



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

Delivering the 2016 Assessment Update

City of Sault Ste. Marie
Stakeholder Meeting
June 22, 2016

Jeremy Cormier
Account Manager

WHO IS MPAC?

THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION (MPAC)

is an independent, not-for-profit corporation funded by Ontario's municipalities

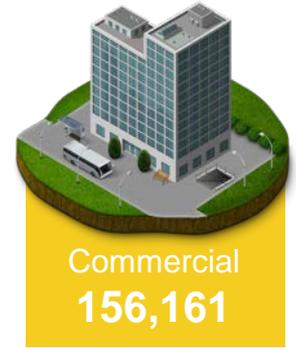
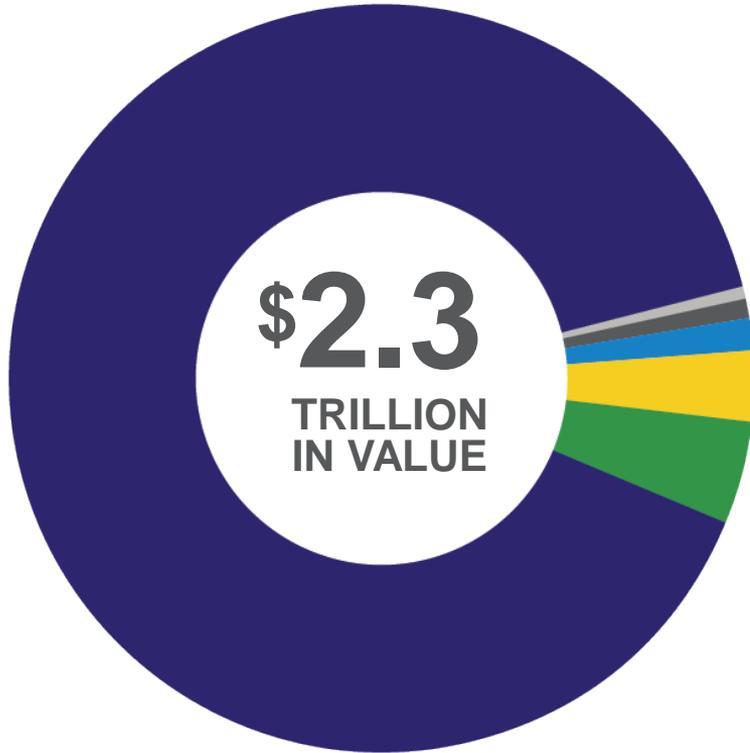
OVER 1,700
employees across
the province

OVERSIGHT
provided by the
Ministry of Finance

15-MEMBER
Board of Directors
Made up of municipal,
Provincial and taxpayer
representatives,
appointed by the
Ministry of Finance

MPAC is responsible for accurately assessing and classifying all properties in Ontario in compliance with the *Assessment Act* and related regulations set by the Ontario Government.

PROPERTIES WE ASSESS



PROPERTY ASSESSMENT & PROPERTY TAXES

The Ontario
Property
Taxpayer



The Municipal Property Assessment Corporation determines Current Value Assessments and classifications for all properties in Ontario.

The Provincial Government passes legislation, sets assessment policies and determines education tax rates. The Province also operates an independent assessment appeal tribunal – the Assessment Review Board (ARB).

Municipalities determine revenue requirements, set municipal tax rates and collect property taxes to pay for your municipal services.



Police and
fire protection



Roads, sidewalks,
public transit



Waste
management



Parks & leisure
facilities

OUR ROLE

Accurately assess and classify more than **5 million properties**

Respond to enquiries from property taxpayers and municipalities/ taxing authorities

Deliver Assessment Rolls each year

Provide Supplementary/ Omitted Listings (growth)

Other legislated products:

- Preliminary List of Electors
- Jury Duty Lists
- Population Reports

ONTARIO'S ASSESSMENT CYCLE

2008

2009-2012

Tax Years

*January 1, 2008
(valuation date)*

2012

2013-2016

Tax Years

*January 1, 2012
(valuation date)*

2016

2017-2020

Tax Years

*January 1, 2016
(valuation date)*

DATA COLLECTION & PREPARATION

Building permits

Sales reviews

Site variable update project

Farm forestry exemptions reviews

Requests for Reconsideration

Severances and Consolidations

Data integrity checks

MPAC initiated reviews

Process controls

Tax and Vacancy Applications

Municipal Requests

Appeals

Property Owner Enquiries



2016 PROPERTY ASSESSMENT NOTICES



Residential property owners received their Property Assessment Notices starting **May 24, 2016**

