

REASSESSMENT MARKET UPDATE IMPACT

2019 Tax Year – Year 3 of 4 of the Assessment Phase-In & Relative Tax Impact

General Committee, January 22, 2019

AGENDA

1. Reassessment – Four Year Market Update (2017 – 2020)
2. 2019 Market Update- City Wide Impact Summary
3. Property Tax Impacts
4. Summary

1. REASSESSMENT – FOUR YEAR MARKET UPDATE (2017 – 2020)

- MPAC is responsible for assigning a current value assessment for all properties
- The CVA of a property is based on a valuation date of January 1st, 2016, which was updated from January 1st, 2012
- Properties that increase will have the CVA increase phased-in by one quarter or 25% in each of the four years of the current reassessment phase-in cycle (2017 – 2020)
- Properties that experience a decrease in assessment value realize the change immediately in the first year of the cycle (2017)
- 2019 tax year marks the third year in the current phase-in cycle
- Combination of the reassessment and the annual updates completed by MPAC equate to the results in the market update
- The tax rate is annually recalculated to ensure the City collects the same amount of property tax as in the previous year

1. REASSESSMENT – FOUR YEAR MARKET UPDATE (2017 – 2020)

- In 2016, every property owner in the City of Markham received their updated property assessment notice from MPAC, providing the reassessment values for their property, for the four-year period (2017 – 2020)

Overall Reassessment Impact (2017-2020)	2018 Impact (2017 - 2018)	2019 Impact (2018 - 2019)
39.57%	9.03%	8.29%

2. 2019 MARKET UPDATE- CITY WIDE IMPACT SUMMARY

2019 CVA Average Assessment Change

Property Tax Class	Overall Reassessment Impact (2017-2020)	2018 Impact (2017 - 2018)	2019 Impact (2018 - 2019)
Residential (Excluding Other)	44.29%	9.97%	9.07%
Farm	22.76%	5.45%	5.16%
Managed Forest	-1.96%	0.38%	0.38%
Multi-Residential	25.89%	5.95%	5.87%
Commercial	16.72%	4.18%	4.03%
Industrial	15.21%	3.66%	3.41%
Pipeline	14.83%	2.81%	2.73%
Total Taxable	39.57%	9.03%	8.29%

1. Properties that have increased more than the City average will experience a tax increase.
2. Properties that have increased at the City average will experience no change.
3. Properties that have increased less than the City average will experience a tax decrease.

2. 2019 MARKET UPDATE- CITY WIDE IMPACT SUMMARY

Average CVA Change for Residential Homes in Markham

Property Type	Property Count #	Average Change in Phased CVA (2018 - 2019) %	Below or Above City Average (8.29%)
Single Detached	52,670	9.66%	↑
Link Home	13,117	9.66%	↑
Freehold Townhouse	8,934	9.09%	↑
Semi-Detached	6,174	9.14%	↑
Residential Condominium	20,506	4.85%	↓
Residential Homes	101,401	9.07%	

1. 4 out of the 5 residential home types will experience a property tax increase as they are above the City average of 8.29%.
2. Average residential condominiums will experience a tax decrease as they are below the City average.
3. Average residential homes in Markham will experience a property tax increase as they are above the City average.

3. PROPERTY TAX IMPACTS

Example of Tax Impact Due to Market Value Update

Property	2018 Phased CVA Value \$	2019 Phased CVA Value \$	Change in Phased CVA % (Markham Average 8.29%)	Property Tax Impact – As a result of the Change in Phased CVA (2018 vs. 2019 Phased CVA)	Tax Impact (City share) (2018 to 2019)
A	713,134	798,710	12.00%	12% is greater than the average; therefore this property will experience an increase in property tax due to reassessment. (12.00% - 8.29% = 3.71%)	+\$42
B	713,134	772,253	8.29%	8.29% is the same as the average increase; therefore this property will not experience a change in property tax due to reassessment. (8.29% - 8.29% = 0.00%)	\$0
C	713,134	748,791	5.00%	5% is lower than the average increase; therefore this property experienced a decrease in property tax due to reassessment. (5.00% - 8.29% = -3.29%)	-\$38



A = 12.00% CVA Increase



B = 8.29% CVA Increase

No \$ impact



C = 5.00% CVA Increase

4. SUMMARY

- The 2019 tax year marks the third year of the current phase-in cycle.
- The City-wide average increase between the 2018 and 2019 tax years is 8.29%.
- The average residential home in Markham will experience a property tax increase due to the market update, as they are above the City-wide average increase of 8.29%.
- The average residential condominium will experience a property tax decrease, as they are below the City-wide average increase of 8.29%.
- The commercial class increased by 4.03% and the industrial class increase by 3.41% between 2018 and 2019.
- The average commercial and industrial property in all wards will experience a tax decrease as they are both below the City-wide average of 8.29%.
- Tax impacts due to reassessment and the phasing-in of assessment are independent of the City's annual budget process.



Discussion