



Durham Budget

2026

2026 Strategic Property Tax Study

Special Committee of the Whole Meeting

December 11, 2025

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Assessment Growth Update



Assessment
Growth

Assessment at
Risk

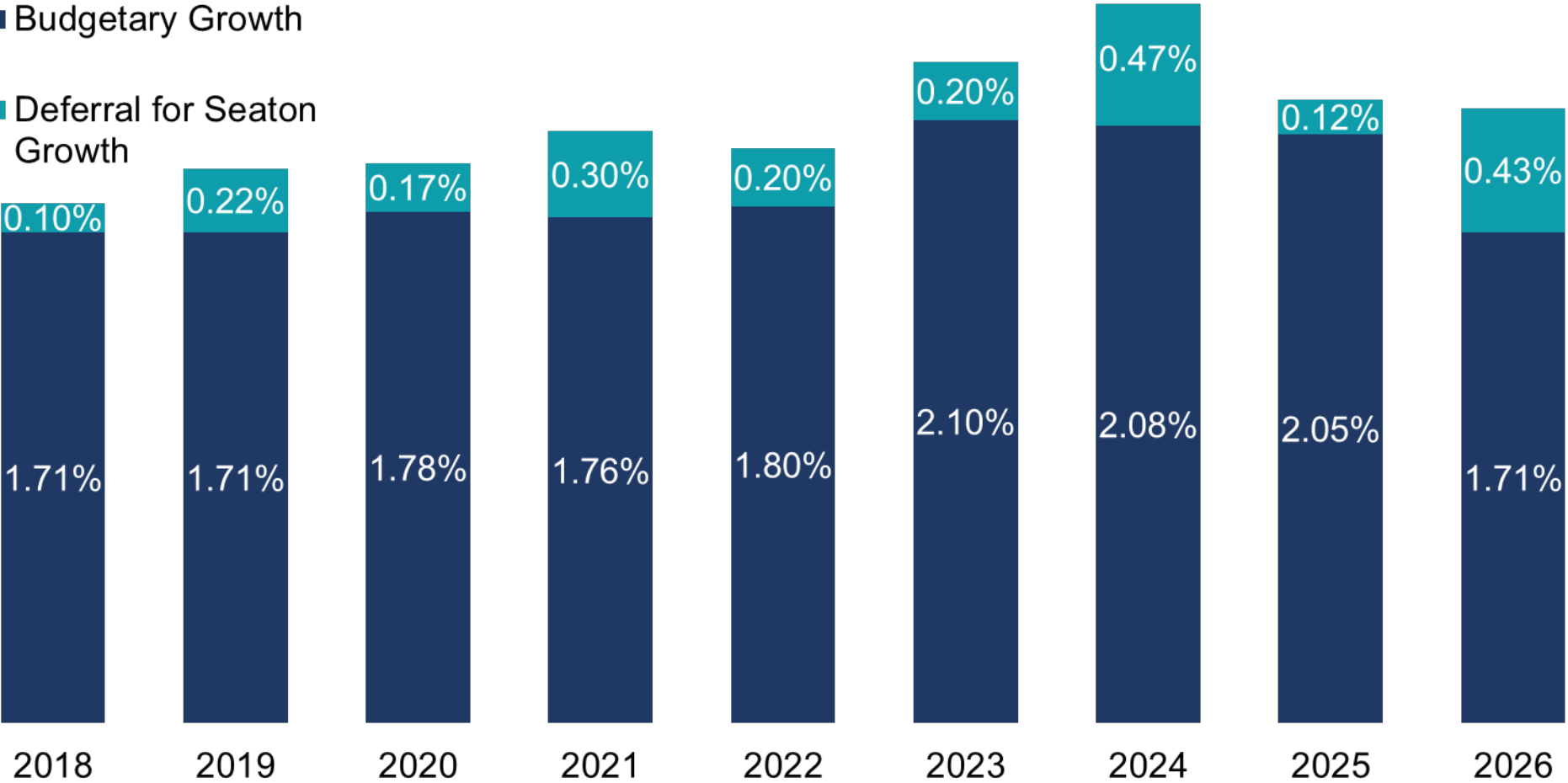
Competitive
Analysis

Provincial
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■ Budgetary Growth

■ Deferral for Seaton
Growth



2026 Budgetary Growth

Estimated at 1.71%, while higher than guideline (1.25%), it is lower than that experienced since 2019

Seaton Growth

20 per cent of growth is in Seaton - estimated at 0.43%

Continue to look for opportunities to adjust the deferral in future years to accommodate the 0.22% (\$2.0 million) not deferred in 2025

