



Corporate Services

Prepared for: Council-in-Budget Committee

Report: CBC-05-2025

Meeting Date: January 29, 2025

File: C11

1. Title

Analysis of the 2024 Assessment for the 2025 Taxation Year

2. Recommendations

That: Council receives Report CBC-05-2025 regarding the analysis of the 2024 assessment for the 2025 taxation year for information purposes.

3. Relation to Council's Corporate Strategic Plan

Not applicable.

4. List of Stakeholders

- Mayor & Council
- Staff of the Corporation of the Town of Fort Erie
- Town of Fort Erie Taxpayers here

5. Purpose of Report

The purpose of this report is to analyze the 2024 assessment roll for the Town and the related 2025 property taxation impacts.

6. Analysis

The Municipal Property Assessment Corporation (MPAC) is a not-for-profit funded by all Ontario municipalities. Their job is to classify properties and assess their values. MPAC delivers to every municipality each December the assessment roll used to calculate the next year's property tax rates and apportion the tax levy to individual property owners. Town staff analyzes the roll for reasonableness, accuracy, assessment related increases and assessment growth increases. The following analysis has been prepared to distinguish the local impact of changes in:

- Assessment growth and losses which impact municipal revenue.
- Phased-in assessment growth that affects the overall distribution of the tax burden among property types and classes.

7. Financial, Staffing and Accessibility (AODA) Implications

Assessment Growth Analysis During 2024

Assessment growth occurs during the taxation year as a result of construction of new homes and businesses and renovations/improvements to existing properties within the municipality. These increases are offset by assessment reductions that occur as the result of appeals of assessed values by property owners. These types of increases are a source of additional property tax revenue for future years.

Supplementary and omitted tax bills (e.g., new construction, additions, renovations) issued during 2024 generated additional Town revenue. Supplementary tax revenues from new assessment amounted to \$572,609 and omitted tax revenues based on new assessment from 2022 and 2023 amounted to \$175,802 for a total of \$748,411. The 2024 budget included \$900,000 for this, resulting in a deficit of \$151,589.

Write-offs through appeals and Request for Reconsiderations offset new Town revenue received from assessment growth. As shown in Table 1, write-offs were budgeted at \$411,000. Actual adjustments processed in 2024 reduced Town revenue by \$304,394 resulting in a surplus of \$106,606. Actual supplementary tax revenues exceeded tax write-offs and adjustments by \$444,017 (\$748,411 less \$304,394) for 2024.

Table 1

	Budget	Actual	Fav/(Unfav) Variance
Supplementary	(\$900,000)	(\$748,411)	(\$151,589.00)
Write-offs	\$411,000	\$304,394	\$106,606.00
Total	(\$489,000.00)	(\$444,017.00)	(\$44,983.00)

Overall, 2024 assessment growth is \$92.6 million or 2.14%. Table 2 reports differences in the assessment roll as returned on January 1, 2024 and the final 2024 assessment roll as at December 31, 2024. This reports growth and excludes phase-in increases.

Table 2

Tax Class	Assessed Values for 2024 Tax Levy Jan. 1st 2024	Assessed Values for 2024 Year End Dec. 31st 2024	\$ Assessment Growth	% Assessment Growth
Residential	3,870,279,233	3,954,355,668	84,076,435	2.17%
Multi Residential	43,161,796	43,467,517	305,721	0.71%
Commercial	285,183,393	292,013,547	6,830,154	2.40%
Industrial	55,575,895	55,524,495	(51,400)	-0.09%
Farm & Forest	60,149,900	61,251,300	1,101,400	1.83%
Pipeline	17,389,000	17,727,000	338,000	1.94%
Total	4,331,739,217	4,424,339,527	92,600,310	2.14%

Assessment growth in the residential property class was \$84.1 million mainly due to an increase

in the number of households of 168 in 2024. This residential growth is net of approximately 64 assessment requests for reconsideration for the 2016 re-assessment that were processed in 2024 and reduced assessment in this class by \$13.7 million. The commercial property class had an overall assessment increase of \$6.8 million related to the in-year assessment of various new commercial properties throughout the Town.

The tax rate and Town's proportionate share for each property class determines the amount of taxation revenue that is generated by the assessment growth. The increase in 2024 tax revenue from assessment growth for all property classes, as reported on the December 31, 2024 roll is \$719,135. Table 3 shows the share of assessment growth revenue for the various property classes.

