

Understanding Property Assessment in Ontario

Town of East Gwillimbury – Council Workshop

February 9, 2016

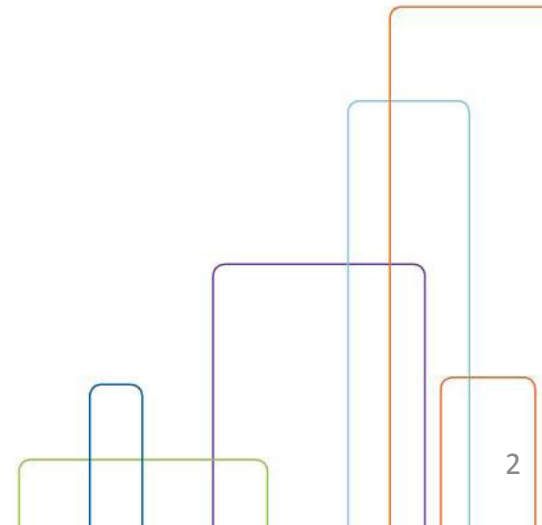


MUNICIPAL PROPERTY
ASSESSMENT CORPORATION
SOCIÉTÉ D'ÉVALUATION
FONCIÈRE DES MUNICIPALITÉS



Agenda

- About MPAC
- 2016 Assessment Update
- Service Level Agreement
- Assessment Growth (Positive/Negative)
- How we assess properties
- Determining accuracy of assessment



Ontario's Property Assessment System

There are four main components in Ontario's property assessment and taxation system. Each plays an important role.



The Provincial Government passes legislation, sets property tax policies and sets education tax rates.



The Municipal Property Assessment Corporation (MPAC) establishes current value assessments and classifications for all properties in Ontario.



Municipalities determine their revenue requirements, set municipal tax rates and collect property taxes.



The Assessment Review Board, an independent tribunal that is part of the Environment and Land Tribunals Ontario cluster which reports to the Ontario Ministry of the Attorney General, hears assessment appeals from property taxpayers.

About MPAC

Over 1,700 employees across the province

Oversight provided by the Ministry of Finance

Not-for-profit non-share capital corporation

15-member Board of Directors made up of municipal, provincial and taxpayer representatives, appointed by the Ministry of Finance

About MPAC

Assess and classify almost **5M** properties for about **9M** property owners

Respond to enquiries
from property
taxpayers and
municipalities/taxing
authorities

Deliver the
assessment roll
each year

Provide
Supplementary/
Omitted Listings
(growth)

Other legislated
products:

- Preliminary List of Electors
- Jury duty lists
- Population reports

Property Assessment and Property Taxes

MPAC assesses all properties in Ontario every four years

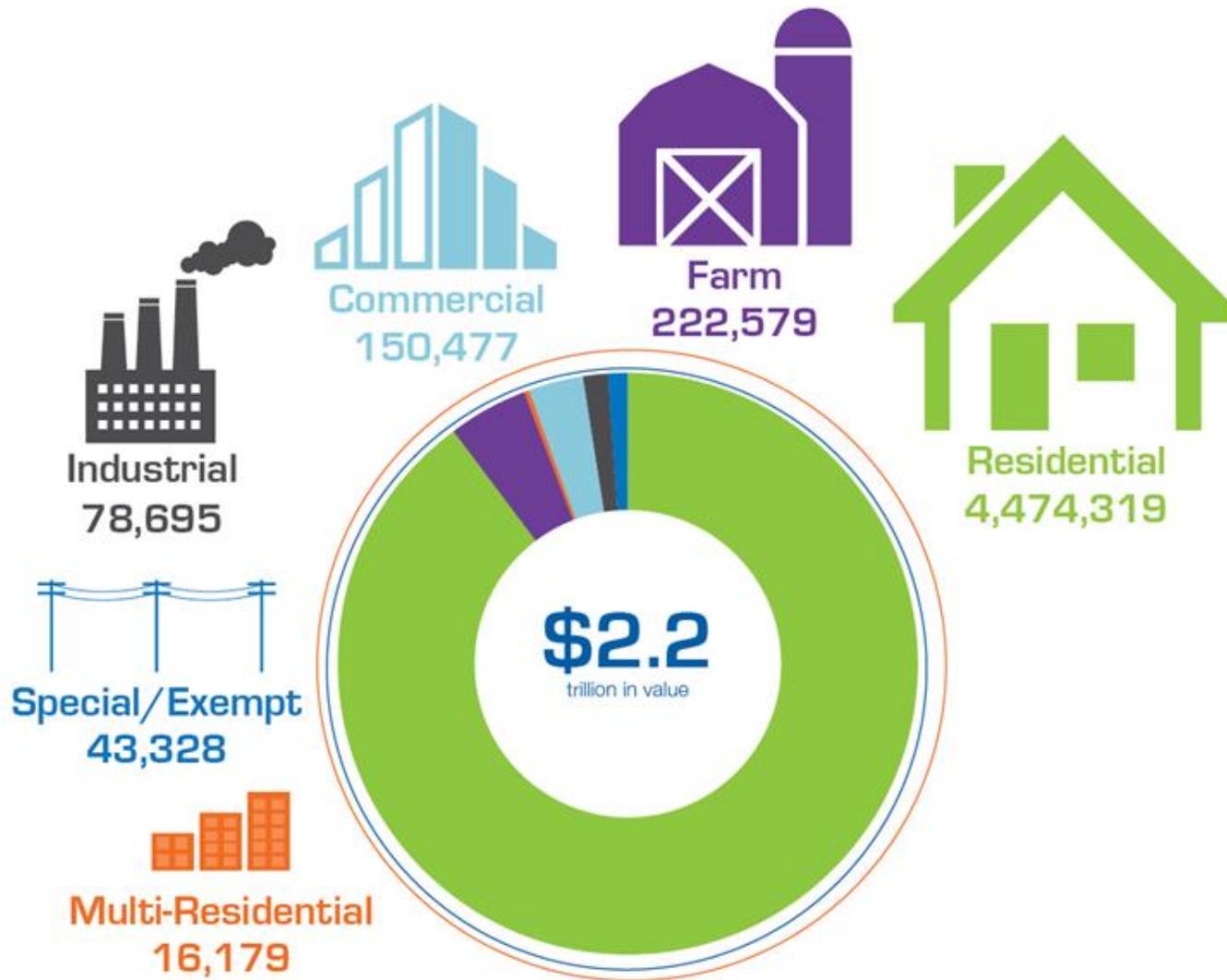


To establish assessed value, MPAC reviews sales of **comparable properties** in the neighbourhood

