

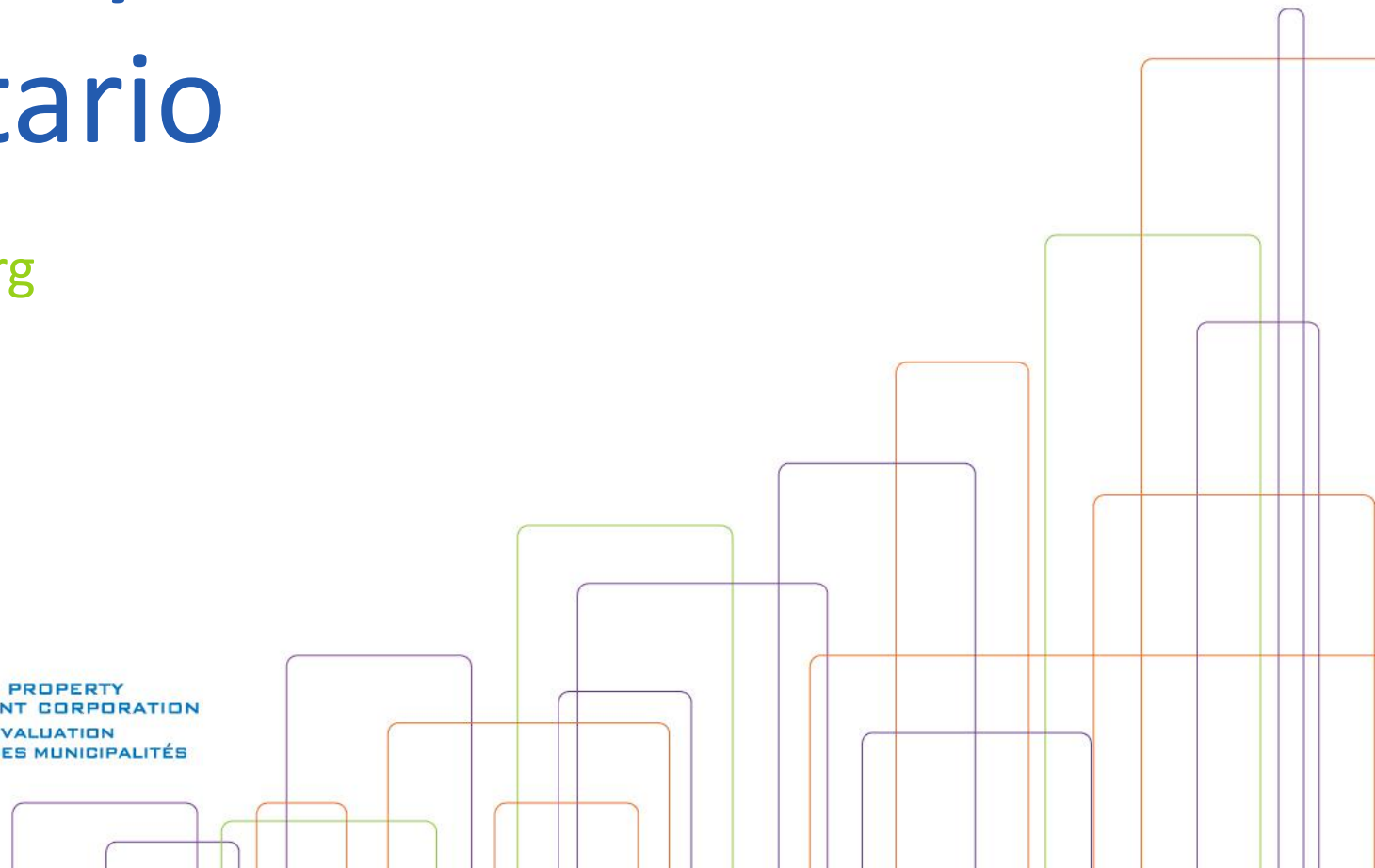
Understanding property assessment in Ontario

Town of Cobourg

February 17, 2015



MUNICIPAL PROPERTY
ASSESSMENT CORPORATION
SOCIÉTÉ D'ÉVALUATION
FONCIÈRE DES MUNICIPALITÉS



Agenda

- About MPAC
- Strategic Plan
 - Roll by 2015
 - Service Level Agreements
 - Appeals
 - Growth
- How we assess properties
- Resolving assessment concerns

