



MUNICIPAL
PROPERTY
ASSESSMENT
CORPORATION

2016 Assessment Update Multi-Residential Properties

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Multi-Residential

GTAA Breakfast Meeting
December 6, 2016



Today's topics

- 2016 Assessment Cycle
- 2012-2016 Multi-Residential Methodology Change
- Accessing detailed property information through disclosure
 - AboutMyProperty

ONTARIO'S ASSESSMENT CYCLE



2008

2009-2012

Tax Years

*January 1, 2008
(valuation date)*

2012

2013-2016

Tax Years

*January 1, 2012
(valuation date)*

2016

2017-2020

Tax Years

*January 1, 2016
(valuation date)*

The image is a split-panel aerial view of a city. The left half is covered by a semi-transparent blue overlay, while the right half shows the city in its natural colors. The city features a variety of buildings, including tall skyscrapers and smaller, multi-story structures. A central area contains a building with a sign that reads 'STATION' and several charging stations. In the bottom right, there is a red-roofed house, a tennis court, a yellow taxi, and a white ambulance. The text 'Multi-Residential Methodology Change' is centered over the blue overlay.

Multi-Residential Methodology Change

MULTI RESIDENTIAL METHODOLOGY CHANGE

2012

Gross Income Multiplier (GIM)

Utilizes the ratio between the sale prices of similar property and the potential gross income at an annual or monthly basis

Current Value =
Potential Gross
Income X GIM

GIM is established
from sales
transactions

2016

Direct Capitalization Approach (DCA)

Uses the relationship between the net operating income (NOI) and the sale prices of similar property

Current Value=
NOI/Cap Rate

Capitalization rate is
established from
sales transactions



RATIONALE FOR PROPOSED CHANGE

- Direct Capitalization is considered a best practice by the IAAO in the appraisal of multi-residential properties
- More aligned with the way in which these properties transact in the marketplace
- Allows for greater transparency of the valuation process for owners reviewing their assessment (i.e., considering filing an appeal)
- Other income producing properties in the province (i.e., shopping centres, office buildings) use a similar approach
- Feedback from property owners has indicated that the Gross Income Multiplier method does not adequately address the variations in property attributes and expenses
- Many owners and associations have recommended MPAC consider changing to a Direct Capitalization Approach for the 2016 Assessment Update

ASSESSMENT METHODOLOGY CHANGE PROTOCOL

- Established under Recommendation 14 of the Special Purpose Business Property Assessment Review (SPBPAR) in order to ensure that changes MPAC is contemplating regarding a valuation approach or property classification do not proceed without notification and consultation with:
 - Ministry of Finance,
 - Municipalities, and
 - Affected Stakeholders

ASSESSMENT METHODOLOGY CHANGE PROTOCOL

- To support the commitment of providing consistent, fair and transparent multi-residential property values for 2016, MPAC recommended a change in the application of the income approach from a Gross Income Multiplier approach to a Direct Capitalization of Net Operating Income
- In late 2015, MPAC undertook consultation with provincial, municipal and industry representatives to discuss the direct capitalization method as it relates to assessing multi-residential properties
- The consultations were undertaken as part of the new **Assessment Methodology Change Protocol** established by MPAC and the Ministry of Finance to ensure formal consultation regarding changes to the valuation approach
- Stakeholders have been broadly supportive of the proposed approach
- In early May, MPAC announced multi-residential properties will be valued on the **Direct Capitalization of Net Operating Income** (Cap Rate) approach for the 2016 Assessment Update

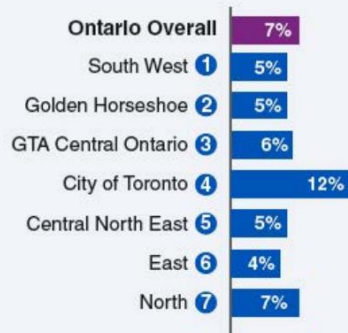
MULTI-RESIDENTIAL OVERALL CHANGE (FIRST YEAR PHASE-IN)

