

SAMA 2021 Municipal Administrator Training Session



April 7, 2021

Information About Your Meeting

- All attendees are muted by default.
- Use the Q&A or Raise Hand feature ask any questions.
- The Chat feature will be used to communicate with tech support or panel.
- You can also email support@webinarsolutions.ca



2021 Revaluation

“The Basics and Common Questions”

- 1. Why do we conduct a revaluation? (Shaun)*
 - 2. How do we prepare for a revaluation? (Kevin)*
 - 3. What is the outcome of this revaluation? (Shaun)*
 - 4. What are the next steps for this revaluation? (Kevin)*
- ❖ Administrator 2021 Assessment Revaluation Quiz*

Municipal Administrator 2021 Assessment Revaluation Quiz

Rules:

- *10 Multiple Choice*
- *We will mark the group's top answers*

1. Why do we conduct a revaluation?



Revaluation in Legislation

- Assessment Revaluations are a requirement of legislation
- Revaluation defined as: Valuation of a property to reflect a new base date

(o.1) “**revaluation**” means the valuation of a property on which a valuation has already been performed, to reflect:

- (i) a new base date for valuation established by the agency in accordance with this Act and the regulations;
- (ii) changes in the assessment manual or other orders or rules established by the agency; or
- (iii) changes in legislation;

Revaluation in Legislation

- Four year Revaluation Cycle in legislation
- AMA Act 22(1) - "...all assessable properties in every municipality are to be revalued under the direction and supervision of the agency once every four years."

Revaluation Basics

- Base Date - Date established by Order for determining the value of land and improvements

(e.1) “**base date**” means, subject to the regulations, the date that is established, by order, by the agency and that is approved by the minister for determining the value of land and improvements for the purpose of establishing assessment rolls for the year in which the valuation or revaluation is to be effective and for each subsequent year preceding the year in which the next revaluation is to be effective;

- Base Date Lag- Time between Base Date and Revaluation Implementation (24 months):

Base date

3 For the purposes of the Act, one year is the minimum period and three years is the maximum period between:

- (a) the base date; and
- (b) the first year in which the valuation or revaluation is to be effective.

Revaluation Basics

- Four Year Revaluation Cycle:
 - January 1, 2015 base date for 2017-20
 - January 1, 2019 base date for 2021-24
 - January 1, 2023 base date for 2025-28
- Dominant and controlling factor in the assessment of property is equity

Assessment Principle Ad Valorem



2021 Revaluation Orders

- 2021 Revaluation Board Orders include:
 - 1) 2021 Revaluation Base Date Order
 - 2) Market Value Evidence Order
 - 3) Quality Assurance Standards Order
 - 4) Saskatchewan Assessment Manual (2019 Base Year) Order
- All Orders in effect for 2021 to 2024 assessment roll years (www.sama.sk.ca):



Two Valuation Standards and Equity

- Equity is achieved by applying the two standards:
 1. Regulated Property Assessment Valuation Standard
 - Achieved by application of standard (Manual) uniformly and fairly
 2. Market Valuation Standard
 - Achieved by application of standard so that assessments bear a fair and just proportion to the market value of similar properties as of the base date

Market Valuation Standard

- Market Valuation Standard requirements:
 - i. is prepared using mass appraisal;
 - ii. is an estimate of the market value of the estate in fee simple in the property;
 - iii. reflects typical market conditions for similar properties; and
 - iv. meets quality assurance standards established by order of the agency.

Market Valuation Standard

- Mass Appraisal- Standard methods, common data, statistical testing, as of base date
- Market Value- means the amount that a property should be expected to realize if:
 - the estate in fee simple in the property is sold in a competitive and open market;
 - by a willing seller to a willing buyer;
 - each acting prudently and knowledgeably; and,
 - assuming that the amount is not affected by undue stimuli.

Revaluation Basics



- Property values change over time
- Revaluations involve updating values to be more current
- Fairness and equity
- Mass appraisal based assessments are as of the base date



Revaluation - Common Questions and Misconceptions

- “My assessment should equal what I recently bought my property for.”
 - A single sale does not equal the market;
 - Assessment appraisers consider all arm’s length sales in their valuation models;
 - Mass appraisers stratify sales to value similar properties with similar locations and market value attributes;
 - The Market Value Evidence Board Order establishes a market cut-off (excludes sales after Jan 1, 2019).



Revaluation - Common Questions and Misconceptions

- “I just had my property appraised and it indicates my assessment is too high.”
 - Fee appraisers only use a few comparable sales to value a single property;
 - Mass appraisal is a requirement in legislation;
 - Mass appraisers use standard methods, common data, statistical testing to value all property;
 - Assessments are a retrospective valuation as of the base date (January 1, 2019).



Revaluation - Common Questions and Misconceptions

- “My 2021 assessment decreased, so my property taxes should be going down.”
 - Mass appraisal-based assessments are just the first step in determining individual property taxes;
 - Provincial tax policy, local tax tools, and mill rates are applied to the assessment;
 - The assessment is only one consideration in the property tax formula

2. How do we prepare for a revaluation?



3. What is the outcome of this revaluation?



2021 Revaluation Results / Trends

- Assessment trends reflect a four year economic update between 2017 and 2021 revaluations:

$$\text{Assessment Trend} = \frac{\text{January 1, 2019 Base Date Value}}{\text{January 1, 2015 Base Date Value}}$$

- Assessment trends also report physical property changes to January 1, 2021

2021 Revaluation Results / Trends

- Graphics represent general provincial trends by property type (includes independent cities)
- Comparisons are made with past revaluations
- Three levels of trends to consider are:



