

The Town of The Blue Mountains

Re-assessment Impacts:
Class Tax and Tax Burden Shifts

Introduction

- Every year the Municipal Property Assessment Corporation (MPAC) returns the assessment roll
- Every four years the roll is updated to reflect current values
- Both Upper Tier and Lower Tier municipalities use the roll to generate a majority of the revenue needed to fund their operating costs
- The current assessment methodology and tax policy impact both the upper and lower tier municipalities in different ways
- Methodology that supports the analysis in the report and this related presentation

Assessment Cycle, Background

- Current assessment methodology in Ontario was created in 1998
- Assessments are established and maintained on a four-year cycle
- Property is assessed on Current Market Value.
 - Sales Data – primarily residential
 - Cost of construction – commercial and industrial
 - Net revenue and income - multi-residential
- Implementation of assessment, increasing vs decreasing property
- Assessments can differ significantly
- Assessing property is complex

Assessment Cycle, Background - Implementation

2012	2016	Explanation		
60,000	100,000	Increasing property, subject to phase in		
60,000	55,000	Decreasing property, no phase in		
2012 Base CVA	2017 Phased CVA (For Taxation)	2018 Phased CVA (For Taxation)	2019 Phased CVA (For Taxation)	2020 Destination CVA (For Taxation) (2016 CVA)
60,000	70,000	80,000	90,000	100,000
60,000	55,000	55,000	55,000	55,000

Assessment Cycle, Background - Implementation

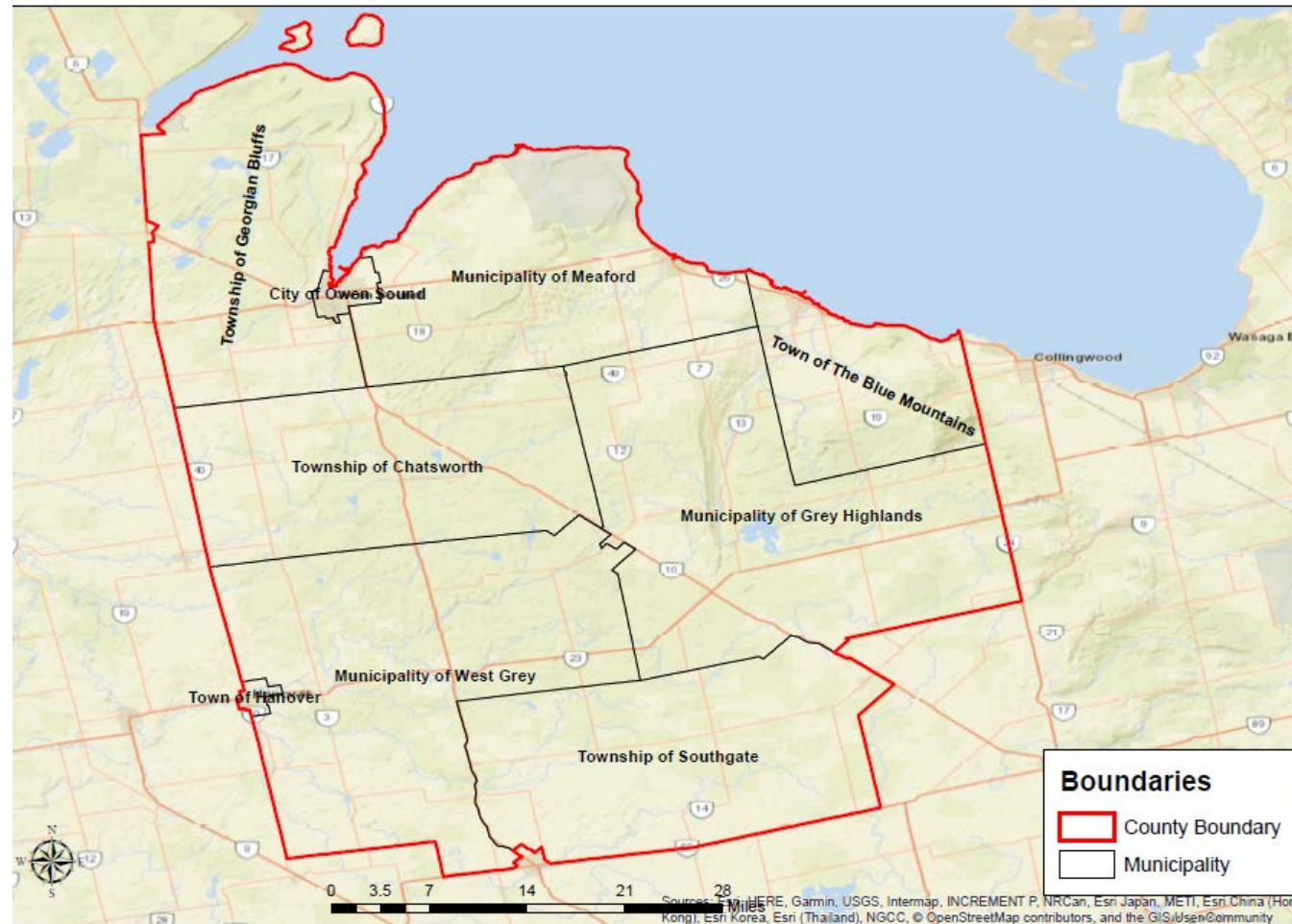
2016	2020	Explanation		
100,000	120,000	Increasing property, subject to phase in		
55,000	53,000	Decreasing property, no phase in		
2016 Base CVA	2021 Phased CVA (For Taxation)	2022 Phased CVA (For Taxation)	2023 Phased CVA (For Taxation)	2024 Destination CVA (For Taxation) (2016 CVA)
100,000	105,000	110,000	115,000	120,000
55,000	53,000	53,000	53,000	53,000

