CPTA 2020 Ontario Valuation and Legal Symposium

Applying a Planning Lens to Property Assessment

Joe Regina, M.I.M.A, Director, Research and Advisory Services
Uzo Rossouw, MCIP, RPP, Manager, Planning Services

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MUNICIPAL PROPERTY ASSESSMENT CORPORATION

Agenda

- Valuation Process
- Setting the Context
- Establishing Property Assessed Values
- Planning Context
- Site Characteristics
- Market Context
- Introducing Planning
- Q&A

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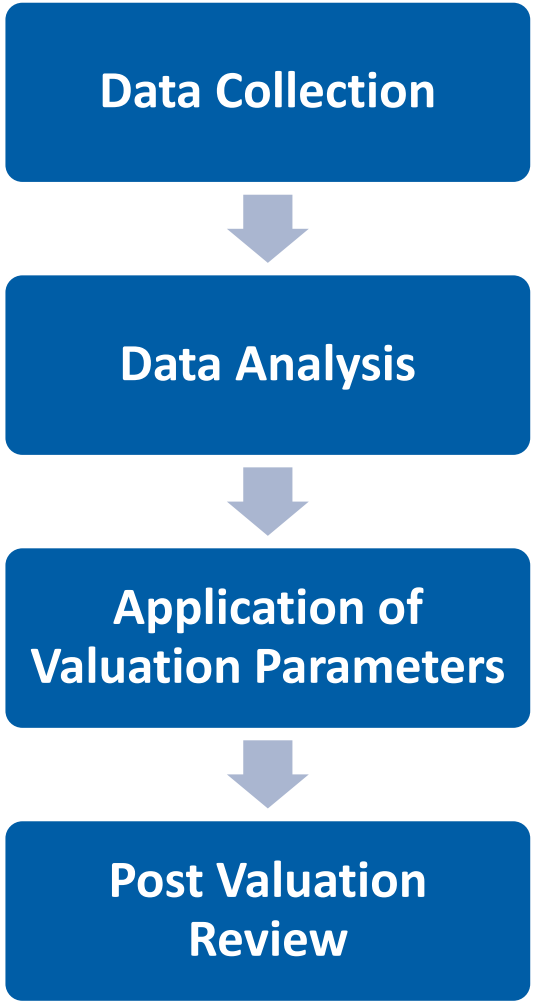
The Valuation Process – Applying a Planning Lens



Planning policies are one of many factors that an assessor should consider during the valuation process

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Setting the Context

- *Assessment Act:* All real property in Ontario is liable to assessment and taxation, subject to certain exemptions from taxation. The Act states the assessment of land shall be based on its current value

  "the amount of money the fee simple, if unencumbered, would realize if sold at arm's length by a willing seller to a willing buyer."

- In Ontario, MPAC's role is to determine the market value of a property. In other words, the price a property might reasonably be expected to sell for, as of the legislated valuation date.
- MPAC analyzes sales that reflect the behavior and motivations of market participants (sellers/purchasers).

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Establishing Assessed Values

Reflects sales	Values reflect what is occurring in the market
Equitable	Assessments must be equitable with similar properties in the geographic area
Reflects land-use plans	Planning information helps explain why properties are selling/transacting at particular prices

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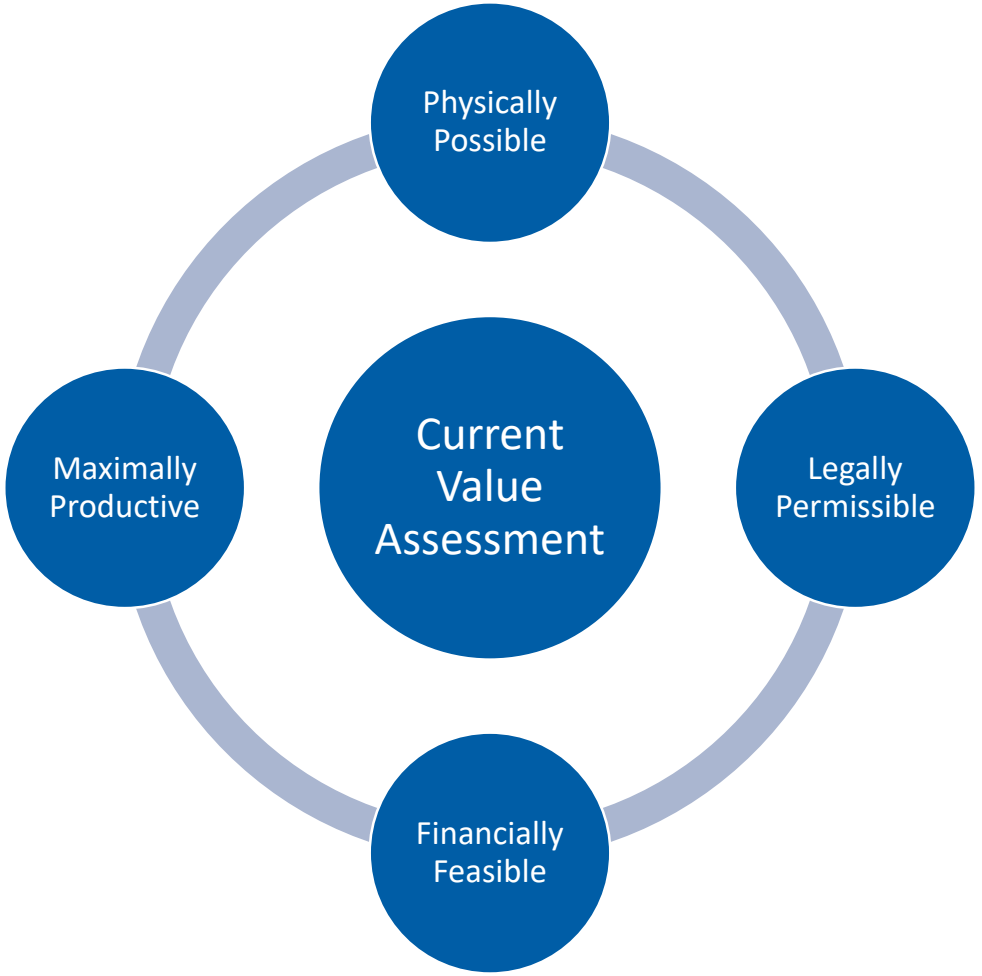
Establishing Assessed Values