2021 Overall Provincial Trends

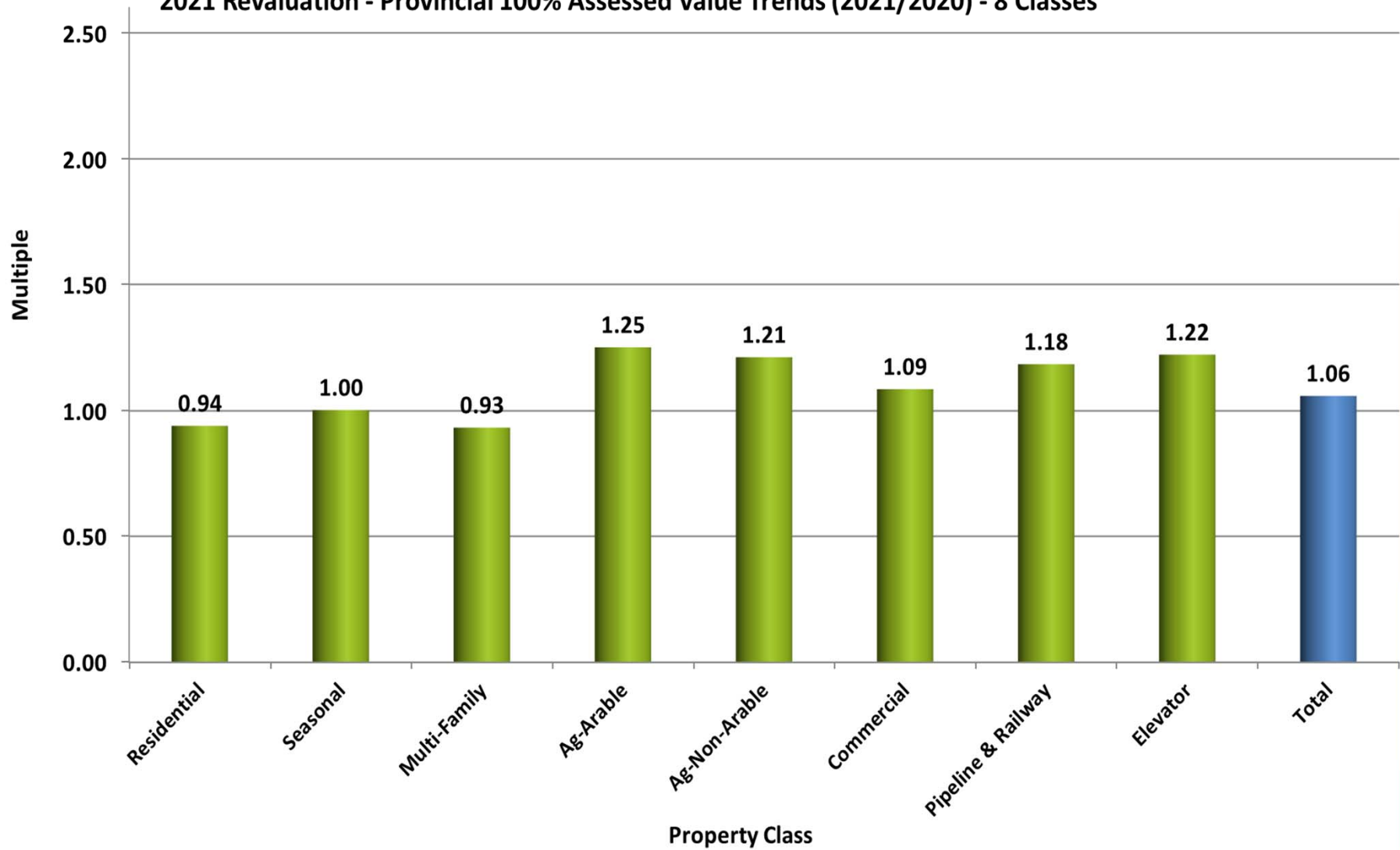
100% Assessed Value Trend:

2017	2021	Multiple
\$ 250 B	\$ 265 B	1.06

Taxable Assessment Trend:

2017	2021	Multiple
\$ 165 B	\$ 164 B	.99

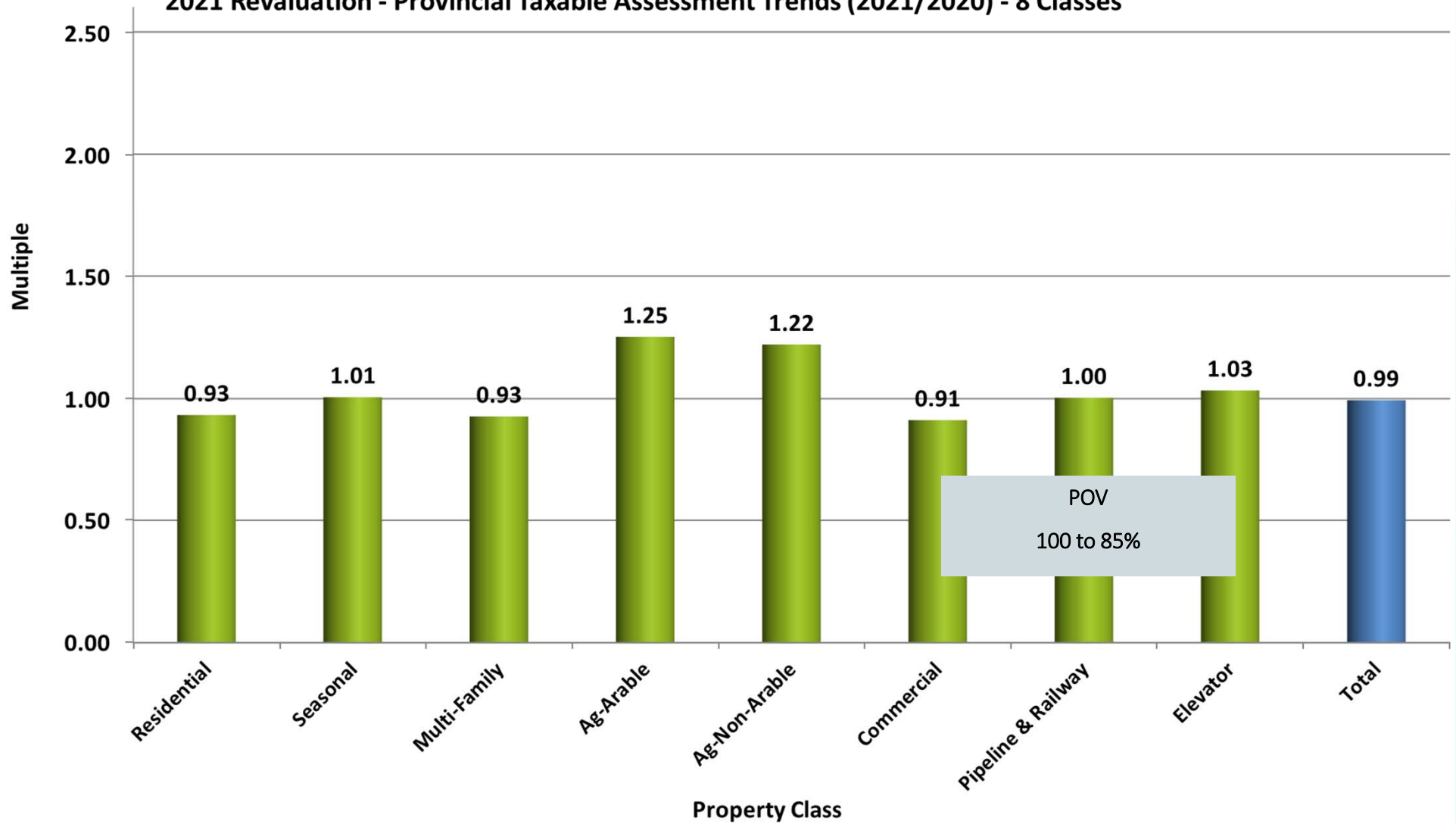
2021 Revaluation - Provincial 100% Assessed Value Trends (2021/2020) - 8 Classes



