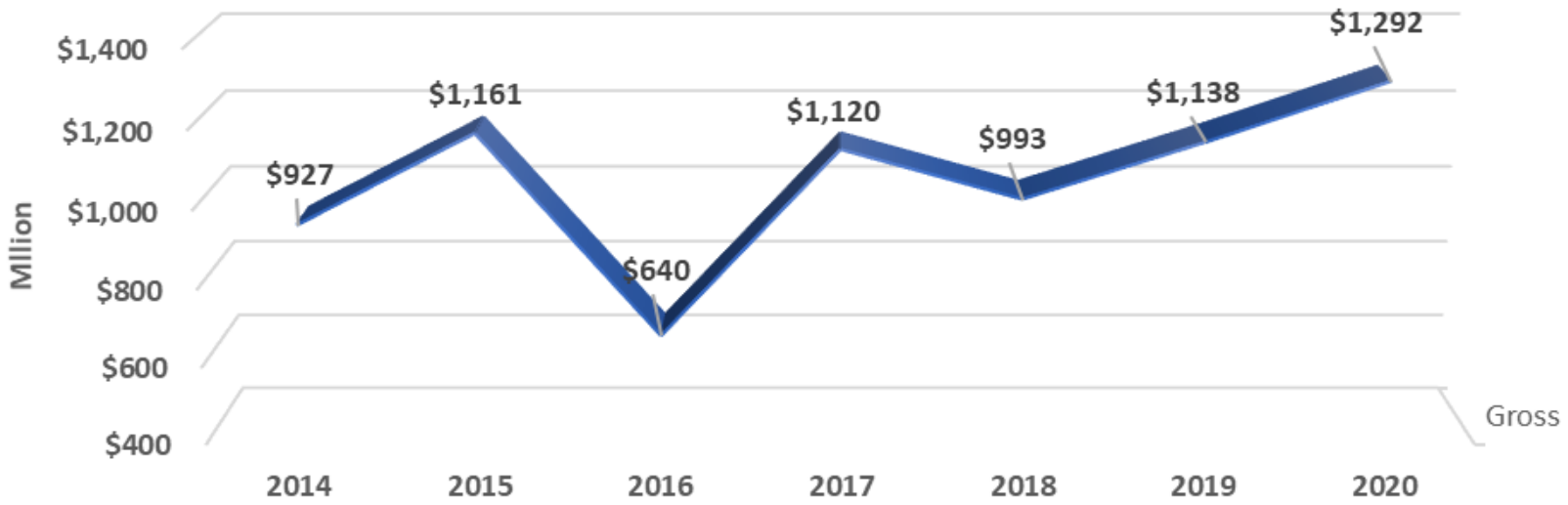
6.2

2020 ASSESSMENT GROWTH
FCS21016

GENERAL ISSUES COMMITTEE

February 25, 2021

Assessment Growth Activity
Net 2014-2020

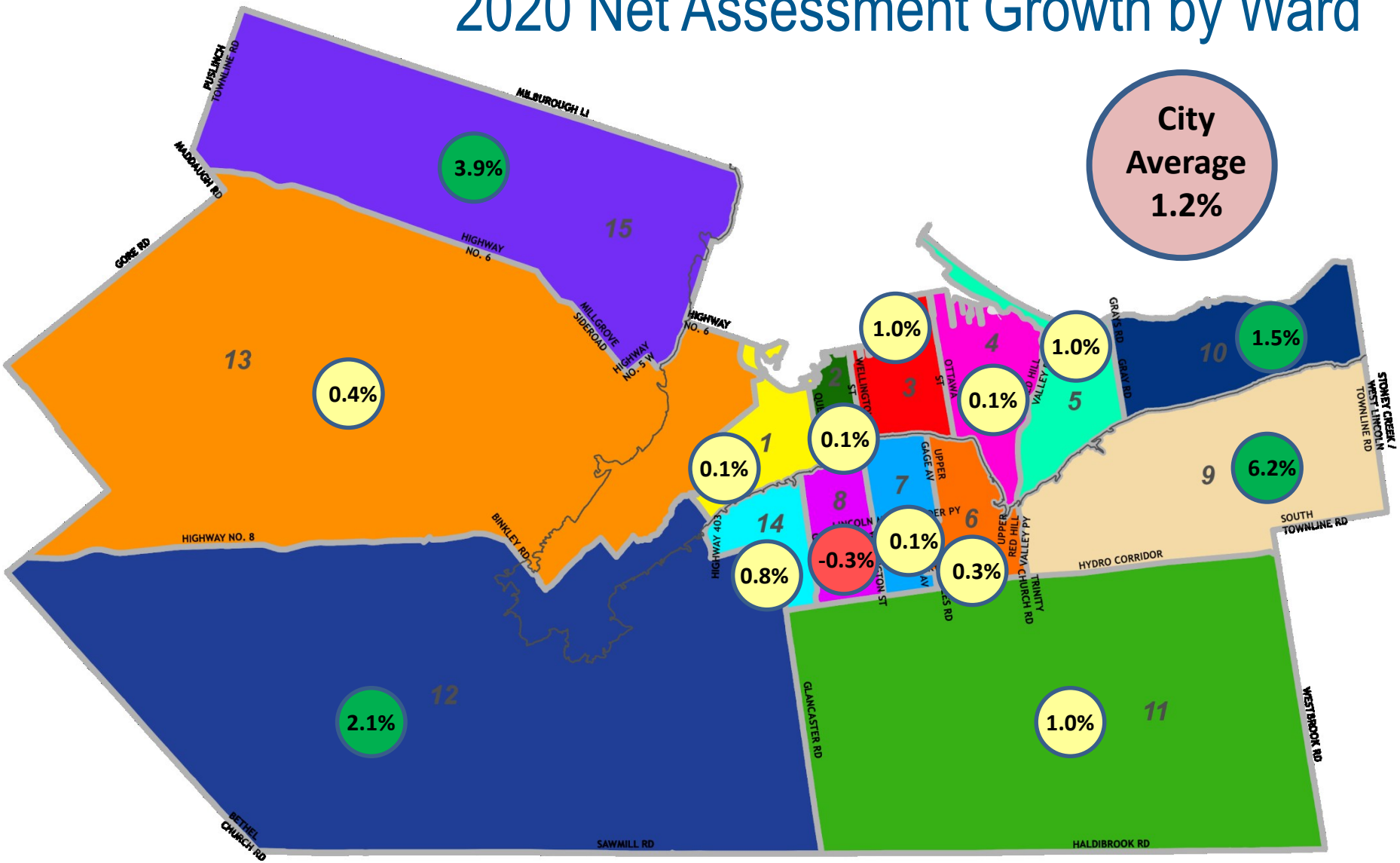


Residential vs. Non-Residential Growth

	2016	2017	2018	2019	2020
Total	**0.7%**	**1.4%**	**1.2%**	**1.2%**	**1.2%**
Residential	0.6%	1.3%	0.9%	1.1%	1.2%
Non-Residential	0.1%	0.1%	0.3%	0.1%	0.0%

- 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

2020 Net Assessment Growth by Ward



2020 Assessment Growth

- Gross assessment growth of 2.3% or $1.9B assessed value
- Net assessment growth of 1.2% or $1.2B assessed value and $11.2M in municipal tax revenue

(Gross/Net)			
Increases	$	20,799,000	2.3%
Decreases	$	(9,572,000)	-1.0%
Total	$	11,227,000	1.2%

Anomalies due to rounding

- 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

Residential vs. Non-Residential Growth

	2020 RATIOS
RESIDENTIAL	1.0000
COMMERCIAL	1.9800
INDUSTRIAL	3.3153

It's all about the tax ratio…

- $1 million increase in residential assessment results in $10,400 in additional taxes
- $1 million increase in commercial assessment results in $20,500 in additional taxes
- $1 million increase in industrial assessment results in $34,300 in additional taxes

