

# Summary of Contents

## **PART I. GENERAL PRINCIPLES**

- Chapter 1. Fundamental Concepts of Property Assessment
  - Appendix 1A. Key Websites
- Chapter 2. Liability to Assessment and Exemptions from Taxation
- Chapter 3. Interpretation of Statutes
- Chapter 4. The Expert Witness

## **PART II. LEGAL PROCEDURE**

- Chapter 5. The Municipality in the Assessment Process
- Chapter 6. Highest and Best Use
- Chapter 7. Appeal to the Assessment Review Board
- Chapter 8. Applications to the Superior Court of Justice and Judicial Review
- Chapter 9. Appeal to the Divisional Court
- Chapter 10. From Assessment to Taxation Increase, Decrease or Refund of Taxes After the Assessment
- Chapter 11. Disclosure of Information

## **PART III. VALUATION**

- Chapter 12. The Assessment Valuation Process
- Chapter 13. The Sales Comparison Approach
- Chapter 14. The Cost Approach
- Chapter 15. The Income Approach
- Chapter 16. Taxation: Tax Rates, Mitigation, Phase-In Capping and Apportionment
  - Appendix 16A. Tax Policy Summary

**Appendices**

**Appendix A. Assessment Legislation**

Appendix A1. Assessment Act, R.S.O. 1990, c. A.31

Appendix A2. General Regulation, O. Reg. 282/98

Appendix A3. Generation Facilities, O. Reg. 574/06

Appendix A4. Assessment Review Board Act, R.S.O. 1990, c.  
A.32

Appendix B. Assessment Review Board Rules of Practice  
and Procedure

Appendix IF. Issues in Focus

Appendix WP. Words and Phrases

**Table of Cases**

**Index**

# Table of Contents

## PART I. GENERAL PRINCIPLES

### CHAPTER 1. FUNDAMENTAL CONCEPTS OF PROPERTY ASSESSMENT

#### I. BASIS OF ASSESSMENT; CURRENT VALUE

§ 1:1 The Basis of Assessment

§ 1:2 Current Value

#### II. EQUITY VS. CURRENT VALUE

§ 1:3 Introduction

§ 1:4 References in the Assessment Act to “Value”,  
“Assessment” & “Assessed Value”

§ 1:5 Burden of Proof

§ 1:6 Unencumbered Fee Simple Assessment

§ 1:7 Is a Zero Assessment Possible?

§ 1:8 Value in Use and Value in Exchange

#### III. CLASSIFICATION

##### A. INTRODUCTION

§ 1:9 Generally

##### B. CRITERIA FOR CLASSIFICATION

§ 1:10 Introduction

§ 1:11 Residential Property Class

§ 1:12 Multi-residential Property Class

§ 1:13 Commercial Property Class

§ 1:14 Industrial Property Class

§ 1:15 Pipeline Property Class

§ 1:16 Farm Property Class

§ 1:17 Managed Forests Property Class

§ 1:18 New Multi-residential Property Class

§ 1:19 Office Building Property Class

§ 1:20 Shopping Centre Property Class

§ 1:21 Parking Lots and Vacant Land Property Class

§ 1:22 Large Industrial Class

### C. SUBCLASSES

- § 1:23 Introduction
- § 1:24 Farm land Awaiting Development
- § 1:25 Vacant Land
- § 1:26 Excess Land

### D. CHANGE IN CLASSIFICATION

§ 1:27 Generally

## IV. ANNUAL ASSESSMENT

- § 1:28 Introduction
- § 1:29 State and Condition
- § 1:29.50 Impact of COVID-19 on State and Condition
- § 1:30 Omissions and Corrections
- § 1:31 —Between the Date of Delivery of the Notice of Assessment and Return of the Roll
- § 1:32 —After the Date of the Return of the Roll
- § 1:33 Supplementary Assessments

