

Good morning Council, my name is Sylvia, and I am a resident of Brampton. I followed the City of Brampton's budgets every year last term, and it became clear to me that council does not seem to understand how property taxes work, which is a huge problem, because this is most of your operating budget. I would like to try to explain it to you since, it doesn't seem finance explained it to the last term of council.

Last term council focused on the property tax rate, but there seemed to be no understanding that council doesn't directly set rates. What Council does is set an amount you want to raise, this is spread over the adjusted assessment base, and this is used to calculate the property tax rate. There is some other stuff in there like ratios that modify the assessment basis, staff can fill you in on the more technical details. Here is the important thing to understand, there are two major factors to calculate rate, one of which is the amount you want to raise, and the property assessments.

How are properties assessed? The Municipal Property Assessment Corporation a non-profit which does the assessment across the province of Ontario, and is funded by municipalities. They do this every 4 years normally, and the results are phased in over four years. The most recent recalculation was in 2016, based on 2016 values, and the difference between 2012 and 2016 was phased in over four years, which ended in 2020. 2020 was supposed to be the new assessment year, but this has been delayed due to the pandemic

How does MPAC do this? They look at five key characteristics, building age, total square footage, location of property, size of the lot, and quality of construction. They figure out the values for these by looking at the market values of new properties. In January 2016 the average home value in Brampton was 82% of the Toronto Real Estate Board average, in January 2022, it was 110%. This means that as soon as the next assessment starts getting phased in, property tax rates in Brampton will plunge, unless you do something wild like raise property taxes by over 10%, and if you raise it by 10%, the rates will still go down significantly relative to currently and other municipalities. Because of how huge the assessed value is as a factor in property taxes, the amount you decide to raise does not matter that much in the long term. There is zero positive value to focusing on property tax rates.

I hope you will keep this in mind when discussing the 2023 Budget.