2020 Net Assessment Growth by Class

	Change in Unweighted Assessment	Change in Municipal Taxes	% Class Change	% of Total Change
Residential	$ 1,153,196,600	$ 10,777,600	1.7%	1.2%
Multi-Residential	$ 2,930,500	$ (340,700)	-0.5%	0.0%
Commercial	$ 58,937,400	$ 1,012,600	0.6%	0.1%
Industrial	$ (4,595,400)	$ (257,200)	-0.6%	0.0%
Other	$ 12,746,500	$ 34,800	0.4%	0.0%
Total	**$ 1,223,215,600**	**$ 11,227,000**	**1.2%**	**1.2%**

- $1.2B net assessment growth
- Residential main driver

Multi-Residential Property Class

- For the second consecutive year assessment changes in the multi-residential property class (combined) resulted in a net decline in municipal property taxes

- For 2020, tax revenue decreased by $341k or -0.5% from the previous year (-$167k and -0.2% in 2019), even though the net assessment increased by $2.9 M

Multi-Residential Property Class

- The increase in assessment does not translate into higher revenue is 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 2.4876 to Residential, which has a tax ratio of 1.0000

Multi-Residential Property Class

Existing condo conversion:

Original

Classified as Multi-Residential
Municipal Property Taxes $129,000

Post Conversion

Classified as Residential
Municipal Property Taxes $91,000

property tax reduction: about 30%

Multi-Residential Property Class

New Development

Tax ratio equal to residential

Current

Classified as New Multi-Residential
Municipal Property Taxes $381,000

Pre-2001

Classified as Multi-Residential
Municipal Property Taxes $947,000 (estimate)

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 2020 the Commercial property class had a net increase of 0.6% which represents $1.0 M in additional tax revenue

- Net assessment growth for 2020 was $58.9 M. However, this class continues to be negatively affected by a significant number of appeals and request for reconsiderations

Commercial Property Class

- Some of assessment increases recorded in 2020 in the commercial property class include:
    - Commercial lands for future commercial development in Waterdown
    - Westinghouse HQ Commercial/Industrial building
    - Storage warehouses on Pritchard Rd.
    - Improvements to Columbia International College
    - Stoney Creek Airport

Commercial Property Class

- It also includes the continued expansion of several commercial plazas across the City including:

  - Winona Crossing
  - Heritage Highlands (Stone Church & Upper Red Hill Valley)
  - Commercial lands along Wilson St. W in Ancaster
  - Smart Centres in Stoney Creek (Centennial Parkway North)

Commercial Property Class

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

  - Smart Centres on Hamilton Mountain (Upper James & Fennel)
  - City owned properties along King St. West (100-120 King St. W.)
  - Commercial condos on 150 Main St. West
  - South Hamilton Square (Upper James & Rymal)
  - Other commercial plazas across the City

Industrial Property Class

- The Industrial property class had a net assessment reduction of -0.6% resulting in a municipal property tax revenue loss of $257k

- Most decreases are mostly due to reclassification from the industrial property class to the commercial/residential property class and due to appeals

- Some notable appeals that have resulted in decreased assessment value include Nelson Steel Co., Nova Steel and Taylor Steel.