## V. NOTICES AND ROLLS; DATE OF ASSESSMENT

- § 1:34 Assessment Notices
- § 1:35 Form of Assessment Notice
- § 1:36 —Information
- § 1:37 Assessment Roll Numbers
- § 1:38 Date of Assessment
- § 1:39 —Significant Dates in the Assessment Process

## VI. THE ASSESSOR

- § 1:40 Introduction
- § 1:41 Composition of the Assessment Corporation
- § 1:42 Intended Services
- § 1:43 Transfer of Duties
- § 1:44 Additional Powers of the Assessment Corporation

## VII. RELEVANT WEB SITES

§ 1:45 Generally

Appendix 1A. Key Websites

## **CHAPTER 2. LIABILITY TO ASSESSMENT AND EXEMPTIONS FROM TAXATION**

### **I. INTRODUCTION**

§ 2:1 Generally

### **II. WHAT IS ASSESSABLE?**

- § 2:2 Introduction
- § 2:3 Buildings
- § 2:4 Improvements
- § 2:5 Fixtures
- § 2:6 Onus
- § 2:7 Special Classes of Land
- § 2:8 Owner
- § 2:9 Purchasers of Crown Lands
- § 2:10 Occupation of Lands
- § 2:11 Sufficiency of Occupation
- § 2:12 Occupation by Servants
- § 2:13 Occupation of Exempt Lands
- § 2:14 Separate Interests
- § 2:15 Place of Assessment

### **III. WHAT IS EXEMPT FROM TAXATION?**

- § 2:16 Introduction
- § 2:17 The Crown
- § 2:18 Occupation of Crown Lands
- § 2:19 Occupation in an Official Capacity
- § 2:20 Compulsion
- § 2:21 Municipal Property
- § 2:22 Religious Organizations
- § 2:23 Cemeteries, Burial Sites and Crematoriums
- § 2:24 Charitable Institutions
- § 2:25 Hospitals
- § 2:26 Education Institutions
- § 2:27 Patrimony in the Context of Assessment Appeals
- § 2:28 Seminary of Learning
- § 2:29 Literary and Scientific Societies
- § 2:30 Machinery and Equipment
- § 2:31 Airport Authorities
- § 2:32 Conservation Lands
- § 2:33 Theatres

## **CHAPTER 3. INTERPRETATION OF STATUTES**

- § 3:1 Interpretation of a Tax Statute
- § 3:2 —General Rules
- § 3:3 —Exemptions and Double Taxation
- § 3:4 —Ejusdem Generis Rule
- § 3:5 —Amendments to Statute
- § 3:6 Ordinary Meaning: General and Particular Words
- § 3:7 —General Rules
- § 3:8 —Intention of the Legislature
- § 3:9 Ambiguity
- § 3:10 Question of Fact
- § 3:11 —General Rules
- § 3:12 Retroactivity
- § 3:13 —Examples of Retroactive and Non-Retroactive Legislation
- § 3:14 Inconsistencies
- § 3:15 Time of Construction
- § 3:16 Statute as a Whole
- § 3:17 Using Other Statutes to Gain a Definition
- § 3:18 Absurd Consequences
- § 3:19 Ambiguity
- § 3:20 Administrative Practice
- § 3:21 Legislation Act, 2006: Rules of Construction
- § 3:22 Regulations

## **CHAPTER 4. THE EXPERT WITNESS**

- § 4:1 Introduction
- § 4:2 Who is an Expert
- § 4:3 Qualification of the Expert
- § 4:4 Contesting Admissibility of Expert Witnesses
- § 4:5 Evaluating the Expert's Opinion
- § 4:6 The Expert's Report, Content and Disclosure—  
Content of the Report
- § 4:7 —Disclosure of the Expert's Report
- § 4:8 —Production of Other Appraisal Reports
- § 4:9 —Reference to Appraisal Reports at the Hearing
- § 4:10 —Production of Preliminary and Draft Documents
- § 4:11 Bias and Independence
- § 4:12 —Bias
- § 4:13 —Independence
- § 4:14 —Advocate and Expert Witness
- § 4:15 Right of Tribunal to Retain an Independent Expert
- § 4:16 Rule Against Hearsay Generally

