IPTI Xtracts

Property Tax and Assessment News from Around the World

CANADA – December 2021

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Are foreign owners of empty homes to blame for Canada's unaffordable housing market?

The latest batch of data on empty homes in British Columbia, and the taxes levied on them, offer insight into what first became a hot issue in the mid-2010s, when the housing market went ballistic and there was a widespread feeling that many homes were left vacant by overseas owners, as locals struggled to afford a place to live.

The new B.C. data lands at a relevant national moment: The federal government, as of Jan. 1, is bringing in a 1 per cent tax on "non-resident, non-Canadian owners of vacant, underused housing" – including

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foreign-owned vacant land in big cities. The City of Toronto also plans to start taxing vacant homes in 2022. Like the original B.C. taxes, these moves aim to increase rental housing supply, and lower rental prices, by penalizing investors who don't rent out their properties.

So what do several years of data from similar levies in Vancouver and B.C. reveal? Three things.

First, vacancy taxes seem to be working, with more investment properties becoming rentals. Second, the rate of overseas ownership of Canadian real estate may be lower than thought. And third, while foreign owners are paying these new levies, so are some Canadian investors.

Vancouver started its empty homes tax in 2017, at 1 per cent of a property's value. It rose to 1.25 per cent in 2020 and 3 per cent in 2021. The provincial government in 2018 created a "speculation and vacancy" tax, applied to Metro Vancouver, Victoria and several other cities – 0.5 per cent for Canadians and 2 per cent for foreign owners or "satellite" families. The latter can include Canadians, as it is levied when the main income earner pays taxes outside Canada.

Vancouver's new data, released this past week, found 1,627 empty homes paid tax in 2020, one-quarter fewer than in 2017. Empty homes, including 4,227 that earned an exemption, account for 3 per cent of all homes in the city. Since inception, the tax has raised $87-million, and goes toward affordable housing.

B.C.'s vacancy numbers, issued this past month, paint a further picture. In Metro Vancouver the past year, 4,222 properties paid the provincial levy. Almost 40 per cent of the owners, 1,606 homes, were B.C. residents. The bulk of the money raised, however, came from foreigners and satellite families, since the rate they're charged is four times that of domestic owners. The B.C. tax has so far raised $231-million, less than half of what was first forecast.

In the mid-2010s, there was a lot of debate – and finger pointing at overseas investors – but an absence of data. The data flows; the debate continues: A review of B.C.'s numbers by a UBC professor and a local analyst find noticeably lower rates of foreign ownership than does Statistics Canada. Statscan estimates foreign ownership of City of Vancouver housing at more than 6 per cent; the researchers peg it at closer to 2 per cent.

Beyond raising taxes and gathering ownership data, the primary aim of these policies is pushing vacant housing back into the market. Canada Mortgage and Housing Corp. has found that, in Metro Vancouver, about 9,000 existing condos became rentals in 2019, plus another 3,600 in 2020. CMHC says vacancy taxes are part of the reason.

Condos, however, are a precarious form of rental. Owners can sell at any time, displacing residents. What's badly needed are more purpose-built rentals. With so many people priced out of home ownership in Vancouver, there has been a rise in purpose-built rentals – jumping by 2,388 units in 2020, according to CMHC, the biggest increase on record going back to 1990. Even so, CMHC says purpose-built rentals in Vancouver and Toronto remain unaffordable to most households below the median income.

These numbers add substance to the debate over our out-of-whack housing market. B.C. shows that taxing empty properties can grow the number of rentals. But the data also suggests that, among

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investors sitting on fallow real estate, fewer than expected may be foreigners, and more may be Canadians. That's relevant, given that the Liberal government promised to cool the market by banning new foreign ownership, across Canada, for two years.

Vacancy taxes were never going to be a cure-all. They have helped, and will continue to, but they work at the margins. By themselves, they can't eliminate the biggest problems – housing that's too expensive, restricted supply and a lack of affordable housing. All of that will take a lot more work, at every level of government.

BRITISH COLUMBIA

Rogers claims B.C. Assessment refuses to fix mistake causing $4.6M in over-taxation

Lawsuit from media company says Crown corporation knows about error but has declined to correct it

Rogers Communications has filed a lawsuit against B.C. Assessment, alleging the corporation is refusing to correct a mistake that's led to the media company being over-taxed by roughly $4.6 million in recent years.

In a petition filed Tuesday, Rogers claimed the Crown corporation has known about the error for more than a year, but hasn't fixed it because staff were worried about being criticized.

"Its concern was that if B.C. Assessment agreed to issue a supplementary assessment ... it would be 'called on the carpet' and reprimanded," read the B.C. Supreme Court document.

None of Rogers' allegations have been proven.

Fibre-optic cable inventory

Rogers says the problem started with the thousands of kilometres of fibre optic cable it owns and operates throughout B.C.

The cables — used for high-speed internet, phone and TV — run across the province in places like buildings, trenches and even underwater. Rogers "often" sells or trades its cables to other companies, according to the petition.

Since infrastructure on any property has an effect on its value, Rogers reports its cable inventory to B.C. Assessment every year. The Crown corporation is responsible for assessing property values across the province so the government can decide how it's taxed.

But Rogers says it made a mistake in 2019.

It sent the summary of all of its cables, but mistakenly also included the ones that had been sold or traded.

"As a result, [Rogers] is assessed for fibre optic cable that it does not own," the petition says.

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The company said the mistake meant its properties were over-assessed by a total of roughly $15.6 million in 2020 and 2021.

The taxes on that over-assessment came to more than $4.6 million, according to the claim.

B.C. Assessment has not filed a response to the petition in court. A spokesperson reached Friday declined to comment on an ongoing case.

Rogers hires consultant

Rogers said it hired an independent consultant after seeing the 2020 assessment to try and resolve the issue.

So began more than a year of emails, phone calls and meetings between the Altus Group and B.C. Assessment, according to the petition.