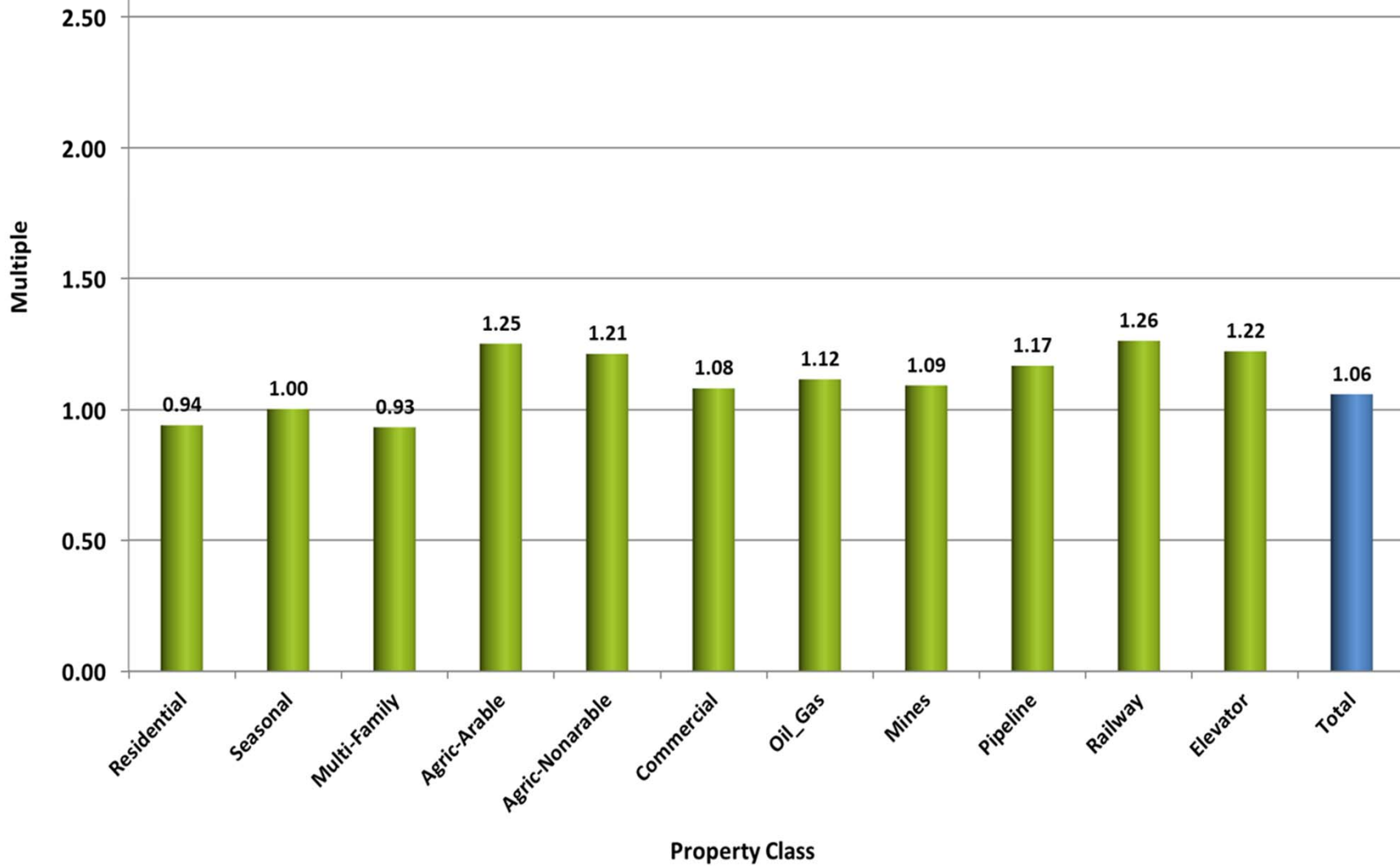
2021 Revaluation - Provincial Percentages of Value

Property Class	2017	2021
Non-Arable Land	45%	45%
Other Agricultural Land	55%	55%
Residential	80%	80%
Multi-Unit Residential	80%	80%
Seasonal Residential	80%	80%
Commercial/Industrial	100%	85%
Elevator	100%	85%
Railway and Pipeline	100%	85%

