

Understanding MPAC and our role in the Property Assessment and Taxation System

Anthony Fleming, Account Manager

Municipality of Brocton

Tuesday, May 14, 2019



MUNICIPAL PROPERTY
ASSESSMENT CORPORATION
SOCIÉTÉ D'ÉVALUATION
FONCIÈRE DES MUNICIPALITÉS

About MPAC





We are assessment experts who live and work in your communities.



Ontario's Property Assessment and Taxation System



1 **MPAC:** Provides property assessments for all properties in Ontario.



2 **MUNICIPALITIES:** Determine revenue requirements, set municipal tax rates and collect property taxes to pay for municipal services.*



Police and fire protection



Waste management



Roads, sidewalks & public transit



Municipal parks & recreational facilities



Education taxes are also collected for school boards

3 **GOVERNMENT OF ONTARIO:** Establishes the province's assessment and taxation laws and determines the education tax rates.

4 **PROPERTY OWNERS:** Pay property taxes which pay for services in the community. You also pay education taxes that help fund elementary and secondary schools in Ontario.



*Provincial Land Tax and levies by local boards are collected in unincorporated areas and contribute toward important services.

Our Role

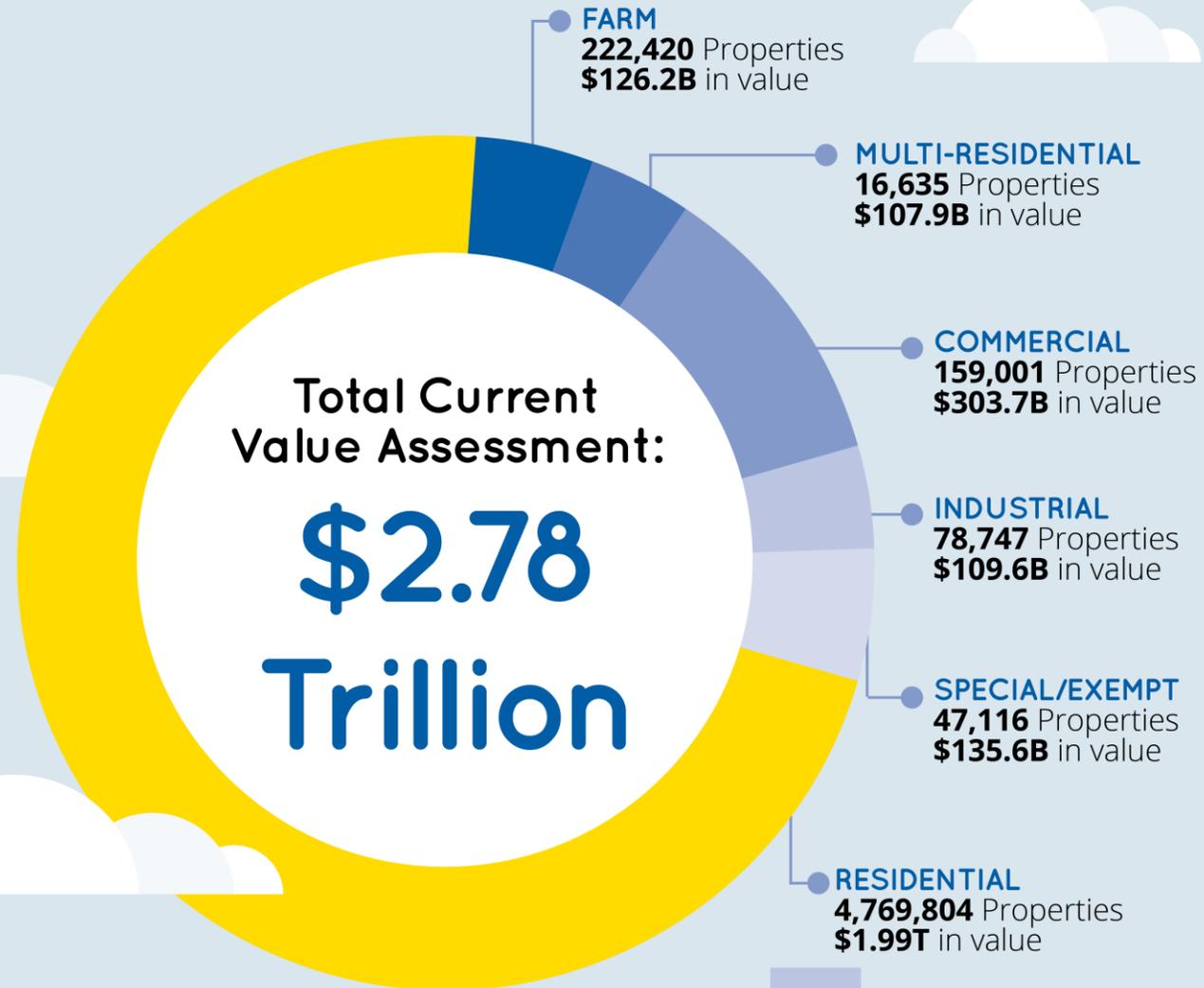
We are
1,700+ employees
across Ontario

Responsible for
assessing more than
5 million properties in Ontario

Representing
\$2.78 trillion in
property value



2018 Assessment Roll



Source: 2018 Annual Report

\$38.4 Billion

Added in new assessment

Source: 2018 Annual Report



Property Assessment Update Cycle



2012
2013-2016
Tax Years
January 1, 2012
(Valuation date)



2016
2017-2020
Tax Years
January 1, 2016
(Valuation date)



2020
2021-2024
Tax Years
January 1, 2019
(Valuation date)

How We Assess Properties

Current Value Assessment (CVA)



Current value is market value at a point in time (the legislated valuation date)

Approaches to Value



Direct Comparison Approach



Income Approach



Cost Approach

Ongoing Market Reviews



Assessing Residential Properties



Assessing Farm Properties



223,000

Farmland Properties
in the Province