TABLE OF CONTENTS

- § 4:17 Impact of the Rules of Practice and Procedure of the  
Assessment Review Board on the Expert Report

## **PART II. LEGAL PROCEDURE**

### **CHAPTER 5. THE MUNICIPALITY IN THE ASSESSMENT PROCESS**

- § 5:1 What Can a Municipality do to Assist in the  
Assessment Process?  
§ 5:2 Authority of Municipality to File Appeals  
§ 5:3 Impact of the Rules of Practice and Procedure on the  
Municipal Role

### **CHAPTER 6. HIGHEST AND BEST USE**

- § 6:1 Significance  
§ 6:2 Application to Assessment  
§ 6:3 Alteration or Amendment for Assessment Purposes  
§ 6:4 Four Component Test of HABU  
§ 6:5 Planning Process in Ontario  
§ 6:6 The Four Criteria for Highest and Best Use  
§ 6:7 —Reasonably Probable  
§ 6:8 —Property as Vacant and Improved  
§ 6:9 —Legally Permissible  
§ 6:10 —Physically Permissible  
§ 6:11 —Financial Feasibility  
§ 6:12 —Maximum Productivity

### **CHAPTER 7. APPEAL TO THE ASSESSMENT REVIEW BOARD**

#### **I. APPEALS TO THE ASSESSMENT REVIEW BOARD**

- § 7:1 Jurisdiction of the Assessment Review Board  
§ 7:2 Assessment Appeal Process

#### **II. REQUEST FOR RECONSIDERATION OF THE ASSESSMENT**

- § 7:3 Introduction  
§ 7:4 2009 and Succeeding Years  
§ 7:5 2017 and Succeeding Years  
§ 7:6 Late Filing of the Request for Reconsideration

- § 7:7 Response by the Assessment Corporation for 2017  
Calendar Year and Succeeding Years
- § 7:8 Omitted or Supplementary Assessments
- § 7:9 To Whom Is the Request for Reconsideration Process  
Available?
- § 7:10 How is the Process Commenced?
- § 7:11 What is Required of the Assessment Corporation?
- § 7:12 What Happens When the Municipality Objects to  
the Settlement?
- § 7:13 Grounds for a Request for Reconsideration

### **III. APPEALS TO THE ASSESSMENT REVIEW BOARD**

- § 7:14 Commencement of Appeals—Relief From Late Filing  
and Compliance with Requirements
- § 7:15 Assessment Review Board Rules of Practice and  
Procedure
- § 7:16 Noncompliance with Rules
- § 7:17 To Whom is the Appeal Made?
- § 7:18 Notice of Appeal
- § 7:19 *[Reserved]*
- § 7:20 Issues Regarding the Appeal Form
- § 7:21 Third Party Appeals
- § 7:22 Upon Whom is the Appeal Served?
- § 7:23 Who Are the Parties to the Appeal?
- § 7:24 Definition
- § 7:25 Motions—General
- § 7:26 *[Reserved]*
- § 7:27 Motions—Specific Types of Motions
- § 7:28 — —Relief from Late Filing
- § 7:29 — —Palpable Error
- § 7:30 — —Amendments of Document (Rules 44 and New  
Issues)
- § 7:31 — —Discovery (Rule 47)
- § 7:32 — —Withdrawal of Appeals (Rules 27, 28 and 29)
- § 7:33 — —Dismissal
- § 7:34 — —Costs (Rules 106-108)

### **IV. NOTICE OF HEARING**

- § 7:35 Generally

### **V. PRE-HEARING DISCLOSURE**

- § 7:36 Introduction

## TABLE OF CONTENTS

- § 7:37 Relevant Statutory Provisions
- § 7:38 Board Guideline Disclosure Requirements for  
General and Summary Proceedings
- § 7:39 Issue of Relevancy
- § 7:40 Onus
- § 7:41 The Necessity to Be Specific with Respect to the  
Documents Requested