In one meeting last June, Rogers said B.C. Assessment was firm in its stance that it was too late to change the 2020 assessment.

Staff acknowledged the 2021 paperwork could be changed, according to the petition, but they allegedly didn't want to do it because they were concerned about being "reprimanded" over the situation.

"Issuing a supplementary assessment would require B.C. Assessment to validate and prove that the data in [Rogers'] fibre report was correct," the petition said.

The company claimed B.C. Assessment suggested another solution: reach out to each individual local government for a refund or a tax break down the road.

Most assessment challenges in B.C. are resolved through the corporation's appeal process. Rogers said it didn't file an appeal because its consultant had been working directly with staff at the assessor to try and find a solution.

The company's petition is asking for a formal declaration that its 2021 assessment is inaccurate. It's also asking a judge to order B.C. Assessment to amend the error.

Documents said Rogers already paid its $2.3 million tax bill for the 2020 year, but has not paid for 2021.

Small business owners in B.C. balk at unexpected property tax change

Murray Fraser got his first snowboard at a ski show in Las Vegas and learned to snowboard at Cypress Bowl in 1986. He opened one of the first specialty snowboard shops in Vancouver the next year and later moved into a 5,000-square-foot location on Fourth Avenue.

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The Boardroom, which sells snow, skate, wake and surf equipment, has grown over the decades and had to deal with property tax increases, but nothing like this.

It is among a set of businesses in Victoria, Vancouver and elsewhere that are unexpectedly — and without consultation — losing their ability to claim property tax relief on air space, which is the right to build into the vertical space above a property.

It's a difference that will mean a 35 per cent increase in Fraser's property taxes from $45,745 in 2021 to $61,634 in 2022, a $15,889 hike.

"My business isn't going to go out of business based on a $15,000 additional cost, but it's getting harder and harder," said Fraser.

Increases to minimum wage and medical services plan payments have squeezed margins more tightly.

"People might think, 'let's just spread that amount over 12 months, but if you have a profit margin of five per cent, then you need to sell about $300,000 more," to pay for that additional $15,000 in property taxes.

"You have to sell a heck of a lot more to pay a little more in overhead."

The provincial government is offering impacted properties a one-year only temporary exemption on the School Tax they pay.

But it's small comfort in exchange for losing what Ryan Tung, property tax principal of global tax firm Ryan LLC, describes as "some fairness" for these businesses in recent years.

Since around 2017, some Vancouver commercial property owners, looking to reduce property taxes, which are typically borne by their tenants, have gone through the courts to get so-called "split assessments."

It essentially means that yet-to-be-built, potential condos in the airspace over a property are taxed at the lower residential rate. This is instead of the entire property, including currently empty airspace, being taxed at a higher commercial one.

"At all of these businesses, the leases are triple-net leases with the business (owners) paying the taxes," in addition to rent and maintenance costs, said Tung.

"So there's been good relief to be able to get about 40 per cent of the total amount (classified) as residential, with that (part of the bill) going down three times" in cost, and dramatically lowering the total amount.

Tung said the latest change comes after two cases that came before the Property Assessment Appeal Board in the past year and a half.

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They each yielded judgments that signalled a disagreement with a landmark Supreme Court decision in 2016 that paved the road for this "split assessment" that businesses use to help lower their property tax bills.

"It is a major change," said Tung.

"The main problem we have with all this is that it's a drastic change and, given all the manpower and all the litigation that has occurred on this issue over the past decade, it would have been nice to have level of consultation with B.C. Assessment."

B.C. Assessment issued an email with the change on Nov. 26.

Tung is a member of the Business Tax Alliance, a new advocacy group that represents over 10,000 commercial tax payers in Victoria, Vancouver and Surrey.

"The other thing is (that with more consultation), we could have advised landowners that this might be coming and people can plan ahead. People budget for taxes well before. Now, you have businesses left in the lurch."

Vancouver council approves 6.35 per cent property tax hike for 2022

Council adds climate tax, boosts budgets for police and fire departments

The Vancouver fire and police departments received significant increases to their 2022 operating budgets Tuesday after a long day of debate at city hall that ended with council approving a property tax hike of 6.35 per cent for next year.

The tax hike includes a new annual one per cent climate tax on property owners, which aims to raise $9 million per year for new infrastructure such as electrical vehicle chargers in rental buildings and greenhouse-gas-emission-reducing retrofits to civic facilities such as community centres.

Council's approval of a $3.1 million boost to Vancouver Fire Rescue Services' $137.2-million net operating budget means 25 new firefighters will be added to the under-served southeast quadrant of the city.

"City council showed real leadership today by rolling up their sleeves to find funding for new firefighters in southeast Vancouver," said Lee Lax, vice-president of public engagement for the Vancouver Fire Fighters union, Local 18, in a text message.

"While this council doesn't agree on many things, it's great to see them agree about the importance of a properly resourced fire rescue service."

Police Chief Adam Palmer told council the budget requested by the Vancouver Police Department will fund the same level of service it provides now, which is being done with fewer officers than in 2009.

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“This will not be an enhanced level of service that we’re providing with this budget,” said Palmer, whose department ran a deficit this year for the first time in 16 years, largely due to council’s decision in December 2020 not to fully fund almost $6 million of the VPD’s 2021 budget request.

This time around, council approved the VPD’s budget request and was obligated to add $15.7 million in arbitrated wage increases for officers, bringing the total gross dollar amount to $366.8 million, before expenditures.

The seven-and-a-half-hour meeting largely pitted Mayor Kennedy Stewart and his allies in the Green Party and OneCity against the NPA’s Melissa De Genova and her four former party colleagues, who are either serving as independents or joined another organization.

De Genova joined Sarah Kirby-Yung, Rebecca Bligh, Lisa Dominato and Colleen Hardwick in criticizing Stewart for what they all said was “a broken promise” to not follow through on his stated goal earlier this year to keep a property tax hike at five per cent or lower.

