



City of Hamilton Report for Consideration

To: Mayor and Members, General Issues Committee
Date: April 30, 2025
Report No: FCS25023
Subject/Title: 2025 Tax Policies and Area Rating
Ward(s) Affected: City Wide

Recommendations

1. That the following optional property classes **BE APPROVED** for the 2025 taxation year:
 - a) Parking Lot and Vacant Land;
 - b) Large Industrial;

2. That, the following final tax ratios for the 2025 taxation year **BE APPROVED**:

a)	Residential	1.0000
b)	Multi-Residential	2.0000
c)	New Multi-Residential	1.0000
d)	Commercial	1.9800
e)	Industrial - Large	3.4189
f)	Industrial - Residual	2.9156
g)	Pipelines	1.7947
h)	Farmlands	0.1767
i)	Farmland Awaiting Development	0.7500
j)	Managed Forests	0.2500
k)	Landfills	2.9696
l)	Aggregate Extraction	2.4465
m)	Farm	0.1767

3. That the following tax reductions for the 2025 taxation year **BE APPROVED**:

a) Farmland awaiting development (1st Subclass)	25%
b) Farmland awaiting development (2nd Subclass)	0%
c) Excess land Subclass (Residual Commercial)	0%
d) Excess land Subclass (Residual Industrial)	0%
e) Vacant land Subclass (Residual Industrial)	0%
f) Excess land Subclass (Large Industrial)	0%
4. That the Area Rated Levies as identified in Appendix “A” to Report FCS25023, **BE APPROVED**”;
5. That the Draft By-law “To Set and Levy the Rates of Taxation for the Year 2025” as identified in Appendix “C” to Report FCS25023, **BE PRESENTED TO COUNCIL FOR CONSIDERATION**;
6. That the Draft By-law “To Set Optional Property Classes Within the City of Hamilton for the Year 2025” as identified in Appendix “D” to Report FCS25023, **BE PRESENTED TO COUNCIL FOR CONSIDERATION**;
7. That the Draft By-law “To Establish Tax Ratios and Tax Reductions for the Year 2025” as identified in Appendix “E” to Report FCS25023, **BE PRESENTED TO COUNCIL FOR CONSIDERATION**;
8. That the Draft By-law “To Levy a Special Charge Upon the Rateable Property in the Business Improvement Areas for the Year 2025”, as identified in Appendix “F” to Report FCS25023, **BE PRESENTED TO COUNCIL FOR CONSIDERATION**;
9. That the continuation of the Deferral of Tax Increases for Seniors and Low-Income Persons with Disabilities Program (Deferral of Tax Increases Program) for 2025 **BE APPROVED**;
10. That the continuation of the Full Tax Deferral Program for Seniors and Low-Income Persons with Disabilities Program (Full Tax Deferral Program) for 2025 **BE APPROVED**;
11. That the continuation of the Seniors’ (65+) Tax Rebate Program for 2025 **BE APPROVED**; and
12. That the continuation of the 40% Tax Rebate for eligible charities and similar organizations for 2025 **BE APPROVED**.

Key Facts

- Report FCS25023 highlights the tax policy tools and options for the current taxation year and includes tax impacts.
- The combined impacts of the final approved 2025 Tax Supported Operating Budget, inclusive of the final growth, tax policies and education impacts resulted in a total City-wide residential tax impact of 5.6 % or \$285 for the average residential property valued at \$386,600.
- A new “Aggregate Extraction” property class is introduced for 2025.
- 2025 marks the final year of the phase-out of the area rating of Recreation, Sidewalks and Streetlights.
- The phase-in of the new methodology for the area rating of Fire is complete and starting in 2025, Fire is area rated based on full time service, volunteer service and composite service.
- The tax ratio for the Multi-Residential property class has been set at 2.0 and therefore, this property class is now subject to budgetary impacts.
- The tax policies being recommended are consistent with previous year’s approvals.

Financial Considerations

Current and future tax policies impact the City financially in terms of revenue streams and their sources. The policies recommended in Report FCS25023 have no budget impact since they have all been incorporated into the 2025 adopted budget.

Table 1 shows the combined impacts of the final adopted 2025 Tax Supported Budget, inclusive of the final growth, tax policies and education impacts. However, area rating, tax policies and reassessment may result in varying tax impacts throughout the City and on a property-by-property basis.