Municipalities use the assessment base to calculate **property taxes** to pay for local programs and services



About MPAC

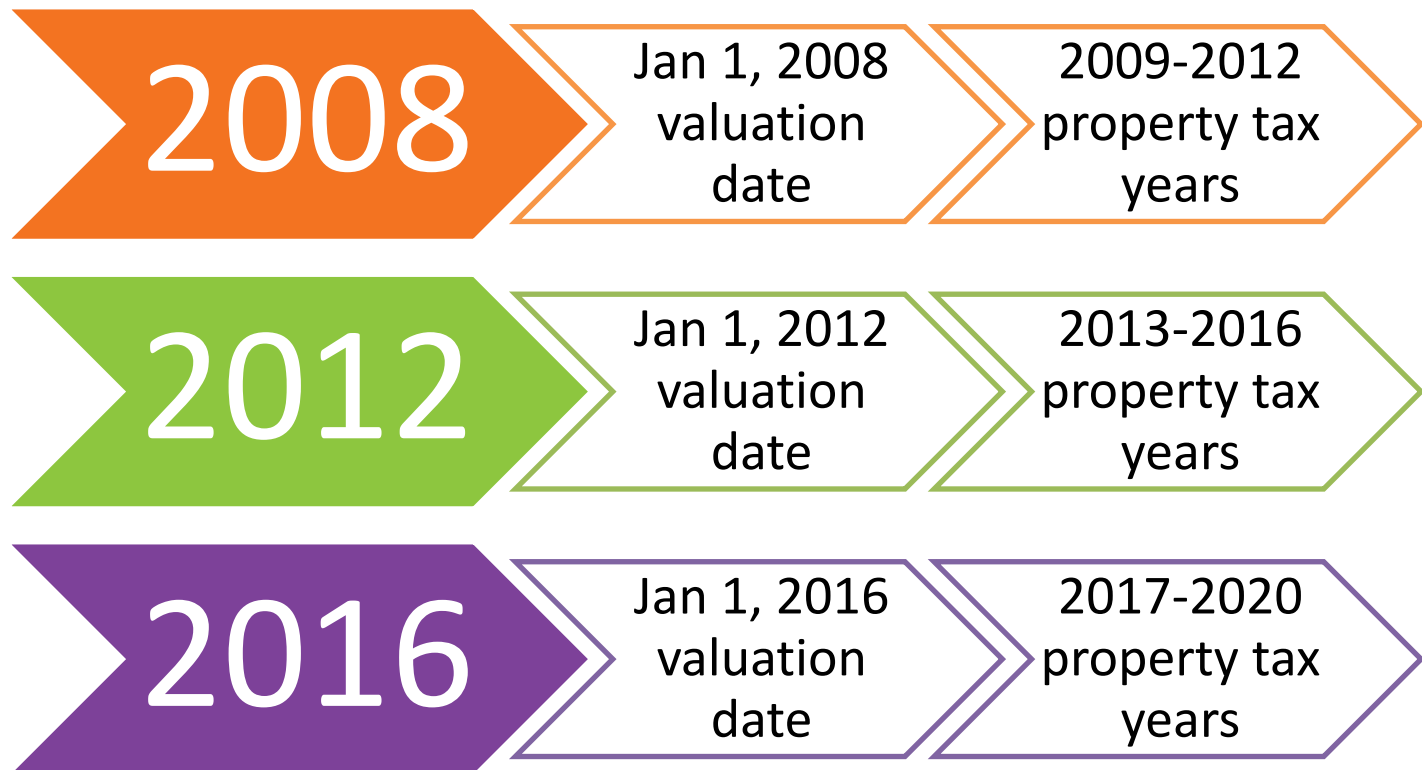


2013 Annual Report

Ontario's Assessment Cycle

The chart below shows each year that MPAC has delivered a province-wide assessment update. Each legislated valuation date and the applicable tax years are also shown.

The four-year cycle and phase-in program was introduced in 2008.



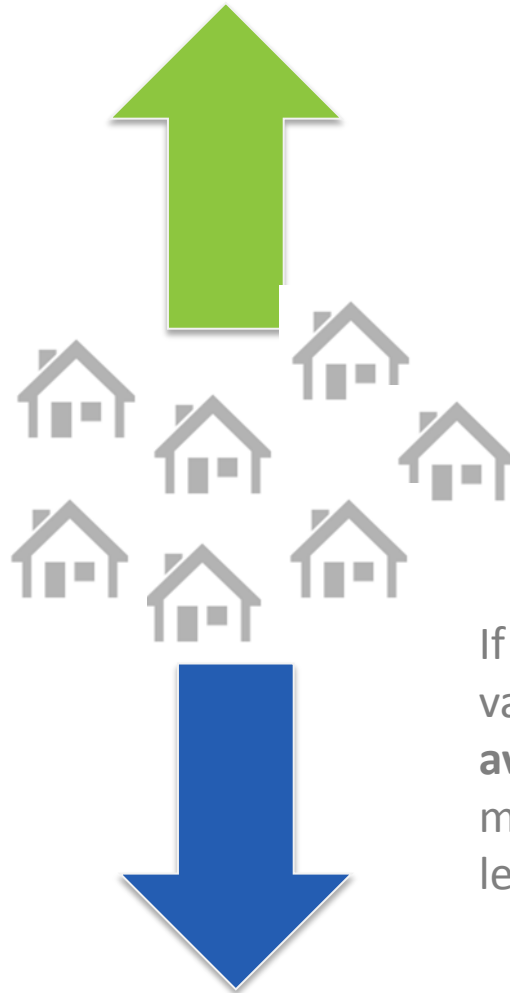
Phase-in Example

Under the *Assessment Act*, assessment increases are phased-in over four years for all property types.
A decrease in assessment is applied immediately.

