



CITY OF MARKHAM

2015 Reassessment Market Update -
Ward-by-Ward Analysis

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2015 Reassessment Market Update - Ward-by-Ward Analysis

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

WARD BOUNDARY CHANGE

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 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 1st, 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 1st, 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
2013 – 2016	Current Value as of January 1, 2012
2017 – 2020	Current Value as of January 1, 2016

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 st , 2008)	2013 Full Assessment (As of Jan. 1 st , 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%
Total Taxable	6.24%

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%
Residential Tax Class	96,591	\$514,908	\$549,968	\$35,060	6.81%

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%	↑
Average Residential Home	\$516,636	\$551,848	\$35,211	6.82%	

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%.

Figure 8 displays a property with a 2015 market update in phased CVA that is equivalent to the City average for all classes of 6.24%. The 2014 tax rate is decreased to produce the same 2014 property tax using the increased 2015 assessment. As illustrated in the calculation, properties that increase in CVA at the City average of 6.24% will not realize an increase in property tax due to reassessment.

Figure 8
Tax Impact due to Market Value Update

Tax Year	Phased CVA	Tax Rate	Tax
2014	\$400,000	0.211775%	\$847
2015	\$424,960	0.199328%	\$847
Change %	6.24%	-6.24%	0.00%
Tax Change			\$0

Figure 9 demonstrates the tax impacts associates to the market value impact for properties above, below or at the average increase in assessment for the 2015 tax year.

Figure 9
Illustration of Tax Impact due to Market Value Update

2014 Phased CVA Value	2015 Phased CVA Value	Change in Phased CVA % (Markham Average 6.24%)	Property Tax Impact - As a result of the Change in Phased CVA (2014 vs. 2015 Phased CVA)	Tax Impact (City share) (2014 to 2015)
\$400,000	\$440,000	10.00%	10% is greater than the average; therefore this property will experience an increase in property tax. (10.00% - 6.24% = 3.76%)	+\$30
\$400,000	\$424,967	6.24%	6.67% is the same as the average increase; therefore this property will not experience a change in property tax. (6.24% - 6.24% = 0.00%)	\$0
\$400,000	\$420,000	5.00%	5% is lower than the average increase; therefore this property will experience a decrease in property tax. (5.00% - 6.24% = -1.24%)	-\$10

Note:

The example above illustrates the tax impacts related to reassessment, which are independent of the municipal budgetary process.

The current reassessment cycle is based on a valuation date of January 1st, 2012, updated from January 1st, 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 1st, 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.

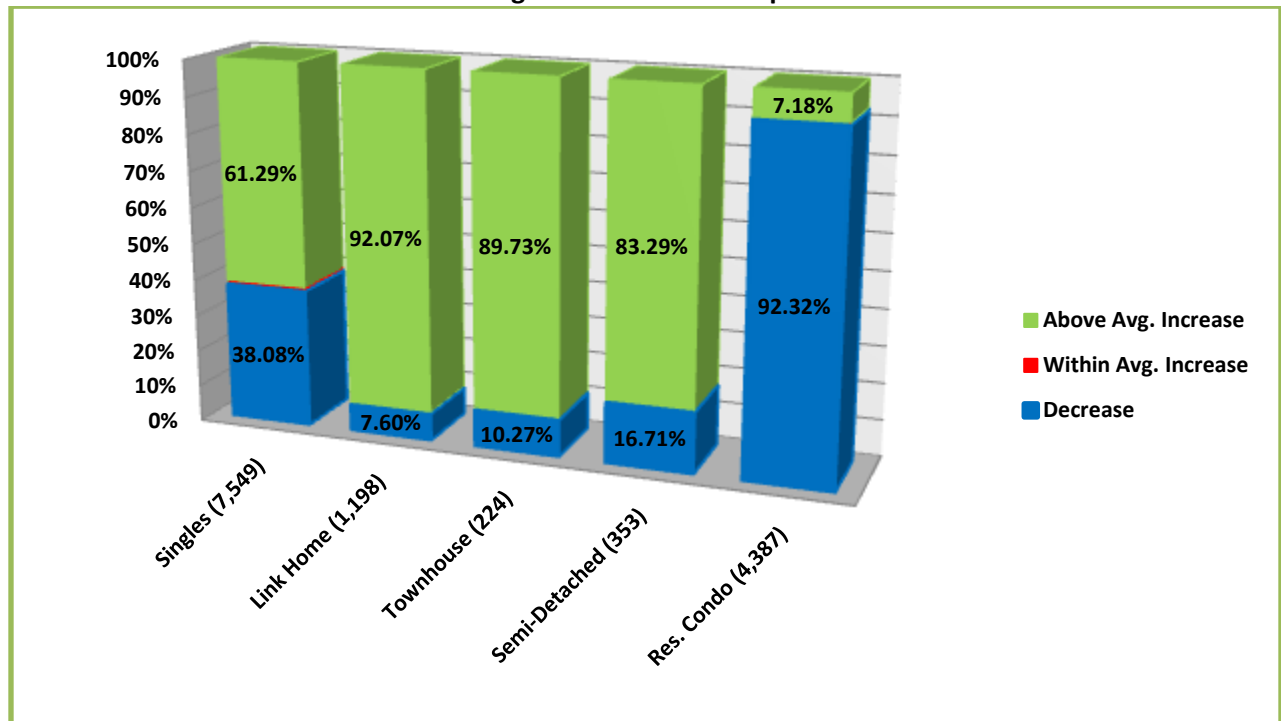
Ward 1- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	7,549	\$733,447	\$785,110	\$206,570	32.78%	\$51,662	7.04%
Link Home	1,198	\$479,599	\$514,461	\$139,451	34.02%	\$34,863	7.27%
Freehold Townhouse	224	\$418,807	\$448,912	\$120,422	33.58%	\$30,106	7.19%
Semi-Detached	353	\$452,904	\$486,099	\$132,782	34.35%	\$33,195	7.33%
Residential Condominium	4,387	\$326,615	\$343,361	\$66,981	22.85%	\$16,746	5.13%
Total	13,711						

