



Report of the Commissioner of Finance 2024 Property Tax Rate

1. Recommendations

1. Regional property tax rates for 2024 be established as follows for the following property classes:

Broad Property Class	Tax Rates¹ %
Residential/Farm	0.361852%
Multi-Residential	0.361852%
New Multi-Residential	0.361852%
New Multi-Residential (Municipal Reduction) subclass	0.361852%
Commercial (including office)	0.482023%
Industrial	0.594595%
Pipelines	0.332542%
Farmland	0.090463%
Managed Forests	0.090463%

¹ Includes Notional Rate Calculation Adjustment

2. Local municipalities pay the final two instalments of their 2024 Regional property tax levy on or before September 27, 2024 and December 13, 2024.
3. Notional tax rate calculation adjustment be adopted.
4. Regional Solicitor be authorized to prepare a bylaw to implement the above tax rates.
5. Regional Clerk circulate this report to local municipalities.

2. Purpose

This report establishes property tax rates to raise the tax levy portion of the 2024 Regional Budget.

Key Points:

- Tax rates are set each year to raise the required tax levy as approved in the Regional Budget passed by Council
- The proposed tax rates are calculated using the 2024 ratios submitted to Council concurrent to this report

3. Background

Tax rate-setting process is prescribed by legislation

Section 311(2) of the *Municipal Act, 2001* (Act) requires an upper-tier municipality to pass a tax rating bylaw each year, unless otherwise specified by the Province, setting out tax rates for each property class. This allows the Region to raise sufficient revenues to meet its budgetary requirements.

The proposed tax rates are based on the 2023 Return Roll provided by the Municipal Property Assessment Corporation (MPAC), the tax ratios listed in the 2024 Property Tax Policy Report and the 2024 Budget approved by Council.

Proposed New Multi-Residential (Municipal Reduction) subclass and any associated discount would not apply to existing buildings

In the 2024 Tax Policy Report, staff have recommended adopting the New Multi-Residential (Municipal Reduction) subclass. Only properties that receive building permits after the subclass is adopted by bylaw would be eligible for the discount. Therefore, the Region's three existing buildings within the new multi-residential property class and those under construction would not be eligible.

4. Analysis

2024 tax rates determined using the approved budget, assessment values and tax ratios

Regional property tax rates are calculated based on the following formula:

$$\text{Property Tax Rates} = \frac{\text{Total Property Tax Funding Requirement for 2024}}{\text{Weighted and Discounted Assessment for All Classes}} \times \text{Tax Ratio for the Class}$$

Weighted and discounted property assessment is calculated by taking the assessment returned by MPAC for 2024 and weighted by applying all discounts applicable to the property subclasses and the tax ratios presented and the recommended 2024 tax ratios presented concurrently to this report. Table 1 summarizes revenue-neutral tax ratios and 2024 proposed tax rates.

Table 1
2024 Proposed Tax Rates

Broad Property Class	Revenue-Neutral Tax Ratios	Proposed 2024 Tax Rates¹%
Residential	1.0000	0.361852%
Multi-Residential	1.0000	0.361852%
New Multi-Residential	1.0000	0.361852%
New Multi-Residential (Municipal Reduction) subclass	1.0000	0.361852%
Commercial	1.3321	0.482023%
Industrial	1.6432	0.594595%
Pipelines	0.9190	0.332542%
Farmland	0.2500	0.090463%
Managed Forests	0.2500	0.090463%

¹ Includes the notional tax rate adjustment

Adopting the New Multi-Residential Property (Municipal Reduction) Subclass would not affect 2024 tax rates, local municipal levies or supplementary tax levies

Tax rate and municipal levy calculations for the 2024 tax year are based on the properties on the return roll at the end of the 2023 calendar year, as provided by MPAC. Since all existing properties would be excluded from the new subclass, calculations would not be affected by its adoption. For properties added to the assessment roll within the year, property tax collections would flow through the supplementary tax levy. It is possible after the proposed subclass is adopted, a new purpose-built rental may receive a building permit and be added to the new subclass within the year. However, supplementary levies would not be impacted by the adoption of the subclass. Since the proposed subclass is recommended to receive an initial discount of 0% on the tax rate, any new properties would be charged the same property tax rate as all other residential and multi-residential properties in 2024.