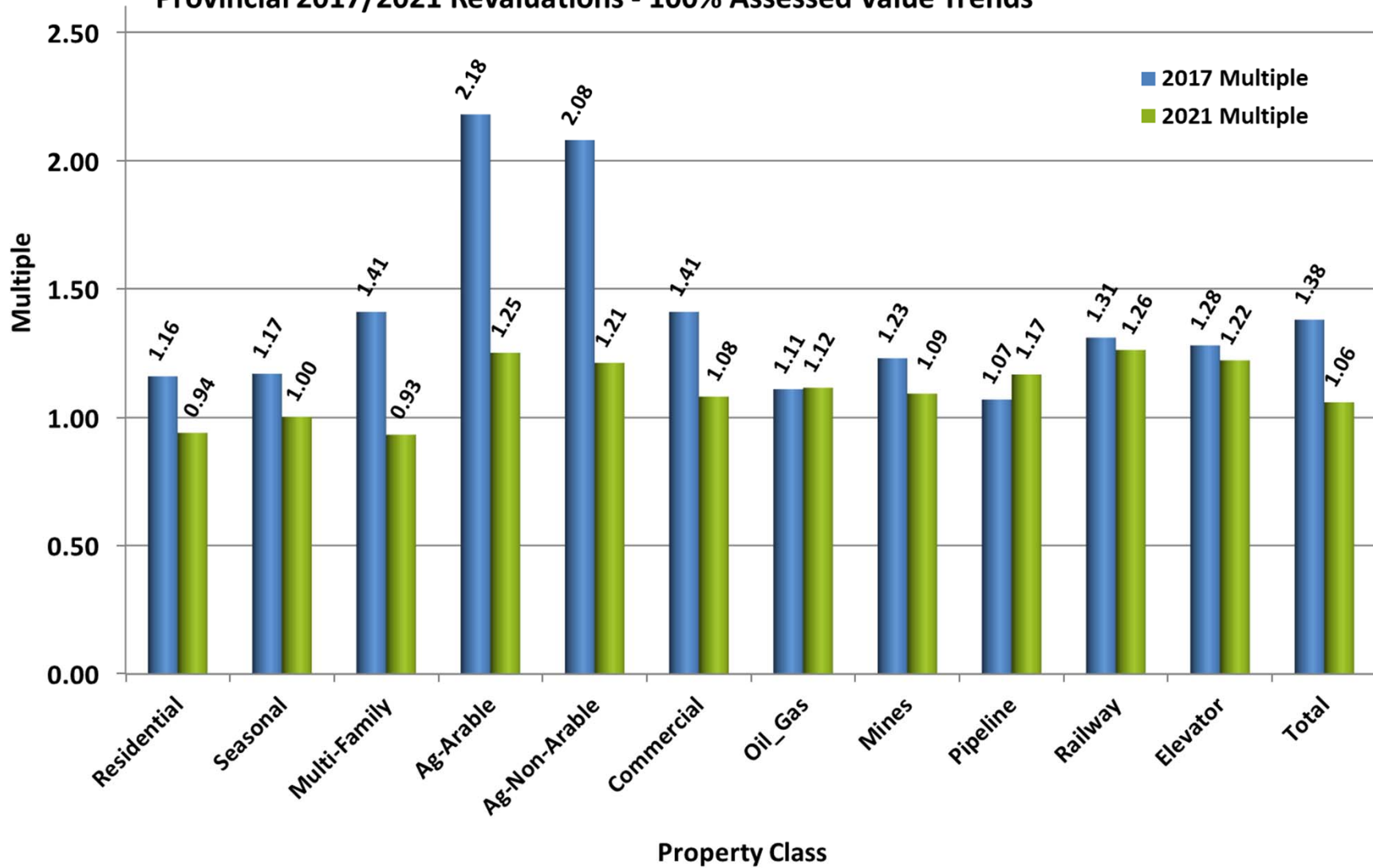
2021 Revaluation - Provincial Taxable Assessment Trends (2021/2020) - 8 Classes



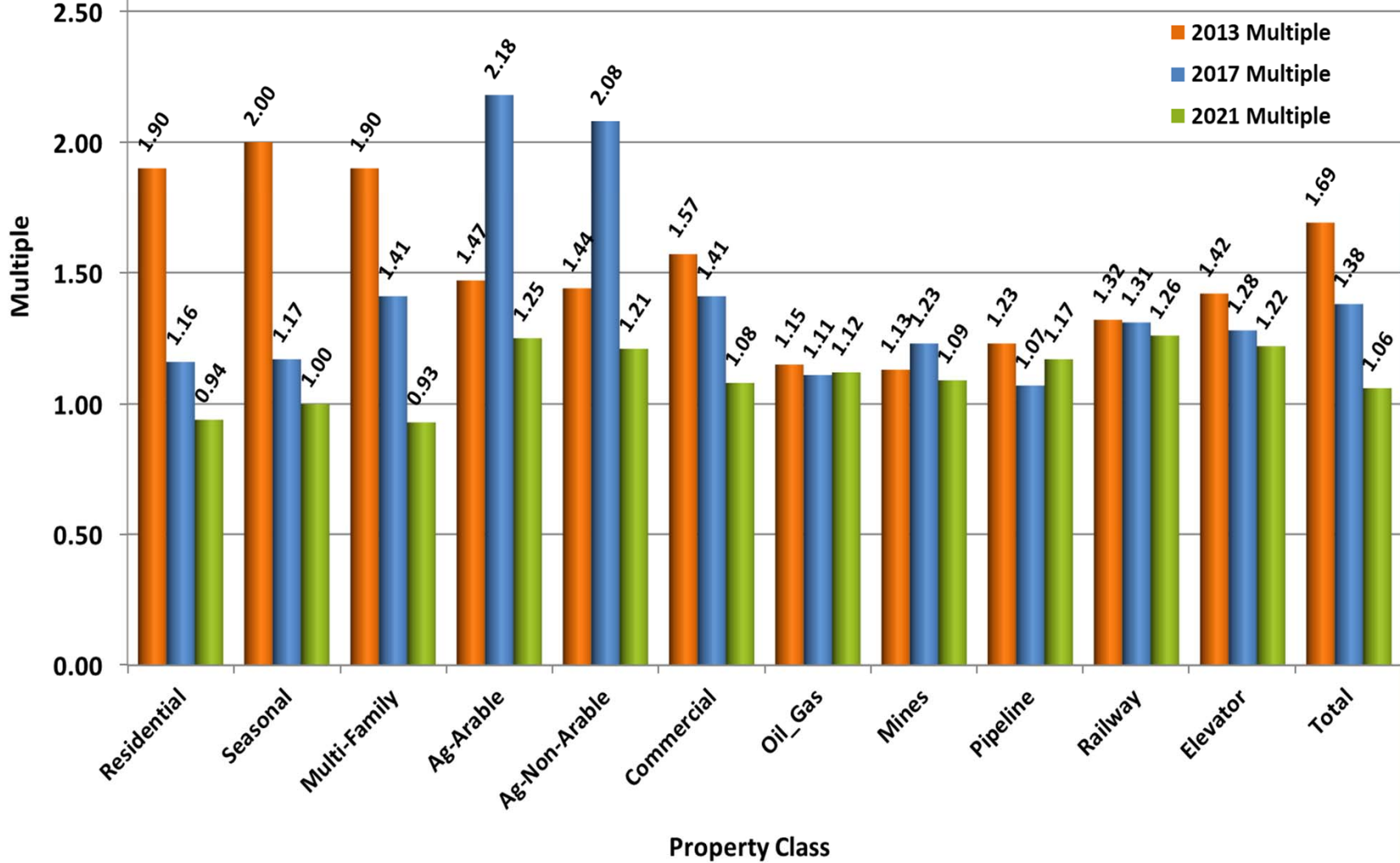
2021 Revaluation - Provincial 100% Assessed Value Trends (2021/2020) -11 Classes



