



INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 23, 2016
SUBJECT/REPORT NO:	2015 Assessment Growth (FCS16019) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tom Hewitson – (905) 546-2424 ext. 4159 Gloria Rojas – (905) 546-2424 ext. 6247
SUBMITTED BY:	Mike Zegarac General Manager Finance & Corporate Services Department
SIGNATURE:	

Council Direction:

N/A

Information:

The final 2015 net assessment growth used for 2016 taxation purposes is 1.6%, which is equivalent to approximately \$13.1 million in new tax revenue.

The table below identifies the net assessment growth for the last five years:

	Assessment Growth (Net)				
	2011	2012	2013	2014	2015
Total	1.1%	0.8%	0.8%	1.3%	1.6%
Residential	1.2%	0.9%	0.9%	1.0%	1.3%
Non-Residential	-0.1%	-0.1%	-0.1%	0.3%	0.3%

The 1.6% growth reflects the strong building permit activity in the City, which has reached the \$1 billion dollar mark for a fourth consecutive year. Although the majority of the growth continues to be in the Residential property class (1.3%), several projects in the Commercial property class have also contributed to the overall growth. This has been partially offset by over \$10 million in assessment lost due to in-year reviews of the properties formerly occupied by Target (wards 4, 5, 8, 12, 15). The most notable increase in assessment in the Industrial property class is ArcelorMittal Dofasco's new galvanizing line of \$4.3 million.

This figure of 1.6% is a net figure which takes into account both new construction/supplementary taxes (increase in assessment), as well as, write-offs/successful appeals, etc., (decrease in assessment). An existing property's assessment can change for many reasons, some of which include: as a result of a Request for Reconsideration or Assessment Review Board decision; a change to the actual property (i.e., new structure, addition, removal of old structure); or a change in classification (i.e., property class change).

Since each property class has its own specific tax ratio, some assessment changes have a larger impact on the net growth than others. An assessment change on an Industrial property (with a 2015 tax ratio of 3.1223) has a far greater impact on the net growth than a similar assessment change on a Residential property (with a tax ratio of 1.0000). As such, assessment reductions on a few properties (particularly in the Industrial, Large Industrial, Commercial and Multi-Residential property classes) can significantly reduce the overall net assessment growth, in spite of large growth in the Residential property class.

The following table breaks down the 2015 assessment growth into major property classes:

**2015 TOTAL ASSESSMENT GROWTH
BY CLASS**

	Change in Unweighted Assessment	Change in Municipal Taxes	% Class Change¹	% of Total Change
Residential	\$ 925,529,500	\$ 10,040,700	1.9%	1.3%
Multi-Residential	\$ 8,497,100	\$ (65,900)	-0.1%	0.0%
Commercial	\$ 120,954,700	\$ 2,658,600	2.0%	0.3%
Industrial	\$ 11,632,000	\$ 463,600	1.1%	0.1%
Other	\$ (14,643,200)	\$ 7,100	0.1%	0.0%
Total	\$ 1,051,970,100	\$ 13,104,100	1.6%	1.6%

¹ % change in respective property class

Anomalies due to rounding

As previously mentioned, assessment increases in the Residential property class do not have the same impact in the total growth due to the lower tax ratio compared with properties in the Commercial and Industrial property classes. The chart below illustrates that although 88% of the assessment increase was in the Residential property class, it resulted in only a 77% increase in taxes.

**Residential vs Non-Residential
Assessment Growth**

	% of Unweighted Assessment Change	% of Total Change in Municipal Taxes
Residential	88%	77%
Non-Residential	12%	23%

The following table breaks down the 2015 assessment growth by ward:

**2015 TOTAL ASSESSMENT GROWTH
BY WARD**

	Change in Unweighted Assessment	Change in Municipal Taxes	% Ward Change¹	% of Total Change
Ward 1	\$ 4,343,900	\$ 35,797	0.1%	0.0%
Ward 2	\$ 19,421,900	\$ 94,670	0.2%	0.0%
Ward 3	\$ 11,900,600	\$ 131,165	0.3%	0.0%
Ward 4	\$ 10,146,500	\$ 308,442	0.6%	0.0%
Ward 5	\$ 12,554,400	\$ 150,534	0.3%	0.0%
Ward 6	\$ 19,050,000	\$ 485,125	0.9%	0.1%
Ward 7	\$ 77,098,600	\$ 1,030,302	1.2%	0.1%
Ward 8	\$ 66,155,900	\$ 601,353	0.9%	0.1%
Ward 9	\$ 149,351,400	\$ 1,752,764	4.6%	0.2%
Ward 10	\$ 31,880,191	\$ 759,372	1.9%	0.1%
Ward 11	\$ 296,471,500	\$ 3,371,145	4.8%	0.4%
Ward 12	\$ 159,753,800	\$ 2,173,295	2.9%	0.3%
Ward 13	\$ 28,525,100	\$ 296,184	0.8%	0.0%
Ward 14	\$ 25,553,900	\$ 267,702	1.1%	0.0%
Ward 15	\$ 139,762,400	\$ 1,646,261	3.2%	0.2%
Total	\$ 1,051,970,100	\$ 13,104,100	1.6%	1.6%

¹ % change in respective property class

Anomalies due to rounding

Residential Property Class

As reported in previous years, the residential property class continues to be the main driver of the assessment growth in the City, with an increase of 1.3% which represents additional taxes of \$10 million. Large residential developments in wards 9, 11 (Glanbrook) and 15 contribute significantly to the overall result.

Multi-Residential Property Class

The Multi-Residential property class displays an interesting change in 2015. Even though the class had an overall assessment increase of \$8.5 million, there is a net reduction in taxes (\$66,000). One of the reasons behind this result is the continuation of the reclassification of The Village of St. Elizabeth properties (ward 8) which were changed from Residential to Multi-Residential during 2013 but reclassified back to "RT" during 2014 and 2015. This particular change represented a loss of \$330,000 in tax revenue to the City in 2015. In addition, the assessment increase is driven by newly built multi-residential units, classified as New Multi-Residential, which have a lower tax rate than that of the older Multi-Residential properties, as they are taxed at the Residential property tax rate.

Commercial Property Class

Similar to the results noted in 2014, the Commercial property class had significant activity in 2015 with a net assessment increase of \$121 million which results in \$2.7 million in additional taxes, contributing 0.3% to the overall assessment growth.

This net increase is the result of both assessment increases (either expansions, previously reflected as vacant land or partial development) and assessment decreases (successful assessment appeals, partial demolitions or due to properties moving from taxable to exempt).

Increases in the commercial property class include:

- Activation Labs in Ancaster
- Lands formerly occupied by Bishop Ryan School (Exempt to Taxable)
- New industrial/commercial facility in Ancaster
- GO Train Layover Facility
- New commercial buildings / shopping plazas in Stoney Creek, Flamborough and Binbrook
- New office buildings in Stoney Creek

Some of the most notable decreases are:

- Commercial units formerly occupied by Target
- TransCanada Pipelines
- McMaster Innovation Centre (from Commercial to Exempt)
- Hamilton Port Authority tenant changes

* Changes between Commercial property class and Industrial property class are explained below

Industrial property class

The industrial property class had an assessment increase of \$11.6 million resulting in \$463,000 in additional taxes, contributing 0.1% to the total increase. Some of the increases in the Industrial property class are:

- ArcelorMittal Dofasco new Galvanizing Line
- New industrial/commercial facility in Ancaster
- Triple M Metal LP – new building
- United Step and Metal Limited extension

Reductions

- Metro Freightliner Hamilton Inc.
- Russel Metals Inc.