“This budget is a broken promise to Vancouver taxpayers, to residents, to renters, to homeowners, to families, to small businesses and the youth of our city — a promise council made on the motion put forward by the mayor that council will not exceed a property tax increase of five per cent,” said Dominato, who attempted unsuccessfully in the early part of the meeting to introduce an amendment that would include boosts to police and fire budgets, without exceeding a five per cent tax increase.

“Council promised one thing, and is doing the complete opposite.”

OneCity Coun. Christine Boyle disagreed.

“It’s clear the cost drivers we face are public safety funding requests and the escalating costs of the climate emergency, “said Boyle, who countered Dominato’s amendment with one of her own. “I don’t think it would be responsible for us to punt those down the road.”

While Boyle supported the $3.1 million boost for firefighters, she voted with COPE Coun. Jean Swanson against increasing the police budget.

Boyle got enough support from council to add funds for libraries, hire a youth worker at Britannia, fund the new auditor general’s office, enhance street cleaning and pay for programs related to Indigenous languages and work to address Murdered and Missing Indigenous Women initiatives.

A total of $500,000 was also approved to implement council's recent move to bring "vacancy control" to single-room-occupancy buildings and $300,000 to hire more park rangers.

Stewart told Vancouver Is Awesome last week that he would introduce a climate tax amendment at Tuesday’s meeting, but instead deferred to Green Party Coun. Adriane Carr to move the new tax policy.

“I really urge you to support this, recognizing that it’s something that our children and their children will thank us for,” Carr told council prior to a 6-5 vote in favour of the climate tax.

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In a news release after the meeting, Stewart described the 6.35 per cent tax increase as “modest.” He said the owner of a median condo will pay an additional six dollars per month, while the owner of a detached home will pay $14 and a business property owner, $26.

Hardwick and Kirby-Yung used their time at the microphone to repeatedly question city spending and subsequent tax increases, noting the cumulative tax hikes since the current council was elected in 2018 is now close to 30 per cent.

“The stark reality is that were are just going, ka-ching, ka-ching, ka-ching, ka-ching and we’re taking it not out of the one per cent, but out of the middle class people that are trying to afford to continue living in the city,” Hardwick said.

Bligh was equally frustrated with council’s direction, saying the climate tax proposal was a surprise and didn’t leave room to discuss it being implemented in a different format, with Kirby-Yung suggesting funds could come via developer contributions for projects.

“We’re likely to be called out on Twitter for not supporting this and being climate deniers — that’s not true to the character of how we’ve worked,” Bligh said.

All of council agreed some of the city's rising costs are connected to downloading of senior government responsibilities on Vancouver, including issues related to housing, poverty, addiction and mental health.

NEW BRUNSWICK

Saint John passes budget with lowest property tax rates in 24 years

Saint John city council has approved its 2022 budget, including a recommendation to reduce property tax rates by 7.5 cents.

The budget passed unanimously at Monday's council meeting with no discussion.

In 2022 the city will be operating at a budget of $164 million. According to council reports, this is a 4.7 per cent increase from last year's budget.

Councillors approved a tax rate decrease from $1.785 to $1.71 per $100 of assessed value. This is the lowest rate since 1998, the report said.

But rising assessments mean the new rate will still lead to an increase of two per cent in the city's property tax revenues, with Saint John expecting to raise $129 million next year.

The $164 million operating budget will be funded by a provincial grant, reserves, Saint John Energy revenue and COVID-19 relief funding.

Provincial funding has been reduced by approximately $392,000, the report said, but will still add $17.8 million to the coffers.

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Reserves will contribute $2.4 million, the Birch Hill Wind Farm Project will bring in $500,000, and COVID relief funding will add up to $1.9 million.

The city will be using federal COVID-19 relief funding to pay for the $990,000 deficit carried forward from 2020, as well as $870,000 of lost parking income.

Additional funds include $1.1 million from the LNG facility commercial property taxes, and $13 million from city revenue.

Where will the money be spent?

The biggest line in the city's spending budget is public safety, with $56 million for police, fire, bylaw officers and other services. This line has increased by two per cent compared to last year.

Spending on growth and community services was increased by five per cent, partly due to affordable housing projects and building incentives.

The biggest percentage increase in spending will be on utilities and infrastructure services, which is up by 18 per cent to $1.02 million. The increase is because of two short term contracted engineering positions to work on parks and playground improvements, and HVAC improvements at TD Station. The city is also spending $600,000 on storm services.

The public works and transportation budget is set at $39 million, two per cent more than last year.

NOVA SCOTIA

Where Does the Property Tax Hike Stand in Halifax, Canada?

Public officials are wrangling over whether to raise the taxes 5.9%, including funding for climate action, or 3.7%

A 5.9% property tax increase has been proposed for the 2022-23 budget for Halifax, Canada, which includes a first-of-its-kind Climate Action Tax. However, some officials have called for a smaller increase of 3.7%.

In late November, a budget plan was submitted to the city’s Regional Council that would increase the property tax rate to 2.9%, according to the document submitted by Jacques Dubé, the council’s chief administrative officer.

That’s a significant rise from the nominal increase of 0.9% in the property tax rate in 2021-22, but some officials say falling revenue and the need for action on climate change has made the 5.9% increase necessary.

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"The 2022-23 fiscal framework was designed in the face of one of the most complex financial environments the municipality has seen," Mr. Dubé said in the budget proposal. "These changes are designed to deal with the triple challenge of emerging from the pandemic; funding growth related costs, especially infrastructure; and providing extensive support for unfunded climate change initiatives."

Indeed, the new budget proposes an additional Climate Action Tax of 3%, which would bring the planned 2.9% rate to a total of 5.9%.

"This is one of the largest funds in [Halifax's] history…it is meant to bring the full resources of the organization forward to combat climate change through initiatives such as electric vehicles, net-zero buildings, multi-modal transit corridors and other initiatives," according to the proposal. "To staff's knowledge, this is the only dedicated property tax in Canada for climate change."

