



Report to: General Committee

Date of Meeting: May 1, 2006

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**SUBJECT:** Ontario Ombudsman's Report on Property Assessment  
**PREPARED BY:** Paul Wealleans, Director, Taxation

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**RECOMMENDATION:**

That the report "Ontario Ombudsman's Report on Property Assessment" be received for information.

**PURPOSE:**

This report provides a summary of the Ontario Ombudsman's investigation into the property assessment process in Ontario, and in particular, the Municipal Property Assessment Corporation (MPAC).

**BACKGROUND:**

On October 17, 2005, the Ontario Ombudsman announced an investigation based on complaints from Ontario residents regarding the property assessment process in Ontario. In particular, the Ombudsman was to investigate the Municipal Property Assessment Corporation (MPAC) and its relationship with residents, its processes and the transparency of its operations. On March 28, 2006, Mr. Andre Marin, the Ontario Ombudsman, released his final report entitled "Getting It Right - An Investigation of the Property Assessment Process and the Integrity and Efficiency of Decision Making at the Municipal Property Assessment Corporation". The Ombudsman's report contains 22 recommendations. The report exceeds 80 pages and, although the recommendations are appended to this report, the full report is not. It can be accessed through the Ombudsman's website at [www.ombudsman.on.ca](http://www.ombudsman.on.ca).

**OPTIONS/ DISCUSSION:**

The Ombudsman's report has identified three areas of concern with respect to MPAC:

- a need for increased openness and transparency in its processes and in the provision of assessment information to property owners;
- insufficient support is given to actual market sales when determining property values;
- a concern that certain decisions of the ARB that reduce assessments for the property owner are not carried forward by MPAC in the following year.

Further, the Ombudsman raises the issue of onus of proof at an ARB hearing. Currently, the onus is on the property owner to prove the assessment is incorrect. Although this is the practice in all Canadian provinces except Manitoba, the Ombudsman recommends that the practice be reviewed. A change to this practice would require that the Ontario Government to take action, including amending legislation.

Of the 22 recommendations, 20 are specific to MPAC and 2 to the Ministry of Finance (Recommendations 8 and 21). MPAC has agreed to implement 17 of the recommendations immediately. The remaining three will be reviewed further and considered for implementation. The two recommendations directed at the Ministry of Finance also need further review.

**Recommendations that MPAC will implement**

The following provides a summary of the issues of the 17 recommendations that MPAC has agreed to act on. Some of the issues address more than one recommendation:

- increased and improved property information for inclusion on MPAC's Notice of Assessment and brochures, including additional information regarding the use of comparable properties for appeals;
- administrative procedures relating to inspections, assessment data, information disclosure, request for reconsiderations and appeals information be put in writing and posted on its website;
- improved inspection audit reports;
- where an actual sale occurs proximate to the valuation date, its weight will be strongly used unless there are significant and concrete reasons for not using it (such as the sale not being an "arm's length transaction", etc);
- MPAC will apply any reductions granted by the ARB for future years unless there are clear circumstances that do not justify a reduction – such as physical changes to the property;
- inclusion of written reasons for assessment reductions in any minutes of settlement;
- MPAC should request written reasons for ARB decisions if the decision is unclear; and
- MPAC not use new comparables at an ARB hearing without sufficient notice of disclosure to the property owner.

**Recommendations to be reviewed by MPAC (Recommendations 5, 10 and 11)**

5. That the Municipal Property Assessment Corporation provide a copy of the Property Profile Report relating to the property when it sends out its property assessment notices.

- MPAC needs to review to determine the additional production and distribution costs, including increased staffing requirements. It will carry out a pilot project in one area of the province to develop strategies to address this recommendation.

10. That the Municipal Property Assessment Corporation review its current Customer Contact Centre practices with a view to ensuring that property owners gain access to those staff who can most appropriately address their enquiries.

- MPAC's Customer Contact Centre currently handles all telephone calls and provides responses to general customer inquiries. However, for more complex questions, the Contact Centre must forward the question to the appropriate MPAC field office. In person visits are encouraged at each field office. MPAC needs to

determine whether all inquiries can be addressed by Contact Centre staff when the expertise may rest more appropriately with staff at a field office.

11. That the Municipal Property Assessment Corporation undertake a review of its staffing needs to determine whether staffing strategies can be identified and pursued for improving the accurate collection of property data.

- MPAC will need to carry out an overall review of its current processes to in data collection, storage and integration to determine whether it can meet this recommendation. A key criterion will be the impact of increased costs.

**Recommendations to be reviewed by the Ministry of Finance (Recommendations 8 and 21)**

8. That the Government of Ontario undertake a review of whether the public interest is better served by permitting the Municipal Property Assessment Corporation to maintain confidentiality over its intellectual products, or by requiring full disclosure of property assessment methodology to Ontario taxpayers.

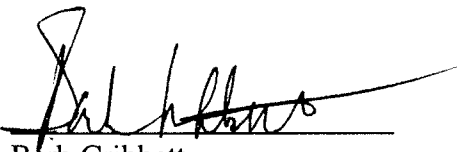
- The Minister of Finance has agreed to consult with stakeholders before the next reassessment.

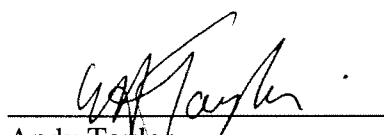
21. That the onus in assessment matters be placed on the Municipal Property Assessment Corporation to substantiate its assessments when they are challenged.

- The Ministry of Finance will discuss this recommendation with the Attorney General, ARB, MPAC and the legal community.

