MINUTES

CORPORATE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE

Public Consultation Meeting
1998 Property Tax Report

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

29 JULY 1998

8:30 A.M.

PRESENT

Chair: R. Chiarelli

Members: B. Hill, P. Hume, A. Loney, M. Meilleur and R. van den Ham

Other Councillors: H. Kreling, J. Legendre, W. Byrne, C. Doucet

REGRETS

D. Beamish, R. Cantin, G. Hunter, W. Stewart

FINANCE

1. 1998 Property Tax Policy
- Finance Commissioner's report dated 21 Jul 98 previously issued
- Annex Document previously issued

Chair Chiarelli welcomed members of the public and thanked them for attending. The Chair referenced the difficulty and complexity of the property tax issue and introduced Kent Kirkpatrick, Deputy Finance Commissioner, who provided a brief overview of the staff report.

Mr. Kirkpatrick reviewed the compressed timeframe staff and Council were faced with. He stated staff first began their policy analysis on 1 Jul 98, at which time access to the OPTA was gained through the Internet. Mr. Kirkpatrick pointed out the legislative requirement for Council was to set Regional tax rates, thereby approve a 1998 Tax Policy, by 12 August 98. Mr. Kirkpatrick reviewed the remaining dates that being the assessment appeal deadline of 30 August, the date for landlords to notify tenants by 30 September, school requisitions due 30 September and MegaWeek invoices due 01 October 98. Mr. Kirkpatrick explained staff and Council were working within the timeframe provided by the Province.

Referencing the report, Mr. Kirkpatrick explained it dealt with how the total tax requirement was to be allocated to property classes and individual properties within classes. He pointed out Council froze the total Regional tax requirement during the 1998 budget deliberations, and emphasized any increase to individual tax bills were the result of the Province’s new taxation system, not a Regional tax increase. In closing, Mr. Kirkpatrick reviewed the report recommendations. He provided on update from the 21 Jul information as follows:

⇒ The residual commercial class was not just “basic” commercial properties, but also included the first 25,000 square feet of every shopping centre and office tower property.

⇒ The new system dealt with tax policy based on “assessment portions” not individual properties.

⇒ A non-residential property can have assessment split between many property classes such as the Rideau Centre, which has five classes.

⇒ The tax impact frequency distributions for a property class include the experiences of a combination of whole properties as well as pieces of properties that have assessment portions in other property classes.

⇒ A large number of small commercial properties will face significant increases of between 30-50%; therefore, a tiered-tax rate program will be required to protect small commercial property owners; recommendations available 4 Aug 98.

⇒ Staff produced reports for each property class that identified assessment portions that had a 20% or higher change; these reports would be provided to area municipalities which would allow the municipalities to assist Regional staff in explaining why extreme cases. Noted there were significant errors in the assessment file.

The Committee then heard from the public delegations.

Janet Stroh (written submission on file with Committee Co-ordinator**)**
Ontario Specialty Tenant Tax Coalition (OSTTC)

Ms. Stroh began by describing the composition of the OSTTC, their membership and noted their goal was to promote a property tax system that encouraged investment and job creation; this being done by working with the government to develop solutions that meet community needs.

She reported the OSTTC membership had a strong presence in Ottawa-Carleton, both in the downtown core and in shopping centres. Ms. Stroh emphasized they were concerned that with full implementation of the Province's new current value assessment, many small retailers would face substantial tax increases. Ms. Stroh emphasized the businesses could not bear the immediate burden of these increases, which would result in closed stores, lost jobs and reduced revenues.

Ms. Stroh requested the Committee consider and support the mitigating tools from the Province, in particular the 2.5% cap. She pointed out the cap was the only tool that protected the tenants and guaranteed that tax reform did not result in additional tax shifts within a property; shifts that were primarily caused by the elimination of the Business Occupancy Tax and the new current value assessment methodology. Ms. Stroh recognized that adopting the cap would result in a slower shift of tax burden, however, it would provide a stable transition period to adjust. In closing, Ms. Stroh offered the OSTTC assistance as a resource as the RMOC assessed the implications of proposed approaches and tax rates.