Impacts of the Assessment System

- Can be seen differently between Upper and Lower tier Municipalities
- Both can experience different rate of change between different classes
- Assessment base differs between upper and lower tiers
 - Upper tier encompasses all property in all lower tier municipalities
 - Lower tier assessment base is limited to their local boundaries

Impacts of the Assessment System

Boundary of Grey County, Ontario



Grey County Assessment Distribution

Realty Tax Class	CVA				
	Base CVA (2016)	2017	2018	2019	2020
Taxable					
Residential	12,666,266,560	12,575,430,564	12,805,674,415	13,035,917,471	13,266,160,504
Farm	1,744,904,752	2,053,111,718	2,362,821,274	2,672,530,536	2,982,239,811
Managed Forest	114,010,951	126,311,206	141,563,212	156,815,158	172,067,100
Multi-Residential	227,496,635	231,491,085	239,344,978	247,198,870	255,052,762
New Multi-Residential	7,994,434	8,267,826	8,541,218	8,814,609	9,088,000
Commercial	809,805,459	782,351,873	791,908,403	801,464,894	811,021,383
Shopping Centre	81,916,189	71,678,692	72,918,062	74,157,431	75,396,800
Office Building	9,268,620	9,325,625	9,439,050	9,552,475	9,665,900
Parking Lot	89,363	87,000	87,000	87,000	87,000
Other Taxable	256,182,100	236,480,600	237,023,100	237,565,600	238,108,100
Industrial	110,703,099	105,314,247	106,341,958	107,369,640	108,397,333
Large Industrial	47,460,864	50,525,067	53,784,612	57,044,156	60,303,700
Pipeline	40,738,207	41,760,231	42,782,260	43,804,280	44,826,300
Total Taxable	16,116,837,233	16,292,135,734	16,872,229,542	17,452,322,120	18,032,414,693

Grey County Assessment Change – Proportionate Assessment Share

Realty Tax Class	CVA					End of Cycle Class Distribution
	Base CVA (2016)	2017	2018	2019	2020	
Taxable						
Residential	78.59%	-1.40%	-2.69%	-3.90%	-5.02%	73.57%
Farm	10.83%	1.78%	3.18%	4.49%	5.71%	16.54%
Managed Forest	0.71%	0.07%	0.13%	0.19%	0.25%	0.95%
Multi-Residential	1.41%	0.01%	0.01%	0.00%	0.00%	1.41%
New Multi-Residential	0.05%	0.00%	0.00%	0.00%	0.00%	0.05%
Commercial	5.02%	-0.22%	-0.33%	-0.43%	-0.53%	4.50%
Shopping Centre	0.51%	-0.07%	-0.08%	-0.08%	-0.09%	0.42%
Office Building	0.06%	0.00%	0.00%	0.00%	0.00%	0.05%
Parking Lot	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Taxable	1.59%	-0.14%	-0.18%	-0.23%	-0.27%	1.32%
Industrial	0.69%	-0.04%	-0.06%	-0.07%	-0.09%	0.60%
Large Industrial	0.29%	0.02%	0.02%	0.03%	0.04%	0.33%
Pipeline	0.25%	0.00%	0.00%	0.00%	0.00%	0.25%
Total Taxable	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Change in Residential Assessment Distribution

