

# REASSESSMENT MARKET UPDATE IMPACT

**2020 Tax Year – Year 4 of 4 of the Assessment Phase-In & Relative Tax Impact**

**General Committee, January 20, 2020**

## AGENDA

1. Reassessment – Four Year Market Update (2017 – 2020)
2. 2020 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 1<sup>st</sup>, 2016, which was updated from January 1<sup>st</sup>, 2012
- Properties that increase will have their 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 experienced a decrease in assessment value realized the change immediately in the first year of the cycle (2017)
- 2020 tax year marks the fourth 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 it 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 Impact (Year 1) | 2018 Impact (Year 2) | 2019 Impact (Year 3) | 2020 Impact (Year 4) |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| 39.53%                      | 9.79%                | 9.03%                | 8.29%                | 7.66%                |

- Properties that have increased **more** than the City average of **7.66%** will experience a tax increase.
- Properties that have increased **at** the City average of **7.66%** will experience no change.
- Properties that have increased **less** than the City average of **7.66%** will experience a tax decrease.

## 2. 2020 MARKET UPDATE- CITY WIDE IMPACT SUMMARY

### 2020 CVA Average Assessment Change

| Property Tax Class            | Overall<br>Reassessment<br>Impact<br>(2017-2020) | 2018 Impact<br>(2017 - 2018) | 2019 Impact<br>(2018 - 2019) | 2020 Impact<br>(2019 - 2020) |
|-------------------------------|--|------------------------------|------------------------------|------------------------------|
| Residential (Excluding Other) | 44.34%   | 9.97%                        | 9.07%                        | 8.32%                        |
| Farm                          | 22.69%   | 5.45%                        | 5.16%                        | 4.89%                        |
| Managed Forest                | -1.96%   | 0.38%                        | 0.38%                        | 0.38%                        |
| Multi-Residential             | 27.81%   | 5.95%                        | 5.87%                        | 5.78%                        |
| Commercial                    | 16.14%   | 4.18%                        | 4.03%                        | 3.77%                        |
| Industrial                    | 14.94%   | 3.66%                        | 3.41%                        | 3.54%                        |
| Pipeline                      | 14.81%   | 2.81%                        | 2.73%                        | 2.66%                        |
| <b>Total Taxable</b>          | <b>39.53%</b>                                    | <b>9.03%</b>                 | <b>8.29%</b>                 | <b>7.66%</b>                 |

## 2. 2020 MARKET UPDATE- CITY WIDE IMPACT SUMMARY

### Average CVA Change for Residential Homes in Markham

| Residential Home Type    | Property Count # | Average Change in Phased CVA (2019 - 2020) % | Below or Above City Average (7.66%) |
|--------------------------|------------------|--|-------------------------------------|
| Single Detached          | 52,720           | 8.81%  | ↑                                   |
| Link Home                | 13,212           | 8.80%  | ↑                                   |
| Freehold Townhouse       | 9,194            | 8.34%  | ↑                                   |
| Semi-Detached            | 6,248            | 8.37%  | ↑                                   |
| Residential Condominium  | 22,016           | 4.91%  | ↓                                   |
| <b>Residential Homes</b> | <b>103,390</b>   | <b>8.32%</b>                                 |                                     |

- All average residential homes, except for condos, will experience a property tax increase as they are **above** the City average of **7.66%**
- Average residential condominiums will experience a tax decrease as they **below** the City average of **7.66%**

### 3. PROPERTY TAX IMPACTS

#### Example of Tax Impact due to Market Value Update

| Property | 2019 Phased CVA Value \$ | 2020 Phased CVA Value \$ | Change in Phased CVA %<br>(Markham Average 7.66%) | Property Tax Impact –<br>As a result of the Change in Phased CVA<br>(2019 vs. 2020 Phased CVA)   | Tax Impact<br>(City share)<br>(2019 to 2020) |
|----------|--------------------------|--------------------------|---|--|--|
| <b>A</b> | 772,265                  | 851,963                  | 10.32%  | 10.32% is greater than the average; therefore this property will experience an increase in property tax due to reassessment.<br><b>(10.32% - 7.66% = 2.66%)</b>        | +\$31  |
| <b>B</b> | 772,265                  | 831,448                  | 7.66%   | 7.66% is the same as the average increase; therefore this property will not experience a change in property tax due to reassessment.<br><b>(7.66% - 7.66% = 0.00%)</b> | \$0  |
| <b>C</b> | 772,265                  | 810,878                  | 5.00%   | 5% is lower than the average increase; therefore this property experienced a decrease in property tax due to reassessment.<br><b>(5.00% - 7.66% = -2.66%)</b>          | -\$31  |



**A = 10.32% CVA Increase**



**No \$ impact**

**B = 7.66% CVA Increase**



**C = 5.00% CVA Increase**

## 4. SUMMARY

- The 2020 tax year marks the fourth and final year of the current phase-in cycle.
- The City average CVA increase between the 2019 and 2020 tax years is 7.66%.
- 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 7.66%.
- The average residential condominium will experience a property tax decrease, as they are below the City-wide average increase of 7.66%.
- The commercial class increased by 3.77% and the industrial class increase by 3.54% 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 7.66%.
- Tax impacts due to reassessment and the phasing-in of assessment are independent of the City's annual budget process.



## 4. SUMMARY

The following includes the known details of the next reassessment (2021 – 2024):

- In 2020, all properties owners in Ontario will receive a property reassessment notice between June and October, which will identify their updated current value assessment (CVA)
- The reassessment will be based on a valuation date of January 1<sup>st</sup>, 2019, and will apply over a four year period (2021 – 2024)
- The City of Markham will use the updated CVA's to calculate property taxes for the 2021 through 2024 taxation years
- Properties that experience an assessment increase will have that increase phased-in by twenty-five per cent for each of the four taxation years (2021 - 2024)
- Properties that decrease in value will realize the reassessment change immediately in the first year (2021)

# Discussion