In response to questions from Chair Chiarelli regarding the 2.5% cap, Mr. Kirkpatrick noted there were serious drawbacks with this provision. He explained the most significant was it reduced Council's flexibility in dealing with its budgetary concerns over the next two years in that any increase in tax requirement that Council was not able to manage would be directed to the uncapped property classes, primarily the residential class. Mr. Kirkpatrick explained the 2.5% cap could not be extended only to the shopping centre class, but must also be extended across all commercial properties in all commercial property classes. He also pointed out that the tool may not work as the capping provision must be funded from within the same property class i.e. must be funded from the decreases that other commercial property owners would be receiving. Mr. Kirkpatrick did not believe these problems should drive Council's decision in using the cap, but wanted to ensure Council was aware of the loss in flexibility to deal with any tax increase in 1999 or 2000.

The Deputy Finance Commissioner explained Council could consider a phase-in program, but noted again it must be self-financed within the class. He explained staff did not recommend mitigation, but if Council was to consider it, they would recommend a phase-in program that did not exceed more than three years, as the next reassessment was in 2000. Councillor Meilleur pointed out the phase-in tool was similar to that used with Regional Police.

Councillor van den Ham reviewed the consequences of the 2.5% cap. Mr. Kirkpatrick further explained that should the Province download more, Council could increase taxes, however, the total burden of the increase would fall to the uncapped classes, primarily residential. Mr. Kirkpatrick suggested the capping program did not eliminate the problem, but rather deferred it as after the end of three years, the properties would face the same increases as today.

Councillor Hume referenced the market value assessment in 1993. Mr. Kirkpatrick reported Council provided grants to the area municipalities and the municipalities used the grants to phase-in increases over three years. Mr. Kirkpatrick referenced the phase-in programs of Regional Police and solid waste collection.

Luigi Caparelli, President (written submission on file with Committee Co-ordinator)
Eastern Ontario Landlords Organization

Mr. Caparelli introduced the EOLO as being 200 members whom owned or managed in excess of 30,000 residential rental units in Eastern Ontario. Mr. Caparilli outlined some facts regarding property taxes in Ottawa-Carleton and their relation to landlords and tenants. He provided the argument that a tenant living in a multi-unit apartment did not consume any more municipal services than the owner of a single family home, if not significantly less. However, he noted tenants were required to pay tax at a rate that was 2.1 times higher than a single family home owner. In addition, numerous studies had shown that on average, tenants have a lower income.

Mr. Caparelli continued to explain the EOLO believed the multi-unit residential class should be at the same rate as the residential, a position which was supported by the Fair Tax Commission. The speaker referenced the Provincial transition “range of fairness” ratio which must be used by the municipality in establishing the tax ratios for 1998; the ratio for multi-residential class being set at a maximum of 2.3359 which resulted in the status quo. Mr. Caparelli noted the benefit to the multi-residential class, however, believed it was a small move to fairness and long overdue.

In closing, Mr. Caparelli urged the Committee to use a transition ratio of 1.0% with the tax increase in the residential class being phased-in over a period of up to eight years. He stated the EOLO was prepared to work with the Region to examine the outcome of different policies. However, he stated it was imperative to move the multi-residential class towards equality with the residential class. Mr. Caparelli referenced the creation of a new class identified as New Multi-Residential. He supported staff’s position to not use the capping tool, however, suggested some form of phase-in may be appropriate for increases in excess of 10%.

David Patton, President (written submission on file with Committee Co-ordinator**)**
Building Owners and Managers Association of Ottawa-Carleton (BOMA)

Mr. Patton stated that the tenant reimbursed the landlord for property taxes through their rent. He highlighted three key areas. Firstly, tax ratios and optional classes. Mr. Patton stated the BOMA disagreed with staff's notion of freezing the 1997 relative burdens among the different business sectors. Rather, he proposed the goal of reassessment was to change relative tax burdens in accordance with the changes in relative values in each property class. Mr. Patton reviewed an example of results with the optional classes for an office tower and shopping centre. He stated in principle there should be one rate of taxation on all commercial property.

Secondly, Mr. Patton explained BOMA would like to see the adoption of one of the optional classes, that is the parking lot and vacant land class. He believed assessment should be according to value in current use and the adoption of this separate class would assist development and encourage the revitalization of the core.

In closing, the speaker reviewed the four mitigation measures. With regard to capping, Mr. Patton concurred with the staff report that capping should not be adopted. He then spoke to the phase-in tool and explained they felt increases of more than 30% should be phased-in over three years. Mr. Patton stated tiered rates were poorly targeted and BOMA did not support this tool. He added the rebate program also did not receive BOMA's support as it would be unfair to give relief to individual property owners identified specifically, since that would increase taxes on all other property owners.

