

## Property Assessment Appeals and Assessment Base Management

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### Report Summary

This report provides information on assessment base management and property assessment appeals.

### Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to operational matters.

### Financial Implications

There are no financial implications associated with this report.

### Background

The Municipal Property Assessment Corporation (MPAC) is responsible for assessing and classifying all properties in the Province of Ontario in compliance with the Assessment Act and provincial regulations. The last Province wide reassessment occurred in 2016. All properties were assessed based on their market value as of January 1, 2016. The values were to be used for the taxation years 2017-2020. Due to the COVID-19 pandemic, the Ontario government postponed the 2020 assessment update and has continued to extend this postponement through 2024.

As part of the Ontario Government's 2024 Budget Announcement: Building a Better Ontario on March 26, 2024, a complete review of the property assessment and taxation system is underway, focusing on fairness, affordability, business competitiveness and modernized administration tools. Consultations have begun and continue with stakeholders from across the province. To maintain stability for taxpayers, the province wide reassessment has continued to be deferred until this review is completed. Until there is an updated reassessment completed, property taxes will continue to be levied based the current value assessments (CVAs) of properties as of January 1, 2016.

Even though the reassessment continues to be postponed, MPAC continues to review properties and update assessed values as necessary for such things as:

- new builds, renovations
- structure demolitions

- changes in use or classification
- severances/consolidations
- changes resulting from requests for reconsideration, Assessment Review decisions, or municipal tax applications (Section 357, 358)

MPAC also provides services to the City of Greater Sudbury (the “City”) throughout the year for property information updates including ownerships, legal descriptions, and access to the Municipal Connect database.

MPAC is the only body mandated in the Province of Ontario to provide property assessments and classifications to municipalities and property owners. As they are providing service(s) to the City, there is an annual fee. For 2024 this fee is approximately \$2,000,000.

In December of each year the Assessment Roll is provided to each municipality for the following taxation year. The assessment roll provides assessed values for all properties in Greater Sudbury. These values are used to develop the municipality’s tax policies, to distribute the tax levy amongst all properties, set the applicable tax ratios, tax rates and levy the required revenue through property taxation. Property taxation represents approximately 48% of the corporation’s annual revenues.

For each taxation year, should a party to the property (property owner, tenant or the municipality) disagree with returned roll assessment or other changes that have occurred on the property there are opportunities for reconsideration or appeal. MPAC manages processes related to property valuation appeals.

Staff carefully monitor the property assessment roll to ensure assessment values are fair and accurate, and to prevent erosion of the assessment base. This is called Assessment Base Management (ABM). This includes review processes to identify possible errors or omissions such as:

- current value assessments that are too high or too low
- incorrect classifications
- change in use
- land and/or buildings omitted from the Roll
- change in tax status (e.g. exempt status)
- improvements not yet assessed.

Ongoing reviews are completed by staff throughout the year by analyzing and reviewing building permits, property sales, property codes, classifications/usage, and changes to properties. Any necessary changes are submitted to MPAC along with any requests for updates.

ABM is a key element of the City’s long-term financial strategy by protecting the City’s assessment base and consequently its largest source of revenue, by maintaining fair and accurate assessments with the following guiding principles:

1. Promote greater equity, fairness and transparency of the Assessment Base;
2. Determine assessment and taxation activities that are designed to maximize the amount of revenue available for collection by the City;
3. Protect the Assessment Base from unnecessary loss;

The primary procedures of an ABM program include:

### **1. Working with Municipal Property Assessment Corporation (MPAC)**

There are many property issues that can be resolved by working in close cooperation with MPAC and avoiding the need for a time-consuming and costly appeal process. In many cases MPAC can make corrections to the assessment roll through various mechanisms available to them (i.e., supplementary and omitted assessments).

## **2. Analysis of Returned Roll**

Staff performs a review of the annual assessment roll, including analysis of year over year Current Value Assessment (CVA) changes, outliers, and other property assessment anomalies. Properties that require corrections in assessment can be presented to MPAC for its review and consideration, to have the roll updated as needed.

## **3. Analysis of Minutes of Settlement**

Minutes of Settlement is an output of MPAC's appeal process. All Minutes of Settlement are reviewed by staff for accuracy, and to determine if further action is required. For example, if staff believe there is an error, the corporation may file an objection within 90 days of notification of settlement.

## **4. Annual Review of City Owned Properties**

This includes a review of all assessment notices for municipally owned properties. During the review, staff will ensure the appropriate assessment and tax classification exists. The corporation owns numerous taxable properties and properties that are subject to payments-in-lieu of taxes.

## **5. Monitor Municipal Applications**

Applicants will apply to the City and provide the proper documentation to support their specific application, and these applications are forwarded to MPAC. Once returned, staff review and verify the adjustment to the assessment and/or tax classification, ensuring adjustments are calculated and information is provided to the applicant. Where applicable, staff work with MPAC to ensure any changes are reflected on the updated assessment roll.

