



17 Admiral Road  
Toronto, ON  
M5R 2L4  
December 20, 2005

Mr. André Marin  
Ontario Ombudsman  
125 Queens Park,  
Toronto, ON  
M5S 2C7

[info@ombudsman.on.ca](mailto:info@ombudsman.on.ca)

Dear Mr. Marin:

**RE: Our Support for Your Investigation of MPAC Transparency and Integrity**

The Federation of Tiny Township Shoreline Associations unites the interests of 25 member associations comprising a large proportion of households in the shoreline residential areas of Tiny Township in northern Simcoe County. I have been asked by our Board of Directors to convey to you our membership's strong support for your investigation of MPAC transparency and integrity, and to outline to you and your team some of our deep-seated concerns regarding MPAC and the Ontario property assessment process in general.

Indeed, our membership heartily welcomes your investigation. We have been gravely concerned since its introduction that the Current Value Assessment process is a capricious, incomprehensible, and – most of all – completely unfair method of determining the municipal tax burden on a property!

We fully agree with the many persons in public and private life who have stated that the system is broken and must be fixed on a priority basis.

We respectfully offer two recommendations for your immediate attention:

1. Urge the provincial government to set aside the 2005 CVA Re-Assessment and use the 2003 figures for future taxation until such time as your investigation is completed and your report fully considered by the Ontario Legislature.
2. Urge the provincial government to devise and present proposals for an alternative property tax assessment system to the Ontario Legislature prior to the next Ontario election in 2008.

## **Background to our recommendation to freeze assessments at the 2003 CVA values:**

### **RE: 'Transparency'**

- The process that MPAC uses to derive 'current values' for each property in a municipality often is driven only by a scattering of sales data. This yields capricious results in many cases, especially in shoreline areas where many properties are unique and are sometimes purchased by wealthy buyers at exorbitant prices on a 'must have' basis.
- In many cases where a property has sold on the open market its CVA assessment does not correspond immediately following, thus vitiating the principle of 'market value' assessment.
- MPAC claims to have derived a property valuation formula through statistical regression analysis, but refuses to make this analysis available to the taxpayers who paid for it in the first place.
- The MPAC website is now set up to impede, rather than facilitate, taxpayers seeking data on assessments of comparable properties. It should allow retrieval of any number of property assessments. The only way a taxpayer can find the values of a wide range of property assessments that he/she feels might be comparable is to search through massive volumes in the municipal offices. This is an especially unjustified imposition on owners of second residences.
- The selection of 'comparable' properties by MPAC is incomprehensible to most taxpayers. The process may be more transparent in a large condo complex or in large uniform suburban areas with many sales of mostly similar properties, but it is capricious and often wildly inaccurate in areas such as shoreline residential zones where very few properties are similar and property turnover rates are low.

### **RE: 'Integrity':**

- In some cases, taxpayers have been shown a list of 'comparable' sales, only to discover that some of the sales occurred beyond the cutoff date for the CVA year.
- In appealing a CVA assessment decision, taxpayers are under the onus of 'reverse proof'. That is, they must prove that what the assessor decided is wrong, without knowing what formulae went into the assessment or what properties were considered 'comparable' and for what reasons. This seems to us to violate the most elementary principles of justice.
- In an appeal, the Assessor has access to all of the information to support his/her argument while the taxpayer must work with only the information that MPAC is willing to release or information the taxpayer has gleaned at great effort. The arbitration tends to lean towards the Assessor's 'facts' unless the taxpayer pays for professionals to represent his/her argument.

- In an appeal situation, the assessor's case is considered proven if the comparison to 'comparable' properties is maintained, even though the CVA value of the 'comparable' properties may themselves be incorrect.
- When a CVA assessment is lowered on appeal, our members often report that the following year's assessment does not reflect the reduction, with the consequence that the taxpayer has to appeal yet again. Costs of a successful appeal are not rebated to the taxpayer, adding insult to injury.

**Background to our recommendation to revise the Ontario property tax assessment system:**

- The CVA system bases municipal taxes solely on unrealized changes in property values. It is not based on reality. The assumption is that people who live in homes that are suddenly declared to be worth a lot more money, must have a lot more money. This is not realistic.
- The CVA system bears no relation either to the cost of services provided or to the taxpayer's ability to pay for them.
- It causes financial hardship – extreme in the case of seniors on fixed incomes. They are being taxed on a yearly-imputed capital gain that is not realized and may never be realized. In addition, many will have to pay capital gains tax in the event of a sale or at death. To us, this seems like double taxation.
- The CVA system causes homeowners in 'hot' real estate areas to be taxed excessively, and disproportionately to the municipality's average. This results in a geographical distortion of the distribution of the tax burden over time. It certainly is an inequity when one area has to carry the major part of the taxation load in the Township and yet not receive as many services as other areas.
- The 100% Current Value Assessment system should be replaced by a system that taxes residential properties according to the burden they place on the services received. Perhaps there could be a 'flat tax' portion for the municipally-delivered services and a portion geared to income for the educational and social services components. The latter could be recovered through the income tax mechanism – perhaps using a 'reverse tax credit' version of the existing municipal tax credit.

In closing, we would like you to note that, while our remarks and recommendations are based primarily on our members' involvement with shoreline residential properties, we feel they apply to **all areas** of the province, since real estate values normally change at different rates in different parts of any given municipality.

Our membership looks forward with great anticipation to the results of your investigation of the MPAC process. We wish you every success in its pursuit, and if you have any questions or comments, please contact Jack Ellis, Chair of our Assessments Committee, at [jackel@yorku.ca](mailto:jackel@yorku.ca) or 705-533-2555.

Thank you very much for your consideration.

Most cordially,

Judith Grant  
President, Federation of Tiny  
Township Shoreline Associations

Copies to: Garfield Dunlop, MPP ([garfield.dunlop@pc.ola.org](mailto:garfield.dunlop@pc.ola.org))  
Mayor Robert Klug and Council of Tiny Township  
Premier Hon. Dalton McGuinty ([dmcguinty.mpp.co@liberal.ola.org](mailto:dmcguinty.mpp.co@liberal.ola.org))  
Minister of Finance Hon. Dwight Duncan ([dduncan.mpp.co@liberal.ola.org](mailto:dduncan.mpp.co@liberal.ola.org))  
Minister of Municipal Affairs Hon. John Gerretsen ([jgerretsen.mpp@liberal.ola.org](mailto:jgerretsen.mpp@liberal.ola.org))  
MPAC Chair Debbie Zimmerman ([Debbie.Zimmerman@regional.niagara.on.ca](mailto:Debbie.Zimmerman@regional.niagara.on.ca))  
MPAC President and CAO Carl Isenburg ([isenbuca@mpac.ca](mailto:isenbuca@mpac.ca))  
Conservative Finance Critic Tim Hudak ([tim.hudak@pc.ola.org](mailto:tim.hudak@pc.ola.org))  
NDP Finance Critic Michael Prue ([mprue-qp@ndp.on.ca](mailto:mprue-qp@ndp.on.ca))