



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

New Assessment Forecast Reports Frequently Asked Questions October 2019

New assessment refers to new construction and/or additions to existing property that have not been assessed by MPAC. As part of MPAC's Service Level Agreement, new assessment forecast reports are shared with municipal stakeholders to help inform municipal activities and budget planning.

Each municipality will receive a customized report via Sightline on Municipal Connect. The quarterly new assessment forecast will be provided within 30 days at the end of every calendar quarter, and the preliminary new assessment forecast will be provided by October 30 for the upcoming calendar year.

QUARTERLY NEW ASSESSMENT FORECAST

What is the quarterly new assessment forecast?

MPAC's new assessment forecast reflects estimated increases in assessed value, primarily as a result of new construction and/or additions for the following property categories within the current calendar year:

- residential
- residential condominium
- commercial and industrial
- new registered plans of subdivision (M-plans)
- properties owned by the Province of Ontario or the Government of Canada

MPAC is required to deliver this information to all municipalities, within 30 days at the first, second, and third calendar quarters, in order to satisfy the requirements of the Service Level Agreement (SLA).

How is the quarterly new assessment forecast calculated?

The 2019 quarterly new assessment forecast has been calculated by:

- conducting trends analysis;
- reviewing anticipated new construction; and,
- determining the average value increase of previously completed supplementary and/or omitted assessment transactions for each property category within a municipality. The average supplementary/omitted transaction values reflect the value of the improvement only (new assessment).

MPAC also considers building permits, notification of new construction, and alterations/additions to properties owned by the Province of Ontario or the Government of Canada.



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

This information is then reviewed at the municipal level by our valuation experts to ensure local conditions are taken into account, and where appropriate, the forecast may be adjusted.

This process is on-going and validated on a quarterly basis to ensure the most current information is being reflected in the new assessment forecast.

What is the benefit of the quarterly new assessment forecast?

The new assessment forecast range provides an estimate of new assessment for each municipality by property category. We understand the timely processing of new assessment gives the municipality the opportunity to collect additional taxes, while providing timely notification to a property owner about changes in assessment and taxes.

PRELIMINARY NEW ASSESSMENT FORECAST

What is the preliminary new assessment forecast?

MPAC's preliminary new assessment forecast reflects estimated increases in assessed value, for the upcoming calendar year, for the following property categories:

- residential
- residential condominium
- commercial and industrial

Sufficient information for new registered plans of subdivision (M-plan) and properties owned by the Province of Ontario or the Government of Canada will not be available for the preliminary report.

MPAC is required to deliver this information to all municipalities, by October 30 of the current year for the upcoming calendar year, in order to satisfy the requirements of the SLA.

How is the preliminary new assessment forecast calculated?

The 2020 preliminary new assessment forecast has been calculated by:

- conducting trends analysis;
- reviewing anticipated new construction; and,
- determining the average value increase of previously completed supplementary and/or omitted assessment transactions for each property category within a municipality. The average supplementary/omitted transaction values reflect the value of the improvement only (new assessment).

MPAC also considers building permits, notification of new construction, and alterations/additions to properties owned by the Province of Ontario or the Government of Canada. If information is not available, it is excluded from the preliminary forecast.



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

What is the benefit of the preliminary new assessment forecast?

The preliminary new assessment forecast is a new report created based on feedback from the SLA municipal working group. The preliminary new assessment forecast reflects estimated increases in assessed value for the upcoming calendar year based on historical trends and analysis. The information may be used to inform the municipal budget planning process.

FORECAST CALCULATION DETAILS

Why is the new assessment forecast being presented as a range?

There are many benefits to presenting the new assessment forecast as a range:

- Provides a snapshot of available new assessment within a municipality.
- Lower end of the range reflects MPAC's commitment to process 85% of all new assessment within one year of occupancy.
- The new assessment forecast range provides an estimate of new assessment for each municipality by property category. This information may be used by municipalities to complement their analysis during the municipal budget process.
- Helps to inform discussions between MPAC and municipal partners.

What is the purpose of the calculations that have been included in the forecast?

The $axb=c$ and $a1xb=c1$ calculation is intended to simplify the calculation of the new assessment forecast. It illustrates the relationship between the work unit and the average supplementary and omitted value – both of which when multiplied, equal the forecast range. Note: all numbers in the forecast report have been rounded for ease of use.

