

## Report to Corporate Services Committee

**To:** Chair and Members  
Corporate Services Committee  
**From:** Anna Lisa Barbon, Deputy City Manager, Finance Supports  
**Subject:** Assessment Growth for 2022, Changes in Taxable Phase-in Values, and Shifts in Taxation as a Result of Reassessments  
**Date:** January 31, 2022

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, this report **BE RECEIVED** for information purposes.

## Executive Summary

To inform the application of the Assessment Growth Policy (POL.-47(a) 241), the annual reporting of weighted assessment growth for the City of London is required. This growth represents new construction less adjustments resulting from assessment appeals and property classification changes. The total weighted assessment growth for 2022 is 1.40%.

## Linkage to the Corporate Strategic Plan

Council's 2019 to 2023 Strategic Plan for the City of London identifies "Leading in Public Services" as a strategic area of focus. The information contained in this report would assist in continuing to ensure the strength and sustainability of London's finances in alignment with Council priorities of the Strategic Plan.

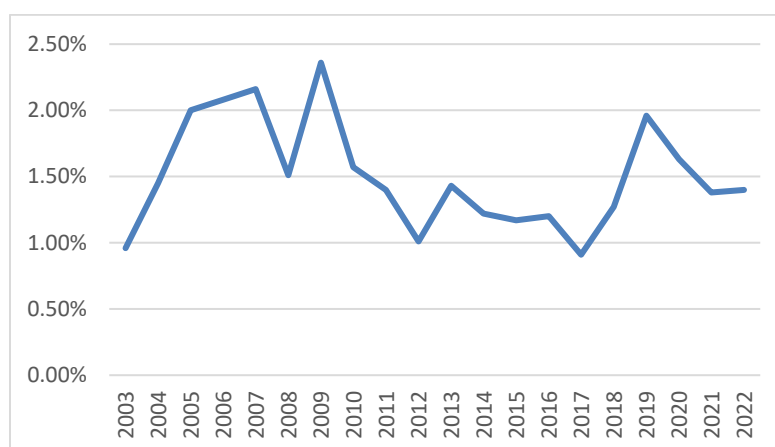
## Analysis

### 1.0 Background Information

#### 1.1 Annual Assessment Growth Calculation

Each year, coinciding with the budget process, weighted assessment growth is calculated as it generates incremental tax revenue. The assessment growth calculation relies on information found in reports provided by the Municipal Property Assessment Corporation (MPAC) and the Ontario Property Tax Analysis (OPTA) which are generally received in mid-December. The allocation of this incremental tax revenue is reported to Council in early March in accordance with Council's Assessment Growth Policy. This report indicates that weighted assessment growth is calculated to be 1.40% for 2022 taxation. The historical trend in weighted assessment growth is presented in graph format below in Figure 1.

Figure 1 – Weighted Assessment Growth by Year (2003 – 2022)



## 2.0 Discussion and Considerations

### 2.1 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 2022 taxation. Assessment has been weighted using tax ratios which were applicable in year 2021. The uniform base year which has been used for the determination of property valuations is 2021 phase-in values. Schedule "A" indicates that the total weighted assessment growth for 2022 for the City is 1.40%.

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

Chart 1: Twenty Year Table of Weighted Assessment Growth (2003 to 2022)

Year	Weighted Assessment Growth		Year	Weighted Assessment Growth
2003	0.96%		2013	1.43%
2004	1.45%		2014	1.22%
2005	2.00%		2015	1.17%
2006	2.08%		2016	1.20%
2007	2.16%		2017	0.91%
2008	1.51%		2018	1.27%
2009	2.36%		2019	1.96%
2010	1.57%		2020	1.63%
2011	1.40%		2021	1.38%
2012	1.01%		2022	1.40%

### 2.2 Change in Property Valuation from Reassessment to 2016 Base Year

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 was based on phasing in 2016 market values for the four-year period.

Starting in 2021, the Province decided because of the Covid-19 pandemic situation in Ontario there would be no reassessment of properties as was previously scheduled for the 2021 property tax year. As a result, all properties in Ontario will continue to be valued based on 2016 market values in 2022.

Schedule "B" attached indicates no change will occur in the taxable phase-in values between 2021 and 2022 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 2021 to 2022 will be 0.00% for all property classes.

## **2.3 Potential Shifts in Municipal Taxation between Property Classes as a result of the 2022 Phase-in Values**

Schedule “C” indicates there will be no shifts in municipal taxation in 2022 between property classes as a result of the 2022 phase-in values if no changes are made to 2021 tax ratios. Schedule “C” reflects the fact that no phase-in of a reassessment is occurring in the year 2022.

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 2022 City budget is approved by Council and all of the regulations related to 2022 tax policy and education tax rates have been finalized by the Province.

## **3.0 Financial Impact/Considerations**

### **3.1 Assessment Growth Revenue Allocation**

In accordance with the Assessment Growth Policy, Section 4.2, for budgeting purposes, assessment growth will be fully allocated to growth costs. Assessment growth and its allocation will be reported annually.

## **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 2022 is 1.40% (1.38% 2021).

Looking ahead, Civic Administration will be bringing forward a “Tax Policy Report” presenting alternatives for tax ratios for 2022 property taxation.