Municipality	CVA				
	Base CVA (2016)	2017	2018	2019	2020
GEORGIAN BLUFFS TOWNSHIP	11.76%	-0.08%	-0.12%	-0.16%	-0.20%
CHATSWORTH TOWNSHIP	5.66%	-0.03%	-0.02%	-0.01%	-0.01%
WEST GREY MUNICIPALITY	9.59%	0.19%	0.26%	0.34%	0.41%
SOUTHGATE TOWNSHIP	5.26%	0.10%	0.14%	0.17%	0.21%
GREY HIGHLANDS MUNICIPALITY	11.99%	-0.07%	-0.04%	-0.01%	0.01%
MEAFORD MUNICIPALITY	11.89%	-0.10%	-0.16%	-0.22%	-0.27%
HANOVER TOWN	4.38%	0.05%	0.01%	-0.02%	-0.05%
BLUE MOUNTAINS TOWN	27.66%	-0.06%	0.05%	0.16%	0.26%
OWEN SOUND CITY	11.81%	0.01%	-0.12%	-0.25%	-0.37%
Total	100.00%	0.00%	0.00%	0.00%	0.00%

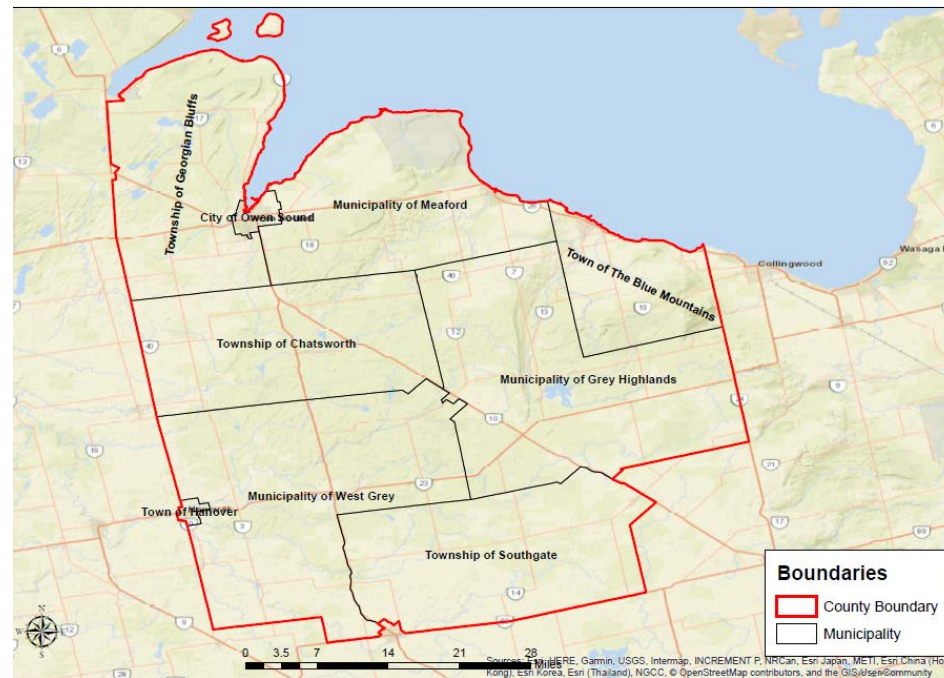
Assessment Impacts Upper and Lower tier Municipalities Differently

- Tax Rate Determination
- Variations in County Taxes between Lower Tier Municipalities
 - As a result of market differences, not tax rates
- Tax Policy Management
 - Tax Ratio
 - Class Neutral Ratios
 - The redistribution of county levy is a consequence

Assessment Impacts Upper and Lower tier Municipalities Differently: Tax Rate Determination

- Taxes shift to the classes/municipalities with the greatest increase in assessment value