Property Classification		Residential	
Your property's value on January 1, 2012		\$250,000	
Your property's value on January 1, 2008		\$220,000	
Over this four-year period, your property value changed by		\$ 30,000	
<i>Assuming property characteristics stay the same, the property assessment will increase by \$7,500 each year.</i>			
2013	2014	2015	2016
\$227,500	\$235,000	\$242,500	\$250,000

An increase in assessment **does not** necessarily mean an increase in property taxes.

If the assessed value of a home has increased **more** than the **average** for the local community/region, taxpayers may pay, as the result of the reassessment, proportionately more in property taxes.

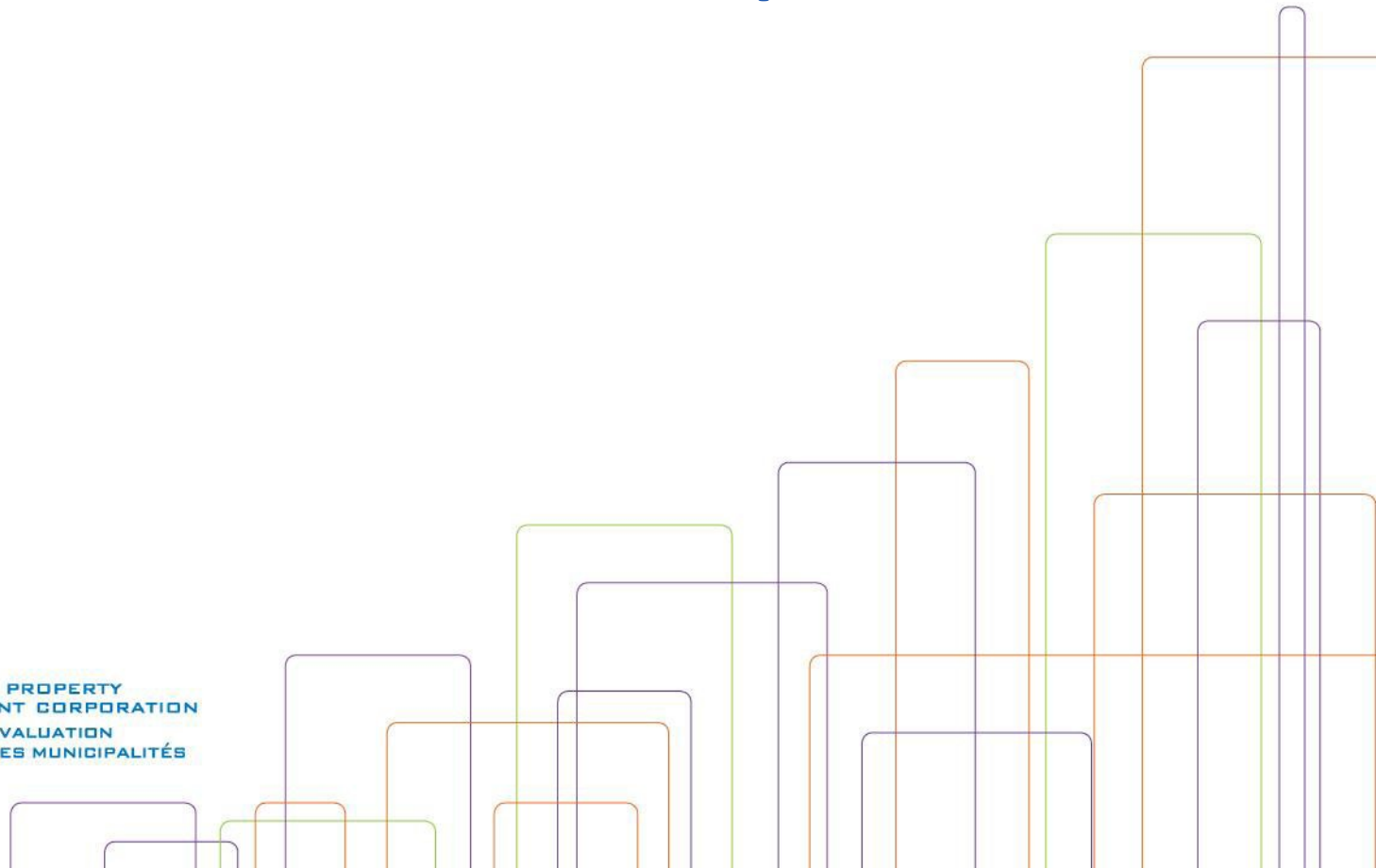


If a home has increased in value **less** than the **average**, then taxpayers may pay proportionately less in property taxes.

2016 Assessment Update



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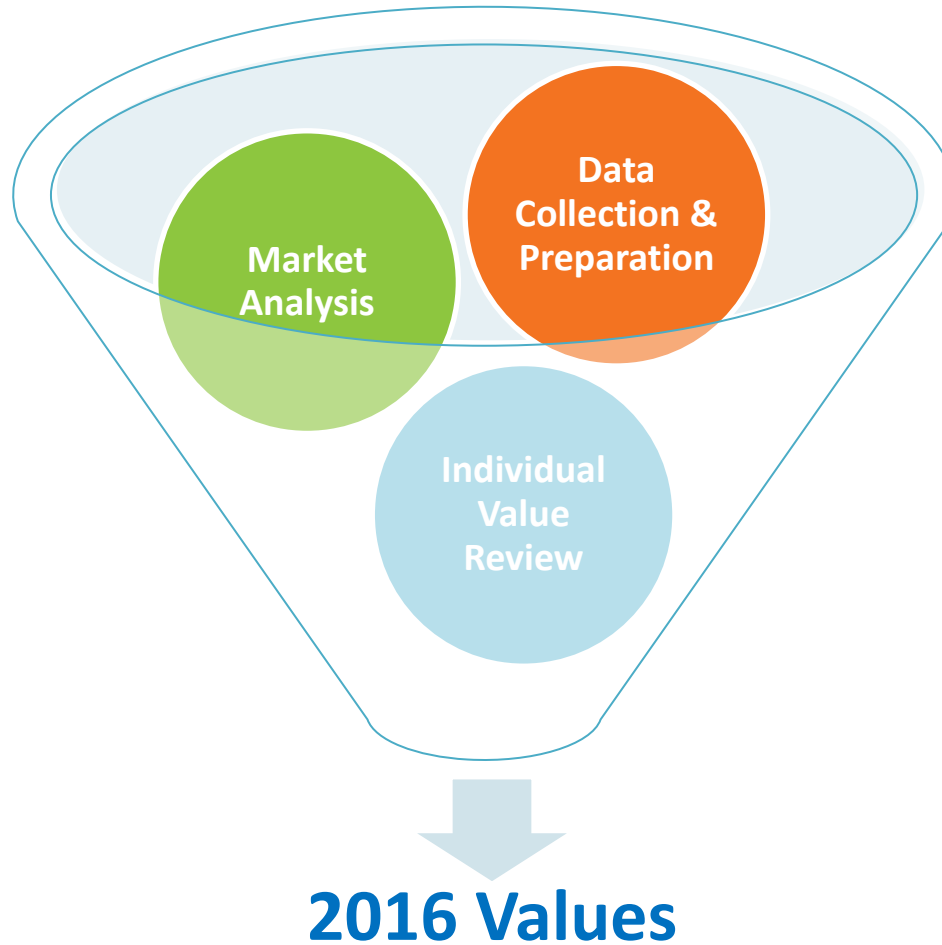
2013-2016 Strategic Plan

