

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, Managing Director, Corporate Services
and City Treasurer, Chief Financial Officer

Subject: Assessment Growth for 2021, Changes in Taxable Phase-
Values, and Shifts in Taxation as a Result of Reassessments

Date: January 18, 2021

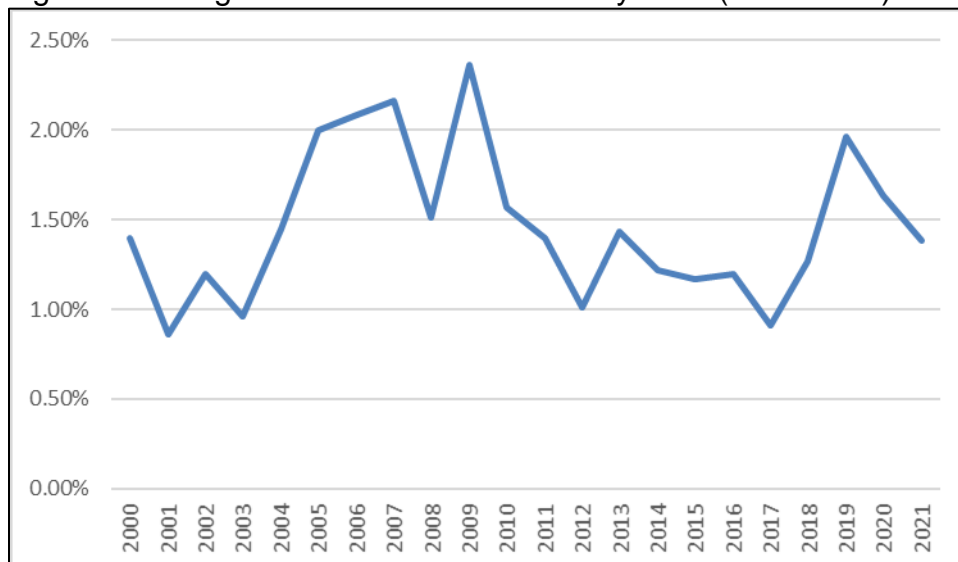
Recommendation

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

Executive Summary

Each year, coinciding with the budget process, weighted assessment growth is calculated as it generates incremental tax revenue. The allocation of this incremental tax revenue is reported to Council in mid March in accordance with Council's Assessment Growth Policy. This report indicates that weighted assessment growth is calculated to be 1.38% for 2021 taxation. The historical trend in weighted assessment growth is presented in graph format below in Figure 1.

Figure 1 – Weighted Assessment Growth by Year (2000-2021)



Analysis

1.0 Background Information

1.1 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. 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 2021 taxation. Assessment has been weighted using tax ratios which were applicable in year 2020. The uniform base year which has been used for the determination of property valuations is 2020 phase-in values. Schedule 'A' indicates that the total weighted assessment growth for 2021 for the City is 1.38%.

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%	2011	1.40%
2001	0.86%	2012	1.01%
2002	1.20%	2013	1.43%
2003	0.96%	2014	1.22%
2004	1.45%	2015	1.17%
2005	2.00%	2016	1.20%
2006	2.08%	2017	0.91%
2007	2.16%	2018	1.27%
2008	1.51%	2019	1.96%
2009	2.36%	2020	1.63%
2010	1.57%	2021	1.38%

2.0 Discussion and Considerations

2.1 Changes in Property Valuations from Reassessment to 2016 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 were phased in over a four-year period beginning in 2013 and ending in 2016. For the years 2017, 2018, 2019 and 2020 taxation were based on phasing in 2016 market values for the four-year period.

For 2021 the Province decided because of the Covid-19 pandemic situation in Ontario there would be no reassessment of properties as was previously schedule for the 2021 property tax year. As a result, all properties in Ontario will continue to be valued based on 2016 market values.

