HALDIMAND COUNTY

Report FIN-03-2025 Analysis of Assessment Update

For Consideration by Council in Committee on February 4, 2025

OBJECTIVE:

To provide Council with updated information regarding the final returned property assessment values for the purposes of 2025 taxation.

RECOMMENDATIONS:

1. THAT Report FIN-03-2025 Analysis of Assessment Updated be received.

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EXECUTIVE SUMMARY:

The County uses the assessment values provided by the Municipal Property Assessment Corporation (MPAC) to calculate the tax burden for each property. MPAC is under provincial jurisdiction and the province is also responsible for setting the education tax levy that is collected and remitted to the applicable school board. Haldimand County Council approves an annual budget which outlines the tax revenues required to cover expenditures. While MPAC establishes the assessed property value, it is each municipality's responsibility to set tax policy ratios to distribute the tax burden across property classes such as commercial, industrial, and residential. Factors affecting the tax burden are:

1) Property Value Assessment – Valuation date of January 1, 2016 and provided by MPAC annually
2) Property Classification – set by MPAC based on individual property usage
3) Education Rate – Set by the province through legislation
4) Haldimand County Levy Requirement – Set through annual budget process
5) Haldimand County Tax Policy – Set annually before the Final Property Tax By-law

The last province-wide assessment of all properties was completed as of January 1, 2016 with the intention of 4 year assessment cycles. However, the COVID-19 pandemic delayed the assessment update originally scheduled for January 1, 2020. At this time, the Province has not yet provided an update as to when it intends to roll out the new valuations. When this does occur, MPAC has a communications toolkit available for municipalities, and County staff will evaluate the impacts when the roll-out is announced.

The final 2024 Returned Roll for 2025 Taxation was delivered to municipalities in December 2024. The returned roll will shift the tax burden between and within property tax classes due to in-year assessment changes. Although there are not major shifts that are normally seen within the 4 year assessment cycle, there is annual assessment growth from construction/improvements on properties. This new or enhanced construction is assessed by MPAC and added to the assessment roll, at the equivalent January 1, 2016 value.

The County experienced a net taxable assessment increase of 2.38% which equates to a 2.63% assessment growth relative to the 2024 total municipal tax levy; meaning assessment growth will cover approximately $2.27 million of the overall 2025 municipal tax levy requirements.

BACKGROUND:

All assessed values and property classifications in the Province of Ontario are prepared by the Municipal Property Assessment Corporation (MPAC). MPAC reassessment cycles have been legislated to be every four years. During 2016, all properties in Ontario had their current value assessment (CVA) adjusted to reflect a January 1, 2016 market value. Any increases were to be phased in over 4 years, and any decreases were phased in immediately in the 2017 taxation year.

During 2020, MPAC did not reassess property's assessed values to January 1, 2020 as originally planned, because the reassessment was delayed by the Province due to the COVID-19 pandemic. The Province has not set a new re-assessment timeframe, and as a result, all properties will see their assessment continue to hold at the 2020 destination value (January 1, 2016 market value) until the province introduces legislation to resume a reassessment process. At this time, it is unclear how the Province intends to move forward with the reassessment.

ANALYSIS:

Assessment Impacts

The final 2024 Returned Roll for 2025 Taxation was delivered to municipalities in December 2024. This report outlines the changes in Haldimand County's assessment, for 2025 taxation, based upon the final returned roll. The provincial delay of the reassessment process has resulted in all properties maintaining assessment based on the January 1, 2016 valuation date. As such, there are no "**reassessment**" impacts year over year for 2025.

Adjustments from January 2024 to December 2024 reflect changes to individual properties that occurred during the year, including assessment changes related to property improvements/additions/deletions and adjustments made as a result of successful assessment appeals in 2024. These net changes are considered the "**growth**" in assessment year-over-year.

Table 1 provides a summary of the assessment for all taxable properties in Haldimand County. Taxable properties do not include properties that are exempt, such as religious institutions, or payment-in-lieu properties (both taxable and non-taxable), such as properties owned by higher levels of government or electricity distribution/generation companies.

This table shows:

(i) the returned assessment values (2024 tax roll) used for 2025 taxation; and
(ii) the changes resulting from in-year revisions to assessed values as returned on the December 2024 roll (i.e. "Growth" impacts);

Table 1: Summary of Assessment Values for Haldimand County Based Upon 2024 Returned Roll for 2025 Taxation

Growth Impacts

2024 Returned Roll

Class	RTC	RTQ	2023 Roll for 2024 Taxation Destination ($)	Destination ($)	Change (%)
Residential	R	T,1	5,899,084,285	6,084,010,008	3.13
Farm	F	T	1,314,599,827	1,312,775,527	-0.14
Multi-Res	M	T	47,275,200	47,116,200	-0.34
Commercial	C,H,S,X	T,U,X,7,0	359,973,807	361,635,566	0.46
Industrial	I,L,J,V	1,T,U,X,7,0	182,837,876	185,369,576	1.38
Pipelines	P	T	73,706,000	73,702,000	-0.01
Managed Forest	T	T	6,555,400	6,809,700	3.88
			7,884,032,395	8,071,418,577	2.38

The amount reported in the columns are described as follows:

2023 Roll for 2024 Taxation – Phase 4 ($) – This is final year of the assessment phase in, referred to as the "Destination" value (reflecting a January 1, 2016 market value) used for taxation last year (2024).

