

COMMITTEE OF THE WHOLE - MARCH 1, 2004

REQUEST REGARDING THE CURRENT VALUE ASSESSMENT (CVA) PROCESS

Recommendation

The City Clerk recommends:

That Council provide direction with respect to the attached correspondence, dated January 31, 2004, from J.B. Galway, A.T. Hodges and C.A. Ballantyne (Attachment 1).

Purpose

Regional Councillor Frustaglio has requested that this matter be placed on the Committee of the Whole agenda of March 1, 2004.

Background - Analysis and Options

In accordance with established policy the attached correspondence (Attachment 1) was provided to the Mayor and Members of Council on February 13, 2004. Regional Councillor Frustaglio has requested that this matter be placed on the Committee of the Whole agenda of March 1, 2004.

Relationship to Vaughan Vision 2007

Not applicable.

Conclusion

Staff direction is being requested with respect to this matter.

Attachments

Attachment 1- Correspondence from J.B. Galway, A.T. Hodges and C.A. Ballantyne, dated January 31, 2004.

Report prepared by:

Sybil Fernandes, Manager of Administrative Services/Deputy City Clerk, Ext. 8628

Respectfully submitted,

John D. Leach
City Clerk

RECEIVED

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CLERK'S DEPT.

January 31, 2004

To:- The Clerk, for the attention of Mayor and Council:

Subject:- CVA; Submission to Council for its Consideration

We are an informal group of citizens concerned with how characteristics of the Current Value Assessment (CVA) process impact the financial stability of both property tax payers and municipalities. Our objective is to have the Premier and his government take action to restore stability to the assessment process.

To accomplish this, we have initiated actions involving the media, many ratepayer oriented associations and lastly this package being distributed to virtually all municipal councils in the province.

With property values directly connected to the real estate market, CVA is inherently unstable and unpredictable, particularly to seniors and others on low or fixed incomes. We have raised our concerns, as property owners, with the Premier, Minister of Finance and the Minister of Municipal Affairs and Housing. We, therefore, have requested that the provincial government hold a full review of CVA and of its administration by the Municipal Property Assessment Corporation (MPAC).

This instability has led to considerable concern at the municipal level since property assessments are the foundation on which municipalities base their revenues. With property values changing yearly there is no stable foundation on which municipalities can base budget forecasts. Also, the high number of appeals made by property owners to MPAC, or the ARB, and the subsequent arbitrary reversal of the majority of ARB rulings by MPAC in the following year, adds further instability to the municipal budgeting process and to its financial operations.

Attached is a motion that we ask be recorded by the Clerk. We respectfully request this same motion be placed before Council at the earliest possible date and we would appreciate council's deliberations on these matters as they significantly affect every municipality and property owner in Ontario.

The support of your Council, along with the others across the province, is a critical component in bringing stability and predictability to the assessment process leading to more administrative efficiency while reducing taxpayer anxieties and frustrations.

Finally, would you please afford us the courtesy of a response advising of council's disposition of this matter?

Sincerely,

J.B. Galway - contact - bruce@encode.com or RR1, Site 2, Box 171,
A.T. Hodges Brechin, Ontario, L0K 1B0
C.A. Ballantyne

Motion Calling for a New Assessment Process providing Stable Values

WHEREAS since the first Assessment Act was passed in 1850, municipalities have been attempting to improve the assessment base on which taxes are levied to provide a fairer and more equitable fundamental process to provide for both stability and continuity and,

WHEREAS the basis of the current real property assessment process is premised on "what a willing buyer will pay a willing seller" and,

WHEREAS the core of all real property assessment is to portray equality between various classes of property and,

WHEREAS the stability of real property assessment forms the foundation on which a municipality builds its economy and bases its tax revenues and,

WHEREAS the introduction of CVA (Current Value Assessment) as presented by MPAC (Municipal Property Assessment Corporation) has created instability in municipalities across Ontario, by presenting unrealistic spiralling values for properties, thereby causing anxiety in the minds of property owners and,

WHEREAS under CVA, the volatility of assessed values results in a high number of Reconsiderations and/or Appeals adding instability to the municipal budgeting process and to financial operations and,

WHEREAS MPAC has stated publicly to councils, that decisions made by the ARB (Assessment Review Board) are routinely ignored or modified in subsequent years and,

WHEREAS when MPAC shows utter disregard for the authority granted the ARB by statute by ignoring ARB rulings, this causes property owners to pursue the costly, drawn out process each and every year they own the properties in question and,

WHEREAS CVA is inherently unstable because property location is the driving force of CVA property assessments values and,

WHEREAS CVA assessment, now and in the future, with its continuing changing yearly value, provides no stable continuity on which a municipality can base its budget forecasts due to the state of flux of assessment values caused by the CVA process and,

WHEREAS the whole premise of CVA places an unrealistic value on a property which has not yet been sold and upon which a capital gain has not been realized and,

WHEREAS minimum educational requirements and standard accreditation have not been imposed on assessors by MPAC*, thereby creating doubt in the ability of MPAC to provide a professional product.

* see Property Assessment and Classification Review, Final Report, Fall 2002 – page 8 (Submitted to the Minister of Finance by M. Beaubien MPP, Lambton-Kent-Middlesex).

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NOW, THEREFORE, BE IT RESOLVED

1. That the Premier of Ontario be petitioned to implement a methodology for real property assessment in Ontario, which would alleviate the current instability created by the present CVA method, to both municipalities and property owners by implementing the following measures:

a) Immediately reinstate minimum educational requirements and standard accreditation of assessors.

b) Abandon the premise that assessed values include a hypothetical component reflecting an unrealized Capital Gain, caused by the dominant and inappropriate influence that location has in calculating that value.

c) Create a stable, continuing assessment base, which can be used by municipalities as a stable base for budget forecasts and the calculation of property taxes.

d) Enact a regulation, which immediately establishes the ARB's decision as final and not to be arbitrarily overruled or ignored by MPAC in the following and future years.

e) Immediately strike a Task Force comprised of Ontario government representatives, recognized municipal associations such as AMCTO, MFOA, AMTCO and recognized independent experts in the field of assessment, and other related disciplines.

f) Outline a strict time schedule for all reporting and progress reports to be filed with the government and that a deadline be established for the final report, including proposed legislation, open to public review and comment, to be submitted to the appropriate parliamentary committee for presentation to the House for passage into law and,

2. FURTHER that, this resolution, when passed by this Council, be forwarded to the Premier, Ministers of Finance and Municipal Affairs and Housing for their action and,

3. FURTHER that following endorsement by council, that this resolution be forwarded to the local MPP for his/her awareness of the extent of dissatisfaction with CVA within the riding.

Date Passed _____

Signed

MAYOR _____

CLERK _____