Goal: Deliver the 2016 preliminary values for properties to municipalities and taxpayers by the end of 2015

Outcome: Transformation of stakeholder relationships into true partnerships

Alignment/Intersections with Recommendations made through Special Business Property Assessment Review Report (December 2013)

2016 Assessment Update



January 1, 2016 Valuation Date

2016 Assessment Update

Property Portfolios

Residential

Small/Large Urban and Rural/Waterfront
(Direct Comparison Approach)

4.5 million properties
\$1.59 trillion (72%)
total assessed value



Farm & Managed Forest

(Direct Comparison and Cost Approaches)

222,870 properties
\$89.11 billion (4%)
total assessed value



Multi-Residential

7 units or more
(Income Approach)

15,555 properties
\$80.23 billion (3%)
total assessed value



Hospitality

Select Special Purpose Industrial, Hotels, Motels, Golf, Condo Hotels and Retirement Properties
(Income and Cost Approaches)

15,515 properties
\$42.8 billion (2%)
total assessed value



Commercial/Industrial – Cost/MRA

Commercial, Industrial, gravel pits, C/I condos, mining lands, small commercial
(Cost or Direct Comparison Approaches)

205,289 properties
\$165 billion (7%)
total assessed value



Commercial/Industrial – Development Lands

Development lands and income properties (primarily office buildings, shopping centres, industrial malls)
(Income and Direct Comparison Approaches)

25,394 properties
\$180 billion (8%)
total assessed value



Special/Exempt

Municipal, Provincial, Federal Parks, Linear, Power Stations, Pumping Stations, RoWs, Schools, Hospitals, Airports, Jails. Government and Specialized Exempt
(Various Approaches)

63,285 properties
\$104 billion (4%)
total assessed value



2016 Assessment Update – Advance Disclosure

1 **Methodology Guides**
Comprehensive guides that explain assessment methodology

2 **Market Valuation Reports**
Comprehensive reports that explain how methodology was applied (at the sector level) to value properties for the 2016 Assessment Update

3 **Property Specific Valuation Information**
Detailed information that is available through secure-access only or upon written request from taxpayers, representatives, municipalities

Special Purpose Properties

- Pulp & Paper
- Sawmills
- Value Added Wood
- Food Processing Plants
- Aerospace Manufacturing
- Chemical Manufacturing
- Oil Refineries
- Pharmaceutical
- Mining
- Auto Parts
- Auto Assembly
- Steel Manufacturing

MPAC

- Consistent and accurate values
- Increased transparency
- Improved relationships with stakeholders

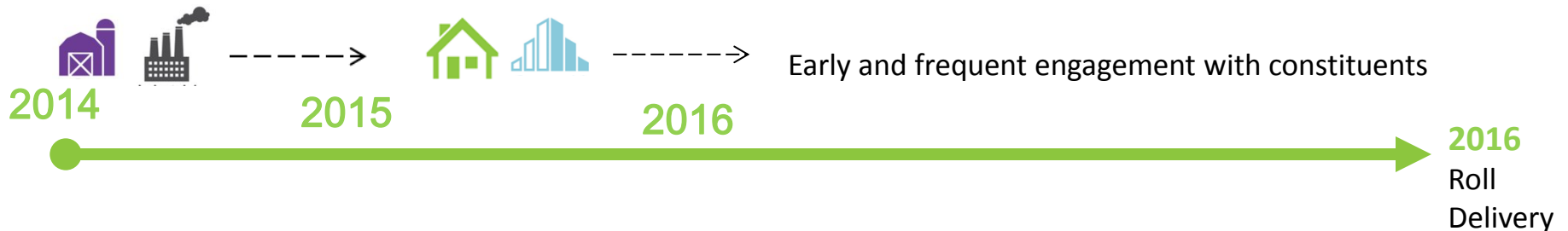
Municipalities

- Improved roll predictability and stability
- Improved risk analysis
- No surprises

Property taxpayers

- Increased satisfaction and confidence
- Easy access to property information
- No surprises

Province-Wide Assessment Updates



Property Assessment Notice (PAN)

- In response to criticism about the existing content and form of the residential PAN, a new more simplistic and effective notice for residential property owners has been designed
- PAN's will be delivered earlier than previous updates as part of MPAC's commitment to bring greater stability and predictability to the property assessment and taxation system
- Residential PAN's will be staggered across the Province in 9 releases between April and August of 2016

Property Assessment Notice (PAN)

- Farm, Managed Forest, Conservation Land and Business Notices will be mailed in September and October of 2016
- Municipalities can expect to receive preliminary market change data in Q2 of 2016
- Throughout 2016, once values are available municipalities and property owners can formally request a post-disclosure/pre-roll discussion with MPAC

Changes to Request for Reconsideration Process

- Bill 144 – *Budget Measures Act, 2015* implements significant changes to the RFR process in the year of a general reassessment (2017)
- Property owners will have 120 days from the Issue Date of their PAN to file a Request for Reconsideration (RfR)
 - The Issue Date and the property owner's unique RfR deadline will be included on every Property Assessment Notice
- By implementing an earlier mailing and a 120 day deadline for any Request for Reconsideration, MPAC will reduce the compressed processing time and ideally, process a large number before the Assessment Rolls are returned to Ontario municipalities at the end of 2016

Transformation of stakeholder relationships into true partnerships



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Service Level Agreement (SLA)

MPAC to work with municipalities to develop a standard form, two-way service level agreement (SLA) that makes transparent and accessible the accountability frameworks, service parameters, support needs, KPIs, and enforcement mechanisms.

