



Hamilton

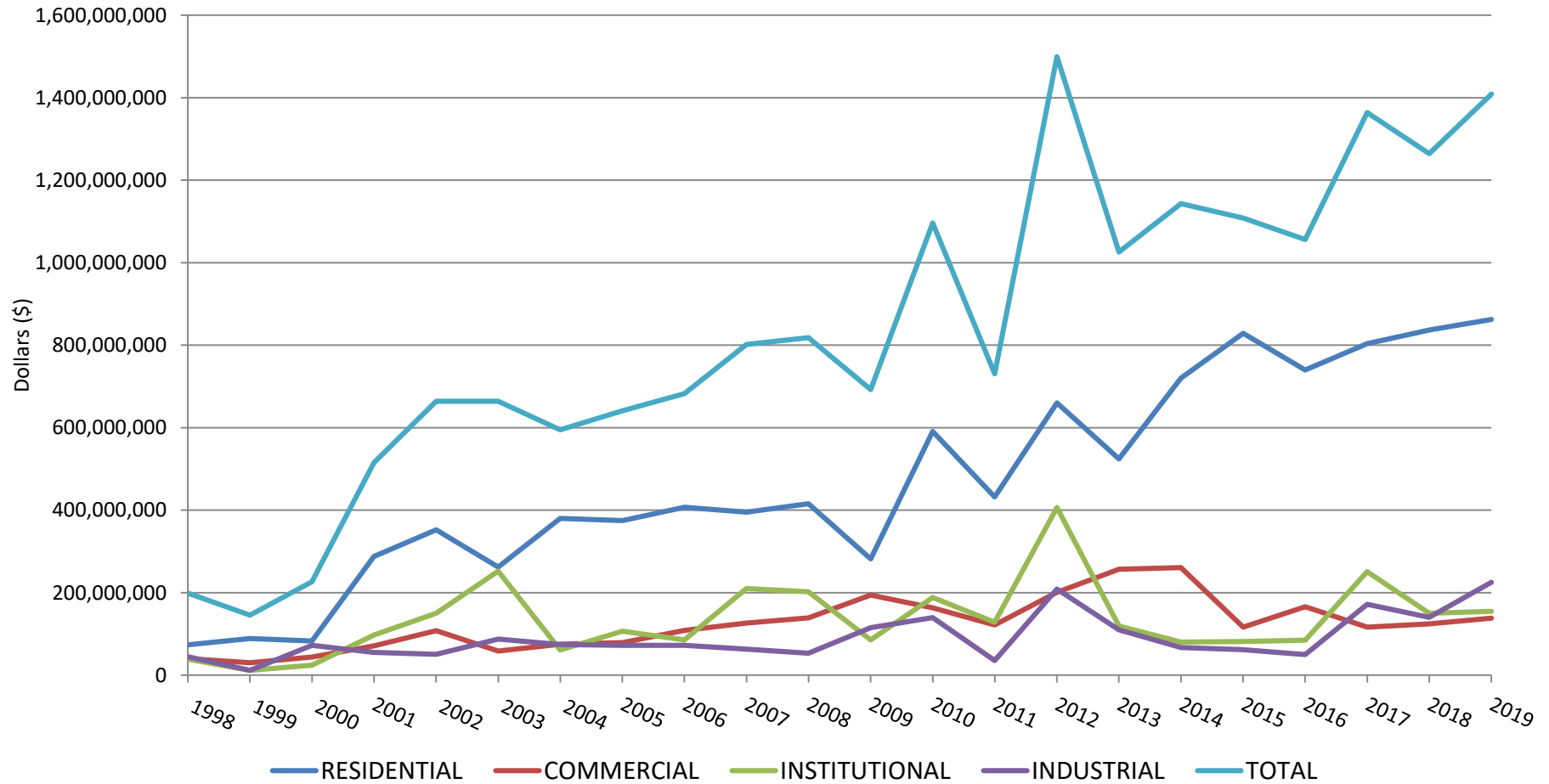
2019 ASSESSMENT GROWTH FCS20019

GENERAL ISSUES COMMITTEE

March 2, 2020

Building Permit Activity

1998 - 2019



Residential vs. Non-Residential Growth

	2015	2016	2017	2018	2019
Total	1.6%	0.7%	1.4%	1.2%	1.2%
Residential	1.3%	0.6%	1.3%	0.9%	1.1%
Non-Residential	0.3%	0.1%	0.1%	0.3%	0.1%