MULTI-RESIDENTIAL VALUE COMPARISON



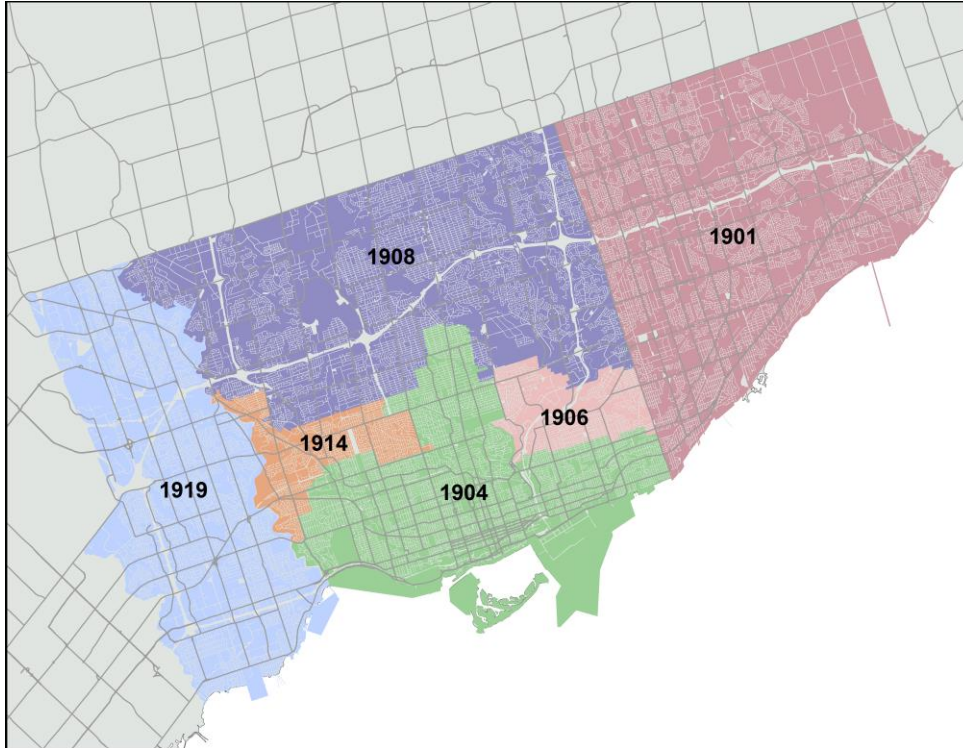
Overall Multi-Residential

Average assessment
change for 2016-2017



- Over 15,000 multi-residential properties in Ontario with more than \$110 billion in total value
- Historic low interest rates have fueled an active sales market
- Competition for apartment investment properties in large urban centres has resulted in premium pricing
- Real estate investment trusts and large institutional investors continue to invest in this stable asset class
- Sale prices have continued to climb across the province. Sault Ste. Marie, Thunder Bay, Barrie, Hamilton, Windsor and the Greater Toronto Area all show strengthening apartment markets

MULTI-RESIDENTIAL VALUATION PARAMETERS

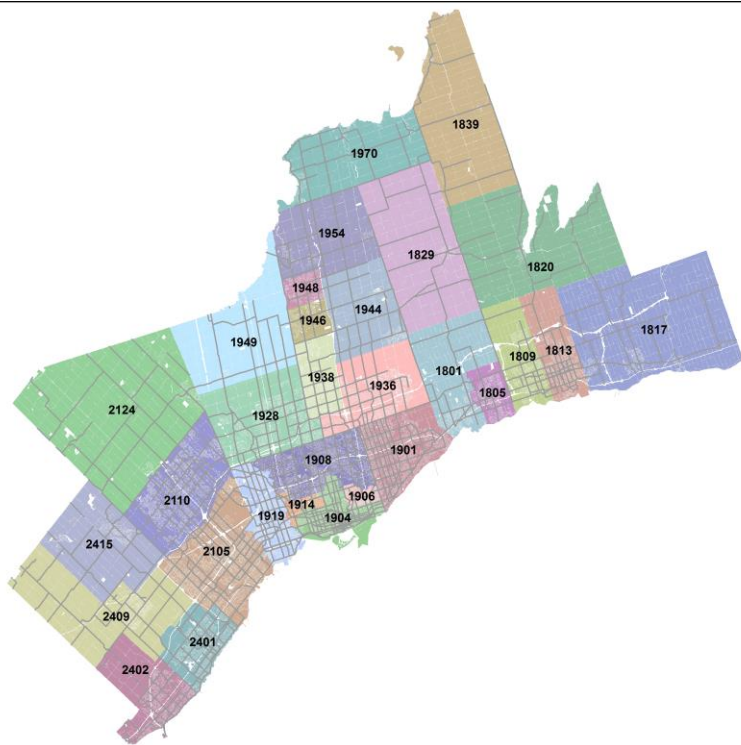


MUN	CAP Range	VAC/CL Rate	EXP Range
1901	4.00% - 4.50%	2.00%	41% - 53%
1904	3.25% - 4.50%	2.05%	34% - 54%
1906	4.00% - 4.50%	2.10%	33% - 53%
1908	4.25% - 4.50%	1.85%	33% - 53%
1914	4.50%	2.40%	33% - 53%
1919	3.75% - 4.25%	2.50%	34% - 54%