Schedule 'B' attached indicates no change will occur in the taxable phase-in values between 2020 and 2021 based on information provided by the Municipal Property Assessment Corporation (MPAC). Schedule 'B' indicates that the increase in total phase-in values of all taxable properties in London from 2020 to 2021 will be 0.00% for all property classes.

2.2 Potential Shifts in Municipal Taxation between Property Classes as a result of the 2021 Values (2020 Phase-in Values per MPAC)

Schedule 'C' indicated there will be no shifts in municipal taxation in 2021 between property classes as a result of the 2021 values, if no changes are made to 2020 tax ratios. Schedule 'C' reflects the fact that no phase-in of a reassessment is occurring in the year 2021.

Tax ratios determine how heavily a property class is taxed relative to the residential class. The tax change in the various classes including education taxes will be analysed and reviewed in greater detail later in the year after the 2021 City budget is approved by Council and all of the regulations related to 2021 tax policy and education tax rates have been finalized by the Province.

Conclusion

Weighted assessment growth is an important part of municipal taxation as it generates additional incremental revenue. This growth represents new construction in the municipality less adjustments resulting from assessment appeals and property classification changes which is not to be confused with changes in the value of existing properties. Total weighted assessment growth in 2021 is 1.38% (1.63% in 2020).

Looking ahead, Civic Administration will be bringing forward a 'Tax Policy Report' presenting alternatives for tax ratios for 2021 property taxation.

Prepared by: Jim Logan, Division Manager – Taxation and Revenue
Submitted by: Ian Collins, Director, Financial Services
Recommended by: Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Copied: Kyle Murray, Director, Financial Planning & Business Support

SCHEDULE "A"**ANALYSIS OF 2021 WEIGHTED ASSESSMENT GROWTH USING 2020 PHASE-IN VALUES**

Property Class	Weighted 2020 Assessment Roll (using 2020 Phase-in Values Per MPAC)	Weighted 2021 Assessment Roll (using 2020 Phase-in Values Per MPAC)	% Change	% of Total Assessment Growth
Commercial	\$7,576,994,015	\$7,662,543,047	1.13%	0.16%
Office Building	\$736,752,851	\$724,810,643	-1.62%	-0.02%
Farmland	\$50,067,325	\$48,893,864	-2.34%	0.00%
Industrial	\$730,673,890	\$738,644,696	1.09%	0.01%
Large Industrial	\$395,334,917	\$404,309,816	2.27%	0.02%
Multi-residential	\$2,988,816,911	\$3,024,653,732	1.20%	0.07%
New Multi-residential	\$12,981,100	\$38,489,900	196.51%	0.05%
Pipeline	\$186,753,830	\$188,790,587	1.09%	0.00%
Residential	\$37,864,617,177	\$38,530,655,409	1.76%	1.24%
Shopping Centre	\$3,244,350,654	\$3,166,413,047	-2.40%	-0.14%
Managed Forest	\$264,750	\$264,700	-0.02%	0.00%
	\$53,787,607,421	\$54,528,469,441	1.38%	1.38%
Commercial Including Optional Classes (1)	\$11,558,097,521	\$11,553,766,737	-0.04%	-0.01%
Farmland	\$50,067,325	\$48,893,864	-2.34%	0.00%
Industrial Including Optional Classes (2)	\$1,126,008,807	\$1,142,954,512	1.50%	0.03%
Multi-residential	\$2,988,816,911	\$3,024,653,732	1.20%	0.07%
New Multi-residential	\$12,981,100	\$38,489,900	196.51%	0.05%
Pipeline	\$186,753,830	\$188,790,587	1.09%	0.00%
Residential	\$37,864,617,177	\$38,530,655,409	1.76%	1.24%
Managed Forest	\$264,750	\$264,700	-0.02%	0.00%
	\$53,787,607,421	\$54,528,469,441	1.38%	1.38%

Note:

- 1) Commercial Including Optional Classes comprises: Commercial, Office Building and Shopping Centre property classes.
- 2) Industrial Including Optional Classes comprises: Industrial and Large Industrial property classes.