- Continued reliance on the residential property class
- Assessment changes in non-residential properties have a larger impact on tax revenue
- Appeals in the commercial and industrial property classes are eroding the assessment base

2019 Assessment Growth

- 2019 recorded a net assessment growth of 1.2% or \$10.6 M in tax revenue

(Gross/Net)		
Increases	\$ 11,878,100	1.3%
Decreases	\$ (1,243,300)	-0.1%
Total	\$ 10,634,800	1.2%

- Includes new assessment, changes in assessment due to Request for Reconsiderations (RfR) and Appeals, as well as MPAC's proactive and ongoing reviews of key property sectors

2019 Assessment Growth

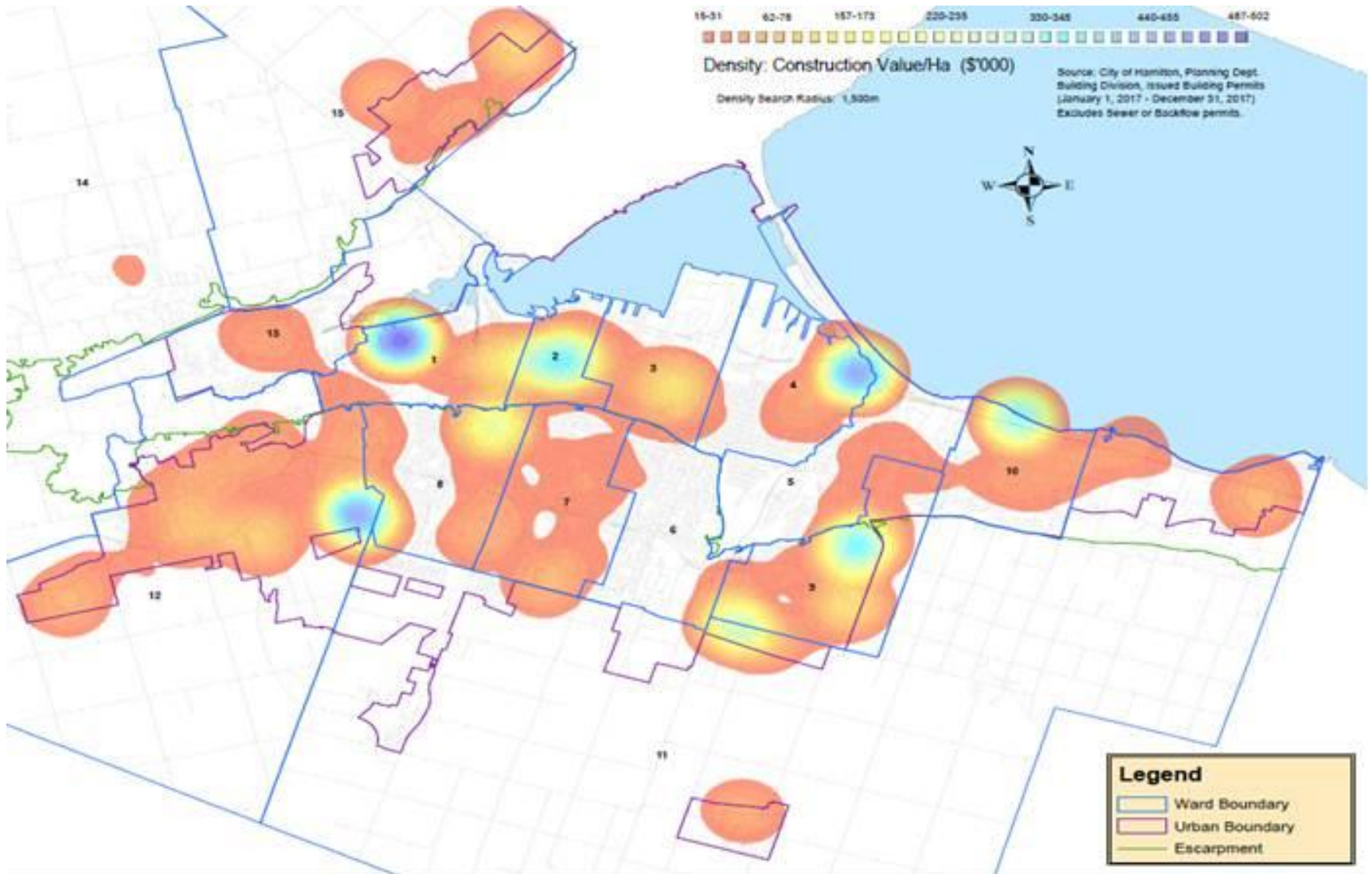
	Gross Change in Unweighted Assessment	Net Change in Unweighted Assessment	Difference \$	Difference %
Residential	\$ 1,012,163,200	\$ 1,010,370,800	\$ (1,792,400)	0%
Multi-Residential	\$ 17,689,400	\$ 3,395,700	\$ (14,293,700)	-81%
Commercial	\$ 52,652,700	\$ 30,052,900	\$ (22,599,800)	-43%
Industrial	\$ 25,152,600	\$ 11,476,700	\$ (13,675,900)	-54%
Other	\$ 30,743,700	\$ 15,455,600	\$ (15,288,100)	-50%
Total	\$ 1,138,401,600	\$ 1,070,751,700	\$ (67,649,900)	-6%