Boundary of Grey County, Ontario



Modelled Ratio Change - Tax Shifts \$55 million

County Levy Class Distribution

Realty Tax Class	CVATAX			
	County Tax Start Ratios	County Tax Farmland Ratio Reduced to 0.24	Absolute Change in Tax	Percent Change in Tax
Taxable				
Residential	\$45,288,945.36	\$45,365,593.83	\$76,648.47	0.17%
Farm	\$2,321,279.85	\$2,232,204.40	-\$89,075.44	-3.84%
Managed Forest	\$136,204.94	\$136,435.46	\$230.52	0.17%
Multi-Residential	\$1,237,759.35	\$1,239,853.12	\$2,093.77	0.17%
New Multi-Residential	\$30,624.51	\$30,676.34	\$51.83	0.17%
Commercial	\$3,600,200.47	\$3,606,289.60	\$6,089.13	0.17%
Shopping Centre	\$336,720.32	\$337,289.84	\$569.52	0.17%
Office Building	\$43,374.83	\$43,448.19	\$73.36	0.17%
Parking Lot	\$395.04	\$395.71	\$0.67	0.17%
Other Taxable	\$825,371.79	\$826,768.67	\$1,396.89	0.17%
Industrial	\$673,147.78	\$674,286.32	\$1,138.55	0.17%
Large Industrial	\$367,887.18	\$368,509.45	\$622.27	0.17%
Pipeline	\$138,012.39	\$138,245.87	\$233.48	0.17%
Total Taxable	\$54,999,923.81	\$54,999,996.82	\$73.01	0.00%

Modelled Ratio Change - Tax Shifts \$55 million

County Levy Municipal Distribution

Municipality	CVA Tax			
	County Tax Start Ratios	County Tax Farmland Ratio Reduced to 0.24	Absolute Change in Tax	Percent Change in Tax
GEORGIAN BLUFFS TOWNSHIP	\$5,955,231	\$5,958,172	\$2,942	0.05%
CHATSWORTH TOWNSHIP	\$2,921,402	\$2,916,901	-\$4,501	-0.15%
WEST GREY MUNICIPALITY	\$5,545,145	\$5,531,466	-\$13,679	-0.25%
SOUTHGATE TOWNSHIP	\$3,171,012	\$3,158,055	-\$12,957	-0.41%
GREY HIGHLANDS MUNICIPALITY	\$6,570,171	\$6,560,729	-\$9,441	-0.14%
MEAFORD MUNICIPALITY	\$5,984,480	\$5,985,358	\$878	0.01%
HANOVER TOWN	\$2,760,540	\$2,765,109	\$4,569	0.17%
BLUE MOUNTAINS TOWN	\$14,470,809	\$14,490,287	\$19,478	0.13%
OWEN SOUND CITY	\$7,621,135	\$7,633,920	\$12,785	0.17%
Total	\$54,999,924	\$54,999,997	\$73	0.00%

Modelled Market Value Update for 2021 – Class Distribution

Realty Tax Class	Modelled CVA				
	Base CVA (2019)	2021	2022	2023	2024
Taxable					
Residential	73.57%	75.03%	76.11%	77.01%	77.78%
Farm	16.54%	16.03%	15.59%	15.21%	14.90%
Managed Forest	0.95%	0.99%	1.01%	1.04%	1.06%
Multi-Residential	1.41%	1.31%	1.23%	1.15%	1.09%
New Multi-Residential	0.05%	0.05%	0.04%	0.04%	0.04%
Commercial	4.49%	4.04%	3.69%	3.40%	3.15%
Shopping Centre	0.42%	0.38%	0.34%	0.32%	0.29%
Office Building	0.05%	0.05%	0.04%	0.04%	0.04%
Parking Lot	0.00%	0.00%	0.00%	0.00%	0.00%
Other Taxable	1.32%	1.09%	0.99%	0.91%	0.84%
Industrial	0.60%	0.52%	0.48%	0.44%	0.41%
Large Industrial	0.33%	0.28%	0.26%	0.24%	0.22%
Pipeline	0.25%	0.23%	0.21%	0.20%	0.19%
Total Taxable	100.00%	100.00%	100.00%	100.00%	100.00%

Modelled Market Value Update for 2021 – Municipal Change

(Increase in CVA does not mean increase in levy)

