The County of Peterborough
County Council

To: Warden and Members of Council
From: Tammy Sikma, Manager of GIS
Date: August 7, 2019

Subject: PLG 2019-016 Assessment Review Program Proposal

Recommendation: That Council direct staff to develop an Assessment Review Program as a pre-investigative screening tool to support Building Code oversight, accurate assessment, equitable taxation, and complete civic addressing for 9-1-1 response.

Overview

County GIS is recommending that a program be established to screen properties currently assessed by MPAC as vacant land on which aerial photo interpretation has identified structures. Such properties may be taxed well below an equitable market rate and may also represent significant health and safety concerns to their inhabitants. Properties with unassessed structures may also be missing building permits, and in some cases are missing 9-1-1 civic addresses.

This information is significant because it has the potential to create more accurate property assessment, more equitable municipal taxation, ensure structural safety and insurability for current and future landowners, and improve the ability for emergency responders to quickly attend calls for service.

Background

The County proposes to compare imagery-derived building footprints against property assessment to determine where buildings have been identified on lands that MPAC has identified as “vacant land with no buildings”. The building footprints to be used were auto-generated through a machine-learning process based on 2013 aerial ortho-photography.

Early analysis suggests that there are hundreds of “vacant properties” with structures throughout the County. While every local municipality is affected at some level, over 60% of identified properties with “habitable structures” (>600 sq.ft.) were found within the most northerly & easterly three municipalities (Table 1, bolded totals). Each of these properties may represent (i) potentially illegal construction where the health & safety standards of
the Ontario Building Code may not have been met, (ii) the potential for lost tax revenue which would cause other rate payers with appropriately assessed properties to carry larger than fair tax burden, and/or (iii) slower emergency response time due to a lack of 9-1-1 civic addressing.

Table 1: Count of Properties Assessed as Vacant Containing Structures >600 sq.ft.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Addressed Parcels Assessed as Vacant with Structure(s) &gt;600sq.ft.</th>
<th>Unaddressed Parcels Assessed as Vacant with Structure(s) &gt;600sq.ft.</th>
<th>TOTAL: ALL Parcels Assessed as Vacant with Structure(s) &gt;600sq.ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asphodel-Norwood</td>
<td>16</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>Cavan Monaghan</td>
<td>28</td>
<td>11</td>
<td>39</td>
</tr>
<tr>
<td>Douro-Dummer</td>
<td>27</td>
<td>46</td>
<td>73</td>
</tr>
<tr>
<td>Havelock-Belmont-Methuen</td>
<td>50</td>
<td>117</td>
<td>167</td>
</tr>
<tr>
<td>North Kawartha</td>
<td>38</td>
<td>92</td>
<td>130</td>
</tr>
<tr>
<td>Otonabee-South Monaghan</td>
<td>31</td>
<td>16</td>
<td>47</td>
</tr>
<tr>
<td>Selwyn</td>
<td>43</td>
<td>29</td>
<td>72</td>
</tr>
<tr>
<td>Trent Lakes</td>
<td>39</td>
<td>108</td>
<td>147</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>272</strong></td>
<td><strong>425</strong></td>
<td><strong>697</strong></td>
</tr>
</tbody>
</table>

The County, with support from local municipalities, engaged the law firm Aird & Berlis LLP to consider the proposed Assessment Review (AR) Program and provide an opinion on the use of aerial surveillance data, ability to collect unpaid development charges (“DCs”) or building permit fees, potential liabilities, and policies, procedures, and/or by-laws that would be recommended to support the program. Aird & Berlis provided support for the
Program and clear recommendations that will be built into a procedure manual to be developed jointly by County & Township staff.

To limit liability, the program will be designed as a pre-investigative tool to identify properties that are potentially non-compliant under the Ontario Building Code, to allow for fulsome investigations and inspections to take place at later dates. Systematically disclosing manageable lists to local municipalities will ensure Building Officials and MPAC Assessors are able to respond within their required timelines and in accordance with their legislated duty of care, while recognizing differing local staffing levels, the case complexity, and existing workloads.

