



SUBJECT: 2017 appeals to the Assessment Review Board

TO: Committee of the Whole

FROM: Finance Department

Report Number: F-31-17

Wards Affected: All

File Numbers: 420-01

Date to Committee: June 26, 2017

Date to Council: July 10, 2017

Recommendation:

Authorize the Director of Finance or designate on an annual basis:

- To appeal the Current Value Assessment (CVA) of properties within the City of Burlington that are assessed incorrectly for various reasons;
- To represent the City in all matters before the Assessment Review Board (ARB);
- To seek assessment changes, tax class changes, or higher assessments on properties under appeal to the ARB as deemed necessary;
- To execute Minutes of Settlement made under Sections 32, 33, 34, 36, and 40 of the Assessment Act; and
- To submit Requests for Reconsideration under Section 39.1 of the Assessment Act for City owned properties when deemed necessary.

Receive for information, the 2017 assessment appeals filed to the ARB on March 31, 2017 as listed in Appendix A of finance department report F-31-17.

Purpose:

An Engaging City

- Good Governance
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Background and Discussion:

This report seeks Council approval to delegate authority to the Director of Finance or designate on an annual basis:

- To appeal properties and represent the City in all matters that come before the ARB,
- To submit Requests for Reconsideration on behalf of the City, and
- To seek changes in CVA or tax class changes when and where warranted.

Appeals should be filed when upon review of the property assessment it appears the assessed values or tax classifications are incorrect. Appeals must be filed with the Assessment Review Board (ARB) by March 31, 2017. Requests for Reconsideration (RFRs) for City properties have to be filed with the Municipal Property Assessment Corporation (MPAC). For taxation year 2017, the deadline to file RFRs with MPAC varied from prior years with the deadlines indicated on the Property Assessment Notices.

Process

Assessment Base Management (ABM) is important to protect the assessment base, preserve property tax revenues and ensure that reductions through the appeal process are fair and equitable in accordance with the Assessment Act. Taking an active role in the appeal process helps to ensure that any reductions and settlements are properly identified and justified.

The delegation of the authority to staff to administer and initiate assessment and tax appeals demonstrates responsible fiscal management by minimizing the erosion of the assessment base and unnecessary losses to the tax revenue.

In December of each tax year MPAC provides the Assessment Roll to the municipalities for the following taxation year. An audit of the Roll is carried out by staff to identify potential errors and omissions such as:

- Assessment too high or too low
- Incorrect business classification (e.g. commercial or industrial)
- Change in use due to rezoning (e.g. single family to a multi-residential use)
- Property ceases to be used for farm purposes
- Land or buildings omitted from the assessment roll
- Building improvements not assessed or buildings demolished and not removed from the assessment roll
- Changes to the tax status from exempt to taxable or vice-versa.

The City is very proactive in working with MPAC to ensure properties are classified correctly and that new construction is assessed in a timely fashion with correct effective dates. MPAC may occasionally apply incorrect effective dates as to when new

construction is considered occupiable or deemed final; by monitoring construction activities closely, staff can communicate correct dates as to when construction is ready.

Building permit activity is sent electronically to MPAC on a monthly basis; in addition, staff monitor building permit activity against our supplementary assessment rolls and provide MPAC with a priority list on a regular basis. City staff continues to meet with MPAC regularly to exchange information and ensure that the lines of communication remain open.

The following are some examples of the ongoing analyses that City staff conduct throughout the year to monitor assessment values for accuracy:

- Monitor active developments and rezoning applications, including building permit activity and sales, and provide same information to MPAC.
- Review all exempt properties to ensure that all properties are in fact exempt and send MPAC a list of those that are deemed no longer to be exempt.
- Review sales and compare sale prices to the assessment values and look for extreme ratios for possible changes to the property.

Assessment Review Board (ARB)

The ARB has released new Rules of Practice and Procedure effective April 1, 2017 which impact all parties to assessment appeals including municipalities.

The rules state that if the City does not respond to statement of issues served upon it by an owner, it is no longer a party to the appeal and cannot participate, nor object to any settlements offered by MPAC.

The City must have a person or designate that has authority to bind the City and that person has to be present at settlement conferences and mediation events when and if the City is active in the appeal.

Also new for 2017, the ARB will provide staggered commencement dates for all property appeals, from which all deadlines must be adhered to per the ARB's schedule. The City has the ability to review the property appeals filed and make requests that sensitive property appeals go first.

Owner/Tax Agent Appeals

Section 40 of the Assessment Act allows that any person, including a municipality, may appeal assessments to the ARB. There are three parties to these appeals: the owner/tax agent, MPAC, and the City.

Typically these appeals are only followed through when there are potential tax decreases, not increases. When the assessed values are deemed too low resulting in a tax increase, this usually results in a withdrawal of the appeal by the owner/agent. Therefore, the error goes uncorrected. However, as a party to the appeal, the City can minimize the amount of errors that go uncorrected by exercising our right of participation and taking an active role by objecting to the withdrawal of the appeals.

City Appeals

When staff determines that an error exists, an appeal is lodged to the ARB in an attempt to have the assessment corrected, regardless of whether it results in a decrease or an increase to the taxes.

For 2017, the City has identified six properties that it has deemed to be assessed incorrectly. In identifying the six properties, staff looked at the assessment roll systematically and identified the properties listed in Appendix A.

Financial Matters:

The financial impact of the appeals shown on Appendix A will not be known until the ARB hears the matters or when Minutes of Settlement have been signed by all parties.

Public Engagement Matters:

Letters giving notice of the appeals launched by the City were mailed to the owners on March 31, 2017.

Conclusion:

In the interest of preserving the fairness and equity of the assessment roll, it is the municipality's responsibility to monitor, review and appeal, as necessary, property assessment values used for taxation purposes.

Council's authorization to appeal does not necessarily mean that all appeals will proceed through the Assessment Review Board process. Appeals can be withdrawn at any time if additional information or clarification to support the assessment as returned on the roll is received by either party.

Respectfully submitted,

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Appendices:

- A. List of City Appeals

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.