

Presentation to Niagara-on-the-Lake Council by Lynne Cunningham November 4, 2019 - 5:00 pm

ATTENDANTS:

Chair: Councillor John Weins

Lord Mayor and Councillors: Lord Mayor Betty Disero, Councillor Gary Burroughs, Councillor Allan Bisback, Councillor Wendy Cheropita, Councillor Stuart McCormack, Councillor Norm Arsenault

Municipal Staff: Kyle Freeborn, Treasurer and Peter Todd, Clerk, Sheldon Randall, all other department heads

Meeting was live streamed.

Questions asked during presentation:

Lord Mayor Betty Disero: Are the phase-ins automatic or is it up to the municipality? Is this something the town can opt out of?

Lynne: It is automatic, built into our system. It is not something that can be opted out of, it is provincial legislated. You would see the CVA and your base assessment.

Lord Mayor Betty Disero: So if in 2020 I did a major overall of my house, would there be a change to that phase-in in 2020?

Lynne: Yes, so pre reassessment, if it is within the year of 2020 you would receive a supplementary notice to show value of increase plus the restated phase-ins. This is the final year of the phase in so this would be the full CVA. In 2021, an improvement changes all of the four years of phase in. e.g- house built June 2021, we would add a Supplemental for the value of the house (as additional assessment) and the new CVA would be phased in over the four year cycle.

Lord Mayor Betty Disero: But it doesn't change the date going back?

Lynne: That's right, only going forward.

Councillor Wendy Cheropita: The value of someone's home doesn't equal the value of someone's ability to pay taxes. So why is the value used to assess taxes?

Lynne: We are not assessing the person, we are assessing the specifics of the property as per the legislation. The legislation that has been in place for some time guides us to value and

classify property. Once a municipality determines through budget the cost of services, the tax rates are determined and these are multiplied by the CVAs each year. The result is the amount of taxes to be paid.

Councillor Wendy Cheropita: So there is no consideration to someone's service usage?

Lord Mayor Betty Disero: That has been the question for years.

Lynne: We are bound by the regulations under the *Assessment Act* so everything is under those guidelines. We assess the property, not the person.

Councillor Gary Burroughs: When you refer to growth, that is an increase in the assessment value?

Lynne: Yes, that is taxable growth or new assessment. All exempt and PILT growth is not shown on the slide.

Councillor Gary Burroughs: So a house assessed at \$1,000,000 today, but was \$750,000 before isn't part of your number?

Lynne: Growth is any improvement to the property, so it can improvement to an existing property, or brand new. It is what wasn't captured on roll last time.

Councillor Gary Burroughs: If your determination of a property is that it is worth more now than before, that is part of the growth?

Lynne: Yes, that's right.

Councillor Gary Burroughs: Referring to the slide on assessment, what would it have been the last reassessment?

Lynne: I'd have to go back but our figures are every year. From the roll totals in 2016 for Niagara on the Lake there were 8935 properties with a roll total of 4,535,070,145 (2012 CVA). In 2019, based on 2016 3rd year phase in total assessment, there are 9395 properties with a total CVA of 5,678,503,279

Counsellor Norm Arsenault: The 5.1%, is that the PILTs?

Lynne: Yes. From the top of the slide that is the percentage of properties that are PILT and exempt within Niagara on the Lake

Counsellor Norm Arsenault: How many physical inspections are done on properties?

Lynne: I would have to take that question back. A lot! It would be a big number that are done related to sales investigations and property reviews, building permit reviews and inspections

for appeals and request for reconsideration. I will get back to with a number. These figures will be available for formal council delegation prior to Reassessment notice release.

How do you find or how often do you find changes where people don't take out a building permit?

Commonly we are told from people contacting us advising us of changes, or we find when we review areas small changes..for example decks, finished basement renovations were people do themselves, where there are permits and people understand what is regulated they may follow. There are things people don't believe they need a permit for but it is in the realm of a municipality to monitor permits. We are continually reviewing our data as well as reviewing digital imagery with also onsite inspections, so we find more than we ever did before.