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

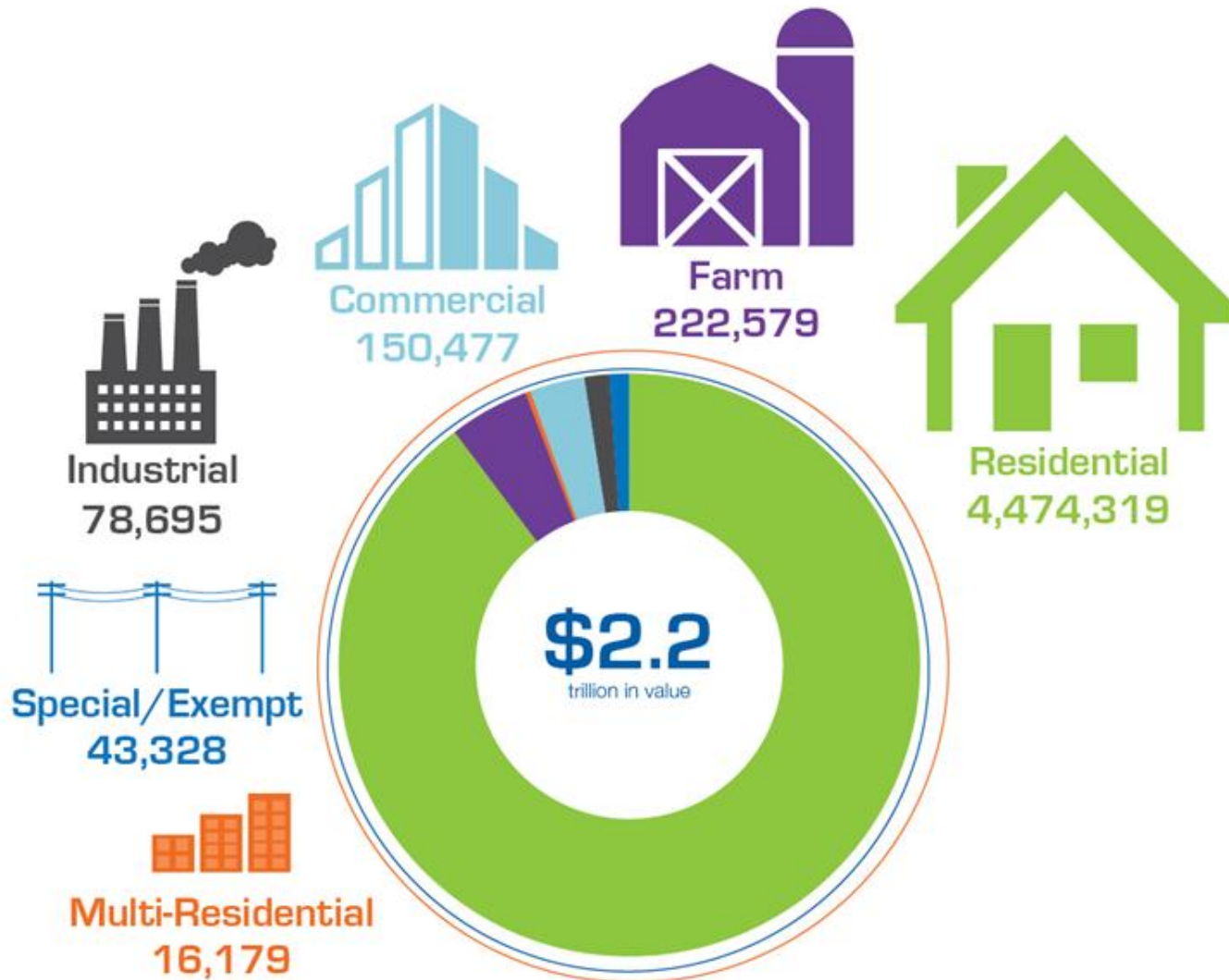
Deliver the
assessment roll
each year

Provide
Supplementary/
Omitted Listings
(growth)

Other legislated
products:

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

About MPAC

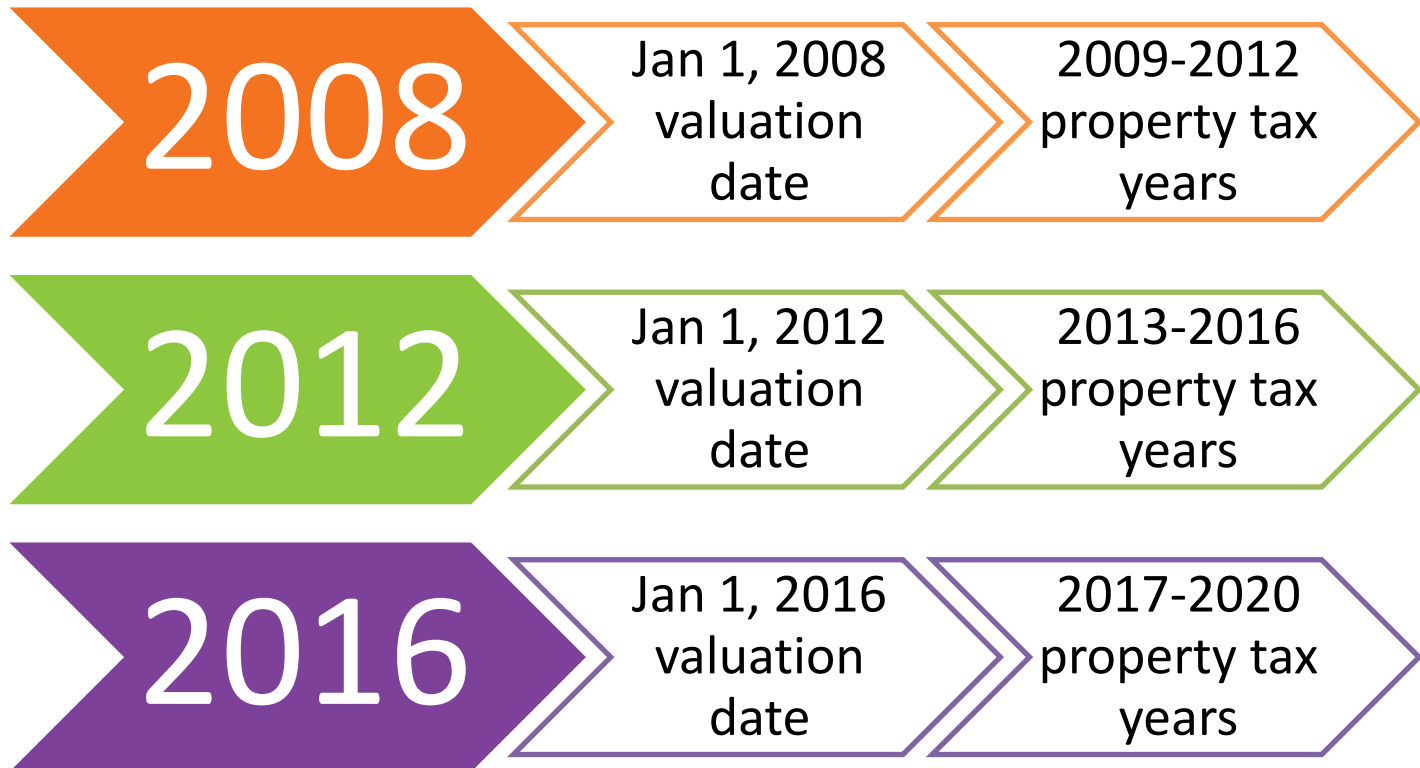


2013 Annual Report

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 |

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

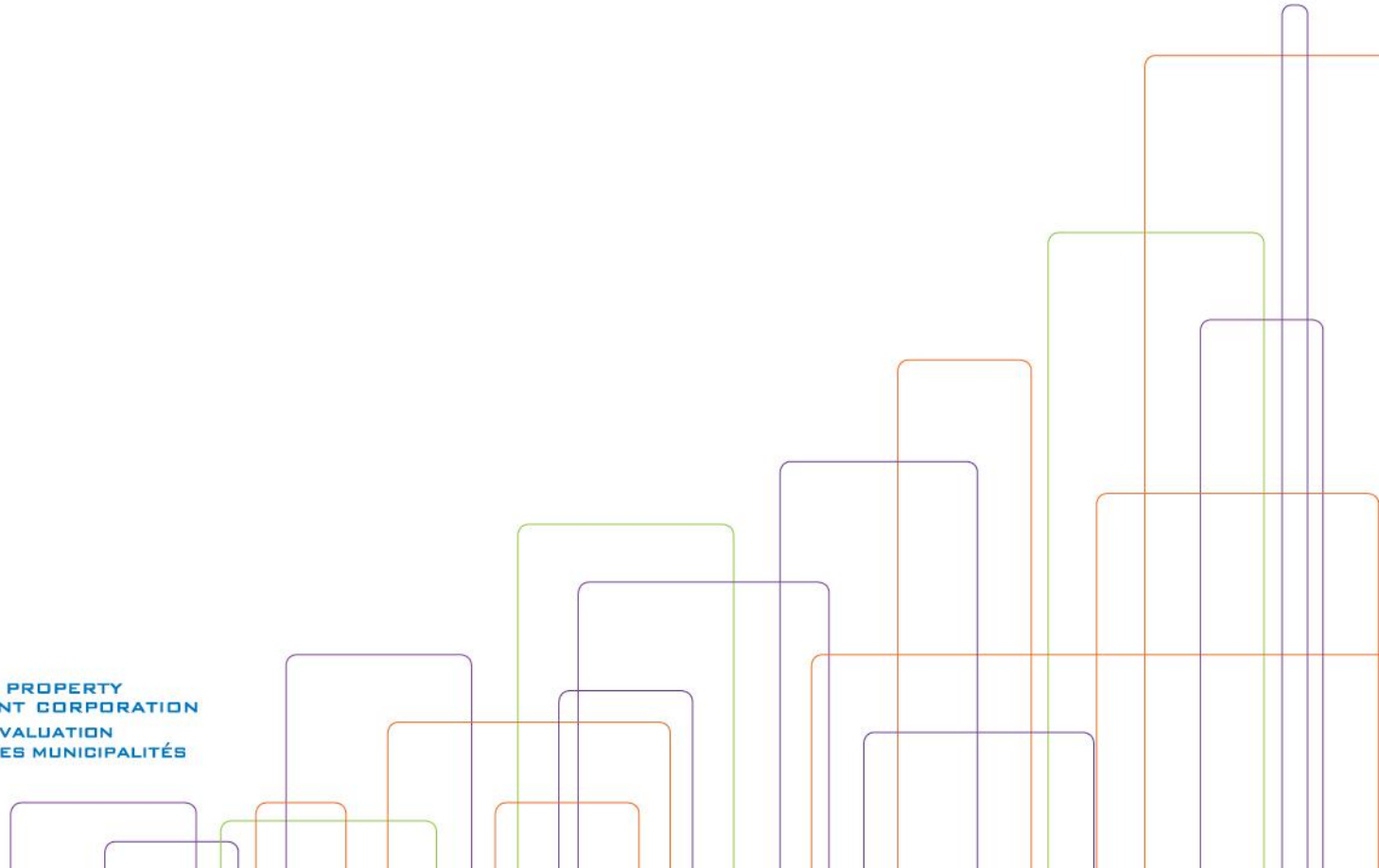
YOUR TAX DOLLARS AT WORK



2013-2016 Strategic Plan



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Together.



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)

Disclosure for the 2016 Assessment Update

1

Methodology Guides

Comprehensive guides that explain assessment methodology

2

Market Valuation Reports

Comprehensive guides that explain how methodology was applied 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

Benefits

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

Service Level Agreements

Goal: The Province should direct 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.

