



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

DELIVERING THE 2016 ASSESSMENT UPDATE

Haldimand County
Council
Presentation

February 7, 2017

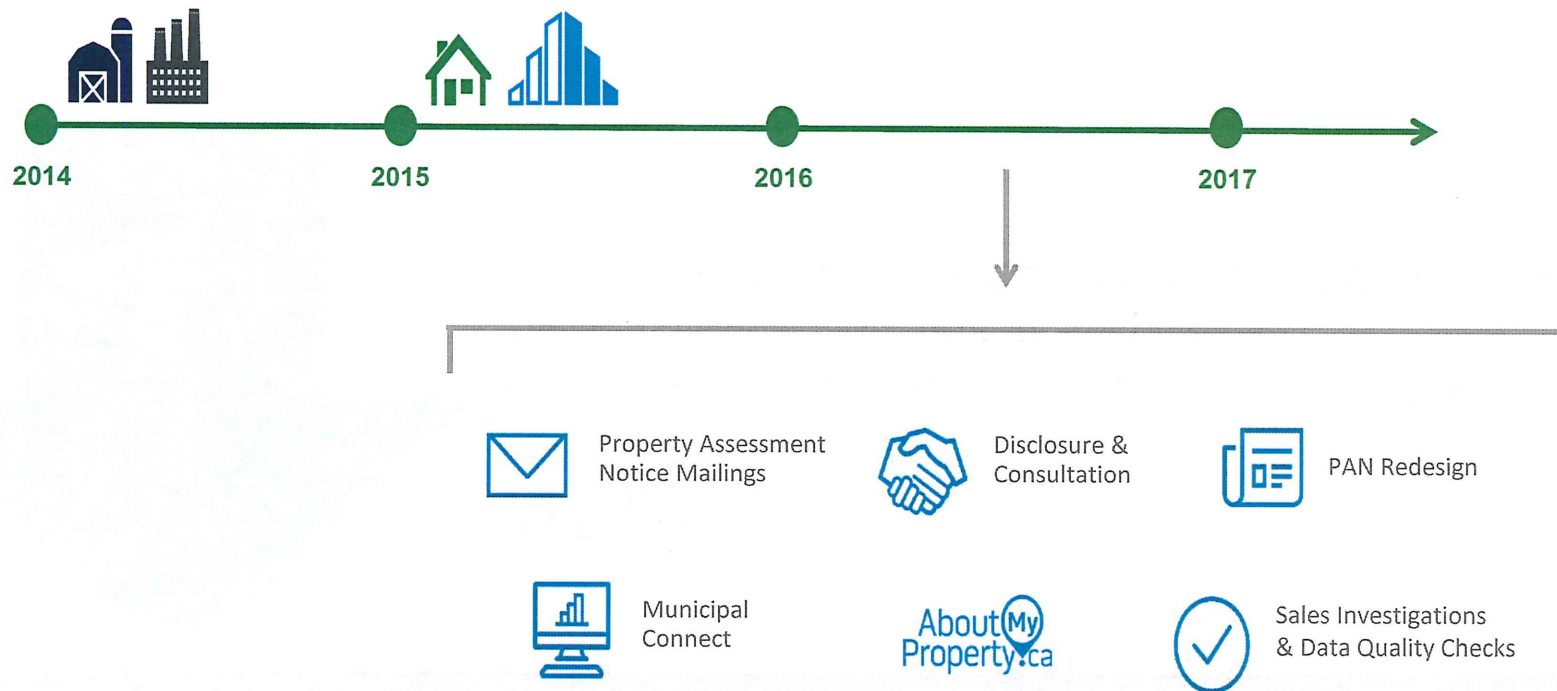


TALKING POINTS

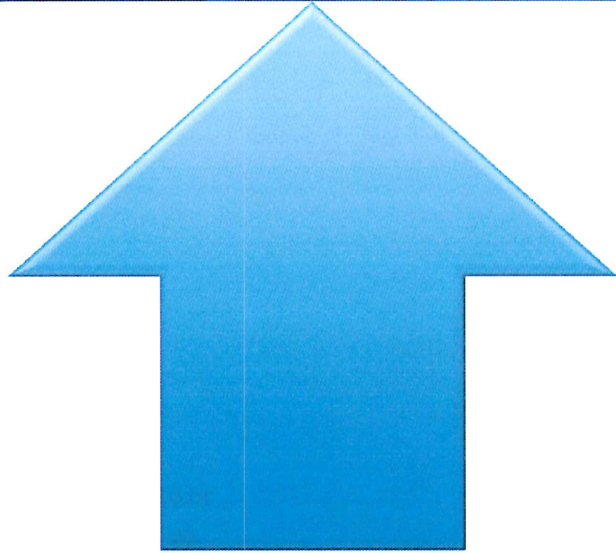
- Key Changes
- Reassessment Summary
- Lands in Transition
- Service Level Agreement
- Assessment Forecasting

