



The Regional Municipality of Durham Report

To: Special Committee of the Whole
From: Commissioner of Finance
Report: #2024-COW-52
Date: December 12, 2024

Subject:

2025 Strategic Property Tax Study

Recommendation:

That the Committee of the Whole recommend to Regional Council that:

- A) For the 2025 property taxation year, the municipal tax ratios for the following property classes and subclasses for the Regional Municipality of Durham and its local area municipalities be set as follows, consistent with the 2024 ratios and the requisite by-law be prepared, and approval be granted;

Multi-Residential	1.8665
New Multi-Residential	1.1000
Landfill	1.1000
Pipelines	1.2294
Farmland	0.2000
Managed Forests	0.2500

Commercial Broad Class

(Including Shopping Centres, Office Buildings, Parking Lots and Commercial Residual)

Occupied	1.4500
Vacant Land	1.4500
Excess Land	1.4500
On Farm	1.4500

Industrial Broad Class

(Including Large Industrial, Industrial Residual and Aggregate Extraction)

Occupied	2.0235
Vacant Land	2.0235
Excess Land	2.0235
On Farm	2.0235
Aggregate Extraction	set at provincial maximum

- B) To achieve greater fairness and equity in the Current Value Assessment (CVA) system and property taxation policy, the Province be requested to:
- update the provincial statutory rate applicable to nuclear generating facilities;
 - institute an annual mechanism to ensure the future rate updates, and
 - redirect proxy property tax payments currently paid by the Region's two nuclear generating facilities to the Ontario Electricity Financial Corporation (OEFC) for the Ontario Hydro stranded debt to the host municipalities and the Region following retirement of the stranded debt.
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Report:**1. Purpose**

- 1.1 The annual Strategic Property Tax Study accompanies the annual property tax supported business plans and budget and provides an update on various property assessment and taxation items. As one of the Region's primary revenue sources, it is important, where possible, to ensure a sustainable property tax assessment base. To achieve this, property tax policy decisions must consider the long-term impacts on both the assessment base and all Regional property taxpayers.
- 1.2 The 2025 Strategic Property Tax Study provides information and analyses on a number of property tax items, including:
- assessment base trends including growth;
 - composition of the Region's assessment base including the anticipated continued decline in the non-residential share of municipal taxes which places upward pressure on the municipal residential property tax rates;
 - an update on property tax at risk in assessment/classification disputes;
 - an update on provincial policy initiatives;
 - the provincial postponement of the reassessment until at least the 2026 property taxation year and real estate market developments;
 - a review and comparison of Durham's municipal tax ratios;
 - average residential home and non-residential property tax comparisons; and
 - looking forward and next steps.
- 1.3 There are no recommended changes to Durham's municipal tax ratios for the 2025 taxation year. However, the Province has announced that it will mandate a lower municipal tax ratio in 2025 for the newly mandated aggregate extraction property tax class which contains properties that previously resided in the industrial property tax class in 2024. Additional details on this new property tax class and ratio are in Section 5.20 of this report.

2. Previous Reports and Decisions

- 2.1 Strategic Property Tax Studies are prepared and presented annually with the 2024 Strategic Property Tax Study ([Report #2024-F-2](#)) approved by Council on March 19, 2024.
- 2.2 Included in the 2023 study was a [Property Tax Reference Guide](#) (Attachment #2 starting on page 26) that provided additional background on property taxes including information on key terms, roles and responsibilities, historical property tax information and various property tax policy items.

3. Background

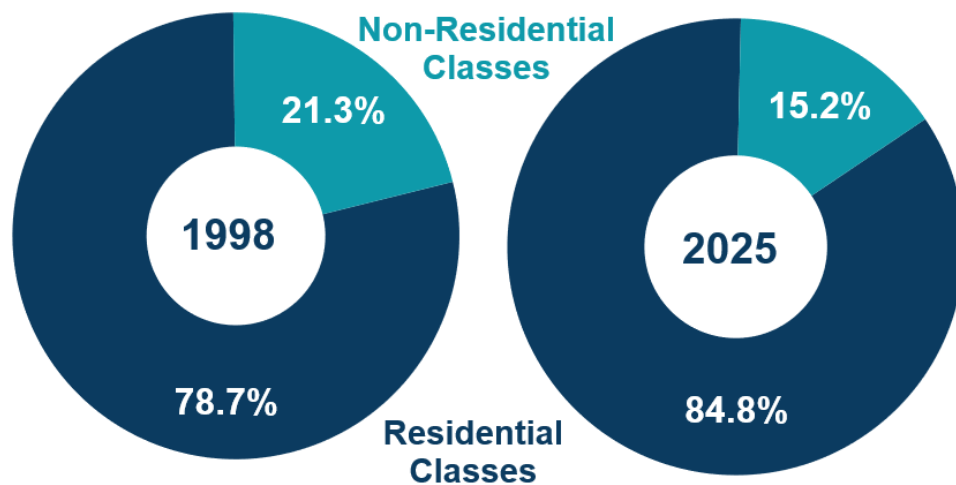
- 3.1 Property taxation is the single largest source of funding for the Region, averaging approximately half of the annual funding required to deliver the property tax supported services. In 2024, budgeted Regional property tax revenue was \$899.5 million or 41.2 per cent of the total \$2.18 billion gross expenditures for Regional property tax supported services.
- 3.2 When evaluating potential property tax policy options or changes, staff evaluate and consider taxpayer equity, market effects, competitiveness, and the specific financial implications for all property owners.
- 3.3 The Strategic Property Tax Study is produced annually to ensure key stakeholders, including Regional Council, are kept informed on both recent developments as well as long-term trends, risks, and financial impacts.
- 3.4 To align with best practices, the preparation of the 2025 Strategic Property Tax Study and the 2025 Property Tax Supported Business Plans and Budget has been advanced by approximately two months. These reports are being submitted to the Committee of the Whole and Regional Council in December. With the advanced timelines and the Municipal Property Assessment Corporation (MPAC) delivery of the assessment roll in the first week of December, certain taxation analysis and estimates contained in this report and for the annual budget process have a higher degree of variability risk compared to past years.
- 3.5 The four required Regional property taxation by-laws will be presented to Regional Council in the first quarter of 2025 for adoption following the Province setting the municipal tax ratio for the new mandatory aggregate extraction property tax class and reflecting the MPAC returned roll.

4. The Assessment Base

Assessment Growth

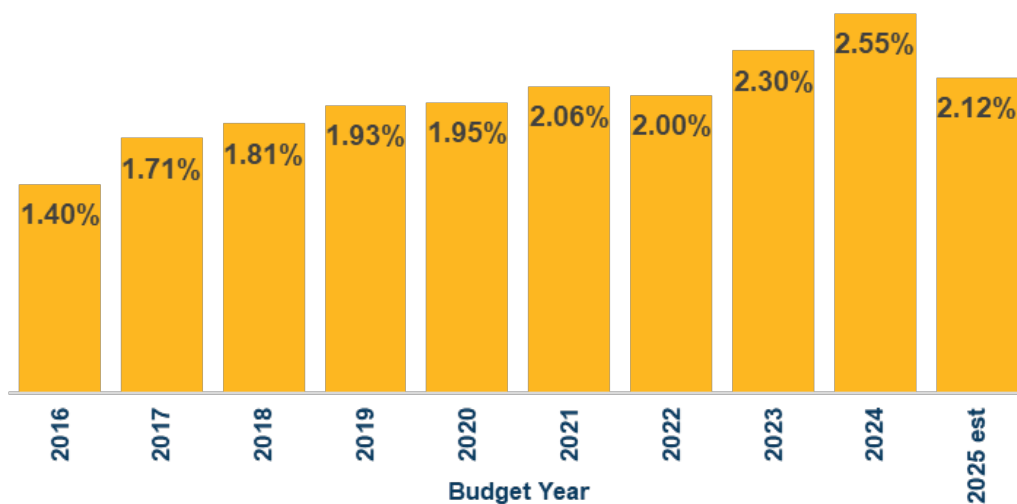
- 4.1 Historically, Durham Region's residential growth and reassessment valuation changes have been higher than non-residential, contributing to a continual decrease in the proportionate share of non-residential assessment in the assessment base as shown in Figure 1.

Figure 1
Weighted Assessment Base Composition



4.2 For the 2025 budget, the estimated taxable weighted assessment growth is 2.12 per cent, a significant decrease from the 2.55 per cent growth in taxable weighted assessment for the 2024 budget (Figure 2). This is reflective of a general slowdown in economic activity and lower housing starts across the Province when compared to the previous year.