* Changes between Commercial property class and Industrial property class are explained below

Changes between Industrial and Commercial Property Classes

The properties identified in this section are mixed-use properties (more than one property class), with one or more property classes increasing and the remaining property classes decreasing. The total change may be either an increase or decrease to the property's total assessment as a whole. The reason for the change in assessment may be due to a successful assessment appeal, a change in class or a change in use of the property. Some examples include:

- Taylor Steel – change \$11 million from Commercial to Large Industrial
- Nebo Hill Plaza – change \$3.3 million from Commercial to Industrial
- Siemens Canada Limited – change \$3.0 million from Large Industrial to Commercial

Other Classes

For the most part, the assessment reduction of \$14.6 million in the additional classes is the result of lands awaiting development that have been reclassified to the Residential or Commercial property classes. The impact in total growth is minimal as these properties have a lower tax ratio than properties in the Residential and Commercial property classes.

Assessment Growth by Former Area Municipality and Class:

The following tables summarize the assessment growth by class and by former municipality:

**2015 RESIDENTIAL ASSESSMENT GROWTH
BY FORMER AREA MUNICIPALITY**

	Change in Unweighted Assessment	Change in Municipal Taxes	% Area Muni Change¹	% of Total Change
Stoney Creek	\$ 182,888,900	\$ 1,974,800	2.7%	0.2%
Glanbrook	\$ 259,205,400	\$ 2,688,900	8.3%	0.3%
Ancaster	\$ 131,158,000	\$ 1,424,300	2.3%	0.2%
Hamilton	\$ 175,768,800	\$ 2,088,800	0.8%	0.3%
Dundas	\$ 25,742,200	\$ 281,800	0.9%	0.0%
Flamborough	\$ 150,766,200	\$ 1,582,000	2.8%	0.2%
Total	\$ 925,529,500	\$ 10,040,700	1.9%	1.3%

**2015 MULTI-RESIDENTIAL ASSESSMENT GROWTH
BY FORMER AREA MUNICIPALITY**

	Change in Unweighted Assessment	Change in Municipal Taxes	% Area Muni Change¹	% of Total Change
Stoney Creek	\$ 8,045,500	\$ 205,300	-0.1%	0.0%
Glanbrook	\$ -	\$ -	4.3%	0.0%
Ancaster	\$ -	\$ -	0.0%	0.0%
Hamilton	\$ 158,100	\$ (243,900)	0.0%	0.0%
Dundas	\$ 157,000	\$ (31,300)	-0.3%	0.0%
Flamborough	\$ 136,500	\$ 4,000	-0.9%	0.0%
Total	\$ 8,497,100	\$ (65,900)	-0.1%	0.0%

¹% change in respective property class

Anomalies due to rounding

**2015 COMMERCIAL ASSESSMENT GROWTH
BY FORMER AREA MUNICIPALITY**

	Change in Unweighted Assessment	Change in Municipal Taxes	% Area Muni Change¹	% of Total Change
Stoney Creek	\$ 16,592,300	\$ 341,200	1.7%	0.0%
Glanbrook	\$ 10,278,000	\$ 207,300	4.7%	0.0%
Ancaster	\$ 32,750,900	\$ 707,500	6.2%	0.1%
Hamilton	\$ 42,062,600	\$ 993,700	1.2%	0.1%
Dundas	\$ 2,553,600	\$ 55,300	1.8%	0.0%
Flamborough	\$ 16,717,300	\$ 353,600	4.4%	0.0%
Total	\$ 120,954,700	\$ 2,658,600	2.0%	0.3%

**2015 INDUSTRIAL ASSESSMENT GROWTH
BY FORMER AREA MUNICIPALITY**

	Change in Unweighted Assessment	Change in Municipal Taxes	% Area Muni Change¹	% of Total Change
Stoney Creek	\$ 10,392,000	\$ 468,700	1.1%	0.1%
Glanbrook	\$ 45,700	\$ 900	5.2%	0.1%
Ancaster	\$ 1,527,200	\$ 78,500	0.0%	0.0%
Hamilton	\$ 1,113,700	\$ (19,300)	3.1%	0.0%
Dundas	\$ (451,800)	\$ (10,800)	-0.1%	0.0%
Flamborough	\$ (994,800)	\$ (54,400)	-2.1%	0.0%
Total	\$ 11,632,000	\$ 463,600	1.1%	0.1%

¹ % change in respective property class

Anomalies due to rounding