

Property tax hikes to hit residents of trendy urban core Assessments mean suburban owners may see smaller tax bills

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Homeowners in Ottawa's urban core face a hefty tax hike next year, while those in suburban and outlying areas could possibly see a drop in their property taxes, in light of new property assessments mailed out this week.

While the city's average assessment increase on all residential properties is 11.84 per cent, there were many areas with property assessment that jumped far beyond that average.

In particular, residents of Kitchissippi, Rideau-Vanier and Somerset wards should - brace themselves for a substantial tax increase in 2006. Kitchissippi Ward, which includes trendy Westboro and up-and-coming Hintonburg, had the highest average increase on residential properties, at 18.55 per cent, while Rideau-Vanier's average increase is 16.79 per cent. Somerset Ward is a close third at 16.1 per cent.

And in a surprise to Councillor Dave Doucet, his Capital Ward, which includes the upscale Glebe, only came in fourth at 15.3 per cent. 'Usually we're number two,' he said. 'It's going to be bad, but it's still better than second highest.'

Mr. Doucet attributes the change to historically high property values in the Glebe that are driving buyers away. Instead, he says, people are purchasing houses in areas such as Kitchissippi, where property values are now skyrocketing.

That ward will likely have the highest assessment increases for "years to come" because homes are coming up from lower values, Mr. Doucet added.

By comparison, homeowners in Kanata, Goulbourn and Bell-south Nepean have on average the lowest assessment increases for residential properties. Kanata's average residential assessment increase is 7.44 per cent, while Goulbourn's is 7.62 per cent. In Bell-south Nepean, the ward that includes burgeoning Barrhaven, the average residential assessment increase was 8.3 per cent.

The actual property-tax increases won't be known until city council approves the budget and sets the tax rate later this year. But as city treasurer Lloyd Russell explained, property owners with assessment increases above the 12.2-per-cent average can expect their taxes to reflect the difference between this average and the assessment level specific to their property. That means those with assessment increases above the average will pay more in taxes, while those assessed below that average increase will likely get a break.

Not everybody finds that taxation formula fair.

Mr. Doucet yesterday called on the province to address the serious problems with its assessment system, considering that residents in urban areas pay the highest taxes, when those areas are the cheapest for the city to operate.

There's something really wrong with a system of taxing that penalizes the cheapest parts of the city to run and subsidizes the most expensive," he said. "That's a recipe for disaster."

But, says Mr. Russell, certain areas of the city will always be hit harder than others because of the nature of the provincial assessment system.

By law, the property tax system has to be revenue neutral for the city. That means that every year some people will be hit with higher taxes while others see a decrease.

'You're always going to see volatility because some neighbourhoods go up higher than others do,' Mr. Russell said.

While the city's average assessment increase on all residential properties was 11.84 per cent, the average increase across all tax classes was 12.21 per cent.

In terms of tax classes, multi-residential properties carry the largest assessment increase -- 30.35 per cent. On the other hand, commercial and industrial tax classes will see an overall decrease in property taxes.

The commercial class had an average assessment increase of 7.19 per cent. Industrial had an average assessment increase of 12.21 per cent.

While this year's assessment will leave some residents unhappy, property owners can take solace in the fact that the results aren't as severe as they were in 2003, said Larry Hummel, vice-president for property values at the Municipal Property Assessment Corporation. "The price acceleration has slowed down from two years ago, so we aren't seeing as rapid an increase since the last time.

Across the province, residential property assessments increased about 12 to 13 per cent on average, said Mr. Hummel.

During the last assessment, in June 2003, values on area homes increased by an average of nearly 24 per cent. For condominiums, the assessment increase was closer to 35 per cent.

The deadline to appeal assessments for the 2006 tax year is March 31, 2006, Mr. Hummel said. Residents can also ask MPAC to reconsider their assessment if they think an error has been made. "We have a public trust, We want to make sure the values are accurate," he said.

Property assessments are now done annually. But the complicated assessment system and changing market makes it impossible to predict which tax class may carry the burden next year, said Mr. Russell. "Multi-residential this year is the hot one. Next year, who knows."

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