Outcome: Transformation of stakeholder relationships into true partnerships

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

Service Level Agreements

- Four main service areas:
 - Property Assessment Roll
 - Property Assessment In-Year Maintenance
 - Two-Way Relationship Management (soft services)
 - Appeals (under development)
- Role and responsibilities may be general to the broad service area or detailed to specific services or products

Term Sheets

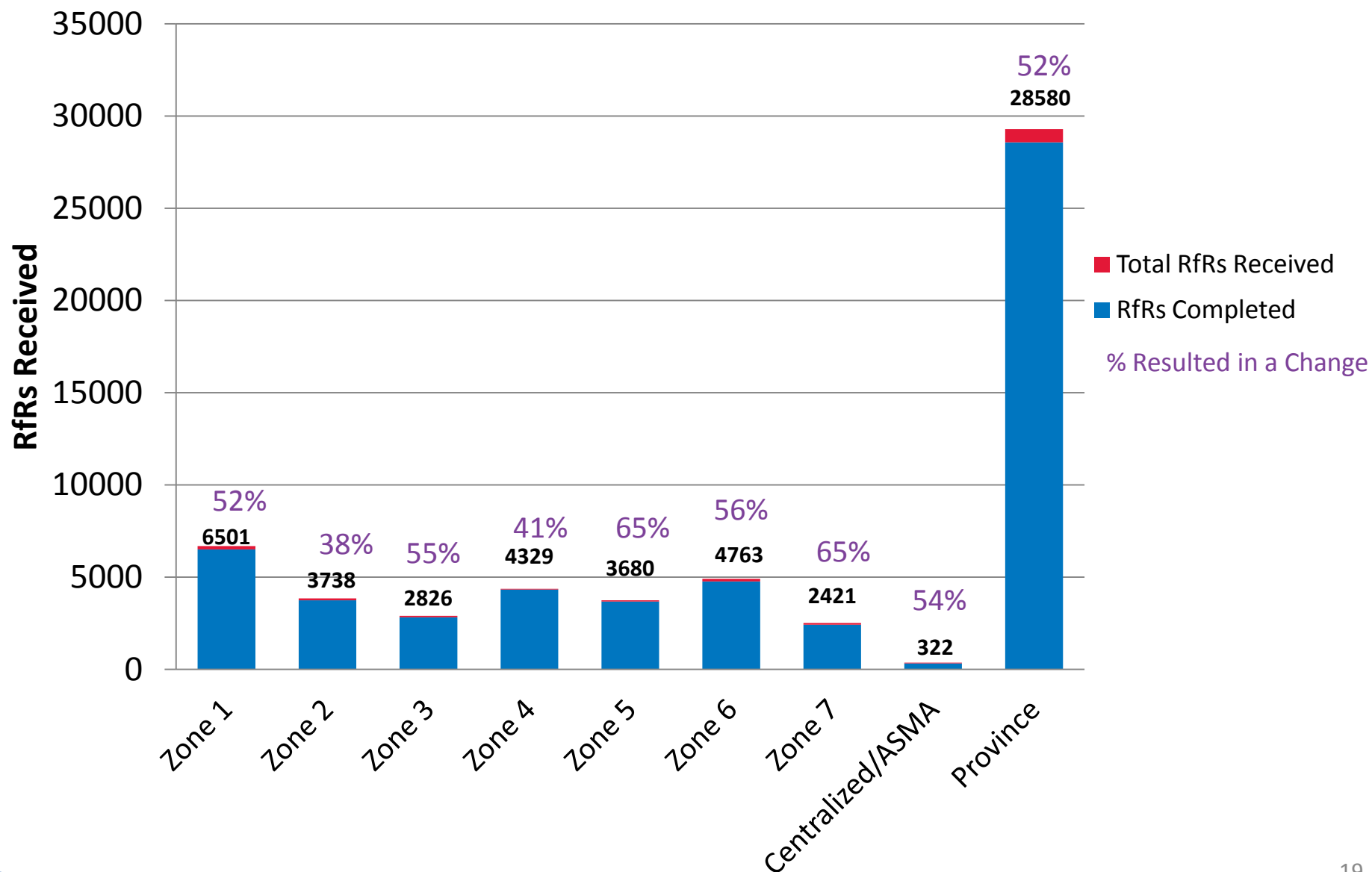
- Create an evidenced-based term sheet developed through a needs assessment exercise that sets out the framework and key elements of two-way SLAs between MPAC and municipalities
- Share term sheet through consultation with Municipal Focus Groups representing all sizes of municipalities
- Consultation team includes members from:
 - Ministry of Finance
 - MPAC
 - Municipalities
 - Municipal Finance Officer's Association (MFOA)