Any discount for the New Multi-Residential (Municipal Reduction) Subclass would be recommended as part of the 2025 Tax Policy report

Pending Council's decision with respect to the 2024 Tax Policy Report, staff will recommend potential property tax discounts for purpose-built rental buildings and for vacant and excess commercial and industrial lands as part of the 2025 Tax Policy Report.

Table 2 summarizes the existing and proposed tax rate discounts for the 2024 taxation year.

**Table 2
Prescribed Subclass Discounts for Property Classes**

Property Class	Subclass	Allowable Range	Existing/ Proposed Discount
Residential, Multi-Residential, Commercial and Industrial	Farmland Awaiting Development Phase 1	25% to 75% of the residential tax rate	75% of the residential tax rate
New Multi-Residential	New Multi-Residential (Municipal Reduction)	0% to 35% of the new multi-residential tax rate	0% of the new multi-residential tax rate
Commercial and Industrial	Excess Land	0% to 30% of the commercial rate and 0% to 35% of the industrial rate	30% of the commercial rate and 35% of the industrial rate
Commercial and Industrial	Vacant Land	0% to 30% of the commercial rate and 0% to 35% of the industrial rate	30% of the commercial rate and 35% of the industrial rate

5. Financial Considerations

Property tax rates will be higher mainly due to the delayed reassessment

Table 3 shows the historical relationship between the average assessed value of a single-detached home in the Region and the tax rate for the residential property class. From 2013 to 2020, as property reassessments were phased in, assessed single-detached home values rose by 8% per year, outpacing the Region's average annual tax levy increase of 2.7%, resulting in declining residential tax rates. Without a reassessment, the average assessment for single-detached homes has only grown by an average of 0.4% per year from 2021 to 2024, due entirely to the addition of new high-value housing stock. As a result of delayed reassessment, residential tax rates rose each year between 2021 and 2024.

Table 3
Comparison of Residential Assessment to Residential Tax Rates

Year	Average Single-Detached Home Assessment¹	Tax Rates (%)
2024	973,054	0.361852
2023	968,339	0.348892
2022	966,508	0.335958
2021	963,247	0.326425
2020	959,600	0.321619
2019	883,328	0.336549
2018	809,104	0.350606
2017	740,630	0.371903
2016	667,714	0.397157
2015	629,000	0.406421
2014	591,000	0.416733
2013	553,000	0.434762

¹Reflects average property assessments as determined by MPAC

Appendix A shows the distribution of Regional tax revenues raised from the various property classes and subclasses. The table includes “linear properties” for which the Province has prescribed a charge per acre. It also includes payments-in-lieu, which are payments made to compensate a municipality for some or all of the tax revenues foregone from tax-exempt properties. While the most common payments-in-lieu in the Region are for federally owned properties such as Canada Post, they are also for municipal utilities and crown corporations.

Establishing tax rates supports the Region's Vision, including Good Government and Economic Vitality

The Region's Vision for Good Government includes providing residents with value for their tax dollars. Tax rates are a tool by which the Region can support the Vision as they determine how the tax burden is distributed among the different property classes. Timely consideration of the recommendations of this report, including establishing tax rates, ensures the Region would meet its requirements under the *Municipal Act*, the *Assessment Act* and associated regulations. Tax rates also support economic vitality by ensuring the Region's tax policies are competitive among neighbouring municipalities, as equitable tax burdens among different property classes can help the Region continue to attract businesses and residents.

6. Local Impact

Subsection 311(11) of the Act requires an upper-tier tax rating bylaw to estimate the upper-tier tax revenue to be raised in each of the local municipalities. This estimate is shown in Table 4.