Figure 2
Historic Budgetary Growth



4.3 Below is a brief summary of the estimated 2025 budgetary growth impacts:

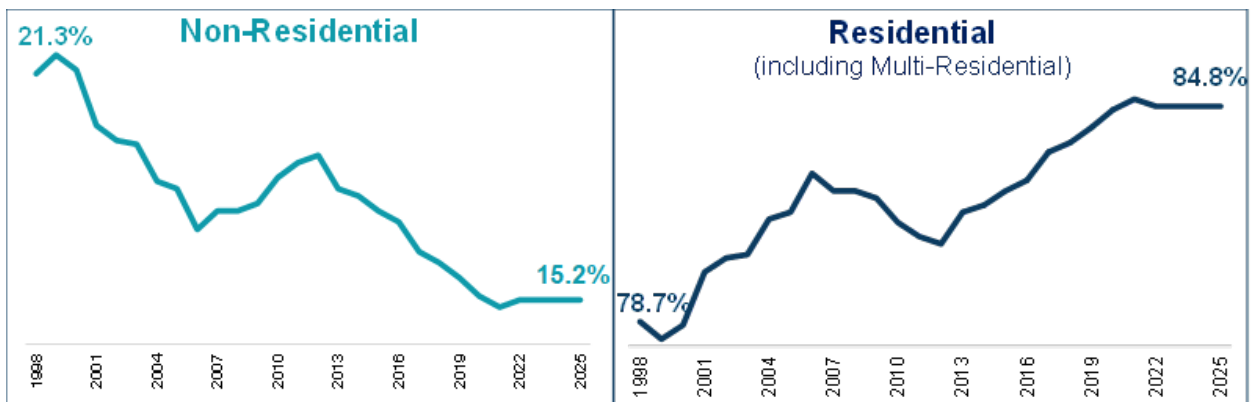
- growth in the residential property tax class of just 1.92 per cent compared to previous year of 2.41 per cent;
- higher growth in the multi-residential property tax classes (4.97 per cent), primarily along the western lakeshore municipalities;

- broad commercial property tax class growth at 1.79 per cent; and
 - stagnant growth in the industrial property tax class (0.57 per cent), while the large industrial property tax class achieved 5.60 per cent growth (primarily in the City of Pickering and the Town of Ajax), resulting in overall broad industrial growth of 2.07 per cent.
- 4.4 Of the 2.12 per cent taxable weighted assessment growth for the 2025 budget, 0.34 per cent is attributable to the Seaton community. Similar to the decline in the rate of overall growth, Seaton specific growth decreased 27.66 per cent from the previous year, compared to a 16.86 per cent decrease in the rate of growth of the total taxable weighted assessment.
- 4.5 Continuing Council’s direction ([Report #2018-COW-19](#)), but recognizing that an additional 0.22 per cent is required to reach the budgetary growth assumption of 2.00 per cent included in the property tax guideline ([Report #2024-COW-39](#)), only 0.12 per cent of the Seaton taxable weighted assessment growth for the 2025 budget has been deferred and will be brought into the annual budget in alignment with annual operating expenditures related to the Seaton development. This is necessary to maintain our efforts to meet the guideline approved by Council. Staff will continue to look for opportunities to adjust the deferral in future budget years to accommodate for the remaining 0.22 per cent not deferred for future expenditures related to the Seaton development.
- 4.6 This strategy of deferring weighted assessment growth in Seaton promotes long-term financial sustainability by better matching growth and the related property tax revenue from the Seaton community with the budgeted Regional operating costs to service this community. This treatment is unique due to the large scale of the Seaton community and the intense rapid planned development that will have a measured impact on Regional expenditures in the near term.

Non-Residential Share of Regional Assessment and Taxation Base

- 4.7 Figure 3 shows the significant decline in the non-residential share of the Region’s property tax base since 1998 and the corresponding increase in the residential share of the tax base.

Figure 3
Share of Regional Property Taxes 1998-2025

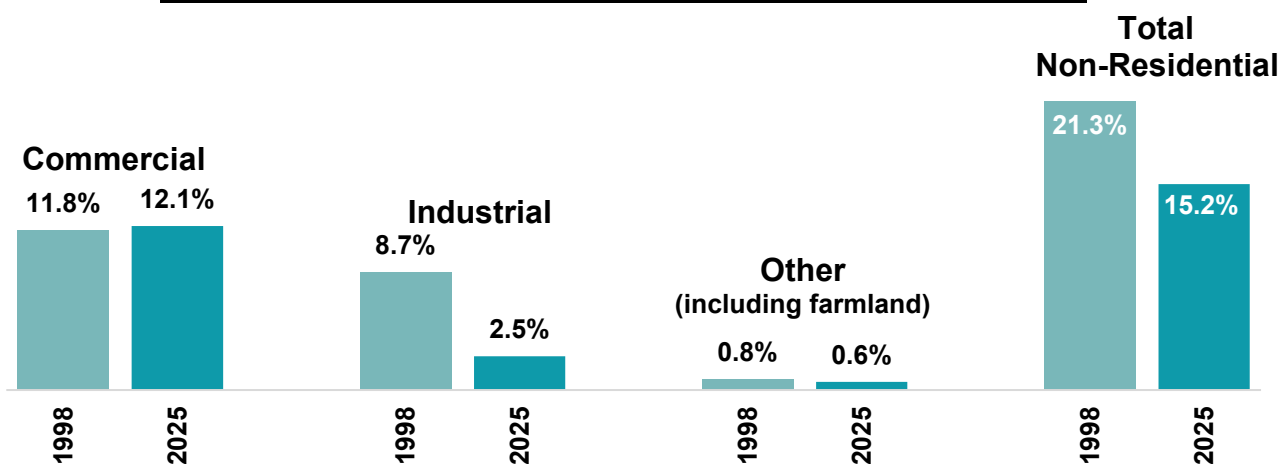


4.8 As illustrated in Figure 3, the decline in the non-residential share of Regional property taxes has been continuous over the past 25 years with two notable exceptions:

- Between 2006 and 2012, non-residential properties experienced higher valuation increases due to reassessments compared to residential properties, resulting in an increase in the non-residential share of regional property taxes.
 - A large number of non-residential property owners successfully appealed these increased assessments to the Assessment Review Board (ARB) which then contributed to the continued decreasing share from 2012 onward.
 - This resulted in the increased Regional tax losses experienced for the 2008 and 2012 reassessment cycles as shown in Figure 6 in the Assessment at Risk Update (Section 5).
- For 2022 to 2025, Durham had relatively strong commercial growth (9.3 per cent) and unusually high net industrial assessment growth (6.2 per cent) relative to the residential assessment growth (6.3 per cent).
 - As a result, there was a slight increase in the non-residential share of Regional property taxes during this period.
 - The postponement of the 2020 reassessment has resulted in a relatively stable share of non-residential property taxes for the past four years. When the next reassessment occurs, it is anticipated that there will be increased property shifts between the residential and the non-residential property tax classes.

4.9 The decrease in the non-residential share of Regional property taxes over the past 27 years is primarily the result of declines in the industrial property class share as shown in Figure 4. The share of the “Other” category decreased between 1998 and 2025 largely as a result of Regional Council’s decision to decrease the farmland municipal tax ratio by 20 per cent between 2005 and 2007.

Figure 4
Non-Residential Share of Regional Property Taxes 1998-2025



- 4.10 The decrease in the non-residential share places upward pressure on the residential municipal property tax rate and has a direct impact when comparing relative property taxes as illustrated in Section 8 (Municipal Property Tax Comparisons).
- 4.11 The changes in Regional property class taxation shares are the result of:
- differences in assessment growth across the property classes;
 - different valuation changes across the property classes from reassessments;
 - ARB assessment appeal decisions; and
 - changes to municipal tax ratios.

Emergence of the New 'E'conomy

- 4.12 The Finance Department continues to advance a project which is focused on examining the anticipated impacts on the Region of Durham's non-residential property tax base resulting from the structural economic changes with the emergence of the 'e'conomy including the increasing prevalence of online retail, remote work, new technologies and the potential decline in demand for brick-and-mortar stores and office buildings.
- 4.13 Building on the collaboration with Ontario Tech University in 2022, staff have partnered with Trent University to perform statistical analysis which explores the potential relationship between in-person activity and relative property values. Preliminary insights through the development and ongoing refinement of a statistical model will assist in building an evidence-driven foundation to explore innovative policy solutions and revenue tools which address these structural economic changes.
- 4.14 The Finance Department is committed to leveraging the insights and solutions gained through partnering with academic researchers, municipal partners, and relevant experts. These will inform future Regional policy decisions and advocacy work with respect to potentially disruptive shifts in Regional property tax from the non-residential to the residential sector.
- 4.15 The Finance Department will continue to update Regional Council on this innovative research as it progresses.

5. Assessment at Risk Update

- 5.1 The calculation of individual property taxes requires a property's current value assessment (CVA) which is included in the returned assessment roll provided by the Municipal Property Assessment Corporation (MPAC) under the authority of the *Assessment Act* and the *Municipal Act, 2001*. MPAC is responsible for both the classification and valuation of all properties in Ontario.
- 5.2 Municipal staff use the CVA and property classification set by MPAC along with the annual budgetary requirements and municipal tax ratios approved by Regional Council to calculate municipal annual property tax rates applicable to individual property tax classifications.

- 5.3 At any given point in time, a material share of the Region's assessment base can be involved in an assessment or classification dispute. This can represent a significant financial risk to the municipal sector.
- 5.4 There are two avenues by which taxpayers can pursue assessment disputes.
- The first avenue (mandatory for residential properties) is the Request for Reconsideration (RfR) process where approximately 53 per cent of all disputes are either settled or withdrawn.
 - This is an informal process whereby the property owner requests MPAC to review the property's current assessment and/or classification to ensure that MPAC has the correct and current property information.
 - Through this review, one of the following two outcomes could occur. MPAC may revise the returned assessment based on more current or accurate information or alternatively MPAC may confirm that the returned assessment is accurate and therefore not adjust the assessment.
 - If a change in the assessment is proposed by MPAC, a Minutes of Settlement Offer would be provided to the owner and, if it is agreed to by the owner, then the assessment is adjusted, and the local municipality will make a corresponding change to the property taxation. The owner has 90 days to accept the Minutes of Settlement or advance to the next process.
 - The second process is an appeal to the ARB, which is an independent adjudicative tribunal established under the *Assessment Act* that decides assessment and property classification complaints in Ontario.
 - It can take several years for disputes to reach settlement at the ARB, with many of the more complex commercial and industrial complaints stretching beyond the four-year assessment phase-in period.
 - Although less than half of disputes are settled at the ARB, almost 90 per cent of the property taxation losses are the result of ARB decisions.

