. MPAC compared the sales of new or "as new" renovated "apples" to my 1922 unimproved "orange."

To the question posed in "What Does the Real Estate Market Have to do with Property Taxes?" (Councillor Michael Walker, April 5, 2006), my answer is that the real estate market is driving me out of my home!

List of reports: I will rely on my notes in the attachments and on the reports listed in the citations.

In closing:

With apologies to Henry David Thoreau for paraphrasing his ideas into:

“What is the point of a beautiful home if you've destroyed the planet to put it on.”

The Ontario Ombudsman's report on MPAC pulls a lot of punches...

However, it eloquently describes my perceptions about how MPAC behaves towards us taxpayers...

Recommendations:

#1- Support the motion to “Establish an Assessment Monitoring Group” for MPAC Reform

#2- Suggest to the government of Ontario that it hold MPAC to account each year in a public hearing before a committee of legislators.

#3- Review the city of Toronto 'Seniors' program and increase its CVA for eligibility to the program.

#4- Suggest to MPAC that it produce a “Home Owner's Bill of Rights”

Thank you...

Attachments:

Appendix #1- Issues & my opinions on these issues – Witness Statement – I presented to ARB on 22. Dec. 2004

Appendix #2- Issues & my opinions - “Fair Assessment system”, press release from government of Ontario, 1997

Citations:

City of Toronto, Staff Report June 5, 2006 , from City Manager, Deputy Manager and Chief Financial Officer, Subject: *Provincial Ombudsman's Report on the Municipal Property Assessment Corporation (MPAC)*.

Purpose:

To report on the Provincial Ombudsman's report on the Municipal Property Assessment Corporation (MPAC), and to review the implications for the City arising from the Ombudsman's recommendations. This report also responds to motions referred to the Policy and Finance Committee pertaining to the Ombudsman's report.

-- The city's e-file name is: <it004.doc>

-- Source:

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Email: <PMorris@toronto.ca> [Received on 2006-06-13 14:09]

-- aal-Notes: For my preparation to speak on 20. June 2006 at 09:30 in Committee Room 1, 2nd Floor at City Hall.

© Queen's Printer for Ontario, 2006. *Continued Protection for Property Taxpayers Act, 2000, S.O. 2000, c. 25 - Bill 140.*
e-Laws/ Lois-en-Lign -- aal-Notes: Legislation of the government of Ontario.

URL: <http://www.e-laws.gov.on.ca/DBLaws/Source/Statutes/English/2000/S00025_e.htm>

[Accessed 2006-06-19 at 09:20 -0400UTC]

APPENDIX #1- Issues & my opinions on these issues – Witness Statement – I presented to ARB on 22. Dec. 2004

In my preparations for this hearing I discovered Bill 106 and other pieces of property tax legislation that promised a “fair” and understandable process. For example, the press release from the government of Ontario, dated January 16, 1997 informed me that:

- #1- ...municipalities will be able to cut property taxes by as much as 10 per cent in the year 2000.
- #2- The Ontario Fair Assessment System, introduced in today's legislation, will bring consistency
- #3- The new system will help taxpayers understand how their property taxes are set
- #4- ... how they compare to taxes on similar properties.
- #5- Property values will be based on what properties are being sold for, and
- #6- properties with similar values within a municipality will pay similar taxes.
- #7- The minister also noted the government is protecting seniors and disabled people,
- #8- by giving local governments ... to bring in changes fairly for senior and disabled homeowners.
- #9- ... to keep the system fair and equitable.
- #10- Property owners ... won't see much change in their taxes as a result of their new assessment
- #11- The new legislation also changes other parts of Ontario's property tax system:
... simplifying property tax assessment appeals.

Here are my opinions on these eleven issues that have affected and continue to affect me adversely:

- #1- From the time that I bought my home in 1971, I do not remember any “cuts.” On the contrary, each year there were increases in my property taxes...
- #2- I fail to see fairness [i.e., accuracy] and consistency in the system...
I have not been able to find MPAC's standard for uniformity/consistency.
Other legislatures and/or Courts have established legal measurable limits that hold their assessment corporations accountable to provide consistent CVA's in the various tax categories.
These legislatures or Courts have also set measurable legal limits to make their assessment institutions similar to MPAC produce fair i.e., accurate CVA's.
Would it be reasonable for this Tribunal to produce similar legal norms?
- #3- I do not understand how MPAC has calculated its CVA on my home.
- #4- The MPAC seems to choose Sale prices for “comparable” improved homes and then applies these Sale prices directly to unimproved homes like mine. MPAC makes no adjustments for contributory values that should be added or subtracted from the Sale prices of the “comparable” homes.
- #5- I understand this point! Unfortunately for me, this means that people, who are not accountable to anyone, now cause sharp swings upwards in the cost of keeping a roof over my head!! These people treat my shelter as a commodity to buy, to sell, to flip and to game as if my shelter were part of the stock market gamble. Shades of Enron and Nortel! Having retired last year, I want to be left alone, to enjoy my home, my street and my neighbourhood.
- #6- This issue seems to be a theoretical novelty. It is not happening on my street where most of the homes were very much “similar” in 1971.
- #7- In my case, MPAC is responsible for denying me this protection for seniors. My perception is that MPAC has set my CVA so precisely that the \$401,000 is just over the City of Toronto's eligibility limit of \$398,400.
- #8- My comments in #7 in the previous paragraph apply to this issue.
- #9- I have not found any evidence that MPAC practices assessment equity. The assessments do not seem to bear much of a relationship to market values. The ratio of CVA to Market value seems to be all over the map.
- #10- On the contrary, I have seen a very large change in my property taxes: a doubling in fact!
- #11- Well! On this issue I can agree. But the odds are stacked in favour of MPAC. On Friday, the 17th. December 2004 at 9:30 am, I came to observe an ARB hearing at 425 Adelaide Street. It was an eye opener. The Chairperson was patient with the assessed home owners. But the home owners were completely lost, nervous! A Home Owner's Bill of Rights might help.

APPENDIX #2- Issues & my opinions - "Fair Assessment system", press release from government of Ontario, 1997

Ministry of Finance
Queen's Park

Ministère des Finances
Queen's Park

FOR IMMEDIATE RELEASE
JANUARY 16, 1997

ONTARIO INTRODUCES FAIR AND EQUITABLE PROPERTY TAX SYSTEM

Toronto — As another step in the Ontario government's plan to deliver the highest quality services at the lowest cost to taxpayers, Finance Minister Ernie Eves today introduced the **Fair Municipal Finance Act, 1997**.

The new legislation brings fairness and accountability to Ontario's property tax system and gives local governments more autonomy to make decisions affecting their communities.

"In many municipalities in the province, assessments are based on property values that are out of date. Assessments range from the 1940s to the early 1990s," said Mr. Eves. "As recommended by the Who Does What panel, we're making sure all properties in Ontario are valued in the same year. The legislation I am introducing today to fix Ontario's property assessment and property tax system, together with the reforms announced by my colleagues this week, will pave the way for less costly government and lower property taxes in the future."

Mr. Eves noted the province is taking a projected \$6.2 billion in education taxes off the residential property tax bill. Local taxes will be tied more directly to local services. Through prudent management, **municipalities will be able to cut property taxes by as much as 10 per cent in the year 2000.**

The Ontario Fair Assessment System, introduced in today's legislation, will bring **consistency** to assessments across the province. The new system will help taxpayers **understand** how their property taxes are set and how they **compare** to taxes on similar properties. **Property values will be based on what properties are being sold for, and properties with similar values within a municipality will pay similar taxes.**

The minister also noted the government is **protecting seniors and disabled people**, by giving local governments the freedom to bring in changes **fairly for senior and disabled homeowners.**

"This will mean a fair system of property tax for the more than 3.5 million residential and 177,000 commercial and industrial property taxpayers in the province," said Mr. Eves.

The process of updating all property assessments is under way and will be completed for 1998. Assessments will be updated regularly to **keep the system fair and equitable.** "In about two-thirds of municipalities across the province, property values are relatively up to date. Property owners in these areas won't see much change in their taxes as a result of their new assessment," Mr. Eves noted.

The new legislation also changes other parts of Ontario's property tax system:

- scrapping the unfair and obsolete Business Occupancy Tax;
- cutting taxes for farmers and woodlot owners by replacing tax rebates with new low property tax rates;
- exempting eligible conservation lands from property taxes;
- **simplifying property tax assessment appeals.**

The Minister also indicated that, in order to stimulate construction and increase the supply of rental housing, municipalities will have the option of putting new apartment buildings into a new property tax class with a lower tax rate. The province will also announce details of how municipalities will be able to tax lower valued commercial properties -- such as small retail stores and neighbourhood shopping districts -- at a lower rate than office buildings and large commercial developments.

Delivery of tax assessments will be returned to the local level as of January 1, 1998, as recommended by the Who Does What panel. "By giving municipalities control of the assessment system, we're giving them the tools to provide assessment services to meet local needs," said Mr. Eves.

"This government is taking the necessary steps toward fundamental, positive reform of provincial and local finance. We're establishing a more logical distribution of responsibilities between levels of government to provide the highest quality services at the lowest cost to taxpayers."

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[L'ONTARIO MET SUR PIED UN SYSTÈME D'IMPÔT FONCIER JUSTE ET ÉQUITABLE](http://www.fin.gov.on.ca/english/media/1997/ofas.html) URL <<http://www.fin.gov.on.ca/english/media/1997/ofas.html>>

-- aal-Notes from Adam Lenskyj:

#1- I added the yellow high liner to show those **issues** that affect me and that I want to discuss.