

To: Warden and Members of County Council

From: Director of Corporate Services

2022 Preliminary Assessment and Tax Analysis

RECOMMENDATION

1. **That Report No. CS 2021-51 entitled “2022 Preliminary Assessment and Tax Analysis”, be received for information.**

REPORT HIGHLIGHTS

- 2021 estimated preliminary net assessment growth \$341.7 million (\$295.6 million – 2021)
- 2022 estimated County taxes on an average single family detached residential property valued at \$273,302 is anticipated to increase by \$23 over 2021

Implementation Points

The information contained in this report is intended to provide Council with a preliminary view of the potential growth and other changes to the County’s assessment base, based on new assessment recorded to date. Once the revised assessment roll is released from the Municipal Property Assessment Corporation, municipalities will have the necessary information for purposes of assessment analysis and tax policy modeling in 2022.

Financial Impact

The information contained in this report has no impact on the County’s budget or tax levy; rather it reflects a preliminary indication of how the County’s budget and tax levy will be distributed among the various property classes and average properties based on assessment values. Considering there is no phase-in of reassessed values, with 2021 tax being based on full CVA of the January 2016 property values, changes to the roll for 2022 will only reflect assessment generated by new and improved property, net of any deletions that occurred in 2021.







The assessment and tax revenue data referenced in this report is based on information compiled by Municipal Tax Equity¹ using assessment data generated by the Municipal Property Assessment Corporation (MPAC).

¹ Preliminary In-Year Assessment and Levy Growth Summary, Municipal Tax Equity (MTE) Consultants Inc., dated November 16, 2021

Communications

The information contained in this report is intended to inform how preliminary assessment growth in the current budget year will impact the distribution of tax to be levied to taxpayers in the new year. As the assessment data is preliminary, it is subject to change at the time the final roll for 2022 tax purposes is received in December 2021. County Council considers the information in this report as integral to the annual budget approval process as it provides an indicator of the levy's impact on taxpayers.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.			

DISCUSSION

Background

The content of this report illustrates growth related implications recorded to date to the County's assessment for 2022 taxation and does not include market changes and the phase-in program that are typical annual adjustments as the Province delayed implementation of the four-year assessment cycle that was to be implemented in 2021 due to economic pressures caused by COVID-19. As part of the Ontario Government's 2021 Budget, the Minister of Finance announced the Province's decision to once again postpone a province-wide property assessment update due to the pandemic.

Property assessments for the 2022 property tax year will continue to be based on January 1, 2016 current values. This means property assessment remains the same as it was for the 2021 tax year, unless there have been changes to the property, for example:

- A change to property including an addition, new construction, or renovation
- A structure on property was assessed for the first time
- A change to property's classification
- A property no longer qualifies as farmland, conservation land or managed forests
- All or part of a property no longer qualifies to be tax exempt

Analysis contained in this report is based on the use of tax rates for County general purposes only. Education tax rates and area municipal tax rates have not been included.

All tax calculations and tax levies have been calculated based on the following:

- Assessment values have been derived from the County's 2021 roll revised by in-year assessment additions and deletions up to November 5, 2021;
- 2021 tax calculations are based on actual 2021 tax rates;
- revenue neutral rates have been calculated for the purposes of 2022 which, due to the absence of reassessment phase-in, are the same as the 2021 actual tax rates;

- the County's current tax ratio schedule has been applied for 2022; and
- tax rate calculations are based on taxable assessment and exclude payment in lieu properties unless explicitly illustrated.

Comments

2021 was intended to mark the first year of a revised four-year assessment cycle based on January 1, 2019 market values. In the absence of new assessment values being introduced in 2021 and further postponed for 2022 there are no year over year phase-in increases or decreases that will affect taxation results. Nevertheless, the County continues to experience significant growth in assessment in spite of the ongoing pandemic. The contents of this report have been prepared to provide a preliminary review of the growth in assessment at the property class level – see Tables 1 through 6 below that illustrate the following:

[Table 1 – 2021 Preliminary Assessment Growth](#)

[Table 2 – 2021 Preliminary Revenue Growth \(Annualized\)](#)

[Table 3 – Annual Growth Comparison – 2020 Actual to 2021 Preliminary](#)

[Table 4 – Preliminary General Levy Change](#)

[Table 5 – Preliminary 2022 Rates](#)

[Table 6 – Preliminary Tax Impact on Average Single Family Residential Property](#)

[Table 1 – 2021 Preliminary Assessment Growth](#) – provides a summary of the net effect of the annualized in-year changes to assessment for 2021 tax purposes. Growth includes physical changes to property such as new construction, additions, improvements and demolitions, as well as equity changes in value that are triggered by Minutes of Settlement, decisions of the Assessment Review Board, and refund applications – representing real changes in the County's tax base, including growth and loss.

