

Property tax hikes could top 20% for some homeowners. City also asked to gamble on 'phantom' \$20M from province

Carly Weeks

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Few, if any, residents will escape a property tax increase next year, and some homeowners will face hikes of more than 20 per cent as the city prepares a budget that will ask councillors to gamble on phantom provincial funds.

Even those residents with low property assessment increases will likely face a municipal tax hike next year of between 3.9 per cent and 12.8 per cent because of provincial rules that prevent the city from taxing the commercial sector. As a result, residents will be forced to carry the commercial sector's burden so the city can meet budget requirements.

The pressures on the residential sector stem from a provincial rule that prohibits the city from taxing the commercial sector for budget increases when the commercial class is above a provincial threshold.

The province's rationale is that, because business assessments are based on the revenue their properties produce, they are vulnerable to large changes in assessed value. As a result, the province has capped business-class tax increases caused by assessment swings.

That means, starting in 2006, any budget increases have to be paid for by the residential, multi-residential and industrial classes. The residential sector, along with the small farmlands class, will pay 81 per cent of any budget increase next year.

The commercial sector will not have to contribute to any budget increase, according to Marion Simulik, the city's manager of financial planning. Last year, the residential and farm class covered 60 per cent of the city's budget increase while the commercial sector paid 26 per cent.

Any budget increase cannot be passed to the commercial, which means everybody has to pay more as a result, Ms. Simulik said.

But it's also a property reassessment year, which means thousands of residents, particularly in the urban core where assessment increases are highest, will take two hits at tax time-- the assessment increase and any tax increase coming out of the budget process.

The opposite is true of the commercial sector. Property taxes will decrease overall because of low reassessment values and the fact that provincial regulations prohibit the city from imposing commercial taxes to fund budget increases.

They get a double benefit, the commercial sector, Ms. Simulik said. Not only do they get the shift away because of the reassessment budget, but any budget increase doesn't get passed onto them.

In a worst-case scenario, residents could be stuck with a 12.8-per-cent tax increase next year, plus what they'll see as a result of the recent reassessment of property values, said Ms. Simulik. In the best-case scenario, residents will pay a 3.9-per-cent increase, plus their reassessment total.

The City's budget shortfall is currently between \$35 and \$51 million, said Ms. Simulik. That doesn't count the \$20-million hole that's left after Premier Dalton McGuinty's announcement last week that the city wouldn't be granted new taxing powers.

City officials had been counting on that money as one of the budget's funding solutions.

The city is still negotiating with Queen's Park to get new taxing powers, so councillors may decide to risk setting a budget that counts on a change of heart from the province, said Ms. Simulik. "They can take a risk with it, she said.

Property assessments were mailed on Monday. Anyone with an assessment increase higher than the city's 12.2-per-cent average can expect a tax increase that's approximately the difference between the city's average and their assessment total, according to city treasurer Lloyd Russell.

But even if the city raised municipal taxes by the minimum amount at budget time, some residents could still be paying at least 20 per cent more in taxes next year, once their reassessment is taken into account.

For instance, a total of 3,820 homes had an assessment increase of 30 per cent or greater. Even if the city raised taxes the minimum amount of 3.9 per cent for 2006, resident whose home had an assessment increase in that 30-per-cent range would still pay about 22 per cent more in municipal property taxes than they did this year.

Complaints

Property owners who do not believe their assessed property value or classification is accurate can ask the Municipal Property Assessment Corp. for a review before Dec. 2006. A notice of complaint can also be submitted before March 31, 2006.

The Ottawa MPAC office will have extended hours from 8 am. to 5 p.m. from Oct. 3- and Oct. 11-13. The office is located at 1420 Blair Place, suite 300.

An information session will be held at the Ron Kolbus Lakeside Centre in Britannia Pa on Oct. 27 at 7 p.m.

MPAC's customer contact centre hours will be extended until Dec. 22. Representatives can be reached at 1-866-296-6722 from 8a.m. to 6 p.m., Monday through Friday, and from 9 a.m. to noon on Saturdays.

More information is available at www.mpac.ca.

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