



The Corporation of the Town of Milton

Report To:	Council
From:	Glen Cowan, Chief Financial Officer / Treasurer
Date:	May 27, 2019
Report No:	CORS-027-19
Subject:	2019 Property Assessment Appeals and Assessment Base Management Activity Update
Recommendation:	<p>THAT the Town of Milton staff identified in the draft by-law attached be delegated the powers and duties of the Municipality in respect to the administration of any complaints with the Assessment Review Board;</p> <p>AND THAT the Town Clerk be authorized to bring forward the appropriate By-law to Council for enactment, subject to any minor technical amendments that may be required.</p>

EXECUTIVE SUMMARY

This report seeks Council approval to assign designates that can represent the Town of Milton before the Assessment Review Board (ARB) for 2019 and future years. Based on a review of the properties identified on the returned assessment roll, there are no Town-initiated appeals recommended for the 2019 taxation year. Assessment staff will continue to monitor supplementary/omitted activity along with Requests for Reconsideration (RfR) as received, and file appeals as required.

This report also provides an update on the assessment base management activities for the year 2018.

REPORT

Background

Assessment Base Management (ABM) is a continual process that encompasses a wide range of assessment and taxation activities that are designed to ensure that assessment values are fair and accurate, and to prevent possible erosion to the assessment base. This process is complimentary to the taxpayer's right to seek relief, and helps to ensure that reductions or increases to assessment created through the appeal process are equitable. The Town's ABM program is outlined in Corporate Policy 111 (Financial Management – Taxation and Assessment Base Management).



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In December of each year, the Municipal Property Assessment Corporation (MPAC) provides the Assessment Roll to each municipality for the following taxation year. An audit of the Roll is carried out by staff to identify errors and omissions such as:

- current value assessments that are too high or too low;
- incorrect business and tax classification (i.e. commercial vs industrial)
- change in use due to rezoning
- change in use due to cease farming
- land or building omitted from the Roll
- demolished buildings not removed from the Roll
- building improvements such as new additions not yet assessed
- change in tax status (i.e. exempt to taxable)

In addition to the audit outlined above, assessment staff also analyze and review development applications, building permit lists, and sales of local properties. The findings are submitted to MPAC along with any requested changes or updates.

Each reassessment cycle, staff also conduct an Assessment to Sales Ratio (ASR) analysis of the real estate transactions that have taken place close to the valuation date (i.e. January 1, 2016 for the 2017 to 2020 taxation period). The transactions are compared to the CVA created by MPAC for that cycle. The ratio study helps to determine if the current value assessment is within the range of reasonableness. The ASR is derived by dividing the assessed value of the property by the selling price.

Discussion

Town Initiated Appeals & Delegated Authorities

Pursuant to S.33, 34, 40, 39.1 and 40.1 of the *Assessment Act*, R.S.O. 1990 c. A.31, as amended, Council may complain in writing to the Assessment Review Board, that it or another person was, in respect of real property:

- assessed too high or too low;
- was classified incorrectly;
- was wrongly placed on or omitted from the assessment roll; and/or
- was wrongly placed on or omitted from the roll in respect to school support.

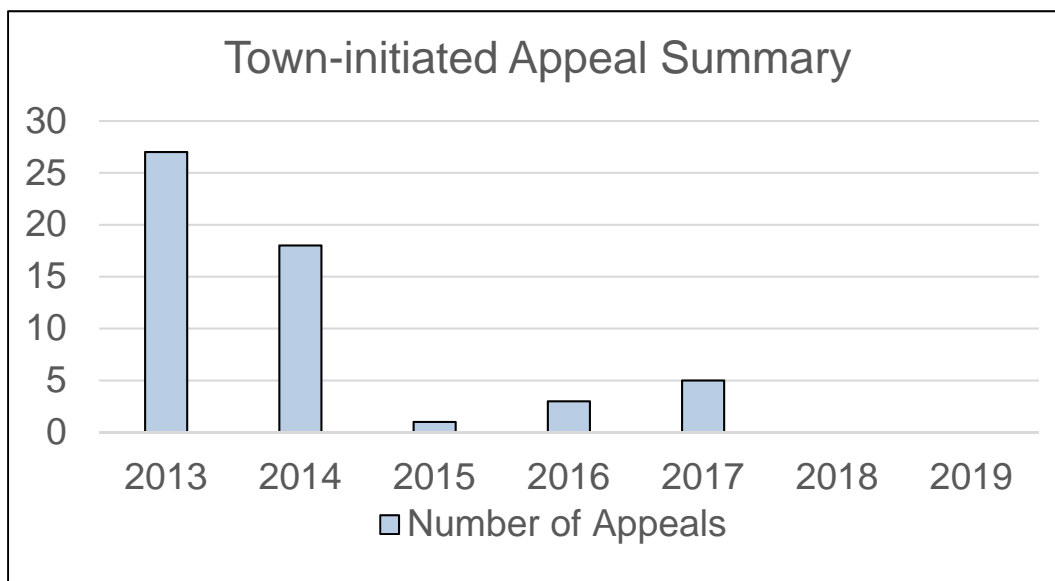
The deadline to appeal to the Assessment Review Board is March 31st of the current taxation year. In accordance with Corporate Policy 111, staff file appeals (if applicable) in advance of the deadline and subsequently report to Council. This approach has historically been used due to the time required to undertake the review of the roll, the timing of submissions of requests for reconsideration (RfR) which the Town may need to respond to, and based on prior consultations with third party consultants in this field.



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The reviews conducted for the 2019 taxation year did not warrant any Town initiated appeals, as such none were submitted in advance of March 31st. Assessment staff will continue to monitor supplementary/omitted activity along with Requests for Reconsideration (RfR), as received, and file appeals if required.

The following table summarizes the Town-initiated appeal activity. Appeals were more prevalent in the years 2013 and 2014 as process improvements have since been made with MPAC with respect to property assessment review. Through these changes, a greater number of properties are reviewed and adjusted where appropriate outside of the appeal process.



Also included in the proposed By-law are the delegates (i.e. specific Town staff) who are permitted to exercise powers over the administration of tax and assessment appeals to the Assessment review Board. Whereas in prior years the by-law has prescribed the names of specific individuals in addition to the position titles, the proposed by-law attached identifies only position titles. As such, the proposed by-law will not require annual updates and approval, and will therefore improve efficiency. The by-law will only updated as needed in response to legislative changes, job title or organizational changes, or where policy or best practice reviews identify further opportunities for improvement.

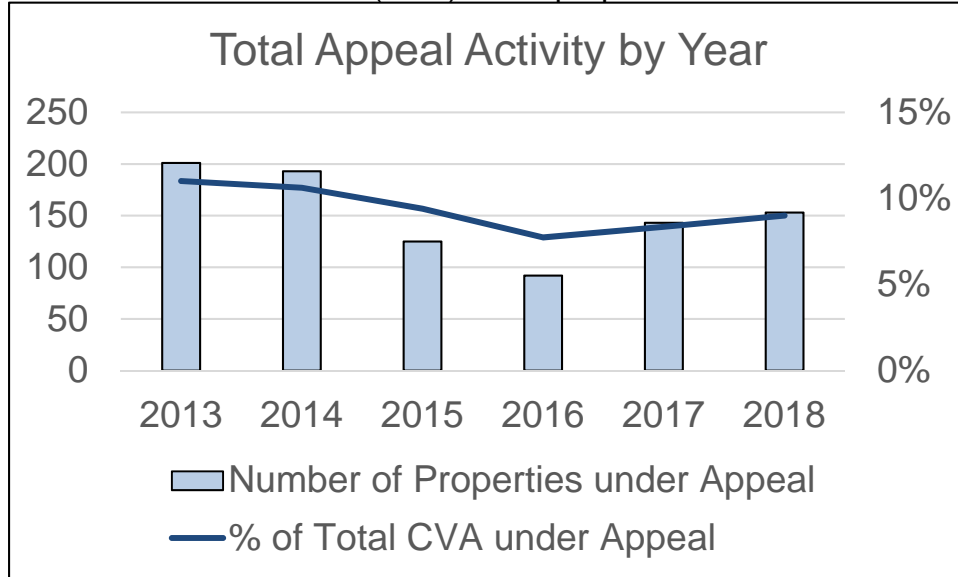
Assessment Base Management Activity Update

In addition to supporting Town-initiated appeals, Town staff are actively engaged in supporting the Town's position in appeal processes that are initiated by other parties including the property owners. The following table presents a history of appeal activity based on information made available by MPAC. It identifies 153 properties with active

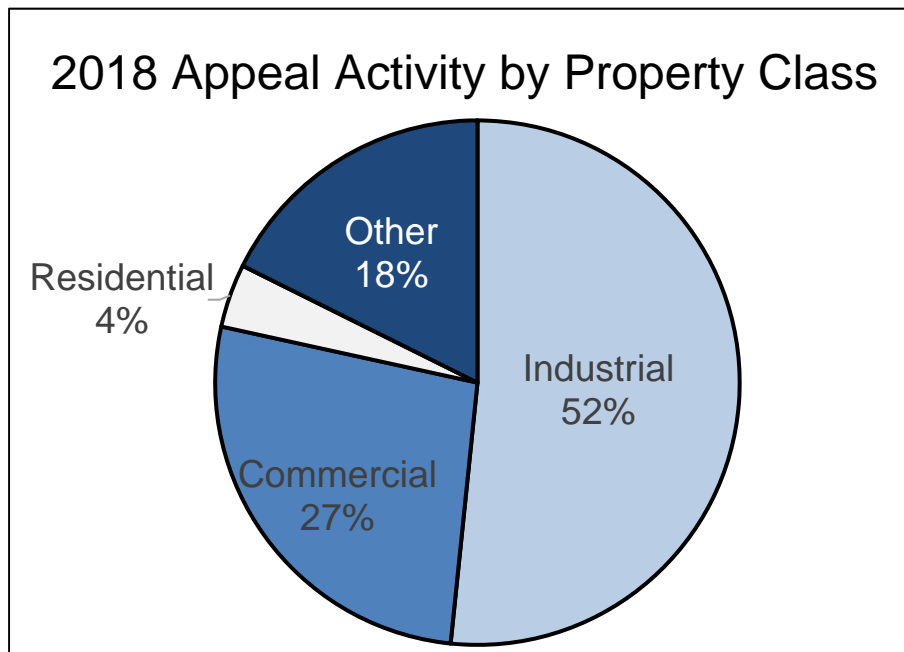


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appeals during the year 2018. The total value of those properties equates to 8.74% of the full Current Assessment Value (CVA) for all properties in the Town.



The appeal activity in 2018 continued to be largely related to the industrial and commercial properties as shown in the table below. These two categories accounted for 78% of the 153 appeals and 88% of the \$2.2 billion in assessment under appeal.



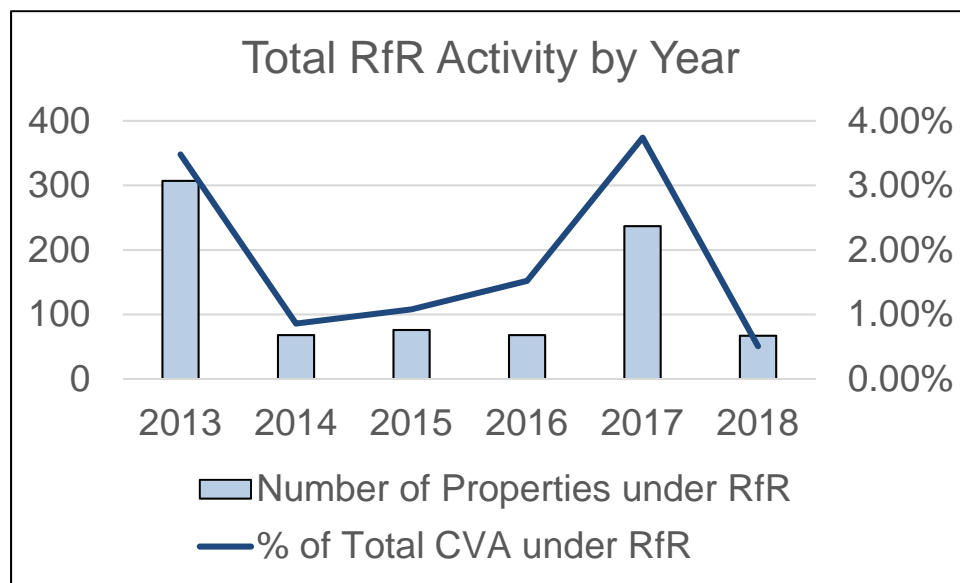
In addition to appeals, Town staff also have the opportunity to review and respond to Requests for Reconsideration (RfR) processes. Residential properties are required to



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proceed through an RfR prior to filing an appeal to the ARB, and therefore comprise a larger share of RfR activity relative to the appeal activity noted above. The following table provides a continuity of RfR processes within the Town of Milton.

