

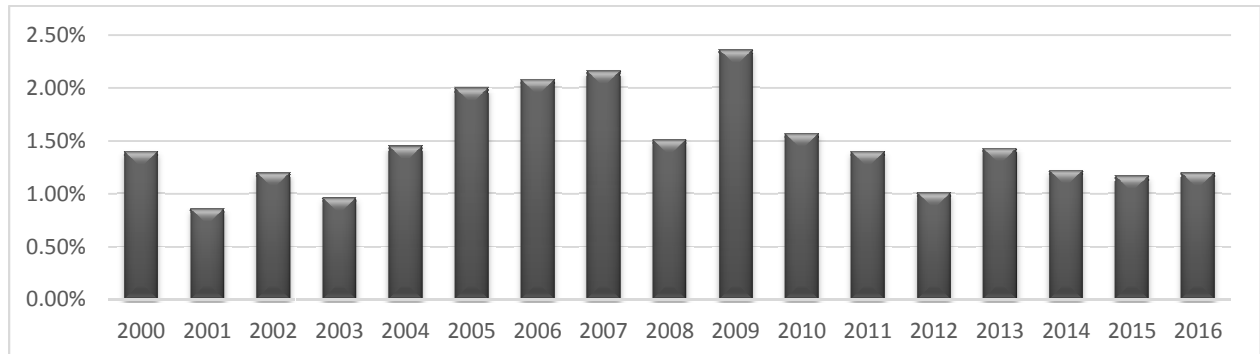
<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JANUARY 19, 2016</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>ASSESSMENT GROWTH FOR 2016, CHANGES IN TAXABLE PHASE-IN VALUES, AND SHIFTS IN TAXATION AS A RESULT OF REASSESSMENT</b>

**RECOMMENDATION**

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, this report **BE RECEIVED** for information purposes.

**BACKGROUND**

Each year, as part of the budgeting process, weighted assessment growth is calculated as this generates incremental tax revenue. This report indicates that weighted assessment growth is calculated to be 1.20% for 2016 taxation. The historical trend in weighted assessment growth is presented in bar graph format below.



**Assessment Growth**

Assessment growth generally refers to the net increase in assessment attributable to new construction less adjustments resulting from assessment appeals and property classification changes. In order to determine the impact of assessment growth on tax revenue, assessment must be weighted with tax ratios which reflect the different tax rates applicable to the various property classes.

Measuring assessment growth also requires the use of values of a uniform base year. If a consistent base year for property valuations is not maintained, changes in assessment totals will be distorted by changes in property valuations and will not correctly reflect the actual new construction less adjustments resulting from assessment appeals and property classification changes.

Schedule "A" attached details the growth which has occurred in weighted assessment for year 2016 taxation. Assessment has been weighted using tax ratios which were applicable in year 2015. The uniform base year which has been used for the determination of property valuations is 2015 phase-in values. Schedule "A" indicates that the total weighted assessment growth for 2016 for the City is 1.20%.

Historically the City of London has recorded the following percentage weighted assessment growth in the years indicated as shown in the chart below:

Year	Assessment Growth	Year	Assessment Growth
2000	1.40%	2009	2.36%
2001	0.86%	2010	1.57%
2002	1.20%	2011	1.40%
2003	0.96%	2012	1.01%
2004	1.45%	2013	1.43%
2005	2.00%	2014	1.22%
2006	2.08%	2015	1.17%
2007	2.16%	2016	1.20%
2008	1.51%		

#### **Change in Property Valuations from Reassessment to 2012 Base Year**

As referred to above, change in property valuations is a separate and distinct topic from assessment growth. For year 2013 taxation, all properties in Ontario were valued using a 2012 base year for market value determination. The 2012 values are being phased in over a four year period beginning in 2013 and ending in 2016. For 2009 to 2012 taxation, the base year for valuations was 2008.

Schedule "B" attached indicates the changes that will occur in phase-in values between 2015 and 2016 based on information provided by the Municipal Property Assessment Corporation (MPAC). Schedule "B" indicates that the increase in phase-in values of all taxable properties in London from 2015 to 2016 will be 2.56%. The phase-in value change for each class is also shown separately in Schedule "B".

#### **Shifts in Municipal Taxation between Property Classes as a result of the 2016 Phase-in Values**

Schedule "C" indicates the shifts in municipal taxation that will occur between property classes as a result of the 2016 phase-in values if no changes are made to 2015 tax ratios. Tax ratios determine how heavily a property class is taxed relative to the residential class. The City of London is slightly below the provincial threshold for the Commercial tax ratio. If no changes were made in tax ratios in 2016, the 2016 phase-in values would have a very small impact on the residential class (-.01%) and a more significant impact on the multi-residential class (+3.30%). These situations will be reviewed in more detail in the annual Tax Policy Report. As can be seen from Schedule "C" changes in taxable phase-in values from 2015 to 2016 have no effect on the total tax revenue of the City but do have some effect on how taxes are allocated amongst properties and property classes.

<b>PREPARED BY:</b>	<b>CONCURRED BY:</b>
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