2024 Roll Returned Roll – Destination ($) – This reflects the 2024 in-year amendments to the returned roll for 2024 taxation. This reflects real net "growth" for new assessment added to the roll for the first time, less assessment reductions for appeals, Assessment Review Board adjustments, etc. (based on January 1, 2016 CVA values).

2024 Roll Returned Roll – Change (%) – This is the change in assessment during 2024 expressed as a percentage. This represents real net assessment growth within the municipality – the "growth" factor. It is net of any assessment reductions due to demolition, etc. and has not yet been weighted due to varying tax ratios for the property classes.

Growth Impacts

As indicated in Table 1, the County has experienced "real growth" in assessment values of 2.38% ($187.39 million) during 2024. The growth is allocated as follows: Residential tax class (3.13% or $184.93 million); Commercial tax class (0.46% or $1.66 million); Industrial tax class (1.38% or $2.53 million); and Managed Forest tax class (3.88% or $0.25 million). These increases are offset by the decreases in the Farm tax class (-0.14% or $1.82 million); Multi-Residential tax class (-0.34% or -$0.16 million); and Pipelines tax class (-0.01% or $0.04 million).

The growth experienced in 2024 is similar to the growth experienced in 2021-2023. Prior to 2017, the County's historical annual assessment growth was approximately 1.0%. Although additional assessment growth was anticipated as major residential developments continued (primarily in Caledonia and to a lesser extent Hagersville), the actual growth is in line with the projection of 2.0% approved with the Term of Council Budget Guidelines. Staff have worked very closely with MPAC staff to ensure that eligible assessment growth was added to the roll during 2024. The Tax-Supported Operating Budget identifies the proposed use of the annual assessment growth.

The amount of additional taxation revenue to be recovered from real growth in 2025 is affected by the weighting of the major tax classes above, with the residential class being the base. For example, Farm properties are only taxed at 25% of the Residential tax rate; thus, growth in the assessment within that tax class will generate less taxation revenue than if it occurred in a different property class. The industrial and multi-residential tax classes have the highest weighting, followed by commercial and pipelines. As a result, assuming similar taxation policies as in past years, the 2024 assessment growth will create additional taxation revenue in 2025 of approximately $2.27 million. This weighting of last year's assessment growth, therefore, equates to 2.63% relative to the base 2024 tax levy of $86.1 million. Council can consider changes to the tax ratios and resulting tax class weighting when reviewing the 2025 tax policy report in June; any tax ratio changes will affect the amount of taxation revenue generated by the 2.63% assessment growth.

Of the anticipated $2.27 million of additional taxes expected to be generated from assessment growth in 2024, $2.17 million is related to residential assessment growth. This is mainly driven by the construction of additional homes, primarily from major developments in Caledonia and Hagersville. The majority of the remaining assessment growth is from increases in the commercial ($33,050), and industrial ($69,200) tax classes. This has resulted in approximately $102,300 of additional offsetting property tax revenues. The commercial & industrial tax classes can fluctuate significantly, year over year, based on changing operations, impacts of significant tax appeals, and new development.

Given the anticipated changes in development and impacts on assessment growth and property taxes expected in Haldimand County's near future, a comprehensive long term analysis of these impacts needs to be developed, monitored and presented to Council with annual budget guidelines. This analysis will need to take into account not only the impact of assessment growth and tax policy on annual taxes, but the need for future infrastructure, services and the related operating costs. Haldimand County's Comprehensive Financial Strategy will be formally developed throughout 2025 and early 2026, with a final Council report and workshop to review the options and adopt a strategy ahead of the 2027 Budget deliberations.

Impact of Revised Assessment Values on Tax Burden/Tax Shifts

As property assessments in different tax classes increase, or decrease as case may be, at different rates or percentages than other classes, inevitably there will be tax shifts between these classes, as well as within specific property classes. The impacts of these shifts are affected by tax ratios, shifts in other classes and tax policies as explained below.

Table 2 provides a comparison of the 2024 actual municipal tax levy for each tax class with a hypothetical allocation of the same tax levy based on the 2025 revised assessment values multiplied by "notional tax rates". "Notional tax rates" are the calculated rates that, when applied to the returned assessment roll, will provide the same taxation revenue in 2025 as was required in 2024 ($86.1 million municipal tax levy).

