Section 3.08

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

News Release

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TOO MANY OUTDATED PROPERTY ASSESSMENTS: AUDITOR GENERAL

(TORONTO) The actual selling price of one in eight properties in a sample of recent sales differed by more than 20% from the Municipal Property Assessment Corporation's market-value assessment, which is used by municipalities to levy tax, Auditor General Jim McCarter says in his *2010 Annual Report*, released today.

"In a number of cases, we found significant differences in the Municipal Property Assessment Corporation's assessment of market value and the property's selling price," McCarter said today after his Report was tabled.

"The Corporation must beef up its efforts to collect timely and accurate information about property values to ensure homeowners pay their fair share but not more than their fair share of taxes," McCarter said.

Property tax in Ontario is calculated by multiplying a property's assessed market value, determined by the Corporation, against the tax rate set by the municipality. The establishment of a property's market value is therefore critical in determining how much tax a property owner must pay. If the assessed market value of one home is significantly higher than comparable properties in the area, the homeowner will be paying more than their fair share.

Following are some of the Auditor's more significant findings:

- The audit compared the selling prices of 11,500 properties in 2007 and 2008 against their assessed market value, set by the Corporation, as of January 1, 2008. It found that in 1,400 of these transactions—one in eight—the assessed value differed from the selling price by more than 20% either way. The Corporation does not routinely investigate the reasons for large differences between selling prices and assessed values.
- Although the Corporation's target is to inspect each residential property in the province at least once every 12 years, the actual inspection cycle is closer to 18 years.
- Building permits can offer a guide to changes in a property's value but the audit found almost 18,000 building permits with a total value of about $5.1 billion as of December 31, 2009, for which the Corporation had failed to inspect the corresponding properties within the statutory three-year period for reassessing property and levying tax.

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