

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, March 5, 2024
Subject	2024 Property Tax Policy

Recommendation

That the 2024 City of Guelph property tax ratios and corresponding tax rates, as set out in Attachment-1 to the report 2024-63 titled 2024 Property Tax Policy dated March 5, 2024, be approved.

Executive Summary

Purpose of Report

To provide information and recommend that the 2024 property tax ratios and corresponding tax rates (Tax Policy), included as Attachment-1, be approved, and incorporated into by-laws. This provides sufficient time to prepare the final tax bills for meeting the legislated mailing date for the June 28, 2024 tax installment.

Key Findings

Municipal Councils are required to make a number of Tax Policy decisions and pass the related by-laws annually. Attachment-1 and calculated rates are an administrative consolidation of previous applicable Council decisions, related to optional tax classes, tax ratios, and the annual budget already set.

Tax Policy takes the amount from the annual budget process to raise from taxation and payment in lieu of taxes and slices it into pieces based on tax classes and assessed values. For 2024 this amount was set at a total of \$324,719,931 through the budget process.

Through the 2024 budget confirmation process, property tax impacts and percentage increases were provided. This was calculated using the 2023 assessment roll, and policy. The Municipal Property Assessment Corporation (MPAC) has provided assessment data for the 2024 taxation year and all calculations referred to in this report are based on this current data.

In 2024, a single family detached property with a median value of \$408,000 (based on 2016 Current Value Assessment (CVA) valuation date) will be levied \$4,759.90 in City taxes for an overall property tax increase of \$380.25.

Strategic Plan Alignment

This report aligns with the Strategic Plan. Appropriate distribution across all property tax classes helps to ensure an effective, fiscally responsible, and trusted local government.

Future Guelph Theme

Foundations

Future Guelph Objectives

Foundations: Maintain the City's healthy financial position

Financial Implications

There are no financial implications related directly to this recommended Tax Policy. Tax ratios and subsequent tax rates only allocate the approved amount from the tax supported operating budget to levy from taxation and payment in lieu of taxes of \$324,719,931 over the different tax classes.

Annually, the City budgets \$120,000 for the mandatory charity rebate program required under section 361 of the Municipal Act for qualifying charities, where a rebate of 40 per cent of taxes is paid upon approved application. With the addition of the new charitable rebate provision for the Guelph Civic Museum, an estimated budget impact of approximately \$65,000 will be required based on the 2024 assessment roll.

Report

Municipal Councils are required to make a number of Tax Policy decisions annually. The Municipal Act sets out the parameters to be followed by municipalities when setting property tax policies. These parameters include establishing tax ratios and discounts; use of graduated taxation and optional classes; and various tax mitigation measures. Annual Tax Policy decisions determine how the property tax levy, approved in the annual budget, will be distributed across the various classes of properties.

For 2024 the City of Guelph has adopted their budget, of which \$324,719,931 is to be raised from taxation and payments in lieu as part of the tax supported budget. Also approved was funding the annual hospital levy of \$750,000 in 2024 through reserves.

Through the 2024 budget process, property tax impacts and percentage increases were provided. These were calculated using the 2023 assessment roll, and Tax Policy. MPAC has provided assessment data for the 2024 taxation year and all calculations referred to in this report are based on this current data.

2024 Tax Policy

The following summarizes the Tax Policy and programs discussed in this report and corresponding attachment:

- Approving the 2024 tax ratios and tax rates
- Continuing the current mandatory low-income seniors and low-income disabled tax relief program; and
- Continuing the charitable tax rebate program for which the City annually budgets

The by-laws for approval resulting from this report are to come to Council in March to allow sufficient time to prepare and mail the final property tax bills within the legislated timeframe for the June 28, 2024 installment.