2016 ASSESSMENT UPDATE

MPAC has been preparing the 2016 assessment update since early in 2014—two years earlier than previous assessment updates



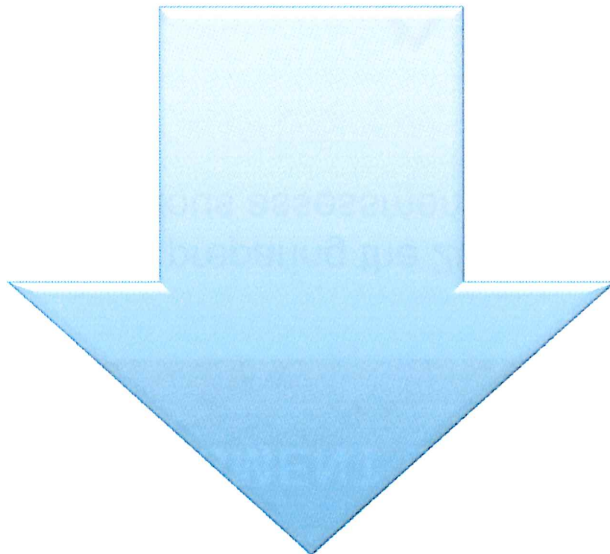
CHANGES TO FILING A REVIEW



NEW

- Legislative change to the Request for Reconsideration (RfR) deadline
- MPAC is enforcing S.39.1 (4) of the Assessment Act:

RfR must 'set out the basis for the request and all relevant facts'



WHAT DO WE EXPECT?

- Fewer 'blanket' requests
- Narrowing of the issues
- Earlier resolution

REQUEST FOR RECONSIDERATION

Preliminary RfR Summary - 2012 CVA (Base Year) vs 2016 CVA (Base Year)

Tax Year	Total RfRs	Outstanding RfRs	Completed RfRs	Total CVA (Outstanding and Completed)	Total CVA (Outstanding Only)	Completed CVA (As of Dec. 31, 2016) (Prior to Review)	Completed CVA (As of Dec. 31, 2016) (Post Review)	LOSS
2017	99	78	21	\$5,904,000	\$4,464,000	\$4,464,000	\$3,506,000	\$958,000
2013	3,311	0	232	\$186,964,550	\$0	\$186,964,550	\$176,186,650	\$29,000

- 3,212 fewer RfRs filed in 2017 compared to 2013
- Improved Roll stability and predictability
- RfR deadline for Roll-based notices is April 4, 2017