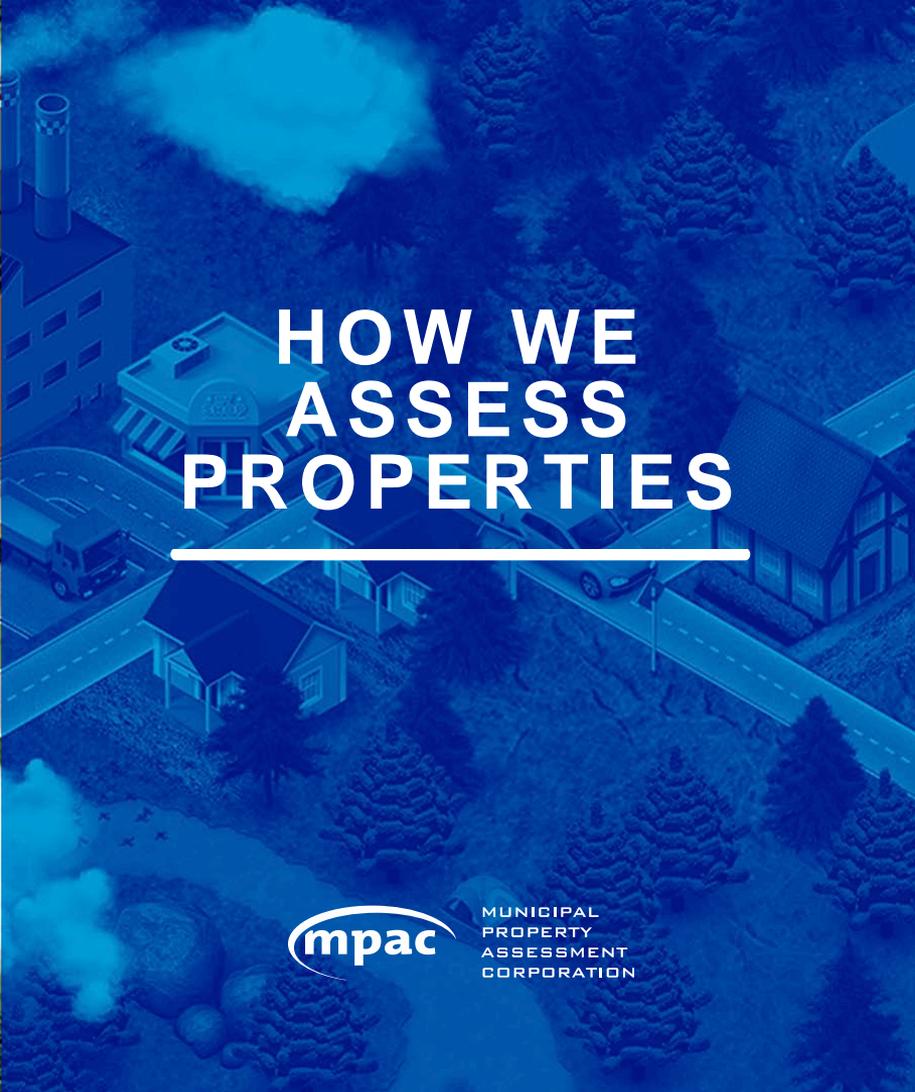


Farm Property Assessment Notices will be mailed **October 11**



Multi-Residential and Business Notices will be mailed **October 18**

**THE NEW ASSESSMENTS WILL SERVE AS THE BASIS FOR
CALCULATING PROPERTY TAXES FOR 2017 – 2020**



HOW WE ASSESS PROPERTIES



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION



ASSESSING PROPERTIES

- Our assessors are trained experts in the field of valuation and apply appraisal industry standards and best practices.
- MPAC considers the value of a property by one of three different perspectives or approaches to value:
 - **DIRECT (sales) COMPARISON APPROACH**
 - **INCOME APPROACH**
 - **COST APPROACH**

APPROACHES TO VALUE

DIRECT COMPARISON APPROACH

Based on the sale prices
of comparable properties

Adjustments made for
differences between the
subject and comparables

Recognized as the industry
preferred methodology to
value residential properties

APPROACHES TO VALUE

INCOME APPROACH

Select an
appropriate
capitalization
rate

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

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

Calculate net
operating income

Estimate total
annual operating
expense

APPROACHES TO VALUE



Properties that do not regularly trade in marketplace

Land estimate from vacant land sales and land residual methods

Values calculated by an Automated Cost System (ACS)

