

2017 Reassessment

General Issues Committee

February 27, 2017



2017 – 2020 Reassessment Cycle

- Property values have been updated by MPAC to reflect a valuation date of Jan. 1, 2016
- All information on reassessment provided previously was preliminary
- Any increase in assessment due to this valuation update will be phased-in during four years (2017-2020)
- Any decrease will be reflected in whole in the 2017 tax year



2017 Average CVA Changes by Ward & Property Class

	Residential	Multi-Residential	Total Commercial	Total Industrial	Farm	TOTAL
Ward 1	8.7%	5.9%	8.3%	0.8%	N/A	8.4%
Ward 2	8.7%	5.5%	11.5%	4.4%	N/A	8.5%
Ward 3	8.7%	7.5%	5.1%	-12.6%	N/A	6.6%
Ward 4	7.1%	5.7%	4.3%	-17.4%	N/A	4.1%
Ward 5	6.4%	3.7%	3.5%	2.4%	35.8%	5.5%
Ward 6	6.5%	1.0%	6.4%	6.1%	6.2%	6.1%
Ward 7	6.9%	-1.9%	1.6%	8.4%	8.9%	5.7%
Ward 8	6.6%	-2.5%	6.8%	8.1%	9.0%	6.3%
Ward 9	6.4%	1.9%	0.8%	-34.1%	2.0%	5.4%
Ward 10	6.5%	14.5%	2.6%	1.5%	27.6%	5.9%
Ward 11 - SC	6.2%	N/A	5.2%	4.1%	5.0%	5.9%
Ward 11 - GL	5.4%	8.7%	4.6%	8.6%	9.9%	5.7%
Ward 11 - TOTAL	5.7%	8.7%	5.0%	5.9%	8.7%	5.7%
Ward 12	6.0%	8.6%	2.2%	2.5%	6.2%	5.6%
Ward 13	5.9%	6.3%	7.0%	6.6%	16.3%	6.0%
Ward 14 - AN	2.6%	N/A	0.4%	N/A	6.5%	3.5%
Ward 14 - FL	4.7%	8.0%	8.0%	-2.7%	14.8%	6.3%
Ward 14 - TOTAL	4.4%	8.0%	7.7%	-2.7%	13.2%	5.9%
Ward 15	5.5%	1.7%	8.4%	3.3%	14.0%	5.9%
TOTAL	6.5%	3.5%	5.0%	-4.8%	11.1%	6.0%

2017 Average CVA Changes by Ward & Property Class

- The average increase, all classes, for the City is 6.0%
- Properties throughout the City will have varying impacts depending on how their assessment changes compared to the other properties in the City
- Tax shifts can occur between property classes and, when comparing averages, shifts between wards can occur

Residential Property Class

- The Residential property class is increasing on average 6.5%, which is higher than the city-wide average increase of 6.0%
- The average city-wide residential assessment for 2017 is \$315,000 (\$295,300 in 2016)
- By ward, the change in assessment ranges from 2.6% (Ward 14 – Ancaster) to 8.7% (Ward 1)
- Reassessment affects each property differently and, as such, each ward will have properties increasing higher or lower than the average

Multi-Residential Property Class

- Overall, the Multi-Res class has an average assessment increase of 3.5%
- This is below the City average which may in part be due to a change in assessment methodology
- Assessment change differs significantly between wards: while the average property value decreased by -1.9% and -2.5% in wards 7 and 8 respectively, property values are increasing by 14.5% in ward 10
- Since some wards have few MT properties, ward averages can be skewed by single properties

Multi-Residential Property Class

- During 2017, The Province will be undertaking consultation on the tax burden for Multi-Residential properties
- Two restrictions have been imposed for 2017 in the Multi-Residential property class:
 - Reassessment shifts restriction
 - Levy restriction

Commercial Property Class

- The commercial property class has an average assessment increase of 5.0%
- Commercial development is consistent with the expanding housing market supporting the demand for retail services from new residents.

