

**Report from** Financial Management Services, Billing

**Date of Report:** May 5, 2020

**Date of Meeting:** May 25, 2020

**Report Number:** FMS-B015-2020

**File:** 10.57.10

**Subject:** MPAC 2020 Assessment Update Postponed

## Recommendation

That Report FMS-B015-2020, regarding MPAC 2020 Assessment Update Postponed, be received for information.

## Summary

As part of the Ontario Government's Economic and Fiscal Update, the Minister of Finance, announced the Province's decision to postpone the 2020 Assessment Update.

They have indicated that property assessments for the 2021 property tax year will continue to be based on the fully phased-in January 1, 2016 current values. This means the property assessment for the 2021 property tax year will be the same as the 2020 tax year, unless there have been changes to the property.

The purpose of the postponement is to provide stability for Ontario's property taxpayers and municipalities and to ensure that municipal governments are able to focus their resources on critical public health initiatives and other efforts to manage the local response to the COVID-19 outbreak.

## Background

The Municipal Property Assessment Corporation (MPAC) is responsible for assessing and classifying more than five million properties in Ontario in compliance with the Assessment Act and regulations set by the government of Ontario.

For the municipal tax years 2017 to 2020, all Ontario properties were reassessed by MPAC based on market value at January 1, 2016. The next reassessment cycle was set to be based on a property valuation date of January 1, 2019. It was originally planned to be in place for the taxation years 2021 to 2024.

## Report

Property taxation is based on the assessed value of properties and in Ontario those assessments are updated every four years based on a legislated valuation date. The valuation date, established by the Ontario government, is a fixed day on which all properties are valued. The next property valuation update, known as a reassessment,

had been scheduled to be completed by MPAC in 2020 for the 2021 taxation year based on a valuation date of January 1, 2019. However, in view of the unforeseen challenges that all municipalities, residents, and businesses are currently facing, the government is postponing the reassessment. This means that assessments for the 2021 taxation year will continue to be based on the same valuation date that was in effect for the 2020 taxation year.

The reassessment was originally planned to be in place for the taxation years 2021 to 2024. It is unclear whether the postponement of the reassessment will result in updated property values for taxation years 2022 to 2025 or for a three-year cycle ending in 2024.

There was no mention of changing the base date of valuation to a date other than January 1, 2019. However, if property values are to be in place for taxation years 2022 to 2025, this could certainly cause challenges for certain taxpayers—with 2025 property tax assessments based on values determined more than six years prior—particularly if there is a downturn in the market.

One of the challenges of MPAC pushing back their assessments is that it will allow properties that have risen in value over the past five years to continue paying less property tax than they might if properly assessed in 2020. MPAC will continue to maintain the assessment roll and ensure that it is updated to reflect changes such as new construction.

### **Request for Reconsideration (RFR)**

The RFR cutoff date is usually March 31 of the applicable taxation year. However, given the emergency declared by the Province, the RFR deadline for the 2020 taxation year will be 16 days after the emergency is lifted.

Any influence the COVID-19 pandemic may have on property values was not in effect on January 1, 2016. For that reason, RFR's that exclusively cite COVID-19 will not result in a value change for the 2020 property tax year.

### **Assessment Review Board (ARB)**

The deadline to file assessment appeals was March 31, 2020. If you were unable to meet the March 31 deadline, you are permitted to file your appeal by May 29, 2020. The Order under the Emergency Management and Civil Protection Act (EMPCA) suspended limitation and procedural time periods relevant to the Board proceedings.

Effective June 1, 2020, the suspension of timelines associated with the Schedule of Events (SOE) will be lifted and parties are expected to resume compliance with all timelines set out in their SOE.

## **Financial Implications**

The postponement of the reassessment will have an indirect financial impact on the municipality. With the phase-in of the reassessment amounts over a four-year timeline, 2021 will be the first year in over a couple of decades where the City will not have some assessment increase due to the phase-in. An assessment increase does not result in additional tax revenues; it does have the potential to reduce the tax rates if tax levies remain at the same amount as the previous year (see Appendix 1). In addition, reassessments are intended to be revenue neutral to the municipality as a whole, although they may shift the burden of taxation between classes.

## **Conclusion**

This report is to provide information and an update MPAC's 2020 Assessment update (see Appendix 2) being postponed due to COVID-19 pandemic.

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### **Approved by:**

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## **Appendices**

- Appendix 1 – Calculation of Tax Rates
- Appendix 2 – MPAC Sharable Resources

## Calculation of Tax Rates and Property Taxes

Total taxes required = \$900

$$\$900 / (\$100,000 + \$100,000 + \$100,000) = 0.003$$



Property Tax=\$300  
(\$100,000 x 0.003)



Property Tax=\$300  
(\$100,000 x 0.003)



Property Tax=\$300  
(\$100,000 x 0.003)

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## Tax Rate Calculation with Assessment Value Change

Total taxes required = \$900

$$(\$150,000 + \$100,000 + \$70,000) / 3 = \$106,667$$

Average assessment value increased by 6.67%

$$\$900 / (\$150,000 + \$100,000 + \$70,000) = 0.0028125$$



Property Tax=\$421.88  
(\$150,000 x 0.0028125)



\$121.88



Property Tax=\$281.25  
(\$100,000 x 0.0028125)



\$18.75



Property Tax=\$196.87  
(\$70,000 x 0.0028125)



\$103.13

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## Sharable resources for you

[mpac.ca/COVID19resources](https://mpac.ca/COVID19resources)

### Shareable COVID-19 resources for property owners

#### Website and newsletter content

- [2020 Property Assessment Update Postponed](#)

#### Social media content

Please consider retweeting our 2020 Assessment Update postponement [Twitter post](#) and sharing our [LinkedIn post](#), or download the [social media graphic](#) and [message](#) for Twitter, Facebook and LinkedIn.

Please consider retweeting our Request for Reconsideration (RfR) deadline extension [Twitter post](#) and sharing our [LinkedIn post](#), or download the [social media graphic](#) and [message](#) for Twitter, Facebook and LinkedIn.

### Shareable COVID-19 resources for staff

Our President & CAO, Nicole McNeill, is holding all-staff webinars to help MPAC staff cope with the COVID-19 pandemic, stay connected and continue to work hard to support you.

Excerpts of webinars with guest experts—on [mental health and resiliency](#), [managing change](#), [COVID-19 facts vs. fiction](#) and [benefits of exercise on mental health and wellness](#)—are currently available on our YouTube channel. If these can be helpful to you and your staff, we encourage you to share them. More resources will be shared as they become available.