Over \$126 Billion in Value



Farmland Sales Investigation

MPAC reviews all sales of farmland to determine:



Purchaser is a Farmer



Conditions of Sale



Chattels

(Equipment, Quota,
Crops/Livestock)



Use of Property

REVIEW MAY INVOLVE:

- Sales Questionnaire
- Contacting the purchaser
- Property inspection
- Verification through use of aerial photos of property
- Examination of deed
- Investigation of other properties owned by purchaser
- Confirmation of ownership/farm operator



MPAC reviewed approximately **8 years** of farmland sales to determine the **2016 Values**

Establishing Farm Values

The primary components of a farm property assessment



Farmland

- Determined by extensive analysis, using only sales when a farmer purchases farmland
- Assessment of a farm is not based on land's potential use
- Farmland Classes (1-6) are based on the land's productive capability and other factors



Residence

- Replacement Cost New Less Depreciation
- Does not qualify for inclusion in Farm Tax Class



Residence Land

- Assessed as farmland if the house (+ one-acre parcel) is occupied by the farmer
- Assessed as residential if the house is occupied by a non-farmer
- Does not qualify for inclusion in Farm Tax Class



Farm Outbuildings

- Farm building values are determined using MPAC's Agricultural Cost Guide
- Replacement Cost New Less Depreciation



Other Buildings

- Determined Replacement Cost New Less Depreciation
- Value-added farm activities classified according to use (commercial or industrial)
 - Land continues to be assessed as farmland
- Dual Use activities classified according to use (commercial or industrial)
 - Land assessed as commercial or industrial land
- Does not qualify for inclusion in Farm Tax Class

Farm Property Classification



FARM PROPERTY CLASS

FARM TAX RATE

- Farmland
- Farm outbuildings
- Farm Property Class Tax Rate Program Eligibility and Administration by Agricorp



RESIDENTIAL PROPERTY CLASS

RESIDENTIAL TAX RATE

- Residence
- Residence land
- Other Buildings not used for farm or commercial/ industrial purposes
- If not in Farm Property Tax Class Rate Program