2019 Net Assessment Growth by Class

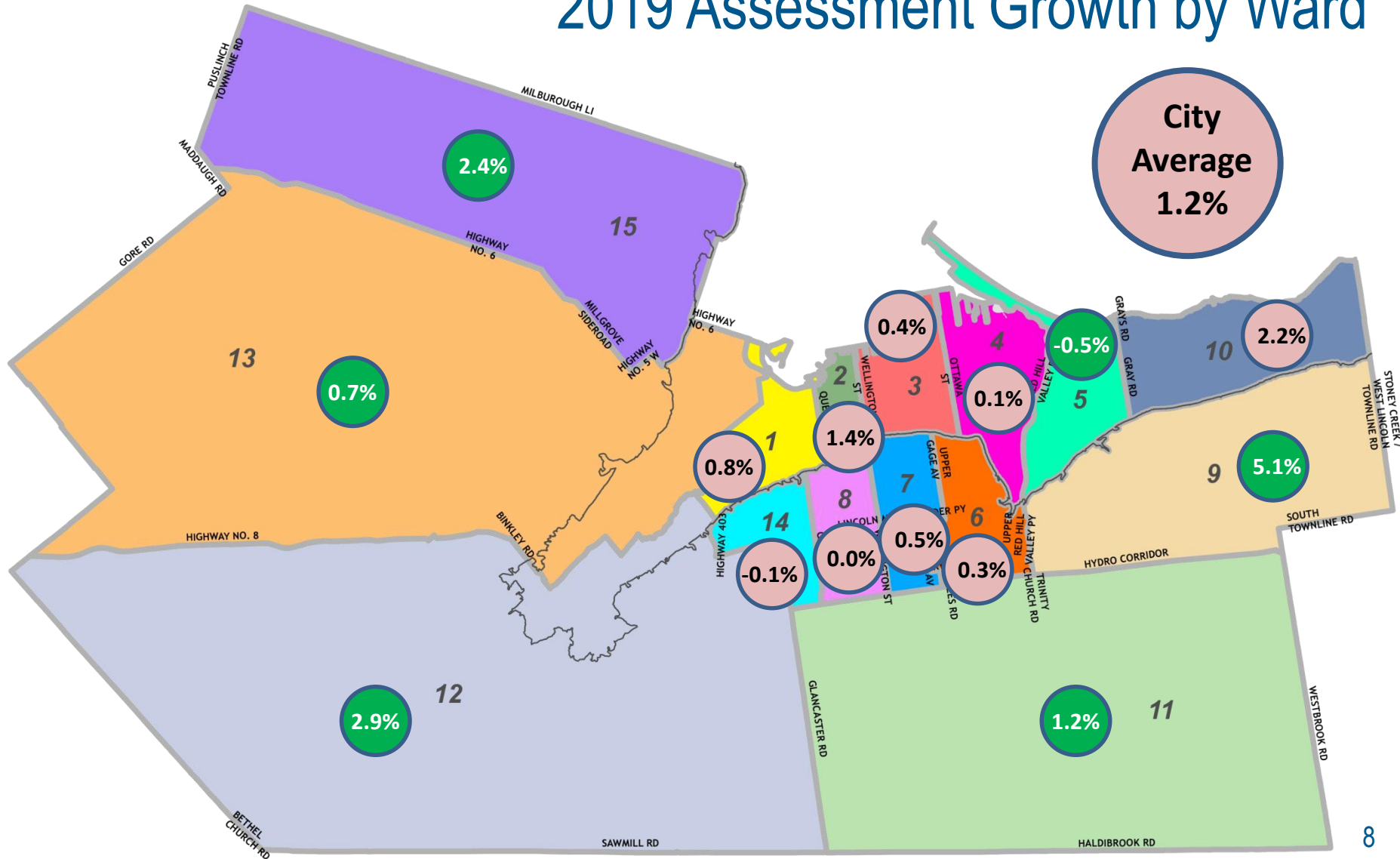
	Change in Unweighted Assessment	Change in Municipal Taxes	% Class Change	% of Total Change
Residential	\$ 1,010,370,800	\$ 9,788,000	1.6%	1.1%
Multi-Residential	\$ 3,395,700	\$ (167,400)	-0.2%	0.0%
Commercial	\$ 30,052,900	\$ 491,100	0.3%	0.1%
Industrial	\$ 11,476,700	\$ 232,500	0.6%	0.0%
Other	\$ 15,455,600	\$ 290,700	3.9%	0.0%
Total	\$ 1,070,751,600	\$ 10,634,800	1.2%	1.2%

