



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

December 4, 2012

To: Heads of Council
All Ontario Municipalities

From: Dan Mathieson
Chair, MPAC Board of Directors

Subject: Update from MPAC

I am writing to provide you with an update on the work we are doing at the Municipal Property Assessment Corporation (MPAC).

In September, we began our delivery of the 2012 province-wide Assessment Update with the first mailing of Notices. Our primary focus in 2012 has been the delivery of updated assessed values for Ontario's nearly five (5) million properties to both municipalities and property owners. In support of this work, we have undertaken a number of new initiatives including the relaunch of AboutMyProperty™ as well as the first MPAC *MarketSnapshot* reports.

We also continued our work to deliver assessment growth to municipal rolls, process Requests for Reconsiderations and manage the disposition of Assessment Review Board Appeals.

We are also continuing planning for 2013, and beyond, with a new four-year strategic plan focused on finding cost savings and creating operational efficiencies; a new approach to municipal payment for assessment services; and, laying the groundwork for improvements to our next enumeration event.

2012 Province-wide Assessment Update

Overall, average residential values have increased 18 per cent in Ontario since the 2008 Assessment Update.

Some of the most significant assessment change was seen in the value of farmland, which rose by an average of 34 per cent. When residential values applied to farm homes are taken out, the value of Ontario farmland rose by an average of 46 per cent. Increases in farmland values were seen across Ontario, driven primarily by the continued demand for land for dairy producers and intensive livestock operations, and the loss of farmland to development.

In 2012, MPAC released several editions of its new *MarketSnapshot* report. These reports, with commentary from MPAC's Chief Assessor, Larry Hummel, provided context for property owners about the change in Ontario's property market as reflected in the Assessment Update.

MarketSnapshot and our launch of AboutMyProperty™ played key roles in our efforts to increase public understanding of assessment and MPAC's role.

From the start of our mailing of Property Assessment Notices this fall, our Customer Contact Centre has handled approximately 103,000 enquiries received by phone, email, fax and in writing. Drivers for enquiries include assessed value, information available through www.aboutmyproperty.ca and data-related matters. The number of enquiries received during this year's update represents a 29 per cent decrease when compared to the same point in the Notice mail schedule in 2008. In terms of Requests for Reconsideration (RfR) submitted for the 2013 property tax year, approximately 8,300 RfRs have been filed to date.

Since the previous Assessment Update in 2008, MPAC has held more than 6,300 meetings with Municipal Councils, property taxpayer groups and other stakeholder groups.

In support of the 2012 Update, we also continued to meet with Municipal Councils and staff to provide details of assessment changes and the impact in their communities.

In addition, we have been providing every municipality with information through the Notice-based Market Change Profile (MCP). The MCP provides a set of reports to which Municipal staff can refer, as they prepare to understand the impacts of the Assessment Update in their community. A final Roll-based MCP will be made available to coincide with the Assessment Roll Return, on or before December 11, 2012.

Overall, we are seeing an increased public and media understanding of current value assessment, the four-year phase-in program, and the role both assessment and MPAC play in Ontario's property tax system.

In keeping with our responsibilities to ensure all property in Ontario is accurately assessed and classified, we regularly review our processes and consult with stakeholders. As we prepare to

deliver the 2012 Assessment Roll to municipalities, I would like to take this opportunity to provide an update on some key assessment matters.

- *Landfills* – During 2012, MPAC undertook a review of its valuation methodology for landfill sites across Ontario.

Over the coming months, we will be undertaking a further in-depth consultation process with all stakeholders, including landfill operators, municipalities and the Ministry of Finance on valuation changes as well as the implications before proceeding with changes. We look forward to this review process and its findings and will continue to keep affected municipalities updated on our progress.

- *Common Lots* – On November 5, 2012, an amendment to Ontario Regulation 282/98 was filed providing direction on the assessment of a certain type of common land parcel within residential communities.

For 2013, and subsequent tax years, this new provision provides direction that there will be no separate assessed value of the common land parcel, but the value is to be included in the value of the residential property that the owners of the common land parcel also own in the community.

