

Property Assessment in Ontario

The Government of Ontario has made a number of changes to the property assessment system that went into effect in the 2009 property tax year. These changes include the introduction of a four-year assessment update cycle and a phase-in of assessment increases.

Currently, the assessed value of properties in Ontario is based on a January 1, 2008 valuation date. MPAC's last province-wide assessment update took place in 2008 and was based on a January 1, 2008 valuation date.

To provide an additional level of property tax stability and predictability, the market increases in assessed value between 2005 and 2008 will be phased-in over four years. The phase-in program does not apply to decreases in assessed value. Any market decrease in the value of a property is applied immediately and reflected on your most recent Property Assessment Notice. The change in assessed values and the phased-in assessment values for the 2009 to 2012 property tax years are listed on the 2008 Notices. There is a difference between the 2008 Current Value Assessment (CVA) (the destination value) and the current year's phase-in value. The current year (which can be 2009, 2010, 2011 or 2012 taxation year) phase-in value is the assessed amount that the municipalities or the local tax authorities use to calculate the annual property taxes. An example of this is as follows:

Current year (2010) Phase-in CVA=\$250,000
Total Municipal Tax Rate= 1 %
Total Municipal Tax burden = \$250,000 x 1 %= \$2,500.

The 2008 CVA is not used until 2012 since this is the destination value.

The municipalities/local taxing authorities set property tax rates and the province sets the education tax rate. MPAC's assessed values are used to determine these taxes.

How MPAC Assesses Properties

MPAC's mandated role is to accurately value and classify all Ontario properties in compliance with the *Assessment Act* and related regulations. To establish a property's assessed value, MPAC analyzes property sales in a community to determine the CVA. This method is used by most assessment jurisdictions in Canada and throughout the world. When assessing a residential property, we look at all of the key features that affect market value. Five major factors usually account for 85% of the value: location; lot dimensions; living area; age of the structure(s), adjusted for any major renovations or additions; and quality of construction. Examples of other features that may affect a property's value include: number of bathrooms; fireplaces; finished basements; garages and pools. Site features can also increase or decrease the assessed value of your property such as traffic patterns; being situated on a corner lot; and proximity to a golf course, hydro corridor, railway or green space.

For more information on how MPAC assesses property, please visit our website at www.mpac.ca.