SCHEDULE "B"**CHANGES IN TAXABLE VALUE OF PROPERTIES FOR 2021 TAXATION**

Property Class	Assessments for 2021 Taxation at 2020 Phase-in Values	Assessments for 2021 Taxation at 2021 Values (2020 Phase-in Values)	% Change
Commercial	\$4,012,527,187	\$4,012,527,187	0.00%
Office Building	\$379,482,012	\$379,482,012	0.00%
Farmland	\$475,528,727	\$475,528,727	0.00%
Industrial	\$387,579,485	\$387,579,485	0.00%
Large Industrial	\$211,680,532	\$211,680,532	0.00%
Multi-residential	\$1,768,698,765	\$1,768,698,765	0.00%
New Multi-residential	\$38,489,900	\$38,489,900	0.00%
Pipeline	\$110,210,500	\$110,210,500	0.00%
Residential	\$38,532,437,009	\$38,532,437,009	0.00%
Shopping Centre	\$1,657,807,878	\$1,657,807,878	0.00%
Managed Forest	\$1,058,800	\$1,058,800	0.00%
	\$47,575,500,795	\$47,575,500,795	0.00%
Commercial Including Optional Classes (1)	\$6,049,817,077	\$6,049,817,077	0.00%
Farmland	\$475,528,727	\$475,528,727	0.00%
Industrial Including Optional Classes (2)	\$599,260,017	\$599,260,017	0.00%
Multi-residential	\$1,768,698,765	\$1,768,698,765	0.00%
New Multi-residential	\$38,489,900	\$38,489,900	0.00%
Pipeline	\$110,210,500	\$110,210,500	0.00%
Residential	\$38,532,437,009	\$38,532,437,009	0.00%
Managed Forest	\$1,058,800	\$1,058,800	0.00%
	\$47,575,500,795	\$47,575,500,795	0.00%

Note:

- 1) Commercial Including Optional Classes comprises: Commercial, Office Building and Shopping Centre property classes.
- 2) Industrial Including Optional Classes comprises: Industrial and Large Industrial property classes.

SCHEDULE "C"**ESTIMATED SHIFTS IN MUNICIPAL TAXATION BETWEEN PROPERTY CLASSES WITH NO CHANGE IN TAX LEVY OR RATIOS FOR 2021**

Property Class	Allocation of General Levy Using 2020 Phase-in Values	Allocation of General Levy Using 2021 Values (2020 Phase-in Values)	% Change
Commercial	\$91,587,248	\$91,587,239	0.00%
Office Building	\$8,663,366	\$8,663,365	0.00%
Farmland	\$584,411	\$584,408	0.00%
Industrial	\$8,828,718	\$8,828,718	0.00%
Large Industrial	\$4,832,550	\$4,832,550	0.00%
Multi-residential	\$36,152,446	\$36,152,447	0.00%
New Multi-residential	\$460,054	\$460,054	0.00%
Pipeline	\$2,256,537	\$2,256,537	0.00%
Residential	\$460,541,127	\$460,541,143	0.00%
Shopping Centre	\$37,846,842	\$37,846,838	0.00%
Managed Forest	\$3,164	\$3,164	0.00%
	\$651,756,462	\$651,756,462	0.00%
Commercial Including Optional Classes (1)	\$138,097,456	\$138,097,442	0.00%
Farmland	\$584,411	\$584,408	0.00%
Industrial Including Optional Classes (2)	\$13,661,269	\$13,661,267	0.00%
Multi-residential	\$36,152,446	\$36,152,447	0.00%
New Multi-residential	\$460,054	\$460,054	0.00%
Pipeline	\$2,256,537	\$2,256,537	0.00%
Residential	\$460,541,127	\$460,541,143	0.00%
Managed Forest	\$3,164	\$3,164	0.00%
	\$651,756,462	\$651,756,462	0.00%

Note:

- 1) Commercial Including Optional Classes comprises: Commercial, Office Building and Shopping Centre property classes.
- 2) Industrial Including Optional Classes comprises: Industrial and Large Industrial property classes.