MINISTRY OF ATTORNEY GENERAL JUSTICE SERVICES BRANCH BRIEFING NOTE FOR INFORMATION

PURPOSE: For INFORMATION for Honourable David Eby, QC Attorney General

ISSUE:

Opportunities to modernize the property assessment complaint and appeal process of British Columbia.

SUMMARY:

- Tribunal Transformation & Supports Office (TTSO) is examining opportunities to improve the entire property assessment complaint and appeal process to validate transformational options. TTSO is undertaking this work at BCA's request as AG oversees Property Assessment Appeal Board (PAAB).
- The project report, due July 12, 2019, includes a full list of possible opportunities to improve service delivery at BC Assessment (BCA), Property Assessment Review Panel (PARP), and PAAB.
- Property owners can request an adjustment with BCA, but PARP is the first formal level of review for property assessment complaints.
- PAAB is the second level in the process and is experiencing a substantial increase in appeals which may hinder their ability to meet service targets – For details, please see Appendix A – IBN regarding PAAB appeal increase.
- Approximately 75 PARPs are appointed throughout the province annually for a sixweek period to hear property assessment complaints. Last year, approximately 28,000 complaints were reviewed by PARPs (teleconference and in-person).
- TTSO has recognized an opportunity to modernize the process by embarking on a collaborative and comprehensive transformation project which would involve:
 - Working with BCA, PARP, PAAB, and the Ministry of Municipal Affairs and Housing (MAH) to prepare a 5-year transformation plan to remodel the dispute resolution processes, to make it an exemplary in Canada.
 - Implementation of advanced technological solutions such as Artificial Intelligence, Solution Explorer, and Dispute Resolution Suite.
 - 'Future-proofing' the system to accommodate technological advancement and social change.

- Significant changes to PARP that include but are not limited to converting it from a review panel model to an internal to BCA reconsideration model as illustrated in *Appendix B Residential Reconsideration Process Map,* would be explored.
- A decision will be forthcoming (late summer/early fall 2019) regarding the direction of the complaint and appeal process based on the opportunities identified in the report.
- s.12; s.13; s.17
- Costs to tax payers for the complaint process annually in 2017 was ~\$6.3 million. In 2018, the costs are estimated to be ~\$9 million.

s.12; s.13; s.17

BACKGROUND:

- Participating in the property assessment complaint and appeal process requires citizens to move through multiple organizations and touchpoints (BCA, PARP, and PAAB). Less than 2% of property owners engage as participants in this process.
- In February 2017 all three organizations recognized a need to examine the process and worked with staff from the Dispute Resolution Office to flush out four options for consideration, these options have been further explored during the as part of the current research project.
- Objectives of the project include better understanding a complainant's experiences; uncovering challenges and pain points; validating assumptions and informing implementation; and, exploring pathways forward.

IMPACTED/CONSULTED:

- Property Assessment Services Branch, Ministry of Municipal Affairs and Housing
- British Columbia Assessment Authority
- Property Assessment Appeal Board

Prepared by:

Alanna Valentine-Pickett Director, Strategic Transformation Tribunal Transformation & Supports Office Justice Services Branch 778-698-8896

Prepared by:

Anzal Kamran Policy & Research Analyst Tribunal Transformation & Supports Office Justice Services Branch 250-704-3038

Approved by:

Carmen L. Zabarauckas, PhD Executive Director Justice Services Branch 250-893-6401

Attachment(s)

Appendix A – IBN regarding s.12

Appendix B - Residential Reconsideration Process Map

Appendix C – IBN regarding ^{s.12}

Appendix D - Property Assessment Complaint & Appeal Process Transformation TTSO Report Presentation

Appendix A – IBN regarding ^{s.12}

MINISTRY OF ATTORNEY GENERAL JUSTICE SERVICES BRANCH BRIEFING NOTE FOR INFORMATION

PURPOSE: For INFORMATION for David Eby, QC Attorney General

ISSUE:

The Property Assessment Appeal Board (PAAB) is experiencing a large increase in appeals which may hinder their ability to meet service targets.