Establishing Tax Classes

-  Farm Property Tax Class (FT)
-  Residential Property Tax Class (RT)

SCENARIO 1

FARMER (Owner, Retired or Widow)

	PROPERTY	TAX CLASS
1	90 acres of crop	FT
2	1 acre outbuilding (farm)	FT
3	8 acres of bush, creek, gully	FT
4	1 acre residence with pool	RT
Total: 100 Acres		



SCENARIO 2

TENANT FARMER

	PROPERTY	TAX CLASS
1	90 acres of crop	FT
2	1 acre outbuilding (farm)	FT
3	8 acres of bush, creek, gully	RT
4	1 acre residence with pool	RT
Total: 100 Acres		



Tax Incentive Opportunities

MPAC receives lists of qualifying properties from the administering Ministry for the following programs:

Farm Property Tax Class Rate Program

- Eligible Farm properties identified by Agricorp are typically taxed at 25% of the municipal residential tax rate
- Previously administered by OMAFRA - transitioned to Agricorp in 2019

Within the *Assessment Act* Section 3(19) there is also:

Farm Forestry Exemption (FFE)

- One acre of trees for every 10 ac of farmed property to a maximum of 20ac per ownership/municipality is eligible for exemption
- FFE is warranted if the property is assessed as a farm and the property has some forested or woodland portion that is not subject to either the MFTIP or CLTIP

Conservation Land Tax Incentive Program (CLTIP)

- Administered by the Ministry of Natural Resources & Forestry
- Portions of a property that have eligible natural heritage features may qualify for a 100% property tax exemption

Managed Forest Tax Incentive Program (MFTIP)

- Administered by the Ministry of Natural Resources & Forestry
- Landowners who get their property classified as 'Managed Forest' pay 25% of the municipal tax rate set for residential properties.

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**MUNICIPAL
CONNECT™**

A woman with long, curly brown hair is sitting on a light blue couch in a room filled with cardboard boxes, suggesting a new home or a move. She is wearing a red and blue plaid shirt over a white top and light blue jeans. She is holding a black tablet computer and looking at the screen with a slight smile. The background shows a kitchen area with white cabinets and a wooden door.

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Ontario's Legislated Valuation Date and Phase-in