We were not able to reflect this change for the 2012 Property Assessment Notices/Assessment Rolls due to the timing of the amendment. As a result, and where applicable, MPAC will implement this change through a post-roll Amended Notice in early 2013.

- *Billboards* – MPAC and the Ministry of Finance continue to review the assessment of billboards in Ontario. We will continue to share updates as details on the results of this review are available.
- *Provincial Parks* – The Ministries of Natural Resources (MNR) and Infrastructure Ontario filed Requests for Reconsideration/appeals, respectively, for 19 Provincial Parks (2009-2012 tax years). As a result of our review, MPAC determined a more equitable approach was required to value Ontario's 337 parks for the 2012 Assessment Update. Using up-to-date data provided by MNR, MPAC established 2012 assessments for the parks using six

(6) key criteria: geographic location; regulated park acreage; waterfront access; development zones; campsites; and building costs.

Over the last month, MPAC hosted meetings with affected municipalities to provide an update of the changes. Province-wide, the 2012 assessments for Provincial Parks has increased by approximately \$110 million since the last update in 2008. Although the total value has increased province-wide, 78 municipalities will see an increase in the assessments; however, 57 municipalities will experience a decrease in their park assessments.

As an update, MNR has withdrawn their Requests for Reconsideration based on the result of our review and MPAC continues to work with the Ministry of Infrastructure to settle outstanding appeals.

- *Wind Turbines* – To date, MPAC’s analysis of sales has not indicated that the presence of wind turbines that are either abutting or in proximity to a property has either a positive or negative impact on its value.

MPAC is currently undertaking a study using its January 1, 2012 current value assessments for 2013 taxation to determine if the distance from a wind turbine affects the assessed value.

To complete this review, MPAC will compare the 2012 assessed values to recent sale prices to determine if the ratio between the assessments and sales prices differs between homes near wind turbines and those further away. This is referred to as a level of assessment study. This study will be completed in early 2013.

AboutMyProperty™ (www.aboutmyproperty.ca)

AboutMyProperty™ was relaunched in support of the 2012 Assessment Update earlier this year with a completely new look and navigation. Openness, transparency and convenience were all key in developing this secure, self-serve web application. Starting this fall, owners of all property types – residential, farm and business properties – have had access to detailed information through AboutMyProperty™.

AboutMyProperty™ allows property taxpayers to quickly and easily find out more about how their property was assessed and to confirm its accuracy. It demonstrates how we are leveraging technology to improve openness, transparency and service to property taxpayers while keeping costs as low as possible.

By using the Roll number and Access key found on their 2012 Property Assessment Notice, property taxpayers can register and log on to www.aboutmyproperty.ca and compare their property to other properties in their neighbourhood. Using an interactive map of their community, they can create a Properties of Interest list with access to as many as 100 property snapshots – selected by them – and up to 24 detailed property reports – all free of charge.

This web application features detailed reports and interactive map imagery for almost every property in the province, under secured accessibility. Property owners also have the option of submitting updates to the information MPAC has on file directly through the application.

When designing AboutMyProperty™, MPAC took a Privacy by Design (PbD) approach. The PbD framework, created by [Ontario's Information and Privacy Commissioner \(IPC\)](#), seeks to embed privacy into the design specifications of information technologies, organizational practices and networked system architectures, to achieve the strongest protection possible, as the default condition. MPAC also applied the IPC's Privacy in the Cloud principles in its development of AboutMyProperty™.

As of November 23, nearly 140,000 property owners have registered on AboutMyProperty™ to access information.

MPAC's MarketSnapshot

This summer, MPAC launched the first edition of *MarketSnapshot*, an online report to underscore the link between a property's sale price and assessed value. The report was released and provided a snapshot of residential sale price trends in Ontario – an important factor in the determination of assessed values. Commentary from local real estate boards across the province was included in this report to help explain trends in local sale prices over the past four (4) years.

A second Assessment Update edition of *MarketSnapshot* was released in September to coincide with the mailing of Property Assessment Notices. In mid-November, a Farm Property Values edition was released and a Business Property Edition is now underway.

MarketSnapshot has been well received, particularly by real estate professionals, and we plan to publish additional reports in 2013.

