August 19, 2019

Dear MPAC Representatives,

Thank you for your time in meeting with Burlington Representatives today.

Our goal in meeting with you was to alert you to issues you many not be aware of that we want to work together with your team to solve.

The City of Burlington was ranked Canada’s #1 Community to live in and raise a family in by Maclean’s magazine this month. We have a great deal to be proud of and we know that a healthy, vibrant downtown contributes to this honour.

There are some timely challenges as businesses address the impact of escalating property tax assessments on the commercial sector of Burlington’s Downtown. We have to question the overall health of the Downtown commercial ecosystem as the net effect of inflated MPAC assessments can make a business investment in the BIA less and less competitive.

Land assembly and land speculation has led to a dangerous mix inflated property values and the associated taxes – of which MPAC is only one. Analysis has concluded that increase in comparable property values has been skewed. Certain properties that have been “overpaid for” or would not be actual comparable because they are not in an block under assembly so no one would actually pay that price another assessed property even though it is similar in all physical characteristics. This is leading to unrealistically high valuations, by MPAC, that are not accurate in real market conditions.

The chart below lists out properties in close proximity to this occurrence which are on an unsustainable property assessment trajectory to maintain current use – often retail, restaurant, or small scale professional services.
A cornerstone of a healthy downtown business community is the ability to secure a 10-year lease in order to establish the amortization of lease hold improvements or capital expenditure. On a relative tax curve, this is managed. However, in an example at 1463 Ontario Street, also in proximity to land speculation which approved a 23-storey tower in a 4-8 storey Official Plan area, this property has escalated on a scale that compounds from $25,140 in 2011 to $40,000 in 2019; a ~60% increase. This level of escalation through MPAC, contributes to the uncertainty of future costs to do business in the downtown. The result is urban blight, currently very observable.

It is also important to note that, while slightly above the Canadian average, the rate of average income increases has not kept pace with the property assessment increases. The overall median total income of households in 2015 was $93,588, an increase of 5.5% from $88,736 in 2005 (2016 Census). This household income is only so elastic that the rent or tax increases cannot be passed through to the downtown customer base any longer. The result is maxed out product and service prices.

Your assistance in the following is greatly appreciated:

- MPAC shift from the CVA approach for assessing properties based on comparables to a combination of the comparative, income and cost approach. The cost and income approach would not support the current values of the comparative approach. This is because the comparative approach is being skewed by land assemblies based on development and development potential;
- MPAC initiate a review and subsequent correction to properties in Burlington Downtown to ensure stability of the tax rates for current use of properties in advance of the property assessment value on March 31st, 2020 for the 2020 taxation year;
- MPAC review the phase-in legislation was introduced starting in 2009 with the intent to ease the reassessment impacts and subsequent tax burden for increased assessment values;
- MPAC, when developing an action plan to further improve the accuracy, transparency and stability of property assessments includes representation from independent business owners in
a downtown community per legislation introduced by MPP for Markham-Stouffville, Paul Calandra; and

- That Burlington be kept at the forefront of the Province’s commitment to explore opportunities to:
  - Enhance the accuracy and stability of property assessments;
  - Support a competitive business environment;
  - Provide relief to residents; and
  - Strengthen the governance and accountability of the Municipal Property Assessment Corporation (MPAC), including proposed changes to MPAC’s board structure that would ensure better representation for Ontario property taxpayers.

We need the support of MPAC, through the 2019 Ontario Budget – Ontario’s Plan for Protecting What Matters Most to protect the Burlington Downtown that belongs to everyone. Protecting our vibrant downtown contributes to making Burlington the best place to live, work, and play.

We will follow up with your office in the coming weeks to continue the conversation and make things happen – together.

Yours sincerely,