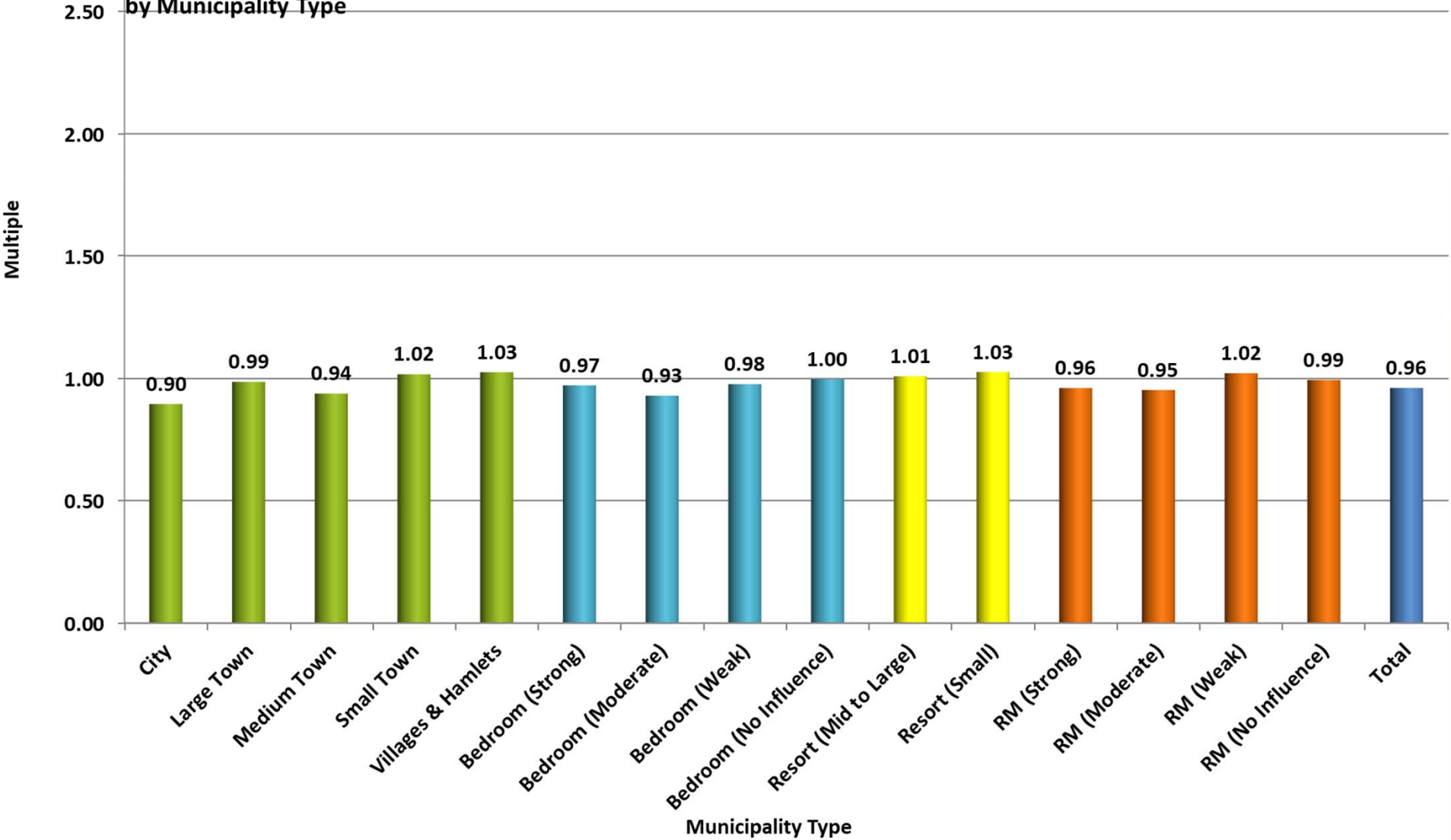
Provincial 2017/2021 Revaluations - 100% Assessed Value Trends