Average Residential Tax Impact



Ward 1 - Residential Summary

- At least 61% of all single family detached, link, townhouse and semi-detached homes will experience a tax increase due to the market update.
- Over 92% of residential condominium homes will realize a tax decrease.

Ward 1- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	13,851	30.99%	6.71%
Managed Forest	2	27.40%	6.02%
Multi-Residential	21	12.57%	2.96%
Commercial	287	15.74%	3.68%
Industrial	43	19.51%	4.44%
Pipeline	3	7.66%	1.84%
Total Taxable	14,207	29.29%	6.39%

Ward 1 - Class Summary

- The multi-residential changes in overall and phased CVA are below the City averages, which are 17.83% and 4.09% respectively.

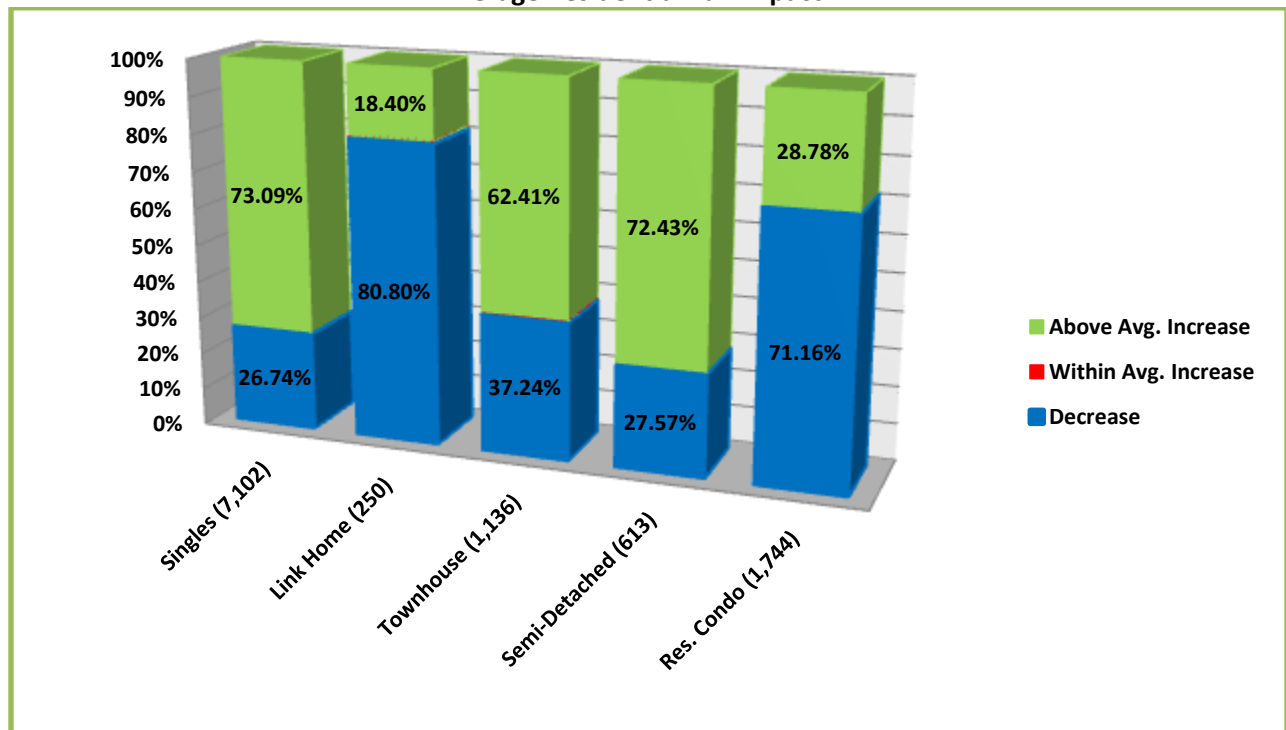
Ward 2- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	7,102	\$740,614	\$797,835	\$228,877	36.55%	\$57,221	7.73%
Link Home	250	\$475,798	\$506,637	\$123,356	29.79%	\$30,839	6.48%
Freehold Townhouse	1,136	\$459,946	\$489,248	\$117,109	29.17%	\$29,301	6.37%
Semi-Detached	613	\$480,536	\$511,828	\$125,166	29.95%	\$31,292	6.51%
Residential Condominium	1,744	\$375,012	\$398,059	\$92,189	28.03%	\$23,047	6.15%
Total	10,845						

