



Area Rating Review FCS21078(b)

GENERAL ISSUES COMMITTEE

March 3, 2022

- Area Rating accounts for differences in service level or cost of providing services across the City
- Properties with same assessment but different service levels are taxed differently
- Governed by Ontario Regulation 585/06

1. Revenue Neutral
2. Service Delivery Drives Taxes
3. It is not pay-for-use
4. Evolutionary process

Historical Background

Year	Services Area Rated in the City of Hamilton
2001	Transit, Fire, Culture and Recreation, Storm Sewers, Senior's Tax Credit, Slot Revenues and Financial Adjustments
2002	Removal of Senior's Tax Credit (established a new City-wide program)
2004	Removal of Financial Adjustments
2006	Removal of Storm Sewers (transferred to the rate budget - included in water / sewer rates)
2008	Removal of Slot Revenues Addition of Sidewalk Snow Removal (Ward 12 only) Addition of Loan Repayment for Parkland Purchases (added to Culture and Recreation area rated levy)
2011	Transit, Recreation, Sidewalks and Streetlighting, Parkland Purchases, Infrastructure Levy; Sidewalk Snow Removal, Fire.

- Survey/scan of 44 municipalities in Ontario
- Only 13 have area rated services
- Most common: transit, fire and waste collection
- Maximum: 3 area rated services

- Review and recommendations
 - Sidewalk snow removal
 - Sidewalks and streetlighting
 - Recreation
 - Parkland purchases
 - Fire
- Revenue neutral; tax shifts between properties
- Excludes assessment growth, tax policies, budget and education impacts

Sidewalk Snow Removal

- Currently, area rated to Ancaster only; all sidewalks cleared
- In 2021 Council approved enhanced level of service for 2022/23 winter season
 - Additional 469 km city-wide
 - Based on EDI framework, not location
- Recommendation to eliminate area rating of Sidewalk Snow Removal starting in 2023

Sidewalk Snow Removal

2023 Tax Impact

	URBAN	
	Tax Impact (%)	Tax Impact (\$)
Ward 1	0.0%	\$ 1
Ward 2	0.0%	\$ 0
Ward 3	0.0%	\$ 0
Ward 4	0.0%	\$ 0
Ward 5	0.0%	\$ 1
Ward 6	0.0%	\$ 1
Ward 7	0.0%	\$ 1
Ward 8	0.0%	\$ 1
Ward 9	0.0%	\$ 1
Ward 10	0.0%	\$ 1
Ward 11	0.0%	\$ 1
Ward 12	-0.1%	\$ (8)
Ward 13	0.0%	\$ 1
Ward 14	0.0%	\$ 0
Ward 15	0.0%	\$ 1

	RURAL	
	Tax Impact (%)	Tax Impact (\$)
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	0.0%	\$ 1
	N/A	N/A
	0.0%	\$ 1
	0.0%	\$ 1
	0.0%	\$ 1
	0.0%	\$ 1
	N/A	N/A
	0.0%	\$ 1

Sidewalks & Streetlighting

- Area rated under the urban/rural model
- Sidewalks:
 - Urban areas without sidewalks
 - Pavement Management System vs. Transit Boundary
 - Not commonly area rated in Ontario
- Streetlighting:
 - Same standard of service
 - Service is driven by density and population

Sidewalks & Streetlighting

- Increased proportion of rural sidewalks and streetlights
- Increased proportion of costs allocated to the rural areas
- Not a differential service based on location
- Recommendation to eliminate the area rating of Sidewalks and Streetlights using a four-year phase-out period starting in 2022

Sidewalks & Streetlighting

Year 1 of phase-in period

	URBAN	
	Tax Impact (%)	Tax Impact (\$)
Ward 1	0.0%	\$ (1)
Ward 2	0.0%	\$ (0)
Ward 3	0.0%	\$ (0)
Ward 4	0.0%	\$ (0)
Ward 5	0.0%	\$ (0)
Ward 6	0.0%	\$ (0)
Ward 7	0.0%	\$ (0)
Ward 8	0.0%	\$ (0)
Ward 9	0.0%	\$ (1)
Ward 10	0.0%	\$ (1)
Ward 11	0.0%	\$ (1)
Ward 12	0.0%	\$ (1)
Ward 13	0.0%	\$ (1)
Ward 14	0.0%	\$ (1)
Ward 15	0.0%	\$ (1)