SUMMARY:

- PAAB will receive a new record number of appeals in 2019. The volume is estimated to be 5,200 appeals an increase of 50% over last year.
- If service targets are not met, a significant backlog may occur, which will create tax uncertainties for taxing jurisdictions that may span more than one tax year. This would have a critical impact to local jurisdictions and their ability to provide public services based on tax funds.

s.13; s.17

BACKGROUND:

- Consistently, PAAB has achieved a resolution rate of 90-95%. For the last 18 years, PAAB's budget has been approximately \$1.4 million. PAAB has been under budget for the vast majority of these years while still achieving its targets.
- Over the last 2 years, appeal volumes for PAAB have reached historic record levels, up 78% over the previous 10-year average.
- There could be multiple combinations of reasons that contribute to the increase in appeals such as: a volatile housing market, more availability on the market, and other economic changes.
- PAAB has been utilizing temporarily solutions such as increased reliance on parttime members, however, these temporary solutions are unsustainable.

 TTSO is conducting research on the review and appeal model to find solutions and efficiencies. An internal report with recommendations is tentatively set to be completed on the 5th of July 2019.

OTHER MINISTRIES IMPACTED/CONSULTED:

- TTSO engaged the Ministry of Municipal Affairs and Housing to provide a budget lift as the property assessment appeal system (PARP and PAAB) is funded separately from the property tax levy, flowed through BC Assessment.
- TTSO engaged the Crown Agency Board Resourcing Office regarding the pending reappointment request for experience members.

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Appendix B – Residential Reconsideration Process Map

s.13

Page 1

Appendix C – IBN regarding ^{s.12}

MINISTRY OF ATTORNEY GENERAL JUSTICE SERVICES BRANCH BRIEFING NOTE FOR INFORMATION

PURPOSE: For INFORMATION for Dr. Carmen Zabarauckas Executive Director, Tribunal Transformation Initiative

ISSUE:

s.12

SUMMARY:

s.13; s.17

- The current fee of \$30/appeal has been in place since 1998 and is the 3rd lowest in Canada.
- s.13; s.17

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BACKGROUND:

- s.13
- Honourable David Eby approved a PAAB fee increase in principle in December 2018.
- s.12; s.13

- Purpose of fees: The original purpose of the fees was to hinder frivolous appeals in a limited way.
 s.13
- Effect on TTI:^{s.13}
 - s.13
 - s.13
- Cross Jurisdictional Comparison: Though Ontario has the \$300 commercial appeal fee, it also has an entirely different appeal system (internal reconsideration then appeals).
 - Ontario has a 4-year assessment cycle, so a more accurate comparison would be \$75/year.
 - Ontario offers an e-filing discount, so an even better comparison may be \$72.50/year.
 - Alberta, Saskatchewan, Manitoba, and Newfoundland refund the fees if there is a change in assessment.
- Considerations:
 - s.13
 - .
 - Stakeholder and citizen engagement/consultation should be conducted.

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PROPERTY ASSESSMENT COMPLAINT AND APPEAL PROCESS TRANSFORMATION

Report Findings June 28, 2019



Ministry of Attorney General



DIGITAL SOLUTIONS. TANGIBLE RESULTS.

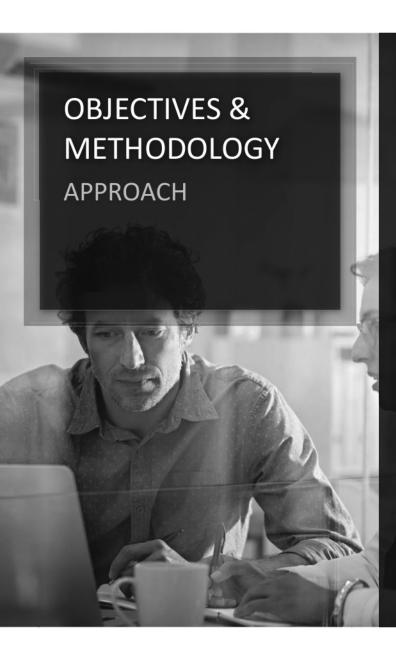


OBJECTIVES & METHODOLOGY



1. Better understand the complainant's experience

- 2. Uncover challenges, barriers and pain points
- 3. Validate assumptions and inform implementation
- 4. Explore pathways forward