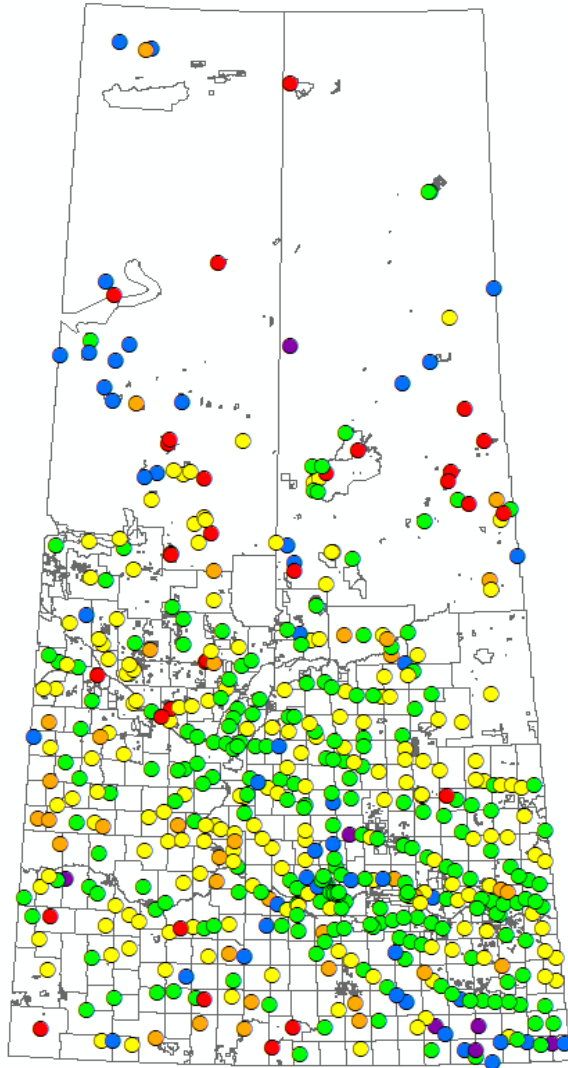
Provincial 2013/2017/2021 Revaluations - 100 % Assessed Value Trends