Councillor Betty Hill (letters from the Townships of Goulbourn and West Carleton on file with Committee Co-ordinator)
on behalf of the Townships of Goulbourn and West Carleton

Councillor Hill read a letter from Mr. Dwight Eastman, Mayor, Township of West Carleton. The letter stated the Township of West Carleton increased its tax requirement by $638,500 and planned on revisiting the budget with the intent of cutting well over half of the planned expenditures. The Township requested that Council consider two items. Firstly, to explore every avenue and mitigation tool that would provide some relief to the industrial/commercial sector. Secondly, the Mayor suggested the manner in which the $47 million the Region received in Provincial grants was applied was unfair and provided no assistance to the rural areas outside the transit boundaries. He stated that all of Ottawa-Carleton should have benefited from those Provincial monies.

Councillor Hill then read a letter from Ms. Janet Stavinga, Mayor, Township of Goulbourn. The letter firstly referenced increases in assessments associated with non-residential properties. Ms. Stavinga requested, given the magnitude of the increases to the non-residential class, the Region consider mitigating the impacts through various tools available. Secondly, the letter referenced the transitional grants totaling $43 million the Region received from the Province. The letter suggested as the grants were applied to subsidize the transit services, they only benefited ratepayers in the urban transit area. In closing, the letter referenced time lines for informed decision-making. Ms. Stavinga pointed out the Provincial deadlines were unreasonable and stated they would support the Region if it requested the Ontario Government to revise the approval date for tax rates and other time lines.

Councillor Hill concluded by stating she recognized there were problems and the issues were very complex. She referenced the Property Tax Committee of which she was a member.

Councillor Loney inquired about the $43 million the Region received in Provincial grants. Mr. Kirkpatrick explained Regional Council decided to apply the $43 million to the transit levy for very good reasons. He indicated the Provincial letters that accompanied the cheques stated it was to assist municipalities in seeding transit capital reserves and referenced the impact of the elimination of transit subsides. He agreed the grants were unconditional, however, the Province indicated they both related to transit. Mr. Kirkpatrick pointed out there was $66 million of tax requirement down-loaded to the Region with the elimination of the transit subsidy. Staff and Council concurred it was logical to apply the $43 million to the transit levy to reduce the tax requirement on this one time basis.

James Johnson, President (written submission on file with Committee Co-ordinator)
Johnson's Office Furniture

Mr. Johnson inquired why the commercial tax rate had historically been 3 or 4 times higher than the residential tax rate. Mr. Kirkpatrick stated there was not a simple answer to the question. He explained that as a result of a hundred years of tax evolution, the Province of Ontario made decisions in terms of relative burdens of taxation and property classes. Mr. Johnson recommended that Council shift the burden to result in an equal tax burden across all classes. He pointed out Council now had that power. In closing, Mr. Johnson emphasized the commercial class needed a break in order to create jobs. Regarding mitigation, he supported its use, however, preferred the tax burden be shifted. Mr. Johnson indicated that his assessment value had dropped, however, the property taxes had risen 25%.

Hugh Gorman
O.N.Y. Enterprise

Mr. Gorman began by stating he was a commercial landlord in Ottawa He reiterated that the tax assessments affected both tenants and landlords when considering vacant space. Mr. Gorman concurred with the staff recommendation that the changes be assessed as fairly as possible, but should be based on current values. The speaker opposed the optional classes between office buildings, commercial building and shopping centres for the following reasons. Firstly, it represented a disproportional share of tax burden based on previous market value assessment and this should not be further extended by increasing the transition ratio charged to office buildings. Secondly, there was a large inconsistency behind the rationale to separate office buildings and shopping centres. In closing, Mr. Gorman noted the ONY agreed with the phase-in of increases over 30%.