CNTYMUN	Former Municipality	Property Count	2016 to 2017 % Change
1901	Scarborough	474	14%
1904	Toronto Proper	1577	15%
1906	East York	256	11%
1908	North York	945	12%
1914	York	356	10%
1919	Etobicoke	528	13%

Row Labels	Region	Municipality	Min Cap	Max Cap	Vacancy and CL	Min Expense	Max Expense
1801	Durham	Pickering	4.50%	4.50%	1.70%	44%	55%
1805	Durham	Ajax	4.50%	4.50%	1.70%	44%	54%
1809	Durham	Whitby	4.50%	4.50%	1.70%	51%	54%
1813	Durham	Oshawa	4.50%	4.50%	2.30%	53%	66%
1817	Durham	Clarington	4.50%	4.50%	1.70%	44%	55%
1820	Durham	Scugog	6.00%	6.00%	1.70%	51%	53%
1829	Durham	Uxbridge	6.00%	6.00%	1.80%	49%	53%
1839	Durham	Brock	6.00%	6.00%	1.80%	55%	57%
1928	York	Vaughan	4.00%	4.00%	1.80%	51%	58%
1936	York	Markham	4.00%	4.00%	1.80%	47%	58%
1938	York	Richmond Hill	4.00%	4.00%	1.80%	37%	52%
1944	York	Whitchurch-Stouffville	4.00%	4.00%	1.80%	56%	58%
1946	York	Aurora	4.00%	4.00%	1.80%	54%	58%
1948	York	Newmarket	4.00%	4.00%	1.80%	44%	51%
1949	York	King	6.00%	6.00%	1.80%	51%	58%
1954	York	East Gwillimbury	6.00%	6.00%	1.80%	54%	58%
1970	York	Georgina	6.00%	6.00%	1.80%	45%	52%
2105	Peel	Mississauga	3.25%	4.50%	2.20%	42%	51%
2110	Peel	Brampton	5.25%	5.75%	2.20%	40%	50%
2124	Peel	Caledon	5.75%	5.75%	1.80%	41%	49%
2401	Halton	Oakville	4.25%	4.25%	2.00%	40%	49%
2402	Halton	Burlington	4.25%	4.25%	2.00%	40%	49%
2409	Halton	Milton	5.75%	5.75%	3.00%	43%	55%
2415	Halton	Halton Hills	5.75%	5.75%	3.00%	44%	56%

MULTI-RESIDENTIAL VALUATION PARAMETERS



CntyMun	Region	Municipality	2016 to 2017
1801	Durham	Pickering	17%
1805	Durham	Ajax	19%
1809	Durham	Whitby	13%
1813	Durham	Oshawa	10%
1817	Durham	Clarington	18%
1820	Durham	Scugog	6%
1829	Durham	Uxbridge	8%
1839	Durham	Brock	8%
1928	York	Vaughan	8%
1936	York	Markham	8%
1938	York	Richmond Hill	11%
1944	York	Whitchurch-Stouffville	8%
1946	York	Aurora	8%
1948	York	Newmarket	10%
1949	York	King	2%
1954	York	East Gwillimbury	5%
1970	York	Georgina	5%
2105	Peel	Mississauga	20%
2110	Peel	Brampton	6%
2124	Peel	Caledon	3%
2401	Halton	Oakville	7%
2402	Halton	Burlington	12%
2409	Halton	Milton	0%
2415	Halton	Halton Hills	-3%

An aerial, isometric view of a city. The left half of the image is covered by a semi-transparent blue overlay. The right half shows a detailed city scene with various buildings, including a tall grey skyscraper, a red brick building, a blue and white house with a red roof, a tennis court, a yellow taxi, and an ambulance. A winding road and green spaces with trees are also visible.