Assessment
Growth

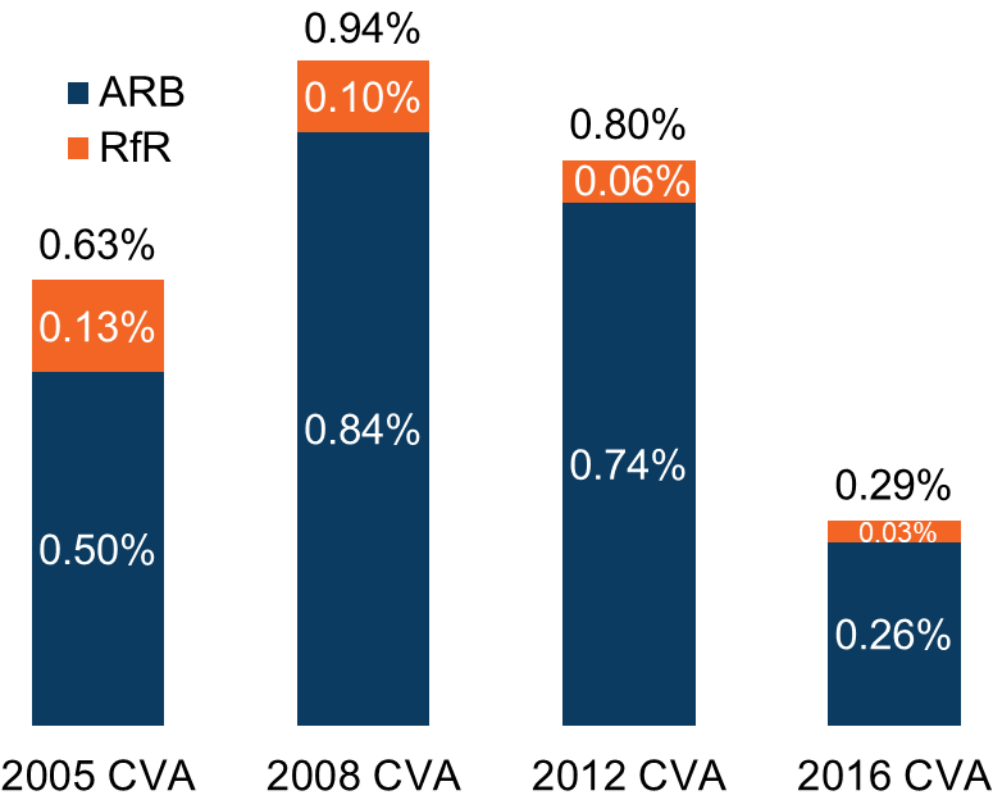
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Portion of the Region's Property Taxes
Lost in Each Reassessment Cycle



As of October 28, 2025, there were **347 properties with outstanding assessment disputes**.

Modeling suggests that under a medium-risk scenario, the Region could see a **net reduction of \$1.6 million in Regional property taxes for outstanding disputes**.

At any given point in time, a material share of the assessment base can be under dispute representing a significant financial risk to the municipal sector.

The next reassessment is anticipated to **significantly increase the assessment and Regional property taxes at risk**.

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Residential and Non-Residential Comparisons

- Tax rates and assessments vary significantly between municipalities, generally being inversely related (higher property assessments allow for a lower tax rate to generate the same tax dollars). As such, a comparison of tax rates alone is meaningless.
- 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 features and circumstances.

Residential Sample Average
Tax Rate, Assessment and Taxation



Commercial Sample Average
Tax Rate, Assessment and Taxation



Industrial Sample Average
Tax Rate, Assessment and Taxation



Residential property taxes were approximately 2.4% higher in Durham Region compared to the average of the Region's comparators

Commercial property taxes were approximately 16.3% lower in Durham Region compared to the average of the Region's comparators

Industrial property taxes were approximately 0.9% lower in Durham Region compared to the average of the Region's comparators

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Optional Multi-Residential Property Tax Subclasses

- 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.
- In the 2024 Ontario Budget, an additional “**newer**” **multi-residential subclass** was announced by the province. Upper/single tier municipalities have the authority to create an optional subclass of the new multi-residential class (post-2017). Membership is limited to 35 years and the tax rate discount may be applied up to 35 per cent. **The maximum discount would result in an effective municipal tax ratio of approximately 0.7150.**
- In late 2024, the Province announced a **new “multi-residential affordable subclass”** with definitions for the optional subclass being provided in the 2025 Ontario Budget. This is an optional subclass of both the multi-residential and the new multi-residential property tax classes. A reduction of up to **35 per cent in the municipal tax rates** for eligible affordable units is permitted. **MPAC is responsible for the identification and classification of eligible affordable units.**
- **Staff is not recommending the adoption of the optional “newer” multi-residential subclass at this time** due to the inequities it would create within the multi-residential sector.
- **Staff is not recommending the adoption of the optional “multi-residential affordable subclass” at this time.** Once MPAC has classified the properties, staff will model the tax shifts and report to Council for consideration for 2027.
- **Multi-residential ratio changes result in material municipal property tax shifts to the other classes,** over and above the unknown and potentially significant impacts from the forthcoming reassessment. In addition, there is a disproportionate impact on the City of Oshawa which has the majority of the Region's multi-residential assessment.

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Property Tax Treatment of Nuclear Properties

Rather than Current Value Assessment, the province bases municipal payments-in-lieu (PIL) for a portion of electrical generating properties on legislated statutory rates as outlined in the *Assessment Act*.