Average Residential Tax Impact



Ward 2 Residential Summary

- Over 70% of all single family detached and semi-detached and over 60% of all townhouses will experience a tax increase due to the market update.
- Over 70% of link and residential condominium homes will realize a tax decrease.

Ward 2- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	11,021	34.63%	7.40%
Farm	33	28.39%	6.22%
Multi-Residential	4	12.98%	3.05%
Commercial	351	19.00%	4.35%
Industrial	49	18.51%	4.27%
Total Taxable	11,458	31.55%	6.83%

Ward 2 - Class Summary

- The multi-residential change in overall and phased CVA is below the City averages, which are 17.83% and 4.09% respectively.
- Ward 2 does not contain any pipeline properties.

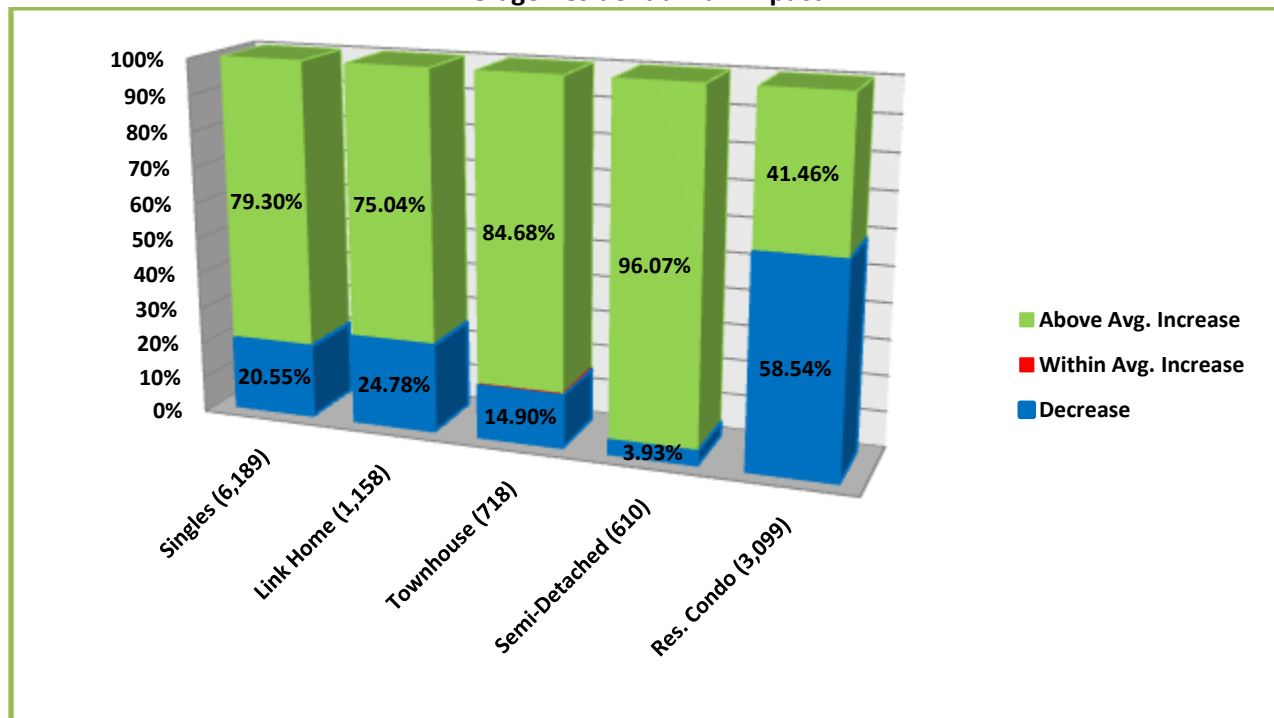
Ward 3- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	6,189	\$692,162	\$743,482	\$205,281	34.82%	\$51,320	7.41%
Link Home	1,158	\$461,448	\$495,351	\$135,613	34.45%	\$33,903	7.35%
Freehold Townhouse	718	\$439,768	\$472,897	\$132,445	35.45%	\$33,129	7.53%
Semi-Detached	610	\$408,843	\$441,093	\$129,000	37.46%	\$32,250	7.89%
Residential Condominium	3,099	\$317,205	\$333,006	\$63,155	22.11%	\$15,801	4.98%
Total	11,774						

