

FEATURE

Ottawa working group makes recommendations on taxing apartments

In her *Report to Finance and Economic Development Committee and Council*, City of Ottawa Treasurer Marian Simulik recommended council adopt optional tax classes as subsets within the broad commercial and industrial tax classes, using different tax ratios for 2012:

- shopping centre commercial property class;
- parking lots and vacant lands commercial property class;
- office building commercial property class;
- large industrial property class;
- new multi-residential property class; and
- professional sports facility class.

As in the past, the adoption of neutral ratios was recommended for 2012 to eliminate tax shifts (except keeping the multi-residential tax class ratio at 1.7 instead of 1.702203). The next reassessment cycle will phase in value changes from January 1, 2008 to January 1, 2012 over the 2013 to 2016 cycle. City staff will report key findings and impacts of any changes to council in the fall of 2012, including a communication plan for property owners.

With apartments taxed at a higher rate than homes – because of being partly residences and partly investments – a working group of Ottawa politicians, finance officials and landlords met to develop recommendations. The Municipal Property Assessment Corporation values multi-residential properties, applying a Gross Income Multiplier (GIM) to the total of the base rents, a method used for all income properties in the multi-residential property tax class. While simple to administer, its critics say it results in inequities, with some properties under-assessed and some over-assessed, and inequities by quality, age and condition in grouping similar types of buildings. The GIM model has three categories – good, aver-

age and poor – with the majority slotted as “average,” yet the lack of sales in the main classifications of high-rise, walk-up and row house can result in the same GIM.

After Ottawa’s April 13, 2011 council meeting, a working group was established to develop a consensus, if possible, on the multi-residential tax ratio. Although no consensus was reached, the group agreed that council would request the province to investigate use of a more sophisticated valuation model of income capitalization to determine the equivalent tax burden between residential and multi-residential classes and among various property types in the class. Additionally:

continued pg. 42

In this Issue

- | | |
|----|---|
| 41 | Feature Ottawa working group makes recommendations on taxing apartments |
| 42 | Feature Taxes for two pipeline projects in dispute |
| 43 | Feature California appeals board orders Chevron to pay \$27 million more |
| 43 | Legal Brief |
| 43 | Factoid |
| 44 | Resources: New & Noted |
| 45 | Quirky but true... |
| 45 | Work Word |
| 45 | Transitions |
| 45 | Quotable Quote |
| 46 | Coast to Coast to Coast |
| 48 | Index |

Index

Volumes 16 & 17: July 2011 (Vol. 16, No. 7) to June 2012 (Vol. 17, No. 6)

A site and buildings perfect for.... condos? daycare? prison tourism?, vol. 17, no. 5, p. 33

Alabama lawsuit over property tax history disenfranchising black and poor students moves to appeal, vol. 17, no. 2, p. 15

Appraisals in weather-affected areas, vol. 16, no. 10, p. 76

Austerity and property tax measures in Greece, vol. 17, no. 3, p. 20

BC's K'ómoks First Nation aims to adopt property taxation measures, vol. 16, no. 9, p. 65

Book Review: *Lean for the Public Sector: The Pursuit of Perfection in Government Services*, vol. 16, no. 8, p. 63

California appeals board orders Chevron to pay \$27 million more, vol. 17, no. 6, p. 43

Catalyst and communities in British Columbia, vol. 17, no. 3, p. 17

CBC investigation finds property values lowered and health effects near wind turbines, vol. 16, no. 11, p. 84

Closing arguments heard in property reassessment due to wind turbines, vol. 16, no. 11, p. 85

Conflicting wind turbine studies still result in lawsuits, property reassessment requests and spending, vol. 16, no. 10, p. 78

Cross-border wind turbines a test case on residential values?, vol. 16, no. 7, p. 49

Decade-long PILT dispute between Halifax and federal government at Supreme Court, vol. 17, no. 1, p. 1

Governments beware, Trump wealth built on government incompetence and connections, vol. 16, no. 8, p. 57

Greece approves controversial new property tax, vol. 16, no. 10, p. 73

Green Resources: Residential Green & Energy Efficient Form in use for appraisals, vol. 16, no. 12, p. 91

In addition to protests, Keystone pipeline gets attention for tax exemptions, vol. 16, no. 11, p. 81

Kansas pipeline case in court of appeals, vol. 16, no. 9, p. 68

"Losing" resort a community's win, vol. 17, no. 4, p. 26

Making parking pay... a lot?, vol. 17, no. 1, p. 2

More weather-related property tax relief, vol. 17, no. 4, p. 27

Municipalities Newfoundland & Labrador revenue study released, vol. 16, no. 12, p. 89

