

Understanding and Appealing Your **RESIDENTIAL** Property Tax Assessment Notice for 2017-2020 Taxation Years

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What years does this Property Assessment Notice cover?

The Property Assessment Notice gives you notice of your assessment value for the 2017 to 2020 taxation years (a four-year cycle) and it is based on a **January 1, 2016, market value**.

Your previous assessment for the taxation years 2013 – 2016 was based on a **January 1, 2012, market value**.

Your Residential assessment value has been determined based upon a computer-driven mass appraisal system. For the most part, this system ignores any assessment reductions/settlements you may have received in the past. Its sole purpose is to determine the value of your property as of January 1, 2016, based on sales that have occurred within a specific time frame. An individual assessor has likely NOT had anything to do with determining the value of your home.

The assessment is supposed to reflect what your house would have sold for on the open market between arms' length parties, as of January 1, 2016.



If you bought your house in 2015 or 2016 and the assessment value is close to what you paid for your house, then the assessment is probably okay.

Your January 1, 2016, market value can change during the four-year period between 2017–2020 if MPAC discovers it undervalued your home or if you improve your property during this four year period.

Why is there a reference to the assessed value of my house as of January 1, 2012?

Every four years, properties are re-assessed based on a current market value as of January of the year prior to the first year of the cycle.

As mentioned above, the assessment value for the current cycle (2017 – 2020) is based on a January 1, 2016 market value. The last assessment cycle was for the taxation years 2013 – 2016, when assessment values were based on a January 1, 2012, market value.

If your January 1, 2016, assessment value is HIGHER than the previous January 1, 2012, assessment value, the INCREASE between the two values will be PHASED-IN over the four-year cycle, at 25% of the increase in each of 2017, 2018, 2019, until you reach the full value in 2020.

Your tax bill will show you the phased-in assessment for each year but the value you should be focused on is the full value shown as of January 1, 2016.

If your house didn't exist as of January 1, 2012, or has been extensively renovated since then, then MPAC has a formula (which is a fixed % of the 2016 market value) for calculating what the value of your house would have been as of January 1, 2012, if it had existed in the same physical state as it is in today.

Will an increase in my assessment automatically mean an increase in my taxes?

The short answer is: "No".

In general, residential market values have increased between 2012 and 2016, so you would expect your market value assessment to increase. As assessment values INCREASE with each re-assessment cycle, municipal tax rates DECREASE. Your taxes will generally increase if your increase in assessment market value is more than the average increase in market value for residential properties in your municipality and/or if your municipality has determined that a general tax increase is warranted.

The phase-in of your assessment value over the four years is intended to “soften” any increases in taxes you might otherwise experience if your assessment is significantly increasing beyond that of the municipal average.

For more information on your Property Assessment Notice, go to:

<https://www.mpac.ca/HowAssessmentWorks/UnderstandingYourPropertyAssessmentNotice>

What Do I Do If I Believe the Assessment Value Is Too High?

1. Contact MPAC by phone: 1-866-296-MPAC (6722) or by email: enquiry@mpac.ca.
2. Log into aboutmyproperty.ca with your Roll Number and Access Key found on page 1 of your Property Assessment Notice to compare your property to others in your neighbourhood. You can use the interactive map to view and save your favourite properties and download a detailed report. You can also ask MPAC to provide you with up to six comparable properties, free of charge.
3. File a **Request for Reconsideration before the deadline date** shown on your Property Assessment Notice. This can be done electronically while on the aboutmyproperty.ca website. **YOU MUST FILE A REQUEST FOR RECONSIDERATION IF YOU WANT TO PRESERVE YOUR RIGHTS TO CHALLENGE YOUR ASSESSMENT.** If you can resolve your issues with MPAC through the Reconsideration Process, then a settlement can be processed that will cover the four years 2017 – 2020. If you are not content with MPAC’s review of your assessment and you wish to have your “day in court” (it is really a tribunal and not a court), then you will have to appeal MPAC’s decision to the Assessment Review Board (“ARB”). **There is a time limit to submit an appeal to the ARB.** It starts on the date that MPAC issues the results of your Request for Reconsideration and ends after 90 days. The deadline for submitting an appeal to the ARB will be in the letter that MPAC sends you with the results of the Request for Reconsideration. You can find more information about how to file an appeal, including forms and fees at elto.gov.on.ca/arb/.