A further Council report will follow in May that will respond to [Council's motion thirteen](#): That an amount up to \$10,000 be allocated from the Tax Operating Contingency Reserve to fund further investigation of resources required, and costs associated with the creation of a financial needs-based application program for waived penalties and the suspension of interest on unpaid amounts of property taxes to reduce burdens on low-income homeowners during 2024-2027 multi-year budget cycle and to report back to council prior to the end of Q2 of 2024.

Tax Ratios

On April 24, 2017, Council adopted the recommendations in the [Tax Ratios 2017-2020 Assessment Cycle report](#), which provided direction for setting tax ratios for the reassessment cycle 2017 through 2020 based on January 1, 2016 current values. This direction was that all ratios remain at the previous year's ratio, except for the multi-residential ratio, which would remain revenue neutral on an annual basis. This direction was intended to cease after the 2020 tax year due to the planned reassessment cycle 2021 through 2024.

However, in March 2020, the Province announced it was postponing the planned reassessment and that assessment values used in 2021 would be the same as the fully phased-in assessment values used in 2020. The province further announced that the assessment values used in 2022 and 2023 would be the same as 2021. The Province has not brought forward any definitive actions to move ahead with reassessment, thus January 1, 2016 current values were used for taxation purposes for 2023 and will also be used 2024. Therefore, there is minimal impact relating to reassessment to consider, and 2024 ratios are proposed to be maintained at the levels used in 2023.

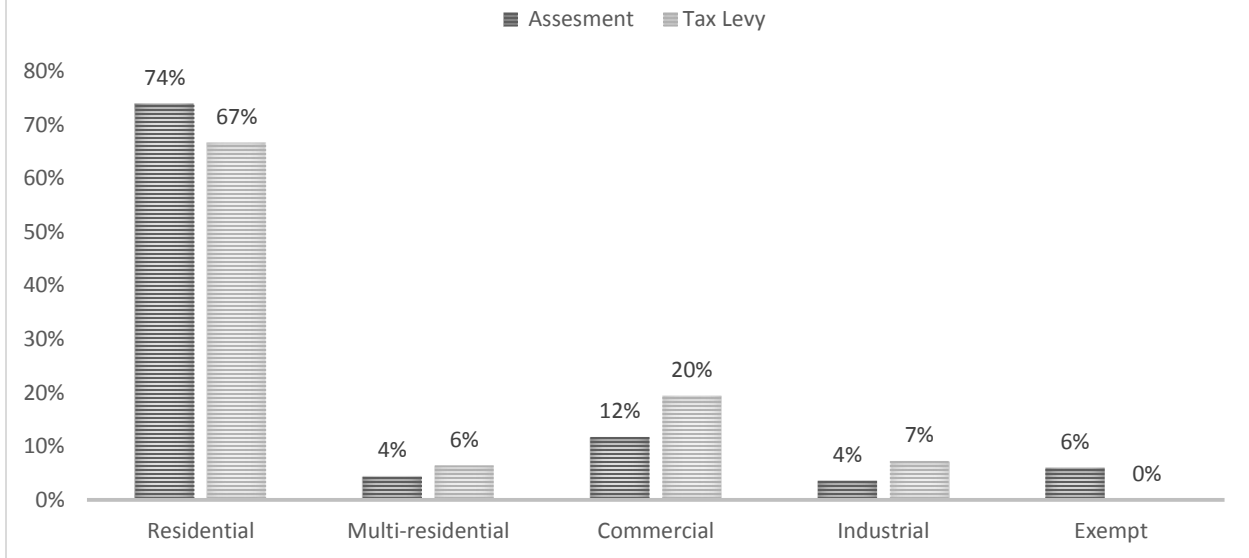
Notably, despite the same assessment value date being used in 2024 as 2023, the assessment base for the City grew by over \$338 million in assessment, or 1.37 per cent, representing an overall taxation growth of 1.23 per cent, driven by growth of approximately \$196 million in assessment, or 1.07 per cent, in the residential tax class.

Funding the Tax Levy by Property Class

The tax levy is funded primarily through four broad property tax classes: residential, multi-residential, commercial, and industrial. The split between total assessment and total tax levy based on the proposed Tax Policy for 2024 is shown below.

