

Councillor Walker Sticks Up For City Homeowners

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As the City Council begins goes into its second day of meetings tomorrow, [Councillor Michael Walker](#) is introducing a motion to alter the city's 2009 property assessments.

He's calling on the city to do three things:

- 1) Delete 2009 property assessments that are based on January 1st, 2008 values
- 2) Reissue 2009 property assessments based on 2005 values, factoring in the current rate of inflation.
- 3) Review the Current Value Assessment system administered by the [Municipal Property Assessment Corporation](#) (MPAC), with attention to fairness, transparency, accountability and predictability for property owners in Ontario as compared to other property assessment systems employed by domestic and international governments. In Toronto (and Ontario as a whole), the government recently instituted a new system where property assessments are taken every four years, rather than every year. Typically, the greater the present value of your home, the more you pay in property taxes. But an increase in the value of a home doesn't necessarily mean the you will be forced to pay higher taxes. That happens when the market value of the property increased more than the average rate of increase in the municipality.

Now, the current assessments are based on the January 1st 2008 property values, coincidentally, right when the [Toronto housing market was at its peak](#). Since then, the looming economic crisis has pushed home values down - pretty much across the board. But that won't matter for a number of homeowners, as their property taxes will continue to be based on peak home prices, meaning they'll be facing higher taxes over the next four years.

This predicament creates a double blow for homeowners: if they try and sell their home to avoid the property tax increase, they're not going to get the amount of money that the city says its worth. So,

Walker thinks the city should scrap the last assessment and just factor in inflation, thereby, taking into account the sudden rise and pullback in home values.

As you can imagine, the new tax system doesn't sit well with everybody, [The Coalition After Property Tax Reform \(CAPTR\)](#) is calling on the government to place a limit on individual property value increases resulting from each new assessment. This limit or ceiling should be set in relation to historic increases in Ontario real estate value, which the group says are about double the rate of inflation (currently sitting at 1.2%).

Other critics argue that homeowners living in the city's more desirable neighbourhoods (most of which are in the downtown core) are being forced to shoulder more of Toronto's tax burden. Meanwhile, homeowners in neighbourhoods where prices are stagnant will actually be contributing less to the city's coffers.

Even if Walker's motion comes to nothing, it seems to me that the city's (and the province's) assessment system will continue to draw criticism. More importantly, I think this is a particularly relevant issue now that both the [Canadian and international economy are in disarray](#). The government should be looking for ways to help homeowners out, not punish them for real estate bubble, especially if they've been living in the same home for a more than a couple of years.