REASSESSMENT SUMMARY



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

REASSESSMENT-RELATED IMPACT SUMMARY

Assessment Change Summary by Property Class

Property Class/Realty Tax Class	2012 Full CVA	2016 Full CVA	Percent Change 2012 to 2016	2017 Phased-in CVA	Percent Change 2012 to 2017
R Residential	4,235,976,028	4,899,698,459	15.7%	4,377,220,627	3.3%
M Multi-Residential	46,838,050	44,125,600	-5.8%	41,773,225	-10.8%
C Commercial	260,838,825	290,925,441	11.5%	257,827,129	-1.2%
S Shopping Centre	1,113,500	1,388,200	24.7%	1,181,800	6.1%
X Commercial (New Construction)	20,412,470	23,672,600	16.0%	20,891,128	2.3%
I Industrial	68,206,068	73,533,700	7.8%	66,815,088	-2.0%
L Large Industrial	118,209,600	87,802,800	-25.7%	87,788,550	-25.7%
J Industrial (New Construction)	28,446,100	29,493,200	3.7%	28,139,225	-1.1%
H Landfill	471,600	469,800	-0.4%	469,800	-0.4%
P Pipeline	65,420,000	72,558,000	10.9%	67,204,500	2.7%
F Farm	826,821,548	1,286,893,600	55.6%	937,032,381	13.3%
T Managed Forests	3,598,565	5,607,200	55.8%	4,092,849	13.7%
(PIL) R Residential	19,875,600	35,249,000	77.3%	23,693,375	19.2%
(PIL) C Commercial	30,470,357	32,615,400	7.0%	29,111,143	-4.5%
(PIL) G Parking Lot	271,000	133,000	-50.9%	133,000	-50.9%
(PIL) I Industrial	6,201,000	4,990,000	-19.5%	4,990,000	-19.5%
(PIL) J Industrial (New Construction)	1,272,700	1,257,400	-1.2%	1,229,425	-3.4%
(PIL) F Farm	15,834,200	27,534,200	73.9%	18,759,200	18.5%
E Exempt	250,356,473	292,985,000	17.0%	247,053,262	-1.3%
TOTAL	6,000,633,684	7,210,932,600	20.17%	6,215,405,707	3.58%

REASSESSMENT-RELATED IMPACT SUMMARY

Assessment Base Distribution by Property Class

Property Class/Realty Tax Class	2012 Full CVA	Percentage of Total 2012 CVA	2016 Full CVA	Percentage of Total 2016 CVA	2017 Phased-in CVA	Percentage of Total 2017 CVA
R Residential	4,235,976,028	70.6%	4,899,698,459	67.9%	4,377,220,627	70.4%
M Multi-Residential	46,838,050	0.8%	44,125,600	0.6%	41,773,225	0.7%
C Commercial	260,838,825	4.3%	290,925,441	4.0%	257,827,129	4.1%
S Shopping Centre	1,113,500	0.0%	1,388,200	0.0%	1,181,800	0.0%
X Commercial (New Construction)	20,412,470	0.3%	23,672,600	0.3%	20,891,128	0.3%
I Industrial	68,206,068	1.1%	73,533,700	1.0%	66,815,088	1.1%
L Large Industrial	118,209,600	2.0%	87,802,800	1.2%	87,788,550	1.4%
J Industrial (New Construction)	28,446,100	0.5%	29,493,200	0.4%	28,139,225	0.5%
H Landfill	471,600	0.0%	469,800	0.0%	469,800	0.0%
P Pipeline	65,420,000	1.1%	72,558,000	1.0%	67,204,500	1.1%
F Farm	826,821,548	13.8%	1,286,893,600	17.8%	937,032,381	15.1%
T Managed Forests	3,598,565	0.1%	5,607,200	0.1%	4,092,849	0.1%
(PIL) R Residential	19,875,600	0.3%	35,249,000	0.5%	23,693,375	0.4%
(PIL) C Commercial	30,470,357	0.5%	32,615,400	0.5%	29,111,143	0.5%
(PIL) G Parking Lot	271,000	0.0%	133,000	0.0%	133,000	0.0%
(PIL) I Industrial	6,201,000	0.1%	4,990,000	0.1%	4,990,000	0.1%
(PIL) J Industrial (New Construction)	1,272,700	0.0%	1,257,400	0.0%	1,229,425	0.0%
(PIL) F Farm	15,834,200	0.3%	27,534,200	0.4%	18,759,200	0.3%
E Exempt	250,356,473	4.2%	292,985,000	4.1%	247,053,262	4.0%
TOTAL	6,000,633,684	100.0%	7,210,932,600	100.0%	6,215,405,707	100.0%



FARM PROPERTIES



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

TOTAL TAXABLE ASSESSED VALUE BY RTC

Farm

Property Class	RTC	2012 Full CVA	2016 Full CVA	% Change (2016 vs 2012 CVA)	2017 Phased-in CVA	% Change (2017 Phased-in vs 2012 CVA)
Farm	F	\$ 826,821,548	\$1,286,893,600	55.6%	\$937,032,381	13.3%

- Outreach - MPAC delivered presentation to Haldimand Agriculture Advisory Committee (September 21, 2016)
- Total number of farm properties in Haldimand County: 3,646

2016 FARM VALUES EXPLAINED

1 Upward trends continue

Farmland property sales indicate that farm values have continued to increase provincially.

2 Interest rates are low

Historic low interest rates have allowed farmers to expand farming operations.