Property Tax Class	2021 Full CVA		Preliminary Growth	
	As Returned	Year to Date	\$	%
Taxable				
Residential	11,208,654,240	11,458,269,516	249,615,276	2.23%
Farm	6,426,334,537	6,461,846,045	35,511,508	0.55%
Managed Forest	12,354,200	13,208,100	853,900	6.91%
New Multi-residential	2,127,000	27,381,700	25,254,700	1187.34%
Multi-residential	202,118,739	202,127,110	8,371	0.00%
Commercial	1,210,052,786	1,238,568,236	28,515,450	2.36%
Industrial	264,057,563	288,859,716	24,802,153	9.39%
Large Industrial	410,925,429	386,047,540	-24,877,889	-6.05%
Pipeline	264,798,000	266,830,000	2,032,000	0.77%
Sub-total Taxable	20,001,422,494	20,343,137,963	341,715,469	1.71%
Payments in Lieu				
Residential	2,100,200	2,098,300	-1,900	-0.09%
Commercial	64,620,200	68,640,000	4,019,800	6.22%
Industrial	3,124,500	2,692,300	-432,200	-13.83%
Landfill	1,493,700	1,493,700	0	0.00%
Sub-total PIL	71,338,600	74,924,300	3,585,700	5.03%
Total	20,072,761,094	20,418,062,263	345,301,169	1.72%

Table 2 – 2021 Preliminary Revenue Growth (Annualized) – provides data illustrating the net revenue growth calculated as the difference in the returned roll tax amount and the preliminary year-end/revised roll. These calculations represent a full year of taxation and therefore are not a true representation of the revenues that would have been realized in 2021 as many changes would not have been in effect for the full tax year.

Property Tax Class	2021 General Levy		Revenue Growth	
	As Returned	As Revised	\$	%
Taxable				
Residential	41,138,881	42,039,055	900,174	2.19%
Farm	5,134,899	5,163,273	28,374	0.55%
Managed Forest	11,336	12,119	783	6.91%
New Multi-residential	7,807	100,501	92,694	1187.32%
Multi-residential	1,483,700	1,483,760	60	0.00%
Commercial	8,362,739	8,561,500	198,761	2.38%
Industrial	2,477,180	2,711,338	234,158	9.45%
Large Industrial	3,883,959	3,670,117	-213,842	-5.51%
Pipeline	1,223,922	1,233,315	9,393	0.77%
Sub-total Taxable	63,724,423	64,974,978	1,250,555	1.96%
Payments in Lieu				
Residential	7,709	7,702	-7	-0.09%
Commercial	444,467	472,733	28,266	6.36%
Industrial	29,017	24,280	-4,737	-16.32%
Landfill	10,426	10,426	0	0.00%
Sub-total PIL	491,619	515,141	23,522	4.78%
Total	64,216,042	65,490,119	1,274,077	1.98%

Table 2a – 2021 Preliminary Revenue Growth (Annualized) 5 Year Comparative – provides data illustrating the percentage increases net revenue growth over the past five-year period ending in 2021.

Year	Increase
2017	2.39%
2018	2.93%
2019	2.33%
2020	2.00%
2021*	1.96%

*Note: As the 2021 preliminary assessment growth figures contained in this report are based on November 5, 2021 data, the analysis is subject to change with potential updates prior to being finalized and released by year end.

Table 3 – Annual Growth Comparison – 2020 Actual to 2021 Preliminary – illustrates how assessment growth related changes have occurred between 2020 and 2021 relative to property tax class.