	RURAL	
	Tax Impact (%)	Tax Impact (\$)
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	0.1%	\$ 4
	N/A	N/A
	0.1%	\$ 4
	0.1%	\$ 6
	0.1%	\$ 5
	N/A	N/A
	0.1%	\$ 6

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- Area rated under the urban/rural model
- Recreation facilities and programs are available to all residents and user fees have been harmonized
- Planned new facilities in rural areas
- Previous recommendations to eliminate from area rating – does not meet criteria
- Recommendation to eliminate the area rating of Recreation using a four-year phase-out period starting in 2022

Recreation

Year 1 of phase-in period

	URBAN	
	Tax Impact (%)	Tax Impact (\$)
Ward 1	0.0%	\$ (1)
Ward 2	0.0%	\$ (1)
Ward 3	0.0%	\$ (1)
Ward 4	0.0%	\$ (1)
Ward 5	0.0%	\$ (1)
Ward 6	0.0%	\$ (1)
Ward 7	0.0%	\$ (1)
Ward 8	0.0%	\$ (1)
Ward 9	0.0%	\$ (1)
Ward 10	0.0%	\$ (1)
Ward 11	0.0%	\$ (1)
Ward 12	0.0%	\$ (2)
Ward 13	0.0%	\$ (1)
Ward 14	0.0%	\$ (1)
Ward 15	0.0%	\$ (1)

	RURAL	
	Tax Impact (%)	Tax Impact (\$)
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	0.2%	\$ 10
	N/A	N/A
	0.2%	\$ 10
	0.2%	\$ 13
	0.2%	\$ 12
	N/A	N/A
	0.2%	\$ 13

Parkland Purchases

- Parkland Purchases are area rated by the former municipality
- These properties are located all across the City and are accessible for all residents regardless of where their property is located
- Deficiencies / funding challenges
- Previous recommendations to eliminate from area rating - does not meet criteria

Parkland Purchases

- Recommendation that the existing area rated Parkland Purchases levy be grandfathered and continue to be area rated, but new purchases would not be area rated
- No immediate tax impacts

Total Tax Impacts

2022

	URBAN	
	Tax Impact (%)	Tax Impact (\$)
Ward 1	0.0%	\$ (2)
Ward 2	0.0%	\$ (1)
Ward 3	0.0%	\$ (1)
Ward 4	0.0%	\$ (1)
Ward 5	0.0%	\$ (1)
Ward 6	0.0%	\$ (1)
Ward 7	0.0%	\$ (1)
Ward 8	0.0%	\$ (2)
Ward 9	0.0%	\$ (2)
Ward 10	0.0%	\$ (2)
Ward 11	0.0%	\$ (2)
Ward 12	0.0%	\$ (2)
Ward 13	0.0%	\$ (2)
Ward 14	0.0%	\$ (2)
Ward 15	0.0%	\$ (2)

	RURAL	
	Tax Impact (%)	Tax Impact (\$)
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	0.4%	\$ 14
	N/A	N/A
	0.4%	\$ 14
	0.4%	\$ 19
	0.4%	\$ 17
	N/A	N/A
	0.4%	\$ 19

- Three levels of service: career, volunteer and composite
- Area rated on urban/rural model
- Review to align taxation with level of service
- Redistribution of properties and costs

- Recommendations:
 - Report back on the impacts of adjusting the area rating of the Fire Service to a model that aligns with the three levels of service
 - with public consultation in 2022
 - possible implementation in the 2023 tax year
 - Transfer from the Tax Stabilization Reserve in the amount of \$1.4 M be applied to reduce the rural fire levy in 2022



THANK YOU