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Establishing Assessed Values

- All **real estate sales transactions** are analyzed to establish market trends and patterns
- In areas where **provincial and municipal policies** are encouraging growth, and **legal land uses are permitting redevelopment**, **market trends and patterns** are being closely monitored to establish property values. This ensures that our assessments are **supported by market evidence**
- MPAC applies accepted appraisal principles by ensuring **real estate market forces inform and drive the development of our assessments**. This is accomplished by analyzing sales of comparable properties that contain similar land use permissions, in the immediate and surrounding areas

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Establishing Assessment Values

MPAC's analysis and market research considers:

- Detailed analysis of real estate sales transactions
- Property data validation, including site inspections, where necessary
- Determination of the market participants/purchasers
- Surrounding land uses
- Provincial policies
- Municipal policies
- Official Plan information, including any secondary and/or tertiary plans
- Municipally approved building permit activity
- Information collected through Requests for Reconsideration and appeals

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Establishing Assessed Values

Principle of Substitution

"Market value is indicated by the value of another property with similar utility"

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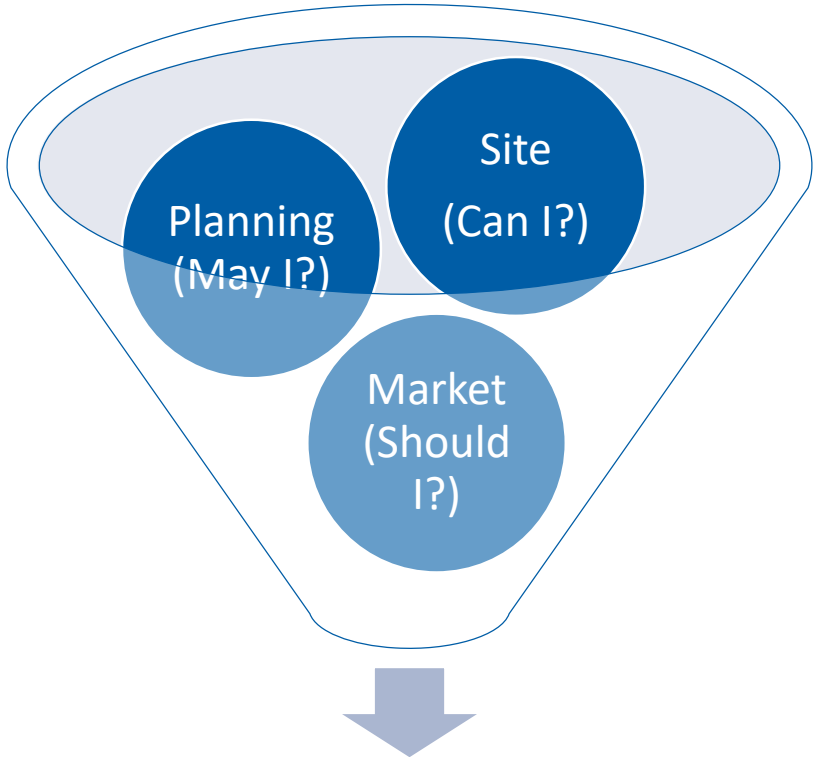
Establishing Assessed Values