Halifax homeowners with a home accessed at the average value of C$262,700 (US$203,305) would pay C$121 a year, according to the budget.

Mayor Mike Savage has said he will not support the 5.9% increase, and instead, along with the budget committee, asked Mr. Dubé and his staff to prepare "a supplemental report with respect to options to reduce the final average property tax bill increase from 5.9% to 3.7%." The new proposal would seek to adjust the amount of funds allocated for capital projects, as well as their timing, and other costs.

The council will start its debate on the budget, taking public input into account, in February. The final budget is expected to be completed April 12, 2022.

ONTARIO

Ontario Saw More Than $38 Billion In New Construction And Renovations In 2021

Ontario continues to see strong growth as MPAC valued more than 86,680 new properties and improvements to existing properties totalling $38 billion. The assessed value of Ontario's 5.5 million properties is now estimated to be more than $3.04 trillion. These changes are summarized in the annual assessment rolls delivered to municipalities across Ontario today.

"In 2021, MPAC assessed nearly 36,800 new residential homes and more than 11,300 residential condominium units with an assessed value of $25.81 billion," said Nicole McNeill, President and Chief Administrative Officer. "On the non-residential side, we saw more than 1,500 new commercial and industrial buildings with a total assessed value of $3.27 billion."

"The strength of e-commerce was evident once again this year as we continued to see substantial growth in the warehousing and logistics sector," added McNeill. "MPAC assessed 109 new warehouses and eight new distribution centres with a total value of more than $740 million."

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Across Ontario, more than 60% of new property value was located in 10 municipalities. Toronto led the way with $10.71 billion in new assessment due in large part to residential condominiums, which accounted for 58% of Toronto’s new assessment. This was followed by Ottawa at $3.02 billion, which in contrast saw 11% of its new assessment from residential condominiums, then Vaughan at $2.02 billion, Mississauga at $1.64 billion and Brampton at $1.29 billion.

Ontario’s urban centres were not the only municipalities to see significant assessment growth. When looking at growth rates for small municipalities (under 15,000 population), Muskoka Lakes led in new construction with $185 million in new assessment, of which 75% was from seasonal properties. This was followed by Blue Mountains at $144 million, Middlesex Centre at $76 million, North Perth at $74 million and Saugeen Shores at $67 million.

Property assessments for the 2022 and 2023 property tax years will continue to be based on January 1, 2016, assessed values. This means your property assessment remains the same as it was for the 2021 tax year, unless there have been changes to your property.

Ontario announces rebate for some businesses' property tax and energy bills

Federal government also announced expanded eligibility for lockdown benefits after calls for more supports

The government says the new Ontario Business Costs Rebate Program will start accepting applications in mid-January, but the rebates will be retroactive to Dec. 19, when the latest round of restrictions came into effect.

Ontario businesses affected by recent public health measures can apply for rebates on property taxes and energy costs, the government announced Wednesday amid warnings some companies were on the brink of collapse due to the rapid spread of the Omicron variant.

The federal government, meanwhile, said it was expanding eligibility for its $300-per-week worker benefit program.

Instead of applying only to those who lost work due to lockdowns, it will now apply in regions where business capacity has been capped at 50 per cent to directly affected workers who've lost half or more of their income.

Ontario's new benefit will cover up to 50 per cent of the property taxes and energy costs of eligible businesses while they're affected by public health restrictions that capped capacity in restaurants, salons and other indoor settings at 50 per cent.

"We recognize that these necessary capacity limits to reduce the transmission of the virus will impact businesses, and that's why we are introducing these new supports, which will put money directly into the hands of business and free up their cash flows during this critical time," Finance Minister Peter Bethlenfalvy said in a written statement.

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The province said the new Ontario Business Costs Rebate Program will start accepting applications in mid-January, but the rebates will be retroactive to Dec. 19, when the latest round of restrictions came into effect.

It said businesses will be required to submit their property taxes and energy bills in order to get the rebates.

The government is also providing a six-month "interest- and penalty-free period" to make payments for most provincially administered taxes, starting Jan. 1, 2022 and running through July 1.

Ontario's latest round of restrictions, introduced in a bid to slow the spread of the Omicron variant of COVID-19, also include reduced hours for serving alcohol.

New rules leaving businesses on 'verge of collapse'

The announcement of new supports came the same day the Ontario Chamber of Commerce urged Premier Doug Ford to "consider further grants, targeted support programs, and other direct measures" to help businesses and their employees.

"Newly imposed restrictions intended to control the spread of the Omicron variant have left countless small businesses on the verge of collapse," Chamber CEO Rocco Rossi said in an open letter to the premier.

"Nearly two years into this pandemic, it is imperative that any further public health restrictions that inhibit business activity are accompanied by targeted relief and support programs, including loan forgiveness and extensions on payment terms for small businesses."

Rossi later said that while the measures announced by both the provincial and federal governments were good news, he worried they wouldn't be enough to prevent "a wave of business closures."

"For example, applications for the Ontario Business Costs Rebate Program will not open until mid-January," he said.

"This delay — along with the limited eligibility of the rebate to energy and property taxes — may not be enough for many small businesses to keep their doors open."

The Opposition NDP, meanwhile, suggested Ford's plan was "insulting."

"Businesses asked for help. What they're getting today from Doug Ford is a slap in the face," said finance critic Catherine Fife.

"Any small, local business that desperately needs support will be gone by the time their property tax bill comes due for 2022 — some may even be gone by the time applications open in mid-January."

Toronto real estate board opposes investor tax intended to suppress skyrocketing prices

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The board representing 64,000 real estate agents says the speculative tax will hurt "mom and pop" investors

The Toronto Regional Real Estate Board (TRREB) is opposing councillor Mike Colle's motion to implement a speculation tax on investment buyers who are driving up property prices and making the city impossible for first-time home buyers trying to gain a footing.