The Residential property class continues to have a strong building activity and remains the main driver of the assessment growth in the City with an increase of 1.6% from last year, which represents additional tax revenue of \$9.8 M

Building Permit Activity - 2017



2019 Assessment Growth by Ward



Residential vs. Non-Residential Growth

It's all about the tax ratio...

- \$1 million increase in residential assessment results in \$10,000 in additional taxes
- \$1 million increase in commercial assessment results in \$19,800 in additional taxes
- \$1 million increase in industrial assessment results in \$33,700 in additional taxes

	2019 RATIOS
RESIDENTIAL	1.0000
COMMERCIAL	1.9800
INDUSTRIAL	3.3696

Multi-Residential Property Class

- The Multi-Residential property class had a decrease of -\$167 k or -0.2%
- Mostly as a result of the conversion of multi-residential properties to residential condos.
- Conversions affect the tax revenue for the City since the property tax classification changes from Multi-Residential, which has a tax ratio of 2.5671 to Residential, which has a tax ratio of 1.0000.

Multi-Residential Property Class

- Provincial policy also restricts tax increases beyond the 2016 level resulting in increases in the Multi-Residential property class being taxed at a lower rate than in previous years
- No indication from the provincial government as to whether the policy will change in the upcoming years

Commercial Property Class

- During 2019 the Commercial property class had a net increase of 0.3% which represents \$0.5 M in additional tax revenue
- This class has been negatively affected by a significant number of appeals and request for reconsiderations. Net assessment growth for 2019 was \$30M

Commercial Property Class

- Assessment increase is partially driven by previously reported developments that have continued their expansion and have been occupied by new tenants
- Examples:
 - Winona Crossing Shopping Centre
 - Clappison Power Centre
 - Heritage Green Shopping Centre
 - The commercial plaza on Portia Drive (Ancaster)
- These developments are spread across the City reflecting commercial trends and community needs

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Commercial Property Class

- Other assessment increases include:
 - Stryker (development in progress)
 - Commercial plaza on Upper Sherman & Ryman (NoFrills)
 - New commercial/flex building in the Stoney Creek commercial park
 - New warehouse in Stoney Creek
 - New Medical Building in Ancaster
 - Hamilton Volkswagen
 - Terra GreenHouse in Binbrook
 - Restoration projects in downtown Hamilton (James St. North)