Robert Edmunds, Vice President
Action Sandy Hill

Mr. Edmunds referenced the property tax on vacant sites and parking lots. He stated the tax proposal before the Committee relating to vacant sites and parking lots could have a diametrically opposed effect to that cited as a goal of the Region's Official Plan. Mr. Edmunds reviewed the proposed changes for the Region's parking lots and believed it did not support the development of the core. Mr. Edmunds stated they would like to see the taxes for vacant lots and parking lots increased. Speaking to the two tier system, the speaker reported Action Sandy Hill was a proponent of this system. He proposed a higher tax for lands and lower tax for buildings which would result in increased development. Speaking to the vacant lots on Rideau Street, Mr. Edmunds suggested they would have a relatively high monetary value partly because they were subject to a relatively low property tax. Mr. Edmunds noted the disincentive to homeowners to maintain homes in high standards.

Betty Neelin, President and Chair
Daybreak Board of Directors

Ms. Neelin explained the mandate of Daybreak and referenced the good work they did in Ottawa-Carleton. Ms. Neelin reported the three homes they owned under charitable organizations were tax exempt, except for a fourth house at 77 Gloucester Street which was rented from St. George's Church. She indicated because they did not own and occupy the property, the assessed taxes were $18,000 per year. The speaker referenced the previous recommendation from Council in Jun 98 which endorsed an amendment to Bill 16 to exempt houses of refuge such as Daybreak and in the cause of Daybreak, it be retroactive to January 1996. She pointed out as Bill 16 received Royal Asset, the private bill was no longer possible. Ms. Neelin referenced and endorsed the staff recommendation to provide a 100% rebate to any church leasing space to houses of refuge. Speaking to the tax arrears and in order to ensure Daybreak's survival, Ms. Neelin reviewed the history and requested Council provide a grant to cover the 1996 and 1997 arrears in the amount of $42,377.97.

Randall Kemp (written submission on file with Committee Co-ordinator)

Mr. Kemp stated he managed and co-owned three commercial buildings. He reviewed each of the three properties and the effect of the tax changes on himself and the tenants, in that the taxes had increased by a total of $8,017. Mr. Kemp referenced the impact on the non-profit community which would be required to pay an additional 50% in spite of the fact the building had depreciated 40%. Mr. Kemp questioned the logic of increased taxes when the properties' values decreased. He stated it was necessary to have an understanding of what the tax liability was going to be to the tenant, and in his case reflected approximately $6.00 per square foot. In closing, Mr. Kemp echoed concerns that these changes would have an adverse and severe effect on the community. The speaker believed the solution was to develop a tax system that took into consideration the ability of the taxpayer/ business to pay the tax, and suggested the two tier tax rate did this to a certain extent.

Fred Barkaohouse, President
Carleton Condominium Corporation #468
Brian Watkinson, Director
Apollo Management

Mr. Barkaohouse introduced the CCC #468 and reported most owners were close to retirement and owned property that was facing a 400% increase. He outlined historically the project was built ten years ago and advertised as residential apartment/hotel. As a result, many people bought the units as an investment and a program for retirement. However, ten years later the property was reassessed and re-classified resulting in a 400% increase. Mr. Barkaohouse stated retirement was no longer viable and suggested it was expropriation without notice. The speaker believed it would force the units to be changed to apartments on an already depressed market, or ultimately, bankruptcy. Mr. Barkaohouse noted they had invested in Ottawa and employed 100 people, in addition to providing a service to family travel and tourism. In closing, the speaker reiterated that the proposed system would cause hardship to the owners and was not justifiable.

Mr. Watkinson requested Council to consider a long term phase-in or transition plan that was proportional to the increase.

Mr. Kirkpatrick inquired about the location of the property. Mr. Watkinson reported it was on Besserer Street and Mr. Kirkpatrick noted staff had discovered this property increase the previous evening. He reported the property was assessed residential in 1997 and now reassessed as commercial. The Deputy Finance Commissioner suggested further discussions with the Assessment Office would be required and confirmed staff would also speak to the office to gain an understanding of the history of the issue. He believed there may be others like it in Ottawa-Carleton.

Marianne Wilkinson (written submission on file with Committee Co-ordinator)
S.O.S. Children's Villages Canada, National Council of Women of Canada, Canadian Federation of University Women, Kanata Food Cupboard.

Ms. Wilkinson represented both charitable and non-profit organizations and expressed concern over the proposed system as the impact would be substantial. Ms. Wilkinson requested the following four recommendations:

Firstly, the speaker referenced staff's recommendation that the minimal rebate of 40% be used for charities, however, noted they were experiencing higher increases than 40%. Ms. Wilkinson acknowledged it was not possible to know the exact impact at this time, but requested if it was greater than 40%, the rebate percentage be reviewed.