"A speculation tax could primarily impact small-scale 'mom and pop' investors who also happen to be a key source of supply for an already tight rental market," said TRREB president Kevin Crigger, painting a quaint picture of the investors bidding up prices in the Toronto real estate market. The average price for a home was $1,163,323 in November, with detached 416 homes averaging $1,807,983. "Experts, including TRREB, agree that policies aimed at the demand side of the market will not have any sustainable long-term benefits."

Colle, the ward 8 councillor who oversees rapidly developing areas like Yonge and Eglinton and Yorkdale, introduced the motion at City Hall on December 15. The motion, which would ask the Ontario government to introduce a new tax beyond capital gains on flippers and speculators, was referred to an executive committee. The motion did not meet the requisite two-thirds of the vote to bypass a special committee even though the majority of present council members including Kristyn Wong-Tam, Michael Thompson, Joe Cressy, Gord Perks, Brad Bradford and Chair of the Affordable Housing Committee Ana Bailão voted in its favour. Those who are opposed included Ontario premiere Doug Ford's nephew Michael Ford and Denzil Minnan-Wong. Mayor John Tory was absent.

The motion came along just as the Bank of Canada investment buyers (who make up a quarter of the buyers pool) are driving up real estate prices in Toronto and beyond by competing against first-time homebuyers for limited supply. They are making the housing market even more vulnerable to a correction. Earlier in the year, economists at RBC and BMO warning made proposals that would ward off some investment property buyers fueling a housing bubble including a speculation tax.

But the TRREB, which represents some 64,000 Toronto area real estate agents, is predictably opposed. They, along with the Canadian Real Estate Association and Ontario Real Estate Association, regularly dismiss all possible solutions to cooling an unaffordable market other than creating more supply that they can sell.

In an open letter directed to Colle, TRREB warns that a speculative tax could chase away independent investment property owners putting homes on the rental market.

"Investor-owned housing represents a significant portion of Toronto's tight rental-housing supply," the letter states, citing the average rent for a one-bedroom condominium apartment at $2,080. Their warning that rents could go up ignores the possibility that as housing prices keep rising without intervention, investment property owners who pay more will charge more.

TRREB also cites a since-abandoned provincial Speculation Tax in 1974 that affected equity on homes. A similar outcome would be substantial today since homeowners are heavily in debt, maxing out the equity on their over-priced homes.

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“The best option would be for City Council to accelerate implementation of its Expanding Housing Options in Neighbourhoods initiative to facilitate a greater diversity and number of housing units in existing neighbourhoods,” says TRREB CEO John DiMichele, a sentiment shared with other experts who have spoken to NOW.

The initiative is looking for ways to build more density into current Toronto neighbourhoods that could sustain them, fighting back against NIMBYism to introduce more low-rise multiunit properties along with duplexes, triplexes and laneway homes in areas where spacious and semi-detached homes take up too much real estate.

MPAC says no property assessment in Almaguin, Parry Sound for at least two more years

Current property evaluations 'are just nuts,' says local taxation manager

The provincial government’s decision to delay the property assessment updates scheduled to take place during the coming year is being met with mixed reactions across the district.

“This means that property taxes for the 2022 and 2023 taxation years will continue to be based on the Jan. 1, 2016 valuations,” said Nicole McNeill, president and chief administrative officer of the Municipal Property Assessment Corporation (MPAC).

The decision is a bit of a double-edged sword for municipal councillors, who see the benefits for property owners along with the downsides for municipalities.

“This is the first time I’ve seen MPAC do anything like this,” said Powassan councillor Dave Britton. “Property assessments will only go up this year if the owners have changed the property drastically like adding additional buildings or major renovations.”

Coun. Debbie Piekarski said the decision was “a smart move on MPAC’s part. To make a call on house values right now would be a mistake (in light of COVID prices) and those values would likely have to be backtracked in the future.”

On the flip side, Town of Parry Sound revenue and taxation manager Rob Beaumont said, “I’m not happy. It’s frustrating for municipalities because we can’t fully assess our growth (without those figures).”

On the other hand, he acknowledges current property evaluations based on purchasing prices “are just nuts, so a 2022 assessment is not likely to represent the true value of the property.”

Britton said he expects to see real estate values stabilize over the next two years, and that postponing the MPAC evaluations should mean “dramatic savings” for property owners.

Beaumont agrees. “Markets are erratic now. I’ve seen properties around Parry Sound sell for a million dollars over their assessed value and that’s not a true picture. If MPAC does its assessment in 2023, maybe the market will have gone down a bit, but it’s really just a guessing game.”

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Normally, MPAC re-evaluates Ontario properties every four years and this assessment gives municipalities statistics to base growth and development on in addition to a guide for setting municipal taxes.

For many Northern Ontario communities that have experienced significant growth during the pandemic, not being able to quantify those figures “is disappointing,” said Powassan Mayor Peter McIsaac, “but under the current market conditions I have no idea how you would get a realistic evaluation.”

While municipalities are accepting of the assessment not taking place next year, they are less accepting of MPAC’s indecision on when the next review will take place.

“Most municipalities just want to know when the new figures will be available,” said Beaumont. “For the next two years we’re set with no change, so we’re all guessing it may be 2024.”

The 2016 property assessment will continue to be the basis on which municipalities will set their mill rates to produce a balanced budget for, at least, the next two years.

MPAC recognized as a Top Employer for third year in a row

The Municipal Property Assessment Corporation (MPAC) is pleased to announce that for the third year in a row, it has been recognized as one of Greater Toronto's Top Employers for 2022.

"This award has become the benchmark for a company's best practices, and we are honoured to once again be named among Greater Toronto's Top Employers," said Nicole McNeill, President and Chief Administrative Officer.

MPAC was recognized based on several criteria including: work culture and atmosphere; health and wellness; financial and family benefits; vacation and time off; employee engagement and communications; performance management; training and skills development; and community involvement.