Commercial Property Class

- Assessment appeals are causing a significant erosion of the assessment base. Some examples include:

Retail

- Flamborough Power Centre
- Eastgate
- Smart Centres on Centennial Parkway
- Waterdown Supercentre
- Other commercial plazas across the City
- Commercial Warehouse in Stoney Creek
- Walmart
- Hamilton Hyundai

Office
Building

- Large office building downtown (1 King St. W.)
- Medical building (part of former Chedoke Hospital)

Industrial Property Class

- The Industrial property class had a net assessment growth of 0.6% resulting in additional tax revenue of \$0.2 M.
- The decreases that are occurring (Approx. \$13 M) are mostly due to reclassification from the industrial property class to the commercial property class.

Industrial Property Class

Assessment increases include:

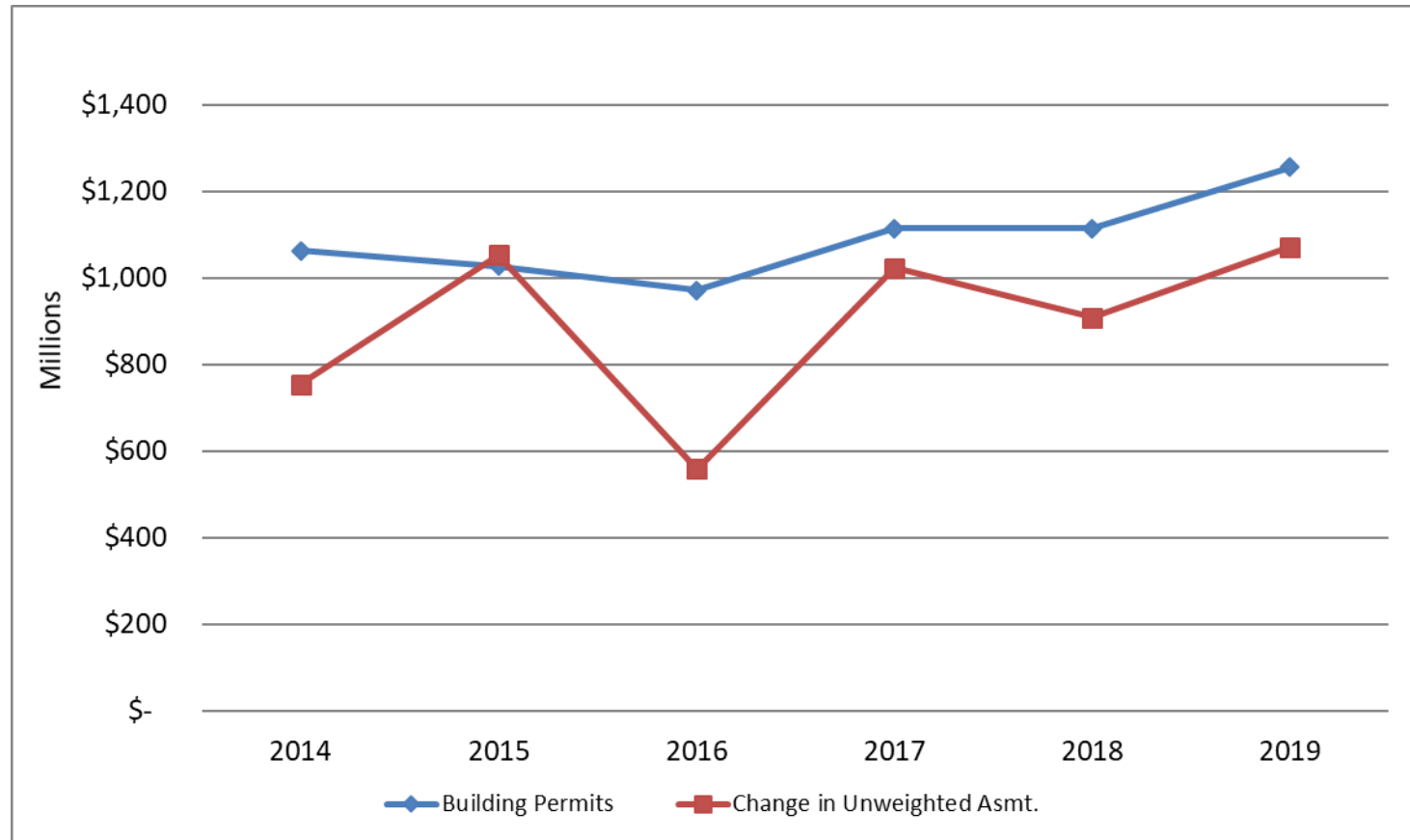
- Industrial lands on Nebo Rd. & Twenty Rd.
(development in progress)
- New industrial lands in the Ancaster Industrial Park
(vacant)
- New industrial mall in Dundas
- Bennet Mechanical Installations
- Nova Steel