Accessing detailed assessment information

Advanced Disclosure

2016 Assessment Update

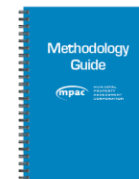


MPAC's COMMITMENT TO YOU

MPAC's advanced disclosure activities include three levels of information that are being shared with taxpayers, municipalities and other stakeholders

—Early and Often

1 Our Method



Methodology Guides

These comprehensive guides explain assessment methodology. Our assessors are trained experts in the field of valuation and apply appraisal industry standards and best practices.

2 Our Analytics



Market Valuation Reports

These comprehensive reports explain how assessment methodology is applied to value properties, at the sector level, for the 2016 Assessment Update.

3 Your Property



Property Specific Valuation Information

Detailed information is provided for over 5 million properties in Ontario, including 600,000+ business properties.

ACCESS TO BUSINESS PROPERTY INFORMATION



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ASSESSMENT UPDATE

2016

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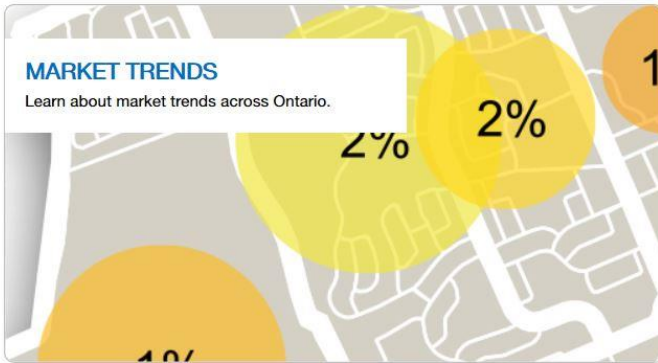
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or

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You will need your Property Assessment Notice for the
2017 to 2020 property taxation years to register.

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How Assessment Works

MPAC is the Municipal Property Assessment Corporation, responsible for assessing and classifying all properties in Ontario in compliance with the *Assessment Act* and regulations set by the Government of Ontario. We are the largest assessment jurisdiction in North America, assessing and classifying more than five million properties with an estimated total value of \$2.3 trillion.

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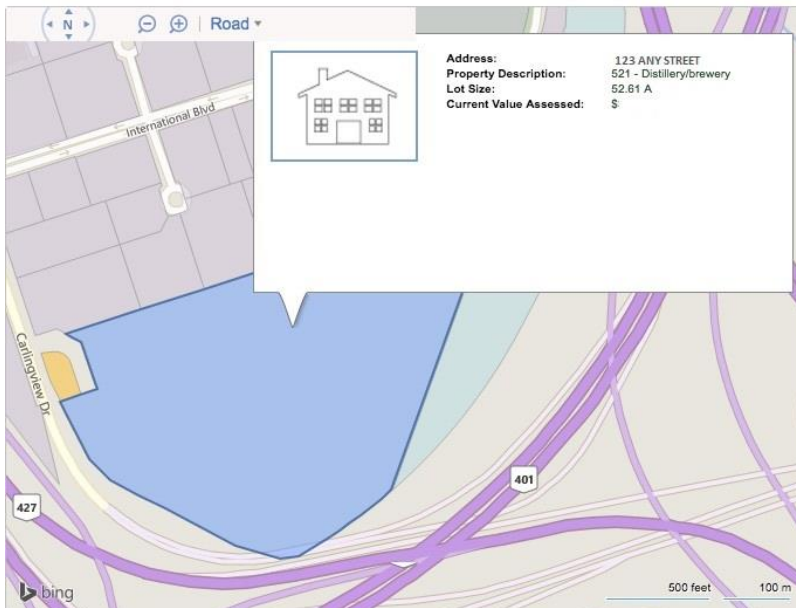
My Property **My Neighbourhood**

Welcome to your property.

MPAC establishes the current value of your property by following generally accepted appraisal standards and best practices. We start by determining the cost to replace the current structures on your property and then take into account all forms of depreciation resulting from such causes as wear and tear, functional deficiencies and any prevailing economic conditions as of the valuation date.