- ✓ Accuracy of Property Assessment Roll
- ✓ Property Assessment In-Year Maintenance
- ✓ Support Services
- ✓ Appeals Management



Assessment Growth

- supplementary/omitted assessments
- assessment appeals



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Data Collection

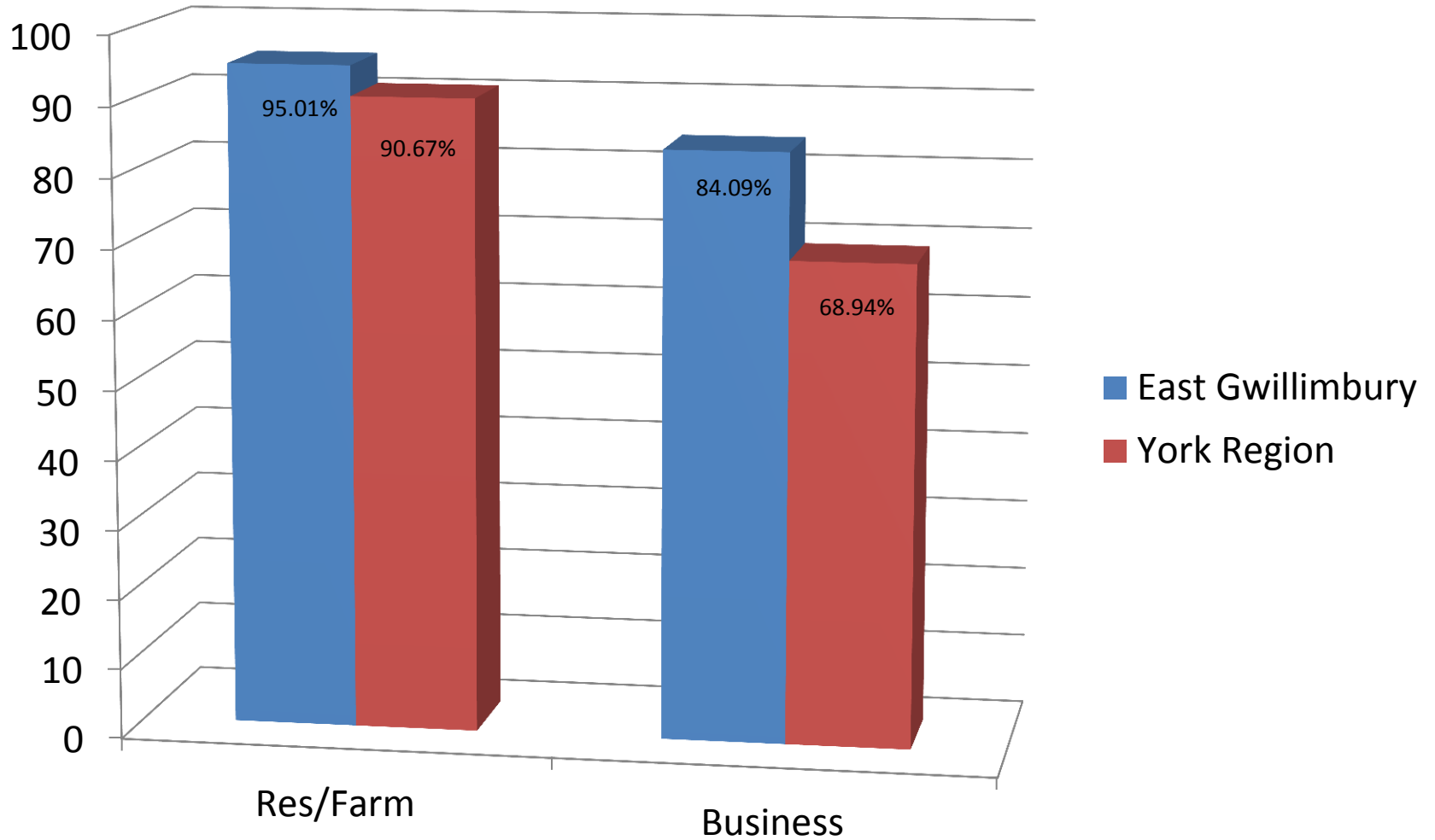
- Land title documents registered at Ontario Land Registry Offices;
- Building permits issued by local municipalities;
- Discussions and correspondence with property owners and on-site inspections;
- Dedicated re-inspection programs; and
- Income and expense information for commercial, industrial and rental properties (such as apartment buildings or hotels)