Average Residential Tax Impact



Ward 3 Residential Summary

- At least 75% of all single family detached, link, townhouse and semi-detached homes will experience a tax increase due to the market update.
- 58.54% of residential condominium homes will realize a tax decrease.

Ward 3- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	11,974	32.69%	7.03%
Farm	1	31.63%	6.83%
Multi-Residential	14	20.02%	4.55%
Commercial	1,087	15.99%	3.97%
Industrial	1	49.62%	9.94%
Total Taxable	13,077	30.00%	6.56%

Ward 3 - Class Summary

- The residential changes in overall and phased CVA are above the City averages, which are 31.48% and 6.81% respectively.
- The industrial class changes in CVA due to reassessment are more than double the City averages of 16.70% and 3.54%.

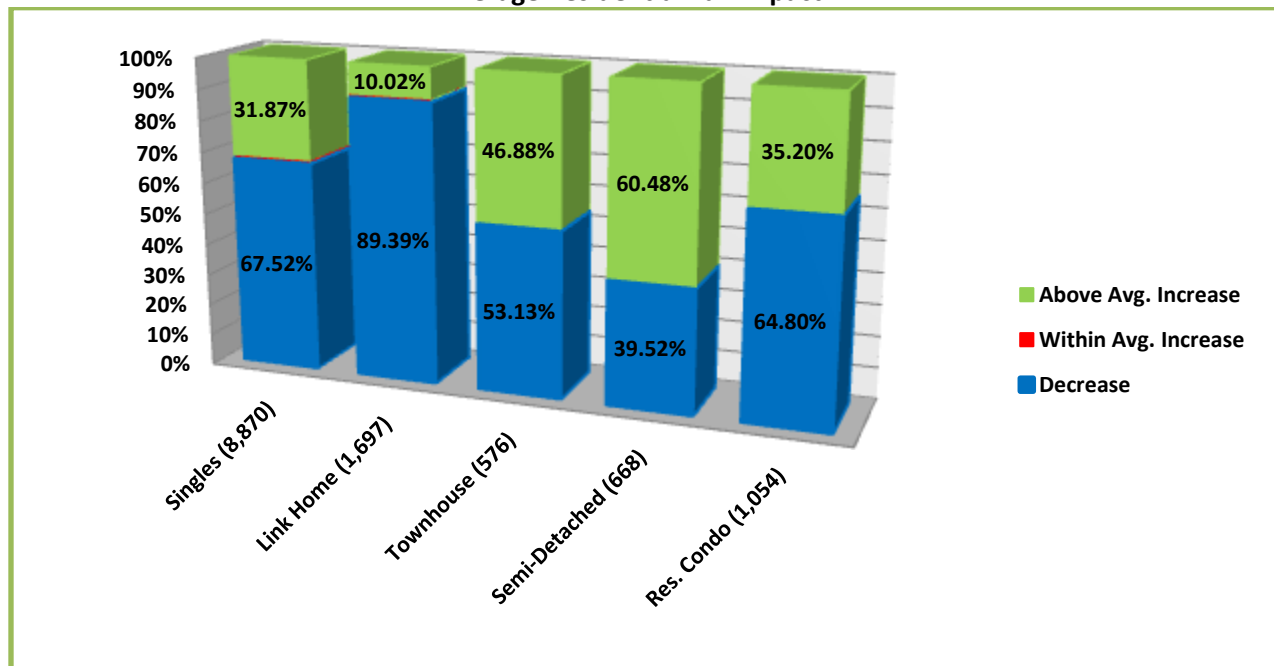
Ward 4- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	8,870	\$530,765	\$566,034	\$141,075	30.65%	\$35,269	6.64%
Link Home	1,697	\$411,344	\$437,426	\$104,330	29.05%	\$26,082	6.34%
Freehold Townhouse	576	\$368,727	\$392,730	\$96,012	29.94%	\$24,003	6.51%
Semi-Detached	668	\$378,210	\$402,737	\$98,106	29.81%	\$24,527	6.48%
Residential Condominium	1,054	\$286,170	\$302,045	\$63,499	24.96%	\$15,875	5.55%
Total	12,865						

Average Residential Tax Impact



Ward 4 Residential Summary

- Over 60% of all semi-detached homes will experience a tax increase due to the market update.
- At least 53% of all single detached, links, towns and residential condominium homes will realize a tax decrease.

