

Pilon, Janet

Subject: 2018 Year-End Assessment Report – Supporting Municipal Council

From: Uhl, Kirsten <Kirsten.Uhl@mpac.ca>

Sent: January-16-19 1:16 PM

To: clerk@hamilton.ca; Pilon, Janet <Janet.Pilon@hamilton.ca>

Cc: Gordon, Brian <Brian.Gordon@mpac.ca>; Castellani, Lou <Lou.Castellani@mpac.ca>; MR19-20Enquiry <MR19-20Enquiry@mpac.ca>; Uhl, Kirsten <Kirsten.Uhl@mpac.ca>

Subject: 2018 Year-End Assessment Report – Supporting Municipal Council

Good Afternoon,

As a follow up to the attached memo of December 14, 2018, from our Vice-President, Carla Y. Nell, I have attached MPAC's 2018 Year-End Assessment Report which includes two municipal level assessment snapshots unique to your municipality. As key municipal staff have had an opportunity to review this document, we now request that you please share this document with your municipal Council.

This report provides a high-level summary of MPAC's 2018 activities that are of interest to the municipal sector and will assist your council to understand changes in the municipality's assessment base to inform ongoing budget and tax policy planning.

We value building customer and municipal relationships and look forward to working with your municipality this year, as we remain committed to continuously improving our service.

Please contact Lou Castellani, Account Manager, at 905-379-1315 or e-mail lou.castellani@mpac.ca if you have any questions.

Happy New Year!

Kindest Regards,

Brian Gordon, A.I.M.A
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MUNICIPAL PROPERTY ASSESSMENT CORPORATION

December 14, 2018

To: Chief Administrative Officers, Chief Financial Officers, Clerks,
Treasurers and Tax Administrators

From: Carla Y. Nell, Vice President, Municipal and Stakeholder Relations

Subject: 2018 Year-End Assessment Report

As part of our continued commitment to stakeholder engagement and information sharing with our municipal partners, we have prepared the attached **2018 Year-End Assessment Report**, which will be of interest to both municipal administration and elected officials. This report provides a high-level summary of MPAC's 2018 activities that are relevant to the municipal sector, and also two municipal level snapshots of the assessment changes unique to your municipality.

This report will also be provided to Municipal Clerks for submission to municipal councils in January 2019. In the interim, I encourage you to review the report and share any questions with your MPAC Municipal and Stakeholder Relations Regional Manager and/or Account Manager.

Happy Holidays,

A handwritten signature in dark ink, appearing to read "C. Nell", is placed below the "Happy Holidays," text.

Carla Y. Nell
Vice-President, Municipal and Stakeholder Relations

Attachments

Copy Regional and Account Managers

APPENDIX 1

Assessment Change Summary by Property Class City of Hamilton

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	65,018,617,998	58,120,226,734	61,569,422,384	5.9%
M Multi-Residential	2,852,114,500	2,624,533,766	2,738,324,133	4.3%
N New Multi-Residential	288,563,900	263,036,653	275,800,276	4.9%
C Commercial	5,016,111,562	4,461,708,958	4,738,910,293	6.2%
S Shopping Centre	1,483,552,029	1,306,343,555	1,394,947,809	6.8%
D Office Building	168,487,520	148,961,571	158,724,547	6.6%
G Parking Lot	67,557,700	49,716,469	58,637,083	17.9%
X Commercial (New Construction)	757,543,607	685,898,279	721,720,946	5.2%
Z Shopping Centre (New Construction)	495,987,765	432,736,131	464,361,953	7.3%
Y Office Building (New Construction)	27,982,900	25,993,665	26,988,284	3.8%
I Industrial	674,124,080	621,187,350	647,655,723	4.3%
L Large Industrial	416,194,600	399,952,667	408,073,634	2.0%
J Industrial (New Construction)	77,766,900	72,911,585	75,339,245	3.3%
K Large Industrial (New Construction)	95,902,000	83,525,500	89,713,750	7.4%
H Landfill	5,151,900	5,151,900	5,151,900	0.0%
P Pipeline	330,171,000	311,651,454	320,911,226	3.0%
F Farm	1,516,959,100	1,275,111,879	1,396,035,491	9.5%
T Managed Forests	20,441,200	17,859,925	19,150,566	7.2%
(PIL) R Residential	15,386,200	14,100,516	14,743,358	4.6%
(PIL) C Commercial	310,981,662	277,667,069	294,324,368	6.0%
(PIL) D Office Building	82,061,750	78,812,558	80,437,154	2.1%
(PIL) G Parking Lot	38,301,000	30,102,500	34,201,750	13.6%
(PIL) I Industrial	80,000	50,000	65,000	30.0%
(PIL) H Landfill	4,694,700	4,538,350	4,616,525	1.7%
E Exempt	6,143,181,907	5,663,235,446	5,903,208,642	4.2%
TOTAL	85,907,917,480	76,975,014,480	81,441,466,040	5.8%