Industrial Property Class

- The Industrial property class has an average decrease in property values of -4.8%
- This will result in a tax shift from this class to the other property classes due to reassessment
- There are two main reasons for the decrease:
 - Lower valuation of steel mills
 - New Landfill property class

- Farm properties are increasing an average of 11% for the 2017 tax year
- The significant increase in this property class is a trend across the Province due to a variety of reasons including:
 - Demand outpaces supply
 - Historic low interest rates
- Tax impact is generally small as Farm properties (farmland) are taxed at less than 1/5th the residential tax rate

Reassessment – Related Tax Impacts

- The previous section reflected changes in assessment, not property taxes (tax impacts)
- An increase in assessment does not necessarily mean an increase in property taxes
- In general terms, a property whose assessment is increasing above the city-wide average may see a reassessment-related tax increase; conversely, a property whose assessment is increasing less than this city-wide average, may see a reassessment-related tax decrease
- Overall, there are no additional taxes raised as a result of a reassessment



Reassessment – Related Tax Impacts

	Residential	Multi-Residential	Total Commercial	Total Industrial	Farm	Total
Ward 1	3.3%	0.6%	2.9%	-4.3%	N/A	2.6%
Ward 2	3.2%	0.2%	5.9%	-0.8%	N/A	2.7%
Ward 3	3.2%	2.1%	-0.2%	-17.9%	N/A	-1.1%
Ward 4	1.7%	0.4%	-0.9%	-22.4%	N/A	-4.6%
Ward 5	1.0%	-1.5%	-1.7%	-2.7%	28.9%	-0.3%
Ward 6	1.2%	-4.1%	1.1%	0.4%	0.8%	0.3%
Ward 7	1.5%	-6.8%	-3.6%	3.0%	3.4%	-0.6%
Ward 8	1.2%	-7.4%	1.4%	2.7%	3.5%	0.5%
Ward 9	1.0%	-3.2%	-4.3%	-35.6%	-3.0%	-0.6%
Ward 10	1.1%	8.7%	-2.6%	-3.7%	21.2%	0.0%
Ward 11 - SC	0.9%	N/A	-0.1%	-1.3%	-0.1%	0.4%
Ward 11 - GL	0.1%	3.7%	-0.6%	2.8%	4.4%	0.2%
Ward 11 - TOTAL	0.4%	3.7%	-0.3%	0.5%	3.3%	0.3%
Ward 12	0.7%	3.2%	-3.0%	-2.9%	0.9%	0.0%
Ward 13	0.6%	1.0%	1.6%	0.8%	10.4%	0.7%
Ward 14 - AN	-2.5%	N/A	-4.6%	N/A	1.2%	-2.4%
Ward 14 - FL	-0.5%	2.6%	2.5%	-7.9%	9.1%	-0.2%
Ward 14 - TOTAL	-0.8%	2.6%	2.3%	-7.9%	7.5%	-0.5%
Ward 15	0.3%	-3.4%	2.9%	-2.1%	8.4%	0.4%
TOTAL	1.2%	-1.7%	-0.3%	-10.7%	5.6%	0.0%

- The Residential property class is facing a reassessment-related increase of 1.2%
- Main reasons:
 - Increase in values above City's average
 - Significant decrease in values in the Industrial class
 - Commercial and Multi-Residential values increasing below City's average
- These are simply averages. Each ward will have properties experiencing reassessment-related impacts that differ from these averages

- Tax shifts between property classes occur as property values in certain property classes increase at a greater rate than other property classes
- To offset the reassessment-related tax shifts, municipalities have the option to establish transition ratios
- Considering the significant tax impact in the Residential property class due to reassessment, staff will be recommending the use of transition ratios for the 2017 tax year

Tax Impact after Proposed Transition Ratios

- Applying transition ratios reduces the tax impact to the Residential class
- However, due to the new legislation restricting to pass any reassessment shifts onto the Multi-Residential class, the tax ratio must be brought back to the 2016 starting point
- Tax Ratios are also adjusted to ensure Multi-Res and Commercial classes are at or below the provincial threshold



