



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Ken DeHart, County Treasurer
Date: Tuesday, January 18, 2022
Subject: **2022 Average Property Assessment Values**

Background:

The purpose of this report is to provide the Committee with an update of average property assessment values in each of the broad tax class sectors.

The County has a duty to provide annual property tax impact analysis for typical residential property owners in each of our seven member municipalities as well as determine the average County-wide residential current value assessment (CVA). Changes to the property assessment system such as mandatory reassessment and phased-in assessment increases, along with enhanced software systems and reports generated by the Province's Online Property Tax Analysis (OPTA) tool and from the Municipal Property Assessment Corporation (MPAC) are available to assist municipalities in determining these averages.

As previously reported, the Province has once again postponed the reassessment date. All property values are frozen at their 2021 year-end values which continue to be based on a January 1, 2016 base year valuation. This means most property owners will not see an increase in property assessment unless changes have taken place during the year. Business, residential and farm properties owners all benefit from the postponement by providing some measure of stability.

Average Residential Property Value

MPAC classifies property code (PC) 301 as single family detached dwellings (SFD). The total property count and related CVA is stated in MPAC's Market Change Profile reports. This method determines average (mean) residential CVA by dividing total assessment in PC 301 by the number of properties. Using only PC 301 values produces a quick, accurate and consistent method of determining average residential property values as it weeds out other residentially taxed properties such as retirement homes, seasonal dwellings, mobile home parks, condominiums and walk-up apartments.

Staff have calculated the mean (average) value of properties across the County and these results are shown in Table 1 of Schedule A. The mean value of a single-family detached dwelling in the County is \$445,527 with values ranging from \$247,181 in Minto to \$695,499 in Puslinch. The County has been reporting the residential tax impact of the budget per \$100,000 of assessment due to these range variances rather than reporting for a "typical" property assessment value.

Average Business Property Values

When determining typical average assessment for other property classes staff refer to the broad class total value based on property codes assigned by MPAC as stated in the Market Change Profile reports. Several manual adjustments are then factored into the calculation in order not to skew average (mean)

values. Adjustments would include removing property counts and assessment valuation of large commercial or industrial properties such as Nestle Waters, Jefferson Elora, Musashi, TG Minto, and large distribution or shopping centres to name a few. This method is time consuming for staff to be calculating year after year and creates consistency issues when reporting differently from local municipalities across the County. That said, these manual calculations produce a more realistic average assessment for typical business class properties within each municipality. Table 1 of Schedule A shows average values from 2020 to 2022 for multi-residential, commercial and industrial properties. A typical commercial property value in Wellington County is \$514,547 and ranges from \$303,374 in Minto to \$906,974 in Puslinch. Typical industrial property values range from \$532,442 in Wellington North to \$1,904,609 in Puslinch, while the County average is \$928,577.

Average Farmer Owned and Occupied Property Value

The typical farmer owned and occupied property values are difficult to determine using the above MPAC method by nature of trying to separate the farm house (RT) from the farmland (FT) valuation. For this property type, County and local staff rely on the Province's Online Property Tax Analysis (OPTA) tool rather than the MPAC method.

Table 2 of Schedule A summarizes farm house and farmland typical (median) values for each municipality. The total median farm value in Wellington County is \$1,197,600 with Mapleton having the highest typical value of \$1,697,100.

When comparing a farmer occupied residence to that of an average single family dwelling we note quite a gap in valuation. Farm houses are assessed differently by MPAC. Rather than being based on a mass appraisal regression model (MRA), MPAC assesses farm houses on a replacement cost (less depreciation) method which produces a much lower assessment. Another factor is that the land component (1 acre) attached to the house is valued at farmland rates not residential land rates.

The OPTA reports, as shown in Schedule B, generate the median CVA and calculate tax impact year over year. The median value picks the exact middle property value in each municipality. There will be an exact number of higher and lower value properties surrounding the median property value. Until actual tax rates are set, these reports will not show a change in property value or taxes. At this point in time there is no tax impact to report.

Detailed 2022 tax impact and analysis will be undertaken and reported to the Committee prior to setting tax policy in the spring.

Recommendation:

That the 2022 Average Property Assessment Values report be received for information.

Respectfully submitted,



Ken DeHart, CPA, CGA
County Treasurer