![SWOT Analysis Diagram](http://bit.ly/2rz2AE3)

**Fig 1: AR Program SWOT Analysis**

The Strengths, Weaknesses, Opportunities and Threats of the program were considered and are listed in Fig 1, above. The opportunities to ensure the health & safety of persons using unknown structures, create civic addressing for emergency response, and to
address fair and equitable taxation for all built properties through accurate assessment outweigh the risks that can be managed through consistent implementation strategies.

Financial Impact

This program is expected to potentially identify a significant amount of lost assessment. The potential tax impact of increasing the assessed value by even $100,000 on half of the 697 properties currently identified as “vacant” by MPAC which have been identified could provide a conservative consolidated tax revenue (combined County, municipality, school board) of approximately $340,000/yr County-wide. Such assessment would provide an ongoing levelling of taxation for all ratepayers. This assessment increase may be considered conservative as the average sale price for a Peterborough County/City home was $416,011 in January 2019, according to the Peterborough and the Kawartha Association of Realtors. It is offered because it is unknown what portion of the flagged properties are built to an average or higher quality versus a rustic, temporary, or unsafe state.

In 2019, a sample set of identified properties were provided to local municipalities for review. Three of the sample properties were reassessed as “omissions” within weeks of reporting to local municipalities who forwarded them to MPAC for reassessment. These properties appeared to be a matter of “paperwork clean-up” on small cottages/homes that were torn-down and replaced by more significant structures. When structures are demolished properties are reclassified as vacant until the final occupancy permit is provided. In these cases, the final step to reassess the new construction had been missed, despite being visible as far back as the spring 2013 aerial photos. These 3 corrections generated $1,759,000 in new assessment. The expected annual consolidated tax impact of these properties is in excess of $16,000, in addition to the back taxes that will be recognized when Supplementary and Omission figures are processed on the tax roll.

Building Code deficiencies and related legal challenges may require additional staffing resources, however these are expected to be offset by the gains in tax revenue, collection of building permit fees, inspection fees, and development charges (as applicable). Meetings with the municipalities to explore options and determine optimal implementation plans will begin this fall.

In the 2020 Budget, $10,000 will be requested for outside legal support to address issues which may arise, and $25,000 will be included for consulting. These funds are to be drawn from the provincial Innovation & Efficiency Fund and will not create an additional tax requirement. As more practical information is gained about the AR Program, it is possible that additional future requests may be made.
Anticipated Impacts on Local and/or First Nations Communities

Local municipalities’ may expect to spend additional staff time to work with the County on this project with the result of capturing tax revenue and helping to ensure the health and safety of persons living in or visiting the identified structures.

Link to County of Peterborough Strategic Plan Priorities

Financial Sustainability and Fiscal Responsibility

In consultation with:

1. CAO Troy Speck
2. Planning Director, Bryan Weir
3. Finance Director, Trena DeBruijn
4. John Mascarin, Aird & Berlis LLP (April 2019)
5. Twp CM – Jenna Clark, Treasurer & Kyle Phillips, CBO (July 2016)
6. Twp DD – Dave Clifford, CAO, Darlene Heffeman, Treasurer & Ken Currie, CBO (July 2016); Brian Fawcett, CBO (Jan 2019)
8. Twp NK – Travis Toms, CBO & Dolores Wilson, Tax Collector / Deputy-Treasurer (July 2016)
9. Twp OSM – Steve Wigboldus, Building Assistant
10. Twp SEL – Janice Lavallee, CAO; Lane Vance, Treasurer; Robert Lamarre, Manager Building & Planning (July 2016)
11. Mun TrLks – Mike Godin, CBO/Manager of Building & Planning; Donna Teggart, Treasurer (July 2016); Brian Raymond, CBO (Feb 2019)
12. Nathan Martin, MPAC (Peterborough) Municipal & Stakeholder Relations Account Manager

Communication Completed/required:

Communication Plan to be developed with Corporate Services prior to and at outset of the AR Program.

Attachments

“None”

Respectfully Submitted,
Original Signed by
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Manager of GIS
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