

WRAFT Report May 2009

First of all, on behalf of the Board of Directors of WRAFT, I want to apologize for the recent lack of communication from the organisation. We have been busy implementing the association of WRAFT and FOCA and ensuring that the takeover of administrative responsibilities has gone smoothly.

While WRAFT and FOCA remain two separate legal entities, FOCA and specifically FOCA's Executive Director Terry Rees is now the spokesman and administrative head of WRAFT. Terry can be reached at trees@foca.on.ca or by telephone at 705-749-3622 or on his cell at 705-927-4455. Bob Topp has retired as WRAFT's Executive Director but remains as a Director of WRAFT and continues to follow WRAFT matters closely. Bob may be reached at bobtopp1@gmail.com or by telephone at 416-929-9885 and during the summer at 705 732 2094. **Bob is also Chair of CAPTR- the Coalition After Property Tax Reform. Mail for CAPTR should be addressed to Bob at 84 Poplar Plains Cres. Toronto M4V 1E8.** WRAFT maintains its own budget and separate Board of Directors while paying a service fee to FOCA for administrative services.

Moving on to WRAFT matters specifically, the Liberal Party remains in power in Ontario having defeated the Tories who called for a cap on assessment increases well before the fall 2007 provincial election. The Liberals believe they have dealt with the volatility issue (we disagree) by phasing in assessment increases over a 4 year period while immediately implementing assessment decreases. We do not believe they have dealt with the problem and we foresee a crisis coming in 2012 due to the grossly overvalued assessments currently being used. While we were unable to persuade the government of the righteousness of our cause and the unfairness of the assessment system, both opposition parties have adopted this position and our political advisors believe we have made real progress in making CVA and the 2008 assessments a live political issue. We continue to believe that the Liberal government will be vulnerable on the real estate taxation issue in 2011 and we intend to keep the issue in front of the public and ensure our policy is adopted by the next leader of the Tories. Remember that according to the Canadian Federation of Independent Business, Ontario has the highest property taxes in the western world!

Turning to more current matters, WRAFT has a new board of Directors including Al Morson, Bob Topp, Terry Rees, Karl Fiander (a new Director and President of FOCA). Tom Beer, Doug Bryden, David Bull, Guy Crombie, Mike Hasley, myself (Cliff Hatch), Jack Hignell, Mary Neal, Peter Oakes and Bill Rowat. For more information see the WRAFT website www.wraft.com. Alex Milburn is Treasurer. Most of the members of the Board are ongoing members from prior years.

WRAFT requires funding going forward and we would ask current and new members of WRAFT to contribute to WRAFT along the lines of our existing formula which we have not increased for 2009.

Under 25 Members \$50

26-50 Members \$100

51-100 Members \$200

More than 100 members \$300

While this was a one time fee, many WRAFT members have contributed their fee annually. We would ask that all members do so annually starting this summer.

Please mail cheques to

Terry Rees
Executive Director
WRAFT FOCA
201 - 159 King Street
Peterborough, on
K9J 2R8

Looking to the future at our WRAFT Board Meeting held on May 1, 2009 we decided to alter our strategy slightly going forward.

As you are aware, we have pushed the principle of capping assessments at no more than a 5% increase for several years now. It is clear we have lost the fight to do away with the 2008 assessments as badly flawed and we are now stuck with them. We have therefore decided to modify our approach very slightly.

An Updated Property Tax Strategy for WRAFT/CAPTR

It seems clear that the Liberal government will proceed to use the new 2008 phased-in assessments this year. This means that your share of property taxes will be calculated including 1/4 of any increase in assessment between Jan 1, 2005 & Jan 1, 2008 or the full amount of any decrease.

It is also clear that property values are dropping and no one currently knows when or where they may bottom out, but property owners are upset that they are paying taxes based on an inflated and probably unrealistic value,

If 2012 values are significantly less than 2008 those properties that have experienced the biggest increase over the past few years are likely to experience the biggest decreases in a falling market.

If this is so, a politically unacceptable situation may well arise, as the tax increase on waterfront and hot urban areas that has been phased in over 4 years will be reversed all at once. As a result, for example, non-waterfront properties owners in waterfront areas may be expected to immediately shoulder large increases in tax.

Politicians might well decide to phase in decreases over 4 years, thereby prolonging the agony for property owners that have previously been subject to massive valuation increases by the volatile assessment system.

If this is true, the time to fix the system is as soon as declining values have stabilized.

The time for people to pay attention and demand a new approach is probably when their new values are first used this summer.

An appropriate government strategy might then be:

- 1) Freeze assessments at their 2009 phased-in values, before they are fully committed to using higher values next year in a declining market.
- 2) Reassess as soon as the declining real estate market seems to have bottomed out – no later than 2012
- 3) Accept these new values as appropriate for tax purposes, and return to annual reassessments.
- 4) Adopt a capping system, so that we don't get into this situation again.
- 5) So in summary:
FREEZE
REASSESS
GO BACK TO ANNUAL ASSESSMENTS
CAP ASSESSMENT INCREASES AT 5%

We are hopeful that both the leading PC candidates for the leadership of the party - Tim Hudak and Christine Elliott will adopt our program.

Ultimately it is our intent to bring forth the property tax problem once again at the time of the next provincial election in 2012 and to make sure it is an important issue.

In the interim, we will report to you on a regular basis and try to ensure the issue remains alive.

Please support WRAFT

Sincerely,

Cliff Hatch
Chairman and President
WRAFT