For more information about contacting MPAC and the Reconsideration Process, go to:

<https://www.mpac.ca/HowAssessmentWorks/QuestionsAboutYourAssessment>

What Are the Grounds for Challenging my Assessment Value and How Do I Go About It?

There are essentially two parts to challenging your 2016 CVA:

1. First, you must establish the correct 2016 CVA for your property.
2. Second, you must establish the equitable 2016 CVA for your property.

Establishing the correct 2016 CVA for your Property.

The best evidence of your Residential property's correct market value as of January 1, 2016, is:

1. The actual purchase price of your house in late 2015 or early 2016, or if not applicable,
2. The median of the sales of "similar" properties in your area.

When looking at sales of comparable properties, you should refer to sales that occurred from 2015 to the end of 2016 - as close to January 1, 2016, is best. MPAC will almost always time adjust sales to January 1, 2016 (for example at 1% per month depending on the date of the sale and the neighbourhood in which the sale occurred).

It is important to know the approximate age of the home, lot size, and building size. Two-storey homes should be compared to two-storey homes and you should try to pick homes that are in your neighbourhood and suffer/enjoy the same locational detriments/benefits (e.g. close to a noisy road/close to public transit). It is better to compare yourself to similar homes rather than to distinguish yourself from "dissimilar" homes.

Once you have collected data on four, five, or six properties, calculate the sale price per square foot, above grade, of the comparable homes and determine the median (mid-point) sale price per square foot. Compare the median sale price per square foot to your assessment per square foot. If your assessment is higher, you should argue for a reduction to bring it down to the median.

Another exercise that can be undertaken is to establish the ratio of Assessment/Sales Price ("ASR") for the comparable properties. If the median ratio is **higher** than 1.0 (generally at least by 5% although that is not consistently applied), MPAC may accept that their CVA mass appraisal method is coming up with assessment values that are too high and you may get a reduction in assessment, assuming MPAC agrees with the data and the comparable properties used.

Establishing the equitable 2016 CVA for your Property:

If MPAC's 2016 CVA for your property is justified based on your purchase price or based on the sales of similar properties, one should again calculate the ASR for those comparable properties. In this case, you are looking to see if the median ASR is **lower** than 1.0. If so, it suggests that comparable properties are being assessed at LESS than their correct 2016 CVA. So, the argument is that to be equitable, your house should also be assessed at less than its correct 2016 CVA value.

It is no longer sufficient to simply look at the assessments of similar properties to establish the case for a reduction. However, if identical properties are assessed lower than yours, a case could still be made. At the end of the day, the legislative mandate is to ensure that assessments are both "correct" and "equitable".



Try your best to negotiate a settlement with MPAC, rather than litigate at a hearing, as most people are happier with the certainty of a settlement as opposed to leaving it to chance at a hearing, where the decision may not be a favorable one.

****NOTE:** There is usually no downside in challenging your assessment. If you appeal and the assessor argues that you have, in fact, been under-assessed, the assessor **could legally seek an increase** of your assessment during the appeal process. However, it is more likely that you would be encouraged to simply drop your appeal and go away (although MPAC might then increase your assessment in the following year).

Key Points to Remember

- File a Request for Reconsideration no later than the deadline date shown on your Property Assessment Notice.
- If the matter is not resolved to your satisfaction through the Reconsideration process, file an appeal to the ARB by the deadline date set out in MPAC's letter of decision.
- Try to negotiate a settlement before the hearing. Otherwise, be prepared for your hearing.

If you have any questions on this assessment or on any property assessment matters and municipal taxation issues, please do not hesitate to contact me, Melissa Muskat, at mmuskat@mindengross.com.

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