

Staff Report



To **Committee of the Whole**
Service Area Office of the Chief Administrative Officer
Date Tuesday, March 4, 2025
Subject **2025 Property Tax Policy**

Recommendation

1. That the 2025 City of Guelph property tax ratios and corresponding tax rates, as set out in Attachment-1 to the report 2025-89 titled 2025 Property Tax Policy dated March 4, 2025, be approved.

Executive Summary

Purpose of Report

To provide information and recommend that the 2025 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 30, 2025 tax installment.

Key Findings

Municipal Councils are required to make several Tax Policy decisions and pass the related by-laws annually. Attachment-1 and the 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 2025 this amount was set at a total of \$351,105,144 through the budget confirmation process.

Through the 2025 budget confirmation process, property tax impacts and percentage increases were provided, and were calculated using the 2024 assessment roll, and tax policy. The Municipal Property Assessment Corporation (MPAC) has provided assessment data for the 2025 taxation year and all calculations referred to in this report are based on this current data.

In 2025, a single family detached property with a median value changed from \$408,000 in 2024 to \$410,000 (based on 2016 Current Value Assessment (CVA) valuation date) and will be levied \$5,103.27 in City taxes for an overall property tax increase of \$343.37.

In November 2024, the Provincial government announced that municipalities could opt to reduce property taxes for new rental housing developments. This new New Multi Residential Municipal Discount Tax Class (NT1) is for properties built or converted after the subclass is adopted. The goal is to encourage more rental housing. However, staff recommend waiting to implement this subclass until they

can ensure it benefits affordable housing specifically. Implementing it now could reduce the tax base and create unfair tax rates for different buildings based on when they were built. It is anticipated that further legislation will come in 2025 related to affordable housing.

The current New Multi Residential (NT) tax class, started in 1998, lasts 35 years before switching to a higher tax rate. Staff are monitoring possible changes to extend this period and are considering the impact of reducing the Multi Residential (MT) tax rate before 2033. Any changes must consider the full legislative context and tax shifts. A plan to align all multi-residential tax rates will be presented with the next provincial reassessment.

Strategic Plan Alignment

This report aligns with initiative 4.1 of the Foundations theme of the Future Guelph Strategic Plan by continuing to implement financial policies and practices to support a sustainable long-term financial position for the City. 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 \$351,105,144 over the different tax classes.

Report

Municipal Councils are required to make several 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 2025 the City of Guelph has confirmed a budget requiring \$351,105,144 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 2025 through the Tax Operating Contingency reserve #180.

Through the 2025 budget process, estimated property tax impacts and percentage increases were provided. As always, these estimates were calculated using the previous year (2024) assessment roll, and approved Tax Policy. MPAC has provided assessment data for the 2025 taxation year and all calculations referred to in this report are based on this current data and the proposed 2025 Tax Policy.

2025 Tax Policy

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

- Approving the 2025 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 require Council approval in March to allow sufficient time to prepare and mail the final property tax bills within the legislated timeframe for the June 30, 2025 installment.

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 2025.

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, 2023 and 2024 would be the same as 2020, still based on January 1, 2016 current value. Similarly for 2025 the Province has not brought forward any definitive actions to move ahead with reassessment, thus January 1, 2016 current values will also be used for 2025. Therefore, there is minimal impact relating to reassessment to consider, and 2025 ratios are proposed to be maintained at the levels used in 2024. It is anticipated that further details related to reassessment will be released by the provincial government this year.

Notably, despite the same assessment value date being used in 2025 as 2024, the assessment base for the City grew by over \$311 million in assessment, or 1.24 per cent, representing an overall taxation growth of 1.34 per cent, driven by growth of approximately \$204 million in assessment, or 1.10 per cent, in the residential tax class, with significant additional growth in higher taxed classes such as commercial and industrial.

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 2025 is shown below.

Figure 1 - Funding the 2025 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 2025 with a median value of \$410,000 (based on 2016 CVA valuation date) is shown in Table 1 below. Within the context of the property tax policy, the City Portion refers to both the City Services and Local Boards and Shared Services impact. This is in addition to the Education portion of the property tax levy as set by the province.

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

City of Guelph Portion	\$ Change	% Change
Assessment Roll Impact	\$23.33	0.49%
2025 Budget Impact	\$320.04	6.72%
Total Change in City Portion	\$343.37	7.21%

The assessment roll impact is not driven by the 2025 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 and renovations of existing homes occur. 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 again in 2025. 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.

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 as per the charitable tax rebate program is set out in By-law (2024)-20902. In 2024, the City processed 29 rebate applications for a total rebate amount of \$169,109 for the City share of the levy.

New Multi-Residential (Municipal Reduction) Property Tax Subclass

In November 2024 the Provincial government announced that municipalities may offer a reduced municipal property tax rate for new purpose-built rental developments. This New Multi-Residential (Municipal Reduction) subclass (NT1) could be applicable to properties newly built or converted from non-residential use with permits issued after the subclass is adopted by the municipality. The measure mainly intends to support the development of much-needed purpose-built rental housing. As the subclass would apply to all multi-residential properties started after the by-law is passed, staff recommend delaying the implementation of this subclass until further options are available. Specifically, the ability to distinguish developments intended for affordable housing is key, as a blanket tax reduction for all developments may not be suitable. If implemented now, it would erode the overall tax base as it would apply in its current state to market rent for profit developments. It would also create an environment where there could be three separate Multi Residential Tax Rates on multi residential buildings based on when they were built. This would not be equitable taxation. MT prior to 1998 with a current ratio of 1.786308, NT at the Residential ratio of 1.000 from 1998 to 2025 and then the new NT1 Tax Class with a further 35 per cent reduction to 0.65000.

With the NT being adopted in 1998 the current legislation allows for a 35-year life span on NT on each property until it reverts to the MT tax class with a ratio significantly higher. City staff are monitoring discussions relating to any legislation change extending that 35-year time frame. Further we need to be aware of the impact of reducing the MT tax ratio in advance of 2033. Any reduction in the MT ratio has an inverse impact on the other tax classes, thus any ratio changes must be taken with full context of legislation and impacts of reassessment tax shifts. With the next provincially wide reassessment staff will bring forward a plan to equitably align all the multi residential tax ratios.

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 \$351,105,144 over the different tax classes.

Attachments

Attachment-1 2025 City of Guelph Tax Ratios, Discounts and Rates

Departmental Approval

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