Municipality	Modelled CVA			
	CVA (2016 Base Year)	CVA (2019 Base Year)	Absolute Change in CVA	Percent Change in CVA
GEORGIAN BLUFFS TOWNSHIP	1,886,131,209	2,668,090,668	781,959,459	41.46%
CHATSWORTH TOWNSHIP	1,098,198,100	1,574,017,769	475,819,669	43.33%
WEST GREY MUNICIPALITY	2,213,056,700	3,034,198,664	821,141,964	37.10%
SOUTHGATE TOWNSHIP	1,375,040,709	2,101,512,406	726,471,697	52.83%
GREY HIGHLANDS MUNICIPALITY	2,409,618,385	3,571,122,882	1,161,504,497	48.20%
MEAFORD MUNICIPALITY	1,952,142,409	2,880,118,001	927,975,592	47.54%
HANOVER TOWN	745,777,900	987,048,088	241,270,188	32.35%
BLUE MOUNTAINS TOWN	4,314,550,272	6,345,856,256	2,031,305,984	47.08%
OWEN SOUND CITY	2,036,663,009	2,647,979,597	611,316,588	30.02%
Total	18,031,178,693	25,809,944,331	7,778,765,638	43.14%

Modelled Market Value Update for 2021 – County Levy

Realty Tax Class	Modelled CVA TAX			
	County Tax (2019 Tax Year)*	County Tax (2021 Tax Year)	Absolute Change in Tax	Percent Change in Tax
Taxable				
Residential	\$45,365,594	\$46,050,883	\$685,289	1.51%
Farm	\$2,232,204	\$2,361,325	\$129,120	5.78%
Managed Forest	\$136,435	\$151,614	\$15,178	11.12%
Multi-Residential	\$1,239,853	\$1,160,361	-\$79,493	-6.41%
New Multi-Residential	\$30,676	\$28,489	-\$2,187	-7.13%
Commercial	\$3,606,290	\$3,208,312	-\$397,978	-11.04%
Shopping Centre	\$337,290	\$301,442	-\$35,848	-10.63%
Office Building	\$43,448	\$39,004	-\$4,444	-10.23%
Parking Lot	\$396	\$334	-\$62	-15.62%
Other Taxable	\$826,769	\$669,141	-\$157,628	-19.07%
Industrial	\$674,286	\$579,757	-\$94,529	-14.02%
Large Industrial	\$368,509	\$321,346	-\$47,163	-12.80%
Pipeline	\$138,246	\$128,029	-\$10,217	-7.39%
Total Taxable	\$54,999,997	\$55,000,036	\$39	0.00%

Modelled Market Value Update for 2021 – County Levy by Municipality

Municipality	Modelled CVA Tax			
	County Tax (2019 Tax Year)	County Tax (2021 Tax Year)	Absolute Change in Tax	Percent Change in Tax
GEORGIAN BLUFFS TOWNSHIP	\$5,958,172	\$5,894,532	-\$63,640	-1.07%
CHATSWORTH TOWNSHIP	\$2,916,901	\$2,950,115	\$33,214	1.14%
WEST GREY MUNICIPALITY	\$5,531,466	\$5,611,035	\$79,569	1.44%
SOUTHGATE TOWNSHIP	\$3,158,055	\$3,276,895	\$118,841	3.76%
GREY HIGHLANDS MUNICIPALITY	\$6,560,729	\$6,782,092	\$221,363	3.37%
MEAFORD MUNICIPALITY	\$5,985,358	\$5,993,384	\$8,026	0.13%
HANOVER TOWN	\$2,765,109	\$2,647,934	-\$117,175	-4.24%
BLUE MOUNTAINS TOWN	\$14,490,287	\$14,548,643	\$58,357	0.40%
OWEN SOUND CITY	\$7,633,920	\$7,295,405	-\$338,515	-4.43%
Total	\$54,999,997	\$55,000,036	\$39	0.00%

Lower Tier Influence

- Lower tier municipalities have no direct influence over shifts caused by market value updates
- Best course of action:
 - ensure a strong voice at County Council for tax policy
 - Ensure an accurate and fair assessment roll across the county
- Delegation of ratio's
 - Section 330 of the Municipal Act
 - Not common across province (Peel Region)

Conclusion

- Market assessment changes can determine how the county levy is distributed between classes and lower tier municipalities
- A change in ratio will alter the distribution of county levy between classes and municipalities, residential legislated at 1.0
- Adopting class natural ratios can eliminate class shifts in the county levy (residential and farm excluded) but inter-municipal shifts will still occur
- Currently lower tier municipalities have no authority to stop shifts, inter-municipal shifts or intra-municipal shifts