



Report to: General Committee

Date: February 23, 2015

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**SUBJECT:** 2015 Reassessment Market Update Report– Year 3 of 4  
**PREPARED BY:** Shane Manson, Senior Manager, Revenue & Property Tax

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**RECOMMENDATIONS:**

1. **THAT** the report entitled “2015 Reassessment Market Update Report– Year 3 of 4” along with the detailed attachment “2015 Reassessment Market Update – Ward by Ward Analysis” be received for information;
2. **AND THAT** staff be authorized and directed to do all the things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to provide a 2015 reassessment market update for year 3 of the 4 year assessment phase in cycle.

**OPTIONS/ DISCUSSION:**

A ward boundary change took place in 2014, and the City of Markham initiated a re-division of the boundary lines of the eight existing wards, which came as a product of public consultation and a detailed review of the ward boundaries. The foregoing analysis related to the 2015 market update in assessment has been prepared using the new 2015 ward boundaries.

**1. REASSESSMENT:**

The Municipal Property Assessment Corporation (MPAC) is responsible for the valuation of all property assessment in the Province of Ontario. Current Value Assessment (CVA) is based on the market value of property at a fixed point in time. Market value is determined as the amount an arm’s length transaction would produce for a property, as of the valuation date. As of 2007, the Province introduced a four-year property assessment cycle, including a mandatory phase-in of assessment increases for residential properties. For the 2009 through 2012 tax years all properties were assessed and taxed based on their Current Value Assessment (CVA) as of the valuation date of January 1st, 2008. The Province chose to repeat the four-year assessment cycle. Therefore, for the 2013 through 2016 tax years all properties are assessed and taxed based on their CVA as of the valuation date of January 1<sup>st</sup>, 2012. Properties that experienced a CVA increase, between the 2008 and 2012 will be taxed in accordance with a phase-adjusted value, meaning property assessment values will increase by one-quarter (25%) of the overall reassessment change in each of the four years of the cycle. Decreases in assessment value are realized immediately in the first year of the cycle.

The next Provincial update in assessment will be based on a valuation date of January 1<sup>st</sup>, 2016, and properties that experience a CVA increase between the 2012 and 2016 will have that increase phased in over the 2017 through 2020 tax years. Figure 1 provides a summary of reassessment cycles.

**Figure 1**  
**Reassessment Cycle Summary**

Years	Assessed Value
<b>2013 – 2016</b>	<b>Current Value as of January 1, 2012</b>
<b>2017 – 2020</b>	<b>Current Value as of January 1, 2016</b>

Figure 2 provides an illustrative of the mechanics of the four-year assessment phase-in program.

**Figure 2**  
**Reassessment Phase-In Example**

Property Type	2012 Full Assessment (As of Jan. 1 <sup>st</sup> , 2008)	2013 Full Assessment (As of Jan. 1 <sup>st</sup> , 2012)	Market Increase	Phased-In Assessment (Tax Year)			
				2013	2014	2015	2016
Increasing Property	\$500,000	\$600,000	\$100,000	\$525,000	\$550,000	\$575,000	\$600,000
Decreasing Property	\$500,000	\$400,000	\$0	\$400,000	\$400,000	\$400,000	\$400,000

The City of Markham annually recalculates and decreases the municipal tax rate by equivalent of the average increase in assessment, to ensure the City collects the same taxes as the prior year. The average assessment increase is weighted by both increasing and decreasing properties, meaning that in the first year the decreasing properties are balanced by the increasing properties in the municipal tax rate recalculation.

In Year 1 of the reassessment phase-in cycle there are three types of properties:

1. Properties with an assessment increase;
2. Status quo properties (no change in assessment); and
3. Properties with an assessment decrease.

It is important to note that all impacts related to reassessment are independent of the municipal budgetary process.

## **2. 2015 MARKET UPDATE IN ASSESSMENT:**

The assessment roll undergoes changes during the reassessment cycle, as a result of newly added properties or properties that have undergone a change. On this basis, in years 2, 3 and 4 of the phase-in cycle MPAC will issue updated assessment notices to property owners based on the following reasons:

1. Change in ownership or legal description;
2. Change in value as a result of a Request for Reconsideration (RfR) or Appeal;
3. Change in the classification or tax liability of the property; and/or
4. Property value increase/decrease, reflecting a change to the property's state, use and/or condition.

This results in the assessment roll being updated to include these changes on a yearly basis, therefore changing the overall rate of increases in CVA due to reassessment on an

annual basis. For any property that experiences one of the four change events noted above, the result will be the same as in Year 1 of the reassessment phase-in cycle, three types of properties:

1. Properties with an assessment increase;
2. Status quo properties (no change in assessment); and
3. Properties with an assessment decrease.