## **VI. TYPES OF PROCEEDING BEFORE THE BOARD**

- § 7:42 General Application
- § 7:43 *[Reserved]*
- § 7:44 *[Reserved]*
- § 7:45 Schedule of Events for General Proceedings—  
Schedule ‘A’

## **VII. SPECIAL NOTICES**

- § 7:46 Introduction
- § 7:47 A Request for Higher Assessment and/or  
Classification That Has A Higher Tax Rate (Rule  
43(g))
- § 7:48 Notice to Shift Burden of Proof
- § 7:49 Notice of Issue Estoppel or Res Judicata

## **VIII. SETTLEMENT BEFORE THE BOARD HOLDS A HEARING EVENT**

- § 7:50 Introduction
- § 7:51 Board Issuing the Decision
- § 7:52 Contents of the Minutes

## **IX. THE HEARING**

- § 7:53 General
- § 7:54 Types of Hearings—What is a Hearing?
- § 7:55 —How are Hearing Events to be Held?
- § 7:56 —Settlement Conferences
- § 7:57 —Hearings for Events Other Than Motions (Rules  
74—87)
- § 7:58 Adjournment
- § 7:59 Exceptional Circumstances
- § 7:60 Who Can Appear at the Hearing?
- § 7:61 Failure to Appear
- § 7:62 Form of Hearing
- § 7:63 Abandonment of the Appeal

- § 7:64 *[Reserved]*
- § 7:65 *[Reserved]*
- § 7:66 *[Reserved]*
- § 7:67 *[Reserved]*
- § 7:68 Hearing under s. 40 of the Act—Pre-2009
- § 7:69 —2009 and Subsequent Years

## **X. POWERS OF THE ASSESSMENT REVIEW BOARD**

- § 7:70 Generally

## **XI. EQUITY OF ASSESSMENT**

- § 7:71 Introduction
- § 7:72 Similar Real Properties
- § 7:73 Selecting the Similar Properties
- § 7:74 What Is the Proper Test to Determine Equity?
- § 7:75 The Assessment/Sales Ratio (ASR) Test
- § 7:76 Range Within Which the Ratio Must Fall to Require Change
- § 7:77 The Number of Similar Properties Required
- § 7:78 What Is the Extent of the Adjustment to Be Made?
- § 7:79 Vicinity
- § 7:80 Summary of the Equity Analysis
- § 7:81 Onus
- § 7:82 What Occurs if Equity is not Plead by any Party in the Appeal?
- § 7:83 Steps in the Equity Analysis
- § 7:84 —Is it Necessary to Have an Expert Witness
- § 7:85 —Preparation of the Case for Equity

## **XII. OTHER MATTERS REGARDING THE BOARD'S DECISION**

- § 7:86 The Decision
- § 7:87 Costs
- § 7:88 Correcting Errors in the Decision
- § 7:89 Review of a Decision
- § 7:90 Enforcement of Orders
- § 7:91 Stated Case
- § 7:92 The Role of Precedent in Administrative Decision Making

## **XIII. MEDIATION**

- § 7:93 Introduction

TABLE OF CONTENTS

- § 7:94 Origins
- § 7:95 Concepts
- § 7:96 Assessment Appeals Utilizing Mediation
- § 7:97 The Process and Considerations
- § 7:98 Application of the Rules

**XIV. FROM SETTLEMENT TO RECEIPT OF REBATE**

- § 7:99 Minutes of Settlement
- § 7:100 Timeframe
- § 7:101 The Decision and Payment of the Rebate