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**Submitted by:** Ian Collins, CPA, CMA, Director, Financial Services  
**Recommended by:** Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

**SCHEDULE "A"**

**ANALYSIS OF 2022 WEIGHTED ASSESSMENT GROWTH USING 2021 PHASE-IN VALUES**

<b>Property Class</b>	<b>Weighted 2021 Assessment Roll (using 2021 Phase-in Values Per MPAC)</b>	<b>Weighted 2022 Assessment Roll (using 2021 Phase-in Values Per MPAC)</b>	<b>% Change</b>	<b>% of Total Assessment Growth</b>
Commercial	\$7,662,543,047	\$7,712,471,152	0.65%	0.09%
Office Building	\$724,810,643	\$730,298,952	0.76%	0.01%
Farmland	\$48,893,864	\$48,374,355	-1.06%	0.00%
Industrial	\$738,644,696	\$757,605,437	2.57%	0.03%
Large Industrial	\$404,309,816	\$400,155,375	-1.03%	-0.01%
Multi-residential	\$3,024,653,732	\$2,982,411,416	-1.40%	-0.08%
New Multi-residential	\$38,489,900	\$225,322,700	485.41%	0.34%
Pipeline	\$188,790,587	\$190,775,097	1.05%	0.00%
Residential	\$38,530,655,409	\$39,081,497,081	1.43%	1.01%
Shopping Centre	\$3,166,413,047	\$3,164,699,563	-0.05%	0.00%
Managed Forest	\$264,700	\$263,700	-0.38%	0.00%
	<b>\$54,528,469,441</b>	<b>\$55,293,874,828</b>	<b>1.40%</b>	<b>1.40%</b>
Commercial Including Optional Classes	\$11,553,766,737	\$11,607,469,667	0.46%	0.10%
Farmland	\$48,893,864	\$48,374,355	-1.06%	0.00%
Industrial including optional classes	\$1,142,954,512	\$1,157,760,812	1.30%	0.03%
Multi-residential	\$3,024,653,732	\$2,982,411,416	-1.40%	-0.08%
New Multi-residential	\$38,489,900	\$225,322,700	485.41%	0.34%
Pipeline	\$188,790,587	\$190,775,097	1.05%	0.00%
Residential	\$38,530,655,409	\$39,081,497,081	1.43%	1.01%
Managed Forest	\$264,700	\$263,700	-0.38%	0.00%
	<b>\$54,528,469,441</b>	<b>\$55,293,874,828</b>	<b>1.40%</b>	<b>1.40%</b>

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 2022 TAXATION**

<b>Property Class</b>	<b>Assessments for 2022 Taxation at 2021 Phase-in Values</b>	<b>Assessments for 2022 Taxation at 2022 Phase-in Values</b>	<b>% Change</b>
Commercial	\$4,038,667,556	\$4,038,667,556	0.00%
Office Building	\$382,355,472	\$382,355,472	0.00%
Farmland	\$470,476,127	\$470,476,127	0.00%
Industrial	\$397,308,585	\$397,308,585	0.00%
Large Industrial	\$209,505,432	\$209,505,432	0.00%
Multi-residential	\$1,744,022,785	\$1,744,022,785	0.00%
New Multi-residential	\$225,322,700	\$225,322,700	0.00%
Pipeline	\$111,369,000	\$111,369,000	0.00%
Residential	\$39,083,278,681	\$39,083,278,681	0.00%
Shopping Centre	\$1,656,910,766	\$1,656,910,766	0.00%
Managed Forest	\$1,054,800	\$1,054,800	0.00%
	<b>\$48,320,271,904</b>	<b>\$48,320,271,904</b>	<b>0.00%</b>
Commercial Including Optional Classes	\$6,077,933,794	\$6,077,933,794	0.00%
Farmland	\$470,476,127	\$470,476,127	0.00%
Industrial including optional classes	\$606,814,017	\$606,814,017	0.00%
Multi-residential	\$1,744,022,785	\$1,744,022,785	0.00%
New Multi-residential	\$225,322,700	\$225,322,700	0.00%
Pipeline	\$111,369,000	\$111,369,000	0.00%
Residential	\$39,083,278,681	\$39,083,278,681	0.00%
Managed Forest	\$1,054,800	\$1,054,800	0.00%
	<b>\$48,320,271,904</b>	<b>\$48,320,271,904</b>	<b>0.00%</b>

## SCHEDULE "C"

### ESTIMATED SHIFTS IN MUNICIPAL TAXATION BETWEEN PROPERTY CLASSES WITH NO CHANGE IN TAX LEVY OR RATIOS FOR 2022

Property Class	Allocation of General Levy Using 2021 Phase-in Values	Allocation of General Levy Using 2022 Values (2021 Phase-in)	% Change
Commercial	\$95,270,864	\$95,270,849	0.00%
Office Building	\$9,021,261	\$9,021,259	0.00%
Farmland	\$597,561	\$597,560	0.00%
Industrial	\$9,358,573	\$9,358,572	0.00%
Large Industrial	\$4,943,052	\$4,943,052	0.00%
Multi-residential	\$36,841,217	\$36,841,223	0.00%
New Multi-residential	\$2,783,373	\$2,783,373	0.00%
Pipeline	\$2,356,613	\$2,356,612	0.00%
Residential	\$482,767,090	\$482,767,109	0.00%
Shopping Centre	\$39,093,003	\$39,092,997	0.00%
Managed Forest	\$3,257	\$3,257	0.00%
	<b>\$683,035,864</b>	<b>\$683,035,864</b>	<b>0.00%</b>
Commercial Including Optional Classes	\$143,385,128	\$143,385,105	0.00%
Farmland	\$597,561	\$597,560	0.00%
Industrial including optional classes	\$14,301,625	\$14,301,623	0.00%
Multi-residential	\$36,841,217	\$36,841,223	0.00%
New Multi-residential	\$2,783,373	\$2,783,373	0.00%
Pipeline	\$2,356,613	\$2,356,612	0.00%
Residential	\$482,767,090	\$482,767,109	0.00%
Managed Forest	\$3,257	\$3,257	0.00%
	<b>\$683,035,864</b>	<b>\$683,035,864</b>	<b>0.00%</b>