Replacement cost of the improvement less depreciation plus the land value

ESTABLISHING RESIDENTIAL VALUES

Other factors which are taken into consideration include:

- secondary structures such as garages, boathouses and pools
- basement area (finished and unfinished)
- type of heating
- air conditioning
- number of bathrooms
- fireplaces

Site features can also increase or decrease the assessed value of your property, such as:

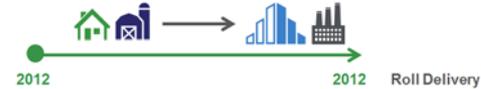
- traffic pattern
- proximity to a golf course, hydro corridor, railway or green space
- whether or not the property is located on a corner lot

ADVANCE DISCLOSURE & PRE ROLL CONSULTATIONS

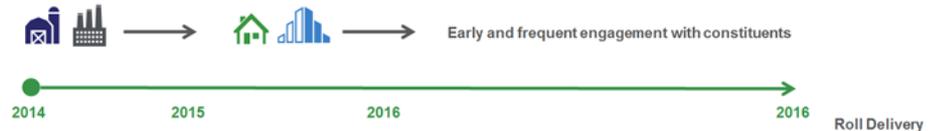
What is disclosure?

- About transparency and shared understanding
- Commitment from MPAC to share information with property owners, municipalities and stakeholders
- Sharing information early and often
- Providing opportunity for engagement ahead of roll return
- No surprises approach

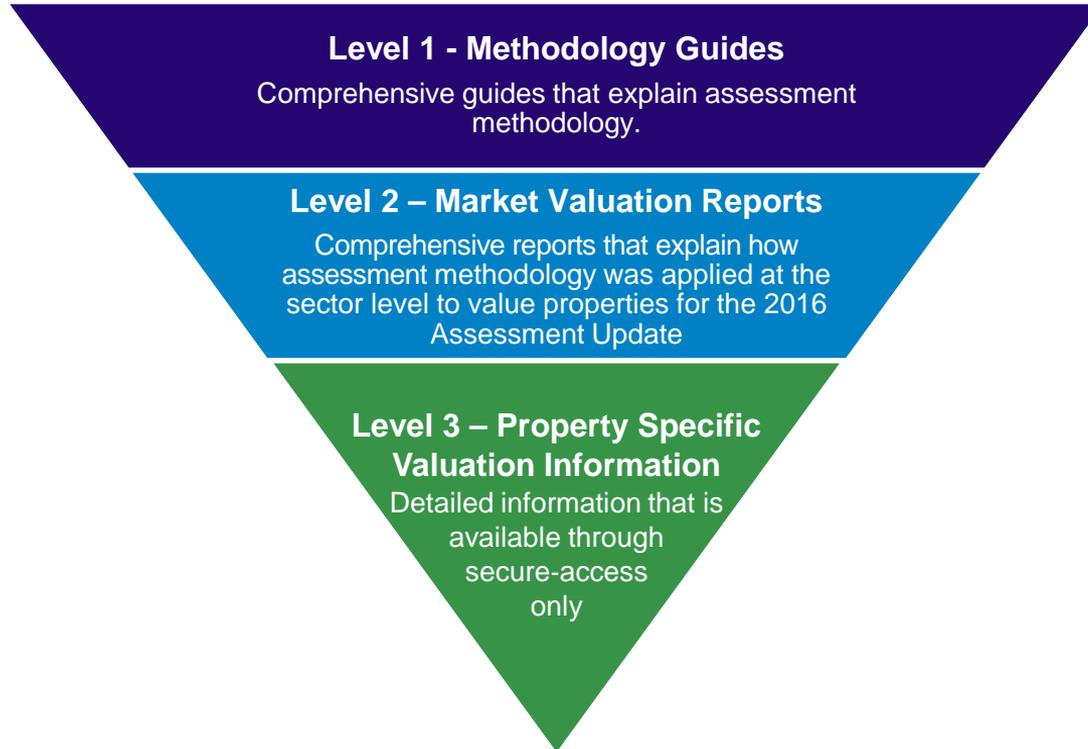
2012 ASSESSMENT UPDATE



2016 ASSESSMENT UPDATE



TRANSPARENCY AND SHARED UNDERSTANDING



BENEFITS OF ADVANCED DISCLOSURE

Benefits for municipalities:

✓ Improved roll predictability and stability

✓ Improved risk analysis

✓ No surprises

✓ Opportunity to provide feedback

Benefits for property taxpayers:

✓ Increased satisfaction and confidence

✓ Easy access to property information

✓ No surprises

✓ Opportunity to provide feedback

LARGE & SPECIAL PURPOSE PROPERTIES

- **April 2015:** Minister of Finance issued formal direction to MPAC (section 10, MPAC Act)
 - Develop detailed technical methodology guides (level 1) that will serve as a useful tool for MPAC's assessors and explain valuation procedures to stakeholders
 - Establish a new advance disclosure process (levels 2 and 3), which will enable affected municipalities and taxpayers to contribute to the determination of assessed values in advance of the preparation of assessment rolls
- **June 2015:** MPAC published 12 Methodology Guides, an Information & Data Sharing Policy and Advance Disclosure Protocol on mpac.ca following consultation sessions with affected owners, municipalities and stakeholders

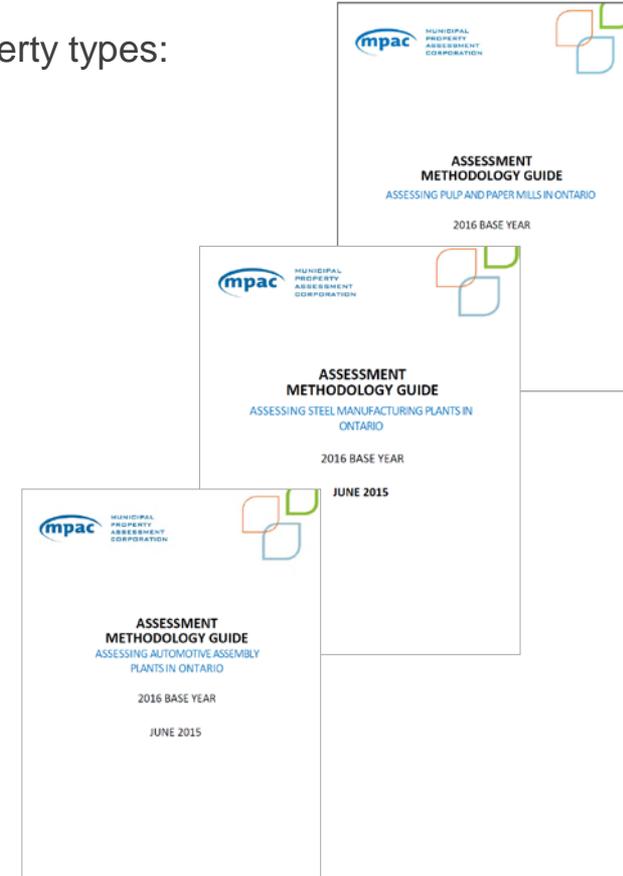
ADVANCE DISCLOSURE – TWO STREAMS

Level 1 Methodology Guides have been posted for the following property types:

- **Pulp & Paper Mills**
- **Sawmills**
- **Value-Added Wood Products**
- **Steel Manufacturing**
- **Automotive Assembly**
- **Automobile Parts**
- Pharmaceutical Manufacturing
- Chemical Manufacturing
- Oil Refineries
- Mining
- Food Processing
- Aerospace

Section 10 Sectors

Additional sectors added



LARGE & SPECIAL PURPOSE PROPERTIES

- Consultations for Level 2 Market Valuation Reports took place September – November 2015
- **28 Market Valuation Reports** were published on mpac.ca in January 2016:
 - Pulp & Paper Mills (4)
 - Sawmills
 - Value-Added Wood Products
 - Steel Manufacturing
 - Automotive Assembly
 - Automobile Parts
 - Pharmaceutical Manufacturing
 - Chemical Manufacturing (3)
 - Oil Refineries
 - Mining (3)
 - Food Processing (10)
 - Aerospace



ADVANCE DISCLOSURE

MPAC is applying the same three level approach to disclosure for other property types.

Methodology Guides and Market Valuation Reports will be provided for other properties including the following:

Grain Elevators

Hotels

Golf Courses

Shopping Centres

Standard Industrial

Large Amusement Parks

Stadiums

Campgrounds

Marinas

Farms

Lands in Transition

Amusement Parks

Casinos

Offices

Airports - Income

Airports - Cost

Retirement Homes

Motels

Long Term Care

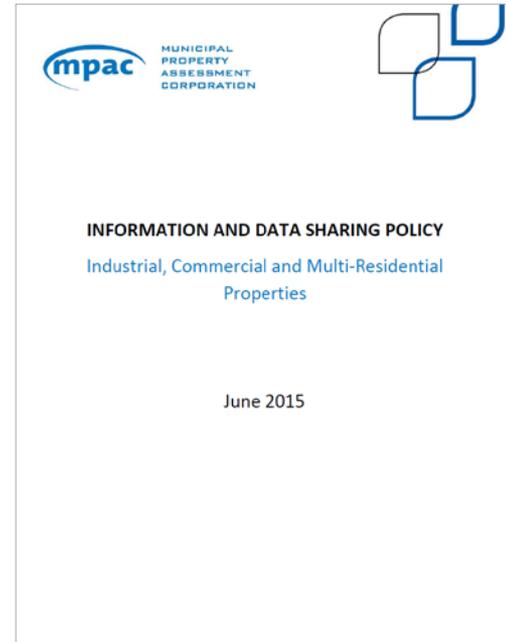
Residential – *now available on mpac.ca*

Multi-Residential

Gravel Pits

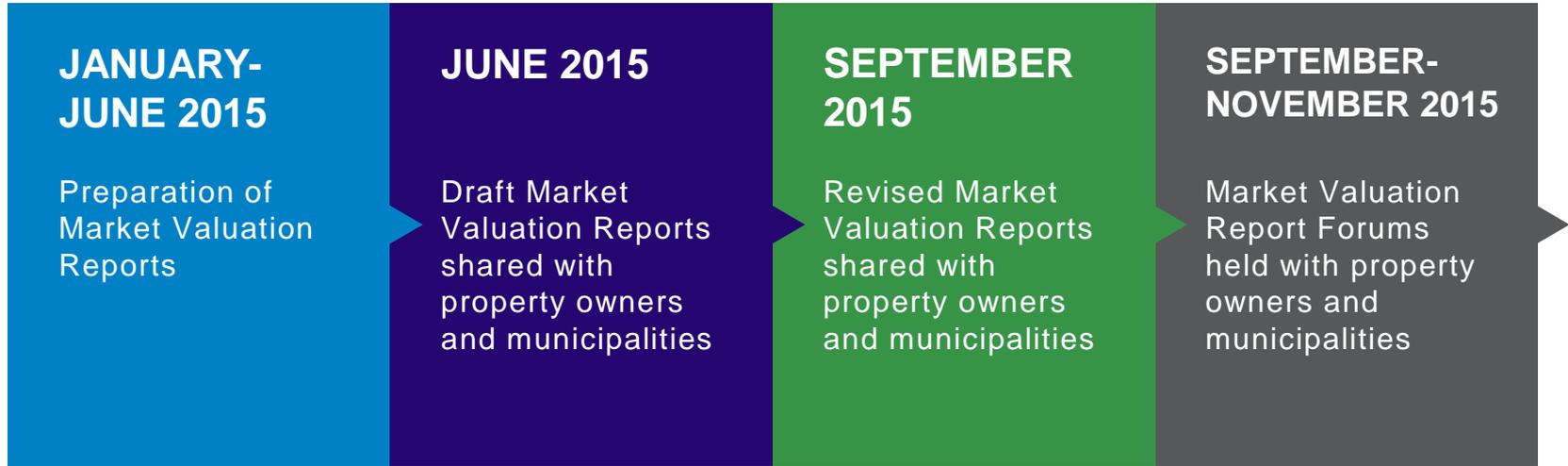
INFORMATION & DATA SHARING POLICY

- Information & Data Sharing Policy provides an overview of the property information necessary for MPAC in order to calculate accurate assessed values for non-residential properties
- The policy also clarifies how the information, once collected, is used during the valuation process, MPAC's authority to collect the information and its responsibility to protect it
- The policy can be accessed at mpac.ca



LARGE & SPECIAL PURPOSE PROPERTIES

Advance Disclosure Protocol



LARGE & SPECIAL PURPOSE PROPERTIES

JANUARY 2016

Final Market
Valuation Reports
posted to mpac.ca

FEBRUARY- MARCH 2016

Preliminary
Values released
to property
owners and
municipalities

MARCH- AUGUST 2016

Individual and
Joint Pre-Roll
Consultation
Sessions held
with property
owners and
municipalities

OCTOBER 2016

Preliminary
values finalized

LARGE & SPECIAL PURPOSE PROPERTIES

**NOVEMBER
2016**

Property
Assessment
Notices mailed to
property owners

**DECEMBER
2016**

Assessment Rolls
delivered to
municipalities

An aerial, isometric illustration of a town rendered in a monochromatic blue color scheme. The scene includes a large industrial building with two smokestacks emitting plumes of smoke, a residential neighborhood with houses and a bus, a police car on a road, a tractor near a barn, and various trees and rocks. The overall style is clean and modern.

QUESTIONS?



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