Appeals

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

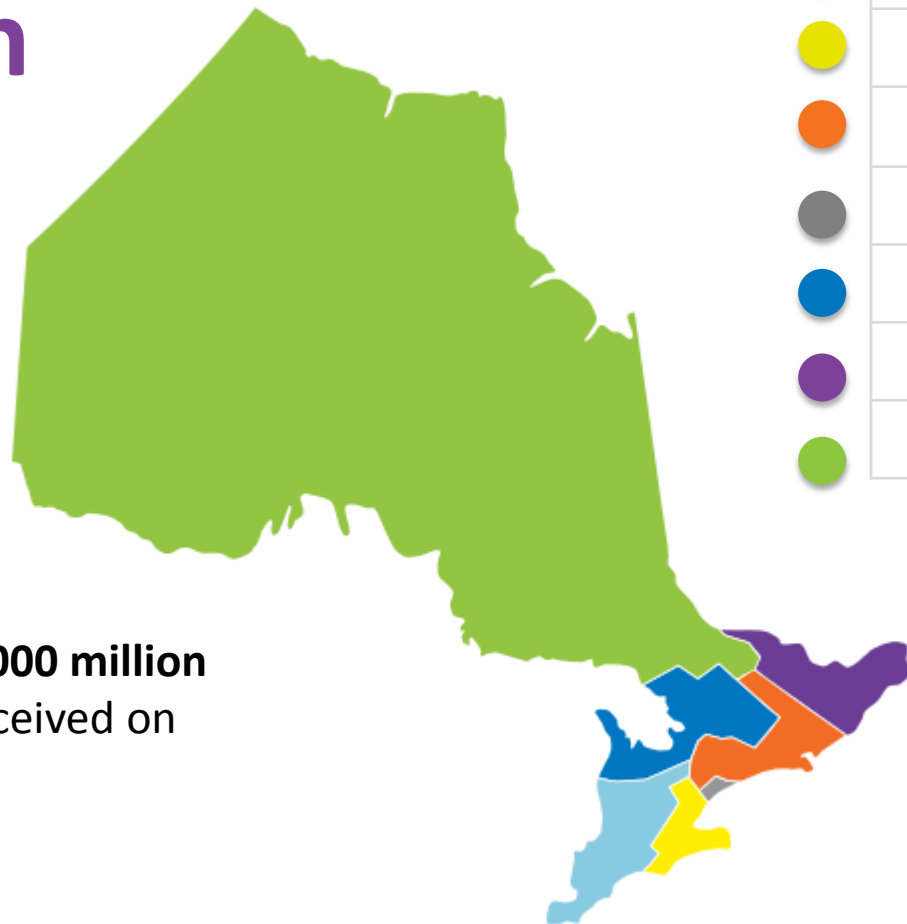
Requests for Reconsideration (RfR)