Review of Requests for Reconsideration (RfR) and Assessment Review Board (ARB) Appeals

MPAC received over 17,000 RfRs for the 2012 tax year, representing approximately 0.3 per cent of Ontario's nearly five (5) million properties. All 2012 RfRs received by March 31 were completed by the legislated deadline of November 30.

We also continue to work collaboratively with property taxpayers to resolve their RfR and ARB appeal matters, and to answer their questions or provide the information they need to better understand their property's assessment. As a point of interest, over 13,500 appeals for all property types were disposed of from July 1 to September 30, 2012.

The ARB's objective is to dispose of all outstanding appeals (i.e., the 2009-2012 assessment cycle and prior) by March 31, 2013. MPAC is supportive of the ARB's undertaking and continues to work collaboratively with the Board to identify opportunities to streamline the Board's processes while balancing our other operational pressures such as the 2012 Assessment Update.

Supplementary and Omitted Assessments for 2012

MPAC continued its focus on fieldwork in communities across the province completing inspections and property data reviews. I am pleased to advise you that we surpassed our assessment growth forecast of \$23.5 billion and delivered \$24.4 billion in assessment growth to our municipal stakeholders.

As a result of our partnership with Ontario municipalities, we now receive information electronically in a standardized format for approximately 85 per cent of the 165,000 building permits we receive and a majority of the occupancy permits issued annually across Ontario. Previously, we only received 15 per cent of permits in the standard electronic format. Increasing the electronic transfer of this information was one of the recommendations in the 2011 Auditor General's Report and we are very pleased with the results of our partnerships with municipalities and municipal building permit suppliers.

We also continue to work with third parties, such as building permit system vendors and the Electrical Safety Authority (ESA) to assist us in capturing and delivering assessment growth in a more efficient manner.

Agreement reached with Ontario Digital Cadastre Corporation

Earlier this fall, MPAC reached an agreement with the Ontario Digital Cadastre Corporation (ODCC) to acquire Property Dimension Reports for plans of subdivisions, also known as M-Plans, directly from land surveyors.

The ODCC is a wholly owned, for profit subsidiary of the Association of Ontario Land Surveyors (AOLS). Receiving this information directly from the source is integral to MPAC's ability to provide timely and consistent assessment of new construction in Ontario.

By receiving this data directly from surveyors, MPAC will be able to improve the accuracy and consistency of the information used to assess properties. Receiving this critical information in a format that requires no transcribing or calculation by our staff means we can add growth to municipal assessment rolls in a more timely manner.

The agreement with the ODCC is significant for the organization as almost half of all residential assessment growth in Ontario can be attributed to subdivisions.

In addition to the efficiencies that this agreement helps bring to our internal work processes, it is also an important first step for MPAC as part of one of the Victory Statements included in our new four-year strategic plan. Specifically, it reflects our commitment to capturing 100 per cent of available assessment growth within 12 months of commencement of use by 2016.

Stakeholder Outreach Activities

MPAC has continued its successful community outreach initiatives to help raise awareness of assessment-related matters. In 2012, MPAC has held approximately 1,085 outreach activities across the province with various property taxpayer and stakeholder groups and attended over 20 municipal association conferences and trade shows.

Some of the most recent events or activities include:

- MPAC staff attended the **Association of Municipalities of Ontario (AMO) Annual Conference** from August 19-22, 2012 in Ottawa. MPAC hosted a joint session with the Ministry of Finance on August 21, 2012. The Board of Directors, senior management and Municipal Relations staff were in attendance to meet with AMO delegates.
- **Ontario Municipal Taxation and Revenue Association (OMTRA) Annual Fall Conference** was held from September 9-12, 2012 at Cleveland's House in Muskoka. MPAC hosted a plenary session as part of the agenda and the MPAC booth was on display with MPAC staff in attendance to answer questions.
- **Municipal Finance Officers' Association of Ontario (MFOA)** was held from September 19-21, 2012 at the London Convention Centre. MPAC hosted a presentation and interactive panel session and the MPAC booth was on display with staff in attendance.
- MPAC staff attended the **2012 Toronto Fall Home Show** from September 20-23, 2012 at the Better Living Centre, Exhibition Place. Over 300 property taxpayers visited the MPAC booth with assessment-related enquiries.
- The **46th Annual Canadian Property Tax Association (CPTA) National Workshop** was held from September 30 to October 3, 2012 in Banff, Alberta. MPAC staff attended the

conference with President and Chief Administrative Officer Antoni Wisniowski delivering a presentation on 'innovation' that included MPAC's web application AboutMyProperty™.

