

Memo

To: Budget Committee

From: Jonathan van der Heiden, Deputy Treasurer and Director of Finance

CC: Jane Clohecy, Sheryl Ayres, Dalibor Stancovici, Clerks

Date: November 20, 2025

Subject: Updated Growth Figure

In Ontario, property assessments for property tax purposes are the responsibility of the Municipal Property Assessment Corporation (MPAC), an independent, not-for-profit corporation accountable to the Province of Ontario under the Ministry of Finance.

Municipalities use property assessment information from MPAC to assist in preparing municipal budgets. Growth in the assessment base, whether from additional assessment value added due to new properties or from improvements to existing properties, reduces the overall tax increase by providing this added value and therefore, further revenue to a municipality. At the same time, municipalities also have increased costs to service this growth in property and population. Examples include things like having extra streets to plow, offering more transit routes, or the costs of operating a new community center.

MPAC updates property assessment data as legislated under the *Assessment Act*, and the timing to do so is also mandated within the *Act*. MPAC must return the assessment roll to municipalities by the second Tuesday of December for the following year's taxation, and therefore, MPAC completes additions or changes to the assessment roll by the end of October annually. Municipalities in Ontario are updated with a more accurate growth figure after October 31. MPAC does have the authority to make additional changes (upward or downward), after the second Tuesday of December until December 31 of the current year.

The timing of the extra revenue and the extra costs do not always align; however, the Town does try, as much as possible, to match them to avoid fluctuations in the annual property tax increase. As a result, in years where assessment growth exceeds the costs of growth in the operating budget, the extra revenue is deferred to be used for future years when the costs of growth may exceed assessment growth. Likewise, in years where assessment growth may be lower, the Town can use this deferred growth to minimize property tax increases for existing residents. Given the long-term nature of the

development and assessment process and given the importance of maintaining service levels for all residents, this is an important tool to balance those two factors.

In the 2026 draft budget, staff estimated assessment growth to be 1.50%, or \$4.22 million. Staff also incorporated \$1.96 million in deferred growth to offset the operating impacts of growth.

Staff have received updated growth figures from MPAC, which show that assessment growth in Oakville is currently estimated at 2.57% for 2026. This generates an extra \$3 million in revenue for the town. Given that all of the current operating growth costs are already covered with assessment growth and deferred assessment growth, staff recommend that this additional revenue be deferred and used in the upcoming years as there are more growth operating pressures in the forecast.

Staff will include the extra growth revenue on the spreadsheet used for directions to the Mayor, along with a recommendation to transfer the same amount to the Town's Tax Rate Stabilization Reserve to be used for future years' growth-related operating pressures.

In addition, and consistent with prior years, in case MPAC increases or decreases the assessment growth figure before the final property tax bills are determined, staff will also include a recommendation at the conclusion of the Mayor's budget process to record any final variation to/from the Town's Tax Rate Stabilization Reserve.

That any surplus or deficit resulting from a difference in the actual assessment growth from the budgeted assessment growth be transferred to/from the Tax Rate Stabilization Reserve.