Tax Impact after Proposed Transition + Tax Policy Ratios

	Residential	Multi-Residential	Total Commercial	Total Industrial	Farm	Total
Ward 1	2.7%	0.1%	2.4%	6.8%	N/A	2.2%
Ward 2	2.6%	-0.4%	5.4%	10.6%	N/A	2.2%
Ward 3	2.6%	1.6%	-0.8%	-8.3%	N/A	0.0%
Ward 4	1.1%	-0.2%	-1.5%	-13.3%	N/A	-3.0%
Ward 5	0.4%	-2.1%	-2.3%	8.5%	28.0%	-0.4%
Ward 6	0.6%	-4.7%	0.5%	12.0%	0.2%	0.1%
Ward 7	1.0%	-7.5%	-4.2%	14.9%	2.8%	-1.1%
Ward 8	0.6%	-8.0%	0.9%	14.5%	2.9%	-0.1%
Ward 9	0.4%	-3.8%	-4.9%	-28.0%	-3.6%	-1.1%
Ward 10	0.5%	8.3%	-3.2%	7.4%	20.4%	0.8%
Ward 11 - SC	0.3%	N/A	-0.7%	10.1%	-0.8%	1.4%
Ward 11 - GL	-0.5%	3.2%	-1.2%	14.6%	3.7%	0.5%
Ward 11 - TOTAL	-0.2%	3.2%	-1.0%	12.0%	2.6%	0.8%
Ward 12	0.1%	2.7%	-3.6%	8.3%	0.3%	-0.2%
Ward 13	0.0%	0.4%	1.0%	12.5%	9.7%	0.3%
Ward 14 - AN	-3.1%	N/A	-5.3%	N/A	0.6%	-2.9%
Ward 14 - FL	-1.1%	2.1%	1.9%	2.7%	8.4%	-0.4%
Ward 14 - TOTAL	-1.4%	2.1%	1.7%	2.7%	6.8%	-0.8%
Ward 15	-0.3%	-4.0%	2.4%	9.2%	7.7%	0.3%
TOTAL	0.6%	-2.3%	-0.9%	-0.4%	4.9%	0.0%



Hamilton

BUDGET AND TAX IMPACT UPDATE

- For 2017, the Multi-Residential property class has a full levy restriction
- The Industrial property class continues to be levy-restricted (1/2 residential increase)
- Both tax ratios will have to be reduced to comply with the legislation



2017 Updated Residential Tax Impact

Budget Impact - Jan. 20th	4.40%	
Updated Growth Impact	-0.10%	
Reassessment	-0.60%	
Levy Restriction on MT & IT	0.20%	
City Wide Average	3.90%	
Reassessment (Ward shifts)	-1.40%	2.50%
Potential Municipal Impact	2.50%	6.40%
Education Impact is not known at this time		

2017 Preliminary Tax Impact by Class

- The following table shows the preliminary result of the combined impact of the reassessment, transition ratios, tax policy, budget and levy restrictions

	Preliminary Tax Impact
Residential	3.9%
Multi-Residential	-2.3%
Commercial	2.5%
Industrial	1.3%
Farm	7.2%



2017 Updated Residential Tax Impact by Ward

	Reassessment & Tax Policy	Budget	Total Average 2016 Impact (%)
Ward 1	2.7%	3.6%	6.4%
Ward 2	2.5%	3.6%	6.2%
Ward 3	2.6%	3.6%	6.3%
Ward 4	1.1%	3.6%	4.7%
Ward 5	0.4%	3.6%	4.1%
Ward 6	0.6%	3.6%	4.2%
Ward 7	1.0%	3.6%	4.6%
Ward 8	0.6%	3.6%	4.3%
Ward 9	0.4%	3.1%	3.6%
Ward 10	0.5%	3.1%	3.7%
Ward 11 - SC	0.2%	3.1%	3.4%
Ward 11 - GL	-0.6%	3.1%	2.5%
Ward 12	0.1%	3.2%	3.2%
Ward 13	0.0%	3.9%	3.9%
Ward 14 - AN	N/A	N/A	N/A
Ward 14 - FL	N/A	N/A	N/A
Ward 15	-0.4%	3.8%	3.4%