Hamilton

VALUE OF BUILDING PERMITS VS. ASSESSMENT GROWTH

Assessment Growth vs. Value of Building Permits (*)



(*) Building permits are net of Government/Institutional construction value as they do not result in taxable assessment for the City.

Assessment Growth vs. Value of Building Permits (Cont'd)

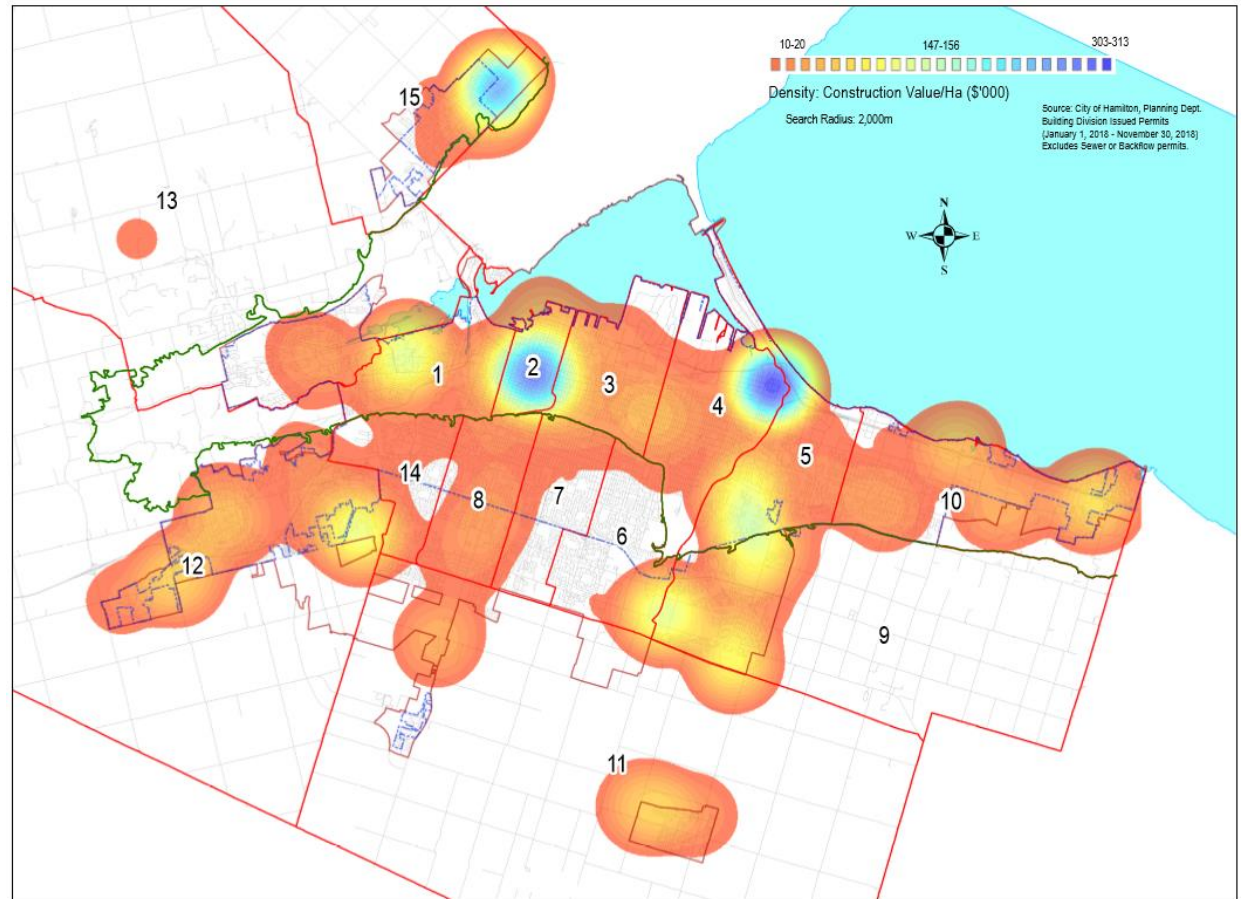
Property Type	Building Permit Value	Increase in Assessment	Assessment to Building Permit Ratio
Typical Subdivision House (Ancaster)	\$250,000	\$224,000	90%
Custom Built House (Ancaster)	\$3,070,000	\$2,190,000	71%
Apartment Building (Downtown)	\$7,936,110	\$10,164,000	128%
Hotel (Downtown)	\$6,983,000	\$10,531,000	151%
Industrial Building (Ancaster)	\$7,175,000	\$12,198,000	170%
Industrial Building (Waterdown)	\$12,256,750	\$11,662,000	95%
Industrial Building (Glanbrook)	\$26,601,700	\$20,095,500	76%
Hotel (Downtown)	\$30,215,000	\$14,347,500	47%
Institutional/Industrial Building (Hamilton)	\$55,000,000	\$15,366,000	28%
Industrial Building (Glanbrook)	\$85,531,933	\$34,406,000	40%

