
MANAGEMENT REPORT

Date: December 9, 2019
To: Mayor and Council
From: Michael Humble, Director of Corporate Services
Report#: [Click here to enter text.](#)
Attachments: Appendix One – 2020 Preliminary Property Tax Impact
Appendix Two – Summary of Provincial Funding Changes That Have Impacted Draft 2020 Budget

Title: Estimated Property Tax Impact of 2020 Municipal Budget

Objective: To offer an estimated look at the property tax impact of the 2020 MUNICIPAL BUDGET ONLY on different tax classes based on the 2020 returned roll and using 2019 tax policy ratios.

Background: In very simple terms the municipal budgeting process can be broken down into two phases:

- Set a dollar amount to be raised by tax levy by approving a municipal operating and capital budget;
- Move on to consider “who pays what” by reviewing tax class ratios as they compare to the base residential tax ratio which is set at 1.0.

The second stage is undertaken after we have received:

1. The 2020 Returned Roll from MPAC. This includes the final year phase-in from the 2016 assessment cycle as well as assessment on properties that had not previously been reviewed (new construction, additions less any reductions in assessment granted through appeal). It is the version upon which we base our property tax calculations for 2020. This was just released on OPTA 28th November during the writing of this report.
2. Notification from the Province of the education tax rates for the 2020 year. This permits us to calculate the full blended taxes payable by property owners year over year. This is normally received in January of the applicable year.

Analysis: The overall tax levy increase spread across the entire assessment base is 3.97%

Appendix One is a preliminary look at the impact on different tax classes based on the municipal budget ONLY.

- Four subclasses of Residential tax class
- Multi-Residential
- Industrial
- Commercial

Different tax classes will present preliminary increases higher or lower than the benchmark Residential tax class. This indicates a rate of change in assessed property values at a greater or lesser rate of change to the Residential tax class.

The same can be seen between sub-classes of the same class. For example, within the Residential class, the impact of the municipal budget ONLY on the average single family detached property is 3.37% compared to 2.49% for the average semi-detached property and 12.69% for the average multi-residential property.

Drilling down even further, the specific property tax impact on any individual property depends on:

- Assessed value;
- Individual rate of change in assessed value when compared to all other properties in the class or sub-class;
- Tax class ratio in relation to Residential.

There will be an opportunity to consider tax policy when we have received provincial education rates for 2020 and we can see the overall blended taxation impacts.

Council has the opportunity to consider smoothing the 2020 impact between different classes by adjusting the tax ratios applied to each class. However, it will need to be considered that rebalancing does not change the overall but does shift the burden between tax classes.

Itemization of 2020 Budget Increase

As a means of describing the impact of various factors on the 2020 operating budget, staff have identified five primary inputs.

It should be noted that although the tax levy impact is 3.97%, the base budgets of each department or local Board have increased by only 0.60% over 2019 levels despite significant inflationary pressures we have had to absorb.

Assessment Growth	-\$ 627,800	-1.06%
Provincial Funding Changes	\$ 464,858	0.78%
Service Enhancements	\$ 1,468,150	2.48%
New Borrowing	\$ 691,430	1.17%
Base Budget Change	\$ 355,852	0.60%
TOTAL	\$ 2,352,490	3.97%


Financial Impact: For information purposes only.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Sound fiscal responsibility contributes to all aspects of the City's plans, strategies and partnerships.

Staff Recommendation: THAT the report of Director of Corporate Services dated December 9, 2019 regarding the estimated property tax impact of 2020 tax levy on various property tax classes be received for information.



Michael Humble, CPA, CGA
 Director of Corporate Services



Joan Thomson, Acting Chief Administrative Officer

APPENDIX ONE

2020 Preliminary Property Tax Impact

RESIDENTIAL CLASS 301 Single Family Detached	
2019 Avg Assessment	\$298,634
2020 Avg Assessment	\$308,587
2019 Avg Municipal Tax	\$3,591.35
2020 Avg Municipal Tax	\$3,712.30
Average Increase - \$	\$120.95
Average Increase - %	3.37%

RESIDENTIAL CLASS 309 Freehold Town / Row	
2019 Avg Assessment	\$245,926
2020 Avg Assessment	\$252,539
2019 Avg Municipal Tax	\$2,957.49
2020 Avg Municipal Tax	\$3,038.04
Average Increase - \$	\$80.55
Average Increase - %	2.72%