3 Demand outweighs supply

Over the last several years, the demand for farmland has significantly outweighed the supply, creating competition.

4 Not all buyers are farmers

Non-agricultural buyers in Ontario continue to purchase farmland.*

5 More land is needed

Many sectors, including large intensive livestock enterprises, need land for nutrient management and cropping requirements.

6 Soil type is a factor

The availability of soil types that support high-value crops is driving up demand.

7 Farmland sales expand east

Producers continue to expand by purchasing land in Eastern Ontario and in neighbouring communities.

8 Lower priced land available in northeast

Buyers from Southern Ontario who are in search of lower priced land are finding it in the Northern and Eastern regions of Ontario.



RESIDENTIAL PROPERTIES



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

TOTAL TAXABLE ASSESSED VALUE BY RTC

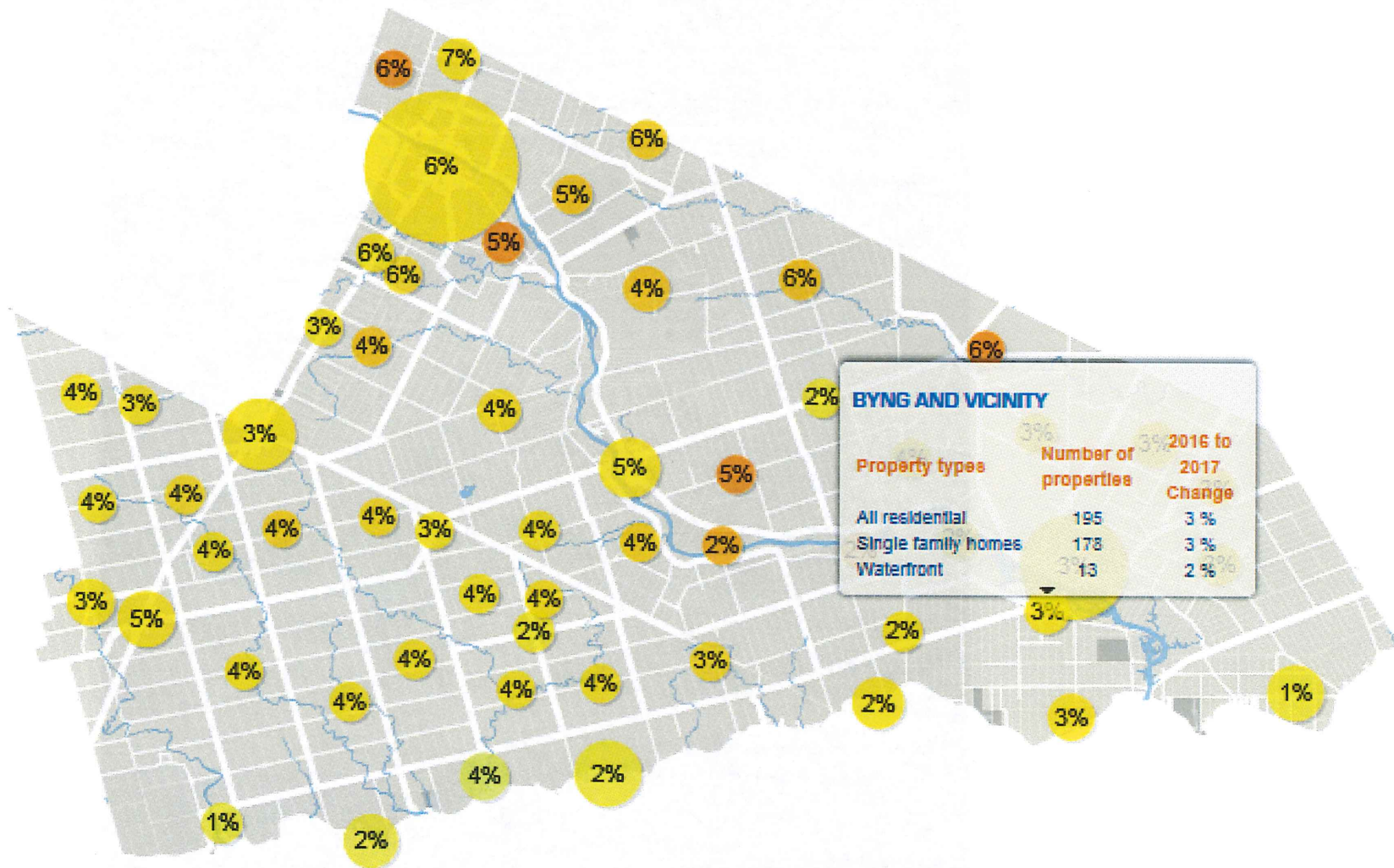
Residential

Property Class	RTC	2012 Full CVA	2016 Full CVA	% Change (2016 vs 2012 CVA)	2017 Phased-in CVA	% Change (2017 Phased-in vs 2012 CVA)
Residential	R	\$4,235,976,028	\$4,899,698,459	15.7%	\$4,377,220,627	3.3%

Average Assessed Value by Selected Residential Property Codes

Property Code/Description	Property Count	Average 2012 Value Estimate	Average 2016 Value Estimate	% Change in Value Estimate
301 Single-family detached (not on water)	11,237	250,073	291,933	16.74
305 Link home	119	201,697	248,866	23.39