SAMA 2021 Residential - 100% Assessed Value Trends by Municipality Type



SAMA Residential Trends in Urban Municipalities

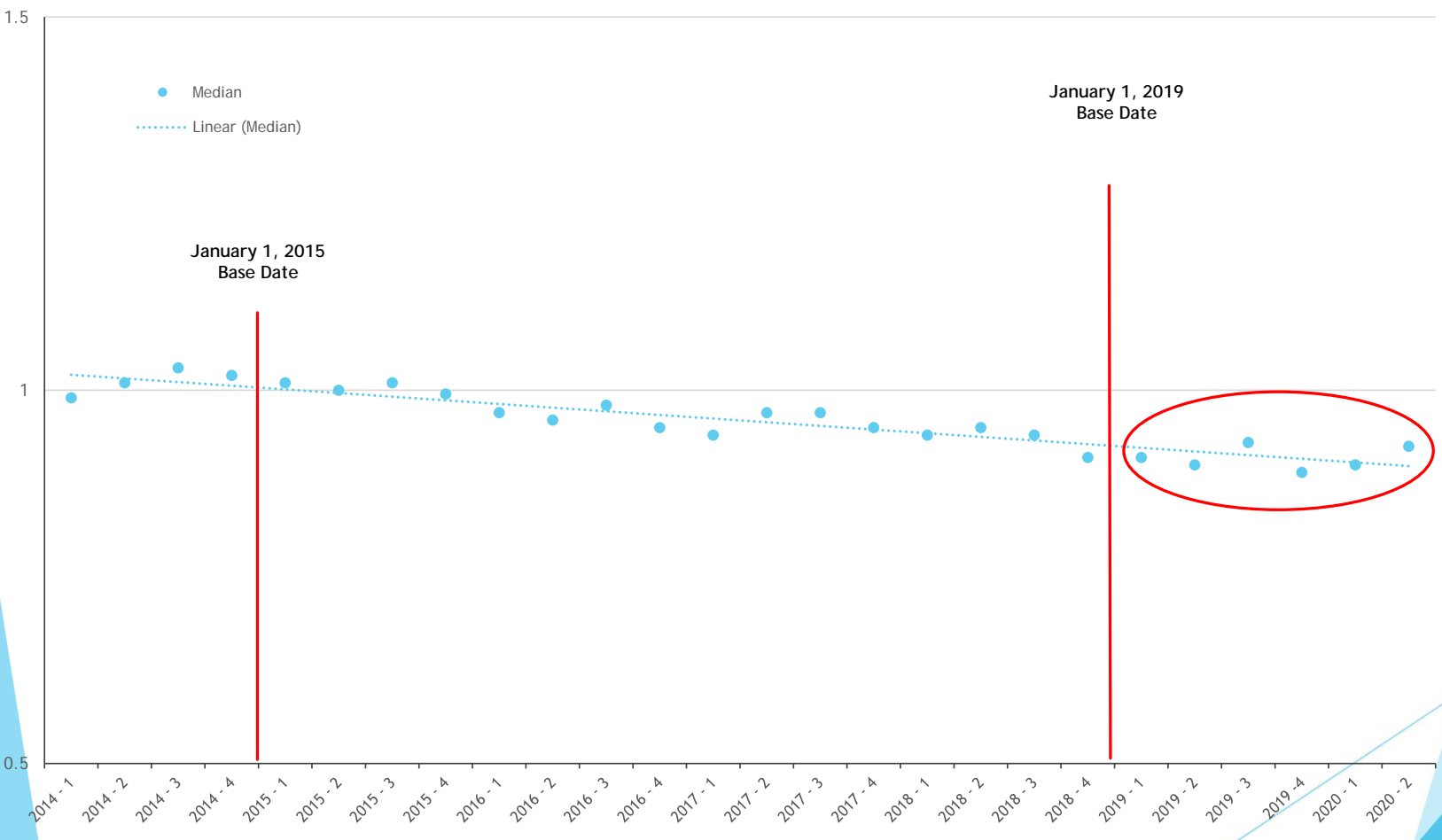


Legend
Ratio: 2021 Value/2020 Value

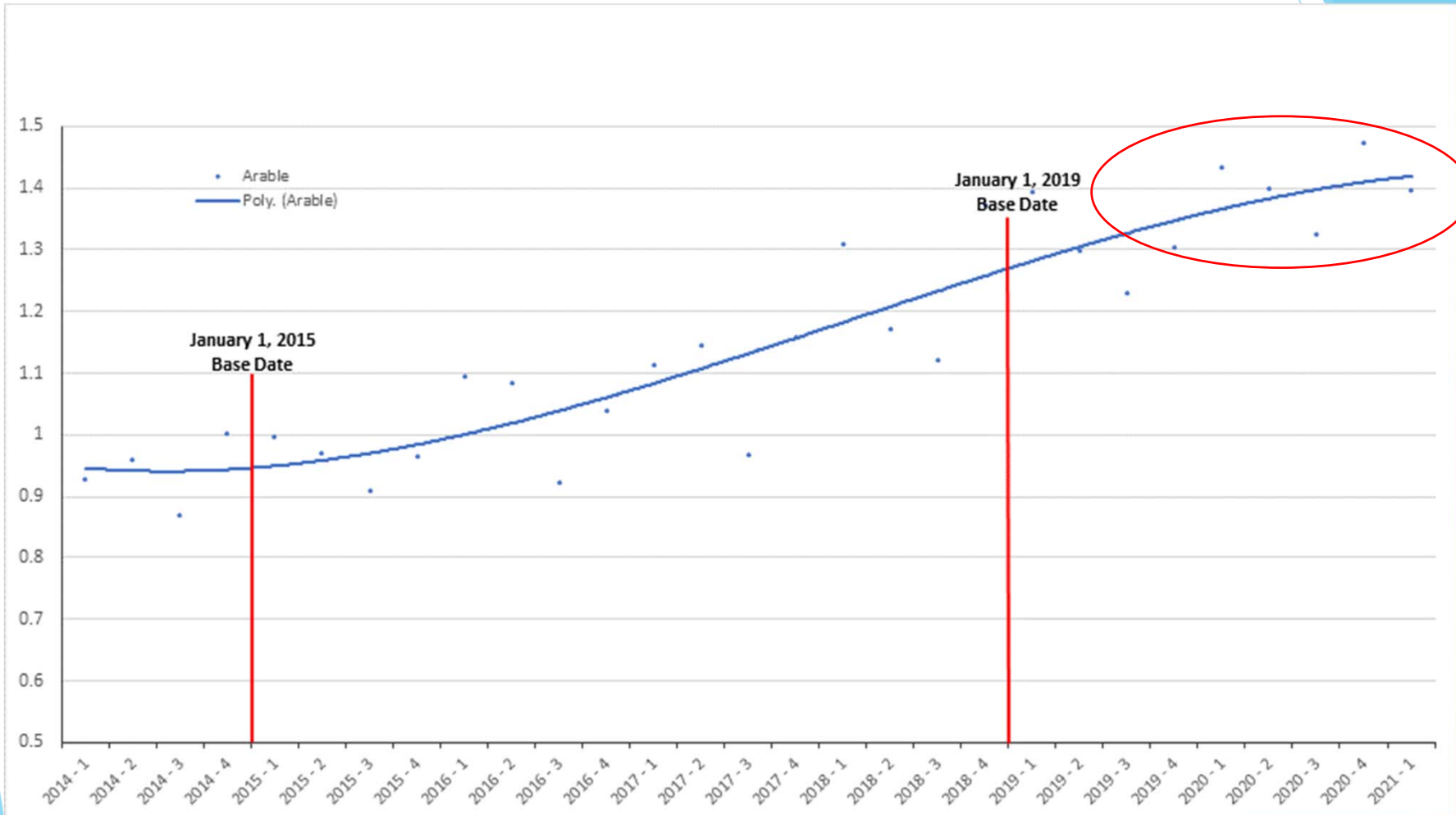
- < 0.60
- 0.61 - 0.80
- 0.81 - 1.00
- 1.01 - 1.20
- 1.21 - 1.40
- > 1.40

Residential Sales Trends

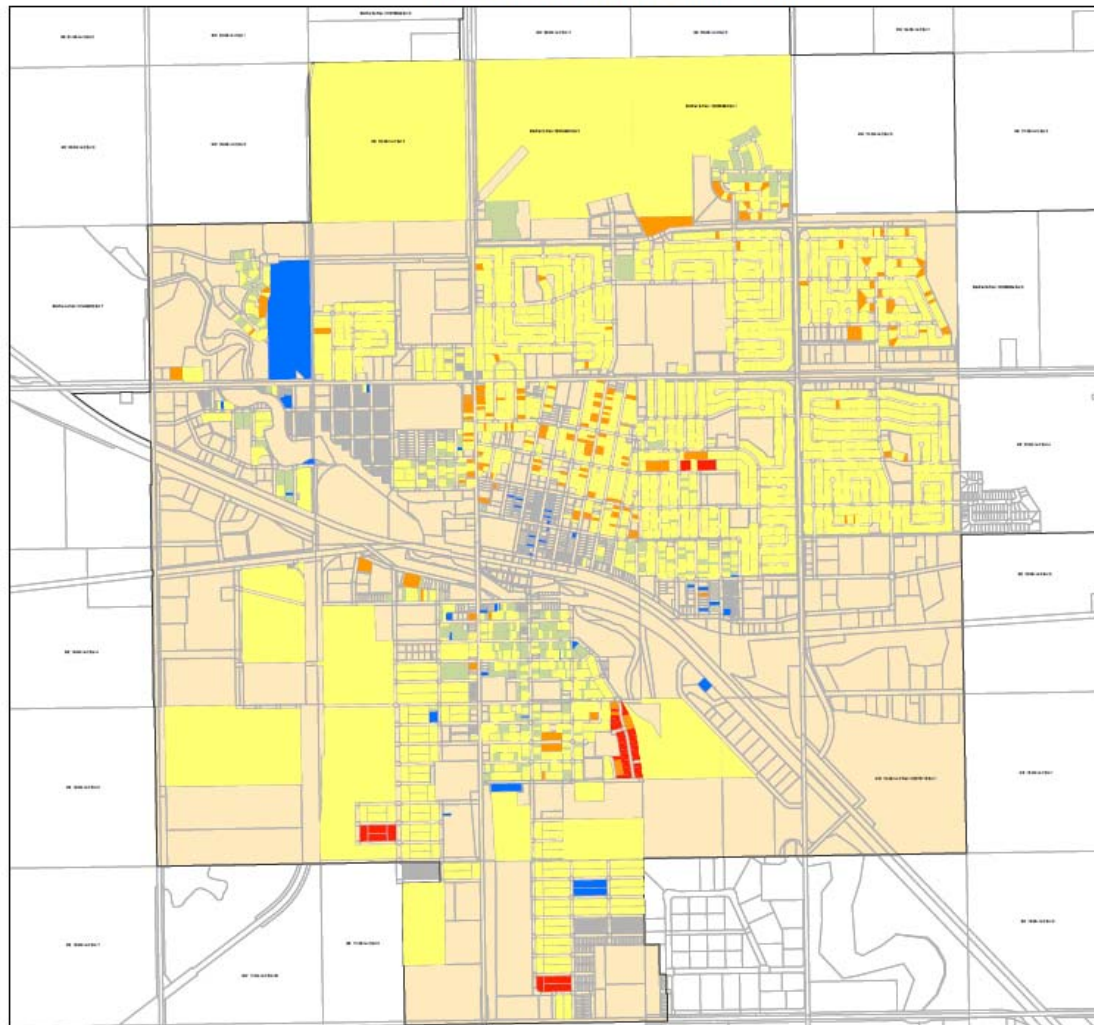
SAMA Residential Trend (Quarterly to October 2020)