To learn more, read [How does MPAC assess my property?](#)

123 ANY STREET



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[\[+\] EXPAND ALL](#)

[\[-\] PROPERTY INFORMATION](#)

Roll Number	12 34 567 890 12345
Owner	804745 ONTARIO LTD
Property Address	123 ANY STREET
Municipality	CITY OF TORONTO
Property Description	521 - Distillery/brewery

[\[-\] VALUATION](#)

Current Value Assessment	\$00,000,000
Returned Base Year	2016

[\[+\] SITE INFORMATION](#)

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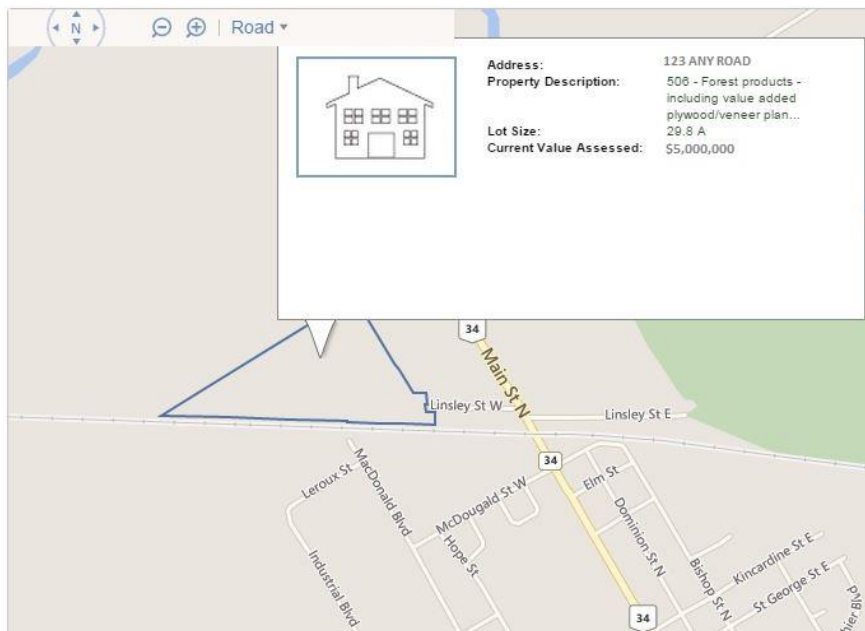
Welcome to your Reports.

Download and view your Methodology Guide and Market Valuation Report to learn more about how your property was assessed.

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My Neighbourhood

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Learn more about how your property was assessed:

Methodology Guide

View the Methodology Guide(s) below that were shared as part of MPAC's advance disclosure consultation process. MPAC reserves the right to amend the guides as appropriate.

[Value-Added Wood Products Manufacturing Plants](#)

Market Valuation Report

View the Market Valuation Report(s) below that were shared as part of MPAC's advance disclosure consultation process. MPAC reserves the right to amend the reports as appropriate.

[Value-Added Wood Products Manufacturing Plants in Ontario](#)

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Welcome to your neighbourhood.

Use the map below to compare your assessment to similar properties. This will help you validate your assessment.

You can search for properties by clicking on the map or by using the Search tab.

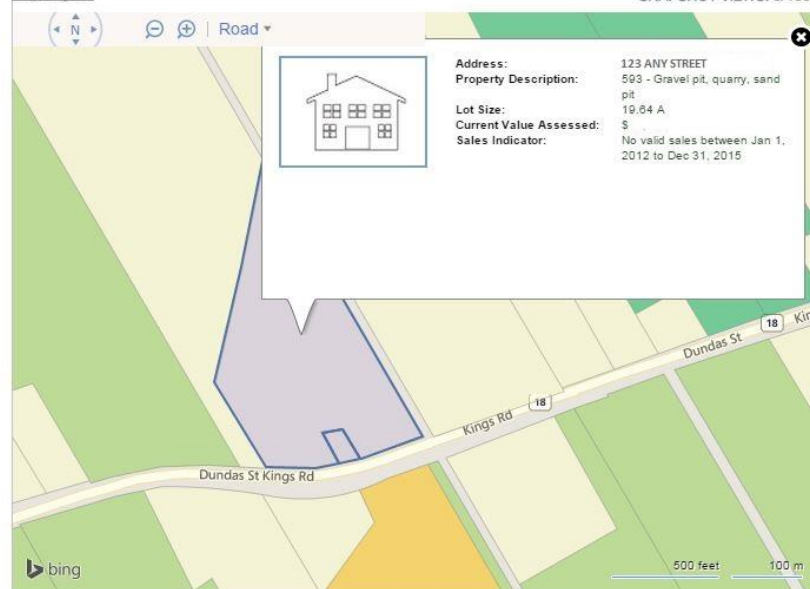
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123 ANY STREET