User Testing

Journey Mapping



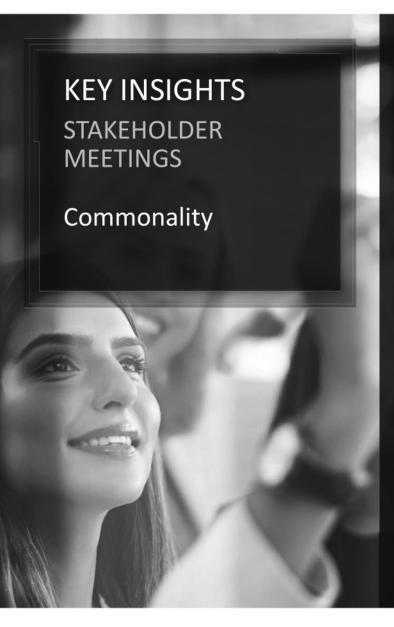
Personas



Interviews



Stakeholder Sessions



CHALLENGES



Increasing Volume

Scheduling & Timing



Transparency & Accuracy

COMMITMENTS



Public Education



Information Management



Inconsistencies



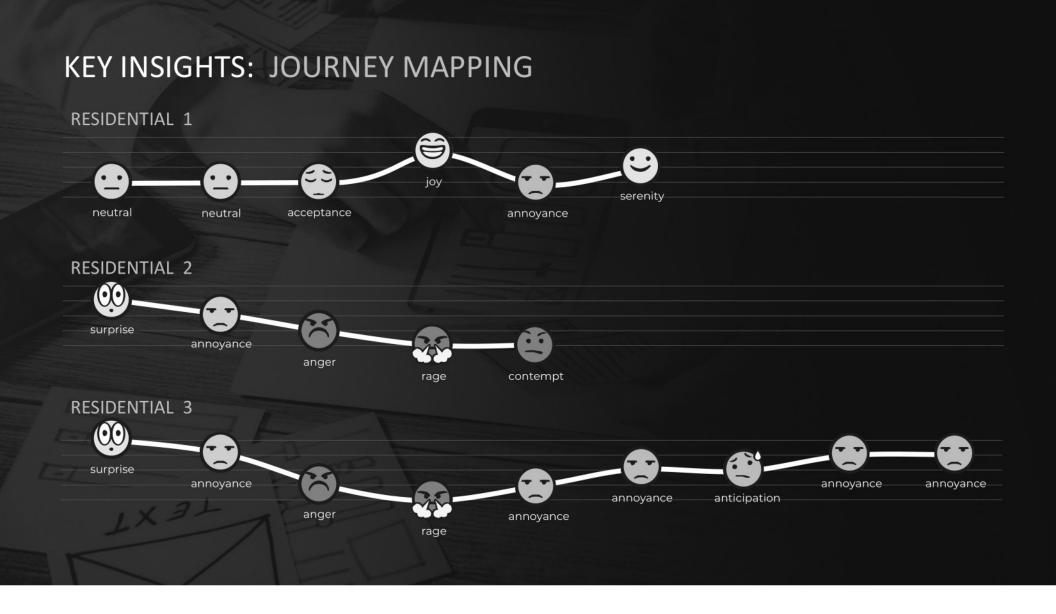
Resolution



Tools

Tools & Data