**CHAPTER 8. APPLICATIONS TO THE SUPERIOR COURT OF JUSTICE AND JUDICIAL REVIEW**

- § 8:1 Introduction
- § 8:2 Who Are the Parties to the Application?
- § 8:3 When Must the Application be Commenced?
- § 8:4 Commencement of an Application
- § 8:5 Appeal
- § 8:6 Judicial Review—Introduction
- § 8:7 —Statutory Basis for Judicial Review
- § 8:8 —Rules of Civil Procedure

**CHAPTER 9. APPEAL TO THE DIVISIONAL COURT**

- § 9:1 Basis for Appeal—Assessment Review Board
- § 9:2 —Question of Law
- § 9:3 How Is the Motion for Leave to Appeal Commenced?
- § 9:4 Who Are the Parties to the Appeal?
- § 9:5 Form of Notice of Appeal
- § 9:6 Dismissal for Delay
- § 9:7 Standard to be Applied in Deciding Whether Leave Should be Granted
- § 9:8 What Constitutes an Error of Law?
- § 9:9 Recourse to the Decision
- § 9:10 Questions of Mixed Fact & Law
- § 9:11 If Leave Granted
- § 9:12 Standard of Review on a Section 43.1 Appeal
- § 9:13 —Steps to Determine the Standard of Review
- § 9:14 —Application of the Principles of Vavilov
- § 9:15 —Post Vavilov Analysis

- § 9:16 —Is It Necessary to Remit an Incorrect Decision to the Tribunal for Rehearing
- § 9:17 —Is It a Question of Fact, Law or Mixed Fact and Law?
- § 9:18 If Leave Refused
- § 9:19 Perfecting Appeals

## **CHAPTER 10. FROM ASSESSMENT TO TAXATION INCREASE, DECREASE OR REFUND OF TAXES AFTER THE ASSESSMENT**

### **I. GENERAL MATTERS**

- § 10:1 Introduction
- § 10:2 Return of the Assessment Roll to the Clerk of the Municipality
- § 10:3 Changes in the Assessment Roll After its Completion but Before its Return
- § 10:4 From Assessment Roll to Tax Roll
- § 10:5 Changes to the Tax Roll
- § 10:6 Refund of Taxes
- § 10:7 Increase or Decrease of Taxes Due to “Gross or Manifest Error”

### **II. SECTION 357 OF THE MUNICIPAL ACT**

- § 10:8 Introduction
- § 10:9 Basis for Rebate or Allowance and Discretion to Determine the Amount of the Rebate
- § 10:10 Real Property Reclassified as a Consequence of a Change Event, s. 357(1)(a)
- § 10:11 Real Property That Has Become Vacant or Excess Land, s. 357(1)(b)
- § 10:12 Exempt Real Property, s. 357(1)(c)
- § 10:13 A Building Razed or Damaged By Fire or Demolition, s. 357(1)(d)
- § 10:13.50 Impact of COVID–19 on s. 357(1)(d)
- § 10:14 Sickness or Poverty, s. 357(1)(d.1)
- § 10:15 Removal of a Mobile Unit, s. 357(1)(e)
- § 10:16 Gross or Manifest Clerical or Factual Error, s. 357(1)(f)
- § 10:17 Errors of Fact Not Limited to Clerical Errors
- § 10:18 Repairs or Renovations, s. 357(1)(g)
- § 10:19 Who is Entitled to Apply for the Rebate and How?

TABLE OF CONTENTS

- § 10:20 To Whom is the Application Made?
- § 10:21 When is the Application Made?
- § 10:22 Hearing
- § 10:23 Disposition
- § 10:24 Right of Appeal

**III. SECTION 358 OF THE MUNICIPAL ACT**

- § 10:25 Overcharge by Reason of Error
- § 10:26 Timing
- § 10:27 Applicable Time
- § 10:28 Restriction on Applications
- § 10:29 Copy of the Application
- § 10:30 Pre-condition to Attend Hearing
- § 10:31 Hearing
- § 10:32 Decision
- § 10:33 Right of Appeal