It is important to recognize that the volume of appeals, whether Section 40 or RfR, fluctuate greatly throughout the assessment phase in cycle, with the majority occurring within the first year of the four reassessment cycle (ex. 2013 and 2017). The latest reassessment update will reflect values based on a January 1, 2016 valuation date and will provide the basis of property taxes for the 2017 to 2020 taxation years.



The Town's assessment base management staff have also undertaken a variety of other initiatives during 2018 in order to protect the integrity of the Town's assessment base and better position the Town going forward. Those achievements include:

- Providing responses to all owner initiated assessment appeals, and participating in multiple mandatory settlement meetings, further negating unwarranted assessment losses
- A building permit audit of renovations, additions, and demolitions approaching the three year omitted assessment window where the municipality may levy additional property taxes for the current year and, if applicable, for all or part of the two previous taxation years.
- Ongoing communication with Ontario Municipal Tax and Revenue Association (OMTRA), including the appointment of a member of Town staff as a Board Director



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Financial Impact

There is no fee for the Town in responding to owner initiated appeals and/or Requests for Reconsideration (RfR), as the Town is considered a respondent in the appeal process. Historically, the Town's Assessment Staff involvement in the appeal process has proven beneficial to the prevention of erosion to the assessment base and the application of equitable assessments, resulting in a fair distribution of the cost of the Town's services.

Respectfully submitted,

Troy McHarg
Commissioner, Corporate Services / Town Clerk

For questions, please contact:

Name: Steven Radenic x2161

Attachments

Appendix "A" - Draft By-Law XX-2019

CAO Approval
William Mann, MCIP, RPP, OALA, CSLA, MCIF, RPF
Chief Administrative Officer

THE CORPORATION OF THE TOWN OF MILTON

DRAFT BY-LAW NO. XX-2019

BEING A BY-LAW TO AUTHORIZE TOWN STAFF TO FILE ASSESSMENT APPEALS AND/OR REQUESTS FOR RECONSIDERATION AGAINST THE ASSESSMENT ROLL AND TO DELEGATE THE POWERS AND DUTIES OF THE MUNICIPALITY IN RESPECT OF ADMINISTRATION OF COMPLAINTS WITH THE ASSESSMENT REVIEW BOARD

WHEREAS the Council of the Corporation of the Town of Milton, may complain in writing to the Assessment Review Board pursuant to sections 33,34,39.1,40 and or 40.1 of the *Assessment Act*, R.S.O. 1990 c. A.31, as amended (hereinafter referred to as the "*Act*") that:

- (a) the current value of the person's land or another person's land is incorrect;
- (b) the person or another person was wrongly placed on or omitted from the assessment roll;
- (c) the person or another person was wrongly placed on or omitted from the roll in respect of school support;
- (d) the classification of the person's land or another person's land is incorrect;
- (e) for land, portions of which are in different classes of real property, the determination of the share of the value of the land that is attributable to each class is incorrect.

AND WHEREAS the Council of the Town of Milton deems it appropriate to enact this By-Law for the purposes of delegating its duties and discretion with respect to such complaints to the persons holding the positions with the Town of Milton as outlined herein.

NOW THEREFORE the Council of the Corporation of the Town of Milton hereby enacts as follows:

1. **THAT** in this By-Law:

"Delegate(s)" means any person or persons upon whom this By-Law confers the duties and discretion associated with complaints filed with the Assessment Review Board (ARB) under sections 33, 34, 39.1,40 and or 40.1 of the *Act*.

2. **THAT** all *Delegates* listed in this By-Law shall be deemed to be conferred with the duties and discretion noted in section 1 of this By-Law, in respect of all current, outstanding and future appeals filed by or on behalf of the Town of Milton.

3. **THAT** all *Delegates* listed in the By-Law shall be deemed to be authorized to act on behalf of the municipality in respect of exercising said duties and discretion.
4. **THAT** the persons holding the following positions with the Town of Milton are identified as *Delegates* for the purposes of this By- Law:
 - i) Chief Financial Officer / Treasurer
 - ii) Manager, Tax and Assessment
 - iii) Supervisor, Assessment Base Management
 - iv) Assessment Analyst
5. **THAT** the persons in the above positions are authorized to initiate, respond to, defend and/or approve assessment appeals and settlements.

PASSED IN OPEN COUNCIL ON XXX-XX, 2019.

_____ Mayor
Gordon A. Krantz

_____ Acting Town Clerk
William Roberts