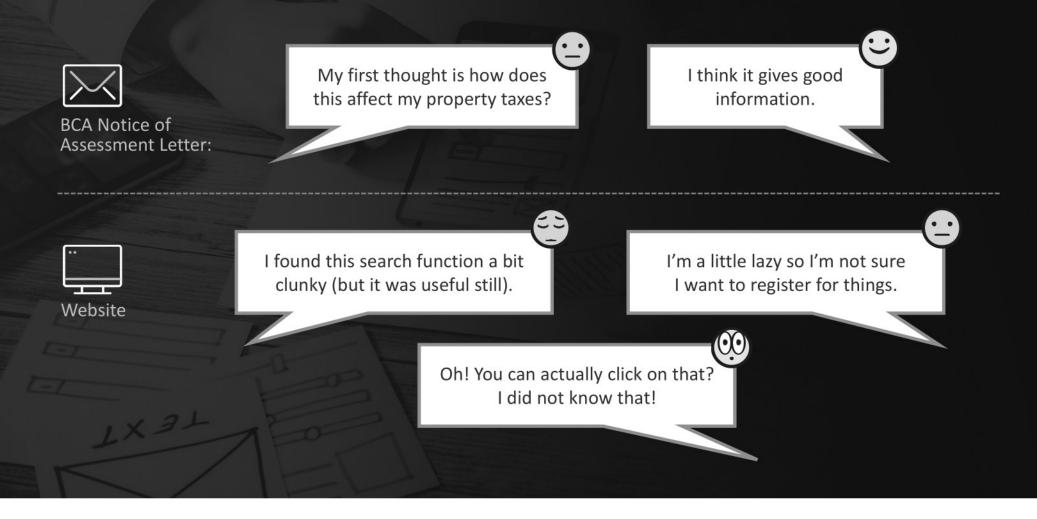




KEY INSIGHTS: JOURNEY MAPPING



KEY INSIGHTS: USER TESTING – BC ASSESSMENT



KEY INSIGHTS: USER TESTING – PARP



Website

PARP Notice of Hearing Letter:

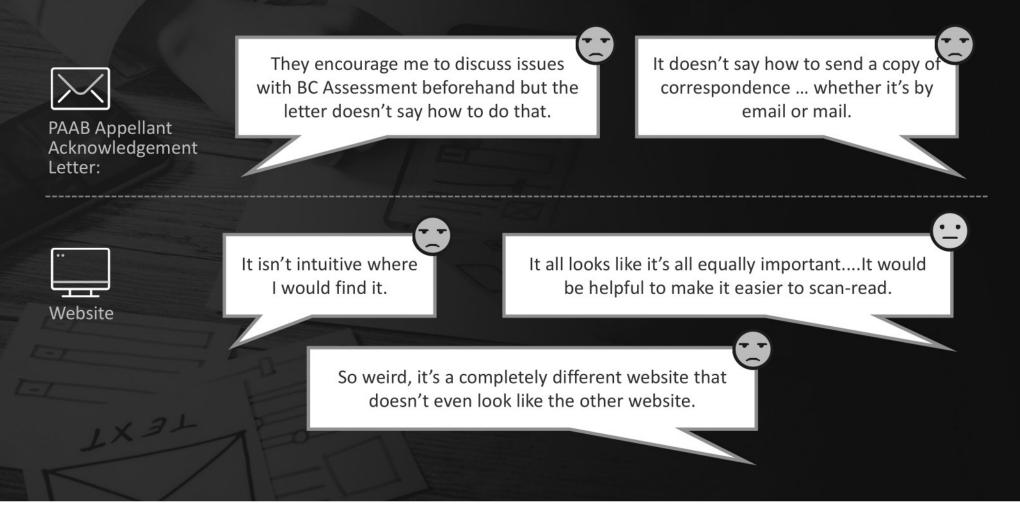
It's not very well laid-out, it's very bureaucratic.

It's not immediately clear what each phone numbers represents.

