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'Secret' property tax system probed

Ombudsman questions how MPAC arrives at assessments
'Dazed and confused' residents flood office with complaints

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Just as Toronto home and condominium owners are receiving new property tax assessments, provincial ombudsman André Marin has questioned whether the assessments have been properly prepared.

The average assessment on a single-family dwelling in Toronto has risen nearly 12 per cent, according to the latest survey by the Municipal Property Assessment Corp. (MPAC), but the rise isn't uniform across the city.

Property values in central and western areas of the city have generally risen more than those in the northern and eastern reaches, according to MPAC, and houses have appreciated far more than condominiums.

But Marin is questioning the methods used by MPAC, which prepares all the province's assessments, and has served it with a notice that its practices are under investigation.

"I am satisfied there exists, on the face of it, a strong case that there is a lack of transparency in the property assessment process," Marin said in announcing the probe yesterday.

Carl Isenburg, president of MPAC, said the corporation has already sent information to Marin's office and will co-operate fully with the ombudsman.

Marin says his office has been flooded with complaints from property owners who find the assessment process "aloof, mysterious and cloaked in secrecy," and who say "they have run into a brick wall" when they question their assessments.

"It leaves citizens dazed and confused," Marin told a news conference in Ottawa. Assessment notices were mailed earlier to Ottawa and have created a firestorm of criticism. Toronto homeowners began receiving their assessments yesterday.

Marin expects to release his report and make recommendations to the province in four to six months, which is unlikely to come in time to provide any relief for homeowners in 2006.

Marin's questioning of residential assessments comes when the city's commercial tax base is also under fire.

The city's six biggest downtown office developments, housing the headquarters of the major banks and BCE Corp., have appealed their assessments. They're seeking refunds totalling \$150 million in a hearing that opened last week.

Marin said he wants to probe MPAC's "integrity and efficiency" as well as its methods. He said many complainants say they've successfully had their assessments rolled back on appeal, only to have MPAC ignore the appeal in the next round of assessments. "If true, the net effect of all this is to force a property owner to fend for himself ad infinitum," he said.

Isenburg said Marin's office had inquired about this issue several months ago, and MPAC has forwarded information to the ombudsman.

Isenburg noted that Marin's statement in Ottawa said the ombudsman's office had received 75 complaints last week; that compares with 2.6 million assessment notices that have been sent out this autumn.

Toronto Councillor David Soknacki, the city's budget chief, said if people are skeptical of the fairness of their assessments, it's good to have an investigation to restore confidence.

The assessment corporation's latest figures value houses as of Jan. 1, 2005; the previous assessment had been based on values as of June 20, 2003.

In theory, rising property assessments don't necessarily affect tax bills. As assessments rise, municipalities may cut their tax rates in order to raise the same amount of money.

For example in 1998, Toronto houses and condominiums paid a tax rate of about 1.25 per cent of the assessed value. In 2005, assessments had risen and the tax rate had dropped to about 0.9 per cent. But when property values rise faster in some areas than others, the tax burden can shift onto those with fast-appreciating homes.

The latest information from MPAC shows that assessed values for homes in central and western neighbourhoods have tended to have higher increases. Houses have also risen in value faster than condominiums. The average assessed value of a detached house increased to \$420,000 from \$369,000 in the latest assessment, an increase of almost 14 per cent.

The average assessment for a condo, meanwhile, grew to \$228,000 from \$221,000, a rise of only 3 per cent.

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