A Look Ahead to 2013

New Four-Year Strategic Plan

As you are aware, public sector agencies are being challenged to provide greater value to all stakeholders. In September, we launched our new four-year strategy focused on creating cost savings and operational efficiencies. The strategy has the potential to save as much as \$20 million over the next four (4) years. These savings are expected to be passed on to municipalities, which fund the cost of MPAC.

This strategy will have an impact on how every MPAC employee does his or her job. Some examples of the improvements planned as part of the strategy include the reduction of office space, reduction of the operating and capital expenses of our fleet, as well as making more services available online to property taxpayers.

In support of this new strategy and as part of MPAC's commitment to support Ontario's communities, MPAC has partnered with Habitat for Humanity Canada and will corporately support the organization through payroll donations, local fundraising and team builds. The new strategy will formally roll out in January 2013 and we will share updates on our progress as we implement initiatives.

2013 Payment for Services

The Board of Directors has approved MPAC's funding requirements for 2013 and, for the first time, also approved a targeted four-year expenditure plan for 2013 – 2016. I am pleased to inform you that the funding requirements approved for 2013 represent an increase of less than one per cent over the 2012 funding level.

In addition to setting an increase of 0.95 per cent for 2013, MPAC is also forecasting a proposed increase of 0.95 per cent for each of 2014, 2015 and 2016.

In determining our funding requirements, we consider a number of factors including the work activities that MPAC must complete, the continued growth of the number of properties that MPAC assesses and classifies and the various fiscal pressures on the organization including wages, benefits, pension costs and utilities. The organization's ability to continue to deliver its operations with incremental funding requirements set at less than one (1) per cent for each of the next four (4) years is only possible due to our commitment to expenditure constraint as well as our ability to

achieve the \$20 million of projected savings outlined in our new four-year strategic plan.

This forecast is based on the status quo in terms of MPAC's mandate and services and may need to be revisited if there are unplanned changes to the organization's workload or responsibilities as the result of legislative or regulatory change.

Municipalities will experience varying increases in their individual 2013 payment for services due to the changes in their assessments and property counts on the 2012 Assessment Roll.

We will confirm the actual impact to your municipality in January 2013, following the return of Assessment Rolls. As in 2012, municipalities will be billed in equal quarterly installments on the first day of each quarter.

MPAC to host 2012 Voters' List Forum

On December 5, 2012, MPAC will co-host a Voters' List Forum. The purpose of the Forum is to engage in a broader discussion on the fundamental questions raised in the Discussion Paper by the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO), in late 2011. This initiative is being held in cooperation with AMCTO and our election partners.

Representatives from a wide range of organizations are expected to attend the Forum including municipalities, school boards, Elections Canada, Elections Ontario, Ontario Ministries of Education, Finance and Municipal Affairs and Housing, and private sector firms that provide election and data management services.

It is anticipated that formal results will be issued on behalf of the Forum participants that would provide a road map for moving forward and will address the valid and important questions, and issues raised in the AMCTO's Discussion Paper.

As an elected municipal colleague and as the Chair of the MPAC Board of Directors, you have my assurance that we will continue to deliver on our commitment to property assessment excellence and outstanding service to our municipal partners, government stakeholders and the property taxpayers of Ontario.

If you have any questions or require additional information, please contact your local Municipal Relations Representative or Arthur Anderson, Director of Municipal Relations at 905 837-6993 or 1 877 635-6722, extension 6993. If you would like to speak with me directly, I can be reached at 519 271-0250, extension 234.

Yours truly,



Dan Mathieson
Chair, MPAC Board of Directors

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