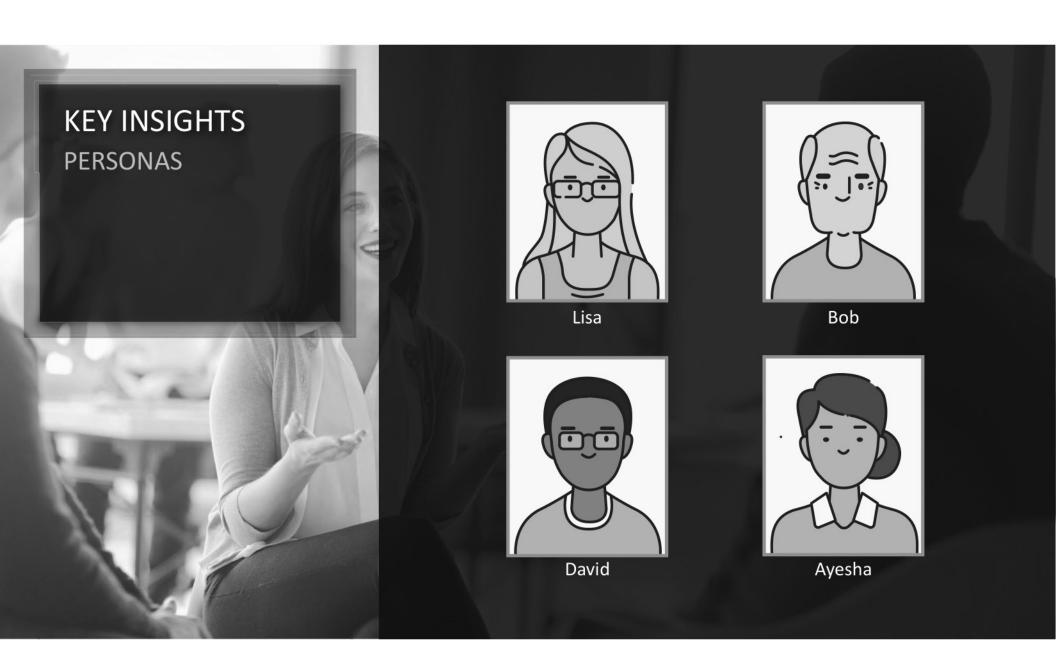
It wasn't easy to get there!...it isn't clear the path that you have to take to navigate. If there is a checklist, I would follow the checklist.

There are multiple phone numbers which confuses me.

KEY INSIGHTS: USER TESTING – PAAB







LISA: CONDO/STRATA OWNER



Age: 32 years old Family: Couple Location: Burnaby Work: Accountant Education: University

3) In Person

PREFERED CHANNELS

1) Computer 2) Telephone

COMFORT LEVELS

Comfort with Technology

Understanding of Process

Frustration with System

"I can't afford these kinds of taxes!"

SCENARIO

Lisa is a second-time home owner. They can't understand why their assessment is so much higher than what they paid for recently.

FRUSTATORS

- Not understanding the process
- High taxes and unaffordability

- Understand the system better
- An explanation of how the assessment was calculated
- Know how much they can save on taxes with an appeal
- Easy online options from start-to-finish

BOB: RESIDENTIAL PROPERTY OWNER



Age: 70 years old Family: Married, 2 grown children Location: Pender Island Work: Retired Education: University

PREFERED CHANNELS 1) Face to Face 2) Telephone

none 3) Computer

COMFORT LEVELS

Comfort with Technology

Understanding of Process

Frustration with System

"It's important to me to be heard."

SCENARIO

Bob is a retired professional living on Pender Island who can't understand why his assessment is so much higher this year. Bob has time to prepare a detailed appeal but does not want to use online technology.

FRUSTATORS

- Not understanding his property's increase in value
- Online communications (rarely checks email)
- Feels system is biased toward BC Assessment

- Clear and detailed explanation of how assessed value is calculated
- In-person hearing in his community
- More time to prepare and more time to present
- Ability to address panel decision

DAVID: TAX AGENT/COMMERCIAL PROPERTIES



Age: 44 years old Family: Single Location: Victoria Work: Tax Agent Education: University

PREFERED CHANNELS 1) Face to Face 2) Telephone

none 3) Computer

COMFORT LEVELS

Comfort with Technology

Understanding of Process

Frustration with System

"There is always room for improvement."

SCENARIO

David is a Tax Agent that manages a medium sized portfolio of commercial properties. David understands the process well but would like to see things more streamlined.

FRUSTATORS

- Having to manage his portfolio all separately
- Feeling like BCA staff are not willing to help or negotiate
- Submitting the same documents that were submitted to PARP again to PAAB

- Better online system to deal with a portfolio such as Online Dispute Resolution
- Earlier negotiation opportunities with BCA
- Ability for documents to carry forward from PARP to PAAB

AYESHA: SMALL BUSINESS OWNER



Age: 40 years old Family: Married, 2 children Location: Kamloops Work: Retail Store Owner Education: College

PREFERED CHANNELS 1) Telephone 2) Computer

ter 3) Face to Face

COMFORT LEVELS

Comfort with Technology

Understanding of Process

Frustration with System

"I wish I could have come to an agreement with BC Assessment earlier."