Highlights included MPAC's strong focus on employee mental health, regular communication with employees and live updates from leadership, vacation allowances and support for flexible work.

"As the course of the pandemic has evolved, MPAC has remained flexible, agile and adaptable to ensure we could continue to deliver the important work that municipalities and other stakeholders depend on." said Nicole. "This award is a testament to our commitment to balance employee health and wellness while ensuring we are delivering value to our stakeholders."

With offices across Ontario, MPAC employees work not only in property valuation and inspection roles but also in customer relations, legal, information technology, commercial sales, human resources, communications and finance.

MPAC is featured along with other winners of the 2021 competition in a special magazine published in The Globe and Mail and online at CanadasTop100.com.

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QUEBEC

Montreal caps property tax increases, boosts spending for police, housing in 2022 budget

Property taxes average a 2% increase, about $83 more per house

Montreal Mayor Valérie Plante's administration is promising to tackle homelessness, address the housing crisis and increase public security spending — without significantly raising property taxes.

The city unveiled its proposed operating and capital works budgets for 2022 on Wednesday.

The operating budget will be $6.46 billion for 2022, a 1.3 per cent increase over last year, with an additional $19 billion earmarked for a 10-year capital works program.

What it means for your taxes

Residential taxes, which can vary from borough to borough, will see an average increase of about two per cent.

For the average detached home in Montreal, evaluated at $535,000, it represents an $83 increase. For condos, it is an average of $7 more.

Here are some highlights by borough:

- The borough of L'Île-Bizard–Sainte-Geneviève will see the highest jump in the city, with taxes going up on average 5.1 per cent.
- Homeowners in Rivière-des-Prairies–Pointe-aux-Trembles will have the lowest increase, with a meagre 0.1 per cent average increase.
- Côte-Des-Neiges–Notre-Dame-De-Grâce, Outremont, Le Plateau-Mont-Royal, Le Sud-Ouest, Verdun and Ville-Marie will see average increases between two and three per cent.
- LaSalle, Pierrefonds–Roxboro, Rosemont–La Petite-Patrie, Saint-Laurent and Saint-Léonard will see average increases of one to two per cent.
- Finally, Ahuntsic–Cartierville, Anjou, Lachine, Mercier–Hochelaga-Maisonneuve, Montréal-Nord and Villeray–Saint-Michel–Parc-Extension will see average increases of 1.5 per cent or less.

Non-residential and commercial taxes will be increased anywhere from 0.3 to three per cent, depending on the borough, with the exception of Anjou, which is reducing commercial taxes by 0.2 per cent.

However, businesses will soon start paying a municipal water tax, which will be tied to how much water they consumer.

Housing and commercial spaces

In a bid to tackle the city's housing crisis, the city has set aside $111 million in 2022 to create 12,000 new social and affordable housing units.

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Plante said that the city is dependent on the Quebec government to fund social housing initiatives, but said the province hasn't invested in the program for the past two years, "which is a huge problem."

She said the vast majority of that $111 million will go toward making social housing happen, without or without the provincial government.

"We are determined to finalize [our previous goals] because it is crucial. And to be honest, the needs are even more than that," she said.

The city will still work with provincial counterparts to try to get "extra funding," she said.

Another $116 million over the next 10 years will go toward purchasing land in a new plan to build 60,000 affordable units by 2031.

It's not just housing that might get scooped up by the city. The administration is committing $5 million in 2022 to purchasing commercial properties as well, to "maintain a commercial, social and cultural mix by promoting the affordability" of commercial spaces.

Dominique Ollivier, the president of the city's executive committee, said the goal is to have the city act as a lever to ensure commercial rents remain affordable for local small businesses.

"We always talk about diversity on the residential level, but we should also talk about [commercial] diversity," she said.

Public security and bodycams

The Plante administration has once again raised the budget of the Montreal police, this time to the tune of $45 million, bringing the total budget to about $724 million.

About $4.6 million of that is specifically to fight gun violence.

"We have all been affected by the rise of violence, that includes guns, in the last months," she said, describing it as a growing trend. "That is something I'm really preoccupied with."

Public security accounts for 17.7 per cent of the total budget.

How Montreal's police force spends its $679M budget

About $500,000 has been allocated to equipping officers with body cameras in 2022. A total of $17 million has been earmarked for the cameras over 10 years.

The first pilot projects using the body cameras will begin in 2022, but a full rollout across the police service isn't expected before 2023.

Ollivier said that's because several changes need to be made to accommodate the cameras structurally, such as making sure the servers can handle all the data and make it accessible, for example.

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Alternative approaches

Non-police initiatives – such as programs to prevent youth violence and the EMMIS (Équipe mobile de médiation et d'intervention sociale) unit, which sends social workers to respond to 911 calls – can expect $5.6 million in funding this coming year.

Plante said that tackling violence in the city has to be a team effort between police and community groups.

"[We need to be] finding solutions, understanding better, and acting promptly so our kids feel safe in their neighbourhoods," she said.

Another $1.2 million will go toward conjugal violence programs, after a particularly deadly year for violence against women across Quebec.

As promised by Plante Tuesday when she announced a local state of emergency, the city doubled its budget to fight homelessness, committing $5.9 million in 2022.

Montreal reinstates state of emergency due to rising cases, Omicron variant

The money is not yet tied to any specific programs or initiatives. Officials are set to meet community organizations early in 2022 to present the new funding program and assess the needs.

How the money will ultimately be allocated will be announced early next year.

Opposition calls budget 'outdated'

The city's official opposition, Ensemble Montréal, reacted to the budget in a statement, accusing the plan of being outdated in the face of the Omicron variant.

"We do not find any money dedicated to financial assistance programs; the administration has budgeted as if there was
no pandemic," wrote Aref Salem, the leader of the opposition for the party.

Salem accused the administration of rushing to table the budget, instead of choosing to wait until January, to properly account for the effect of rising case numbers.