**Table 1
2025 Total Average Residential Tax Impact for
Property Valued at \$386,600**

	\$	%
Municipal Taxes	\$285	5.56%
Education Taxes	\$0	0.0%
Total Taxes – City Wide Average	\$285	5.56%

Table 2 shows the average percentage impact of the recommended tax policy by different property classes. As shown in Table 2, the average tax impacts vary between property classes. The tax impacts vary between different property classes as a result of budgetary changes, previously approved changes in the methodology of area rating, the provincially legislated restrictions on the Multi-Residential and the Industrial property classes and the Education tax.

Table 2
2025 Total Average Tax Impacts by Property Class Including Education

Property Class	Total Impact %
Residential	5.56%
Multi-Residential	2.35%
Commercial	4.46%
Industrial	2.50%
Farm	5.80%

Background

The policies included in Report FCS25023 are recommended in accordance with the legislative requirements contained in the *Assessment Act, 2001*.

Each year, staff bring forward tax policy recommendations following the annual tax budget adoption. The tax policies being recommended are consistent with the assumptions used when identifying tax impacts to Council during the 2025 Tax budget process.

The 2025 assessment roll has been updated to reflect assessment changes due to net growth, appeals and request for reconsiderations; however, there is no updated assessment from Municipal Property Assessment Corporation (MPAC) and, therefore, the assessment value continues to be based as of January 1, 2016 assessment. Per Ontario Regulation 510/24, “Aggregate Extraction” has been added as a new property class. Previously, these properties were included in the Industrial Class.

On March 30, 2022, through Report FCS21078(b), “Area Rating Review”, Council approved changes to eliminate the area rating for Sidewalk Snow Removal in 2023 and to phase-out the area rating for Recreation, Sidewalks and Streetlighting over a four-year period. This four-year period concludes in 2025 and, therefore, the entire levy for Recreation, Sidewalks and Streetlighting is not included in the General Levy. Elimination of the area rating for Parkland Purchases will end once the existing internal debt has been paid off.

On February 17, 2023, through Report FCS21078(d), “Area Rating Review”, Council approved changing the area rating of the Fire Service to a “Full Time / Composite / Volunteer” model to align with the existing boundaries of the Fire Response Type. The phase-in from the previous model is now complete.

Analysis

Policy Implications and Legislative Requirements

Report FCS25023 recommends the tax policies for the 2025 taxation year and includes the tax impacts by ward. Some of the policies included in this report have previously been approved by Council.

The following are the tax policies recommended for the 2025 tax year.

Tax Policy Tool	Mandatory vs. Discretionary	Recommendation	Rationale for Discretionary
<p>Tax Ratios</p>	<p>Mandatory</p>	<ul style="list-style-type: none"> Reduction of the Multi-Residential tax ratio to adhere to Provincial legislation that prevents municipalities from passing on any reassessment and budgetary related increases onto this class. By meeting the Provincial threshold, the City is no longer restricted from applying reassessment or budgetary increases to this class. Reduction of the Industrial tax ratio to adhere to the levy restriction and only pass on 50% (maximum allowable) of the residential budgetary tax increase. 	

Tax Policy Tool	Mandatory vs. Discretionary	Recommendation	Rationale for Discretionary
Tax Ratios	Discretionary	<ul style="list-style-type: none"> Commercial tax ratio to continue at the Provincial threshold 	<ul style="list-style-type: none"> Reducing the commercial tax ratio below the provincial threshold will result in a shift of the tax burden among classes, specifically to the Residential property class.
Optional Property Classes	Discretionary	<ul style="list-style-type: none"> Maintain existing Parking Lot and (Commercial) Vacant Land and Large Industrial optional property classes. The City has not adopted the small-scale on-farm business subclasses or the Small Business Sub-class. Staff is not recommending that the City adopts the New Multi-Residential property (municipal reduction) subclass in 2025. 	<ul style="list-style-type: none"> Established to allow for the application of different tax rates due to the special nature of these properties. Discounts for Parking lot and vacant land have been eliminated. Providing discounts for the small-scale on-farm subclasses and the small business subclass will result in a shift of the tax burden among classes, specifically to the Residential property class. The Farmland tax ratio is below the provincial threshold.
Reduction Programs	Mandatory	<ul style="list-style-type: none"> Reductions to the farmland awaiting development 1st subclass. 	