How many years of historical data were analyzed to determine the average supplementary values?

With 2016 representing a new assessment cycle, the **quarterly new assessment forecast** reflects the average transaction amounts based on 2018 transactions, including local adjustments where required.

For the **preliminary new assessment forecast**, data from 2017 to 2019 was included in the analysis.

How did MPAC determine the range of work units?

The range of work units is calculated by reviewing recent trends, including outstanding permit activity and input from local valuation experts that is expected to lead to new assessment.

How does MPAC develop a range in instances where a municipality may have condominiums built in one year and no activity in subsequent years?

For the quarterly forecast, the CVA/number of units is determined by using the median CVA for condominium units from 2013 to 2016 years and adjusting based on the % median base year change.



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

For the preliminary new assessment forecast, a review of condominium projects and those projects estimated to be occupied in Q4 2019 and Q1 to Q3 2020 taxation year are included in the analysis.

How are properties owned by the Province of Ontario or the Government of Canada calculated in the assessment forecast?

The forecast is contingent on current and complete data that is provided to MPAC in a timely manner. In instances where there is limited information for provincial and federally-owned properties, it will be excluded from the new assessment forecast.

How are exempt properties calculated in the assessment forecast?

The new assessment forecast captures taxable assessment only. Your MPAC Account Manager is available to discuss the impact of exempt properties within your municipality.

Can we access the permit listing used by MPAC in calculating the new assessment forecast?

MPAC's inventory of building permits is obtained from municipalities. While building permits play an important role in the development of our forecasts, a one to one match is not possible. This is because the forecast assumes new assessment increases for which permits have not yet been received.

For example, the preliminary new assessment forecast must be delivered to municipalities by October 30 of the current year - for the upcoming calendar year. Since a significant number of permits contributing to new assessment will not be received by October 30, MPAC's forecast has built in assumptions based on historical trends to account for outstanding permits not yet received.

The new assessment forecasts would be much more meaningful if it considered losses resulting from Request for Reconsideration and appeals; were categorized by tax class; and considered the tax year phase-in.

MPAC recognizes the importance of these needs and is continually striving to improve the new assessment forecast. MPAC will continue to collaborate and consult with our municipal stakeholders to improve the new assessment forecast process.



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

SERVICE LEVEL AGREEMENT

What is the relationship between new assessment and MPAC's Service Level Agreement?

MPAC has committed to delivering preliminary and quarterly forecasting reports estimating new assessment, as part of our commitment to roll predictability.

There are three service levels in the Service Level Agreements (SLA) that are directly tied to new assessment:

Timeliness of Delivery of the Quarterly and Preliminary New Assessment Forecasts:

- MPAC will deliver a **New Assessment Forecast** to municipalities within 30 days following the end of the first, second, and third calendar quarters.
- MPAC will deliver a **Preliminary New Assessment Forecast** to municipalities within 30 days following the commencement of the fourth quarter of each calendar year

Timeliness of MPAC's delivery of the **New Assessment Report** to Municipalities:

- MPAC will deliver the New Assessment Report to municipalities within 30 days following the end of each calendar year.

Processing of Supplementary and Omitted Assessments:

- Process at least 85% of the total value of Supplementary Assessment Change and related Omitted Assessment Change within one year of such Supplementary Assessment Change or Omitted Assessment Change, and the balance of the total value of Supplementary Assessment Change and related Omitted Assessment Change in accordance with the requirements of Sections 33 and 34 of the *Assessment Act*.

What is my role as the municipality in the new assessment process?

Both MPAC and municipalities play a key role in delivering assessment services. Our ability to meet our service level requirements relies on the quality and timeliness of information provided to us by municipalities.

Municipal dependencies and best practices related to delivering new assessment (across the various service levels) are that the municipality:

- must deliver complete building permits within 30 days of issuance
- must notify MPAC regarding changes to provincial and federally-owned properties in a timely manner, along with sufficient information to enable MPAC to predict accurate new assessment
- must provide non-residential building plans to MPAC within 10 days of request by MPAC
- must notify MPAC that applicable properties have become occupied and/or provide MPAC with timely updates on the progress of construction, alterations or additions