Funding the 2024 Tax Levy by Property Class

FUNDING THE 2024 TAX LEVY BY PROPERTY CLASS



The residential tax class makes up 74 per cent of the City’s total assessment base and funds 67 per cent of the tax levy. The assessment and tax levy split among all classes is consistent with prior years.

Impact on the Residential Taxpayer

The impact on a single family detached property in 2024 with a median value of \$408,000 (based on 2016 CVA valuation date) is shown in Table 1 below.

Table 1: Total Change in City Portion on a single Detached Residential Property

City of Guelph Portion	\$ Change	% Change
Assessment Roll Impact	\$11.67	0.26%
2024 Budget Impact	\$368.59	8.42%
Total Change in City Portion	\$380.25	8.68%

The assessment roll impact is not driven by the 2024 budget and tax policy decisions. This impact is solely driven by tax shifting; the cumulative effect that assessment growth and loss have on the entire tax base, along with what the median single family detached residential property assessment in Guelph looks like. On an annual basis, the residential property continues to be bigger and of a higher quality as new larger, higher value homes are being constructed. This further increase in the residential property value provides for upward pressure when comparing a property year-over-year.

Hospital Levy

The hospital levy will be funded using reserves in 2024. This continues Council’s commitment to funding Guelph General Hospital renovations with \$750,000 on an annual basis that commenced in 2020 and continues through 2026.

Final Tax Bill Informational Insert

A new format is being developed for the final tax bill insert for 2024. This will assist in outlining where property tax dollars are budgeted and of those which the Mayor and Council have control of.

Mandatory Tax Relief for Low-income Seniors and Low-income Persons with Disabilities under the Municipal Act

Municipalities are legislatively required to have a tax relief program under Section 319 of the Municipal Act. This program provides qualifying low-income seniors and low-income persons with disabilities tax relief through a deferral of property tax, should their annual assessment-related tax increase be greater than \$200. The program is set out in By-law (2015)-19988. For more information, please see the City's website for [Deferral of taxes for low-income seniors and low-income disabled persons](#).

Tax Rebates for Charities

Municipalities are legislatively required to have this rebate under Section 361 of the Municipal Act. Qualifying charities, upon approved application, are provided with a rebate of 40 per cent of taxes paid. In 2023, the City processed 31 rebate applications for a total dollar amount of \$189,736, of which the City's share was \$109,916, \$75,822 was from the school boards, and \$3,998 related to the Downtown Guelph Business Association. The charitable tax rebate program is set out in By-law (2002)-16851 and By-law (2003)-17152.

A By-law to repeal and replace both By-law (2002)-16851 and By-law (2003)-17152 will be put forth for approval on March 26, 2024. The new Charity Rebate By-Law will consolidate the previous two by-laws and add in a provision for a rebate of 100 per cent of the taxes payable by the Guelph Civic Museum on the eligible property they occupy. This was required due to this property no longer being tax exempt. Without this provision, the City's budget would have increased by approximately \$90,000, however, through this charitable rebate provision, this has been mitigated to \$65,000.

Financial Implications

There are no financial implications related directly to this recommended Tax Policy. Tax ratios and subsequent tax rates only allocate the approved amount from the tax supported operating budget to levy from taxation and payment in lieu of taxes of \$324,719,931 over the different tax classes.

Annually, the City budgets \$120,000 for the mandatory charity rebate program required under section 361 of the Municipal Act for qualifying charities, where a rebate of 40 per cent of taxes is paid upon approved application. With the addition of the new charitable rebate provision for the Guelph Civic Museum, an estimated budget impact of approximately \$65,000 will be required based on the 2024 assessment roll.

Consultations and Engagement

Strategic Communications and Community Engagement

Attachments

Attachment-1 2024 City of Guelph Tax Ratios, Discounts and Rates

Departmental Approval

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