



Meeting Date: December 20, 2023

Submitted by: Melissa Kopal, Manager of Finance, Tiffany Farrell, Director of Corporate Services

Report No: CPS-60-2023

Subject: Property Class - New Multi-Residential

Recommendation:

THAT Report CPS-60-2023, the Property Class – New Multi-Residential be received;

AND THAT staff be directed to proceed to update the Tax Rate Bylaw for Middlesex Centre for 2024.

Purpose:

The purpose of this report is to provide Council with updated information relating the property class New Multi-Residential (tax code NT).

Background:

Mandatory 'New multi-residential' Property Class - Ontario Regulation 264/17

On April 20, 2017, the Province announced its 16-point Fair Housing Plan which focused on increasing the supply and access to affordable rental housing and homeownership.

To encourage the development of new purpose-built rental housing across the province, the government introduced the following changes:

- A mandatory “new multi-residential” property class to replace the previous optional property class.
- A revised transition ratio for the “new multi-residential” property class to ensure that new multi-residential developments are taxed at a similar rate as other residential properties.

Eligible Property - New Multi-Residential Property Class

O.Reg. 264/17 filed under the Assessment Act, July 5, 2017, revokes and replaces Section 10 of O.Reg. 282/98 to require all municipalities to have a new multi-residential property class.

The new multi-residential property class consists of land described in Paragraph 1 of Subsection 4 (1) of the Regulation whose units have been built or converted from a non-residential use, pursuant to a building permit issued,

- a. on or after April 20, 2017; or
- b. before April 20, 2017, if, at the time at which the permit was issued, a by-law was in force that opted to have the new multi-residential property class apply in the municipality.

Properties included in the new multi-residential property class remain in the class for 35 taxation years, after which time they will be re-classified and included in the multi-residential property class for subsequent taxation years.

Transition Ratio:

- Transition ratio reflects the tax burden of each property class relative to the residential property which is set at 1.0.
- O. Reg. 262/17 filed under the Municipal Act, 2001 and O. Reg. 263/17 filed under the City of Toronto Act, 2006 sets the transition ratio for the new multi-residential property class at 1.0 aligning the tax treatment of these properties with other residential properties province wide.
- Municipalities will continue to have the flexibility to choose a ratio within the target range for the class which is between 1.0 and 1.1.
- Municipalities that previously adopted the new multi-residential property class which had a tax ratio greater than 1.1 will be required to re-set the ratio within the target range of 1.0 and 1.1, starting the 2017 tax year.

Analysis:

Middlesex Centre has not had any properties that have been classified as the NT tax class by MPAC. Therefore, the regulation has not had any impact. In addition, at this time, there are no proposed properties that staff are aware of that would fall into this tax class, however, some neighbouring municipalities are having properties classified as NT, therefore staff wanted to highlight this tax class as it will be included in the Tax Rate Bylaw for Middlesex Centre for 2024 although there are no associated assessments at this time. With Middlesex Centre's growth, it is probable that there may be future properties classified as NT.

The County of Middlesex (the upper-tier) sets the tax ratios for the lower-tier municipalities. Currently, the County has approved a ratio of 1.0 for new multi-residential (by-law #7224), which will result in the same property tax rate as a residential property. In comparison, the multi-residential property class MT has a tax ratio of 1.7697 (the tax rate is 1.7697 times that of the residential tax rate). Therefore, there is a significant difference between the two tax rates. As a result, the Treasurers in the county of Middlesex will be meeting to discuss this tax ratio in December 2023.

For a property to be classified as multi-residential, the property must be used for residential purposes and have seven or more self-contained units which are generally rental units (e.g. an apartment building) or vacant land that is principally zoned for multi-residential development.

Financial Implications:

There are no financial implications at this time as the Municipality of Middlesex Centre does not have any properties classified at NT. If there are properties classified as NT in the future, this will result in significantly less tax revenue than if they were classified as MT if the tax ratios continue to be significantly different.

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government

Staff have prepared this report in order to provide this information to Council and the public to be open and transparent, therefore it responds to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

Attachments:

N/A