Current (Market) Value

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The Planning Context

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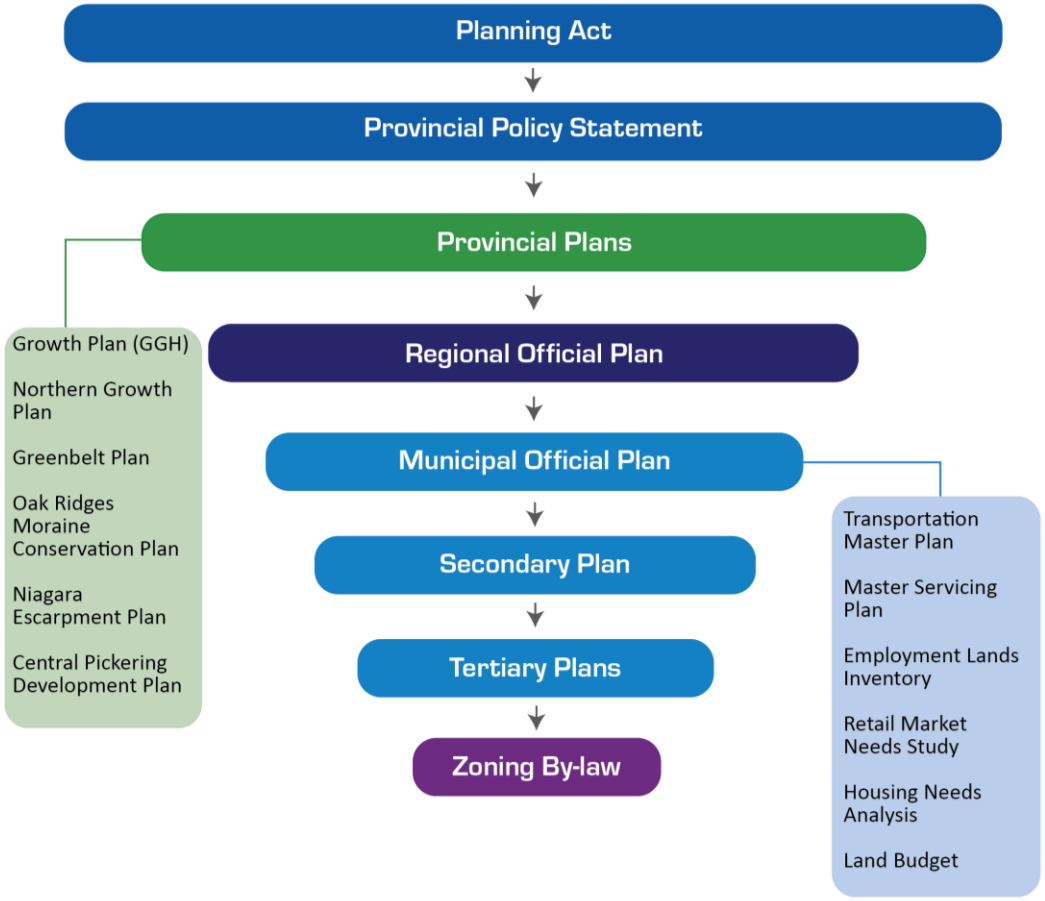
Planning Context



Determines how a property can be used

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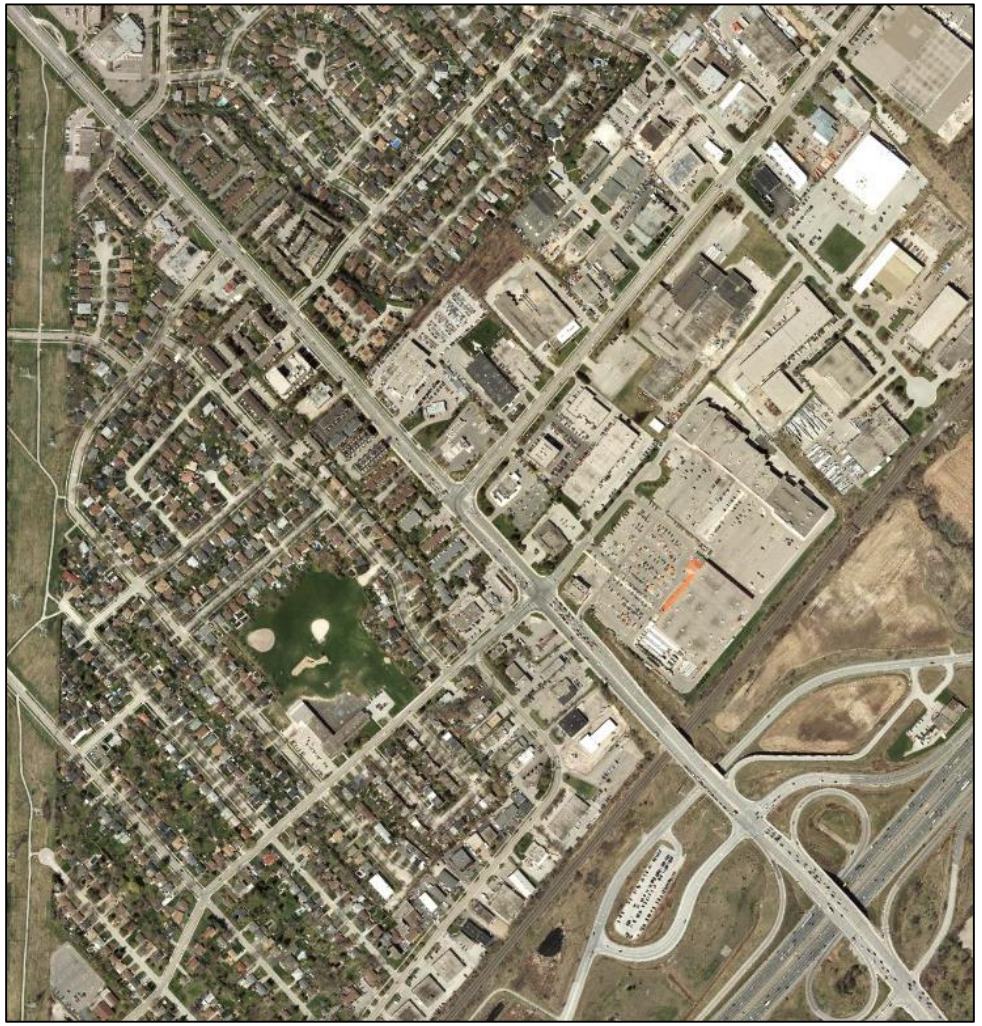
Planning Context - Burlington



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Planning Context - Burlington