4
DEC 2018

7
DEC 2018

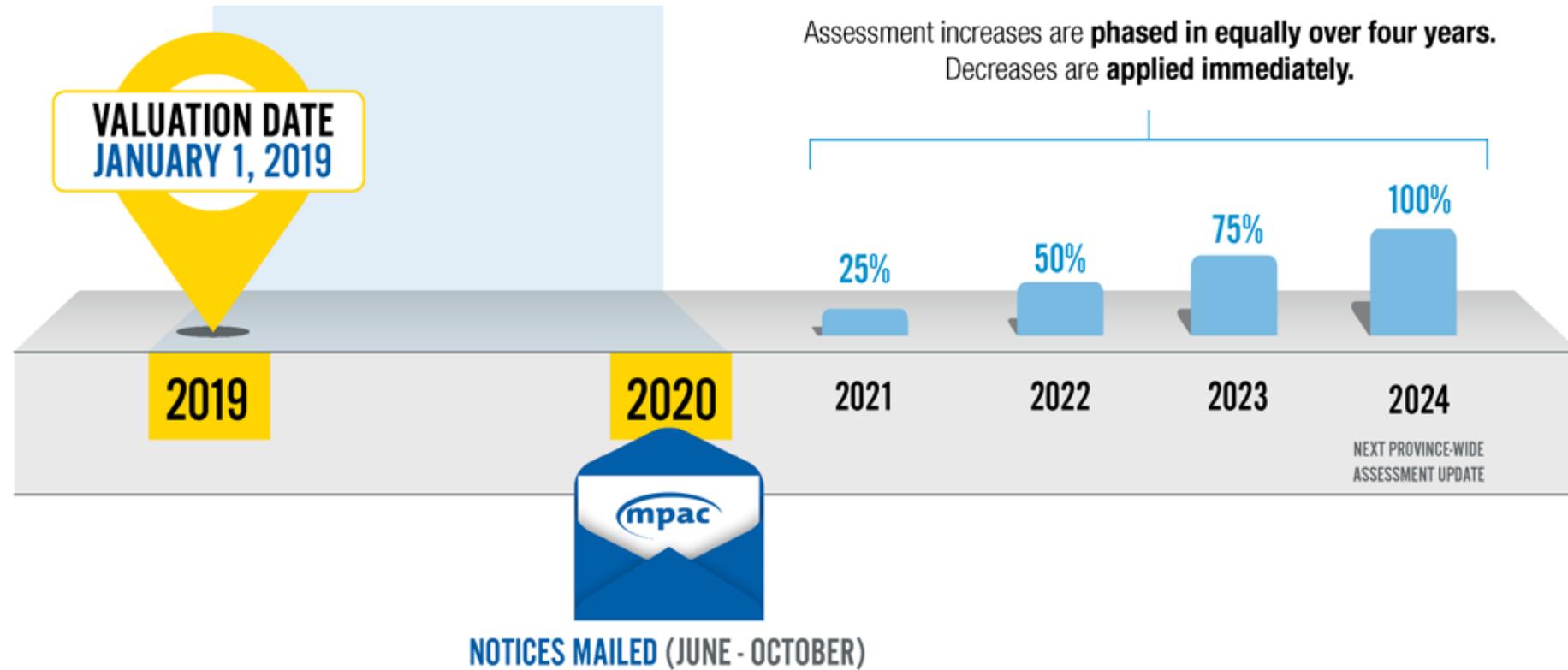
02
JAN 2019

31
DEC 2018

101
JAN 2019

09

2020 Assessment Cycle



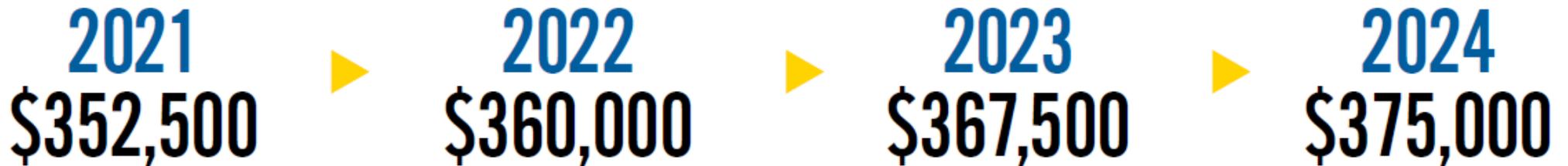
Phase-in Program for Increases Only

Your property's value on **January 1, 2016:** **\$345,000**

Your property's value on **January 1, 2019:** **\$375,000**

Over this four-year period,
your property value changed by: **\$30,000**

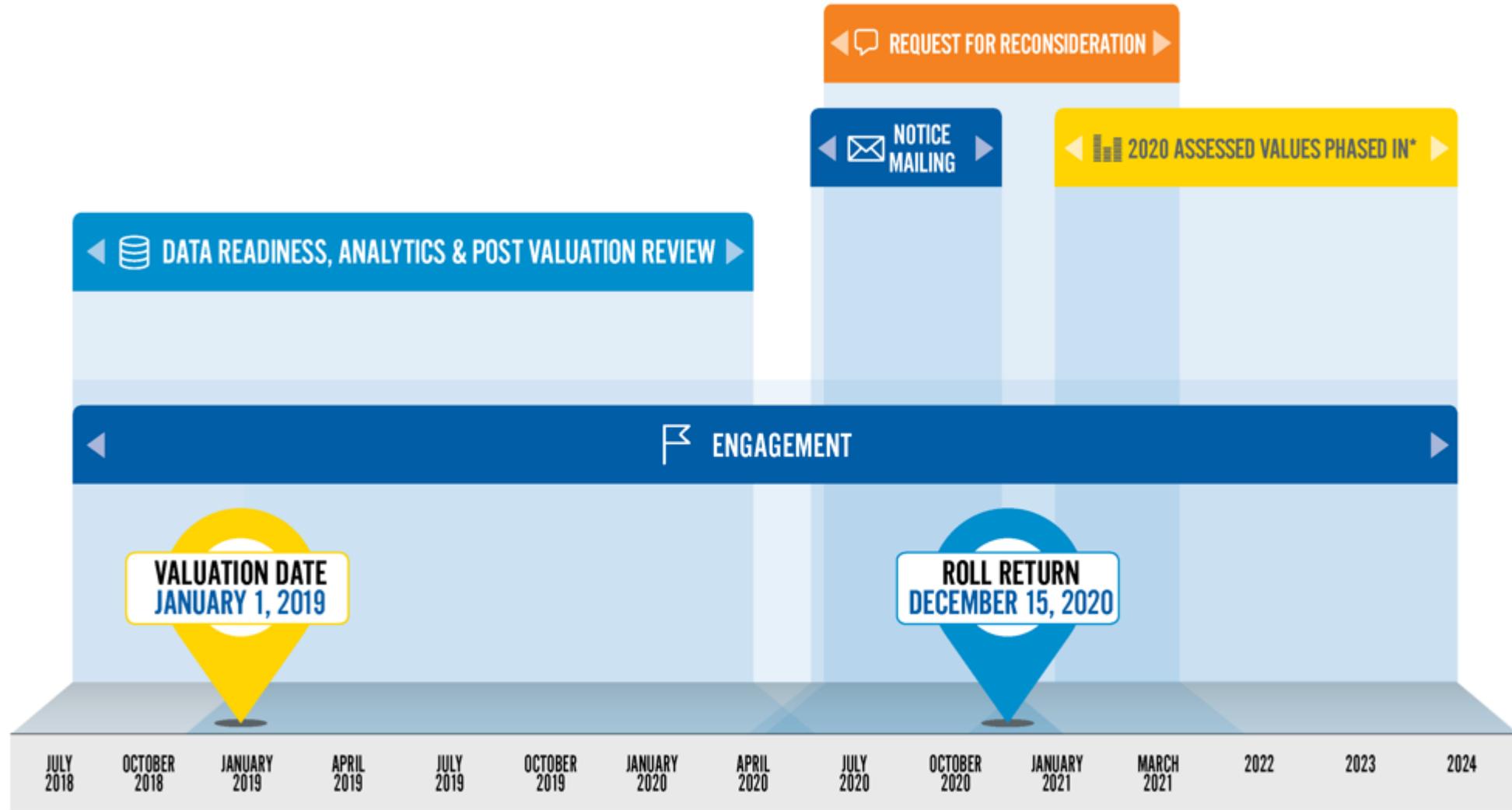
**Assuming property characteristics stay the same,
the property assessment will increase by \$7,500 each year**





The Road to Ontario's Next Assessment

Assessment Roadmap



*Assessment increases are **phased in equally over four years**. Decreases are **applied immediately**.



2018 YEAR-END ASSESSMENT REPORT FOR THE 2019 TAX YEAR

AS OF DECEMBER 2018

Assessment Change Summary by Property Class

The following chart provides a comparison of the total assessment for the 2016 base years, as well as a comparison of the assessment change for 2018 and 2019 property tax year by property class.

