

## City of North Bay

### Public Information Document

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Originator: Lorraine Rochefort, Manager of Revenues & Taxation

Subject: Assessment Base Management Year-end Report

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#### **BACKGROUND:**

The Assessment Base Management (ABM) Policy was adopted by Council on August 23<sup>rd</sup>, 2004. The Manager of Revenues & Taxation acts in the capacity of the Assessment Base Management Co-ordinator. Municipal Tax Equity Consultants (MTE) was formally retained by the City in the fall of 2004 to assist with complex property assessment appeals. Dennis Lachlan, the City's Real Estate and Assessment Specialist, will now take over that role and MTE will continue to provide the City with assessment roll analysis and advice on ABM best practice approaches.

Since 2004, The City of North Bay, as a result of its ABM efforts, has continued to close the gap between the amount of assessment loss incurred by the City and the Provincial average rate of loss, which has been calculated using all municipalities in Ontario. As noted below there has been a substantial change. We are now 47% below the provincial average compared to 51% above the provincial average in 2004.

#### **ARB Decision Overview – Annual Statistics**

<b>Year</b>	<b>City of North Bay</b>	<b>Provincial Average</b>	<b>Difference</b>
2004	-26.02%	-12.80%	13.2%
2005	-16.57%	-10.96%	5.6%
2006	-12.19%	-11.49%	0.7%
2007	-6.35%	-12.65%	-6.30%

The following strategies were followed for quality control, greater fairness and equity to the ratepayers and to maximize the amount of tax revenue available to the City through the assessment base.

#### **1. Protection of Tax Base**

Assessment Appeals – The Manager of Revenues & Taxation acts in the capacity of the Assessment Base Management Co-Ordinator and attends all Tele-Conference Assessment Review Board Pre-Hearings and Full Hearings that are scheduled in North Bay. On-going consultation with the Municipal Property Assessment Corporation (MPAC) and the property owners/agents has had a positive affect on stabilizing the assessment roll.

The Manager is consulted prior to a final settlement being signed by the parties involved which allows the Manager to scrutinize the numbers and determine if it is necessary to have the City's Real Estate and Assessment Specialist involved.

### **Summary of 2007 Appeal Activities**

MTE has been retained to investigate or act on behalf of the City against appeals filed by property owners on 12 properties since 2004. MTE completed a review of proposed Minutes of Settlement and actively negotiated settlements on these properties. The negotiations resulted in mitigated assessment savings of approximately \$46,381,000. for 2003 to 2006 inclusive which translates to savings of approximately \$1,200,000.00 in tax write offs.

### **Assessment at Risk**

There are 12 outstanding active prior year ARB appeals with a total at risk assessment of \$55,053,000. This figure is misleading because it includes the total assessment of all of the properties when in fact only a portion of the assessment is at risk.

## **2. Tax Relief Applications**

Section 364 of the *Municipal Act, 2001, c.25* requires that municipalities provide a rebate to owners of Commercial and Industrial properties experiencing vacancies within their buildings. By-Law 2005-100 was passed by Council on May 9<sup>th</sup>, 2005, outlining the criteria for the program. The policy and criteria are strictly adhered to by staff which has resulted in the disqualification of applications that had previously been approved. Site inspections are also conducted to confirm the validity of applications. As a result of the new initiatives, substantial savings have been realized.

## **3. Tax Base Enhancement**

The ABM Policy identifies the following initiatives to be followed annually:

- Assessment Roll Audit
- Exempt Property Reviews
- Building Permit Reviews
- Land Development Monitoring
- Vacant Land Classification Review
- Tax Classification Review
- CVA to Sale Price Review
- Gravel Pit Property Reviews

Presently, tax department staff undertakes the above-noted tasks in co-operation with MTE, MPAC, legal, planning and building departments. Bi-weekly Tele-conference calls are held with MPAC to review and resolve outstanding and current issues. This improved communication has proven to be very beneficial specifically as it relates to supplementary and omitted assessment rolls, tax class changes resulting from zoning by-law amendments, review of exempt property assessments to ensure that accurate values are assigned to properties.

**2007 Direct Costs of Assessment Base Management - \$27,533.00**

Contract Services

- Municipal Tax Equity (MTE)	
- Appeals	\$22,700.00
- Assessment Audit Report	2,250.00
- Msc. ABM support	1,333.00
- MPAC – vacant unit verification –	<u>1,250.00</u>
TOTAL	<b>\$27,533.00</b>

The City's Real Estate and Assessment Specialist will provide assistance to the Manager of Revenues & Taxation on an as need, property by property basis and when necessary will represent the City at ARB Hearings. Municipal Tax Equity Consultants will continue to provide the City with assessment roll analysis and advice on ABM best practice approaches. City staff will continue to be utilized for the bulk of the Assessment Base Management Program.

**ANALYSIS**

The Assessment Base Management Program has far exceeded our expectations.

Since 2004, the City, as a result of its ABM efforts, has continued to close the gap between the amount of assessment loss incurred by the City and the Provincial average rate of loss, which has been calculated using all municipalities in Ontario. In 2007 we were **47% below** the provincial average when in 2004 we were **51% above** the provincial average of assessment appeal loss.

On one appeal alone the City saved \$28,474,000 in assessment and \$820,000 of municipal tax dollars. This has averted the erosion of the assessment base by that level on a go forward basis and this is just on one property.

***Substantial gains!***

It is not our intention to deny the ratepayer's the right to seek relief in order to achieve fair taxation, but rather to demonstrate the City's commitment in ensuring that reductions through appeals are no more than fair.

Although the ABM strategies practiced for assessment appeals are extremely important, the overall success of the Program is contingent upon the ongoing proactive efforts of staff and their commitment in the implementation and maintenance of all of the ABM initiatives.

It is imperative that we continue to be proactive and diligent with the Assessment Base Management Program in order to meet our ultimate goal...

*"To preserve and enhance the health of the assessment base which will maximize the amount of tax revenue available to the City."*