*City Wide Impact Summary:*

Figure 3 provides a summary of the market value update in phased-in assessment between the 2014 and 2015 tax years for all classes. The City of Markham has increased by an average of 6.24% in CVA, as a result of the market value update between the 2014 and 2015 phased CVA.

**Figure 3**  
**2015 CVA Changes in the City of Markham by Class**

Property Tax Class	2015 Market Value Update- Phased CVA (2014 - 2015)
	%
Residential	6.81%
Farm	6.24%
Managed Forest	6.02%
Multi-Residential	4.09%
Commercial	3.89%
Industrial	3.54%
Pipeline	1.69%
<b>Total Taxable</b>	<b>6.24%</b>

Changes in assessment resulting from the annual market value update do not automatically result in an increase in tax revenues for the City. Municipal legislation requires municipalities to reset tax rates annually so that they raise the same overall revenue from the previous year, using the market value update assessment for 2015.

*Residential Property Class Analysis:*

The residential class includes; residential homes, vacant land, group homes and golf course greens. The average City of Markham residential property has experienced a market value update in phased assessment of 6.81% between 2014 and 2015. Figure 4 demonstrates the average residential class values for the City of Markham by property type.

**Figure 4**  
**Summary of Average Residential Class by Property Type**

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Change in Phased CVA (2014 - 2015)	
				\$	%
Single Family Detached	51,361	\$630,865	\$675,067	\$44,203	7.01%
Link Home	12,909	\$423,903	\$454,164	\$30,262	7.14%
Freehold Townhouse	7,493	\$402,778	\$430,604	\$27,827	6.91%
Semi-Detached	5,646	\$406,496	\$434,746	\$28,249	6.95%
Res. Condominium	16,001	\$316,975	\$333,233	\$16,258	5.13%
Other	3,181	\$464,170	\$494,772	\$30,602	6.59%
<b>Residential Tax Class</b>	<b>96,591</b>	<b>\$514,908</b>	<b>\$549,968</b>	<b>\$35,060</b>	<b>6.81%</b>

*Ward Analysis on Residential Homes:*

If the other residential property types are excluded, the 2015 average assessment for residential homes (detached, link, townhouse, semi and condominium) is \$551,848. The ward analysis has been prepared using only residential homes, and not other residential property types. Examples of other residential properties include vacant land, golf course greens and group homes.

Figure 5 illustrates the average residential home values by ward. With an average increase of 6.82%, average homes in wards 2, 3, 6 and 8 will experience increases in taxation due to the market update and average homes in wards 1, 4, 5, and 7 will realize a tax decrease.

**Figure 5**  
**Summary of Average Residential Home by Ward**

Ward	2014 Average CVA	2015 Average CVA	Year-Over-Year Change		Below or Above Res. Average
			\$	%	
1	\$568,733	\$606,928	\$38,195	6.72%	↓
2	\$631,616	\$678,343	\$46,727	7.40%	↑
3	\$540,709	\$578,870	\$38,161	7.06%	↑
4	\$479,797	\$511,203	\$31,406	6.55%	↓
5	\$454,049	\$481,464	\$27,415	6.04%	↓
6	\$551,837	\$593,158	\$41,321	7.49%	↑
7	\$498,668	\$529,529	\$30,861	6.19%	↓
8	\$419,293	\$447,950	\$28,656	6.83%	↑
<b>Average Residential Home</b>	<b>\$516,636</b>	<b>\$551,848</b>	<b>\$35,211</b>	<b>6.82%</b>	

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*Non-Residential Property Class Analysis:***Multi-Residential Class:**

The multi-residential class has experienced a market update in assessment between 2014 and 2015 of 4.09%.

**Commercial Class:**

The commercial class has experienced a market update in assessment between 2014 and 2015 of 3.89%.

**Industrial Class:**

The industrial class has experienced a market update in assessment between 2014 and 2015 of 3.54%.

**FINANCIAL CONSIDERATIONS:**

The current reassessment cycle is based on a valuation date of January 1<sup>st</sup>, 2012, updated from January 1<sup>st</sup>, 2008. Assessment value increases are phased-in over four (2013 – 2016) tax years. The 2015 tax year is year 3 of the current phase-in process, and the City of Markham realized a 6.24% average overall increase in assessment between the 2014 and 2015 tax years.

The next Provincial update in assessment will be based on a valuation date of January 1<sup>st</sup>, 2016, and properties that experience a CVA increase between the 2012 and 2016 will have that increase phased in over the 2017 through 2020 tax years.

**HUMAN RESOURCES CONSIDERATIONS**

None.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

None.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

None.

**RECOMMENDED:**

17/02/2015



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Joel Lustig  
Treasurer

17/02/2015



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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENT**

[Attachment A - 2015 Reassessment Market Update - Ward-by-Ward Analysis](#)