Property Class/Realty Tax Class	2016 Full CVA	2018 Phased-in CVA	2019 Phased-in CVA	Percent Change 2018 to 2019
R Residential	10,101,074,784	9,849,204,305	9,975,139,566	1.3%
M Multi-Residential	140,660,900	134,523,562	137,592,231	2.3%
N New Multi-Residential	1,675,000	1,675,000	1,675,000	0.0%
C Commercial	479,900,776	468,541,337	474,221,055	1.2%
S Shopping Centre	6,931,851	6,594,301	6,763,076	2.6%
D Office Building	56,218,900	56,213,190	56,216,045	0.0%
G Parking Lot	126,300	126,300	126,300	0.0%
X Commercial (New Construction)	113,421,201	111,098,435	112,259,816	1.0%
Z Shopping Centre (New Construction)	1,435,400	1,406,450	1,420,925	1.0%
I Industrial	46,123,200	44,135,206	45,129,200	2.3%
L Large Industrial	71,838,400	71,751,700	71,795,050	0.1%
J Industrial (New Construction)	46,019,700	44,066,504	45,043,100	2.2%
P Pipeline	16,357,000	15,908,868	16,132,936	1.4%
F Farm	3,613,047,606	2,799,797,576	3,206,422,599	14.5%
T Managed Forests	34,055,700	28,173,273	31,114,483	10.4%
(PIL) R Residential	29,573,500	28,158,300	28,865,900	2.5%
(PIL) C Commercial	114,404,800	105,869,685	110,137,242	4.0%
(PIL) G Parking Lot	95,200	95,200	95,200	0.0%
(PIL) H Landfill	2,309,300	2,018,976	2,164,138	7.2%
E Exempt	543,509,100	515,032,055	529,270,580	2.8%
TOTAL	15,418,778,618	14,284,390,223	14,851,584,442	4.0%

Assessment Base Distribution Summary by Property Class

The following chart provides a comparison of the distribution of the total assessment for the 2016 base year, and the 2018 and 2019 phased-in assessment which includes the percentage of the total assessment base by property class.

Property Class/Realty Tax Class	2016 Full CVA	Percentage of Total 2016 CVA	2018 Phased-in CVA	Percentage of Total 2018 CVA	2019 Phased-in CVA	Percentage of Total 2019 CVA
R Residential	10,101,074,784	65.5%	9,849,204,305	69.0%	9,975,139,566	67.2%
M Multi-Residential	140,660,900	0.9%	134,523,562	0.9%	137,592,231	0.9%
N New Multi-Residential	1,675,000	0.0%	1,675,000	0.0%	1,675,000	0.0%
C Commercial	479,900,776	3.1%	468,541,337	3.3%	474,221,055	3.2%
S Shopping Centre	6,931,851	0.0%	6,594,301	0.0%	6,763,076	0.0%
D Office Building	56,218,900	0.4%	56,213,190	0.4%	56,216,045	0.4%
G Parking Lot	126,300	0.0%	126,300	0.0%	126,300	0.0%
X Commercial (New Construction)	113,421,201	0.7%	111,098,435	0.8%	112,259,816	0.8%
Z Shopping Centre (New Construction)	1,435,400	0.0%	1,406,450	0.0%	1,420,925	0.0%
I Industrial	46,123,200	0.3%	44,135,206	0.3%	45,129,200	0.3%
L Large Industrial	71,838,400	0.5%	71,751,700	0.5%	71,795,050	0.5%
J Industrial (New Construction)	46,019,700	0.3%	44,066,504	0.3%	45,043,100	0.3%
P Pipeline	16,357,000	0.1%	15,908,868	0.1%	16,132,936	0.1%
F Farm	3,613,047,606	23.4%	2,799,797,576	19.6%	3,206,422,599	21.6%
T Managed Forests	34,055,700	0.2%	28,173,273	0.2%	31,114,483	0.2%
(PIL) R Residential	29,573,500	0.2%	28,158,300	0.2%	28,865,900	0.2%
(PIL) C Commercial	114,404,800	0.7%	105,869,685	0.7%	110,137,242	0.7%
(PIL) G Parking Lot	95,200	0.0%	95,200	0.0%	95,200	0.0%
(PIL) H Landfill	2,309,300	0.0%	2,018,976	0.0%	2,164,138	0.0%
E Exempt	543,509,100	3.5%	515,032,055	3.6%	529,270,580	3.6%
TOTAL	15,418,778,618	100%	14,284,390,223	100%	14,851,584,442	100%