Assessment Growth by Zone

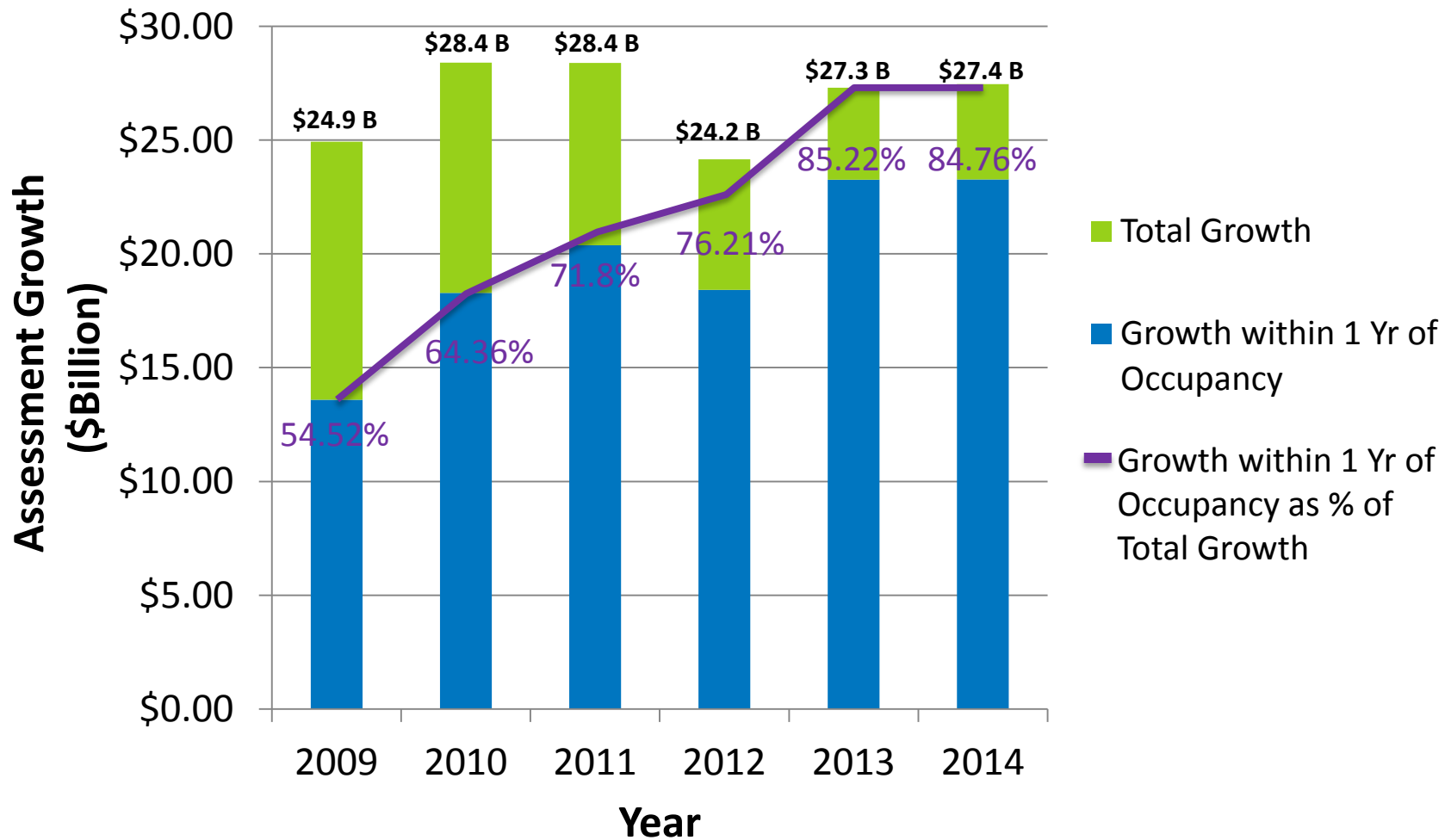
Total Growth YTD
(as of November 12, 2014)

\$27.4 Billion



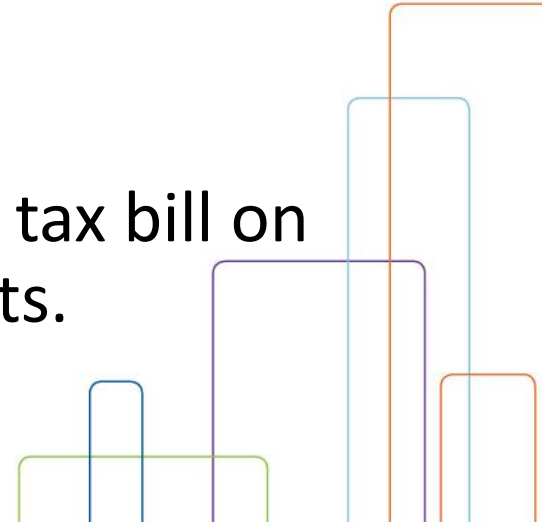
1% of 27.4 billion → \$270,000,000 million
in revenue for municipalities, received on
an ongoing basis.