Nova Scotia extends 2004 tax break to refinery expected to close, vol. 17, no. 4, p. 25

Ontario couple loses wind turbine case, vol. 17, no. 5, p. 33

Ontario regulation for hospice exemptions, vol. 16, no. 12, p. 92

Ontario announces property tax treatment of renewable energy installations, vol. 17, no. 2, p. 9

Open (tax) season on Toronto's private golf courses, vol. 17, no. 4, p. 27

Ottawa working group makes recommendations on taxing apartments, vol. 17, no. 6, p. 41

Rethinking development agencies, PILT deals and corporate welfare, vol. 17, no. 1, p. 3

Super Bowl, stadiums, soccer and super taxes, vol. 17, no. 3, p. 18

Tax Increment Financing accountability, vol. 16, no. 10, p. 78

Taxes for two pipeline projects in dispute, vol. 17, no. 6, p. 42

Toolkit for Local Matters campaign in Alberta, vol. 17, no. 2, p. 10

Toronto wins billboard tax appeal, vol. 17, no. 5, p. 34

TransLink taxing woes deepen, vol. 17, no. 5, p. 34

US mayors call for an end to wars, to use annual \$126-billion cost for local needs, vol. 16, no. 7, p. 51

Weather-related property tax bailouts and losses increase, vol. 16, no. 12, p. 93

Whether heads and beds, town and gown or eds and meds, tax exemptions are complex, vol. 16, no. 9, p. 66

Who's saying what about density and parking, vol. 16, no. 8, p. 60

Why buy insurance if there's provincial relief?, vol. 16, no. 11, p. 82

FOCUS MUNICIPAL ASSESSMENT & TAXATION

EXECUTIVE EDITOR
Peter A. Milligan
Associate Counsel
Assessment and Property Taxation
Miller Thomson
Toronto, Ontario

MANAGING EDITOR
Cynthia Martin
cmartin@longwoods.com
Longwoods Publishing Corporation

PUBLICATIONS BOARD
Chair
Susan de Avellar Schiller, AICP/
MCIP, ACR
Ontario Municipal Board

Robert Butterworth
Vice Chair, Ontario Assessment
Review Board

Ron Cust, Director of Legislative
Projects for Alberta Municipal
Affairs

Charles J. L. Hardy, B.Sc., FRICS,
AACI, Altus Group

Connie Fair
Chief Executive Officer,
British Columbia Assessment
Authority

Lawrence Hummel
Vice President, Property Values
Municipal Property Assessment
Corporation

Grace L. Marsh, CMM I, CMTC
DuCharme, McMillen & Associates
Canada, Ltd.

Carla Nell, MA, AIMA, PLE, CEI
Vice President, Tax Policy
MTE Consultants Inc.

Diane J. Ross, B.A., LL.B.
Ministry of Finance, Ontario

EDUCATION BOARD
Chair
Paul Sloggett, IMA
Education Coordinator, Seneca
College

PUBLISHER
Anton Hart

COPY EDITOR
Francine Geraci

DESIGN AND PRODUCTION
Jonathan Whitehead

ASSOCIATE PUBLISHER
SUBSCRIBER SERVICES
For address/contact information
changes, please contact
Barbara Marshall
bmarshall@longwoods.com

MAILING ADDRESS:
260 Adelaide Street East
No. 8, Toronto, Ontario
Canada M5A 1N1
Telephone: (416) 864-9667
Facsimile: (416) 368-4443
Email: cmartin@longwoods.com
Internet: www.longwoods.com

A FOCUS Publication
Twelve issues per year
ISSN 0711-0599 Printed in Canada

© 2012 Longwoods Publishing
Corporation™. All rights reserved. No
part of this work covered by the publish-
er's copyright may be reproduced or cop-
ied in any form or by any means without
the written permission of the publisher,
who will provide single-duplication
privileges on an incidental basis and free
issues for workshops and seminars.

This tax letter is printed on recyclable
paper.

What our readers think of Focus pub-
lications is important to our sanity. If
you have any comments, please take a
moment to send us a note. Information
contained in this publication has been
compiled from sources believed to be
reliable. While every effort has been
made to ensure accuracy and complete-
ness, these are not guaranteed. It is an
express condition of the sale of this legal
letter that no liability shall be incurred by
Longwoods Publishing Corporation™,
the editors or by any contributors.
Readers are urged to consult their pro-
fessional advisors prior to acting on the
basis of material in this legal letter.

Unauthorized duplication of this docu-
ment is against the law. For single or
multiple subscriptions, please contact
the publisher.