Industrial Property Class

Original

Classified as Large Industrial

Municipal Property Taxes $488,000

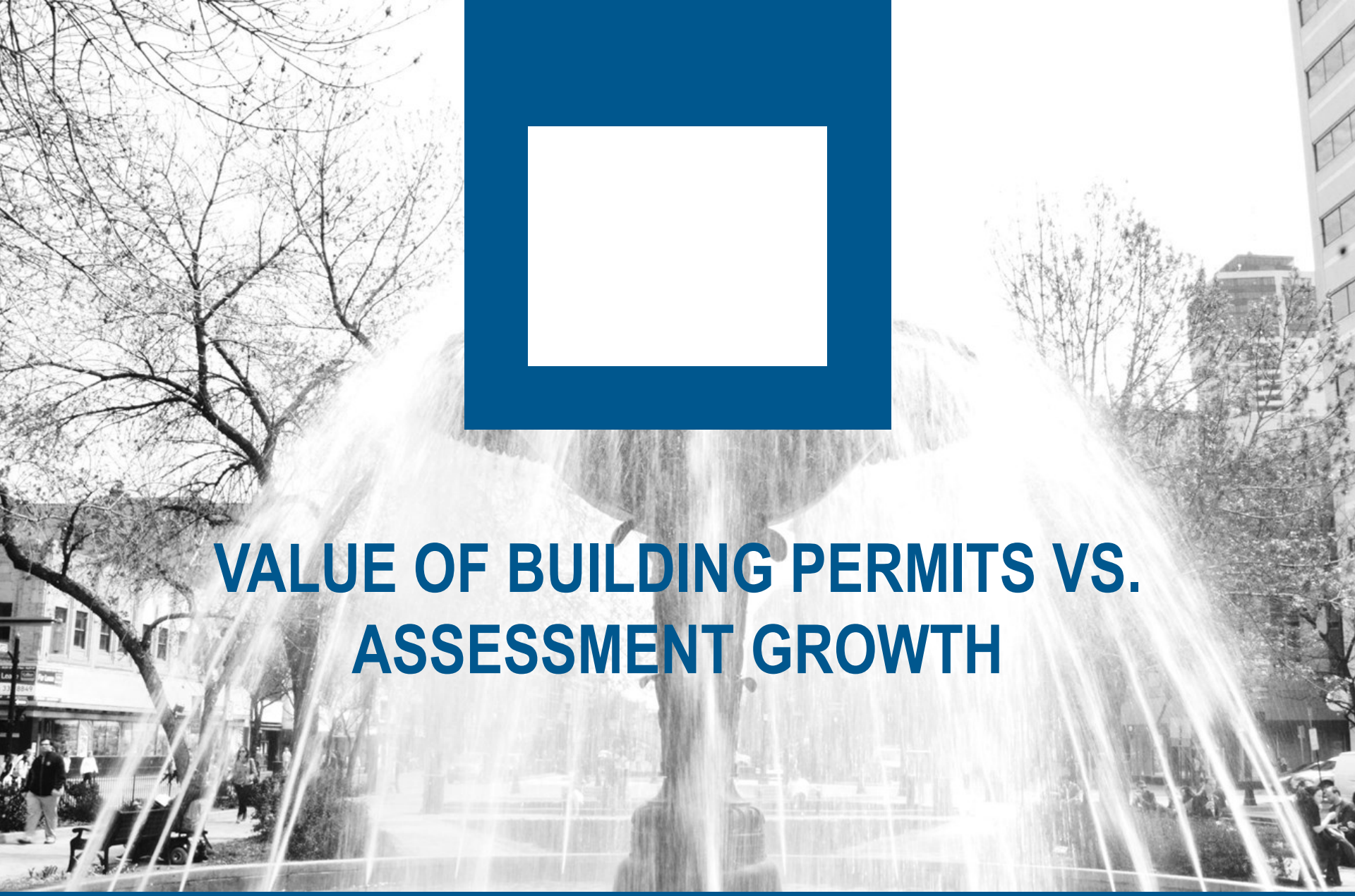
Current

Classified as Exempt

Municipal Property Taxes $0

Industrial Property Class

- Some examples of increased assessment include:
    - Stelco
    - New Industrial building in the Ancaster Business Park
    - New Coppley facility
    - Industrial lands on Arvin Av. (development in progress)
    - Gay Lea Dairy (Innovation Centre)