**IV. SECTIONS 359 AND 359.1 OF THE MUNICIPAL ACT, 2001**

- § 10:34 Introduction
- § 10:35 Limitations (Section 359)
- § 10:36 Council (Section 359)
- § 10:37 Right of Appeal (Section 359)
- § 10:38 Hearing (Section 359)
- § 10:39 Decisions (Section 359)
- § 10:40 Correction of Historic Errors
- § 10:41 Limitations (Section 359.1)
- § 10:42 Council (Section 359.1)
- § 10:43 Right of Appeal (Section 359.1)
- § 10:44 Hearing (Section 359.1)
- § 10:45 Decisions (Section 359.1)
- § 10:46 Right of Appeal from the Assessment Review Board

**V. VACANCY REBATE S. 364 OF THE MUNICIPAL ACT, 2001 REGULATION 325/01**

- § 10:47 Vacancy Prior to 1998 Taxation
- § 10:48 Vacancy 1998
- § 10:49 Vacancy 1999 and 2000
- § 10:50 Vacancy Rebates for the 2001 Taxation Year and Subsequent Years
- § 10:51 Eligible Commercial and Industrial Buildings
- § 10:52 Who Constitutes an Owner?
- § 10:53 Complaint to the Assessment Review Board

- § 10:54 Interest and Error in the Payment
- § 10:55 Ontario Regulation 325/01
- § 10:56 —Eligible Property
- § 10:57 —Form of Application
- § 10:58 Future of the Vacancy Rebate and Reduction  
Progress

## **CHAPTER 11. DISCLOSURE OF INFORMATION**

- § 11:1 Introduction
- § 11:2 The Freedom of Information and Protection of  
Privacy Act and the Municipal Freedom of  
Information and Protection of Privacy Act
- § 11:3 The Rules of Practice and Procedure of the  
Assessment Review Board
- § 11:4 The Assessment Act—Release of Information
- § 11:5 —Confidentiality of Information Disclosed
- § 11:6 —Ministerial Discretion

## **PART III. VALUATION**

### **CHAPTER 12. THE ASSESSMENT VALUATION PROCESS**

#### **I. INTRODUCTION**

- § 12:1 General
- § 12:2 Single Property Valuation Process
- § 12:3 Mass Appraisal Valuation Process

#### **II. DEFINITION OF THE PROBLEM; DATA COLLECTION; HIGHEST AND BEST USE**

- § 12:4 Definition of the Problem
- § 12:5 Data Collection
- § 12:6 Highest and Best Use

#### **III. THE THREE APPROACHES TO VALUE**

- § 12:7 General
- § 12:8 Sales Comparison Approach
- § 12:9 Cost Approach
- § 12:10 Income Approach

TABLE OF CONTENTS

**IV. RECONCILIATION AND FINAL VALUE DETERMINATION**

- § 12:11 General
- § 12:12 Single Property Appraisal vs. Mass Appraisal
- § 12:13 “All Roads Lead To Rome”

**V. DIRECTIVES BY THE MINISTRY OF FINANCE WITH RESPECT TO THE ASSESSMENT OF SPECIAL PURPOSE BUSINESS PROPERTIES**

- § 12:14 What Are Special Purpose Business Properties
- § 12:15 Political Fallout
- § 12:16 Lessons Learned
- § 12:17 The MPAC Response
- § 12:18 MPAC’s Disclosure of Information and Data Sharing Policies
- § 12:19 Consultations
- § 12:20 MPAC Methodology Guides
- § 12:21 Determining Functionality and Utility of a Property—Implementation of The Guide
- § 12:22 Practical Implementation and the Consequences Thereof