Arable Ag Land Sales Trends








Appraised Value Shifts for Residential
based on the 2020 Value & 2021 Value.
Residential Median: 0.79

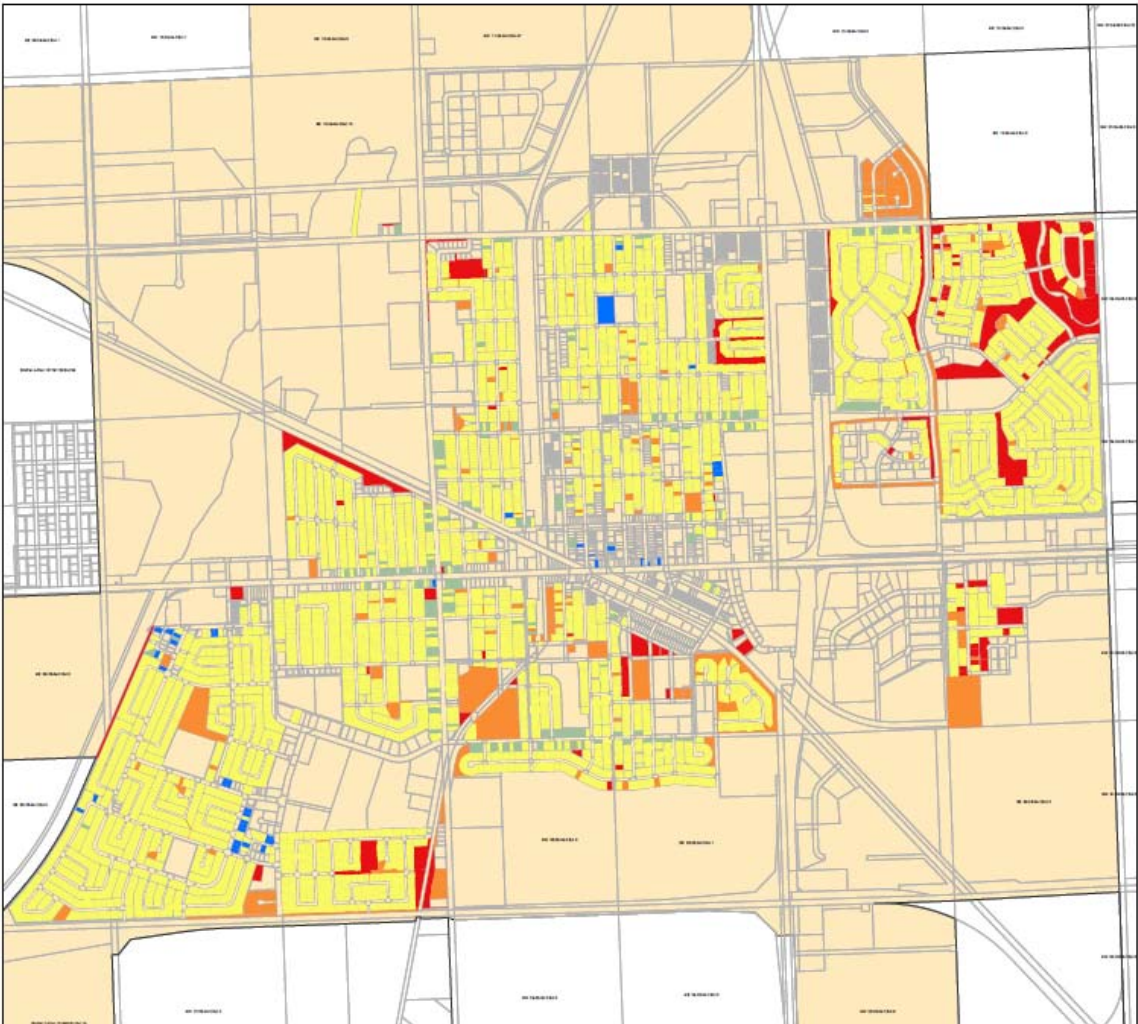


Legend

WEYBU_Res_Appraised






-  < 0.55
-  0.56 - 0.69
-  0.70 - 0.89
-  0.90 - 1.05
-  > 1.05

Appraised Value Shifts for Residential
based on the 2020 Value & 2021 Value.
Residential Median: 0.88



Legend

**YORKT_Res_Appraised
Ratio**

-  <0.60
-  0.61 - 0.78
-  0.79 - 0.98
-  0.99 - 1.15
-  > 1.15

2021 Revaluation - What About Quality?

- City Assessors / SAMA Committee
 - Provincial Revaluation Team (Analysts)
- 2021 Revaluation Quarterly Reporting to Board and Ministry
 - Final report due end of Q1, 2021
- 2021 Revaluation Provincial Quality Coordination Project
 - Final provincial report due mid 2021
- 2021 Quality Assurance Standards Order Posting
- 2021 Primary Audit for Roll Confirmations

2021 Revaluation Risks

Challenges for 2021 Revaluation Include:

- Economic impact of COVID-19 pandemic which occurred after the January 1, 2019 base date
- High volume of potentially precedent setting Court of Appeal cases for SAMA (15)
- Board of Revision and SMB appeal case load expected to increase in 2021 relative to 2020

4. What are the next steps for this revaluation?



Questions?

Please use the Chat/Reply feature or
Raise Hand Feature to ask any questions.