Pandemic Impacts are Not Relevant in Current Assessment Disputes

- 5.5 MPAC, the ARB and several municipalities have reported an increase in the number of assessment disputes filed by non-residential property owners claiming a decrease in the property's market value as a result of the pandemic.
- 5.6 MPAC has supported the current assessment in these instances as the valuation date used in the current taxation cycle (2017 - 2024) is January 1, 2016, and, in principle, is not subject to appeal for pandemic related impacts that occur four years later. To date, all ARB decisions on these types of appeals, have supported MPAC's position and denied any adjustments to the 2016 CVA based on pandemic impacts. Staff are actively monitoring settlement and ARB decisions to assess whether there is any increased risk to the Region.

Overview of Regional Assessment at Risk

5.7 Over the 20-year period (2006 - 2025), there have been four reassessment cycles as detailed below:

<u>Valuation Date</u>	<u>Property Taxation Years</u>	<u>Cycle Length</u>
2005 January 1 st	2006 to 2008	3 Years
2008 January 1 st	2009 to 2012	4 Years
2012 January 1 st	2013 to 2016	4 Years
2016 January 1 st	2017 to 2025	9 Years

5.8 MPAC and the ARB, due to both rule and procedural changes and the postponement of the 2020 reassessment, have made considerable progress in reducing the previous backlog of assessment appeals at the ARB. The current volume of property disputes in Durham Region and across the Province before the ARB is the lowest since the introduction of CVA in 1998.

5.9 Over the period 2006 to 2024 there have been 45,307 assessment and/or classification disputes for properties in Durham Region. Of these disputes, 51 per cent have had the assessment confirmed or the dispute withdrawn. As illustrated in Figure 5, only 1.9 per cent remain outstanding.

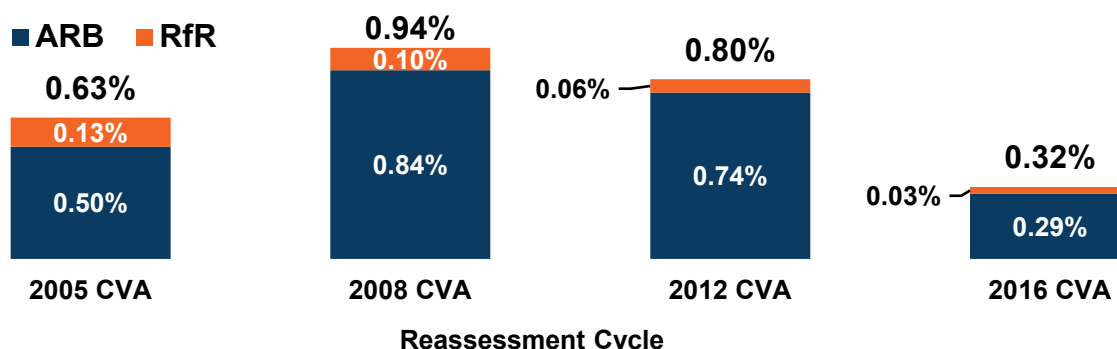
**Figure 5
Number Assessment Disputes from 2006 to 2024**

	Request for Reconsideration (RfR)	Assessment Review Board (ARB)	Total	
CVA confirmed or dispute withdrawn	12,188	10,769	22,957	50.7%
Dispute settled	11,815	9,675	21,490	47.4%
Dispute outstanding	168	692	860	1.9%
Total	24,171	21,136	45,307	

5.10 The 21,490 settled assessment disputes between 2006 to 2024 have resulted in Regional property tax losses of \$67.0 million. Over half of these disputes (55.0 per cent) were settled through the informal RfR process and resulted in total Regional property tax losses of \$7.3 million. The more complex, primarily non-residential disputes which were settled at the ARB account for \$59.7 million or 89.1 per cent of Regional property tax losses over the same period.

5.11 Figure 6 illustrates the percentage of total Regional property taxes that were lost due to the settlement of assessment disputes for each reassessment cycle. There are no outstanding assessment disputes for the 2005 and 2008 reassessment cycle and an immaterial amount of disputed CVA remains under appeal from the 2012 reassessment cycle.

Figure 6
Portion of the Region’s Total Property Taxes that Were Lost due to Settled Assessment Disputes



5.12 As noted previously in this report, the higher settlements in the 2008 and 2012 reassessment cycles were the result of a significant increase in non-residential property owners disputing their high valuation changes that resulted from the reassessments in those periods. This is reflected in the increase and then decrease of the non-residential share of property taxes over the period 2008 to 2016 as shown in Figure 3 of this report.

5.13 The 2016 CVA cycle is low due to the increased number of years (9 years) included in the cycle as a result of the Province’s postponement of the 2020 reassessment.

Current Regional Risk in Outstanding Assessment Disputes

5.14 As of October 25, 2024, there were 271 properties with 698 outstanding assessment disputes in the Region of Durham for the taxation years 2017 to 2024.

- These disputes involve \$3.8 billion in total CVA and \$37.9 million in Regional property taxes as detailed in Figure 7.
- The majority of this assessment at risk (over 86 per cent) is for City of Pickering, Town of Ajax, Town of Whitby, and City of Oshawa properties.

Figure 7
Outstanding Assessment Disputes by Local Municipality from the 2016 Reassessment Cycle (2017 to 2024)

	Properties		CVA		Regional Taxes	
	#	%	\$m	%	\$m	%
Pickering	34	12.5%	1,399.7	36.6%	13.2	34.8%
Ajax	16	5.9%	866.1	22.7%	9.8	25.9%
Whitby	38	14.0%	356.0	9.3%	3.1	8.2%
Oshawa	32	11.8%	693.3	18.2%	7.6	20.1%
Clarington	47	17.4%	140.3	3.7%	1.3	3.4%
Scugog	22	8.1%	35.4	0.9%	0.3	0.8%
Uxbridge	63	23.3%	272.6	7.1%	2.1	5.5%
Brock	19	7.0%	56.8	1.5%	0.5	1.3%
Region	271	100.0%	3,820.2	100.0%	37.9	100.0%

- 5.15 Each year of the study another taxation year is added to the 2016 Reassessment cycle so it is not surprising that the number of disputes can increase, even though the system is operating efficiently.
- The outstanding number of properties disputing the 2016 assessment or classification has increased from 148 last year to 271. A significant portion of the increase in the disputes were for lower value disputes.
 - The CVA at risk has decreased \$1.6 billion from \$5.4 billion last year to \$3.8 billion this year.
 - A corresponding decrease in regional property taxes at risk also occurred, decreasing to \$37.9 million from \$49.3 million last year.
- 5.16 In 2024, there were 119 properties with disputes outstanding in the RfR process and 152 properties in the ARB process. Only \$1.0 million in Region taxation is at risk with the 119 properties going through the RfR process, while almost \$37 million is at risk with properties going through the ARB process.
- 5.17 Excluding gravel pits, 91 per cent of the estimated Regional property tax risk is concentrated in the following four property types:
- Multi-residential properties and associated land (49 per cent);
 - Automotive manufacturing (25 per cent);
 - Casinos (9 per cent); and
 - Vacant land (8 per cent).
- 5.18 The Region's modelling suggests that, under a medium-risk scenario, the Region could see a net reduction of \$4.0 million in Regional property taxes representing an average CVA loss of 11 per cent on the outstanding disputes.
- This net loss includes anticipated gains from the 2021 to 2023 gravel pit disputes that are currently at the ARB as well as a 2024 ARB decision resulting in the classification change of a major multi-residential property in Ajax and a resulting large loss in municipal taxation.
 - Under a low-risk scenario, this net loss is reduced to an estimated \$3.0 million but increases to \$5.0 million under a high-risk scenario.
- 5.19 The Regional financial risk inherent in outstanding assessment disputes is adequately covered by the Region's Assessment Appeal Reserve.

Gravel Pit Assessment Dispute Settled at the Assessment Review Board

- 5.20 In March 2021, the ARB released an interim decision on a test case involving the valuation of gravel pits in the County of Wellington. The ruling significantly increased MPAC's assigned land value and reclassified various land segments to the industrial property tax class. This ARB decision supported the municipal position and was well received by the municipal sector.