RESIDENTIAL CLASS 311 Semi-Detached	
2019 Avg Assessment	\$217,235
2020 Avg Assessment	\$222,560
2019 Avg Municipal Tax	\$2,612.46
2020 Avg Municipal Tax	\$2,677.40
Average Increase - \$	\$64.95
Average Increase - %	2.49%

RESIDENTIAL CLASS 370 Condominium	
2019 Avg Assessment	\$244,891
2020 Avg Assessment	\$250,309
2019 Avg Municipal Tax	\$2,945.04
2020 Avg Municipal Tax	\$3,011.22
Average Increase - \$	\$66.17
Average Increase - %	2.25%

MULTI-RESIDENTIAL CLASS 340	
2019 Avg Assessment	\$2,199,839
2020 Avg Assessment	\$2,478,225
2019 Avg Municipal Tax	\$52,910.29
2020 Avg Municipal Tax	\$59,626.12
Average Increase - \$	\$6,715.83
Average Increase - %	12.69%

COMMERCIAL CLASS 400	
# of CT Properties	456
2019 Avg Assessment	\$822,839
2020 Avg Assessment	\$867,679
2019 Avg Municipal Tax	\$19,552.72
2020 Avg Municipal Tax	\$20,625.19
Average Increase - \$	\$1,072.47
Average Increase - %	5.49%

INDUSTRIAL CLASS 500	
# of IT Properties	220
2019 Avg Assessment	\$1,369,133
2020 Avg Assessment	\$1,425,518
2019 Avg Municipal Tax	\$44,363.00
2020 Avg Municipal Tax	\$45,549.84
Average Increase - \$	\$1,186.84
Average Increase - %	2.68%

**2020 BUDGET IMPACTS DUE TO
PROVINCIAL FUNDING CHANGES
(Stratford Share)**

APPENDIX TWO

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Department	Confirmed Reductions in 2020 funding		Description	Impact on 2020 Operations
	Operating	Capital		
Police G231	\$ 66,000		Court Security & Prisoner Transportation funding Community Safety & Policing funding	Service levels have not changed. Existing funding has been used to offset reduced provincial funding.
Social Services - G611 Ontario Works	\$ 34,135		Addictions Support Initiative funding	There will be minimal impact in 2020 for Social Services operations due to any of these reductions. Impacts to administrative costs in 2021 will occur, and the department will be looking closely for offsetting efficiencies. 2020 reductions for SS are based on Stratford's cost share.
Social Services - Child Care \$152,699 G616/617	\$ 24,784 31,866 15,489 80,560		Child Care Core Services Funding Special Purpose Child Care funding Child Care Fee Stabilization funding Child Care Expansion funding	See above.
Requisitions from Others \$198,123	117,018		Perth District Health Unit due to change in provincial funding formula	no further information available.
	2,994		Spruce Lodge reduced Resident Assessment Instrument funding	Spruce Lodge does not proposed to reduce service levels to residents in response to the provincial funding cuts. Proposes to eliminate discretionary spending and will attempt to manage a freeze on its non-labour expenses.
	34,392		Spruce Lodge reduced Global Level of Care funding	Spruce Lodge has increased its municipal levy to compensate for indirect funding cuts, and has proposed to use reserves to balance its budget.
	43,719		Spruce Lodge reduced Structural Compliance Premium capital funding	A building condition assessment will be completed in an effort to manage projected capital deficits.
	-		Emergency Management Services	no confirmed reductions to date.
	-		Stratford Perth Museum	no confirmed reductions to date.
	-		Stratford Perth Archives	no provincial funding received.
Infrastructure & Development Services		\$ 1,090,577	Ontario Community Infrastructure funding	2020 capital program has been reduced to offset this funding reduction

Library G411	2020 Operating Cost:	2020 Capital Cost:	Inter-Library Loan delivery service reduced - used by Perth County Information Network (PCIN)-purchase of a delivery van is most cost effective option to replace this service
	\$ 4,300 9,600	\$ 25,000	Library share of van purchase - one time cost funded from reserves Estimated postage for non-PCIN materials Annual operating cost for van