Montreal reported 1,757 new cases of COVID-19 on Wednesday.

SASKATCHEWAN

Regina city council approves 2022 budget featuring 3.4% mill rate increase

How much will taxes be next year for citizens of Regina?

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Those questions are now answered after Regina city council gave the stamp of approval for the city's 2022 budget late Friday afternoon.

Council voted 8-3 to approve the budget. Landon Mohl (Ward 10), Lori Bresciani (Ward 4) and Terina Shaw (Ward 7) were the councillors who voted against the budget as presented for approval.
There are some changes compared to city administration's proposed budget from late November, including a reduction in the mill rate increase.

City administration had recommended a 3.49 per cent property tax hike prior to budget deliberations. However, council was able to reduce it to 3.40 on Friday.

The reduction was a result of $243,000 in leftover funds from the Regina Police Service's capital budget, which was approved on Wednesday by city council. Police chief Evan Bray said Wednesday that this was possible thanks to funding secured for their aerial support unit and the purchase of an airplane for the aerial team.
"They ended up getting funding to close off the balance of the plane, so with the funding from SGI and the government, it was reduced by almost a quarter of a million dollars regarding the capital contribution carry-forward. So we were able to apply it to the mill rate," explained Mayor Sandra Masters in Friday's post-budget media availability.

The approved mill rate means the average homeowner with an assessed home value of $315,000 will pay about $6.15 more per month or just under $75 more per year.
The mill rate will be distributed to four areas, including Regina Police, civic operations, the city's Recreation Infrastructure Program and the last year of the Mosaic Stadium dedicated rate.

2022 General Operating Budget	**Mill Rate Increase (%)**
Civic Operations	1.13
Mosaic Stadium dedicated mill rate (year 10 of 10)	0.45
Recreation Infrastructure Program dedicated mill rate (year 3 of 5)	0.50
Subtotal	**2.08**
Regina Police Service	1.32
Total Mill Rate Increase	**3.40**

The city said on Friday that this budget will allow them to invest in strategic initiatives, including:
• $6.9 million for the Recreation/Culture Capital Program and Recreation Infrastructure Program;
• $6.3 million to advance initiatives to support the city's target of being renewable by 2050, including $5.5 million for the development of a household food and yard waste program;
• $1.4 million for initiatives that will enhance community safety and well-being for Regina residents;
• $1.2 million to create safer sidewalks by addressing a backlog in sidewalk maintenance; and
• $1 million to make recreation and leisure activities more accessible for people with disabilities.

"When we hear from citizens (about priorities), it's roads, it's safety and it's dealing with the severity of crime in our community as well as the severity of vulnerable and marginalized people, along with recreation," Masters said.

As for the municipality's capital fund, $136 million will be allocated towards infrastructure maintenance and renewal of roads, bridges, sidewalks and city-owned and operated facilities.

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Those projects include:
• $18.2 million for the Street Infrastructure Renewal Program;
• $12 million for the Residential Roads Renewal Program;
• $10 million for Saskatchewan Drive corridor improvements;
• $10 million for the Pinkie Road upgrade (Sherwood Drive to Dewdney Avenue); and
• $5 million for bridge infrastructure renewal.

Council also approved its the 2022 utility fund budget which will see a five per cent increase, resulting in $7.25 more per month for the average homeowner or an additional $87 per year.
Two per cent of the five per cent will be dedicated to accelerating the replacement of lead pipe connections throughout Regina, while three per cent will go to fund operations, maintenance and the long-term utility capital plan.

An investment of $119 million will be directed to capital work related to Regina's water utility, which the city said operates on a full cost-recovery basis. This involves $42 million for the Eastern Pressure Solution to improve water pressure throughout Regina and $10 million to replace and upgrade water meters throughout the city.

In terms of community safety and well-being, there are investments of $104 million for the Regina Police Service, $46 million to Regina Fire and Protective Services, $875,000 for the implementation of the city's community safety and well-being plan and $500,000 towards harm reduction funding through the community investments program.

More than $50 million will be to improve and enhance road infrastructure, including:
$18 million for street infrastructure renewal;
$12 million for residential road renewal;
$10 million for the Saskatchewan Drive corridor;
$10 million for Pinkie Road upgrades from Sherwood Drive to Dewdney Avenue; and
$5 million for bridge renewals.

Community investment grants of $15 million will support economic development, culture, sport, recreation and social development programs. There's also $7 million for capital and infrastructure programs geared towards recreation and culture.

Parks, playgrounds, recreation equipment and athletic fields will receive $1.1 million, while $450,000 will help initiate Regina's Winter City Strategy.

Reflecting on a hectic yet successful three days in the council chambers, Masters said there are some lessons learned regarding how council can be more efficient when it comes to future budget discussions.

"We should have a pre-budget meeting just about the five-year capital plan because there's always things that move," she suggested. "We know with the supply change issues and inflation, there is always going to be some infrastructure costs that will go up."

Regina approves budget, including 3.4% property tax increase

Both mill rate and utility tax to increase next year

Next year's Regina city budget was passed in an 8-3 vote Friday, after three days of deliberations.

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Couns. Lori Bresciani, Terina Shaw, and Landon Mohl voted against.

Property taxes will go up by 3.4 per cent next in the 2022 budget — an increase of about $6 per month for the owner of an average home (one assessed at $315,000).

The increase to the mill rate — which determines the tax per dollar of a property's assessed value, expressed in "mills" — was originally proposed to be 3.49 per cent, but was lowered slightly in the final approved budget.

Dedicated portions of the increase are already approved to go to Mosaic Stadium (0.45 per cent) and the city's recreational infrastructure program (0.5 per cent), as well as the Regina Police Service (1.32 per cent).

The proposed five per cent utility rate increase was approved in the budget, though Coun. John Findura made more than one motion to try to lower that increase to just two per cent.

The utility rate hike will cost average the average home owner about $7.25 more per month.