- 5.21 In November 2021, MPAC sought leave to appeal the ARB decision in an effort to clarify the land classifications. On March 14, 2022, leave to appeal was granted and the Divisional Court hearing occurred in December 2022. On February 3, 2023, the Divisional Court dismissed the appeal in its entirety and no additional appeals were filed.
- 5.22 In addition to having to apply the Wellington decision to outstanding appeals, MPAC conducted 2023 year-end adjustments to all 3,000 pits and quarries across the Province to reflect the ARB decision principles. For Durham Region, these MPAC 2023 year-end adjustments involved 103 properties resulting in an additional \$55.7 million in assessment and approximately \$650,000 in additional Regional taxes for the 2024 property tax year.
- 5.23 Since 2021, an increasing number of assessment appeals related to gravel pits in Durham Region have been launched as local area municipalities seek to have the Wellington decision applied within their own jurisdiction. Figure 8 shows the number of properties subject to the MPAC 2023 year-end adjustments and the appeal status of these properties for taxation years 2021 to 2023.

Figure 8
Gravel Pit Properties with Outstanding ARB Appeals in Durham Region

Under Appeal	2021	2022	2023
Yes	33	53	80
No	70	50	23
Total	103	103	103

- 5.24 If the 2023 year-end adjustments are an accurate indication of how the outstanding 2021 to 2023 appeals will be settled, the Region could see additional property tax revenue of between \$1.2 million and \$1.3 million under the medium risk scenario for the settlement of these appeals.

Provincial Government Response to Gravel Pit ARB Settlement

- 5.25 The 2023 year-end adjustments that MPAC made to the gravel pits to implement the Wellington decision resulted in a number of property parcels being reclassified from residential to industrial. As a result of this change, municipal property taxes effectively doubled due to Durham Region's industrial municipal tax ratio being 2.02. Provincial education property taxes increased significantly as the industrial education tax rate is 0.880 per cent while the residential education tax rate is 0.156 per cent.
- 5.26 On July 9, 2024, in response to this significant education property tax increase, the Ministry of Finance announced that the Province would be providing a 2024 education tax reduction to the portion of the sites in the industrial property tax class. This change was announced after the local municipalities billed the 2024 property taxes. Provincial Regulation 296/24 subsequently reduced the education tax rate by 95 per cent on these parcels.

- 5.27 In response to this announcement, MPAC reclassified these gravel pit properties in 2024, enabling a retroactive adjustment and rebate to be administered by the local area municipalities.
- 5.28 On October 3, 2024, the Ministry of Finance announced that starting in 2025, the Province is creating a new property tax class for aggregate extraction sites. The property tax class will be comprised of the industrial portions of aggregate sites that were placed in the temporary 2024 sub-class. Following the return of the roll for 2025, municipal tax ratios and education tax rates will be established to provide an ongoing tax reduction to the sector.
- 5.29 The Region is awaiting further information from the Province including the regulations which will establish the maximum municipal tax ratio and education tax rates for the new aggregate extraction property tax class. This information is required for the Region to set 2025 property tax rates and draft the 2025 municipal tax ratio by-law. Through the recommendations in this report, staff are recommending that the municipal tax ratio for the new aggregate extraction property tax class be set at the provincial maximum for Durham Region.
- 5.30 Staff will advise Council of the final municipal tax ratio and the resulting property tax shifts once the regulation has been released and the analysis is completed. The impact of this new mandatory property tax class and ratio will be most significant in the eastern and northern local area municipalities in the Region.

Multi-Residential Classification Dispute in the Town of Ajax

- 5.31 In 2017, the Province mandated a new multi-residential property class across Ontario with a maximum municipal tax ratio of 1.1 for 35 years to incentivize the development of new multi-residential buildings. Durham Region's existing multi-residential ratio is 1.8665 (approximately 40 per cent higher).
- 5.32 Section 10(2) of Ontario Regulation 282/98 placed multi-residential land and structures "*whose units have been built, or converted from a non-residential use, pursuant to a building permit issued, on or after April 20, 2017*" into the new multi-residential class.
- 5.33 On January 5, 2024, the ARB rendered a decision on the classification of several large multi-residential buildings in the Town of Ajax which were in the existing multi-residential property tax class.
- 5.34 The ARB decision revolved around the meaning and timing of "*building permits*" in the Regulation. Initial "partial" permits were issued to the individual properties in 2013 to 2016 and throughout the construction process, however final Full Permits were not issued until October 2017 and May 2019.
- 5.35 The ARB found that the "*building and residential units could not have been completed without the Full Permit*" and, as such, the properties should be classified as new multi-residential.
- 5.36 The ARB decision spans six years (2018 - 2023) for one of the properties and four years (2020 - 2023) for the other. If the ARB's decision holds, it is estimated that the Regional property tax losses could total \$2.0 million for the years under appeal.

- 5.37 The Town of Ajax has appealed this decision to the Ontario Divisional court and leave has been granted with a hearing scheduled early in 2025.
- 5.38 Regional staff continue to work with local area municipalities on assessment appeals and protecting the assessment base.

6. 2024 Provincial Initiatives

- 6.1 On March 26, 2024, the 2024 Ontario Budget included three announcements related to property assessment and taxation policy. These announcements included:
- a new optional newer multi-residential property tax subclass;
 - expansion of vacant home tax flexibility including targeting of “foreign ownership”; and
 - the continued postponement of the reassessment due to a provincial review.

Optional Newer Multi-Residential Property Tax Subclass

- 6.2 Regional staff provided an analysis of potential changes to the multi-residential municipal tax ratio and associated impacts in [Report #2021-F-28](#). This report recommended no changes to the existing ratios for a number of reasons, including significant tax shifts that would result for residential property taxpayers and the disproportionate impact on certain local area municipalities.
- 6.3 The first new multi-residential property tax class was mandated across Ontario retroactively by the Province in the Ontario’s Fair Housing Plan in April 2017. The Province set a maximum municipal tax ratio of 1.10 for the new multi-residential property tax class to ensure “that property taxes for new multi-residential apartment buildings are charged at a similar rate as other residential properties.”
- 6.4 As detailed in [Report #2017-COW-162](#), the provincially mandated creation of this new property tax class resulted in two material inequities in property taxation policy.
- Classification has historically been based on property usage, but the Province mandated a class based on structural age which results in multi-residential properties permitted pre-2017 having a municipal tax ratio of 1.8665 and paying 41 per cent more municipal property taxes than multi-residential properties permitted post-2017 properties with a provincially mandated maximum municipal tax ratio of 1.1000. This inequity amongst multi-residential properties, owners and tenants is hard to justify and could potentially last 35 years.
 - The second inequity is between the amount of property taxes per square foot for new multi-residential properties (estimated at \$0.67 per square foot) which is significantly lower than the amount of property taxes per square foot for residential properties (estimated at \$1.35 per square foot) based on the 2017 study.
- 6.5 In the 2024 Provincial Budget, the Province announced an additional “newer” multi-residential subclass. Additional details on this new optional property tax subclass include:

- The newer multi-residential will be a subclass of the post-2017 new multi-residential class with potential membership limited to 35 years and a property tax rate discount of up to a maximum of 35 per cent. The maximum discount would result in an effective municipal tax ratio of approximately 0.7150 for this property tax subclass versus a municipal tax ratio of
 - 1.0000 for the residential class;
 - 1.1000 for the New (post-2017) multi-residential class; and
 - 1.8665 for the old (pre-2017) multi-residential class.
 - The subclass is optional and can be created by upper and single tier municipalities only.
 - To be eligible for the subclass the “permit” date must be subsequent to the municipal by-law date that implemented the subclass in that jurisdiction.
 - Similar to the pre-2017 new multi-residential property tax class, the newer multi-residential property tax class eligibility is based on ‘permit date’. However, the provincial legislation does not define ‘permit date’ and without a clear definition there could be increased risk for appeals, similar to what the Region and Town of Ajax experienced with the new multi-residential property tax class (Section 5.31).
- 6.6 Due to the timing of the 2024 Provincial Budget announcements, the majority of municipalities, including the Region of Durham, had already made their 2024 property taxation policy decisions. As such, the vast majority of municipalities are reviewing the implications of this announcement and reporting back to their respective Council for the 2025 taxation year.
- 6.7 An exception to this is the Region of York, which created the optional newer multi-residential property tax subclass by by-law in May 2024. Although the new property tax subclass was created, the 2024 assigned discount rate was zero per cent resulting in no municipal property tax discount for the newer multi-residential property tax subclass. The Region of York opted to create this property tax subclass to capture properties for potential discounts in 2025 and into the future.
- 6.8 The City of Toronto staff have also approved this new optional property tax subclass for the 2025 property tax year with a corresponding tax rate reduction of 15 per cent.
- 6.9 Staff is not recommending the adoption of the optional newer multi-residential property tax subclass at this time due to the inequities it would create. In addition, property tax policy changes are not recommended until the impacts of the next reassessment are fully understood.

Expansion of Vacant Home Tax Flexibility

- 6.10 Since 2018, under Section 338.2 of the *Municipal Act, 2021*, upper and single tier municipalities have been provided the authority to impose an additional property tax rate on residential properties that are vacant, known as the Vacant Home Tax (VHT).