APPENDIX 2

Assessment Base Distribution Summary by Property Class

City of Hamilton

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	65,018,617,998	75.7%	58,120,226,734	75.5%	61,569,422,384	75.6%
M Multi-Residential	2,852,114,500	3.3%	2,624,533,766	3.4%	2,738,324,133	3.4%
N New Multi-Residential	288,563,900	0.3%	263,036,653	0.3%	275,800,276	0.3%
C Commercial	5,016,111,562	5.8%	4,461,708,958	5.8%	4,738,910,293	5.8%
S Shopping Centre	1,483,552,029	1.7%	1,306,343,555	1.7%	1,394,947,809	1.7%
D Office Building	168,487,520	0.2%	148,961,571	0.2%	158,724,547	0.2%
G Parking Lot	67,557,700	0.1%	49,716,469	0.1%	58,637,083	0.1%
X Commercial (New Construction)	757,543,607	0.9%	685,898,279	0.9%	721,720,946	0.9%
Z Shopping Centre (New Construction)	495,987,765	0.6%	432,736,131	0.6%	464,361,953	0.6%
Y Office Building (New Construction)	27,982,900	0.0%	25,993,665	0.0%	26,988,284	0.0%
I Industrial	674,124,080	0.8%	621,187,350	0.8%	647,655,723	0.8%
L Large Industrial	416,194,600	0.5%	399,952,667	0.5%	408,073,634	0.5%
J Industrial (New Construction)	77,766,900	0.1%	72,911,585	0.1%	75,339,245	0.1%
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(PIL) H Landfill	4,694,700	0.0%	4,538,350	0.0%	4,616,525	0.0%
E Exempt	6,143,181,907	7.2%	5,663,235,446	7.4%	5,903,208,642	7.2%
TOTAL	85,907,917,480	100%	76,975,014,480	100%	81,441,466,040	100%



2018 YEAR-END ASSESSMENT REPORT FOR THE 2019 TAX YEAR

AS OF DECEMBER 2018



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

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About MPAC

MPAC stands for Municipal Property Assessment Corporation, and the MPAC team is made up of assessment experts who understand local communities and assess every property in Ontario. Our assessments provide the very foundation that municipalities use to base the property taxes needed to pay for the services we use every day.

As an independent, not-for-profit corporation, our assessments follow the *Assessment Act* and other legislation and regulations set by the Government of Ontario. We also have a Board of Directors made up of provincial, municipal and taxpayer representatives.

MPAC's expertise is in property assessment, customer service and technology. It is these components of MPAC's work that make our contribution to Ontario so valuable.

MPAC is responsible for assessing more than 5 million properties in Ontario, of all types (residential, business and farms), representing \$2.78 trillion in property value. We take property assessment seriously because it's the part we play in helping to make the communities we all live in stronger.

Learn more at:



mpac.ca



Introduction

Ontario municipalities rely on MPAC to provide expert opinions on the value of properties in our communities. We understand that turning these opinions into assessments goes beyond the determination of values. The work we do includes producing the products and services you require to understand, maintain and support your assessment base, such as property data, phase-in, classification, new assessment and appeals. The **2018 Year-End Assessment Report** provides an update on these items.

The Property Assessment Cycle in Ontario

We update the assessment of every property in Ontario every four years to capture changes to properties and the real estate market.

While the effective valuation date of January 1, 2016 remains constant during the four-year cycle, we are responsible for providing an updated annual Assessment Roll to each municipality that includes:

- **Changes to property ownership**
- **Changes to state and condition of a property**
- **Updates to the assessed value and classification**
 - New construction, demolitions and consolidations
 - Requests for Reconsideration (RfR) and Assessment Review Board (ARB) decisions

In advance of the 2019 property tax year, we delivered more than 800,000 Property Assessment Notices to property owners across Ontario where there was a change in property ownership or value. Your municipality also recently received the **2018 Assessment Roll for the 2019 property tax year** and the electronic **Year-End Tax File**. This file includes the updates we made during 2018 to keep your Roll current.

Purpose of This Report

We have prepared this report to assist you in understanding changes in your assessment base to inform ongoing budget and tax policy planning. The report also provides an update on the work we have undertaken over the course of 2018 to deliver an updated and stable Assessment Roll.

In addition, the report shares our plan for the next Assessment Update in 2020, which will provide property values for the 2021–2024 property tax years.