Property Tax Class	Annualized Levy Growth			
	2020 Actual		2021 Preliminary	
	\$	%	\$	%
Taxable				
Residential	853,751	2.11%	900,174	2.19%
Farm	11,590	0.22%	28,374	0.55%
Managed Forest	292	2.63%	783	6.91%
New Multi-residential	-103	-1.29%	92,694	1187.32%
Multi-residential	-26,900	-1.77%	60	0.00%
Commercial	227,220	2.78%	198,761	2.38%
Industrial	200,236	8.74%	234,158	9.45%
Large Industrial	-27,065	-0.69%	-213,842	-5.51%
Pipeline	17,579	1.45%	9,393	0.77%
Sub-total Taxable	1,256,600	2.00%	1,250,555	1.96%
Residential	361	4.88%	-7	4.90%
Farm	0	0.00%	0	-100.00%
Commercial	10,065	2.30%	28,266	2.30%
Industrial	57	0.20%	-4,737	0.20%
Landfill	-1	-0.01%	0	-0.01%
Sub-total PIL	10,482	2.17%	23,522	4.78%
Total	1,267,082	2.00%	1,274,077	1.98%

2020 Actual Revenue Growth was measured as of roll return for 2021 taxation and 2021 Preliminary Growth contained in this report is based on data extracted on November 5, 2021.

Table 4 – Preliminary General Levy Change – compares the 2022 preliminary tax levy to the 2020 annualized year-end levy as distributed to each of the property tax classes.

Property Tax Class	Preliminary General Levy Change		Levy Change	
	Year to Date	Proposed 2022		
	\$	\$	\$	%
Taxable				
Residential	42,039,055	43,019,256	980,201	2.33%
Farm	5,163,273	5,283,658	120,385	2.33%
Managed Forest	12,120	12,402	282	2.33%
New Multi-residential	100,501	102,844	2,343	2.33%
Multi-residential	1,483,763	1,518,359	34,596	2.33%
Commercial	8,561,501	8,761,130	199,629	2.33%
Industrial	2,711,337	2,774,557	63,220	2.33%
Large Industrial	3,670,117	3,755,693	85,576	2.33%
Pipeline	1,233,315	1,262,071	28,756	2.33%
Sub-total Taxable	64,974,982	66,489,970	1,514,988	2.33%
Residential	7,702	7,881	179	2.32%
Commercial	472,733	483,756	11,023	2.33%
Industrial	24,280	24,846	566	2.33%
Landfill	10,426	10,670	244	2.34%
Sub-total PIL	515,141	527,153	12,012	2.33%
Total	65,490,123	67,017,123	1,527,000	2.33%

Table 5 – Preliminary 2022 Rates – compares the 2022 preliminary tax rates to the actual 2021 tax rates as applied.

Property Tax Class	General Tax Rates		% Change
	2021 Actual	2022 Preliminary	
Residential	0.00367037	0.00375595	2.33%
Farm	0.00079904	0.00081767	2.33%
Managed Forest	0.00091759	0.00093899	2.33%
New Multi-residential	0.00367037	0.00375595	2.33%
Multi-residential	0.00734074	0.00751190	2.33%
Commercial	0.00698031	0.00714307	2.33%
Industrial	0.00965307	0.00987815	2.33%
Large Industrial	0.00965307	0.00987815	2.33%
Landfill	0.00698031	0.00714307	2.33%
Pipeline	0.00462210	0.00472987	2.33%
Taxable Levy	63,724,374	66,489,903	4.34%

Table 6 – Preliminary Tax Impact on Average Single Family Residential Property – this table compares the 2021 average single family detached residential property to the 2022 average single family detached residential property in terms of assessment and the resulting tax based on the 2021 actual residential tax rate and the 2022 preliminary residential tax rate, calculated using the draft 2022 general levy of \$66,489,903. The illustration also provides similar calculations based on each \$250,000 of residential property assessment.

Single Family Detached Residential	2021 Actual	2022 Preliminary	\$ Change	% Change
CVA	\$273,302	\$273,302	\$0	0.00%
General tax rate	0.00367037	0.00375595	0.00008558	2.33%
General tax rate	\$1,003	\$1,027	\$23	2.33%
Single Family Detached Residential	2021 Actual	2022 Preliminary	\$ Change	% Change
CVA	\$250,000	\$250,000	\$0	0.00%
General tax rate	0.00367037	0.00375595	0.00008558	2.33%
General tax rate	\$918	\$939	\$21	2.33%

Conclusions

This report provides a preliminary indication of the County's draft 2022 budget impact on tax distribution among the various property tax classes and the average single family residential property.

The information presented in this report provides a preliminary view of the information typically presented to Council to establish annual tax policies. It is important to note that tax policy decisions should not be based on the content of this report.

SIGNATURES

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
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