Supplementary and Omitted Assessments

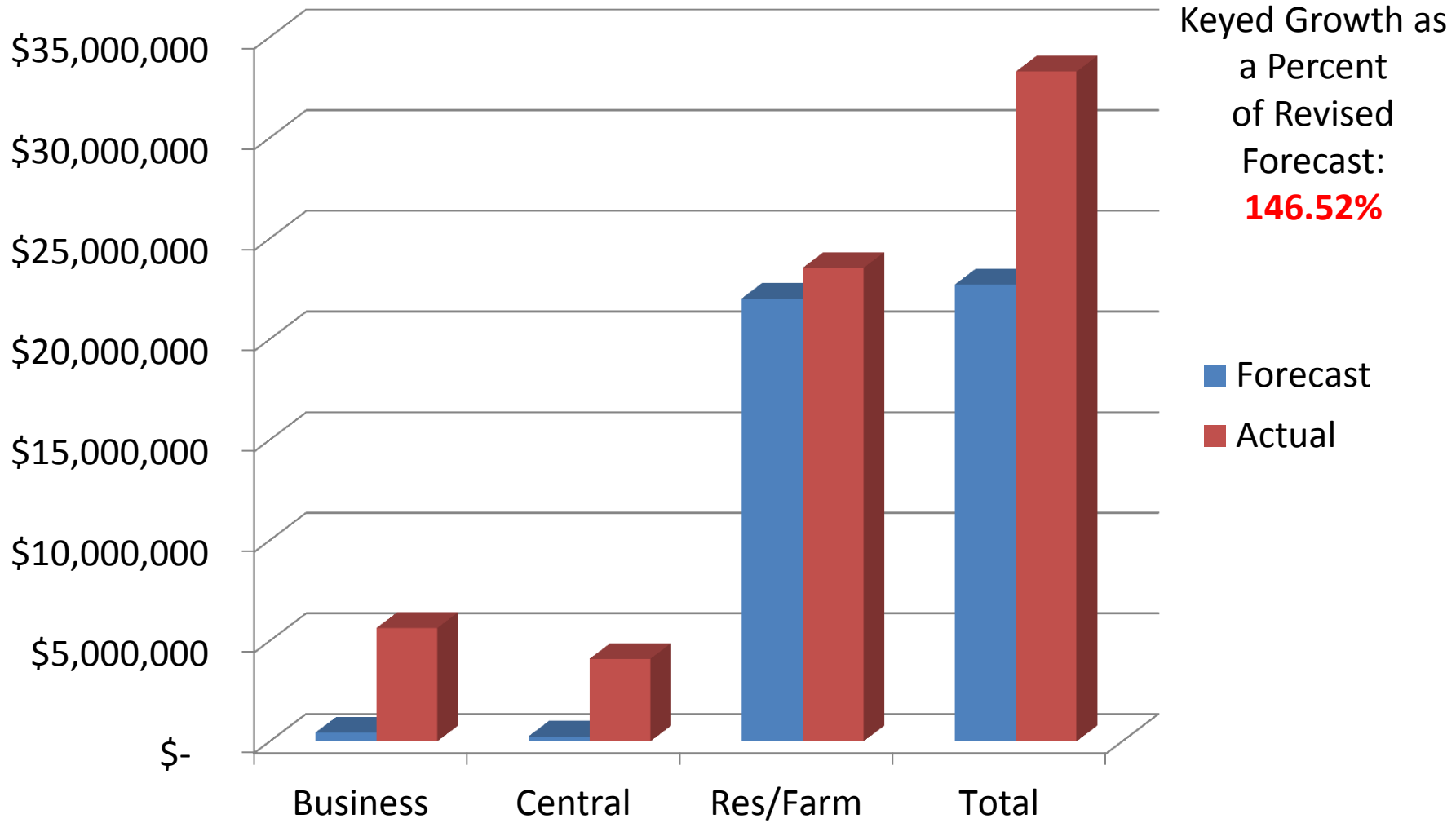
- If the additional assessment meets minimum threshold ($> \$10,000$ or 5% of current assessment) a **Property Assessment Change Notice** is mailed to property owner.
- If the additional assessment is under minimum threshold, change will be updated for year end and property owner will receive **Property Assessment Notice** at year end.
- Municipalities will issue supplementary tax bill on supplementary and omitted assessments.



Growth Within One Year of Occupancy



Supplementary and Omitted Growth - 2015



Goal: By 2016, MPAC will respond to and resolve all outstanding appeals within the four-year assessment cycle.

Proactive Appeal Management
Early Engagement in Appeals
Assessment at Risk

How Current Value Assessments are Determined



Current Value

Most probable price a property should sell for in a competitive and open market.

MPAC derives a median sale price which will incorporate the range of market sales



Sale Price

Price a buyer and seller agree to in a particular transaction.

Only an **indication** of market value.

Range of sale prices possible for a particular property

Direct Comparison Approach

Recognized as the preferred methodology to value residential properties

Based on the sale prices of comparable properties

Adjustments made for differences between the subject and comparables



Establishing Residential Values

Five major factors account for approximately 85% of residential property values



Location

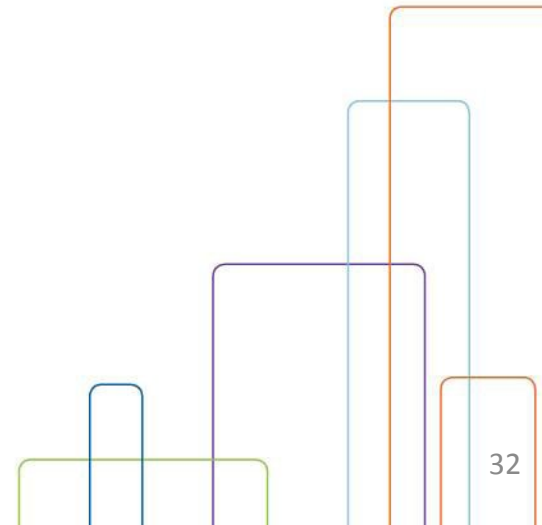
- MPAC analyzes every property and land sale transaction in Ontario
- MPAC divides the province into approximately 140 market areas and then further divides each of those areas into neighbourhoods and sub-neighbourhoods to evaluate the degree to which location influences the market area.

As examples, for waterfront properties MPAC typically looks at the entire lake or a group of similar lakes. For condominiums, each condo plan is typically considered its own neighbourhood.

Establishing Residential Values

Other Key features that affect value include:

- secondary structures such as garages, boathouses and pools;
- type of heating
- air conditioning
- number of bathrooms; and fireplaces



Establishing Residential Values

Site features can also increase or decrease the assessed value of a property. These include:

- traffic pattern;
- proximity to a golf course, hydro corridor, railway or green space; and
- whether or not the property is located on a corner lot.

