



Hamilton

Assessment Growth & Assessment Appeals

General Issues Committee

November 26, 2013

Item 4.8



Hamilton

Assessment Growth



Assessment Growth

- Assessment growth includes both new construction / supplementary taxes (increase in assessment) and write-offs/successful appeals (decrease in assessment)
- Growth over the last 5 years has averaged 1.1%

2008	2009	2010	2011	2012
1.0%	1.3%	1.3%	1.1%	0.8%

- Estimated growth for 2013 = 0.8%*
- Similar to previous years, write-offs and successful appeals continue to have a significant negative impact on growth

* Final will not be known until December / January

2012 Assessment Growth: By Property Class

- Growth primarily driven by the Residential property class

	Change in Municipal Taxes	% Class Change ¹	% Total Change ²
Residential	\$6,014,130	1.3%	0.9%
Multi-Residential	(\$1,033,310)	-1.3%	-0.1%
Commercial	\$187,050	0.2%	0.0%
Industrial	\$34,380	0.3%	0.0%
Other	\$15,110	-0.1%	0.0%
Total	\$5,217,370	0.8%	0.8%

¹ % change in respective property class weighted assessment

² % change in total weighted assessment

- For 2013, the Residential class continues to be the main growth area

2012 Assessment Growth: Increases/Decreases

- As identified below, assessment decreases (primarily due to successful assessment appeals) drove down the 2012 assessment growth by -0.4%
 - Represented a reduction in municipal taxes of \$3.1M

	% Change ¹ (Growth)
Assessment Increase (existing property)	1.0%
Assessment Decrease (existing property)	-0.4%
Assessment Increase & Decrease (existing property)	0.0%
Deleted Roll	-0.2%
New Roll	0.5%
Total Change	0.8%

¹ % change in total weighted assessment

- Assessment reductions due to successful appeals continue to negatively impact growth in 2013



Assessment Growth vs. Building Permits

- Three main differences between assessment growth and building permits:
 1. Time lag – potential 2+ years from when building permit issued and property on assessment roll
 2. Difference in valuation – some items included in construction value (i.e. equipment) are not assessable; assessed value may be years behind current market value
 3. Property Type – Government/Institution properties (which over the last five years accounts for 20%, on average, of the total construction value), are not taxable (either exempt or subject to payment-in-lieu of taxes) therefore not included in assessment growth



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Assessment Appeals



Assessment Appeals

- The City has a number of industrial and retail/commercial properties that have outstanding assessment appeals - some go back as far as 2006, the bulk are 2009 to 2013.
 - Most are in the Assessment Review Board process - staff have been involved in negotiations on some of them.
 - Since these assessment appeals cover a number of years (mainly 2009-2013), when settled, will have an impact on both write-offs (pre-2013) and growth for 2013.
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Assessment Appeals

- Assessment appeals have always been a large factor in municipal budgeting, affecting growth and leading to large tax refunds.
- While there is a regulated system in place for assessment appeals, improvements can be made.
- Large assessment losses continue in the commercial, industrial and multi-residential property classes.
- Non-Residential assessment appeals tend to be quite complex and time consuming.
- Experiencing more province-wide appeals for certain types of properties (golf courses, major retail chains).



What the City is Doing

- Participate in “Special Purpose Business Property Assessment Review” set up through 2013 Provincial Budget and in “Municipal Assessment Review Representatives” (MARR)
- Monitor ARB appeals and participate in pre-hearing events to ensure that the City’s interests are protected
- Monitor building permit activity to ensure MPAC picks up new construction on a timely basis



What Can be Done by the Province

(Appendix A to Report FCS13080)

Recommended Changes to the Assessment Act:

- Clearly indicate what information property owners must supply to MPAC - failure to provide by deadline would result in losing the right to appeal
- Clearly define the assessment methodology used for assessing properties and eliminate changing the methodology used between assessment cycles
- Where sales data is non-existent, set standards on replacement costs per square foot to alleviate the values being subject to interpretation



What Can be Done by The Province

cont'd (Appendix A to Report FCS13080)

Recommended Process Changes for MPAC:

- Improved access to information for property owners to identify and correct factual errors
- Mandatory 5 to 7 year inspection program on Commercial and Industrial properties and also upon the any sale

Recommended Process Changes for ARB*:

- Ensure large value appeals are heard on a timely basis
- Ensure more appeals are heard and settled earlier
- Establish mandatory dates for the release of assessment data
- Establish a mandatory date to provide income and expense information (where property is valued using the income approach)

*originally filed by the Municipal Assessment Review Representatives to the ARB May 14, 2012