Ward 4- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	13,083	30.23%	6.56%
Multi-Residential	14	13.07%	3.07%
Commercial	439	19.81%	4.54%
Industrial	16	15.61%	3.62%
Total Taxable	13,552	29.21%	6.37%

Ward 4 - Class Summary

- The total changes in assessment for all classes in Ward 4 are above the City average of 28.34% and 6.24%.

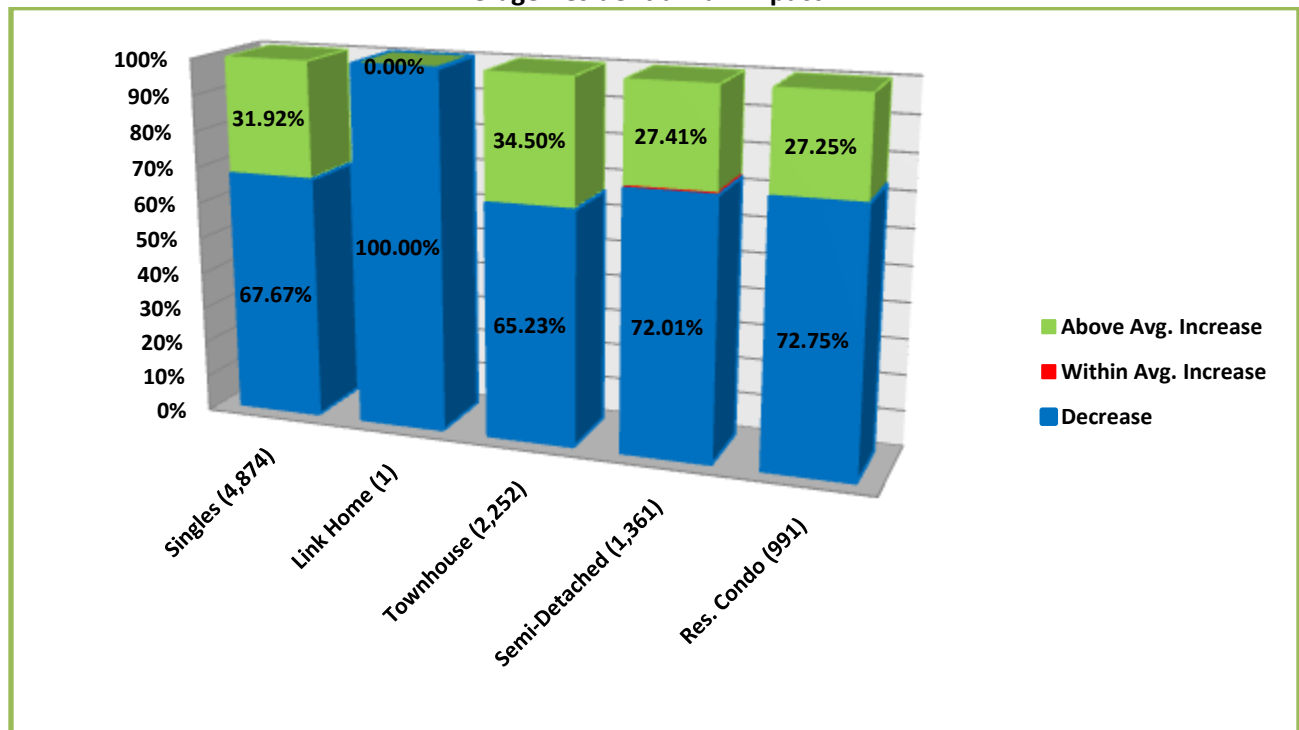
Ward 5- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	4,874	\$528,283	\$560,833	\$130,087	28.08%	\$32,550	6.16%
Link Home	1	\$399,500	\$422,750	\$93,000	26.35%	\$23,250	5.82%
Freehold Townhouse	2,252	\$365,855	\$388,544	\$90,658	28.28%	\$22,689	6.20%
Semi-Detached	1,361	\$388,915	\$412,644	\$94,917	27.80%	\$23,729	6.10%
Residential Condominium	991	\$378,869	\$396,834	\$71,732	20.91%	\$17,965	4.74%
Total	9,479						

Average Residential Tax Impact



Ward 5 Residential Summary

- At least 65% of all single detached, links, towns and residential condominium homes will realize a tax increase due to the market update.

