

REASSESSMENT MARKET UPDATE IMPACT

2018 Tax Year – Year 2 of 4 of the Assessment Phase-In & Relative Tax Impact

General Committee, February 5th, 2018

AGENDA

1. Reassessment – Four Year Market Update (2017 – 2020)
2. 2018 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).
- 2018 tax year marks the second 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 (2017-2020)	2017 Impact (2016 - 2017)	2018 Impact (2017 - 2018)
39.49%	9.79%	9.03%

2. 2018 MARKET UPDATE- CITY WIDE IMPACT SUMMARY

2018 CVA Average Assessment Change

Property Tax Class	Overall Reassessment Impact (2017-2020)	2017 Impact (2016 - 2017)	2018 Impact (2017 - 2018)
Residential (Excluding Other)	44.27%	11.07%	9.97%
Farm	22.80%	5.56%	5.45%
Managed Forest	-1.96%	-4.02%	0.38%
Multi-Residential	24.74%	5.99%	5.95%
Commercial	16.69%	4.01%	4.18%
Industrial	13.69%	2.35%	3.66%
Pipeline	11.56%	2.42%	2.81%
Total Taxable	39.49%	9.79%	9.03%

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. 2018 MARKET UPDATE- CITY WIDE IMPACT SUMMARY

Average CVA Change for Residential Homes in Markham

Property Type	Property Count #	Average Change in Phased CVA (2017 - 2018) %	Below or Above City Average (9.03%)
Single Detached	52,635	10.70%	↑
Link Home	13,089	10.69%	↑
Freehold Townhouse	8,602	9.98%	↑
Semi-Detached	6,171	10.05%	↑
Residential Condominium	19,581	4.85%	↓
Residential Homes	100,078	9.97%	

1. 4 out of the 5 residential home types will experience a property tax increase as they are above the City average of 9.03%.
2. Average residential condominiums will experience a tax decrease as they 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	2017 Phased CVA Value	2018 Phased CVA Value	Change in Phased CVA % (Markham Average 9.03%)	Property Tax Impact – As a result of the Change in Phased CVA (2017 vs. 2018 Phased CVA)	Tax Impact (City share) (2017 to 2018)
A	\$650,542	\$728,607	12.00%	12% is greater than the average; therefore this property will experience an increase in property tax due to reassessment. (12.00% - 9.03% = 2.97%)	+\$33
B	\$650,542	\$709,286	9.03%	9.03% is the same as the average increase; therefore this property will not experience a change in property tax due to reassessment. (9.03% - 9.03% = 0.00%)	\$0
C	\$650,542	\$683,069	5.00%	5% is lower than the average increase; therefore this property experienced a decrease in property tax due to reassessment. (5.00% - 9.03% = -4.03%)	-\$44



A = 12% CVA Increase



B = 9.03% CVA Increase

No \$ impact



C = 5% CVA Increase

4. SUMMARY

- The 2018 tax year marks the second year of the current phase-in cycle.
- The City-wide average increase between the 2017 and 2018 tax years is 9.03%.
- 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 9.03%.
- The average residential condominium will experience a property tax decrease, as they are below the City-wide average increase of 9.03%.
- The commercial class increased by 4.18% and the industrial class increase by 3.66% between 2017 and 2018.
- The average commercial and industrial property in all wards will experience a tax decrease as they are both below the City-wide average of 9.03%.
- Tax impacts due to reassessment and the phasing-in of assessment are independent of the City's annual budget process.

Discussion