High-Density Res
$320 - $380

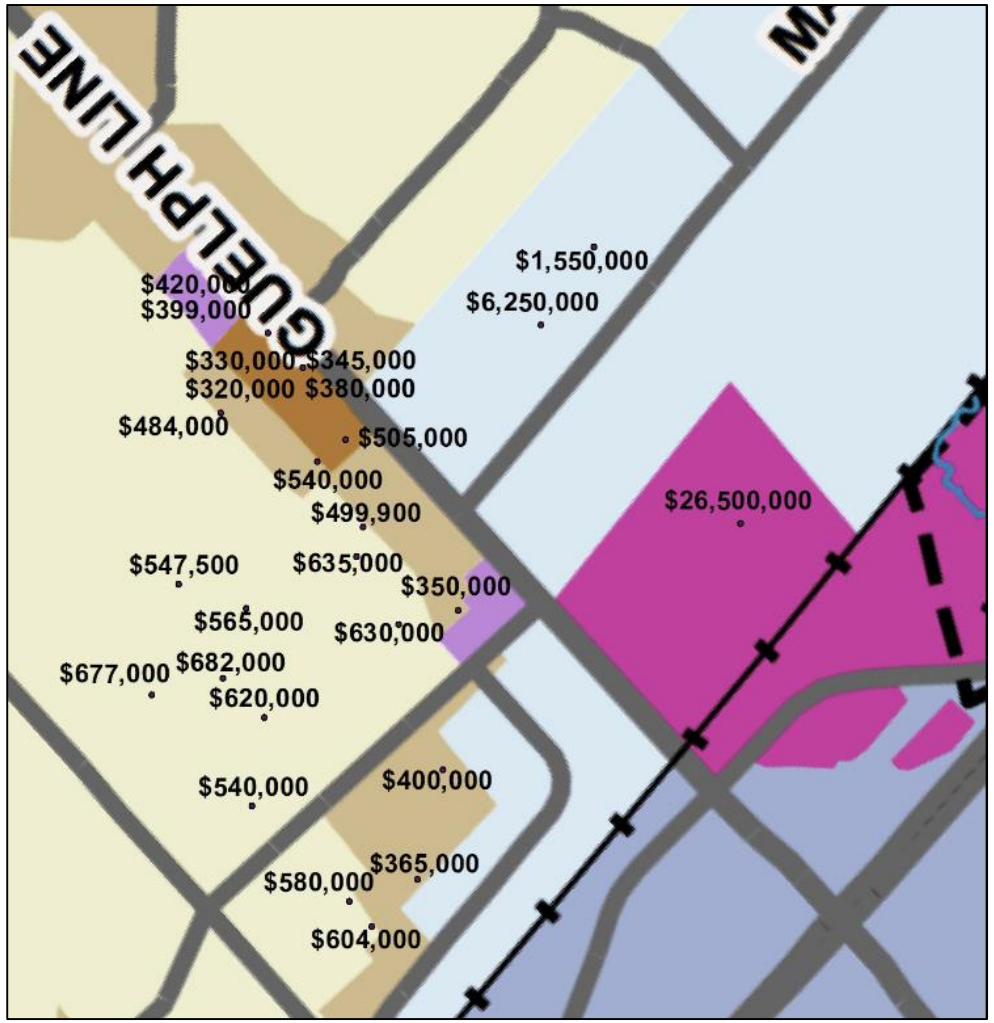
Med-Density Res
$350 - $540

Regional Commercial
$400 - $420

Low-Density Res
$550 - $680

General Employment
$1.5 million +

Employment Commercial
$26 million +



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Site Characteristics

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Site Characteristics

- Locational characteristics
  - Access, Surrounding Uses
- Physical Characteristics
  - Size
  - Shape
  - Topography
  - Surface Conditions
  - Contamination
- Environmental Conditions
- Serviceability

Determine if a potential use can be physically accommodated

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Site Characteristics - Toronto

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Site Characteristics - Toronto

Official Plan

- Mixed Use Areas:
  - commercial
  - residential
  - institutional
  - parks and open space
  - utilities
- Single use or mixed use buildings

Downtown Secondary Plan

- Mixed Use Area 4 – Local Use:
  - residential
  - small-scale office
  - institutional
  - Local service and retail uses
- Max height 4 -storeys

Site and Area Specific Policy

- Low scale buildings with retail at grade
- Minimal setbacks
- Open air display of goods

Zoning

- CR 2.0 (c2.0, r1.5) SS2 (x2457):
  - a wide range of residential, commercial
- No Apartment buildings, or dwelling units on first floor
- Max height 12.0 m