Ward 5- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	10,710	27.81%	6.13%
Managed Forest	43	27.78%	6.10%
Multi-Residential	4	37.70%	7.93%
Commercial	194	11.49%	2.88%
Industrial	17	15.31%	3.56%
Pipeline	1	-2.51%	0.00%
Total Taxable	10,969	27.07%	5.99%

Ward 5 - Class Summary

- The multi-residential class changes in CVA are more than double the City averages of 17.83% for overall reassessment change and 4.09% in phased CVA.
- The pipeline property class decreased in CVA due to reassessment, and therefore will not see a change in CVA between the 2014 and 2015 tax years.
- Ward 8 contains the most managed forest properties in the City.

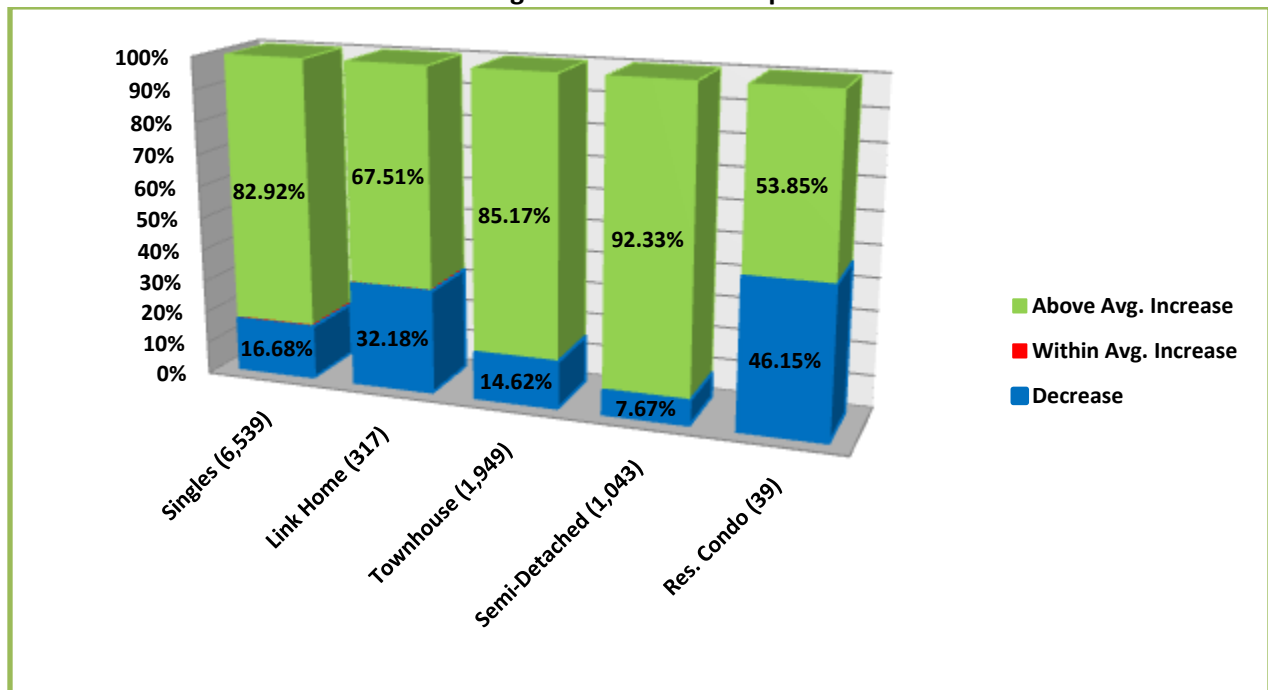
Ward 6- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	6,539	\$622,598	\$669,165	\$186,253	35.18%	\$46,567	7.48%
Link Home	317	\$435,418	\$466,704	\$125,145	33.57%	\$31,286	7.19%
Freehold Townhouse	1,949	\$407,013	\$438,021	\$124,034	35.95%	\$31,008	7.62%
Semi-Detached	1,043	\$407,150	\$438,094	\$123,776	35.85%	\$30,944	7.60%
Residential Condominium	39	\$740,708	\$776,944	\$144,944	21.69%	\$36,236	4.89%
Total	9,887						

Average Residential Tax Impact



Ward 6 Residential Summary

- At least 53% of all single family detached, link, townhouse, semi-detached and residential condominium homes will experience a tax increase due to the market update.

Ward 6- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	10,806	34.70%	7.41%
Farm	107	29.61%	6.45%
Multi-Residential	2	35.56%	7.55%
Commercial	80	16.23%	3.97%
Industrial	1	35.09%	7.46%
Total Taxable	10,996	33.97%	7.28%

Ward 6 - Class Summary

- The residential class changes in CVA due to reassessment are above City residential averages of 31.48% for overall reassessment change and 6.81% in phased CVA.
- The industrial class changes in CVA due to reassessment are more than double the City averages of 16.70% and 3.54%.

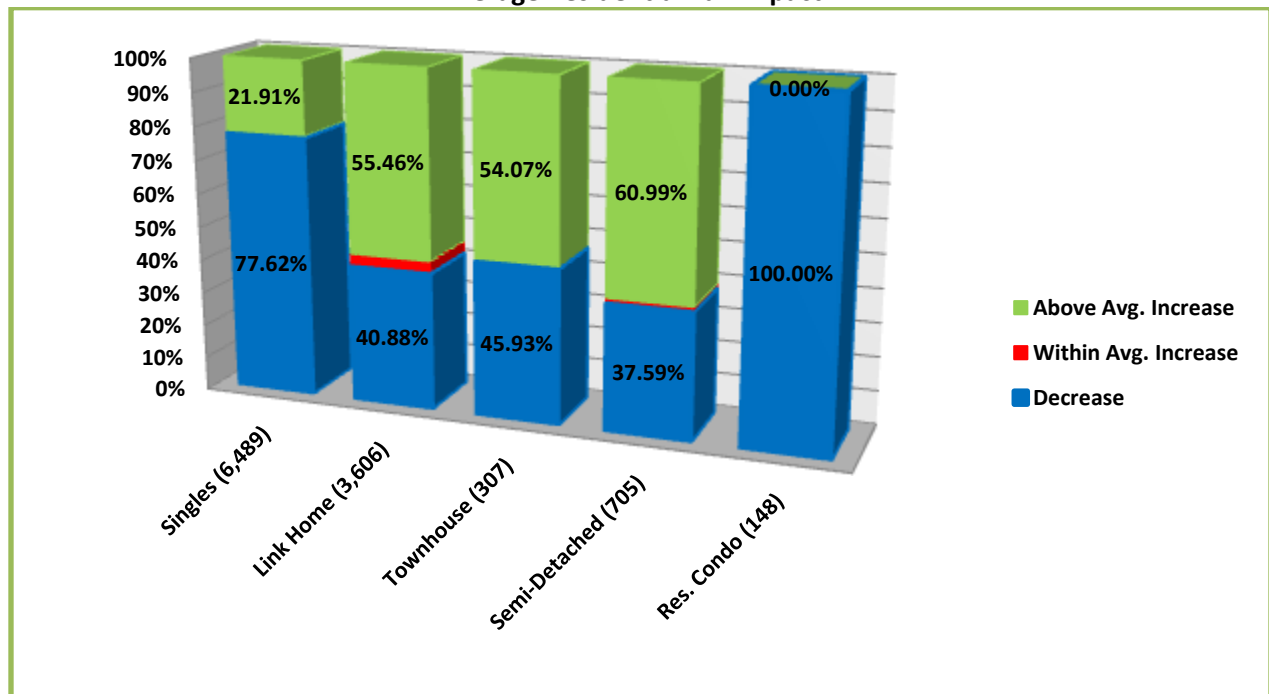
Ward 7- Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	6,489	\$569,741	\$603,316	\$134,227	26.70%	\$33,574	5.89%
Link Home	3,606	\$413,266	\$441,603	\$113,347	31.79%	\$28,337	6.86%
Freehold Townhouse	307	\$369,360	\$393,989	\$98,518	30.78%	\$24,629	6.67%
Semi-Detached	705	\$389,565	\$416,378	\$107,253	31.93%	\$26,813	6.88%
Residential Condominium	148	\$251,233	\$256,853	\$22,480	9.37%	\$5,620	2.24%
Total	11,255						

Average Residential Tax Impact



Ward 7 Residential Summary

- At least 54% of all link, townhouse and semi-detached homes will experience a tax increase due to the market update.
- Over 77% of all single family detached and 100% of residential condominium homes will realize a tax decrease.

Ward 7- Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (2014 - 2015)
Residential	11,394	28.15%	6.17%
Farm	32	26.34%	5.82%
Multi-Residential	2	38.19%	8.02%
Commercial	324	15.64%	3.63%
Industrial	11	21.84%	4.92%
Total Taxable	11,763	27.21%	5.99%

Ward 7 - Class Summary

- The multi-residential class changes in CVA due to reassessment are more than double the City averages of 17.83% for overall reassessment and 4.09% in phased CVA.

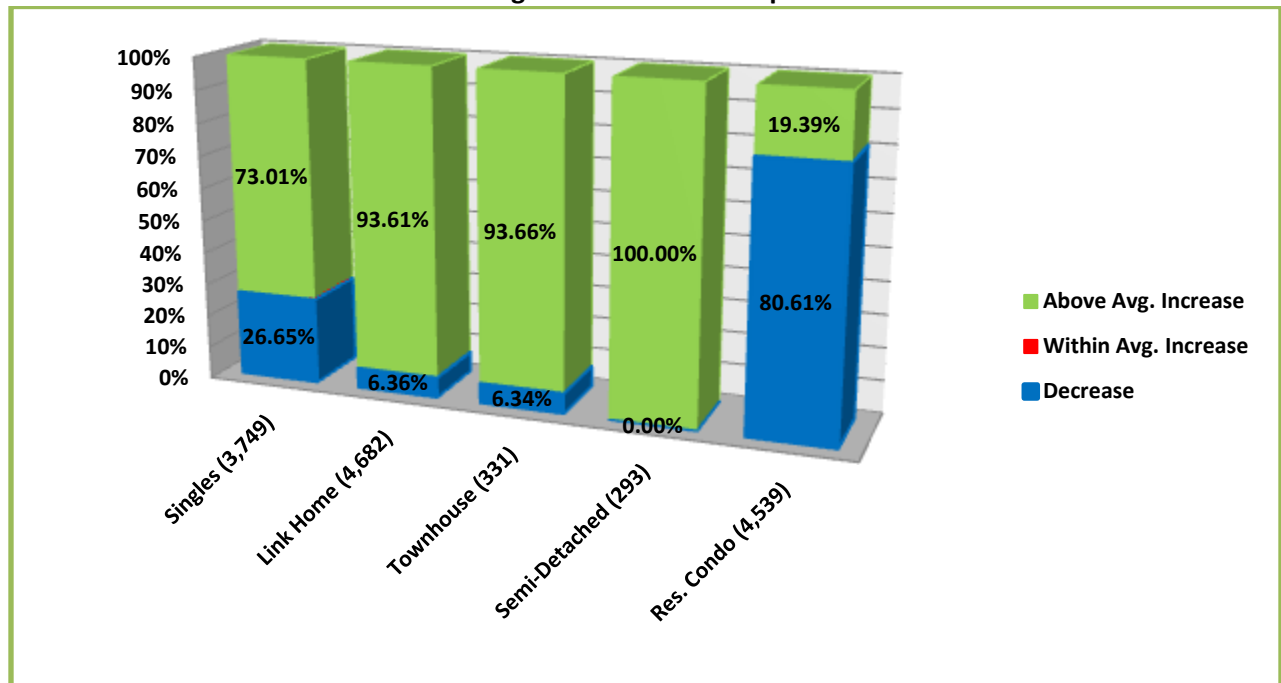
Ward 8 - Summary

Residential Summary

Summary of 2015 Market Value Update Impact by Residential Home

Property Type	Property Count	2014 Average CVA	2015 Average CVA	Average Overall Reassessment Change		Average Change in Phased CVA (2014 - 2015)	
				\$	%	\$	%
Single Family Detached	3,749	\$605,617	\$648,948	\$173,325	33.40%	\$43,331	7.15%
Link Home	4,682	\$409,564	\$440,646	\$124,329	35.79%	\$31,082	7.59%
Freehold Townhouse	331	\$432,005	\$467,563	\$142,231	39.41%	\$35,558	8.23%
Semi-Detached	293	\$375,362	\$406,305	\$123,775	39.48%	\$30,944	8.24%
Residential Condominium	4,539	\$277,344	\$290,726	\$53,527	21.36%	\$13,383	4.83%
Total	13,594						

Average Residential Tax Impact



Ward 8 Residential Summary

- All semi-detached homes will experience a tax increase due to the market update.
- At least 73% of all single family detached, link, and townhouse will experience a tax increase due to the market update.
- Over 80% of all residential condominium homes will realize a tax decrease.

Ward 8 - Summary

All Property Classes

Summary of Overall Reassessment and Third Year Market Update Impact by Class

Realty Tax Class	Property Count	Overall Reassessment Change	Change in Phased CVA (201 - 2015)
Residential	13,751	31.66%	6.84%
Farm	1	30.99%	6.71%
Multi-Residential	11	21.77%	4.91%
Commercial	4,819	12.09%	3.11%
Industrial	384	15.91%	3.73%
Total Taxable	18,966	21.99%	5.07%

Ward 7 - Class Summary

- The residential class changes in CVA due to reassessment are greater than the City averages of 31.48% for overall reassessment change and 6.81% in phased CVA.
- Ward 8 contains the most commercial properties in the City.