Income Approach

Estimate total annual operating expense

Calculate net operating income

Convert net income into an indication of the capital value of the property

Estimate annual gross income of the property less vacancies and bad debts

Select an appropriate capitalization rate

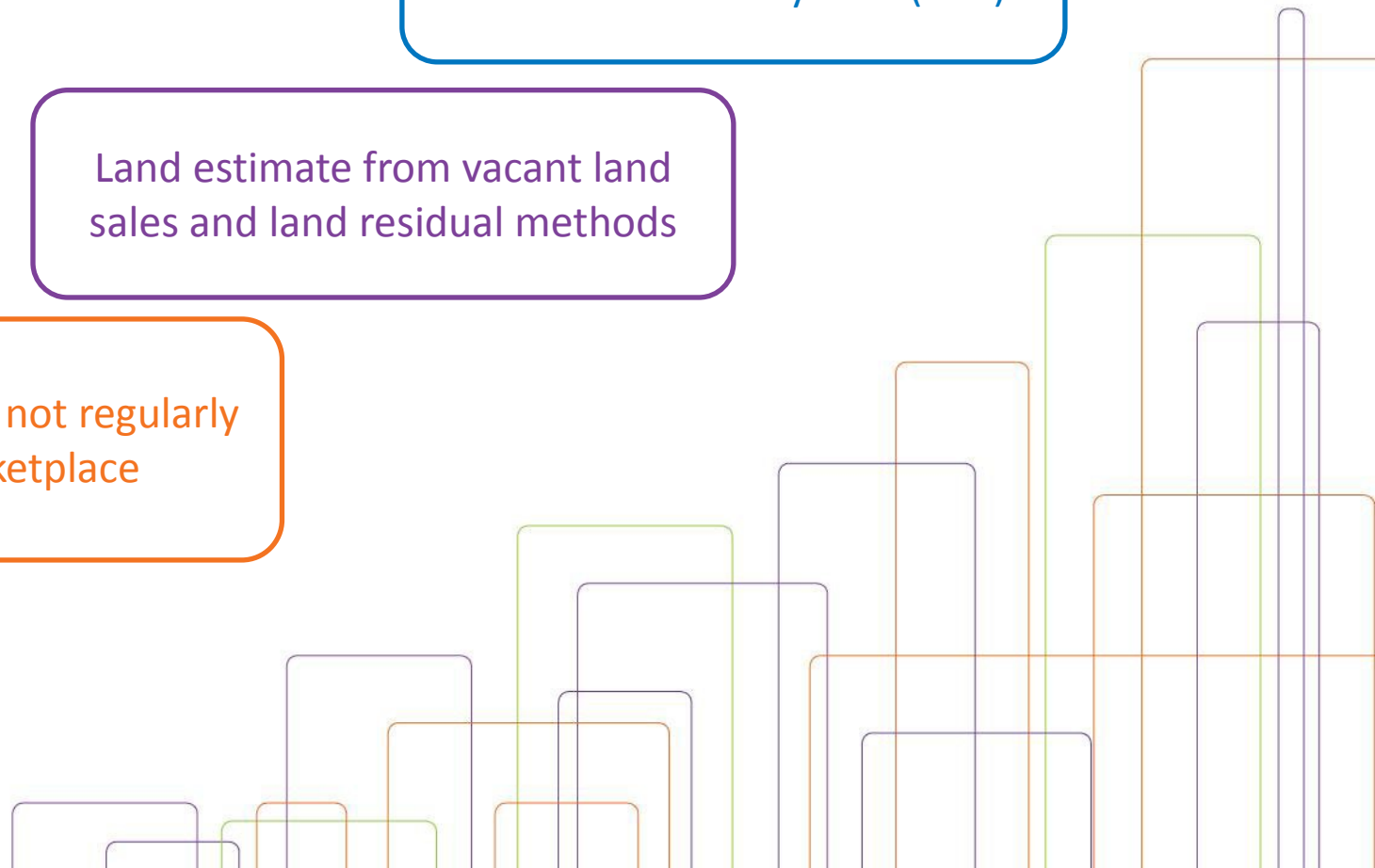
Cost Approach

Replacement cost of the improvement less depreciation plus the land value

Values calculated by an Automated Cost System (ACS)

Land estimate from vacant land sales and land residual methods

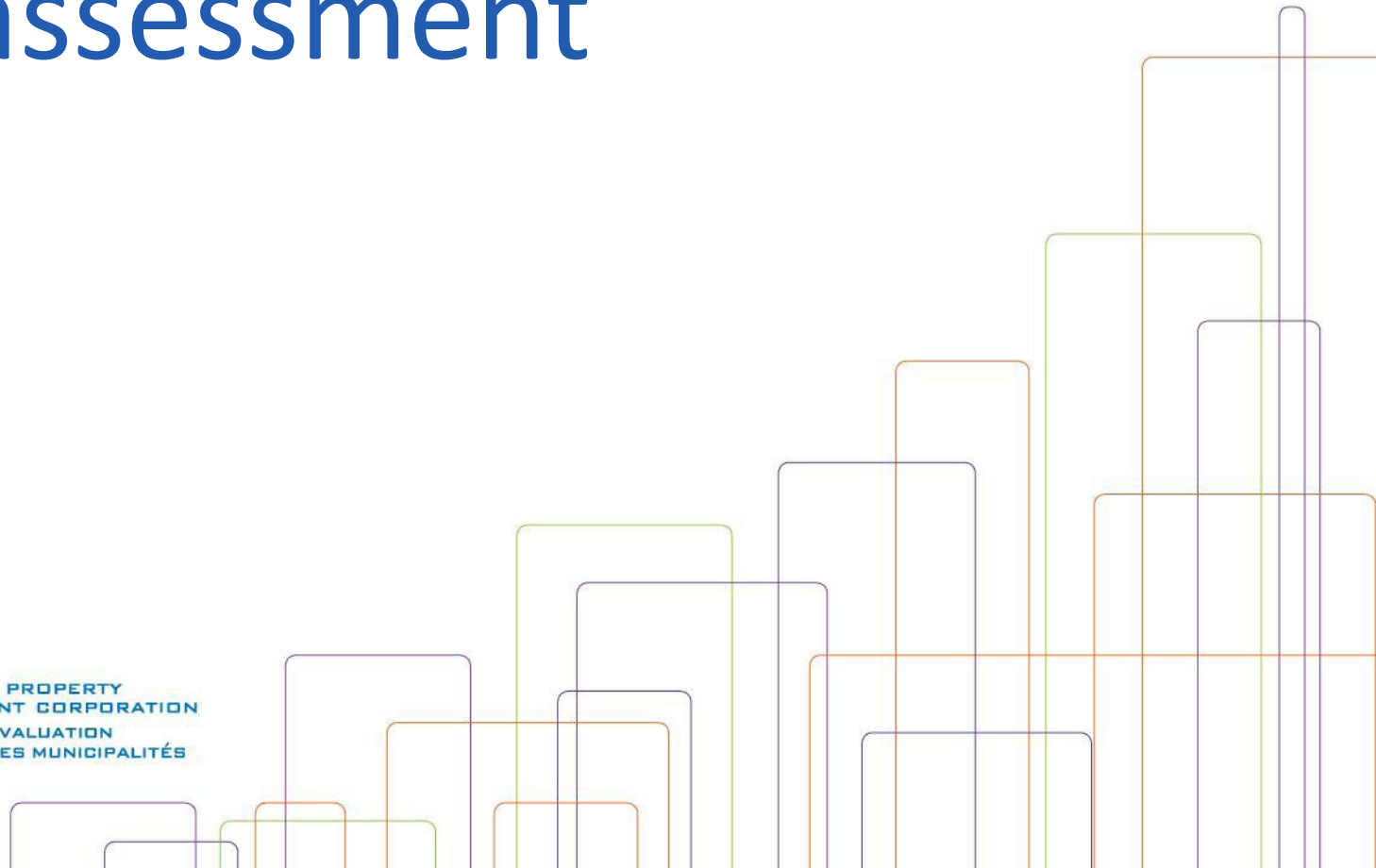
Properties that do not regularly trade in marketplace