Tax Policy Tool	Mandatory vs. Discretionary	Recommendation	Rationale for Discretionary
<p>Seniors Tax Rebate Program</p>	<p>Discretionary</p>	<ul style="list-style-type: none"> • Continue existing program as approved by Council (Report FCS18005). • 2025 updated rebate amount = \$236 (2024 amount of \$230 + CPI). • Increase assessment threshold to \$505,694 (120% of the updated city-wide average assessed value for a single-family dwelling). • Increase income threshold to \$43,704 (150% of updated Guaranteed Income Supplement for a couple). 	<ul style="list-style-type: none"> • To provide assistance to low-income seniors.
<p>Deferral of Tax Increases Program</p>	<p>Mandatory</p>	<ul style="list-style-type: none"> • Continue existing program as approved by Council (Report FCS18005). • Update income threshold to \$43,704 (150% of updated Guaranteed Income Supplement for a couple). 	

Tax Policy Tool	Mandatory vs. Discretionary	Recommendation	Rationale for Discretionary
<p>Full Tax Deferral Program</p>	<p>Discretionary</p>	<ul style="list-style-type: none"> • Continue existing program as approved by Council Report FCS18005(a) • Update income threshold to \$43,704 (150% of updated Guaranteed Income Supplement for a couple). • Application fee: \$200+HST; Interest at 5.5% per annum. 	<ul style="list-style-type: none"> • To provide assistance to low-income seniors and low-income persons with disabilities.
<p>Area Rating</p>	<p>Discretionary</p>	<ul style="list-style-type: none"> • Area rating based on the Council approved (April 2011) Urban/Rural model (Reports FCS09087 / FCS09087a / FCS11042). • Fire Urban/Rural boundaries updated in 2020 (Report HSC19026). • Area rating updated on March 2022 and February 2023 through reports FCS21078(b) and FCS21078(d) respectively. • Appendix “A” to Report FCS25023 identifies the area rated levies for 2025. 	<ul style="list-style-type: none"> • Existing area rated services (Transit, Fire, Infrastructure levy) have different levels of service across the City. • Recreation, sidewalk / streetlights and parkland purchases are being phased-out.

Tax Policy Tool	Mandatory vs. Discretionary	Recommendation	Rationale for Discretionary
<p style="text-align: center;">Rebates to Charities and Similar Organizations</p>	<p style="text-align: center;">Mandatory</p>	<ul style="list-style-type: none"> • Continue with existing program. • 40% rebate for charities. • 100% rebate for accredited educational institutions that rent their property. • 100% rebate for Veteran’s Clubhouses and Legion Halls that would otherwise be tax exempt. 	

Tax Ratios

Tax Ratios distribute the tax burden across the property classes relative to the Residential property class tax ratio, which is set at 1.0000. For example, a property in a property class with a tax ratio of 2.0 would pay twice the amount of municipal tax as a similarly valued residential property. Tax ratios must be set within flexibility ranges determined by Provincial regulations:

- Reduction of the Multi-Residential tax ratio to adhere to Provincial legislation that prevents municipalities from passing on any reassessment and budgetary related increases onto this class.
- Reduction of the Industrial tax ratio to adhere to the levy restriction and only pass on 50% (maximum allowable) of the residential budgetary tax increase. The City also has the discretion to reduce the commercial tax ratio below the provincial threshold, which would result in a shift of the tax burden among classes, specifically to the Residential property class.

For 2025, a new property class “Aggregate Extraction” has been added per O. Reg 370/24. The Province approved a transition ratio of 2.44649 as per O. Reg. 385/98. Since this ratio is below the provincial threshold of 2.63, staff is recommending to adopt this ratio for the 2025 taxation year. ***The result of this change will be a reduction of approximately \$48,000 for the properties entering this new class.***

Table 3 identifies the recommended 2025 final tax ratios compared to the 2024 final approved tax ratios and the Provincial thresholds.