- 6.11 This policy option provides single and upper tier municipalities with alternative tools to address their unique circumstances. Programs such as these involve material start-up and on-going administrative costs which require a substantial presence of vacant residential properties to ensure that the net taxation revenues and program benefits would be realized. In addition, a two-tiered municipal environment provides additional complexity to both the implementation and annual operations.
- 6.12 Since 2018, through the annual Strategic Property Tax Study, Regional staff have discussed this municipal flexibility. In Durham Region, there does not appear to be enough vacant residential properties to warrant the administrative costs of developing and implementing such a program. This position has been supported by all the Local Area Municipal Treasurers.
- 6.13 One of the main challenges with the VAT program is the annual determination of properties subject to the VHT. The City of Toronto program relies on mandatory self-declarations to be completed annually by each residential property owner.
- 6.14 Toronto's first-year implementation of this program was relatively successful. However, in the 2nd year, only approximately 80 per cent of the required declarations were submitted by the extended deadline. This resulted in roughly one in five Toronto homes receiving an additional property tax bill for the VHT in April of 2024. Residents in Toronto have been critical of the process and results. In response, the City of Toronto has implemented a number of additional enhancements to the declaration process estimated to cost an additional \$5.8 million annually.
- 6.15 As part of the 2024 Provincial Budget, the Province removed the requirement for the Ministry of Finance to approve each individual single or upper tier municipal implementation of a VHT and released a Provincial Framework which sets out best practices and encourages municipalities to set a higher VHT rate for "*foreign-owned vacant homes*". Included in this Framework are the following recommendations for creating a VAT in a two-tier municipal structure:
- Having lower-tier municipalities provide a program endorsement including mechanisms by which the lower tier will retain sufficient revenues to offset the collection and administration expenses of this upper tier tax.
 - Authority for rates and definitions to be set by the upper-tier municipality with net revenues being retained by the upper-tier municipality after reimbursement to the lower-tiers for collection and administration expenses.
 - Having the upper-tier municipality specify in which lower tier the VHT will apply.
- 6.16 Currently, only the City of Toronto, the City of Windsor and the City Ottawa have existing VHT programs with the City of Hamilton planning to implement its program for the 2025 property tax year.
- 6.17 The Region of York's review of a VHT was put on hold in May of 2023 and in November 2023 York Regional Council made the decision not to proceed.
- 6.18 In October 2024, the Region of Halton reported on their review of the program indicating that three of the four local area municipalities did not want the program to be implemented in their jurisdiction and going forward with a single local area municipality is not economically viable.

- 6.19 The Region of Peel paused its study of this policy option due to the provincial review of the Region.
- 6.20 Consistent with previous direction on this item, staff is not recommending implementing this program at this time as there does not appear to be enough vacant residential properties to warrant the administrative costs of developing and implementing such a program.

Provincial Reassessment Postponement

- 6.21 The Province's decision to postpone the 2020 reassessment to be conducted by MPAC was due in part to the pandemic and additional concerns in the later years with respect to the volatility of the residential housing market.
- 6.22 In the 2024 Ontario Budget, the Province announced that it is continuing its review of the property assessment and taxation system with a focus on fairness, affordability, business competitiveness and modernized administration tools. The Province indicated that to maintain stability for taxpayers the property reassessment will continue to be deferred until this review is complete.
- 6.23 It is important that the Province return to regular scheduled reassessments to ensure the assessment base remains up to date, to minimize material property tax shifts amongst taxpayers and to maintain fairness to property owners on a comparative basis given the changes to the market.
- 6.24 The Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO), the Association of Municipalities in Ontario (AMO) and various business associations continue to advocate for a return to the reassessment cycle while ensuring municipalities are provided with adequate time to plan, analyze, implement, and prepare communications on the impact of the reassessment for property taxpayers.
- 6.25 2025 will be the ninth year using the 2016 valuation for the calculation of municipal and education property taxation.
- 6.26 Regional staff will continue to provide updates on the reassessment timing and any phase-in parameter changes when announced by the Province. Once the reassessment is announced and information on the reassessment impacts are known, staff will provide extensive information to Finance and Administration Committee and Regional Council on the impacts to property taxpayers and options available.

Review of Ontario Property Assessment and Taxation Systems

- 6.27 The Province continues to conduct its review of the accuracy and fairness of the Ontario property assessment and taxation systems announced on August 16, 2023. MPAC and other stakeholders continue to be consulted, but very limited information has been provided to municipalities thus far.
- 6.28 In the October 30, 2024 Ontario Economic Outlook, the Province reiterated that the reassessment will continue to be paused until the property assessment and taxation review is complete. The Province indicated that feedback received during the on-going consultations has informed the following three areas of prioritization.

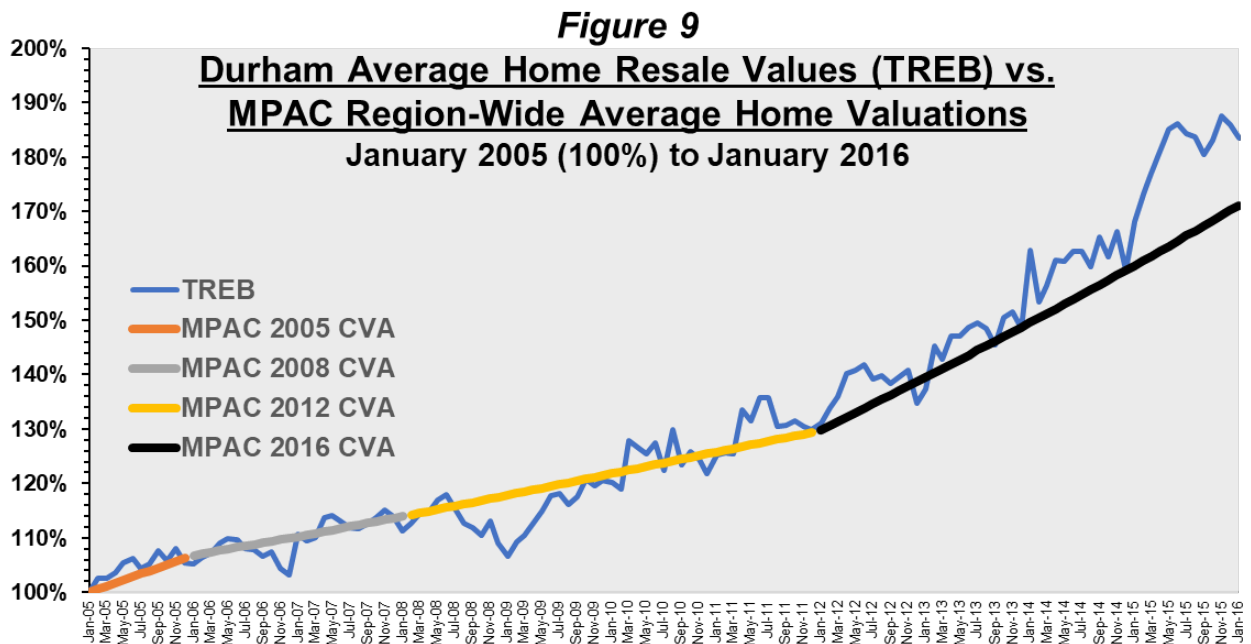
- **Affordable Rental Housing:** the Province is considering providing municipalities with the ability to reduce municipal tax rates on affordable rental housing through the creation of an optional property tax subclass. It is anticipated that this optional subclass will be available for the 2026 tax year.
- **Student Housing:** the Province is looking to introduce a legislative amendment that would provide consistent treatment for university-operated student housing whether the institution's property tax status is governed by the *Assessment Act* or an institution-specific statute. This amendment is not expected to impact the Region or post-secondary institutions within the Region.
- **Information Sharing:** the Province is working with MPAC, municipalities, and other stakeholders to enhance information sharing and develop new digital solutions.

6.29 Additional information on these priority areas and possible policy options is needed for Regional staff to analyze impacts, review alternatives, and advise Council of possible recommendations. Regional staff will continue to monitor provincial property tax initiatives and will update Regional Council on any further significant developments.

7. Real Estate Market Developments and Potential Reassessment Impacts

- 7.1 The CVA set by MPAC is meant to represent the value of the property in an arms length sales transaction on the valuation date. The CVA is therefore closely related to the general real estate market. The next reassessment, when announced, will bring the current valuation date (January 1, 2016) up to whatever current date is determined by the Province.
- 7.2 Several factors have impacted the real estate market over the last five years and will continue to impact it. These factors include but are not limited to:
- senior governmental initiatives to address housing availability and affordability including recently announced federal government consultations on the introduction of vacant land taxes aiming to incentivize landowners to build homes on “underdeveloped” land;
 - federal introduction of a ban on non-Canadian residential property purchases;
 - Ontario government foreign homebuyers' tax of 20 per cent;
 - Material and rapid increases and decreases in borrowing rates by the Bank of Canada;
 - the residual impacts of the pandemic and associated recovery/adjustment;
 - significant inflation followed by a potential for an economic slowdown; and
 - current and potential future impacts of a shift to the new ‘e’conomy.

