

Do you know your MPAC neighbourhood?

The following letter has been condensed for space.

To the Editor,

Perhaps you have your MPAC assessment by now. MPAC assessed values will vary by property, so you may be looking at higher or lower assessed values. MPAC is a provincial government agency with the exclusive right to set property assessments. Municipalities cannot do their own assessments as happened prior to 1998. And overall assessed values are up dramatically.

This letter is about what you can do about MPAC assessments regardless of which municipality you reside in. MPAC has been by far the biggest culprit in your property tax bill increases over the past 10 years. What has been the impact on taxation revenues? Well, in Hastings Highlands the residential class has gone from \$438 million in assessed values in 2005 to over \$900 million in 2016.

Let's clarify some important points about property taxes. The formula for residential properties is: municipal tax rate (60 per cent) plus county tax rate (24 per cent) plus education tax rate (16 per cent) times MPAC assessed value equals property tax. It's really simple math.

The municipal tax rate for residential properties is fully under the control of the local municipality ? Hastings Highlands, Bancroft, and Madawaska Valley for instance. And the municipal portion of your property tax bill has been growing over the past 10 years. County and Education tax rates (the other two portions of the tax rate) are under the control of the County and the Province. And as a percentage of your property tax bill, these have been shrinking.

With MPAC, all properties are given a new assessed value as of a set date (January 2016 is the most recent). Your new value is derived from sales activity over the past four years in your ?neighbourhood.? In addition, MPAC makes an adjustment for any under- evaluation of the neighbourhood based on sales compared to assessed values over the past four years.

So the neighbourhood has a double whammy ? first the overall increase and then the under evaluation increase. Now to soften this blow, MPAC takes four years to implement the change if it results in a higher assessment.

The neighbourhood definition is critical, and here is why. MPAC chose to define neighbourhoods in a way which would result in much higher tax increases for waterfront owners. How did they do this? By carving out all properties on the waterfront from all other residential properties in the area. And it worked like a charm. But then they found that with limited sales their calculations were suspect?so they went further.

In the last MPAC cycle, I spoke with a cottager on a small lake in the North Hastings area who found that his ?neighbourhood? included a much larger lake with many more expensive waterfront sales. Result: his taxes skyrocketed. He filed a Request for Reconsideration and MPAC immediately adjusted his neighbourhood designation, which lowered his taxes.

Do you know what your neighbourhood is? If not, it's time to ask some questions. It may be costing you a lot of money. Look for the neighbourhood designation on your property profile, and get a definition from MPAC of what is included. And remember: MPAC prices properties to perfection. If you have a weedy shoreline or are on a narrow busy waterway or have a limited service property, tell them in your RFR (Request for Reconsideration)

You must act soon if you want to have an impact on your 2017 taxes; the deadline for an RFR is now 120 days after the delivery of your PAN, not March 31, 2017, as previously. And start now, before the rush. MPAC has an office in Bancroft, so contact them. I have found these folks very helpful.

Remember: your municipality can't change MPAC. Get to know your neighbourhood (MPAC definition). Then get to your local realtor for sales in the recent past in your MPAC neighbourhood. It could save you a lot.

Bill Cheshire
Baptiste Lake