Table 3: Recommended 2025 Tax Ratios

Property Class	2024 Budget Ratios	2025 Budget Ratios	Provincial Threshold
Residential	1.0000	1.0000	
Multi-Residential	2.0658	2.0000	2.0000
Commercial	1.9800	1.9800	1.9800
Industrial – Large	3.5256	3.4189	2.6300
Industrial – Residual	3.0066	2.9156	2.6300
Pipelines	1.7947	1.7947	
Landfills	2.9696	2.9696	3.1189
Farm	0.1767	0.1767	
Aggregate Extraction	-	2.4465	<i>New class in 2025</i>

For the 2025 taxation year, the City is adopting a tax ratio of 2.0 for the Multi-Residential property class. By meeting the Provincial threshold, the City is no longer restricted from applying reassessment or budgetary increases to this class. This is the first year since 2017 that Multi-Residential properties will see a tax increase, (2.35% as shown in Table 2). Table 4 lists the trends in Weighted Current Value Assessment, Levy, and Tax Ratios for Multi Residential Property Class (MT) for the period 2015-2025:

**Table 4 - Multi Residential Property Class: MT
Tax Ratio, Weighted Current Value Assessment and Levy
Trends: Period 2015-2025**

Year	Tax Ratio	Weighted Current Value Assessment \$'000	LEVY \$'000
			Municipal
Column#	1	2	3
2015	2.7400	7,360,228	86,566
2016	2.7400	7,672,583	89,511
2017	2.6913	7,775,360	87,178
2018	2.6913	7,100,636	74,947
2019	2.5671	7,019,118	73,412
2020	2.5671	7,269,650	71,972
2021	2.4407	6,854,692	71,374
2022	2.3584	6,607,470	71,203
2023	2.3594	6,610,271	71,172
2024	2.0658	5,806,592	72,576
2025	2.0000	5,717,836	75,653

Table 4 shows that Multi-Residential assessment has steadily declined since 2017 but due to Provincial restrictions in those years, the corresponding municipal levy did not reflect the budget increases each year until year 2025 when some of the budget increase has been passed on to this assessment class.

Residential Tax Impacts

The total residential tax impact is the sum of the general City-wide tax levy plus special municipal levies for “area rating” for certain areas within different wards where specific services are provided. Therefore, the average residential tax impact may vary by ward depending on the amount of the area rating component.

Appendix “A” to Report FCS25023 provides the overall summary of the Area Rated levies. Appendix “B” to Report FCS25023 provides further details of the Area Rating impact for residential properties by ward

Table 5 below shows the percentage changes in the total Transit kilometres served by the City in the different former municipalities that are reflected in the distribution of the levy for Transit services in 2025.

Table 5

Share of TRANSIT Kilometres			
Former Municipality	2023 KM	2024 KM	2025 KM
Stoney Creek	7.6%	8.3%	9.4%
Glanbrook	3.1%	3.3%	3.8%
Ancaster	4.8%	4.8%	5.7%
Hamilton	81.1%	80.5%	77.3%
Dundas	1.9%	1.9%	2.1%
Flamborough	1.5%	1.3%	1.7%
Total	100.0%	100.0%	100.0%

The following by-laws are attached to Report FCS25023 for Council’s consideration:

- Appendix “C”: By-law “To Set and Levy the Rates of Taxation for the Year 2025”
- Appendix “D”: By-law “To Set Optional Property Classes Within the City of Hamilton for the Year 2025”
- Appendix “E”: By-law “To Establish Tax Ratios and Tax Reductions for the Year 2025”
- Appendix “F”: By-law “To Levy a Special Charge Upon the Rateable Property in the Business Improvement Areas for the Year 2025”

Relationship to Council Strategic Priorities

The City’s 2025 operating budget reflects the overall Council priorities in all of the areas of City involvement. This tax policy is designed to raise the necessary funds for the City’s operating budget via property tax as permissible by the *Assessment Act, 2001* and consistent with City policies as they relate to area rating, promotion of Business Improvement Areas, relief for charities, seniors and persons with disabilities.

Consultation

Subject Matter	Consulted With	Title	Department	Division
Tax Policy Compliance with the Assessment Act	Maria Di Santo	Manager Taxation	Corporate Services	Revenue Services
Tax Policy Compliance with the Assessment Act	Jennifer Sheryer	Solicitor	Corporate Services	Legal and Risk Management Services
Area Rating	Nick Chaloux	Manager, Transit Strategic Planning	Public Works	Transit
Area Rating	Dianne Bartol	Senior Financial Tax Analyst	Corporate Services	Revenue Services

Appendices and Schedules Attached

- Appendix “A” to Report FCS25023 – 2025 Area Rated Levies
- Appendix “B” to Report FCS25023 – Total 2025 Residential Tax Impacts (Municipal and Education)
- Appendix “C” to Report FCS25023 – By-law “To Set and Levy the Rates of Taxation for the Year 2025”
- Appendix “D” to Report FCS25023 – By-law “To Set Optional Property Classes Within the City of Hamilton for the Year 2025”
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