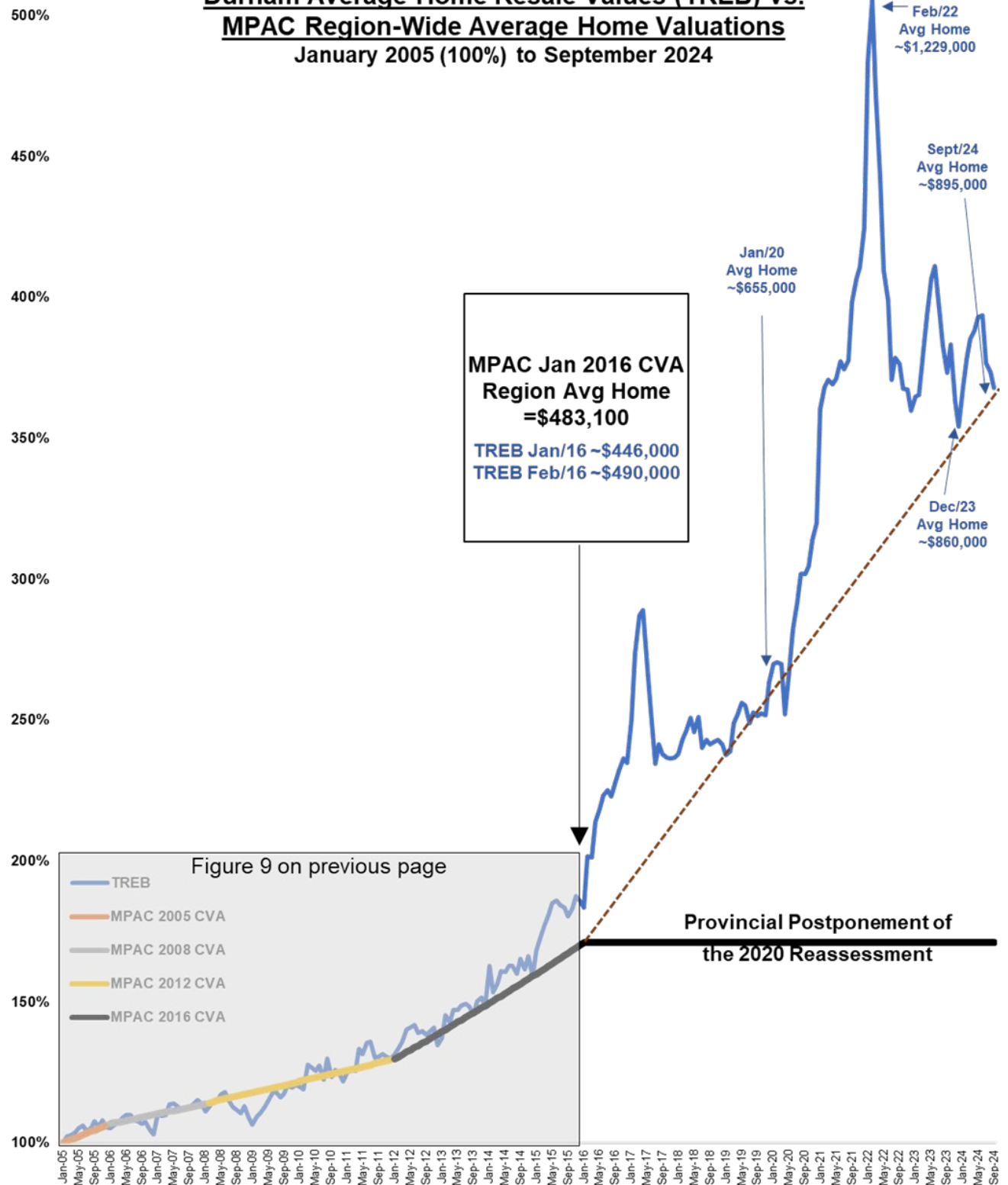
- 7.3 Figure 9 provides the Toronto Real Estate Board (TREB) monthly average home resale values in Durham Region and the Region's average MPAC Current Value Assessment (CVA) increase over the period 2005 to mid 2015. As expected, since CVA reflects market value, these two variables follow similar trajectories over the decade shown in the graph.



- 7.4 As illustrated in Figure 10, beginning in 2016, Durham Region's average residential home resale values as reported by TREB began showing increased acceleration and volatility. Meanwhile the MPAC CVA was held constant due to the provincial postponement of reassessment update.
- 7.5 The TREB residential home resale values peaked in February 2022 and have dropped by approximately 27 per cent in the ensuing 31 months. This reflects the volatility created in part by the factors outlined in Section 7.2.
- 7.6 Figure 10 also suggests that the next reassessment has the potential to create material property tax shifts amongst the property classes and individual taxpayers.
- 7.7 Given this volatility and risk, property tax policy changes including the implementation of new property tax classes or subclasses, or the creation of additional taxes (like the VHT) are not recommended until the impacts of the next reassessment are fully understood.

Figure 10

Durham Average Home Resale Values (TREB) vs. MPAC Region-Wide Average Home Valuations
 January 2005 (100%) to September 2024



8. Municipal Property Tax Comparisons

Municipal Tax Ratios

- 8.1 A municipal tax ratio is the degree to which an individual property tax class is taxed relative to the residential property tax class. If the commercial municipal tax ratio is 1.45, then its municipal property taxation rate will be 1.45 times the property tax rate for the residential property tax class.
- 8.2 Since municipal tax ratios show the degree to which the non-residential classes are taxed relative to the residential class, the municipal tax ratios have a direct impact on the competitiveness of municipal non-residential property taxes. Figure 11 provides a comparison of 2024 municipal tax ratios for upper and single tiers reflecting a very favourable positioning for Durham Region from a competitiveness perspective.

Figure 11
2024 Municipal Tax Ratio Comparison

	Multi-Residential		Commercial		Industrial		Farmland	
	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank
Durham:	1.8665	4	1.4500	2	2.0235	4	0.2000	2
Toronto	1.8993	5	2.4990	10	2.5000	7	0.2500	5
Peel Region (Mississauga)	1.2656	2	1.5170	4	1.6150	1	0.2500	5
Halton Region	2.0000	8	1.4565	3	2.0907	5	0.2000	2
York Region	1.0000	1	1.3321	1	1.6432	2	0.2500	5
Ottawa *	1.4083	3	1.9351	6	2.5757	8	0.2000	2
Niagara Region	1.9700	7	1.7349	5	2.6300	9	0.2500	5
Waterloo Region	1.9500	6	1.9500	7	1.9500	3	0.2500	5
Hamilton **	2.0658	10	1.9800	8	3.0066	10	0.1767	1
Windsor ***	2.0000	8	2.0140	9	2.3158	6	0.2500	5
Average	1.7426		1.7869		2.2351		0.2277	

Ratios in Figure 11 have been rounded to four decimal places.

* Ottawa has special property tax classes for Office Buildings (2.4013), Shopping Centres (1.5573) and Large Industrial Properties (2.5750)

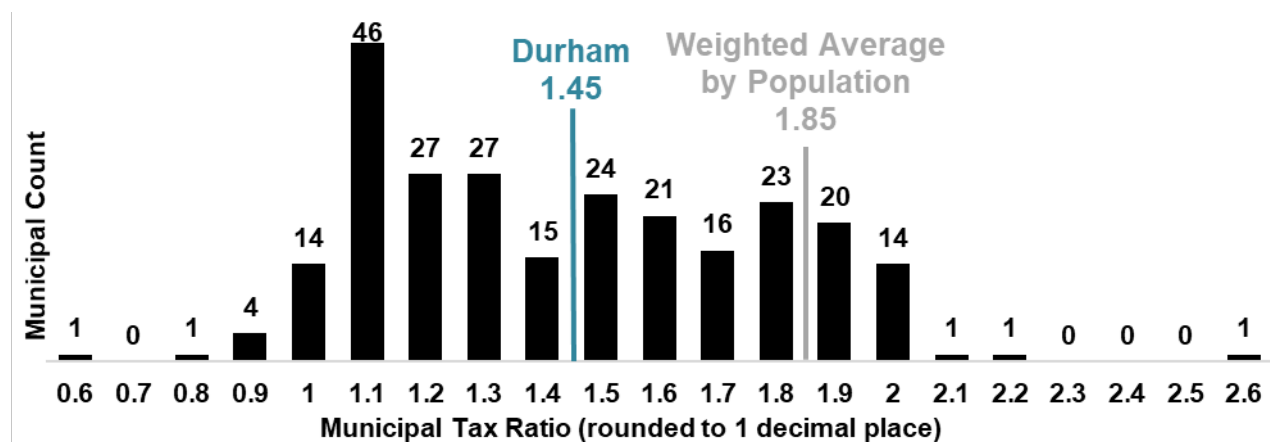
** Hamilton has a Large Industrial property tax class (3.5256)

*** Windsor has a Large Industrial property tax class (2.9328)

- 8.3 Durham Region’s multi-residential municipal tax ratio of 1.87 is competitive and is marginally above the average of similar municipal comparators.
- 8.4 Durham Region has a very competitive commercial municipal tax ratio of 1.45 which is the second lowest and 19.0 per cent below the average.