- The prescribed statutory rate set by the Province in 1968 for assessing nuclear generating facilities is \$86.11/m² of inside ground floor area of the actual generating and transformer station buildings. This rate has never been updated.

The prescribed statutory rate does not consider increasing Regional costs, the time value of money or the reassessment valuation changes of all other properties since 1998. With the almost doubling of property valuations since 2016, material erosion in these PIL payments is expected after the next reassessment, which will represent a **further financial inequity to the Region**.

- Proxy property taxes are levied and paid to the Ontario Electricity Financial Corporation (OEFC) and applied against the former Ontario Hydro stranded debt (Ontario Regulation 423/11 under the *Electricity Act, 1998*). It is understood that proxy property taxes are the difference between the prescribed statutory rate and what would apply if taxed at CVA (defined in the Regulation).
- The Region continues 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, following retirement of the stranded debt.

The Region is working collaboratively with the City of Pickering, the Municipality of Clarington, Bruce County and the Municipality of Kincardine **to seek more equitable treatment regarding the taxation of electrical generating facilities**.

Provincial Policy Update – Reassessment



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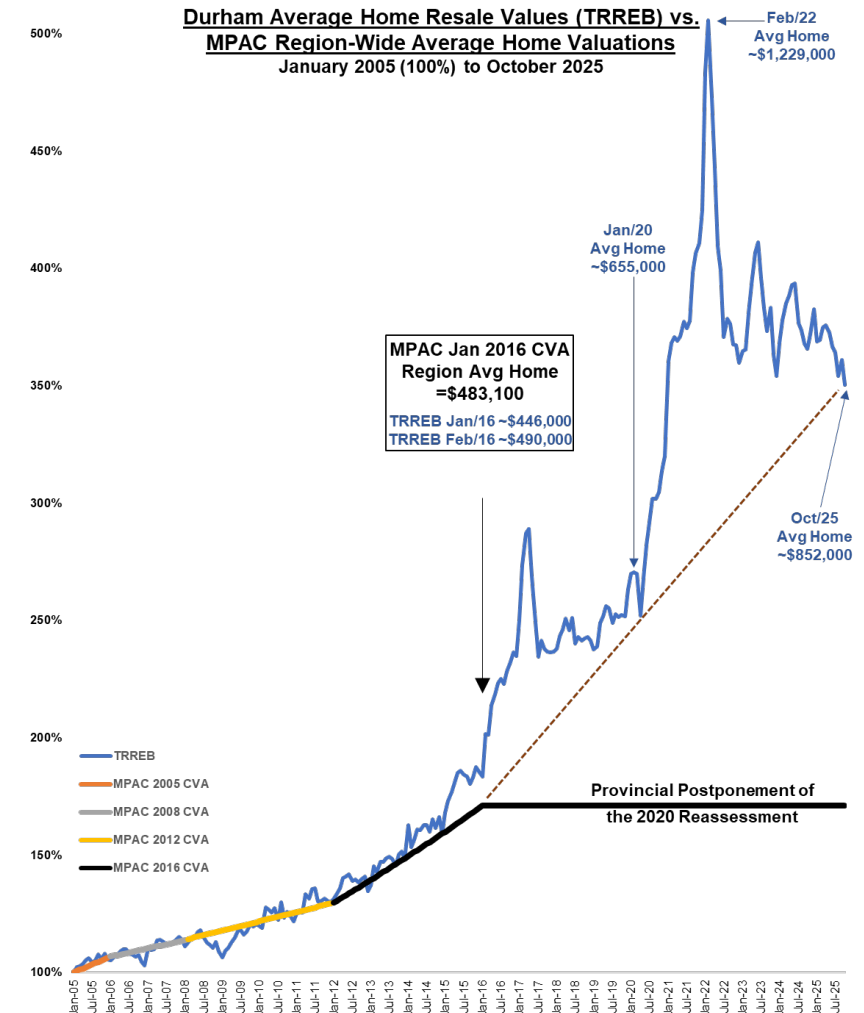
2016 → 2026
Ten years – and counting –
since the last reassessment

 Previously assessed every four years

It has been ten years since the last reassessment. With the substantial appreciation in residential property values and potential valuation shifts in several non-residential property types, there is potential for **material property tax shifts amongst taxpayers, across classes, across local area municipalities, and across the province (for education property taxes) when the reassessment occurs.**

Background

- The province did not mention reassessment in either the May 2025 Ontario Budget or the November 2025 Ontario Economic Outlook and Fiscal Review.



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Approval of 2026 Municipal Tax Ratios

- No changes from 2025 for Regionally controlled municipal tax ratios



Nuclear Generating Facilities

To achieve greater fairness and equity in the Current Value Assessment (CVA) system and property taxation policy, the Region is requesting the Province:

- Update the provincial statutory rate applicable to nuclear generating facilities;
- Institute an annual mechanism to ensure 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.

With the risk of material property tax shifts amongst taxpayers and across both classes and local area municipalities, property taxation policy changes - including the implementation of optional new property tax classes or subclasses, municipal tax ratio adjustments or the creation of additional tax classes - **are not recommended until the impacts of the reassessment are fully understood.**

Questions