Attached to this report are two municipal-level assessment snapshots:

1. Assessment Change Summary

Provides the updated 2016 current value assessment (destination) and a comparison of the phased-in assessments for the 2018 and 2019 tax years

2. Assessment Base Distribution

Compares the distribution of the total 2018 and 2019 phased-in assessments and includes the percentage of the total assessment base by property class

Responsible for
assessing and
classifying more than

5 MILLION

properties in Ontario

Representing

\$2.78T

in property value

We delivered
more than

800,000

Property
Assessment
Notices

2018 Highlights

Our assessments support the collection of nearly **\$20 billion in municipal taxes annually**. We understand how important our work is to you, which is why we offer a range of services that enables you to understand and employ those values. No two assessment bases are the same. As such, we understand the need to share insights and develop understanding with all municipalities about how markets and communities are changing.

Maintaining Your Annual Assessment Roll

Having accurate and timely data is critical to the assessment process. Throughout the year, we complete regular quality control processes. Specifically, we review assessments and property classification changes received through:

- Building permits
- Vacancy applications
- Tax applications
- Subdivision plans

This ensures information is both current and accurate. This ongoing assessment work provides confidence that the information in your Assessment Roll is reliable and ready to support your budget and tax planning.

New Assessment

In 2018, we delivered more than \$38 billion in new assessment to municipalities across the province. We successfully processed more than 85% of this new assessment within one year of occupancy. Timely processing of new assessment from new

construction or additions to existing property and accurate forecasting of new assessment were identified as key municipal priorities and are included in our Service Level Agreement with municipalities.

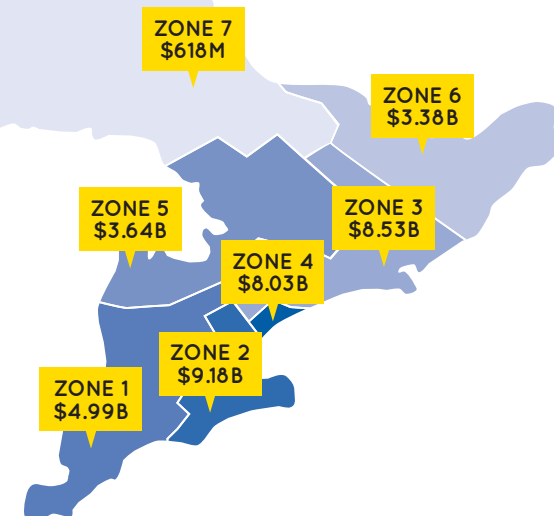
New Assessment Forecasting

A significant change in 2018 was the presentation of the quarterly new assessment forecast and our commitment to capture a minimum of 85% of all new assessment within one year of occupancy, based on availability of information from your municipality.

The other important change in 2018 came from you, our municipal partners.

This year, we started delivering new assessment progress reports on a quarterly basis to support ongoing dialogue between MPAC and municipalities about current and future growth trends and to provide a better sense of future taxable amounts.

2018 NEW ASSESSMENT BY ZONE



We delivered more than **\$38 billion** in new assessment to municipalities across the province

From January 1 to October 31, 2018,
MPAC completed a total of 27,917
Requests for Reconsideration

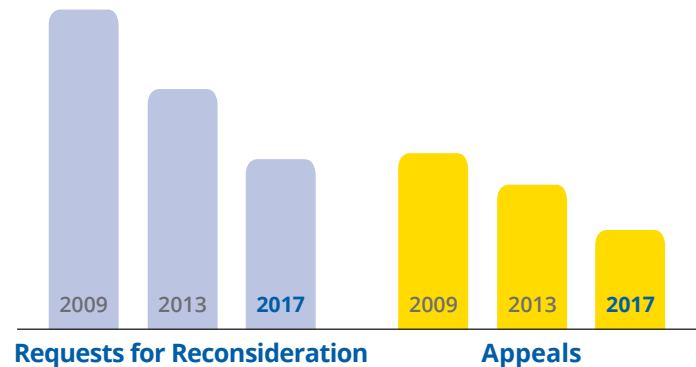
Requests for Reconsideration and Appeals

Another important activity we continue to work on throughout the four-year assessment cycle is responding to and processing assessment changes because of Requests for Reconsideration (RfR) and **Assessment Review Board (ARB)** appeal outcomes. This information is applied to your Assessment Roll throughout the year as part of our ongoing efforts to maintain and deliver stable Assessment Rolls.

We continue to work closely with the ARB and other parties, providing impartial, expert opinions to support the appeal process.