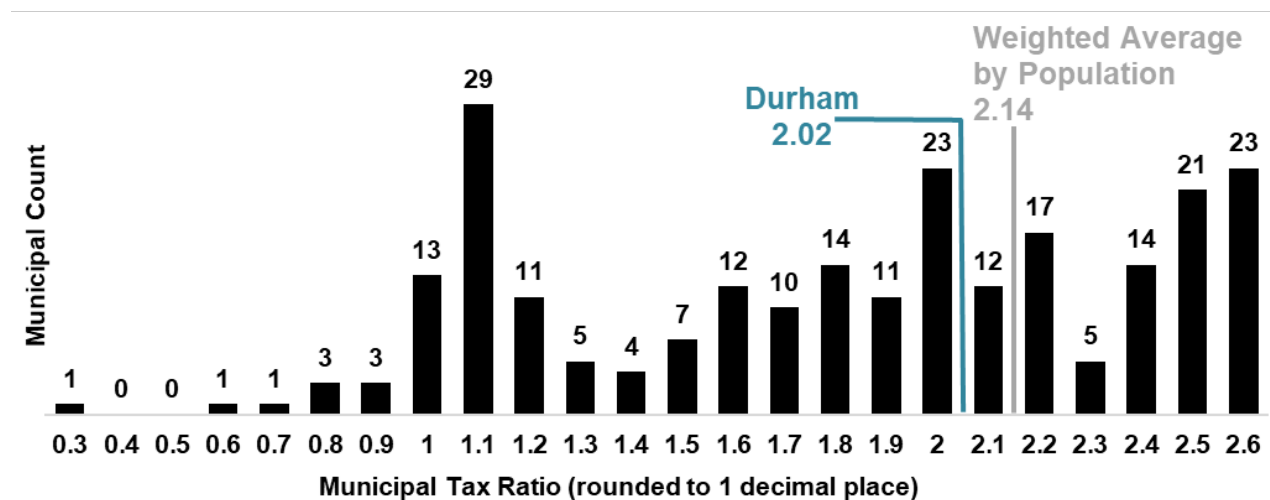
- 8.5 Durham Region’s 2023 industrial municipal tax ratio of 2.02 is 9.5 per cent below the average of the comparators and ranked fourth behind Peel (Mississauga), York Region, and Waterloo Region.
- 8.6 The City of Toronto is under a legislative levy restriction which limits budgetary increases on property classes above a certain municipal tax ratio (multi-residential 2.00, commercial 1.98 and industrial 2.63). Such a restriction reduces the municipal tax ratio over time.
- 8.7 A review of the approximately 250 lower and single tier 2023 municipal tax ratios contained in the 2023 Municipal Financial Information Returns (FIRs) show that Durham’s commercial ratio is significantly below the average ratio weighted by population as shown in Figure 12.

Figure 12
Provincial 2023 Commercial Municipal Tax Ratios



- 8.8 A similar review of the 2023 FIRs was done for the industrial class (Figure 13) which illustrates Durham’s industrial municipal tax ratio is also below the weighted average ratio by population.

Figure 13
Provincial 2023 Industrial Municipal Tax Ratios

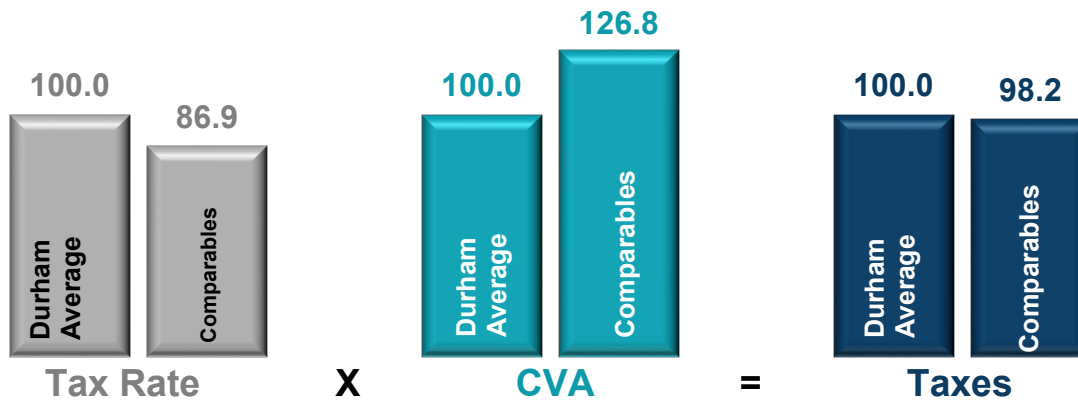


- 8.9 The Province has mandated a maximum farmland municipal tax ratio of 0.25. Several Ontario municipalities, Durham included, have lowered their municipal tax ratio from this provincial maximum as a support to the agricultural industry within their jurisdiction.
- 8.10 Changes in municipal tax ratios are revenue neutral with respect to the overall property taxes of a municipality. Any adjustments to municipal tax ratios will result in a shift of the property tax burden between the other property tax classes. For example, lowering the municipal tax ratio for one property tax class will increase the property taxes for all other property tax classes. There are no recommended changes to the Region's municipal tax ratios for 2024.
- 8.11 The remainder of this section provides a summary of property tax comparisons across comparable municipalities adjusting for the varying market values. This comparison highlights the degree to which market values affect tax rates and represents a much better comparison than those typically reported in the general press, including private citizen surveys and petitions quoted in 2024.
- 8.12 Tax rates and assessments vary significantly between municipalities. In general, they are inversely related (higher property assessments allow for a lower tax rate to generate the same tax dollars). Additional information on this can be found in the attachment to the 2023 Tax Strategy: [Property Tax Reference Guide](#) (Attachment #2 starting on page 26).
- 8.13 Caution should be used in interpreting the results of any municipal property tax comparison as these comparisons do not consider municipal services or service levels and a whole range of other unique municipal characteristics (non-residential assessment levels, urban/rural compositions, geographical density and size, financial sustainability, etc.).

Residential Home Comparison

- 8.14 The following residential home property tax comparison is based on 10 "average" homes from each of the local area municipalities in the Region. The homes were chosen to reflect, as closely as possible, the municipality's average home in terms of assessment, age, size and building quality.
- 8.15 MPAC provided the CVAs for 27 comparator municipalities on which the following analysis is based. The comparison uses 2024 CVA and tax rates as 2025 municipal tax rates are not yet available.
- 8.16 Since 2024 was not subject to a reassessment phase-in, the CVAs have not changed. As a result, this analysis is very similar to last year's study and only reflects the relative changes in the municipal budgets.
- 8.17 The residential home comparison found that the comparable municipal average residential tax rate was 13.1 per cent lower than Durham's. However, assessment values for the comparators were 26.8 per cent higher. The resultant average property tax (\$) difference between Durham and the comparator's average is very low, at approximately 1.8 per cent, as illustrated in Figure 14.

Figure 14
Residential Home Sample Average: Tax Rate, Assessment and Taxation



8.18 The majority of the large gap in tax rates can be explained by Durham’s much lower market values (assessments) compared to our comparator municipalities. The gap of 13.1 per cent in tax rates is reduced to 1.8 per cent in tax dollars when Durham’s lower assessments are considered.

Non-Residential Property Tax Comparisons

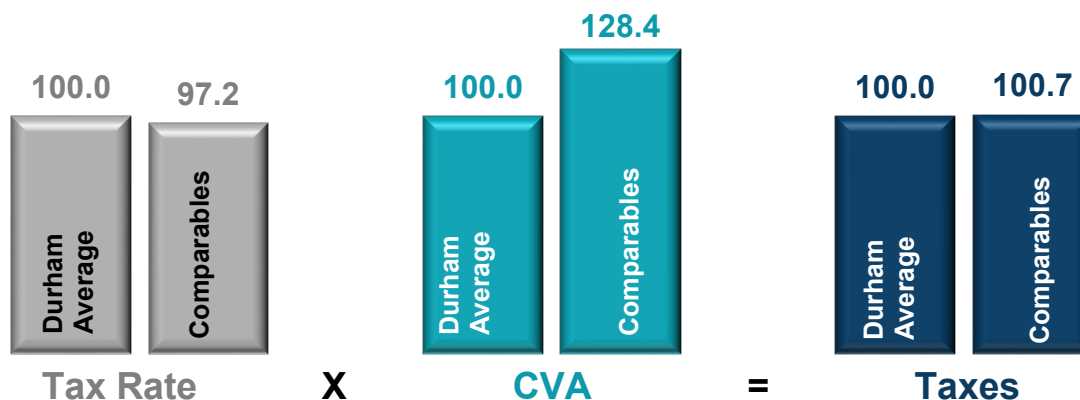
- 8.19 It is difficult to provide a valid non-residential property tax comparison. The primary issue is the uniqueness of the individual properties and the lack of robust sales transactions on which MPAC can base the assessments.
- 8.20 This difficulty has increased over the decade, as a result of significant assessment appeals launched by the non-residential sector across Ontario for the previous three reassessment cycles and the resultant changes in both specific property assessments and MPAC methodology.
- 8.21 It is believed that municipal taxation is a lesser consideration in a commercial location decision when compared to factors such as customer density and affluence.
- 8.22 Similar to the residential comparison, a commercial comparison based on 18 properties was conducted. As illustrated in Figure 15, tax rates and assessment vary significantly between municipalities.

Figure 15
Commercial Sample Average: Tax Rate, Assessment and Taxation



- 8.23 Although the commercial sample showed a high degree of variability, the average comparator municipal tax rates were 10.5 per cent higher than Durham’s, while the average CVA was also higher by 11.1 per cent. The resultant property tax average of the comparators is 16.6 per cent higher than in Durham Region.
- 8.24 An industrial comparison based on 12 properties was also conducted and the results are shown in Figure 16.

Figure 16
Industrial Sample Average: Tax Rate, Assessment and Taxation



- 8.25 A high degree of variability exists in the sample, however the averages show that the Durham Region tax rate is 3.8 per cent higher than the comparators’, while the CVA is 28.4 per cent lower. The resultant property tax average on the comparators is approximately the same as Durham Region.

9. Provincial Business Education Tax (BET) Rate and PIL Properties

9.1 In 2021, the Province took significant steps towards uniform Province-wide BET rates by instituting a common ceiling rate of 0.88 per cent for taxable properties.

