



Municipal Property Assessment Corporation

Property Assessment & Its Impact on Taxes

The Issue

- The Municipal Property Assessment Corporation (MPAC) mailed assessment notices to Niagara Falls property owners during the first week of November, 2008.
- On average, the value of residential properties in Niagara Region increased by 18-26%. This increase will be phased in by 4-6% each year over the next four years.
- The new assessed value is based on what property was worth in January 2008. The previous assessment took place in January 2005.
- The purpose of this briefing note is to provide background information to Council and staff regarding the MPAC process and how it effects property taxes.

Background

- MPAC's main responsibility is to classify and value all properties in Ontario for taxation purposes according to the legislation and regulations set by the Provincial Government.
- To establish a property's assessed value, MPAC analyses the key features of a property compared with sales of comparable properties in a community. As many as 200 factors are considered when assessing the value of a residential property. Five major factors usually account for 85% of the value - location; lot dimensions; living area; age of the property, adjusted for any major renovations or additions; and quality of construction. Other features that may affect value include: number of bathrooms, fireplaces, garages, pools, whether properties have water frontage, and so on. This method is called Current Value Assessment.

Determining the Tax Rate

- While MPAC is responsible for determining the property classifications and current value assessments for all properties in Ontario, municipalities are responsible for setting the tax rates, calculating the taxes payable, and collecting the taxes to support local services.
- Property taxes are the primary source of operating revenue for municipalities and are used to finance local programs and services such as parks and leisure facilities, fire protection, roads and sidewalks, and libraries.
- Property taxes are a way of distributing the cost for local services and programs throughout the municipality. Each year, municipalities determine the amount of money they need to provide services and set tax rates according to their annual revenue requirements.
- An increase in assessment does not mean there will be an equivalent increase in property taxes.

Calculating Individual Property Taxes

To calculate the amount of property tax each property owner is required to pay, municipalities use the current value assessments determined by MPAC. MPAC advises each property owner of their current value assessment via a Property Assessment Notice. This same information is provided to local municipalities on annual assessment rolls.

Using the assessment roll, municipal staff determine the total assessment base for each property class (e.g., residential, multi-residential, commercial, industrial). Once the total assessment is determined, a tax rate is set for each class, based on the cost for providing local services to meet the needs of the community.

For single family residential properties, for example, there are three tax rates indicated on property tax bills:

- The municipal tax rate set by the local municipality.
- The regional tax rate set by the regional government.
- The education tax rate set by the Provincial Government

For single family residential properties the property taxes can be calculated by multiplying the assessed value indicated on the Property Assessment Notice by the tax rate.

Municipal tax rate x current value assessment = Municipal portion of tax

Regional tax rate x current value assessment = Regional portion of tax

Education tax rate x current value assessment = Education portion of tax
Total Property Tax

Questions

If you have questions about the MPAC property assessment process, contact MPAC directly at 1-866-296-MPAC (6722).

Questions regarding the MPAC assessment's impact on property taxes should be directed to Director of Finance Todd Harrison at 905-356-7521 Extension 4286.

In addition, the Niagara Region has placed information about regional taxes on their website at www.niagararegion.ca.