Determining the accuracy of your assessment



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Review your Notice

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Property Assessment Notice
Avis d'évaluation foncière
for the 2013–2016 property tax years

mpac MUNICIPAL PROPERTIES
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1234567890
SMITH JACOB
SMITH ELIZABETH
200 SOME STREET
ANYWHERE ON M4K 1B3

Questions:
Please include your roll number with your enquiry.
Call 1 866 296-MPAC (6722)
1 877 889-MPAC (6722) TTY
Monday to Friday - 8 a.m. to 5 p.m.
Extended Hours
September 13 to November 16, 2011
Monday to Friday - 8 a.m. to 6 p.m.
Web www.mpac.ca
Fax 1 866 297-6703
Write P.O. Box 9808, Toronto, ON M1S 5T5
Extended local office hours
Visit Suite 170, Office Galleria
Oshawa Centre, Oshawa
September 26 to October 26, 2012
Monday to Friday - 8 a.m. to 6 p.m.
If you have any accessibility needs, please contact MRM for assistance.

This Property Assessment Notice is not a property tax bill.
The assessed value of your property is used as the basis for calculating your property taxes. MPAC's role is to accurately value and classify properties in Ontario. Your municipality/local taxing authority is responsible for setting property tax rates. An assessment increase does not necessarily mean your property taxes will increase. For questions about your property taxes, contact your municipality/local taxing authority. To learn how MPAC assesses properties or for details about the Reconsideration and Appeal processes, see the enclosed insert. The deadline to file a Request for Reconsideration with MPAC for the 2013 tax year is April 1, 2013. For the tax years 2014-2016, the deadline for filing is March 31 of the tax year. Please keep a copy of this Notice for your records.

Roll number 12 34 567 899 12345 1234
Property location and description 200 SOME STREET
CDN LP FT LOTS 9, 10 & 11
ALL LOTS 12, 13 & 14 IRREG
Municipality/Local taxing authority RYERSON TOWNSHIP

Assessed value of your property
Property classification Residential
Your property's value as of January 1, 2012 \$220,000
Your property's value as of January 1, 2008 \$180,000
Over this 4-year period, your property's value changed by \$40,000
Under the Assessment Act, an increase in assessed value between January 1, 2008 and January 1, 2012 is phased in over four years, from 2013 to 2016. Assuming your property characteristics stay the same, your property assessment will change by \$10,000 each year.

2013 Property tax year
Your phased-in assessment has changed by n.n.n% since the 2012 property tax year.
The average phased-in assessment of residential properties in your municipality/local taxing authority changed by n.n.n% (at time of printing) since the 2012 property tax year.

TAX YEAR	PHASED-IN ASSESSMENT
2013	\$190,000
2014	\$200,000
2015	\$210,000
2016	\$220,000

School support
2013 ASSESSMENT \$190,000
SCHOOL SUPPORT English-Public

Property summary
Property type Single Family Dwelling
Property information Frontage: 50.00 feet
Depth: 150.00 feet
Lot area: 7,500.00 square feet
Building - exterior square footage 2,000 square feet
Year of construction 1995

To see a profile for your property and compare your property with similar properties in your area free-of-charge, visit **AboutMyProperty™** at www.aboutmyproperty.ca
To register for your account, please enter:
Roll number: 99 99 999 999 99999
Access key: 8888 8888 8888
Or call MPAC at 1 866 296-MPAC (6722)

The Assessment Act and related legislation prevail over differences in words or expressions in this Notice.
This assessment is made under Section 26 of the Assessment Act.

Information as of Month Day, Year

If a factual error has been made, we will correct it.

Ask yourself this question:

Could I have sold my property for the assessed value as of January 1, 2016?

2

Learn how and why your property was assessed the way it was and compare your assessment with others in your neighbourhood.

FOUR KEYS to aboutmyproperty.ca

My Notice – view, save or print

My Property – detailed information about your property

My Neighbourhood – interactive map – access to 100 snapshots and 24 detailed property reports

My MPAC – learn more about MPAC

About My Property.ca

- View/Print/Download Property Assessment Notices
- Verify property information online
- View recent sales in your neighbourhood
- **100** Property Snapshots
- **24** Properties of Interest
- Link multiple properties to a single user account
- File and view the status of your Request for Reconsideration (RfR) online

3

We are here to help. Contact MPAC with any questions you may have regarding your property assessment.

Call our Customer Contact Centre

1 866 296-MPAC (6722) or 1 877-889-MPAC (6722) TTY

Web at mpac.ca

Visit a local field office

Write to P.O. Box 9808, Toronto ON M1S 5T9

Fax 1 866 297 6703

Ask MPAC to review your assessment

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a) **Request for Reconsideration (RfR)**

If you feel your assessed value and/or classification is not correct, we will review it **free of charge**.

You may file a **RfR** through:

- aboutmyproperty.ca
- RfR form – available at www.mpac.ca
- Write a letter requesting a reconsideration

b) **File an Appeal with the Assessment Review Board**

Thank You

Contact Us

Web: mpac.ca
aboutmyproperty.ca
propertyline.ca

Twitter:  [@MPAC_Ontario](https://twitter.com/MPAC_Ontario)

Call: 1 866 296-MPAC (6722)
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Monday – Friday, 8:00 a.m. to 5:00 p.m.

Write: P.O. Box 9808, Toronto, ON M1S 5T9

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