9.2 The Ontario Ministry of Finance also confirmed that the BET reductions would not negatively impact single and lower-tier municipalities, indicating that the Province will maintain BET rates at the 2020 level for PIL properties where the education taxes are retained by single and lower-tier municipalities.

- This different BET policy treatment is highlighted, as concerns have been raised that it may not be legislatively compliant.
- Despite efforts by the Ontario Ministry of Finance for the 2021 to 2024 property tax years, several Federal organizations chose to pay the lower taxable education rate, rather than the higher PIL education rate.
- The Federal commercial property presence in Durham Region is low and the resultant underpayment in education property taxes to the local area municipalities is relatively small. The presence of federal properties in the City of Ottawa is quite large however and the City of Ottawa has initiated an action in Federal Court to recover the shortfall in education property taxes retained by the City.

- 9.3 The Ontario Ministry of Finance confirmed on November 1, 2024 that all provincial education property tax rates will remain unchanged for the 2025 taxation year including the PIL rates. The 2025 provincial education property tax rates are detailed in Attachment 1.

10. Property Tax Treatment of Nuclear Generating Stations

- 10.1 The two Ontario Power Generation (OPG) nuclear generating stations (NGS) provide a material amount of PIL revenue to the Region. In addition, the City of Pickering and the Municipality of Clarington also retain the education tax portion of these PIL payments.
- 10.2 In December of 2021, Regional Council approved Durham's Nuclear Sector Strategy 2022 - 2032 ([Report #2021-COW-37](#)) which recognizes the importance of this sector to the Region's economy.

Pickering Nuclear Generating Station (PNGS) Update

- 10.3 The Province is supporting OPG's plan to continue the safe operation of the PNGS units 5 through 8 past the current approved date of December 31, 2024.
- 10.4 In October 2024, the Canadian Nuclear Safety Commission (CNSC) authorized the amendment of OPG's power reactor operating licence to operate units 5 through 8 through December 31, 2026, up to a maximum of 305,000 equivalent full-time hours. The amended licence includes a new condition requiring OPG to implement and maintain an enhanced fitness-for-service program.
- 10.5 It is understood that operating these units beyond 2026 will require a refurbishment of the units. Unit 1 was removed from service on October 2, 2024, and Unit 4 will be removed from service by the end of this year.
- 10.6 In the winter of 2025, the CNSC will consider an application from OPG to amend its licence for its Pickering Waste Management Facility to construct a new structure designed to store waste related to decommissioning and OPG's planned refurbishment work at Pickering NGS.

Darlington Nuclear Generating Station (DNNGS) Update

- 10.7 The Darlington New Nuclear Project (DNNP) is the first grid-scale Small Modular Reactor (SMR) project in North America. Four SMRs are now planned at the Darlington site.
- 10.8 OPG's current application before the CNSC is to construct one G.E. Hitachi BWRX-300 unit as well as the shared infrastructure for the remaining planned units. OPG plans to complete construction of the first SMR by 2028, with commercial operation beginning in 2029.
- 10.9 The CNSC is holding two separate public hearings to consider the application, the first hearing was held in January 2024 and focused on the applicability of the DNNP environmental assessment (EA) to OPG's selected reactor technology. The second hearing is focused on OPG's licence to construct application and supporting documentation. In October 2024, the CNSC reviewed the application and supporting documentation in a hearing with OPG. The public hearing will occur in January 2025.

- 10.10 Building four BWRX-300 SMRs at Darlington would provide a total of 1,200 MW of electricity generation capacity, providing enough electricity to power about 1.2 million homes.
- 10.11 Moving to a “fleet approach” for SMRs in Ontario (i.e., building multiple units of the same technology) will allow for shared infrastructure (e.g., cooling water intake) and the application of learnings from construction to subsequent units to reduce costs.

Provincial Statutory Rate on Generating Facilities

- 10.12 The Province currently bases municipal PIL payments for nuclear generating facilities on legislated statutory rates as outlined in the *Assessment Act*, rather than current value assessment.
- The prescribed statutory rate set by the Province for assessing nuclear generating facilities is \$86.11/m² of inside ground floor area of the actual generating and transformer station buildings. This rate was set in 1968 and has never been updated.
 - As such, the prescribed statutory rate does not consider increased Regional service costs, the time value of money or the reassessment valuation changes of all other properties since 1998.
- 10.13 Of all the provincial statutory rates, those that are applicable to nuclear generating facilities are particularly inequitable to Durham taxpayers due to the presence of the majority of the Province’s nuclear generating capacity. This particular statutory rate continues to represent a financial inequity to the Region and its local area municipalities.
- 10.14 It is recommended that the Province, in consultation with the municipal sector, review and update the nuclear generating facility statutory rate of \$86.11/m² and institute a process by which this rate is annually updated in the future.

Nuclear Generating Facilities Proxy Property Taxes

- 10.15 An additional issue related to the nuclear generating facilities is the alternative assessment and proxy property taxes related to the payment of stranded debt.
- PIL payments on specific generating structures are based on a statutory assessment rate as defined per the *Assessment Act* and are paid to the host municipalities.
 - Further proxy property taxes are levied and paid to the Ontario Electricity Financial Corporation (OEFC) and applied against the former Ontario Hydro stranded debt.
 - Details of the alternative assessment are outlined in Ontario Regulation 423/11 under the *Electricity Act, 1998*. It is understood that proxy property taxes are the difference between the prescribed statutory rate for designated facilities and what would apply if taxed at a more appropriate CVA currently defined in the Regulation.

- 10.16 Regional staff have previously requested confirmation from the Ontario Ministry of Finance that payments currently being made to the OEFC will instead be paid to the appropriate host municipalities in respect of land located in those municipalities given Section 92(3) of the *Electricity Act, 1998*, which notes potential redirection of payment streams where it references tax treatment following the retirement of the stranded debt and repeal of Part V under Section 84.1 of the Act.
- 10.17 There remains a lack of clarity around the future redirection of these proxy property tax payment streams assuming the eventual retirement of the stranded debt. Any future amendments to the regulation that reduce revenues to impacted municipalities should be addressed through alternative sources of funding by the Province.
- 10.18 It is recommended that the Region continue to seek confirmation from the Province that all existing proxy property tax payments made to the OEFC will be redirected to host municipalities and the upper tier, where applicable, following retirement of the stranded debt.
- 10.19 The Region recently participated in a call, hosted by the Municipality of Kincardine, for nuclear host communities to discuss the property tax treatment of nuclear facilities. Similar to the Region of Durham, the Municipality of Kincardine is advocating for similar provincial property tax reforms to ensure equity and fairness for the host communities in the property taxation of these nuclear properties.

11. Relationship to Strategic Plan

- 11.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- Goal 3.1 Economic Prosperity – to position Durham Region as the location of choice for business. Property taxation is a consideration in building a strong and resilient economy that maximizes opportunities for business and employment growth, innovation, and partnership; and
 - Goal 5.1 Service Excellence – to provide exceptional value to Durham taxpayers through responsive, effective, and financially sustainable service delivery.

12. Conclusion and Looking Forward

- 12.1 Following the success of the award-winning Value Stories videos which highlighted the details of the Region's Business Plans and Budget, Regional Finance and Corporate Communications staff plan to develop a property tax video. It is anticipated that the video will be posted online and promoted through the Region's social media channels as part of a broader education campaign that will follow confirmation of the provincial property tax reassessment update.

12.2 Staff will continue to monitor the following ongoing property taxation and assessment issues and will provide updates to Committee and Council as additional information becomes available:

- Non-residential declining share of the assessment and taxation base and impacts of the 'e-economy';
- The new provincially mandated aggregate extraction property tax class and provincially defined municipal tax ratio;
- Future reassessment cycles;
- Initiatives under *Ontario's Housing Supply Action Plan 2022-2023* including taxation of multi-residential apartment buildings and the assessment of affordable rental housing;
- The provincial review of the Ontario property assessment and taxation systems;
- Assessment disputes; and
- Nuclear generating facilities property tax treatment.

13. Attachments

13.1 Attachment #1: 2025 Provincial Education Property Tax Rates

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Attachment #1: 2025 Provincial Education Property Tax Rates

Property Class		Provincial Education Tax Rate
	Residential	0.00153000
	Multi-Residential & New Multi-Residential	0.00153000
Broad Commercial	Commercial Occupied, Vacant & Excess Land	0.00880000
	Shopping Centres Occupied & Excess Land	0.00880000
	Office Buildings Occupied & Excess Land	0.00880000
	Parking Lots (Commercial) Occupied & Excess Land	0.00880000
Broad Industrial	Industrial Occupied, Vacant & Excess Land	0.00880000
	Large Industrial Occupied & Excess Land	0.00880000
Payment-in-Lieu (PIL)	Broad Commercial Occupied, Vacant & Excess Land	0.00980000
	Broad Industrial Occupied & Excess Land	0.01250000
	Pipelines	0.00980000
	Landfill	0.00980000
	Pipelines	0.00880000
	Landfill	0.00880000
	Farmland	0.00038250
	Small Scale On-Farm Commercial	0.00220000
	Small Scale On-Farm Industrial	0.00220000
	Managed Forests	0.00038250
	Farmland Awaiting Development Phase 1	0.00114750