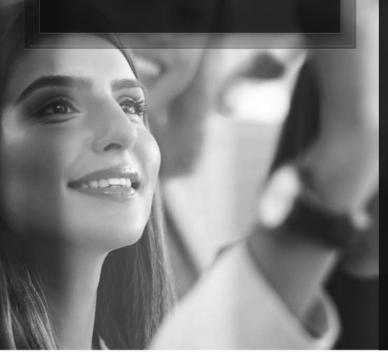
SCENARIO

Ayesha is a small business owner and parent with a very busy schedule. Ayesha has a unique property and has had to appeal the same issue several years in a row.

FRUSTATORS

- Not finding enough detail on BC Assessment website to identify relevant comparables
- Not having time to prepare for and attend hearing
- Has to come back every year to appeal their unique property

- Improved search tools and more detail on BC Assessment website
- More flexible scheduling
- BC Assessment to consider past decisions regarding the same property



Modernize Current Property Appeal System (Two Levels)

- Maintain current two level structure
- Earlier resolution and proportionality (e.g. better PARP product, discourage residential appeals to PAAB)
- Simple appeal prevention (PAAB Solution Explorer appeal prevention tools provided to PARP)
- Self-service web PARP enquiries (automation of current manual services)



Lisa

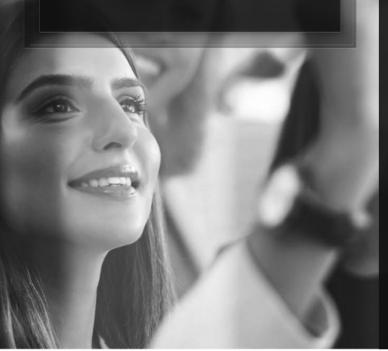


Bob









Option 1 + More Advanced Technology (larger capital requirements)

- Contents in Option 1
- Complete end-to-end user experience:
 - Solution Explorer integrated with BC Assessment and sales data
 - Evidence building & presentation tools (e.g. appraisal tables)
 - Online dispute resolution & adjudication
 - System-wide communication & doc storage



Lisa



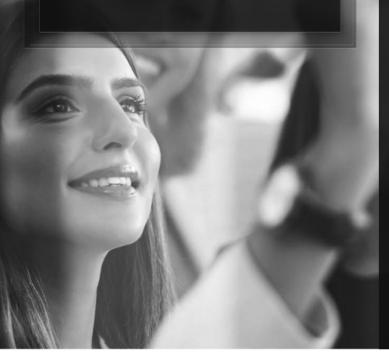
Bob







Ayesha



Restructure Appeal System (One Level) + Evaluate BCA Role in Appeal System

- Replace PARP with a reconsideration process that is built into BCA (as in Ontario, and as with many FN clients)
- More convenient access to robust information and services to validate assessment (e.g. transparent access to BCA information and appraiser rationale.)
- Enhance/modify PAAB



Lisa

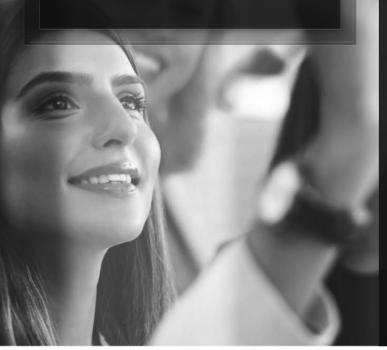








Ayesha



Option 3+ Property Taxation

- Contents in Option 3.
- Complete end-to-end user experience or Artificial Intelligence
- Review BCA role in appeal
- Assessment Notice to include estimated property taxes