## **6. Review of Owner/Representative initiated appeals**

Some valuation appeals are straightforward and it is understandable why the owner would appeal the assessed value. Staff review all assessment appeals to determine whether to support MPAC's valuation and oppose a particular appeal using some consistent criteria:

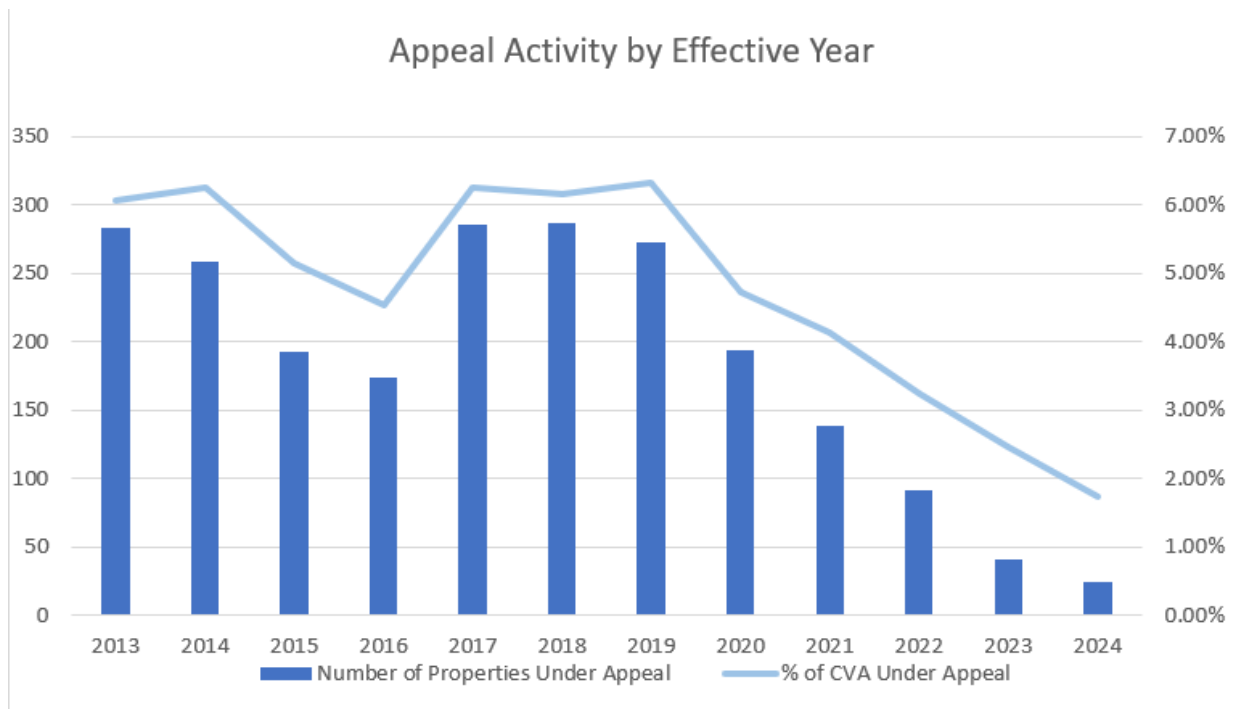
- The potential value of the potential property tax reduction if the appeal is successful;
- Whether an appeal, if successful, is likely to result in a series of other similar appeals;
- MPAC's view of an appeal;
- The appellant's position;
- Case Law

## **7. Proactive Appeals by the City of Greater Sudbury**

In rare circumstances where the City needs to file an appeal to protect property valuations, staff collaborates with the affected property owner(s) and MPAC to review a property's assessed value to try to find consensus about a valuation. Proactive appeals are a "last resort" in situations where a property assessment is not corrected to the City's satisfaction via the other steps described in this report. A decision to initiate an assessment appeal is a time-consuming and potentially costly process, so it is a rare step.

### **Owner/Representative Initiated Appeals**

Staff are continually and actively engaged in supporting the City's position in appeals initiated by other parties including property owners. The following table presents a history of appeal activity based on information made available by Online Property Tax Analysis (OPTA). It identified 34 properties with appeals against the 2024 assessed value. The total value of those properties equates to 3.41% of the full Current Assessment Value (CVA) of all properties in City of Greater Sudbury.



## **Assessment Base Management**

Staff have undertaken a variety of other initiatives during 2024 to further protect the integrity of the City's assessment base and tax fairness across tax classes. Those achievements include:

- Providing responses to owner-initiated assessment appeals including Section 357/358 Municipal Act appeals, and participating in multiple mandatory settlement meetings, further negating unwarranted assessment losses.
- A continual building permit audit of renovations, additions, and demolitions approaching the three-year omitted assessment window where the City may levy additional property taxes for the current year and, if applicable, for all or part of the two previous taxation years.
- Conducting a review of MPAC's year-end changes to confirm accuracy and value prior to roll return.
- Minimizing the number of outstanding property appeals, and focusing on discussion with landowners of large industrial properties, where valuations have changed significantly.

## **Summary:**

The Municipal Property Assessment Corporation is mandated to classify and assess all properties within the Province of Ontario. There are mitigation options available to all interested parties to a property should they disagree with the classification and/or assessed value of a property.

As property assessment is a crucial factor used in the determination of the City of Greater Sudbury's tax policy, setting the applicable tax ratios, tax rates, and levy the required revenue through property taxation, it is important for the City to practice assessment base management.

Assessment base management including the initiation of any assessment appeals is to protect the City of Greater Sudbury's assessment base from erosion and arrive at fair, equitable assessed values. The purpose of this management system is to ensure Assessment Roll stability and that the assessment values are accurate for all properties in the municipality.