Councillor Stuart McCormack:

I have three questions:

1. What factors result in a property assessment decrease? For instance, if someone lived on a property and someone next door started a mushroom factory, would that because a decrease due to the odor?

Lynne: One way properties can decrease is because they have won an appeal.

Another way is if you make a change to the state and condition of a property, then the value can decrease. For example, remove a pool, or take something away or you demolish a structure.

If there is a nuisance, like the odor of a mushroom factory, we have to examine market evidence to determine whether or not there is evidence that shows us that we can reduce it. It is case by case. In our information we have many variables, so it might be part of the overall formula we are already considering. For example, a nuisance external to the property like when you abut a HWY, that is already considered in the analysis and we account for that in the valuation.

Councillor Stuart McCormack:

2. How do you assess a farm? Does it run on the value of the crops?

Lynne: I will get to that in the slide that is coming up. The is a side that speaks to 19.5 of the assessment act, and how we are valuing farm land based on the land characteristics. We review sale of farms of only farmer to farmer sales (so no sales for potential development are included). We do not value the crops. We make the determination if a property is a farm, and the farm owner, if qualified by AGRICORP (based on annual submission and meting their criteria) will have their farm land classified at the FT tax classification upon qualification.

Councillor Stuart McCormack:

3. How does MAC assesses cannabis facilities?

Lynne: I can direct you to a webinar for cannabis. Do we assess as industrial or farm? There is not a simple, straight answer but the long and short of it is if there is farming, it is treated as a farm, but if there is processing, it is industrial. Like a winery, it can be split, and we can have different classes on it. It is our interpretation of the legislation. MPAC is inspecting all Cannabis properties in Ontario. It will be worthwhile for you to listen to webinar MPAC is presenting. I will send the invitation. (Invitation sent to Peter Todd to distribute to the councilors)

Councillor Gary Burroughs: Income approach, if a residential home says it is residential, but it is a Bed and Breakfast, do you consider those, like if the resident doesn't use it as a Bed & Breakfast?

Lynne: They are not valued using income approach, they are used the Sales Comparison approach, so it is not included. We do identify the residential B&Bs by a unique property code and recognize that the town keeps an inventory of the licensed establishments. If they operate under 7 bedrooms, then they are assessed residentially.

Councillor Wendy Cheropita: In the case of cannabis, it is a farm product but there are negative impacts on residential areas around them. How does that impact the assessment?

Lynne: It would be valued as the land is farmland, then the greenhouse or other structures, and portions of it depending on what the use is, it could be commercial, industrial. In relation to abutting properties, if they are residential or farm, an odor may not diminish farm values, but residentially there could be an impact where a case is made that it is affecting the property.

Currently to date there have been no successful cases argued at the ARB where an adjustment has been made for odour nuisance related to Cannabis. MPAC will be monitoring this as more operations become active and sales occur close to these facilities.

Councillor Gary Burroughs: Hopefully we will receive this presentation. On PILTs, how do you assess federal properties that don't require building permits?

Lynne: What has evolved is, I understand there is no building permit requirement for federal. But MPAC has strong relationships with federal property management as well as property owners that we didn't have before. So properties like the airport, the owners reach out to us regularly, and they tell us about the changes.

Councillor Gary Burroughs: Would the RCMP building be included as a PILT?

I would have to check. I did check and the CVA was supped on in 2016. So yes we have added the building. The CVA is currently 6,774,000 CF. We have good relationship with Frankie in public works and he provides us his inventory and he reviews the properties and advises us where there have been changes made. He also provides us with new information when

improvements to properties are happening. Plans and details are often exchanged. The information is updated and staff can see the changes through Municipal Connect (there are some new transactions on the last supp run for changes and updates made to the Welland Canal properties. I know Fort George was updated in 2015 because there was a building put on. Because we are not receiving the permits, we have developed relationships, and we are communicating, so we can check their inventory and match to what we have.

Lord Mayor Betty Disero: Thank you very much for this presentation.