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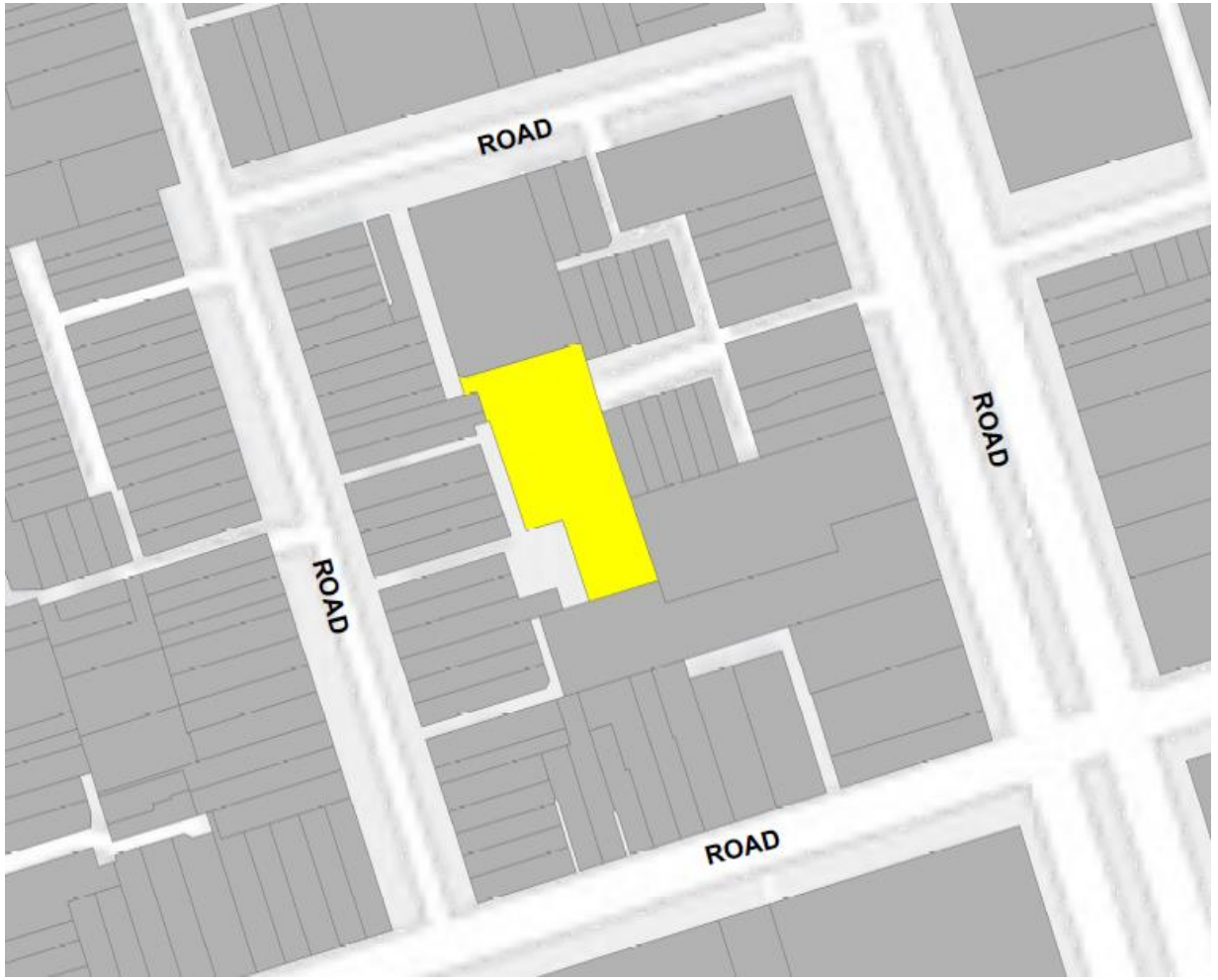
Site Characteristics - Toronto



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Market Conditions

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Local Market Conditions

- Value vs. Risk
- Cost to Redevelop
  - Current Use
  - Designation
  - Permission
  - Construction
- Local Market Conditions
  - Supply and Demand
  - Absorption
  - Sales Activity
  - Development Activity

Identifies if / when (re)development is likely to occur

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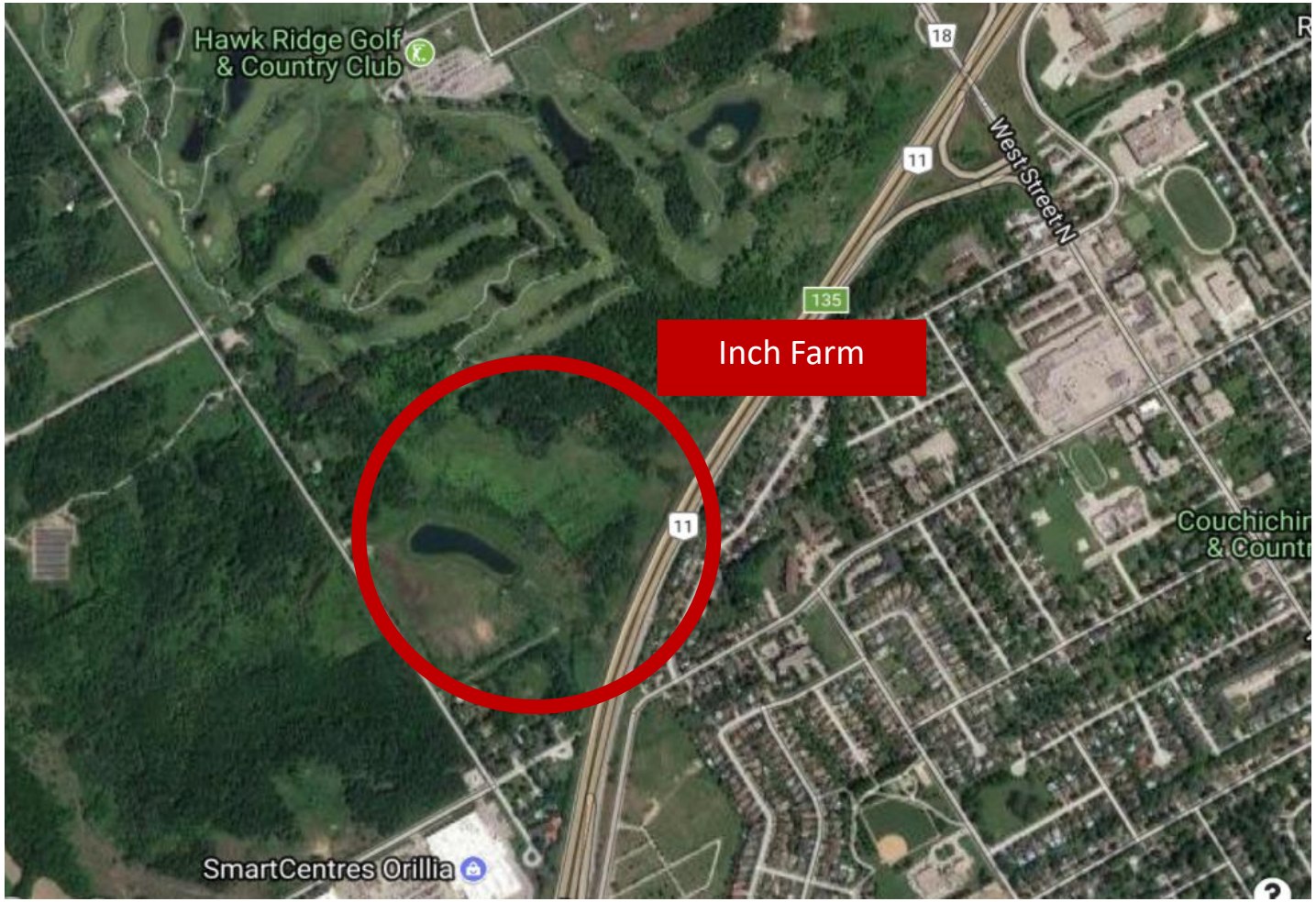
Timeline for Transition