Assessment Growth vs. Value of Building Permits (Cont'd)

Property Type	Building Permit Year	MPAC Assessment	Assessment Effective Date	Taxes Received	Time Lag (Years)
Typical Subdivision House (Ancaster)	2013	2015	2015	2016	3
Custom Built House (Ancaster)	2012	2016	2015	2016	4
Apartment Building (Downtown)	2014	2015	2015	2016	2
Hotel (Downtown)	2011	2013	2012	2014	3
Industrial Building (Ancaster)	2012	2015	2014	2015	3
Industrial Building (Waterdown)	2017	2019	2019	2019	2
Industrial Building (Glanbrook)	2010	2012	2011	2012	2
Hotel (Downtown)	2012	2014	2014	2015	3
Institutional/Industrial Building (Hamilton)	2009	2016	2014	2014	5
Industrial Building (Glanbrook)	2012	2014	2014	2015	3

Building Permit Activity - 2019

Year	Construction Value
2009	\$692,402,386
2010	\$1,096,299,091
2011	\$731,019,287
2012	\$1,499,627,394
2013	\$1,025,785,000
2014	\$1,143,192,846
2015	\$1,108,192,846
2016	\$1,056,237,746
2017	\$1,364,145,418
2018	\$1,264,757,129
2019	\$1,408,521,764 / \$1,538,521,764



Building Permit Activity: Construction Value 2019

0 700 1,400 2,800 4,200 5,600 Meters

2020 Average Res. Assessment

	Average Residential Assessment	Asmt as % of City Average
Ward 1	\$ 412,500	108%
Ward 2	\$ 285,200	75%
Ward 3	\$ 223,100	59%
Ward 4	\$ 232,800	61%
Ward 5	\$ 312,700	82%
Ward 6	\$ 332,600	87%
Ward 7	\$ 337,700	89%
Ward 8	\$ 366,900	96%
Ward 9	\$ 392,900	103%
Ward 10	\$ 425,300	112%
Ward 11	\$ 401,800	106%
Ward 12	\$ 533,500	140%
Ward 13	\$ 484,300	127%
Ward 14	\$ 405,500	107%
Ward 15	\$ 532,300	140%

2020 Average City-wide Residential Assessment = \$380,300

2019 Average City-wide Residential Assessment = \$358,600



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THANK YOU