309 Freehold Townhouse/Rowhouse	166	232,476	255,054	9.71
311 Semi-detached residential	315	202,898	226,244	11.51
313 Single family detached on water	478	356,044	389,153	9.30
370 Residential Condominium	394	179,363	189,906	5.88
Total	12,709	250,014	289,913	15.96

RESIDENTIAL





MULTI-RESIDENTIAL PROPERTIES



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

TOTAL TAXABLE ASSESSED VALUE BY RTC

Multi-Residential & New Multi-Residential

Property Class	RTC	2012 Full CVA	2016 Full CVA	% Change (2016 vs 2012 CVA)	2017 Phased-in CVA	% Change (2017 Phased-in vs 2012 CVA)
Multi-Residential	M	\$46,838,050	\$44,125,600	-5.8%	\$41,773,225	-10.8%

Tax Shift Likely Neutralized by Bill 70

- The Provincial government has announced, through Bill 70, that it will review the consequential effect on housing affordability; and,
- Will ensure that the tax burden on multi-residential properties does not increase; effectively neutralizing any shift in tax burden to this class of properties
- Total of 41 properties in Haldimand County

METHODOLOGY CHANGE – 2016 ASSESSMENT UPDATE

2012

Gross Income Multiplier (GIM)

Utilizes the ratio between the sale prices of similar property and the potential gross income at an annual or monthly basis

Current Value = Potential Gross Income X GIM

GIM is established from sales transactions

2016

Direct Capitalization Approach (DCA)

Uses the relationship between the net operating income (NOI) and the sale prices of similar property