The Tax Burden %, as outlined in the table, is the percentage of the total tax levy that was recovered from that property class. The column entitled "Change in Burden %" illustrates the shift in tax burden among property classes as a result of real changes caused by growth or assessment reductions. Note that this Table does not account for any potential 2025 Tax Levy increase that Council will consider during its review of the Draft 2025 Tax-Supported Operating Budget in February. As well, it does not reflect any shifting in the tax burden that may occur if Council changes its 2025 tax policy (i.e. tax ratios, tax class reductions), which will be reviewed in June.

Table 2: Impact on Tax Burden
Based Upon Final 2024 Returned Roll for 2025 Taxation

Class	RTC	RTQ	2023 Roll for 2024 Taxation Phase 4	2024 Tax Levy Phase 4	% Burden	2024 Roll for 2025 Taxation Destination	2024 Tax Levy Based on 2025 CVA Values Destination	% Burden	Change in Burden %
Residential	R	T,1	5,899,084,285	68,017,279	79.00%	6,084,010,008	68,395,801	79.44%	0.44%
Farm	F	T	1,314,599,827	3,800,568	4.41%	1,312,775,527	3,689,663	4.29%	(0.13%)
Multi-Res	M	T	47,275,200	1,082,401	1.26%	47,116,200	1,050,994	1.22%	(0.04%)
Commercial	C,H, S,X	T,U, X,0	359,973,807	7,027,170	8.16%	361,635,566	6,880,250	7.99%	(0.17%)
Industrial	I,L,J, V	1,T, U,X	182,837,876	4,886,885	5.68%	185,369,576	4,827,703	5.61%	(0.07%)
Pipelines	P	T	73,706,000	1,264,426	1.47%	73,702,000	1,234,090	1.43%	(0.04%)
Managed Forest	T	T	6,555,400	18,911	0.02%	6,809,700	19,139	0.02%	0.00%
			7,884,032,395	86,097,640	100.00%	8,071,418,577	86,097,640	100.00%	

Based on the previous analysis, there was a slight shift in municipal tax burden, from all of the classes to the Residential class. These calculated shifts, as shown above, assume no increase in the tax levy. Any subsequent increase to the 2025 tax levy, through review of the annual operating budget, or changes to current tax policy will have further impacts on the tax burden by class. In a typical year, reassessment impacts lead to more significant shifts in burden.

As noted when comparing Haldimand County's assessment base to other municipalities, there is a very high reliance on the residential tax class to generate taxation revenue to meet the municipal levy requirements. The residential class absorbs 79.44% of the overall County tax burden and is now sitting at an all-time high compared to a low of 70.6% in 2001. Comparatively, the farm class tax burden has varied from a low of 2.5% to a high of 4.75% in 2020 (over the same period 2001 to 2023).

As for the next steps, the County's 2025 Draft-Tax Supported Operating Budget will be considered by Council in late February. This will establish the municipal tax levy to be collected from property owners for 2025. Any change in this levy, from the base amount of $86.1 million in 2024, will have further impacts on an individual property's annual tax bill from what has been reflected in this report. Following the setting of the tax levy, Council will be provided with a report in June which establishes the County's 2025 Tax Policy and Levying By-law. That report will show the combined impact of all factors which affect a property's annual taxes: assessment changes, education tax rates, tax levy requirements and tax policy. As a reminder, Council has no control over the first two factors – assessment is administered by MPAC based on Provincial legislation/Assessment Review Board decisions and Provincial education tax rates are established annually by the Province. Thus, this report is recommended to be received as information at this time.

FINANCIAL/LEGAL IMPLICATIONS:

The impact of additional municipal taxes, estimated at approximately $2.27 million, generated by the real assessment "growth" of 2.38% (weighted to 2.63% based on 2024 tax ratios) will be incorporated into the 2025 Draft Tax-Supported Operating Budget. Based on the Budget Guidelines approved in 2022, the revenues generated from this assessment growth are to be used to offset other 2025 tax levy impacts (i.e. costs of new initiatives, increases in capital infrastructure needs, etc.). As a budget principle, revenue from assessment growth should help to alleviate the burden of additional costs, due to new infrastructure or expanded services, on the existing tax payers. This year's assessment growth is slightly higher than the estimated/targeted annual growth of 2.0%.

Better assessment based management practices will ensure that the integrity and equity of the County's tax base is maintained. By reviewing assessment changes and challenging assessment reductions as necessary, the County can better manage the potential negative financial impacts and resulting shift of tax burden caused by MPAC's valuations. As noted above, a more comprehensive and long term financial analysis, including assessment related impacts, needs to be developed and presented to Council. This analysis will need to take into account, not only the impact of assessment growth and property taxes, but the need for future infrastructure, services and operating costs.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

REFERENCES:

None.

ATTACHMENTS:

None.