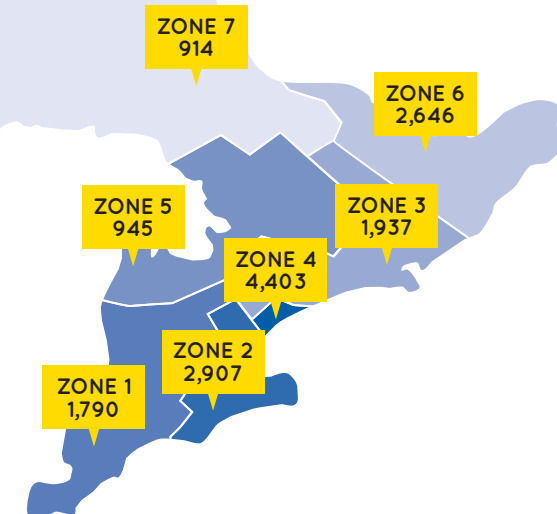
We have seen a steady decrease in the number of RfRs and appeals; since 2009 the number of RfRs filed has decreased by 50% and the number of appeals has decreased by 40%.

We will continue to work with the ARB and other parties to improve the efficiency and effectiveness of the appeals process, with the goal of reducing the time to resolve appeals.



2009, 2013 and 2017 represent the first tax year of the last three Assessment Updates, when the majority of appeals are filed.

2018 TOTAL NUMBER OF COMPLETED APPEALS BY ZONE



We have seen a steady decrease in the number of RfRs and appeals since 2009

Service Level Agreement (SLA)

The service levels in the SLA represent the most important MPAC deliverables as identified by you, our municipal partners. The SLA itself defines high performance standards in key service areas; outlines the roles, responsibilities and dependencies of both parties – reinforcing our shared accountability.

We implemented the SLA in 2017, and the end of 2018 marks a full year of measuring against these service levels.

In 2018, we also launched the SLA Reporting Tool in Municipal Connect to offer an at-a-glance snapshot to guide discussions around SLA objectives, help improve service delivery and promote shared accountability. At the end of our first year, MPAC is happy to report that we have met 96% of all service levels and have worked closely with municipalities, including remedial action, when service levels have not been met.

We have met
96%
of all service levels



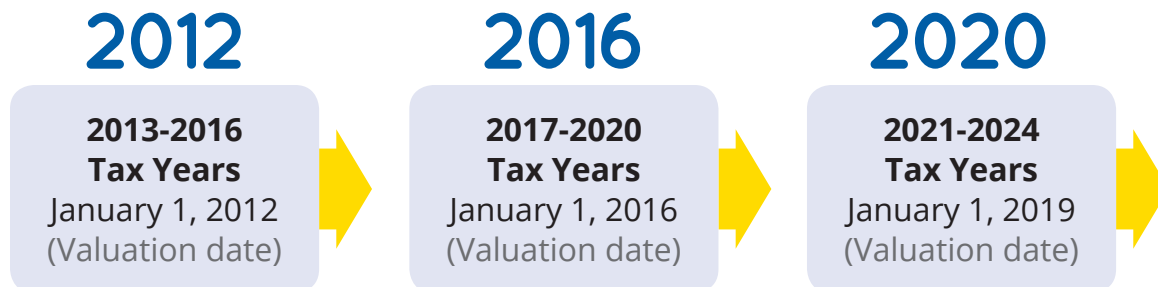
Looking Ahead to the Next Assessment Update

A key change leading up to the **2020 Assessment Update** is the new valuation date of January 1, 2019, passed into legislation by the Province of Ontario. This is two years in advance of the first tax year to which the Assessment Update will apply. In the previous Assessment Update, the valuation date preceded the first tax year by one year.

The four-year phase-in program remains in place, meaning values will be effective for the 2021 to 2024 property tax years. As in the past, all assessment increases are phased-in over four years and assessment decreases are applied immediately.

The earlier valuation date increases the availability of data used to prepare valuations and will provide more time to consult and share preliminary market insights when our engagement activities begin in earnest in 2020.

This will enable MPAC and stakeholders to identify and resolve potential issues before the return of the Roll in December 2020.



Conclusion

At the core of our new **2017–2020 Strategic Plan** is the theme “Valuing What Matters Most.” For municipalities, we value building the customer and municipal relationship. This means enhancing the transparency of new assessment forecasts, processing assessment adjustments in a timely way, ensuring traceability and transparency in our assessment valuation and methodology, and keeping stakeholders apprised of changes in the market that may impact property values.

Through greater collaboration between MPAC and municipalities, we remain committed to continuously improving our service, and we encourage you to share your feedback with us on the delivery of our products and services.

Your local **Municipal and Stakeholder Relations team** is available to support you with any of our products or services. Please contact your Regional Manager, Account Manager, or Account Support Coordinator if you have any questions or would like more information about this report.