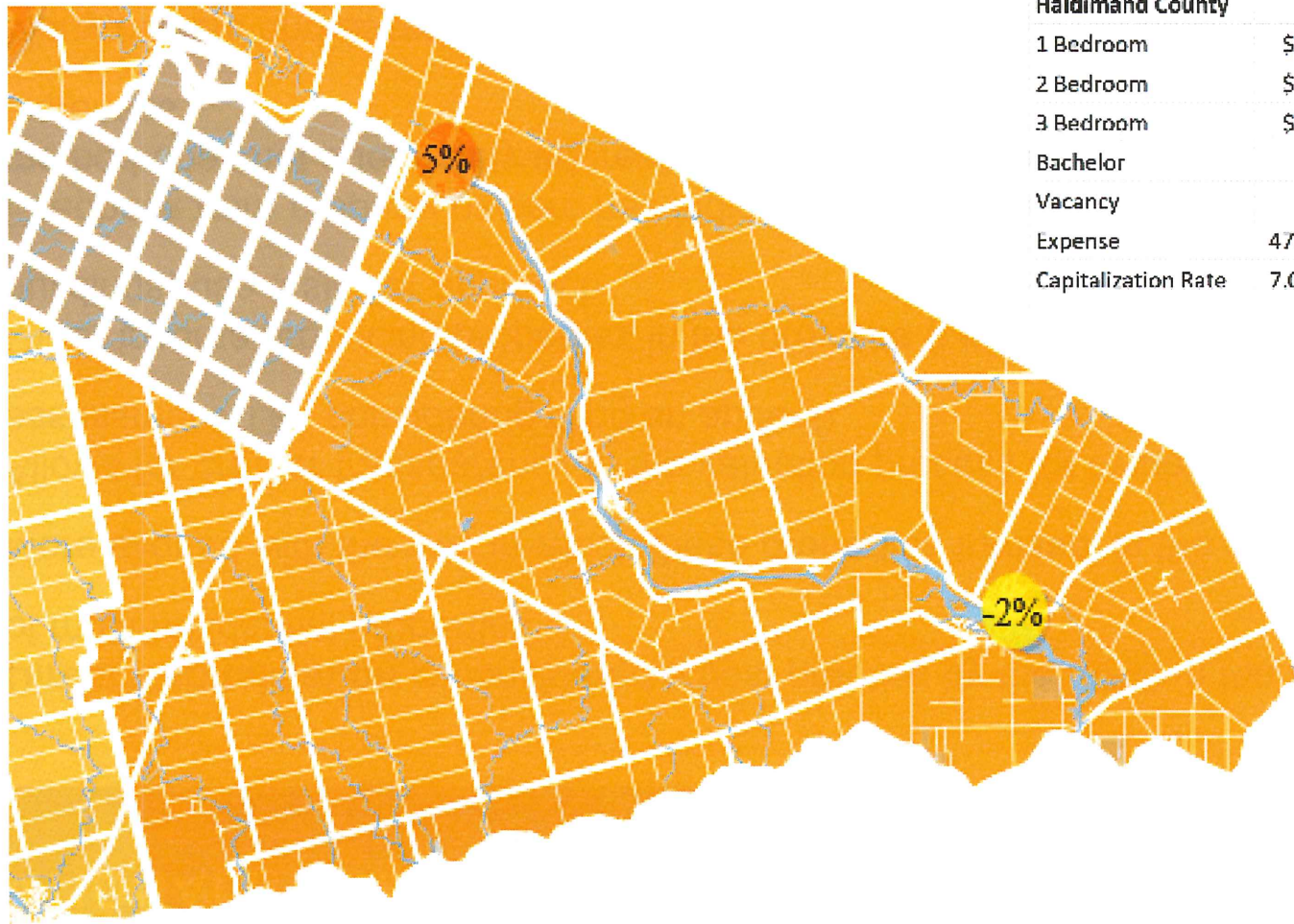
Current Value= NOI/Cap Rate

Capitalization rate is established from sales transactions

RATIONALE FOR METHODOLOGY CHANGE

- **Direct Capitalization** is considered a best practice by the IAAO in the appraisal of multi-residential properties
- More aligned with the way in which these properties transact in the marketplace
- Allows for greater transparency of the valuation process for owners reviewing their assessment (i.e., considering filing an appeal)
- Other income producing properties in the province (i.e., shopping centres, office buildings) use a similar approach
- Feedback from property owners has indicated that the **Gross Income Multiplier** method does not adequately address the variations in property attributes and expenses
- Many owners and associations have recommended MPAC consider changing to a **Direct Capitalization Approach** for the 2016 Assessment Update

MULTI-RESIDENTIAL



Haldimand County

1 Bedroom	\$550 - \$755
2 Bedroom	\$640 - \$810
3 Bedroom	\$780 - \$940
Bachelor	\$530
Vacancy	2.00%
Expense	47.0% - 59.0%
Capitalization Rate	7.00% - 7.50%



COMMERCIAL PROPERTIES



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

TOTAL TAXABLE ASSESSED VALUE BY RTC

Commercial

Property Class	RTC	2012 Full CVA	2016 Full CVA	% Change (2016 vs 2012 CVA)	2017 Phased-in CVA	% Change (2017 Phased-in vs 2012 CVA)
Commercial	C	\$260,838,825	\$290,925,441	11.5%%	\$257,827,129	-1.2%
Shopping Centre	S	\$1,113,500	\$1,388,200	24.7%	\$1,181,800	6.1%
Commercial (New Construction)	X	\$20,412,470	\$23,672,600	16.0%	\$20,891,128	2.3%
Total		\$282,364,795	\$315,986,241	11.91%	\$279,900,057	-0.87%



