

# Corporate Report

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**REPORT NUMBER** 110-2025-Corporate Services-

**DATE**

**PREPARED**

April 14, 2025

**FILE**

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**MEETING DATE**

April 28, 2025

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**SUBJECT**

Assessment Growth Funds Policy

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## **RECOMMENDATION**

WITH RESPECT to Report 110-2025-Corporate Services-Finance, we recommend that City Council approve the Assessment Growth Funds Policy as attached to this Report;

AND THAT the Assessment Growth Funds Policy be included in the Corporate Policy Manual;

AND THAT the necessary by-law be presented to City Council for ratification.

## **LINK TO STRATEGIC PLAN**

The draft Assessment Growth Policy directly supports the growth and sustainability pillars of the 2023-2027 Strategic Plan by directing Assessment Growth funds toward municipal priorities that drive growth and reinforce long-term sustainability.

## **EXECUTIVE SUMMARY**

This report presents a draft Assessment Growth Funds Policy designed to establish a structured and transparent framework for allocating revenues generated from assessment growth. The policy aims to enhance the City's financial capacity to invest in initiatives that drive growth, address service demands, and support the renewal and long-term sustainability of municipal assets.

Under the proposed policy, an amount equivalent to Assessment Growth Funds will be included as a strategic addition to the Municipal Tax Levy, resulting in a Growth-Adjusted Municipal Tax Levy. This approach differs from the traditional model, where growth is depicted as an offset, reducing the apparent tax burden on existing taxpayers without changing the total property tax revenue. By adding growth revenues to the levy

and allocating them strategically, the City can more effectively respond to growth-related needs.

The policy framework outlines priorities for allocating Assessment Growth Funds, including extending services to new developments, addressing increased service demands, supporting Community Improvement Plans, and contributing to capital budgets for infrastructure renewal. Businesses cases are required in order to access Assessment Growth Funds. If business case submissions exceed available funds, requests will be evaluated to determine if they can be deferred and prioritized accordingly.

If Assessment Growth Funds exceed the value of approved business cases, the remaining funds would be directed to capital renewal, debt reduction, and the development of new sports and recreational facilities and parks.

Implementing this policy will result in a transparent and consistent approach to allocating Assessment Growth Funds, aligning them with municipal priorities and supporting long-term financial sustainability.

## ***DISCUSSION***

The Municipal Tax Levy is the total amount that needs to be raised from property taxes to fund City services, including local and outside boards and agencies, and to support capital infrastructure programs. The levy requirement is determined annually through the Operating and Capital Budget process.

The Municipal Property Assessment Corporation (MPAC) is responsible for assessing and classifying all properties in Ontario. Each year, MPAC delivers an assessment roll to municipalities. The difference between the roll at the beginning of the year and the end of the year is assessment growth. Growth is attributed to increases in assessment from new development, additions, and improvements, and decreases from demolitions, successful appeals, or other reductions. The additional revenues from these assessment changes are the Assessment Growth Funds that are available for the upcoming year.

### **Mechanics of Assessment Growth Funds**

Traditionally, the City has presented its budget showing the Municipal Tax Levy both before and after assessment growth. In this model, growth is depicted as an offset, highlighting the reduced tax burden on existing taxpayers, even though the total property taxes to be raised is unchanged.

The proposed Assessment Growth Funds Policy introduces a new approach: incorporating growth revenues as an intentional and strategic addition to the Municipal Tax Levy. This will create a Growth-Adjusted Municipal Tax Levy, increasing the City's financial capacity to strategically invest in initiatives that drive growth, respond to related

service demands, and support the renewal and long-term sustainability of municipal assets.

Using the 2025 Budget as an example:

Municipal Tax Levy (2024)	\$231,287,800	
Tax Levy Increase	<u>\$ 8,725,200</u>	
Municipal Tax Levy (2025)	\$240,013,000	(3.8% increase)
Tax Levy – Growth	<u>\$ 1,693,400</u>	
Growth-Adjusted Municipal Tax Levy (2025)	\$241,706,400	

The total taxes to be raised in 2025 is \$241,706,400 (4.5% increase) which, after accounting for assessment growth revenues, represents a 3.8% increase for existing taxpayers (after growth).

### **Assessment Growth Funds Policy Framework**

The draft Assessment Growth Funds Policy (Attachment 1) provides a structured approach for allocating these funds through the annual budget process. Funds will be allocated based on submitted business cases, evaluated against the following priorities:

- a. Operating or one-time capital costs directly linked to the extension of existing services to new development.
- b. Addressing cost pressures resulting from increased demand on City services due to population and economic growth.
- c. The establishment, maintenance and/or enhancement of a dedicated funding mechanism for a Community Improvement Plan.
- d. The establishment, maintenance and/or enhancement of a dedicated funding mechanism for growth-related priorities.
- e. Contributions to the capital budget that support efforts to address the City's infrastructure deficit.
- f. Support services and activities required to support the delivery of services related to the above.

If business case submissions exceed available funds, requests will be assessed for deferral potential based on risks associated with delay, and prioritized accordingly.

If the total cost of approved business cases is less than available Assessment Growth Funds, the surplus will be allocated as follows:

- If under \$100,000: allocated entirely to the Capital General Reserve Fund.
- If \$100,000 or more:
  - 40% to the Capital General Reserve Fund;
  - 40% to reduce debt financing;
  - 20% to the establishment, maintenance and/or enhancement of a dedicated funding mechanism to support the development of new sport and recreational facilities and parks or major enhancements to existing facilities beyond normal life-cycle renewal.

Unallocated funds may be carried forward into the following year and remain subject to the same policy framework.

### ***FINANCIAL IMPLICATION***

There are no direct financial implications arising from the approval of this policy. However, implementation of the policy will result in Assessment Growth Funds being added to the levy, aligned with municipal priorities and conducted in a transparent and consistent manner through future budgets.

### ***CONCLUSION***

The implementation of a formal Assessment Growth Funds Policy supports Council's commitment to strong financial stewardship and provides a robust framework to manage new taxation revenues in a manner that is strategic, responsible, and forward-looking.

### ***BACKGROUND***

Report 287-2024 – Corporate Services-Office of the City Treasurer presented the 2025 Budget Direction which introduced a strategy to invest assessment growth in the 2025 budget and to bring forward an assessment growth policy for consideration.

### ***REFERENCE MATERIAL ATTACHED***

Attachment 1          Assessment Growth Funds Policy (Draft)

***REPORT PREPARED BY***

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***REPORT SIGNED AND VERIFIED BY***

Keri Greaves, CPA, Commissioner & City Treasurer – Corporate Services

Date 04/17/2025