Growth Within One Year of Occupancy



Supplementary and Omitted Assessments

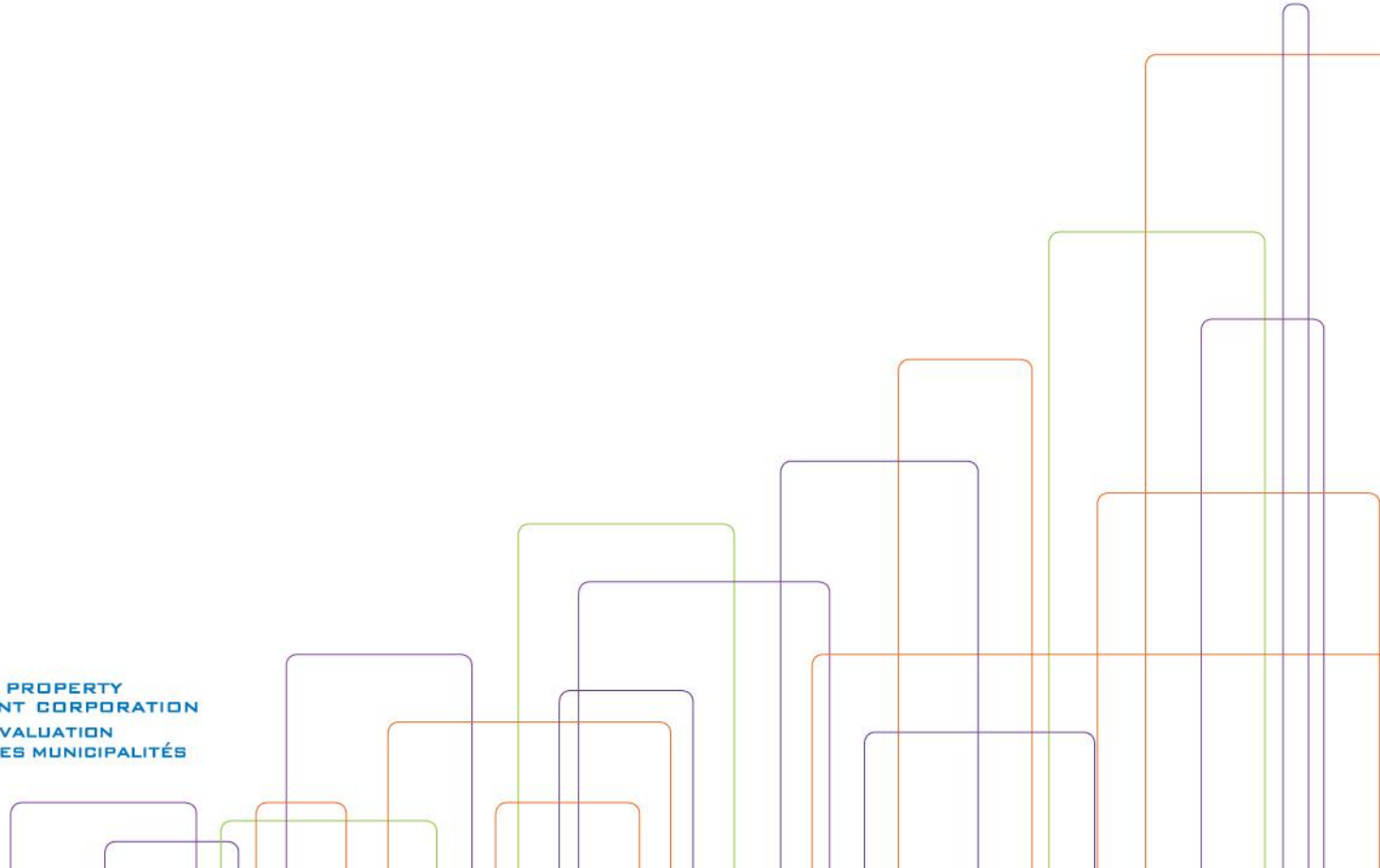
- If the additional assessment meets minimum threshold ($>\$10,000$ or 5% of current assessment) a **Property Assessment Change Notice** is mailed to property owner.
- If the additional assessment is under minimum threshold, change will be updated for year end and property owner will receive **Property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



How we assess properties



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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