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Timeline for Transition

(9)	Inch Farm
Proposed	123 Single Detached Lots and 23 Semi-Detached Dwelling Lots, on approximately 9 hectares of land.
Status	Draft Plan Approval on March 25, 1993.There is no expiry date associated with this Draft Plan. Zoning approval has been granted. Development cannot proceed until municipal services have been extended to the site.
Developer	Mark Rich Homes Limited

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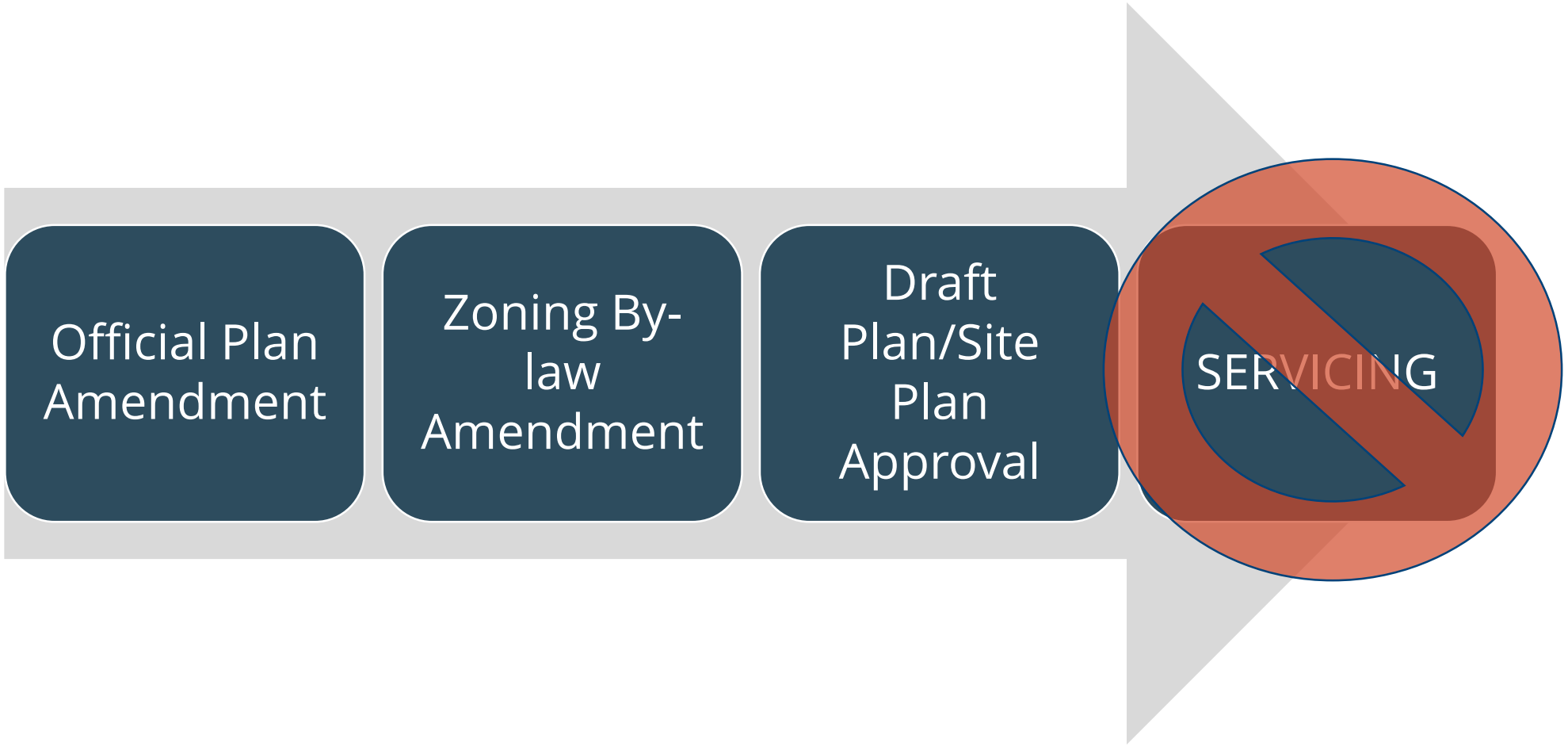
Inch Farm - Orillia