**CHAPTER 13. THE SALES COMPARISON APPROACH**

- § 13:1 Introduction
- § 13:2 Procedure
- § 13:3 Points of Comparison
- § 13:4 Data Collection
- § 13:5 Units of Comparison
- § 13:6 Sales Verification and Special Sales
- § 13:7 Practical Issues with Respect to the Sales Comparison Approach and Assessment Practice
- § 13:8 Example One—Market Sales Comparison Valuation—Valuation of Vacant Land Parcel
- § 13:9 —Sales Comparison Analysis
- § 13:10 —Reconciliation of Comparables
- § 13:11 Example Two—Market Sales Comparison Valuation—Valuation of Industrial Property
- § 13:12 —Market Sales Approach
- § 13:13 —Analysis of Comparables
- § 13:14 The Sales Comparison Approach—Mass Appraisal Environment
- § 13:15 —Modeling the Sales Comparison Approach

## **CHAPTER 14. THE COST APPROACH**

### **I. INTRODUCTION**

§ 14:1 Generally

### **II. ESTIMATE LAND VALUE**

§ 14:2 Generally

### **III. ESTIMATING COST NEW**

- § 14:3 Introduction
- § 14:4 Replacement and Reproduction Costs
- § 14:5 Assessor's Analysis of New Cost
- § 14:6 Commercially Available Building Cost Guides
- § 14:7 Marshall Valuation Service
- § 14:8 Boeckh Manual

### **IV. DEPRECIATION**

- § 14:9 Introduction
- § 14:10 Cost Approach Example — Brewery —  
Depreciation Summary
- § 14:11 The Impact of Depreciation on Value
- § 14:12 Forms of Depreciation
- § 14:13 Estimation of Depreciation
- § 14:14 Reproduction vs. Replacement Costs—Analysing  
Depreciation
- § 14:15 Quantifying Functional Obsolescence
- § 14:16 Summary—Functional Obsolescence

### **V. DEPRECIATION—ASSESSOR'S POLICIES**

- § 14:17 Introduction
- § 14:18 Physical Depreciation
- § 14:19 Functional Obsolescence
- § 14:20 —Excessive floor space or inappropriate building  
layout
- § 14:21 —Piecemeal construction
- § 14:22 —Excessive fenestration
- § 14:23 —Excessive heights
- § 14:24 —Excessive or superior construction
- § 14:25 —Inferior materials or construction
- § 14:26 —Change in property use
- § 14:27 Economic Obsolescence

### **VI. COURT DECISIONS ON OBSOLESCENCE**

§ 14:28 Generally

## **CHAPTER 15. THE INCOME APPROACH**

### **I. THREE STAGES OF INCOME APPROACH TO VALUE**

- § 15:1 Introduction
- § 15:2 Estimate of Gross Potential Income
- § 15:3 —Economic (market rents) vs. contract rents
- § 15:4 —Lease analysis
- § 15:5 —Sources and types of income
- § 15:6 Estimate of Net Operating Income
- § 15:7 —Vacancy and collection losses
- § 15:8 —Expenses
- § 15:9 —Example of estimate of net operating income
- § 15:10 Capitalization of Net Operating Income
- § 15:11 —Analysis of comparable sales
- § 15:12 — —Deriving a capitalization rate from market sales data
- § 15:13 —Other methods of determining capitalization rates
- § 15:14 —Adjustments to the capitalization rate
- § 15:15 Conclusion of Value—Income Approach

### **II. ASSESSMENT PRACTICE AND THE APPLICATION OF THE INCOME APPROACH**

- § 15:16 Valuation of all Interests
- § 15:17 Landlord and tenant's interests
- § 15:18 —Tenant Inducements
- § 15:19 —Leasehold Improvements

### **III. GROSS INCOME MULTIPLIERS**

- § 15:20 Generally

### **IV. EXAMPLES OF INCOME VALUATION**

- § 15:21 Introduction
- § 15:22 Hotel Valuation
- § 15:23 Nursing Home
- § 15:24 Gross Income Multiplier—Apartment Buildings