Secondly, Ms. Wilkinson requested that non-profit community groups which had a charitable number for a portion of their activities be granted the same tax rebate as charities.

Thirdly, the speaker asked that the actual impact on charities and non-profit groups be monitored and adjustments to this policy made if the actual property tax increases on such groups were shown to exceed 40%.

In closing, Ms. Wilkinson requested that a complete review of the impact of the rebate policy be undertaken annually, for at least the next three years, and the policy adjusted if such a review showed a detrimental impact on charities and non-profit organizations.

Brian Lahey
Properties Group Limited

Mr. Lahey began by stating the Properties Group owned several small retail and industrial properties generally in the residual commercial class. The speaker reported in general all retail tenants would be increased from 25 - 45%, whereas office tenants were decreasing. Speaking to the retail tenants, Mr. Lahey said they could not absorb such an increase in one year. He believed the absurdly low values of large office buildings in 1996 was the core of the problem. In closing, Mr. Lahey expressed his support for separate tax classifications within the commercial classes, however, acknowledged it would not be the solution. Speaking to the 1992 market value assessment, Mr. Lahey supported a phase-in program and suggested that a 10% increase be the most to have to absorb in one year.

Jean-Pierre Gravelle, Board member
Gloucester Chamber of Commerce

Mr. Gravelle reported the Gloucester Chamber of Commerce membership would prefer to see no tax increases, however, if necessary, the increases be phased-in over a minimum period of five years. Mr. Gravelle stated the commercial and residential tax rates should be equalized over a minimum period of seven years. Referencing the economy, the speaker suggested it had improved somewhat but was still in a very fragile state. He noted higher taxes did not promote the Region, development, housing, jobs or the well being of the Region. With regard to companies that competed on a Provincial and international basis, he noted it was necessary to keep taxes low in order to keep a healthy economic base. Mr. Gravelle concluded by stating the members did not support the use of rebate programs for charitable organizations, churches, seniors or disabilities, but should be available to all.

Chair Chiarelli pointed out the 1998 Regional budget did not increase taxes, with great difficulty. The Chair stated the present situation was the result of unconscionable and ad hoc policy-making by the Provincial government which was changing on a continual basis. Chair Chiarelli referenced the difficulty staff had in analyzing the situation and making recommendations for Council to consider. Speaking to the time frame, the Chair stated there was little time to properly consult the public and implement the changes under the Legislative timetable. In summary, Chair Chiarelli emphasized the municipalities were not involved in the policy making of this structure, however, were being legislated to attempt to balance the interests which was virtually impossible to do.

In response to questions from Councillor Kreling, Mr. Kirkpatrick explained the cost of the rebate programs could be funded from the class that were benefiting, such as the commercial property class. Speaking to the two tiered program, Mr. Kirkpatrick reported the tool must be applied Region wide and may miss properties that should have been mitigated. He noted it may be the only tool Council had to protect small businesses from significant increases. Speaking to home based businesses, Mr. Kirkpatrick explained the legislation provided for upper tier municipalities to apply to the Minister to create new classes in the future and suggested it be an issue forwarded to the Property Tax Policy Committee to review.

Jos Scott (written submission on file with Committee Co-ordinator)
Bill Eggertson
Canadian Society of Association Executives

Ms. Scott reviewed the effects the system would have on the non-profit organizations, most significantly that non-profits were facing both re-assessment increases and a 40% increase in one year.

Mr. Eggertson requested that the Region either implement Bill 16, the protection of non-profits, or delay a 40% increase to non-profits for one year. During this period, he said the CSAE would undertake its major econometric modeling of the impact of non-profits, and report back to the Region with a decision on taxes made at that time.

Paula Agulnik, Executive Director
REACH

Ms. Agulnik reported REACH was a non-profit charitable organization in the community which was self-funded except for causes supported by Provincial or Federal Governments. Speaking to the tax changes, Ms. Agulnik stated they were placed quickly after budgets were set and with little notice. She reiterated the results of the new tax system would leave people with disabilities to suffer. In closing, Ms. Agulnik requested the 40 % rebate be applied to non-profit associations and questioned when the rebate would be received.

Mr. Kirkpatrick reported the 1998 rebates must be paid to the organizations by 31 October as well as 50% of the estimated 1999 rebate allowing for a cash flow benefit for budgeting. He confirmed the second installment of the 1999 rebate was due in June 1999.

