




COMMUNICATION UPDATE

TO:	Mayor and Members City Council
DATE:	August 15, 2024
SUBJECT/REPORT NO:	Changes to the Municipal Property Assessment Corporation's (MPAC) Role in Municipal Tax Applications
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services
SIGNATURE:	

The purpose of this Communication Update is to advise Council about changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications.

The Municipal Act allows taxpayers to apply for the cancellation, reduction or refund of property taxes due to:

- Change in property classification resulting from a change event (i.e. from commercial use to residential use)
- Property is now exempt
- Building razed by fire/demolition
- Building damaged by fire/demolition
- Repairs/renovations preventing normal use (minimum of 3 months)
- Mobile unit removed
- Gross or Manifest error – clerical/factual, not an error in judgement

In 2019, City Council delegated the approval of these applications to staff. As part of the process, MPAC plays a role in determining if the change event impacts the property's assessed value and what that change in value is. Taxation staff use MPAC's adjusted assessed value to calculate the tax relief. Although MPAC does not have a legislative role in these applications (with the exception of confirming if a clerical/factual error was returned on the assessment roll), historically MPAC was supporting this role, which the City has relied on to facilitate the determination of an appropriate level of tax relief.

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Municipalities were recently informed that effective July 2, 2024, MPAC will no longer revalue or provide a change in value for the following two types of applications:

- Building damaged by fire/demolition
- Repairs/renovations preventing normal use (minimum of 3 months)

There will be no change to how MPAC responds to the other types of applications. Effective July 2, 2024, for the above two types of applications, MPAC will simply provide a notional value of the structure. It will then be up to the municipality to determine to what degree the damage by fire/demolition or repair/renovation impacted the property's assessed value in order to arrive at an appropriate tax relief amount.

MPAC's explained rationale for this change is to "improve consistency across the organization when responding to municipal tax applications and eliminate any subjectivity that may have previously been provided as to what degree a building is substantially unusable."

Staff will be bringing forward a report in the fall to identify the impact this change will have on the processing of these municipal tax applications and make recommendations on how to proceed.

If you require any further information, please contact Maria Di Santo, Manager of Taxation at Maria.DiSanto@hamilton.ca.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable.