



Building Markham's Future Together
Journey to Excellence

REASSESSMENT MARKET UPDATE IMPACT: **2014 TAX YEAR – YEAR 2 OF ASSESSMENT PHASE-IN**

GENERAL COMMITTEE, JANUARY 20TH, 2014





AGENDA

- 1. Assessment Summary**
- 2. 2014 Taxation - City Wide Impact**
- 3. Residential Class Impact**
- 4. Ward Impact**
- 5. Summary**

ASSESSMENT SUMMARY

- The Municipal Property Assessment Corporation (MPAC) is responsible for the valuation of all property assessment in the Province of Ontario.
- The Province of Ontario introduced a four-year property assessment cycle in 2009, which included a mandatory phase-in of assessment increases for residential properties.
- Current value assessment for the four-year cycle was assessed and is taxed based on the value as of January 1st, 2012.
- The 2013 tax year marked the first year in the phase-in cycle of this reassessment.
- The 2014 tax year marks the second year in the continued phase-in cycle.
- Reassessment impacts are independent of the municipal budgetary process.

ASSESSMENT SUMMARY

Assessment Phase-In Example

Property Type	2012 Full Assessment (As of January 1 st , 2008)	2013 Full Assessment (As of January 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

- Properties that increase in value will have the assessment phased-in by one-quarter of the overall reassessment change in each of the four years of the cycle.
- Properties that experience a decrease in assessment value realized the reassessment change immediately in the first year of the cycle.

ASSESSMENT SUMMARY

- In 2013, every property owner in the City of Markham received their applicable property assessment notice from MPAC, which provided the assessment value for the property for the four year period.
- For 2014, MPAC only issued assessment notices to property owners based on the following reasons:
 - ✓ Change in ownership or legal description;
 - ✓ Change in value as a result of a Request for Reconsideration (RfR) or Appeal;
 - ✓ Change in the classification or tax liability of the property; and/or
 - ✓ Property value increase/decrease, reflecting a change to the property's state, use and/or condition.
- For properties that did not undergo a change, the assessment values for 2014 are indicated on the 2013 property assessment notice.



2014 TAXATION - CITY WIDE IMPACT

Summary of Market Update Impact by Class

Realty Tax Class	Overall Reassessment Change	Change in Phased CVA (2013 vs. 2014 Phased CVA)
Residential	31.54%	7.32%
Farm	28.57%	6.67%
Multi-Residential	19.09%	4.56%
Commercial	14.65%	3.72%
Industrial	17.62%	4.22%
Pipeline	6.73%	1.72%
Total Taxable	28.43%	6.67%



2014 TAXATION - CITY WIDE IMPACT

- Based on the market update in phased-in assessment between the 2013 and 2014 tax years, the City will realize a 6.67% increase in CVA for all classes.
- Those classes increasing at a greater rate than the City average increase of 6.67% will realize an increase in their share of the overall tax levy, and those below the City average increase will decrease.
- The residential tax class has realized an average market update in assessment of 7.32% between the 2013 and 2014 tax years, and will therefore realize an increase in their share of the overall tax levy.

2014 TAXATION - CITY WIDE IMPACT

Tax Impact Example Due to Market Value Update

Tax Year	Phased CVA	Tax Rate	Tax
2013	\$350,000	0.219602%	\$769
2014	\$373,345	0.205870%	\$769
Tax Change			\$0

- The 2014 market update in phased CVA for this example has been increased by the City average of 6.67%.
- The 2014 tax rate is decreased to produce the same 2013 property tax using the increased 2014 assessment.
- Properties that increase at the City average of 6.67% will not realize an increase in property tax due to reassessment.



2014 TAXATION - CITY WIDE IMPACT

Tax Impact Example Due to Market Value Update

2013 Phased CVA Value	2014 Phased CVA Value	Change in Phased CVA % (Average City of Markham Change 6.67%)	Property Tax Impact - As a result of the Change in Phased CVA (2013 vs. 2013 Phased CVA)	Impact on City share of Tax Only (2013 to 2014)
\$350,000	\$385,000	10.00%	10% is greater than the average, therefore this property will experience an increase of 3.33%.	+\$24
\$350,000	\$373,345	6.67%	6.67% is the same as the average increase, therefore this property will not experience a change in property tax.	\$0
\$350,000	\$367,500	5.00%	5% is lower than the average increase, therefore this property experienced a decrease of 1.67%.	-\$12

RESIDENTIAL CLASS IMPACT

Market Impact to Average Residential Property (City Wide)

Property Type	Property Count	2013 Average CVA	2014 Average CVA	Average Change in Phased CVA (2013 - 2014)		Below or Above Average
				\$	%	
Single Family Detached	50,638	\$585,143	\$629,279	\$44,137	7.54%	↑
Link Home	12,847	\$393,349	\$423,596	\$30,247	7.69%	↑
Freehold Townhouse	6,849	\$372,377	\$400,031	\$27,654	7.43%	↑
Semi-Detached	5,375	\$375,133	\$403,181	\$28,048	7.48%	↑
Residential Condominium	13,872	\$305,329	\$321,031	\$15,702	5.14%	↓
Other *	3,794	\$427,340	\$458,754	\$31,414	7.35%	↑
Residential Tax Class	93,375	\$483,078	\$518,427	\$35,349	7.32%	

* Other includes; vacant land, co-op housing, group homes, golf course greens and fairways.

RESIDENTIAL CLASS IMPACT

- The residential tax class has realized an average market update in assessment of 7.32% between the 2013 and 2014 tax years.
- This will result in a tax increase for all residential property types or properties with an increase in assessment greater than the average of 6.67%.
- Apart from residential condominium units, all other residential property types will experience an increase in taxation on average as they are above the average residential class assessment increase of 7.32%.

WARD IMPACT

Summary of Average Residential Home in 2014 by Ward

Ward	2013 Average CVA	2014 Average CVA	Year-Over-Year Change		Below or Above Res. Average
			\$	%	
1	\$518,297	\$554,352	\$36,055	6.96%	↓
2	\$461,349	\$494,728	\$33,379	7.24%	↓
3	\$530,167	\$570,562	\$40,395	7.62%	↑
4	\$458,294	\$493,235	\$34,941	7.62%	↑
5	\$437,754	\$466,512	\$28,758	6.57%	↓
6	\$575,263	\$621,023	\$45,760	7.95%	↑
7	\$467,710	\$498,779	\$31,069	6.64%	↓
8	\$444,035	\$478,304	\$34,269	7.72%	↑
Average Residential Home	\$485,439	\$520,955	\$35,516	7.32%	

Based on the average 7.32% increase, average homes in wards 3, 4, 6 and 8 will experience increases in taxation due to the market update and average homes in wards 1, 2, 5, and 7 will realize a tax decrease.



SUMMARY

- The 2014 tax year marks the second year in the continued phase-in cycle, which is based on the valuation date of January 1st, 2012.
- The City-wide impact of the market update between the 2013 and 2014 tax years is a 6.67% increase in phased CVA for all classes.
- The 2014 (second year) market update in phased assessment for the residential class is 7.32%.
- Residential properties increasing at a greater rate than the average residential class increase of 7.32% will realize an increase in tax due to the 2014 assessment update, and those below the City average will experience a decrease.
- Impacts on taxation due to reassessment and the phasing in of assessment are independent of the City's annual budget process.



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Discussion