Mayor Sandra Masters said Friday the budget should make most people happy.

"When we hear from citizens, it's [about] roads, it's safety, and dealing with the severity of crime in our community, as well as the severity of vulnerable and marginalized people, and recreation," she said.

"I think you can come away from … [the budget process] saying that we've achieved probably in the top three anyways of what they've asked for."

Some notable changes in the final budget include a community safety pilot that will run in the Warehouse District, modelled on the existing downtown group. The two will share a supervisor for now, but that could change as council reviews the pilot at the end of next year.

Extended swim hours for some outdoor pools in the summertime were also approved.

Masters said she was particularly pleased with the infrastructure spending, which she said is enormously important.

The Regina Police Service's budget was approved Wednesday, with $92.8 million for the service's operating budget alone and $4.7 million for its capital budget.

The budget also includes:

- $875,000 for community safety and well-being.
- $500,000 for harm reduction funding.
- $1.2 million to address the backlog of sidewalk maintenance.
- $1 million to make leisure activities more accessible for people with disabilities.
- $6.3 million for green projects, including $5.5 million to create a household food and yard waste program.
- $28 million for Regina Transit.

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- $6.9 million for the recreation/culture capital program and recreation infrastructure program.

Property tax hike could be closer to 11% because of hidden costs, analysis suggests

City council approved a property tax increase of 5.45 per cent for 2022 , but with all the money city administration is moving around to fund initiatives, that increase might be closer to 11 per cent, an analysis suggests.

The 5.45-per-cent property tax increase includes a mill rate hike of 3.84 per cent to fund municipal programs and services and 1.61 per cent for the Moose Jaw Police Service's budget.

Considering a one-per-cent tax hike next year represents $310,755.26, the mill rate increase will generate $1,193,300.19 in extra revenue for the city, while the police service will receive $498,719 more in funding.

That additional revenue from the mill rate increase will help cover the initial budget deficit of roughly $1 million.

It's when one digs deeper into the budget that one finds there are likely hidden tax increases that are not trumpeted as such.

Components of analysis

Council approved a motion to increase the infrastructure levy to $100 per taxable household from $65. This hike of $35 will generate an extra $600,000 in revenue, or equal 1.93 per cent.

The levy will provide city hall with $1.6 million annually to help fund the cast iron water main replacement program.

Meanwhile, council agreed to transfer $500,000 annually from the solid waste utility to the operating budget's general revenue fund. This money equals 1.6 per cent.

Solid waste utility revenues are supposed to fund the utility itself, not mitigate property tax increases. Moreover, the municipality created the utility to be an independent self-sustaining entity that already pays a franchise-type fee to the operating budget, according to previous council reports.

Besides transferring half-a-million dollars from the solid waste utility to cover part of the tax increase, council also voted to increase homeowners' garbage collection fees by $9.99 per month or $119.88 a year to provide weekly pickup in October.

Meanwhile, council approved a one-time transfer of $500,000 from the capital budget's equipment reserve fund to the operating budget to lower equipment contribution levels — an operating expense — next year and allow for self-funding.

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That money — originally from investment earnings and that might not be there next year — equals 1.6 per cent.

This is the first time that money from equipment reserves has been used to finance the operating budget in this manner, as usually funds flow the other way: from operations to the capital budget.

“This one-time additional contribution is made possible by the city’s investment portfolio outperforming the targeted return levels in 2021,” the budget report said.

Therefore, the $500,000 from the solid waste utility and $500,000 from investment funds for the operating budget totals $1 million, or 3.2 per cent. This funding could have been used to reduce the borrowing for the high service pumphouse project, which requires a loan of $8 million.

Furthermore, council members approved a motion to provide 18 out-of-scope (OOS) employees with retroactive and regular pay raises that they originally turned down during 2021 budget deliberations by referring the pay increase to this budget.

The retroactive pay raise for 2021 will total $99,196 — or $5,510.88 per OOS employee — and will come from accumulated salary reserves. The pay increase for 2022 will total $134,896 — or $7,494.22 per OOS employee — and $74,482 be funded from salary reserves and $60,414 to be funded from the operating budget.

The pay raise for the OOS staff next year using reserve funds equals 0.24 per cent.

Therefore, 5.45 per cent plus 1.93 per cent plus 1.6 per cent plus 1.6 per cent 0.24 per cent equals 10.82 per cent — 5.37 per cent beyond the approved tax hike. This also involves $1,674,482 in extra funding.

City manager’s perspective

During a post-council meeting media scrum, media asked Puffalt whether the transfer of $500,000 from the solid waste utility and $500,000 from reserves were a hidden tax since property taxes usually fund operations.

“It’s not just the weekly collection fees that are charged … . There are a substantial amount of revenue made from the waste disposal site itself,” he said.

“The premise is that garbage trucks are running and up down the streets. They are causing damages. So, the waste management utility is paying a portion back to the city for those maintenance costs that are associated with it.”

There is more than enough money in reserves for the new landfill to pull some to fund operations, while the utility generates plenty of revenues at the gate, Puffalt continued. Thus, the premise of a hidden tax was in how people perceived the situation, or “dice(d) it and slice(d) it.”

If the investment money — the past three years have produced positive financial returns — was not available next year to fund projects, then city hall would not be able to access it, he said. However, the

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equipment reserve is starting to fund itself because of the interest being generated from the investment money, which is good news.

When asked about the initial $1 million deficit in the budget, Puffalt said that city administration does that every year.

“We come and we’re saying, this is what need for property taxation to balance the budgets,” he stated.

One reason for that deficit is because the city will receive $300,000 less from provincial revenue sharing, while one-time federal COVID-19 restart funding of $2 million is no longer available, Puffalt said.

“It’s tough budget year, for sure,” he added. “As we talked about, we can’t control inflation, we can’t control carbon taxes, we can’t control power rates. There’s a lot of things we can’t control in our prices.”

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