Table 3

Property Class	2024 Town Tax Rate	Assessment Growth	Town Revenue Share of Growth
Residential	0.739518%	84,076,435	\$ 621,760
Multi Residential	1.456850%	305,721	\$ 4,454
Commercial	1.282990%	6,830,154	\$ 87,630
Industrial	1.944932%	(51,400)	\$ (1,000)
Farm & Forest	0.184880%	1,101,400	\$ 2,036
Pipeline	1.258734%	338,000	\$ 4,255
Total		92,600,310	\$ 719,135
2024 Tax Levy			\$ 34,320,086
Assessment Growth Revenue as a % of 2024 Tax Levy			2.10%

Re-Assessment Analysis

The re-assessment originally scheduled to be implemented for the 2021 tax year using a January 1, 2019 property valuation date was postponed by the provincial government. MPAC advised that the current property valuation date of January 1, 2016 will remain in effect for the 2025 taxation year. Property values for the 2025 tax year continue to be held at the 2020 phased-in values that were phased in over the four-year period 2017 to 2020 for all Ontario properties. These valuations are intended to reflect the real estate market as at that date. There is no increase in phased-in assessment for any property class in 2025. The assessed values as at December 31, 2024 are equal to those as at January 1, 2025. Due to these reassessment changes by the province, the median single family detached house in Fort Erie remains assessed at \$200,300 for 2025.

Re-assessment increases do not result in additional tax revenue but can shift the tax burden amongst property classes. Since there are no changes there are no shifts for 2025.

Staff caution that the revised assessment values are expected to have significant impacts on municipal taxes once they are released. The period represents a time that has experienced extraordinary changes in values that will shift tax burdens between property classes (e.g., residential, commercial) and within property classes (e.g., subdivisions). It will also result in

shifts between municipalities, which will impact a number of programs that rely on assessed values such as the Ontario Municipal Partnership Fund (OMPF) Assessment Equalization Grant. The Town will work with regional counterparts to review these changes and mitigate impacts through available options such as tax ratios. The Town has also discussed the changes with MPAC and other provincial agencies to warn of the impacts and request additional resources to assist in moderating taxpayer impacts.

2024 Tax Adjustment Forecast

Potential Growth

At the end of 2024 there were 2023 and 2024 building permits not processed by MPAC worth an assessment increase of approximately \$4.9 million in commercial construction for renovations and upgrades to existing properties. Once completed and occupied, these properties could generate an additional estimated \$30,000 of annual tax revenue.

There were also building permits not yet processed for the same period for residential construction worth \$100 million. This new construction could generate assessment growth with estimated annual revenues of \$700,000. Town procedures and monitoring of MPAC data adds new assessment to the roll as quickly as possible. Total estimated revenue potential for all growth could be \$730,000, which would not be expected until the third quarter of 2025. \$775,000 has been included in the proposed 2025 Budget which is a \$125,000 decrease over 2024 Budget to reflect actual trends.

Tax Adjustments

The 2025 tax year is now year nine of the 2016 re-assessment. MPAC focused on the residential Requests for Reconsideration (RfRs) and less complex RfRs for commercial and industrial properties during the earlier years.

At the end of 2024 there was one outstanding commercial appeal with respect to the 2016 re-assessment for the tax year 2024. This appeal will be argued on the 2024 assessed value and future years and settlement will likely result in a one-time adjustment in 2025. These adjustments are mitigated by allowances that have been included in prior year's statements. The 2025 tax write-off budget will be \$310,000. Included for 2025 is the Tax Increment Based Grant approved by By-law 54-2021 for \$80,000 based on actual 2024 assessment. This brings the total tax write-off to \$390,000.

2024 actual tax write-offs as a percentage of the General Levy was 0.36% but averages 0.93% over the past ten years. The Region budgets 1.7% of its levy for these purposes.

8. Policies Affecting Proposal

By-law 136-2023 adopted Council's 2023-2026 Corporate Strategic Plan

By-law 127-09, as amended, adopted the Budget Policy

9. Comments from Departments, Community and Corporate Partners

MPAC carries out its activities in accordance with the provisions of *The Assessment Act*, *The Education Act*, and *The Municipal Act*

10. Alternatives

N/a

11. Communicating Results

MPAC communicates directly with property owners with annual Property Assessment Notices if valuation changes are made.

12. Conclusion

Tax rates are established using the assessment roll information as supplied by MPAC for 2025 in December 2024. The related supplementary revenue and write-offs are subject to many variables. Quarterly variance reporting will advise Council of the adequacy of these estimates and any recommendation to use the General Levy Rate Stabilization Reserve to mitigate possible shortfalls.

13. Report Approval

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Approved by:
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14. Attachments

N/A