

Attention City Clerk

City of London

Please find below a paper in support of the proposal to enhance the City's Property Tax Deferral Program for Certain Groups and submitted by the undersigned on behalf of the local chapter of CARP. As the author, I request and consent to the its inclusion in the added agenda

for the City Council meeting of Tuesday April 1st.

Submitted by:

Mike Hoshooley

Re: Proposed Enhanced Property Tax Deferral Program

First a bit of History. We are aware that the London ST Thomas Chapter of the Canadian Association of Retired Persons (Carp) has provided support for this proposal in the past. Specifically it is understood that a previous Chairperson, Donald Pollack lent this Chapters support when it was first brought forward about two years ago.. If anything we believe the need for the proposed enhancements is even greater in the current environment where low income seniors and those with disabilities are struggling more and more , with food price inflation , ever

higher taxes and the uncertain impact on the the general future cost of living implied by the worsening relationship with our neighbour to the south.

The present program as applied by the City of London only allows for the increase in property tax occasioned by the rise in current market value assessments to be eligible for deferral consideration. Given the freeze that has been on this formula for the recent past the opportunity for wider application of this program is virtually non-existent, and yet property taxes continue to rise with this segment getting little or no relief due to the assessment freeze.. The analysis presented by the Deputy City Manager, Finance Supports acknowledges that several other municipalities , Ottawa, Hamilton and Halton Region offers their senior citizens full tax deferment rather than just the increase related to increased valuations by the Municipal Property Assessment Corporation.

The recommendation by the Deputy City Manager, Finance Supports to shelve the proposed plan is largely based on the Mayors instruction/guidance to undertake a tax increase in the next budget of no more than 5% and yet there is no evidence presented that the proposed plan will cause a material overrun of this target. The author of the report also makes much of the lack of equity which adoption of this enhanced tax deferral program would bring about in other groups ineligible for the program as it exists and who may be further disadvantaged relative to

the potential eligible seniors groups. What about the lack of equity for our otherwise eligible seniors compared to those of the abovementioned municipal residents who do receive enhanced tax deferral benefits. While equity is a noble objective, it should not be achieved at the expense of a struggling sector of our society.

Also much is made of the estimated cost of starting and operating the enhanced program. What to do about this?. Well perhaps the setup and annual operating costs can be apportioned to the individual properties and recovered from the property owners when they sell or pass the properties to their beneficiaries. Presumably with the passage of time the subject properties increase in value, as per the last 30 years, and this assessment will be part of the recovery with the deferred tax revenue plus interest. It is interesting that this cost recovery option was not put forward as part of the program or it was considered and discarded by the report authors, perhaps because it ignores the concept of opportunity cost.

Finally it is difficult to opine on the efficacy of this program relative to other competitive pressures for increased funding. But this disadvantage notwithstanding, CARP believes that a major goal of the City should be to assist seniors to continue to occupy their family homes as long as practicable and this program would be a significant contribution to this very worthy goal and is therefore endorsed by this Chapter of CARP. The benefits of the

deferral of their full property tax will enable owners to channel more funds into maintaining their properties, thereby enhancing their future values and the ultimate recovery of funds "invested" by the city.

Supported by: Gloria McKibbin, Chairperson

Written by: Mike Hoshoooley, Treasurer

Canadian Association of Retired Persons, CARP London-St. Thomas Chapter (437)