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

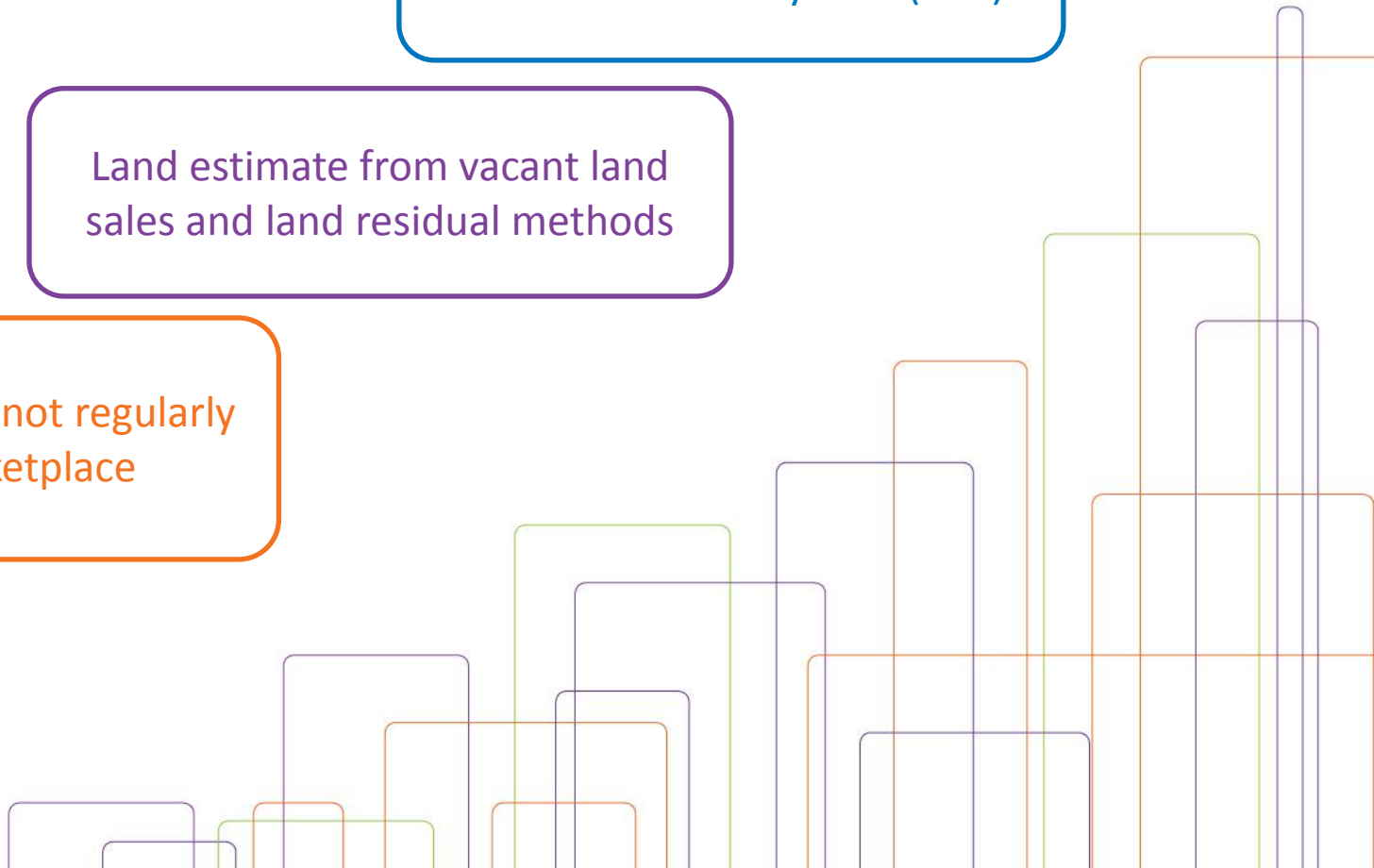
Cost Approach

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

1

Page 1 of 1

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

mpac MUNICIPAL PROPERTY ASSESSMENT CORPORATION
RÉGIE D'ÉVALUATION FONCIÈRE DES MUNICIPALITÉS

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, 2012
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
CON 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 9999
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 36 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, 2012?

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

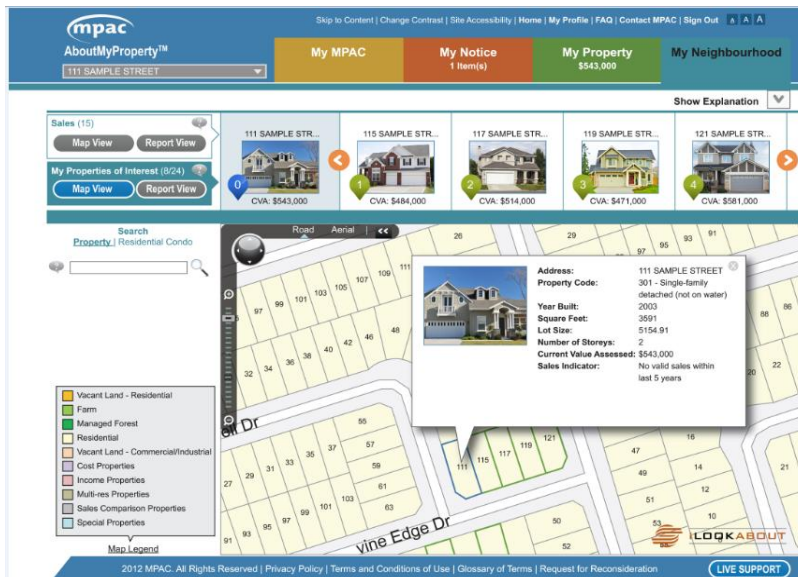
My Notice – view, save or print

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

Contact MPAC

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

4

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

*March 31st deadline

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

Request for Reconsideration (RfR)

- Changes in value or classification from a RfR review are confirmed in Minutes of Settlement (MoS) mailed to the property owner or their representative
- Upon receipt, the property owner can either:
 - a) Sign the MoS and return to MPAC for the processing of the change(s); or
 - b) File an Appeal with the Assessment Review Board (ARB) within 90 days.

Appeals

- At an ARB hearing, the onus is on MPAC to prove the accuracy of the assessed value
- MPAC will present comparable properties as evidence
- The property taxpayer will present evidence in support of their position

Contact Us

Web: mpac.ca
aboutmyproperty.ca
propertyline.ca

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

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Subscribe: mpac@mpacnews.ca

Local Municipal Relations Contact: fill in your contact info here