City-Wide Average	3.9%
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- 2017 Education tax rates are not yet available
- For Residential and Multi-Residential properties, the Province adjusts the education tax rates to offset province-wide average assessment change
- The province-wide average increase in Residential values was 5.5% for the first year of reassessment compared to 6.5% in the City
- The final impact for the aggregate class (Residential and Multi-Residential classes) is not known at this time



2017 Municipal Preliminary Impact for the Average Residential Tax Bill

	2017 Impact (Average Residential)	
	Draft	
	\$	%
Municipal Taxes		
City Departments	\$ 87	2.7%
Boards & Agencies	\$ 23	0.7%
Capital Financing	\$ 16	0.5%
Total Municipal Taxes ¹	\$ 127	3.9%
Education Taxes ²	\$ -	0.0%
Total	\$ 127	3.4%

¹ Updated for growth and reassessment. Average residential assmt. = \$315,000

² Estimated education impact @ 0%

- Anomalies due to rounding

\$8 million = 1% total tax impact

ADDITIONAL INFORMATION



Total Average CVA Changes by Ward & Property Class

	Residential	Multi-Residential	Total Commercial	Total Industrial	Farm	TOTAL
Ward 1	35.3%	23.6%	37.9%	9.1%	N/A	34.3%
Ward 2	35.0%	24.0%	51.9%	21.0%	N/A	36.0%
Ward 3	35.0%	30.7%	26.7%	-9.0%	N/A	30.4%
Ward 4	28.3%	23.5%	26.8%	-14.4%	N/A	23.6%
Ward 5	25.7%	15.5%	18.9%	12.5%	143.0%	23.2%
Ward 6	26.2%	10.5%	26.6%	24.9%	26.9%	25.1%
Ward 7	28.0%	5.3%	20.2%	33.8%	35.8%	25.5%
Ward 8	26.7%	3.6%	29.1%	32.5%	35.8%	25.9%
Ward 9	26.0%	10.5%	13.6%	-31.9%	9.0%	23.6%
Ward 10	26.0%	58.7%	16.5%	12.3%	110.6%	24.6%
Ward 11 - SC	26.1%	N/A	24.2%	18.3%	22.9%	25.4%
Ward 11 - GL	22.9%	35.0%	23.5%	34.5%	39.6%	24.2%
Ward 11 - TOTAL	24.1%	35.0%	23.9%	24.9%	35.5%	24.6%
Ward 12	24.6%	34.4%	19.4%	15.2%	25.6%	24.0%
Ward 13	24.0%	25.4%	33.5%	26.9%	68.9%	24.5%
Ward 14 - AN	16.9%	N/A	19.4%	N/A	26.5%	19.2%
Ward 14 - FL	22.0%	31.8%	41.4%	8.9%	61.5%	29.0%
Ward 14 - TOTAL	21.3%	31.8%	40.7%	8.9%	54.6%	27.6%
Ward 15	24.0%	7.6%	37.0%	15.6%	59.0%	25.6%
TOTAL	26.7%	17.9%	27.0%	5.0%	46.2%	26.1%



2017 Average Residential Assessment by Ward

Ward 1	\$ 332,000
Ward 2	\$ 221,700
Ward 3	\$ 173,600
Ward 4	\$ 185,100
Ward 5	\$ 255,000
Ward 6	\$ 266,800
Ward 7	\$ 294,900
Ward 8	\$ 316,800
Ward 9	\$ 321,500
Ward 10	\$ 322,400
Ward 11 - SC	\$ 392,200
Ward 11 - GL	\$ 339,700
Ward 12	\$ 473,500
Ward 13	\$ 392,700
Ward 14 - AN	\$ 410,200
Ward 14 - FL	\$ 430,700
Ward 15	\$ 441,600
CITY-WIDE AVERAGE	\$ 315,000