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Inch Farm – Orillia

CITY OF ORILLIA

2018 - 2022 Capital Budget and Forecast

(report financial information in thousands)

Ref. #	Project Description	Source	2018	2018E	2019	2020	2021	2022	5 Year Total	Future Funding
ENVIRONMENTAL SERVICES										
96	**Inch Farm Industrial Lands Servicing** This project would entail a municipal contribution towards the total cost to extend services and construct a new sanitary sewage pump station to service the Inch Farm lands. The Municipal Class Environmental Assessment was completed in 2012, and it provides an estimate of the City's cost contribution. The project could move ahead sooner if the developer begins sooner.	**Tax Levy**							-	
		Reserve:								
		Water & Wastewater						-	-	
		Land Acquisition			240				240	
									-	
		External							-	
		Gross Cost	-	-	240	-	-	-	240	
		Operating Budget Impact No future impact on operating budget.								
98	**Inch Sanitary Sewage Pumping Station and Forcemain** The Inch development area consists of the Inch subdivision and lands surrounding Murphy Road in the City, and the Area 3 development in the Township of Severn. The Inch SPS will service the development area and the Murphy Road development.	**Tax Levy**							-	
		Reserve:							-	
		Water & Wastewater							-	-
		Land Acquisition			700				700	
		External							-	
		Gross Cost	-	-	700	-	-	-	700	-
		Operating Budget Impact (Exp.) 2020 5.0								

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Introducing Planning

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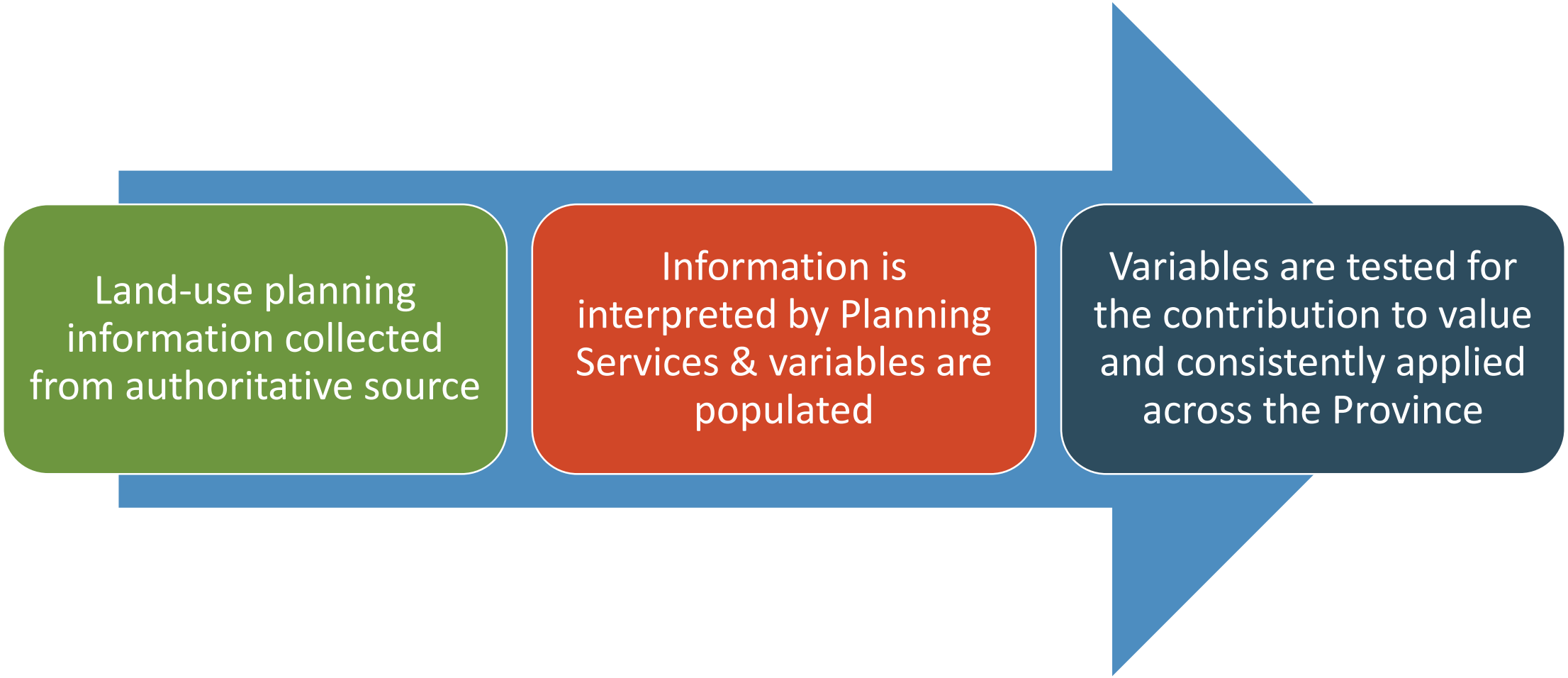
Introducing Planning