## **CHAPTER 16. TAXATION: TAX RATES, MITIGATION, PHASE-IN CAPPING AND APPORTIONMENT**

### **I. INTRODUCTION**

§ 16:1 Generally

### **II. KEY CHANGES IN TAXATION SYSTEM**

§ 16:2 Elimination of the Business Occupancy Tax

§ 16:3 Property Reassessments

§ 16:4 Tax Classes

§ 16:5 Tax Ratios, Transition Ratios and Ranges of  
Fairness

§ 16:6 Threshold Ratios

### **III. TAX RATIOS AND TAX RATES**

§ 16:7 Introduction

§ 16:8 Changing Tax Ratios

§ 16:9 Province-Wide Uniform Education Tax Rate for  
Residential, Multi-Residential and Farm Property  
Classes

§ 16:10 Business Education Tax Rates, Reductions and  
Movement Toward BET Rate Uniformity

§ 16:11 Municipal Tax Reductions

§ 16:12 Graduated Commercial and Industrial Tax Rates

§ 16:13 Special Tax Rates for Farmland, Managed Forests  
and Farmland Awaiting Development

§ 16:14 Regulated Tax Rates

### **IV. TAX RELIEF PROGRAMS**

§ 16:15 Treatment of Vacant Space in Commercial and  
Industrial Properties

§ 16:16 Tax Relief for Low Income Senior and Disabled  
Taxpayers

§ 16:17 Tax Relief for Registered Charities and Similar  
Organizations

§ 16:18 Tax Relief for People in Hardship

§ 16:19 Property Tax Relief for Residences that are Built  
or Modified to Accommodate Seniors or Persons  
with Disabilities

§ 16:20 Tax Relief for Brownfields

§ 16:21 Reductions for Heritage Properties

TABLE OF CONTENTS

**V. MITIGATING THE EFFECTS OF REASSESSMENT — PHASE-IN, CAPPING AND TREATMENT OF NEW CONSTRUCTION**

- § 16:22 Property Tax Phase-in Program
- § 16:23 Capping of Property Tax Increases
- § 16:24 Limitation of Property Tax Decreases—Clawbacks
- § 16:25 Phase-in of Assessment Increases
- § 16:26 —Municipal Discount Factor
- § 16:27 —Property Specific Discount Factor
- § 16:28 —Re-Set Methodology
- § 16:29 Removal of Properties from Capping and Clawback System—“Exclusion Option”
- § 16:30 Tax Treatment for New Construction—Six Comparable Tax Treatment
- § 16:31 —Business Education Tax Rate for New Construction

**VI. COMPLEXITIES OF TAX CALCULATIONS FOR BUSINESS PROPERTIES**

- § 16:32 Final Tax Calculations and Adjustments to Prior Years’ Taxes
- § 16:33 Reviewing and Appealing Tax Bills

**VII. ISSUES FOR LANDLORDS AND TENANTS OF BUSINESS PROPERTIES**

- § 16:34 An End to “Separate” Assessments Issued by Assessors
- § 16:35 Gross Lease Pass Through
- § 16:36 Effect of Capping on Net Lease Tenants
- § 16:37 Effect of Capping on Gross Lease Tenants
- § 16:38 Apportioning Taxes and Recovering Landlord Shortfalls
- § 16:39 Apportioning Landlord’s Shortfall
- § 16:40 Property Tax Decreases and Automatic Rent Reductions — Multi-Residential Buildings

Appendix 16A. Tax Policy Summary

**APPENDICES**

**Appendix A. Assessment Legislation**

Appendix A1. Assessment Act, R.S.O. 1990, c. A.31

Appendix A2. General Regulation, O. Reg. 282/98

ONTARIO PROPERTY TAX ASSESSMENT

- Appendix A3. Generation Facilities, O. Reg. 574/06
- Appendix A4. Assessment Review Board Act, R.S.O. 1990,  
c. A.32
- Appendix B. Assessment Review Board Rules of Practice  
and Procedure
- Appendix IF. Issues in Focus
- Appendix WP. Words and Phrases

**Table of Cases**

**Index**