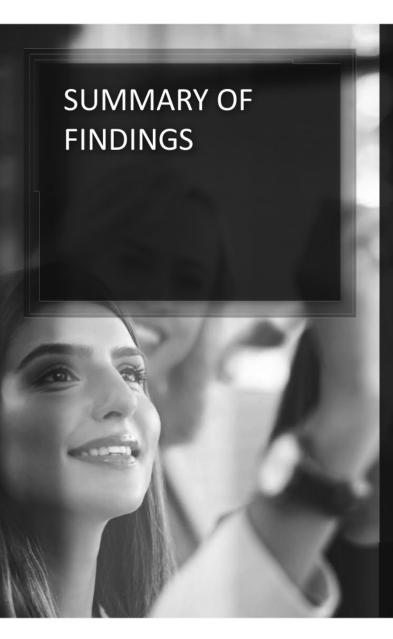
Bob





Ayesha

PAGE 28 of 36 MAG-2022-22330





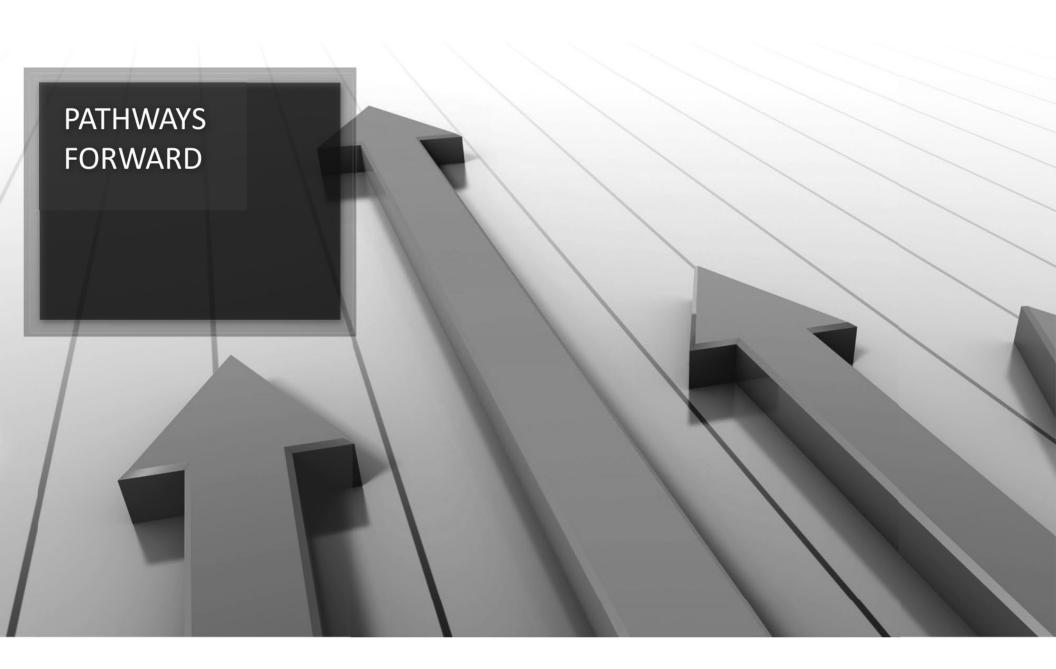
Developed List of Options





Opportunities Workshop





OPPORTUNITIES

TRANSFORMED DISPUTE RESOLUTION WITH SYSTEM INTEGRATION

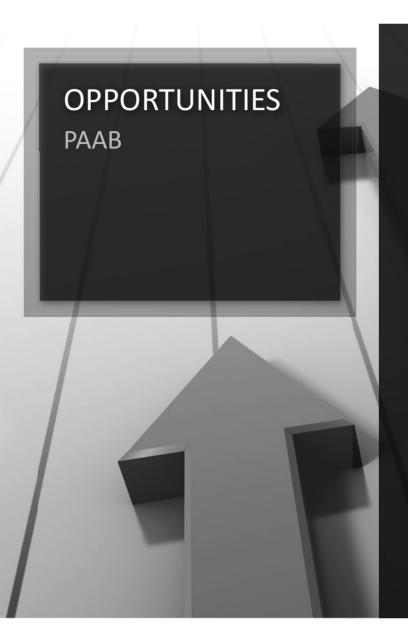
> Collaborative, Comprehensive Transformation: Integrated technology-driven system



BC Assessment Opportunities



Property Assessment Review Panel Opportunities



Property Assessment Appeal Board Opportunities

DISCUSSION & QUESTIONS



Ministry of Attorney General



DIGITAL SOLUTIONS. TANGIBLE RESULTS.

PAGE 35 of 36 MAG-2022-22330

THANK YOU



Ministry of Attorney General



DIGITAL SOLUTIONS. TANGIBLE RESULTS.