INDUSTRIAL PROPERTIES



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

2016 INDUSTRIAL VALUES EXPLAINED

Industrial

Property Class	RTC	2012 Full CVA	2016 Full CVA	% Change (2016 vs 2012 CVA)	2017 Phased-in CVA	% Change (2017 Phased-in vs 2012 CVA)
Industrial	I	68,206,068	73,533,700	7.8%	66,815,088	-2.0%
Large Industrial	L	118,209,600	87,802,800	-25.7%	87,788,550	-25.7%
Industrial (New Construction)	J	28,446,100	29,493,200	3.7%	28,139,225	-1.1%
Total		\$214,861,768	\$190,829,700	-11.18%	\$182,742,863	-14.95%

- Standard industrial properties are driving the industrial increase in this property class



SERVICE LEVEL AGREEMENT



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION



KEY FOCUS AREAS

- Conduct ‘Soft Launch’ of the SLA in 21 Municipalities; use interim tool to measure service levels.
- Improve existing tools to support the measurements during soft launch:
 - Increased flexibility and tracking of building permits
 - Enquiries – added a field in existing system to track urgent enquiries.
- Review SLA performance metrics with MPAC business units and 21 participating Municipalities.
- Document feedback and any proposed changes to the SLA.
- Continue to assist and support Municipalities in socializing the SLA.



ASSESSMENT FORECASTING



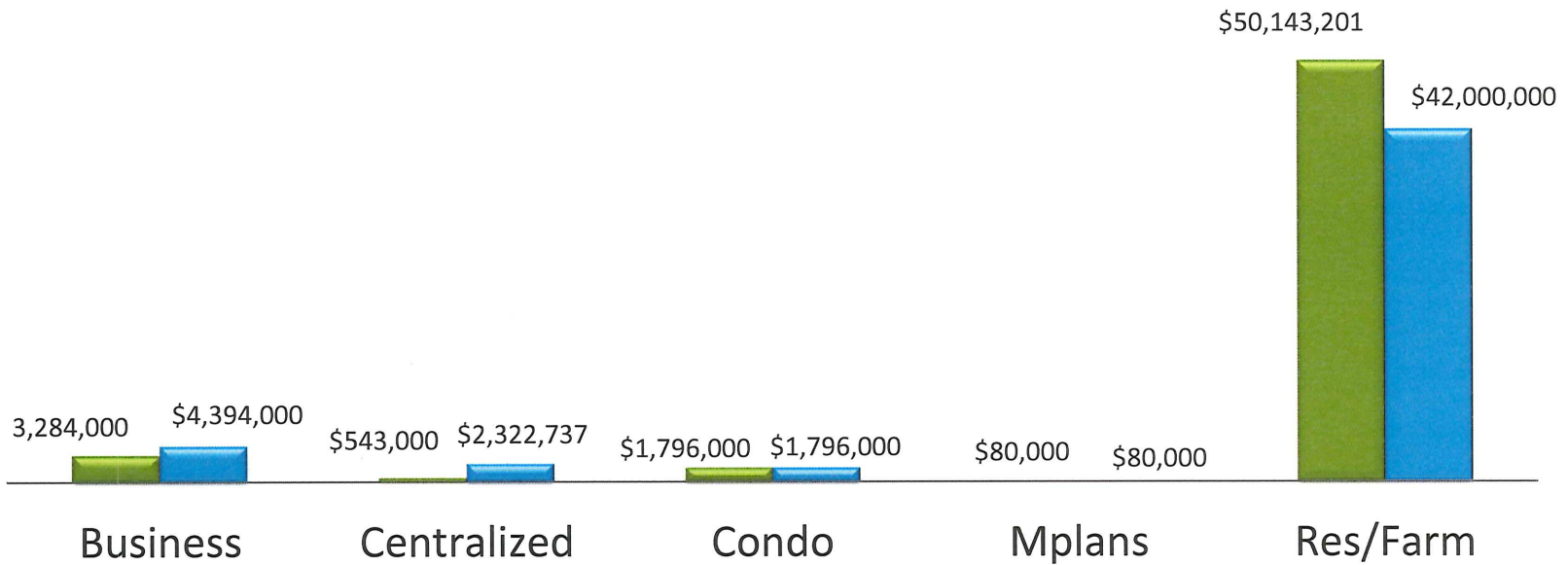
MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

2016 Haldimand County Assessment Growth

■ 2016 Year to Date
 ■ 2016 Forecast

Total Forecast = \$50,592,737

Actual as of November 11th, 2016 = \$55,846,201





Thank You

Questions?



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