Christine Leadman
Ottawa Business Group

Ms. Leadman expressed concern with the short time frame to attempt to digest the information and understand the consequences the proposed system would have. Ms. Leadman emphasized time was required to consult with tax experts and inform members of the impact. The speaker acknowledged the Provincial legislative timetable, however, believed it was the Region's responsibility to request time for proper review and implementation to protect the community. Ms. Leadman reiterated the outstanding impacts the changes would have on all sectors of the community, noting the small businesses would be hit a second time following market value assessment in 1993. In closing, she requested the opportunity to return to the Committee on 4 August after reviewing the report and recommendations with staff.

Acting Chair Hume reviewed the timetable imposed by the Province. He explained it would be the decision of the Committee to hear a second presentation from the Ottawa Business Group specifically if there was additional information. The Acting Chair suggested a written submission could also be made.

Ed Mitchell, Chairman
Somerset Village BIA

Mr. Mitchell reported the Somerset Street Village BIA consisted of 15 buildings = 13 heritage, 45 businesses, and 300 jobs. He expressed concern as a small business owner regarding commercial class and residual commercial classes. Mr. Mitchell stated the process seemed disparate and chaotic with the basic premises not re-analyzed. The speaker reviewed individual properties and their tax histories. In summary, he reiterated the effects of the system as being bankruptcy, vacant buildings and tax revolt. Speaking to the mitigation tools, Mr. Mitchell believed capping may work, but posed difficulties; a tiered system may be equitable and progressive, and phasing-in was not a solution but deferral of the problem.

Phil Sweetnam (written submission on file with Committee Co-ordinator)
Goulbourn Chamber of Commerce

Mr. Sweetnam acknowledged the proposed system was confusing, however, believed the Region should move quickly to the fairness ratios set by the Province which would address many issues referenced through the delegations. Mr. Sweetnam reviewed the history of the inequity for the commercial/ industrial taxes and noted in 1998, businesses could not afford to subsidize the residential class. Mr. Sweetnam reviewed the importance of the commercial and industrial sector and emphasized the Provincial attitude of lowering these rates should be considered. Mr. Sweetnam acknowledged the many mechanics involved in the system, however, encouraged that a policy decision must be made, recommending that over the next seven years, the Region could move in equal stages to a final ratio 1:1.2 for commercial and residential.

Michael Allan (written submission on file with Committee Co-ordinator)
Janet Whillans
United Way

Mr. Allan outlined the following concerns regarding the proposed system:

- Reiterated concerns regarding the time frames and the complexity of the issues.
- Some charities did not have the capacity to manage the initial impact of the changes.

- Concern that some 1,200 not-for-profit organizations who were delivering important services had been excluded from the application of tax rebate program by virtue of the recommended strict definition for eligibility.
- Unclear how charities who own their own properties were affected by the legislation or the policy.
- Referenced three member agencies that represent seniors and persons with disabilities and stated he was unclear how policy would be administered to benefit these groups.

Mr. Allan reviewed seven recommendations for Committee's consideration.

1. United Way was willing to work with the Region to create a simple, effective and efficient tax rebate program.
2. Suggested a communication strategy that explained the legislation, policy and procedures be developed and targeted at charities and landlords.
3. Requested consideration be given to assist charities which experienced financial hardships or cash flow problems in paying 1998 taxes before the effect of the rebate program.
4. Encouraged the Region to consider other property tax rebate provisions available to readdress any increases over 40%.
5. Requested further analysis of the full exclusion of not-for-profits or "similar organizations" to ensure that those delivering charitable services were included for a rebate.
6. Encouraged the Region to review the tax relief program with organizations with respect to seniors and persons with disabilities.
7. Suggested the proposed property tax rebate program only be an interim measure and a permanent approach would be the creation of a distinct "charitable" class for charities to be taxed at the residential rate.