Overall, the Ombudsman's report identified areas in which more transparency and access to information by MPAC to property owners is needed, increased attention to actual sales be included in property valuation, include ARB decisions in follow-up year valuations and changing the onus of proof at ARB hearings. MPAC has agreed to most of the report's recommendations and both it and the Ministry of Finance have agreed to consider the remaining ones.

**RECOMMENDED  
BY:**

  
Barb Cribbett  
Treasurer

  
Andy Taylor  
Commissioner, Corporate Services

**ATTACHMENTS:**

**List of Recommendations from Ontario Ombudsman Report**

**Ontario Ombudsman's Report "Getting It Right" – List of Recommendations**

### **Ontario Ombudsman's Report "Getting It Right" – List of Recommendations**

1. That the Municipal Property Assessment Corporation should amend the Brochure that accompanies its Notice of Assessment to describe the importance to taxpayers of ensuring that the Municipal Property Assessment Corporation has accurate information about the taxpayer's property, and describing alternative means for learning about *all* of the information the Municipal Property Assessment Corporation has relating to the subject property.
2. That the Municipal Property Assessment Corporation should amend the Notice of Assessment to describe, for cases where "multiple regression analysis" techniques have been used, not only the average municipal assessment increase or decrease but also the average percentage change within the particular neighbourhood zone the property falls within.
3. That the Municipal Property Assessment Corporation should amend the Brochure that accompanies its Notice of Assessment to describe how information about comparable properties can be useful on appeal, furnish accurate and complete information as to exactly how many comparables can be secured and how these comparables can be accessed, making particular note that the six comparables the Municipal Property Assessment Corporation selects are likely to be relied upon by the Municipal Property Assessment Corporation in the event of an appeal to the Assessment Review Board.
4. That the Municipal Property Assessment Corporation should include a box on the Notice of Assessment provided to property owners recording the previous years where Requests for Reconsideration settlements or Assessment Review Board reassessments were achieved. The box should record "No" if the Municipal Property Assessment Corporation believes there are none, and the years in question and type of review process used, where the Municipal Property Assessment Corporation is aware that reassessments have occurred.
5. That the Municipal Property Assessment Corporation provide a copy of the Property Profile Report relating to the property when it sends out its property assessment notices.
6. That the Municipal Property Assessment Corporation, in providing information about comparables, should include all information about those properties that may be relevant to the evaluation of the property.
7. That the Municipal Property Assessment Corporation implement the changes in its Proposal for Release of MRA Related Data, dated November 17, 2005.
8. That the Government of Ontario undertake a review of whether the public interest is better served by permitting the Municipal Property Assessment Corporation to maintain confidentiality over its intellectual products, or by requiring full disclosure

of property assessment methodology to Ontario taxpayers.

9. That the Municipal Property Assessment Corporation ensure that its administrative procedures regarding assessments and inspections, disclosure of information, requests for reconsiderations and Assessment Review Board appeals be set out in writing and made available to the public on its website. These procedures should include those administrative procedures incorporating the recommendations set out in this report.

10. That the Municipal Property Assessment Corporation review its current Customer Contact Centre practices with a view to ensuring that property owners gain access to those staff who can most appropriately address their enquiries.

11. That the Municipal Property Assessment Corporation undertake a review of its staffing needs to determine whether staffing strategies can be identified and pursued for improving the accurate collection of property data.

12. That the Municipal Property Assessment Corporation standardize its inspection audit reports, and provide the Ombudsman with the results of its inspection audits and quality reviews for 2006, as they become available.

13. That, when a property assessment is challenged based on an actual sale price proximate to the valuation date, the Municipal Property Assessment Corporation should generally accept that sale price as the best evidence of the property assessment. The actual sale price should also be treated as an important factor in assessing the current value of the particular property in future years. MPAC should deviate from these general rules only if there are concrete, cogent reasons for believing that the sale has not been made under market conditions or does not otherwise reflect actual market value.

14. That the Municipal Property Assessment Corporation should apply Assessment Review Board findings of value at specific valuation dates when carrying out assessments for future years based on the same date.

15. That the Municipal Property Assessment Corporation should be bound to apply any assessment reductions imposed by the Assessment Review Board to future years' market value assessments of the same property, unless they have been determined to be wrong by a court of law or the Municipal Property Assessment Corporation can clearly demonstrate that the circumstances justifying the assessment reduction have changed. In such case the reasons justifying the change should be set out in the taxpayer's assessment notice.

16. That the Municipal Property Assessment Corporation should ensure that all minutes of settlement it enters into relating to assessment reductions contain reasons clearly explaining why a reduction has been agreed to, and that these reasons are recorded.

17. That the Municipal Property Assessment Corporation should be bound to apply reductions agreed to in minutes of settlements to future years' assessments of the same property unless the Municipal Property Assessment Corporation can clearly demonstrate that the circumstances justifying the assessment reduction have changed. In such case the reasons justifying the change should be set out in the taxpayer's assessment notice.

18. That the Municipal Property Assessment Corporation should request reasons for Assessment Review Board decisions if the basis for an assessment decision is unclear, and record all Assessment Review Board reasons.

19. That the Municipal Property Assessment Corporation immediately cease the practice of bringing new property comparables to Assessment Review Board hearings without sufficient prior disclosure.

20. That the Municipal Property Assessment Corporation give direction to its staff to ensure that challenges to assessments are seriously considered and resolved at the earliest opportunity and that last minute settlements before the Assessment Review Board are discouraged.

21. That the onus in assessment matters be placed on the Municipal Property Assessment Corporation to substantiate its assessments when they are challenged.

22. That the Municipal Property Assessment Corporation report back to the Ombudsman's Office in six months time on its progress in implementing the Ombudsman's recommendations.