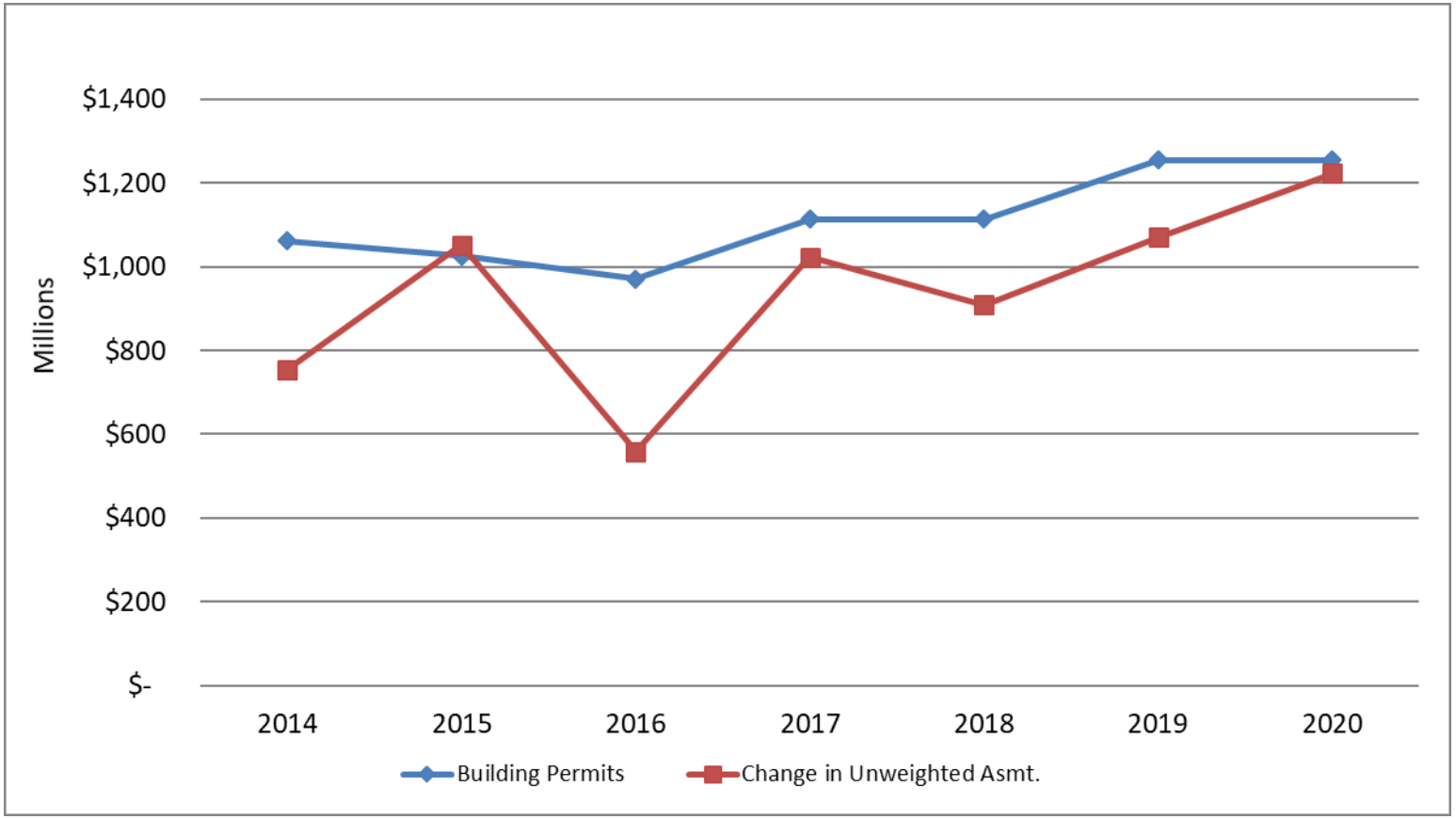
VALUE OF BUILDING PERMITS VS. ASSESSMENT GROWTH

Assessment Growth vs. Building Permits

- There are three main reasons for the difference between assessment growth and building permits:

    1. Time lag
    2. Difference in valuation
    3. Property Type

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 Asessment	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

2021 Average Res. Assessment

	2021 Average Residential Assessment	Assmt. as % of City's average
Ward 1	$ 407,300	107%
Ward 2	$ 281,100	74%
Ward 3	$ 225,400	59%
Ward 4	$ 233,800	61%
Ward 5	$ 311,600	82%
Ward 6	$ 332,700	87%
Ward 7	$ 337,300	89%
Ward 8	$ 368,100	97%
Ward 9	$ 407,600	107%
Ward 10	$ 411,500	108%
Ward 11	$ 401,000	105%
Ward 12	$ 543,000	143%
Ward 13	$ 486,500	128%
Ward 14	$ 406,500	107%
Ward 15	$ 523,200	137%

2021 Average City-wide Residential Assessment = $381,000
2020 Average City-wide Residential Assessment = $380,300

THANK YOU