Gerry LePage
Bank Street Promenade

Mr. LePage referenced the market value assessment in 1993 and its consequences. He noted there had been records set for the number of bankruptcies and suggested people would "walk away" from their properties and businesses; small business would collapse under the weight of more taxes. Mr. LePage questioned the equitability of the shopping centres having a rate that was lower than commercial, and questioned how it was possible to have meaningful economic growth or urban renewal under these circumstances. Mr. LePage requested Council lower the rate for commercial/residual to that equal with shopping centres. In summary, Mr. LePage believed the system rewarded non-productivity rather than encouraging development. He suggested it was necessary to raise the parking lot rate which would result in further benefits to the economy. Mr. LePage favoured a tiered approach to increases as phase-in programs only prolonged the inevitable. The speaker questioned the concept of a better, fairer system and stated the commercial /residual rates must be lower.

Amy Kempster (written submission on file with Committee Co-ordinator)

Federation of Citizens' Association

Ms. Kempster referenced the public participation component of the process and expressed concern with the timelines and the time of the public consultation meeting, noting there were very few homeowners present. Ms. Kempster stated the FCA supported the staff recommendation regarding tax ratios and the optional property classes for 1998. She requested that where possible tax policy and ratios should reflect the intent of the Regional Official Plan. Speaking to the parking lot rate, Ms. Kempster requested it be equal to or above rates for vacant commercial land, at least in the core. Referencing the phase-in tool, Ms. Kempster expressed concern this option was not recommended for the residential class where large increases were expected. In closing, Ms. Kempster requested staff consider mitigation for the residual commercial class.

Andre Vertes, Manager
Rickard Realty Advisors

Mr. Vertes reported these changes represented the third reassessment in the last ten years. He stated there had been tax increases to small businesses from 90 - 400%. Mr. Vertes encouraged staff to explore the avenue of creating a separate property class for small commercial retail. The speaker reported the absorption of the business occupancy tax by all commercial and industrial classes caused tax increases to small retail. Other complications for small retail tenants were (i) no longer receive assessment notices unless co-operative landlords pass on information (ii) assessment errors and incorrect information, and (iii) concern with the appeal deadline. In closing, Mr. Vertes reiterated the serious consequences of the proposed system and suggested it discriminated against small business and apartment dwellers.

Dawn Dannehl, Executive Director
Byward Market Business Improvement Area

Ms. Dannehl stated she represented a group that would be hard hit by the new system, and also suffered in 1993 during market value assessment. Ms. Dannehl expressed support of the staff recommendation for mitigation, however, expressed concern that the effect of the mitigation was not known at this point. Speaking to the tools of mitigation, Ms. Dannehl pointed out the inherent flaws. She believed some form of cap or lowering the 5.95 rate to that equal of shopping centres may assist in the effects of this system. Ms. Dannehl suggested in the long run, a new small retail class could prevent the sector from being sacrificed over and over. Speaking to the shopping centre and parking lot ratios, Ms. Dannehl expressed amazement at these reduced rates. In closing, Ms. Dannehl referenced the new Tax Policy Committee and expressed concern in that there was no representation from the business community to give input on experience.

In response to a question from Councillor van den Ham, Mr. Kirkpatrick confirmed Council had the ability to reduce the tax ratio for any property class as long as it was moving in the direction of reducing the disparity burden to that of the residential class.

Councillor Loney referenced the tax ratio for parking lots. Mr. Kirkpatrick reported Council could not change the ratio for parking lots except to decrease it, which was not recommended. However, he explained by opting not to exercise an optional parking lot class, Council could increase the tax ratio for parking lots leaving them as part of the residual commercial class.

Seth Cwinn (written submission on file with Committee Co-ordinator)
Erawan House (International) Limited

Mr. Cwinn spoke on the special class of commercial buildings in centretown, referred to as Class “C”, older and small walk-up office and retail mixed use building. Mr. Cwinn noted they were facing tax increases of more than 50%. He believed these increases would be passed on to the small business owners and reiterated the severe effects of these increases. The speaker requested an allowance be made for the Class “C” class. In reference to the not-for-profit artist groups, Mr. Cwinn indicated they must now pay the business occupancy tax. He suggested without relief, they would not survive as they could not absorb the increases. In closing, they too would disappear from the community.

Councillor Legendre inquired if staff would be making a proposal regarding the house of refuge situation on August 4. The Councillor requested staff enlarge this to include charities that were renting from church groups as well. Councillor Legendre requested information on the actual impact on the Region.

As this concluded the public delegations, Acting Chair Hume thanked the public for their contributions and noted the Committee would meet on August 4 for deliberation of the report.

ADJOURNMENT

The meeting adjourned at12:55 p.m.

CO-ORDINATOR CHAIR