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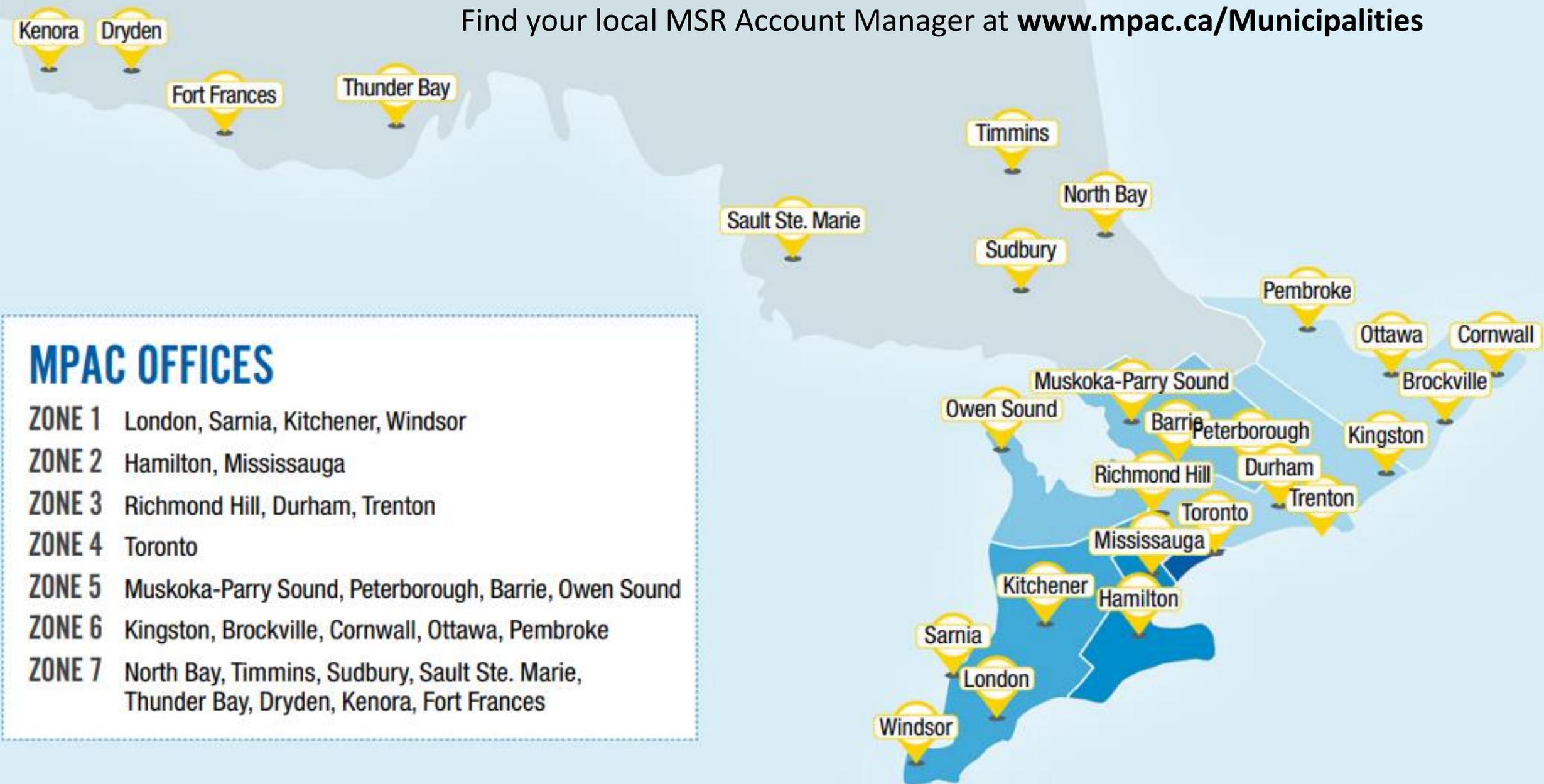
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