Table 4
2024 Estimated Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2023 Tax Requirement (\$)	2023 Share (%)	2024 Tax Requirement (\$)	2024 Share (%)
Aurora	65,974,929	4.93	69,327,559	4.92
East Gwillimbury	32,271,268	2.41	34,859,281	2.47
Georgina	31,600,425	2.36	33,411,770	2.37
King	36,614,592	2.73	38,216,301	2.71
Markham	383,435,106	28.63	402,539,387	28.56
Newmarket	75,177,952	5.61	78,711,089	5.58
Richmond Hill	248,685,293	18.57	261,300,472	18.54
Vaughan	413,390,473	30.86	435,096,283	30.87
Whitchurch-Stouffville	52,258,885	3.90	55,947,290	3.97
Sub-Total	1,339,408,923	100.00	1,409,409,431	100.00
Payments-in-Lieu	4,381,009		4,707,996	
Total Tax Requirement	1,343,789,932		1,414,117,427	

Note: Figures may not sum due to rounding

Subsection 311(12) of the Act provides that an upper-tier rating bylaw may require specified portions of the estimated taxes to be paid by the local municipalities on or before specified dates. On January 25, 2024, Council adopted interim levy payment dates of April 30, 2024 and June 28, 2024. The remaining two instalments for the property tax levy are recommended to be paid on or before September 27, 2024 and December 13, 2024.

7. Conclusion

The proposed 2024 tax rates will raise the 2024 property tax levy requirement approved by Council in December 2023. The report also provides dates for the remittance of remaining instalment payments from local municipalities.

For more information on this report, please contact Bonny Tam, Acting Director, Treasury Office at 1-877-464-9675 ext. 75885. Accessible formats or communication supports are available upon request.

Recommended by:



Laura Mirabella

Commissioner of Finance and Regional Treasurer



Approved for Submission:

Erin Mahoney

Chief Administrative Officer

April 18, 2024

15927491

Appendix A - 2024 Proposed Regional Revenues and Tax Rates by Class

APPENDIX A

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Residential		
Residential	0.361852%	1,165,339,749
Residential Taxable (Shared as Payment in Lieu)	0.361852%	32,089
Residential – Farmland Awaiting Development Phase 1	0.090463%	30,145
Residential Taxable (Upper Tier and Education Only)	0.361852%	1,654
Multi-Residential		
Multi-Residential	0.361852%	11,232,077
New Multi-Residential	0.361852%	498,107
New Multi-Residential (Municipal Reduction) subclass	0.361852%	0
Commercial		
Commercial (Occupied)	0.482023%	124,714,098
Shopping Centre	0.482023%	36,773,954
Office Building	0.482023%	14,302,918
Commercial Vacant Land	0.337416%	2,893,127
Commercial Excess Land	0.337416%	1,879,575
Small Scale On Farm Business 1	0.482023%	1,191
Small Scale On Farm Business 2	0.482023%	715
Parking Lot (Full)	0.482023%	987,745
Commercial (previously Ontario Hydro)	0.482023%	187,954
Office Building Vacant Units and Excess Land	0.337416%	142,639
Shopping Centre Vacant Units and Excess Land	0.337416%	111,685
Commercial – Farmland Awaiting Development Phase 1	0.090463%	82,396
Commercial Vacant Land (Shared as Payment in Lieu)	0.337416%	14,276
Commercial Excess Land (Shared as Payment in Lieu)	0.337416%	2,469

Property Assessment Class and Subclass	Tax Rates (%)	Revenue Generated (\$)
Industrial		
Industrial (Occupied)	0.594595%	32,287,344
Large Industrial	0.594595%	7,877,934
Industrial Vacant Land	0.386487%	4,019,426
Small Scale On Farm Business 1	0.594595%	297
Small Scale On Farm Business 2	0.594595%	297
Industrial (previous Ontario Hydro)	0.594595%	805,060
Industrial Excess Land	0.386487%	270,529
Industrial Excess Land (previously Ontario Hydro)	0.386487%	149,815
Industrial Farmland Awaiting Development Phase 1	0.090463%	82,456
Large Industrial Vacant Units and Excess Land	0.386487%	57,900
Industrial Vacant Land (Shared as Payment in Lieu)	0.386487%	6,879
Others		
Pipeline	0.332542%	1,379,102
Farmlands	0.090463%	1,596,800
Managed Forest	0.090463%	77,225
Railway Right-Of-Way (Estimated)		602,116
Utility Transmission (Estimated)		967,688
Sub-Total (Estimated)		1,409,409,431
Payment-in-Lieu		4,707,996
Total		1,414,117,427

Note: Figures may not sum due to rounding