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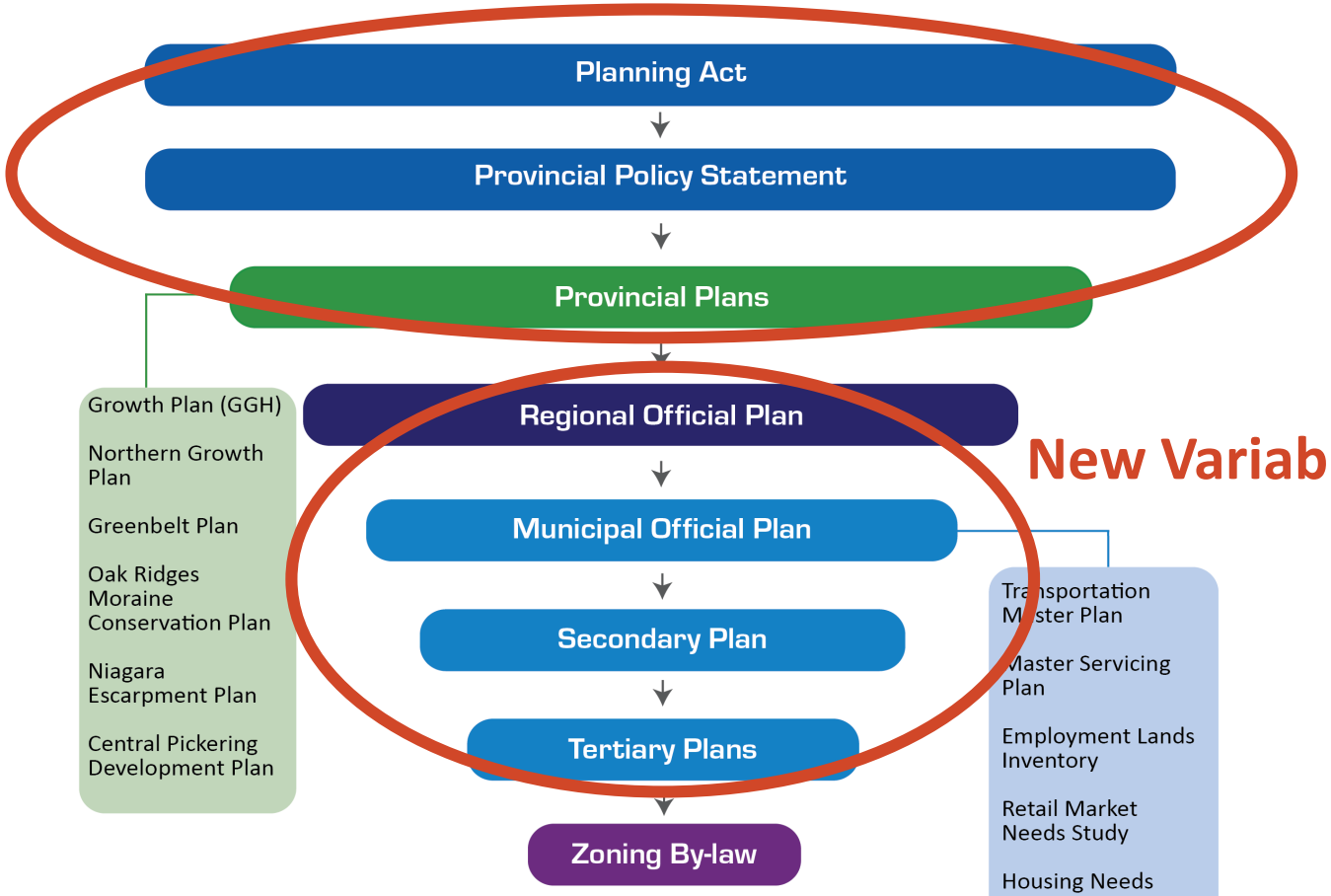
Introducing Planning

Market Model Areas



New Variables

Transportation Master Plan

Master Servicing Plan

Employment Lands Inventory

Retail Market Needs Study

Housing Needs Analysis

Land Budget

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Market Model Areas

Inner Ring: The geographic areas consisting of the Cities of Hamilton and Toronto and Regions of Durham, Halton, Peel and York

Outer Ring: The geographic areas consisting of the cities of Barrie, Brantford, Guelph, Kawartha Lakes, Orillia, and Peterborough; the Counties of Brant, Dufferin, Haldimand, Northumberland, Peterborough, Simcoe, and Wellington; and the Regions of Niagara and Waterloo

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Planning Variables

- Planning - Urban Growth Centre
- Planning - Community Plan/Study Area/Site Specific Policy
- Designated Heritage Conservation District
- Heritage Register – Listed Property/Building
- Planning – Secondary Plan
- Official Plan Designated – Residential
- Official Plan Designated – Commercial
- Official Plan Designated – Employment
- Official Plan Designated – Mixed Use (Including Residential)
- Official Plan Designated – Mixed Use (No Residential)
- Official Plan Designated – Institutional
- Official Plan Designated – Parks and Open Space
- Official Plan Designated – Natural Heritage System
- Official Plan Designated – Rural
- Official Plan Designated – Agricultural
- Official Plan Designated – Mining and Resource
- Official Plan Designated – Special Use/Other
- Regulated Conservation Area
- Major Transit Station Area

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Questions?

industry@mpac.ca