

Table 3: Managed Forest Assessment for a Forest Property with Residence (50-acre property)

	Description	Calculation
Step 1	Determine the current value assessment (CVA) for the entire property (house and forested area) through sale comparison approach as if it were not in the MFTIP.	CVA property assessment for 50 acres and residence = \$200,000
Step 2	Determine the CVA of vacant land (similar in size) through sale comparison approach.	CVA property assessment for 50 acres of vacant land = \$40,000 (or \$800/acre). The forested portion of the property (49 acres) would be assessed = \$39,200 (49 acres x \$800).
Step 3	Determine the value apportioned to the residence by subtracting the CVA value of the vacant forested property (Step 2) from the CVA value of the entire property (Step 1).	\$200,00 (Step 1) - \$39,200 (Step 2) = \$160,800
Step 4	Identify the farmland band for the land as assigned by MPAC.	Farmland band for Smith township = 085
Step 5	Identify the farm-forest proxy value (\$/acre) of the MF land.	Farm-forest proxy value for Smith township = \$568 / acre.
Step 6	Calculate the value of the MF assessment of the property by multiplying the acreage of the land by the farm-forest proxy.	\$568/acre x 49 acres = \$27,832.
Step 7	Determine if the assessment “cap” impacts the property?	The “cap” does not apply because the MF assessed value (Step 6) is less than the CVA for vacant land (Step 2).
Step 8	Determine if the assessment “floor” impacts the property? (Remember the “floor” prevents the assessment from being reduced more than 69% when entering the MFTIP.)	The “floor” does not apply because the MF assessed value (Step 6) is not reduced by more than 69% of the CVA for vacant land (Step 2). \$39,200 x 69% = \$27,048 (maximum reduction) \$39,200 - \$27,048 = \$12,152 (floor)
Step 9	Determining the total property assessment.	Add the value apportioned to the dwelling \$160,800 (Step 3) + the assessed value of the MF \$27,832 (Step 6) = \$188,632.
Summary	In this example, before entering MFTIP the entire property’s CVA was \$200,000. After entering the MFTIP the total assessment is \$188,632, of which \$160,800 is apportioned to the dwelling and \$27,832 to the MF area. The MF area is taxed at 25% of the residential tax rate set for the local municipality.	