

## 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](http://www.mpac.ca).