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Map Legend

SNAPSHOT VIEWS: 0/100



[0/24 FAVOURITES](#)

[SEARCH](#)

SEARCH:
PROPERTY | RESIDENTIAL CONDO | BUSINESS | ROLL #

STREET # STREET NAME --

CITY






PROPERTY CODE

-- NONE --

- NONE --
- 105: VACANT COMMERCIAL LAND
- 106: VACANT INDUSTRIAL LAND
- 107: PROVINCIAL PARK
- 108: FEDERAL PARK
- 109: LARGE LAND HOLDINGS, GREATER THAN 1000 ACRE
- 112: MULTI-RESIDENTIAL VACANT LOT
- 113: CONDOMINIUM DEVELOPMENT LAND-RESIDENTIAL
- 114: CONDOMINIUM DEVELOPMENT LAND-NON RESIDENTIAL
- 115: PROPERTY IN PROCESS OF REDEVELOPMENT UTILIZING
- 125: RESIDENTIAL DEVELOPMENT LAND
- 127: TOWNHOUSE BLOCK - FREEHOLD UNITS

FAVOURITES AND PROPERTY PROFILES

MAP VIEW [DETAILS - FAVOURITES](#) [DOWNLOAD FAVOURITES REPORT](#)

					
Property Profiles	Download PDF	Download PDF	Download PDF	Download PDF	Download PDF
Roll Number					
Property Address					
Legal Description					
Location Identifier	1303	1303	1303	1303	1303
Property Description	201 - Farm with residence - with or without secondary structures; no farm outbuildings	200 - Farm property without any buildings/structures	211 - Farm with residence - with or without secondary structures; with farm outbuildings	261 - Land owned by a non-farmer improved with a non-farm residence with a portion being farmed	200 - Farm property without any buildings/structures
Valuation					
Current Assessment Value	\$403,000	\$577,000	\$577,000	\$826,000	\$204,000
Returned Base Year	2016	2016	2016	2016	2016
Most Recent Sale					
Sale Date	No valid sales between Jan 1, 2012 to Dec 31, 2015	No valid sales between Jan 1, 2012 to Dec 31, 2015	No valid sales between Jan 1, 2012 to Dec 31, 2015	No valid sales between Jan 1, 2012 to Dec 31, 2015	No valid sales between Jan 1, 2012 to Dec 31, 2015
Sale Amount	-	-	-	-	-
Site					
Effective Frontage	150 F	-	-	-	-
Effective Depth	-	-	-	-	-
Effective Site Area	-	-	-	-	-
Site Area	3.49 A	60.36 A	24.45 A	22.34 A	16.48 A
Structure					
Year Built	1975	-	1875	1968	-
Heat Type	Forced Air	-	Forced Air	Forced Air	-
Bedrooms	2	-	3	5	-
Full Storeys	1	-	1	1	-
Partial Storey	No part storey	-	3/4 storey	No part storey	-
Building Total Area	2118 F	-	2792 F	2457 F	-
Basement Area	2118 F	-	1142 F	1894 F	-
Finished Basement Area	1839 F	-	-	1626 F	-



MPAC's 2016 assessed value of your property is \$500,000

Your Property Profile
10/24/2016
Page 1

Roll Number: 010100100304000

Property Details

Owner(s)	SMITH BOB SMITH/MARY
Property Address	ANY COUNTRY ROAD CON 1 E
Legal Description	Farm with residence - with or without secondary structures; with farm outbuildings
Property Description	04200029
Locational Neighbourhood	SOUTH GLENGARRY TOWNSHIP
Municipality/Local Taxing Authority	Hydro available
Hydro Service	Unspecified Service
Sanitary Service	Unspecified Service
Water Service	Unspecified/Not Applicable
Driveway	Year Round Road Access
Access	
Latest Sale Amount	
Latest Sale Date	

Apportionments

Unit Class	Tax Class (RTC)	Tax Qualifier (RTQ)	Allocation Percent	Apportionment Value (\$)
FRU	R	T	100%	
FL	F	T	100%	

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An aerial, isometric illustration of a town scene. In the center is a large industrial building with two smokestacks emitting smoke. To the left is a barn and a tractor. To the right is a multi-story apartment building and a bus. A road winds through the scene with several cars, including a police car. There are also houses, trees, and a small pond with a tent nearby. The entire scene is rendered in a monochromatic blue color scheme.

QUESTIONS?



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